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GRAND AWARD WINNER

Choosing the Gun

Writer: Annelies Breedveld Speaker: General Peter van Uhm, Netherlands Chief of Defence
 Delivered at TEDxAmsterdam, Amsterdam, The Netherlands, November 25, 2011

As the highest military commander of the Netherlands, with troops stationed around the world, I am honoured to be here today. When I look around at this TEDxAmsterdam venue, I see a very special audience. You are the reason why I said Yes to the invitation to come here today. When I look around, I see people who want to make a contribution. I see people who want to make a better world. By doing groundbreaking scientific work. By creating impressive works of art. By writing critical articles or inspiring books. By starting up sustainable businesses. You all have chosen your own instruments to fulfil this mission of creating a better world. Some chose the microscope as their instrument. Others chose dancing or painting or making music. Some chose the pen. Others work through the instrument of money.

(--- Captain enters stage and presents gun. General Van Uhm takes gun ---)

Ladies and gentlemen,
 I share your goals. I too want to make a better world. I did not choose to take up the pen, the brush, the camera. I chose this instrument.

 I chose... the gun.

For you, being so close to this gun, may make you feel uneasy.

It may even feel scary.
 A real gun.
 At a few feet's distance.

Let us stop for a moment and feel this uneasiness.
 Let us cherish this feeling.
 Let us cherish the fact that probably most of you have never been close to a gun.

It means the Netherlands is a peaceful country.
 The Netherlands is not at war.
 It means soldiers are not needed to patrol our streets.
 Guns are not a part of our lives.

In many countries, it is a different story.
 In many countries, people are confronted with guns.
 They are oppressed, they are intimidated.
 By war-lords.
 By terrorists.
 By criminals.

 Weapons can do a lot of harm.
 They are the cause of much distress.

 Why then, am I standing before you, with this weapon?

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VITAL
SPEECHES
 — OF THE DAY —

Why did I choose the gun as my instrument?
 Today I want to tell you why.
 Today I want to tell you why I chose the gun to create
 a better world.
 And I want to tell you how this gun can help.

(--- General puts down gun on table in spotlight---)

My story starts in Nijmegen, in the east of the Netherlands, the city where I was born.
 My father was a hardworking baker.
 But when he had finished work in the bakery, he told me and my brother stories.

And most of the time, he told us this story: . . .
 . . .The story of what happened when he was a conscript soldier in the Dutch armed forces at the beginning of the Second World War.

The Nazis invaded the Netherlands.
 Their grim plans were evident.
 They meant to rule by means of repression.
 Diplomacy had failed to stop the Germans.
 Only brute force remained.
 It was our last resort.

My father was there to provide it.

As the son of a farmer, who knew how to hunt, he was an excellent marksman.

When he aimed, he never missed.

At this decisive moment in Dutch history, my father was positioned on the bank of the river Waal, near the city of Nijmegen.

He had a clear shot at the German soldiers who came to occupy a free country.

He fired.

Nothing happened.

He fired again.

No German soldier fell to the ground.

My father had been given an old gun that could not reach the opposite river bank.

Hitler's troops marched on and there was nothing my father could do about it.

Until the day my father died, he was frustrated about missing these shots.

He could have done something.

But with an old gun, not even the best marksman in the army could have hit the mark.

This story stayed with me.

Then, in high school, I was gripped by the stories of the Allied soldiers.

Soldiers who left the safety of their own homes and

risked their lives to liberate a country and a people they did not know.

It was then, that I decided I would take up the gun.

Out of respect and gratitude for those men who came to liberate us.

From the awareness that, sometimes, only the gun stands between good and evil.

That is why I took up the gun.

Not to shoot.

Not to kill.

Not to destroy.

But to stop those who would do evil.

To protect the vulnerable.

To defend democratic values.

To stand up for the freedom we have, to talk here today in Amsterdam, about how we can make the world a better place.

Ladies and gentlemen,

I do not stand here today to tell you about the glory of weapons.

I do not like guns.

And once you have been under fire yourself, it brings home even more clearly, the notion that a gun is not some macho instrument to brag about.

I stand here today to tell you about the use of the gun as an instrument of peace and stability.

The gun may be one of the most important instruments of peace and stability that we have in this world.

Now this may sound contradictory to you.

But not only have I seen this with my own eyes, during my deployments in the Lebanon and Sarajevo, and as the Netherlands Chief of Defence.

This is also supported by cold, hard statistics.

Violence has declined dramatically over the last 500 years.

Despite the pictures we are shown daily in the news.

Wars between developed countries are no longer commonplace, the murder rate in Europe has dropped by a factor of thirty since the Middle Ages . . .

. . .and occurrences of civil war and repression have declined since the end of the Cold War.

Statistics show that we are living in a relatively peaceful era.

Why?

Why has violence decreased?

Has the human mind changed?

Did we simply lose our beastly impulses for revenge, for violent rituals, for pure rage?

Or is there something else?

In his latest book, Harvard professor Steven Pinker, and many other thinkers before him, concludes that one of the main drivers behind less violent societies is the spread of the constitutional state.

And the introduction on a large scale of the state monopoly on the legitimised use of violence.

Legitimised by a democratically elected government.

Legitimised by checks and balances and an independent judicial system.

In other words, a state monopoly that has the use of violence well under control.

Such a state monopoly on violence first of all serves as a reassurance.

It removes the incentive for an arms race between potentially hostile groups in our societies.

Secondly, the presence of penalties that outweigh the benefits of using violence, tips the balance even further.

Abstaining from violence becomes more profitable than starting a war.

Now, non-violence starts to work like a fly wheel.

It enhances peace even further.

Where there is no conflict, trade will flourish.

And trade is another important incentive against violence.

With trade, there is mutual interdependency and mutual gain between parties.

And where there is mutual gain, both sides stand to lose more than they would gain if they started a war.

War is simply no longer the best option.

That is why violence has decreased.

(--- Captain Verhoef enters the stage and stands behind the general---)

This, ladies and gentlemen, is the rationale behind the existence of my armed forces.

The armed forces implement the state monopoly on violence.

We do this in a legitimised way, only after our democracy has asked us to do so.

It is this legitimate, controlled use of the gun that has contributed greatly to reducing the statistics of war, conflict and violence around the globe.

It is this participation in peacekeeping missions that has led to the resolution of many civil wars.

My soldiers use the gun as an instrument of peace.

And this is exactly why failed states are so dangerous.

Failed states have no legitimised, democratically controlled use of force.

Failed states do not know of the gun as an instrument of peace and stability.

That is why failed states can drag down a whole region into chaos and conflict.

That is why spreading the concept of the constitutional state is such an important aspect of our foreign missions.

That is why we are trying to build a judicial system right now in Afghanistan.

That is why we train police officers, judges and public prosecutors around the world.

And that is why the Dutch Constitution states that one of the main tasks of the armed forces is to uphold and promote the international rule of law.

Ladies and gentlemen,

Looking at this gun, we are confronted with the ugly side of the human mind.

We are confronted with the horrible things humans do to other humans.

Every day, I hope that politicians, diplomats and development workers can turn conflict into peace and threat into hope.

I hope that one day, armies can be disbanded and humans will find a way of living together without violence and oppression.

But until that day comes, we will have to make ideals and human failure meet somewhere in the middle.

Until that day comes, I stand for my father, who tried to shoot the Nazis with that old gun.

I stand for my men and women, who are prepared to risk their lives for a less violent world for all of us.

I stand for this soldier who suffered partial hearing-loss and sustained permanent injuries to her leg when she was hit by a rocket on her mission in Afghanistan.

Ladies and gentlemen,

Until the day comes when we can do away with the gun, I hope we all agree that peace and stability do not come free of charge.

It takes hard work, often behind the scenes.

It takes good equipment and well-trained, dedicated soldiers.

I hope you will support the efforts of our armed forces to train soldiers like this young captain and provide her with a good gun instead of the bad gun my father was given.

I hope you will support our soldiers when they are out there.

When they come home.

When they are injured and need our care.

They put their lives on the line for us and we cannot let them down.

I hope you will respect this soldier with this gun.

Because she wants a better world.

Because she makes an active contribution to that better world.

Just like all of us here today.

Thank you. ♦

WINNER: ASSOCIATIONS CATEGORY

Defending Anne and Larry

Writer: Anna Puccinelli Speaker: Peter W. Carmel, MD

Delivered at the AMA 2011 Interim Meeting, Hilton, New Orleans Louisiana, November 12, 2011

Mister Speaker, members of the Board of Trustees, delegates, friends. It is a great honor to address you this afternoon.

Six years ago, outside these walls, Hurricane Katrina unleashed her fury on the city of New Orleans. And the nation watched in horror as the floodwaters rose, engulfing everything in their path. The images from that time have been seared in our memories. Families stranded on rooftops. Homes demolished. Thousands of displaced residents, clinging to life beneath the baking summer sun.

Some of the most poignant images came from Charity and University Hospitals, the two teaching hospitals of New Orleans. Cut off from outside support for days, physicians and staff fought to keep patients alive. They transported them to higher ground. They manually pumped ventilators. When the power failed and food was lacking, they improvised. And they did not quit – they did not leave – until every last patient had been evacuated.

Colleagues, five months ago I told you that my heroes have always been doctors. To say the brave physicians of Louisiana are among them is an understatement. They are super-heroes.

But it's not just because of their extraordinary response to Katrina. Earlier this week I spoke at LSU medical school, whose simulation lab was destroyed during the flood. The physicians there refused to give up. Determined to rebuild, they reached out to their alumni, applied for a federal grant, and used the funds to create one of the most advanced simulation labs I've ever seen.

Computerized patient models can be programmed to mimic everything from heart beats to breathing to pupillary reflexes. They can even simulate the haptics, such as the feeling of inserting a needle – first the resistance of the vein, then the “pop” when the needle passes through the wall. Through simulation, medical students can gain hands-on experience years ahead of schedule. And residents can master difficult procedures, such as endoscopic operations. Best of all, there is no risk to patients.

This is just one example of how physicians across the nation are shaping the future of health care in their communities. During my travels I have encountered countless

others . . . from West Bloomfield, Michigan, where physicians at Henry Ford are creating the hospital of the future – to the University of Texas, where a unique program has been developed to care for the underserved. Medical students and residents rotate through practices up and down the Rio Grande. They develop an interest in primary care, and they tend to stay in Texas after they graduate.

While some would have you believe the future of American medicine no longer resides with doctors – that it has been transferred to politicians and bureaucrats – these physicians are proving otherwise. In the midst of changing needs and challenging times, they're responding with creativity, passion and vision.

During the past five months the AMA has also done its part to shape the future of health care. And we've achieved some important victories. If you recall, a year ago a magic phrase emerged in health care circles. If you're very quiet, you'll hear the heavenly choirs when I say the words... Accountable Care Organizations.

And the heavenly choirs said, “Amen.”

Politicians and industry analysts heralded ACOs as the wave of the future – a way to shift the focus from volume of service to quality of service. But when CMS released its proposed rules on March 30th, physicians grew disheartened. The startup costs were enormous. The requirements for participation were excessive. And physicians could not share in any of the savings generated until a threshold had been met. Yet they were more than welcome to share in any losses incurred.

The AMA's response was swift and effective. We turned to all of you – the representatives of our state and specialty societies – for counsel and support. And you responded en masse.

The reward for our efforts came three weeks ago – on October 20th – with the release of the final rules on ACOs. Many of the AMA's recommendations have been adopted. Among them, participating physicians can now share in the first dollar of savings generated, without meeting a threshold. A new option has been added that will shield physicians from financial risk during the contract period. The number of required quality measures has been cut in

half. And groups of physicians can now form ACOs without the participation of a hospital.

Our call for funding this effort was also answered. The Center for Medicare and Medicaid Innovation will provide \$170 million in advance payments to help physicians – including those in small practices – develop the infrastructure to form ACOs.

Today, due to our efforts, ACOs will be a viable option for many physicians. In conjunction with the other models being tested in Medicare, they hold promise for an exciting new era of healthcare delivery.

And this is just one of the AMA's recent victories on behalf of the profession of medicine. An example of the profound impact physicians can have when we stand together. Here within these walls, 175 state, specialty and sub-specialty societies are represented. Collectively, we speak for some 680,000 physicians. That's quite a voice. A commanding voice for change.

Today, the need to use that voice is greater than ever. On January 1st the universally derided Sustainable Growth Rate formula once again calls for cuts to Medicare payment. This time 27.4 percent. Here in Louisiana that equates to a loss of \$320 million for the care of elderly and disabled patients – an average cut of \$31,000 for each physician in the state.

Now obviously we have been threatened with steep SGR cuts before. Many times. But this time the conversation is different. In August, the nation's contentious debate over raising the debt ceiling culminated in passage of the Budget Control Act. And a complicated deficit reduction process was set in motion that poses great risks for physicians, as well as great opportunities. Let me explain.

The Budget Control Act tasks a 12-member Joint Select Committee on Deficit Reduction, or "Super Committee," with identifying at least \$1.2 trillion in deficit reduction measures. And their deadline is November 23rd, just 11 days from now. Within a month after that, Congress will conduct an up or down vote on their proposal. And the results will be immune from amendment or filibuster.

There are several possible outcomes of this process. In a best case scenario, the Super Committee recommends SGR repeal as part of their proposal and Congress votes to support it. If that happens, we can all breathe a sigh of relief.

Scenario two: The Super Committee proposal passes, but does not eliminate the SGR. That would leave just seven days to prevent a 27 percent cut. Not good.

Scenario three: Should the Super Committee fail to meet either its deadline or savings target – or, should Congress vote their recommendations down – then a broad package of automatic cuts will be triggered. This "meat-cleaver" approach includes a two percent cut for all Medicare providers, beginning in 2013. For physicians, that would be on top of any SGR cuts that arise during the ensuing years. So that takes us from bad, to worse.

Of these options, the AMA clearly endorses the first – repealing SGR once and for all. And we're doing everything in our power to make that happen. Now I know what you're thinking. If the government's goal is to reduce the deficit, how can we possibly hope to win \$300 billion in additional spending? But there are several reasons why fixing SGR now makes not only ethical, but fiscal sense.

First, widespread concern over the nation's burgeoning debt has led to a demand for honest, straightforward budgeting. Yet as we all know, Congress has been anything but honest when it comes to Medicare financing. Senator Pat Toomey of Pennsylvania said it best. "Every year, Congress pretends that doctors will take a massive pay cut next year in order to artificially deflate the cost of Medicare and make future deficits appear smaller." To put it simply, Congress has kept the SGR deficit "off the books" for years.

Second, delaying an SGR fix will only exacerbate the nation's debt crisis in the long run. In 2005, eliminating SGR would have cost \$48 billion. Today, it's estimated at \$300 billion. And if the government delays until 2016, the cost will soar to \$600 billion. It is impossible for the nation to climb out of its financial hole, if we do not address the broken Medicare system now.

Third, a clear precedent for SGR reform in the context of deficit reduction exists. Numerous groups – from the bipartisan "Gang of Six" senators, to the Simpson Bowles Commission – have created proposals that reduce the deficit by trillions of dollars, and simultaneously eliminate the SGR. The Super Committee is well aware of these proposals. They know it can be done. Now they need to step up to the plate and make it happen.

And finally, a nearly 30% SGR cut would jeopardize the care of our nation's elderly, disabled, and military family members. Already, one in four seniors seeking a new primary care physician under Medicare has difficulty finding one. Just imagine the chaos that would ensue if doctors across the nation were forced to stop seeing Medicare recipients. It is simply unthinkable, unconscionable, that the government should choose to leave our nation's most deserving citizens out in the cold.

Now I don't know about you, but these arguments seem pretty straightforward to me. But then I'm a doctor, not a politi-

cian. In order to ensure Congress gets the message, the AMA has launched an aggressive campaign to repeal SGR as part of the deficit reduction process. We sent a joint letter to the Super Committee, held meetings with targeted Congressional offices, and initiated a multi-million dollar advertising campaign. We secured 113 bipartisan signatures on a Congressional letter to the Super Committee. And we coordinated intensive physician and patient grassroots campaigns, generating approximately 200,000 contacts to Congress to date.

I have some good news for you. Our message appears to be getting through. The latest word from Capitol Hill is that Congressmen are starting to complain about their phones ringing off the hooks. So let's keep the pressure on. Remember, every voice counts. If you haven't done so already, use the AMA grassroots hotline to tell your legislators that eliminating SGR – NOW – is the only fiscally responsible choice.

As I alluded to earlier, SGR repeal is not the only opportunity before us today. Given the intense focus on fiscal responsibility, the AMA has also renewed our demand for medical liability reform.

Implementing comprehensive reforms, including limits on non-economic damages, would reduce the federal budget deficit by \$62.4 billion over 10 years. That's not my number. That comes from the Congressional Budget Office. In this economy – in any economy – we can't afford to waste billions of dollars on defensive medicine. Congress needs to fix the broken liability system – either as part of the Super Committee package or by taking action on H.R. 5, the HEALTH Act, which currently awaits a vote on the House floor.

Given the risks and opportunities I've just described, you can see why the AMA has launched a "full court press" on the Super Committee. Now let me be clear. We also continue to address an array of equally important priorities, from repealing the Independent Payment Advisory Board to lifting the caps on Medicare-supported graduate medical education slots. And we will not rest until these and other critical goals are achieved.

But right now, as we speak, 12 individuals over on Capitol Hill are weighing decisions that will change the future

– not just for those of us in this room, but for millions of patients across the nation. The issues at stake are familiar – SGR, MLR – challenges that have plagued us for years. And it is easy, in the midst of familiar challenges, to grow fatigued. But we need to stick with it . . .

Let me tell you about Larry. Lawrence Matusoff was born in Brooklyn in 1928. When he turned 18 he enlisted in the army, and for two years he proudly served his country as a paratrooper. In 1948 Larry returned to Brooklyn, where he spent the next 20 years working for Schlitz Brewing Company. He married and had two kids.

When the Schlitz plant closed in the 70s, Larry embarked on a series of entrepreneurial ventures, remaining proudly self-employed for the next 30 years. But when the market for Larry's most recent venture – a limousine service – dried up in 2009, he was forced to take a company job. Unfortunately, that company also suffered due to the economy. And in May, Larry was let go.

Today he and his wife rely on social security to make ends meet. And at 82 years old, Larry has reentered the job market. Two months ago he submitted his profile to a talent agency, and one month ago he received his first assignment. Here it is.

[AMA video advertisement featuring Larry played here]

Larry is the face of the AMA's campaign to repeal SGR. He has relied on Medicare for 17 years, and can't imagine what he would do without it. His wife Anne also relies on Medicare in her battle against diabetes, hypertension and high cholesterol.

Larry and Anne are just two of millions. Two of the 48 million Americans on Medicare. And almost 10 million more on TRICARE. These millions – some of our nation's most deserving citizens – need doctors.

And in the midst of the government's ongoing threats to undermine the Medicare system, they need more than that. They need heroes. Individuals willing to stand up, speak out, and fight for their needs.

My fellow AMA members, my fellow physicians. Our patients need heroes. So heroes we must be.

Thank you . . . the heroes of American medicine. ♦

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WINNER: BANKING/FINANCIAL SERVICES CATEGORY

Beyond Boom and Bust: Business Cycles, Bicycles, and Cockpit Conversations

Writer: Robert N. Steck Speaker: Leonard Kennedy
 Delivered at Adelphi University, September 6, 2011

You may have seen the recent polls that more Americans are beginning to have confidence in our economy.

And that's good news, because mood matters. FDR knew that when he famously pronounced that "the only thing we have to fear is fear itself." So a change in the national expectations helps achieve exactly the optimistic outcome they foreshadow.

But after the recovery, what next? A central part of my message today is that when the economy gets back on a growth track we cannot – we must not -- simply breathe a sigh of relief and return to doing business in the same old ways.

Make no mistake: The temptation to do so will be huge. The humor newspaper called "The Onion" probably had it right when it ran a fake headline recently that said (quote) "Polls Show That Most Americans Pray For a New Bubble."

But running a global economy as a continuously looping roller coaster ride – rising with bubbles, falling with busts -- is no way to ensure security, whether economic security, political security, or military security. Instead we have to come up with an adequate and serious diagnosis as to how we got in this mess, how we get out, and how we erect barriers to ever falling into it again. We have to get beyond boom and bust. For that we need a deeper diagnosis of our current problems.

So, how did we get into this predicament? As you know, once you ask this question, you get a lot of answers. Some say this is just a severe version of the usual business cycle. You'll also hear that the blame lies with the fancy derivatives that Wall Street cooked up in recent years, including mortgage backed securities, collateralized debt obligations and – the most infamous of them all – credit default swaps. These fancy derivatives allowed unprecedented and uniquely dangerous levels of something called 'leverage'.

Others cite the global imbalance between countries with a negative balance of trade numbers – like the United States – and countries with positive balances, like

China, Japan and Germany. Still others point to out-dated ideologies that hold policymakers in their spell, and blind them to changing realities that require new thinking. We also hear about predatory lending practices that put people into homes they could not afford, as well as regulators at every level who were asleep at the switch when they should have been closely and carefully monitoring what was going on in the financial markets. Finally, some cite Boards of Directors that largely abdicated their responsibilities and allowed far too many senior management teams to take unsound risks and make dubious decisions.

That's a long list of suspects, and if you were to ask me which one of those is the real cause of the problems, I would say ... "Yes."

Because the reality is that, just like in Agatha Christie's mystery "Murder On the Orient Express" all the suspects are guilty. And like the characters in the Agatha Christie novel, they all worked together.

But there is no question that the most fateful collaboration was between the first two members of that list: the melding of a routine business cycle with an unprecedented level of leverage.

To take a closer look I'll focus these remarks in three areas: First, a quick look at business cycles. Second, a closer look at 'leverage'. The British call it 'gearing' and, in fact, we'll see that the simple gears of a bicycle help explain the potential and peril of this kind of transaction. Finally, we'll look at possible ways to re-structure the usual ways of doing business to ensure against a recurrence. Perhaps surprisingly, what the airline industry has learned about cockpit conversation can prove helpful.

So let's start with a quick review of business cycles. Of course, they are not new. Far from it. The term 'business cycle' was first coined more than a Century and a half ago by the French economist Clement Juglar. Business cycles are simply the fluctuation in the overall economy -- consisting of expansions occurring in several sectors simultaneously, followed by contractions in a similar cluster of sectors.

Since the Great Depression economists and policy makers have found a handful of tools to moderate both the severity and the length of the business cycles. As Nobel Prize winning economist Robert Solow recently wrote: “A modern capitalist economy with a modern financial system can probably adapt to modest shocks – positive or negative – with just a little help from monetary policy and mostly automatic fiscal stabilizers” like higher unemployment insurance and lower taxes. But, Solow continues, if that system is hit with large shocks – and he cites the fancy and complicated investment derivatives that allow for huge leverage – then much more difficult economic problems can follow. As we’ve seen.

So let’s look at what we mean by leverage. Start with some numbers. If I have \$100 dollars and decide to invest in a venture that might earn 10 percent interest, at the end of the year I will have \$110 if the investment performs as advertised. If the investment fails and earns no interest I will still have the original hundred bucks.

But suppose I can borrow \$900 at, say, 5 percent interest to add to my \$100? Then I will have \$1000 to invest at 10 percent. In that case my ‘leverage’ is 10 to 1 because I’ve invested ten dollars for every one dollar that I put up myself. If that 10 percent interest rate proves true for my investment then at the end of the year I will have \$1100. From that sum I subtract the \$900 I borrowed and the \$45 I paid in interest – \$900 at 5 percent. I’m left with net earnings of \$55 on my initial hundred bucks. That’s a 55 percent return on investment.

Not bad! And when you start adding zeroes to those numbers, and when you can leverage your investment at a ratio of as much as 30 to 1, it’s not hard to understand that a bunch of bright folks on Wall Street – the ‘traders’-- started looking for ways to go after those kinds of returns. They were also busy inventing all sorts of clever new instruments to do it – the famous derivatives.

But suppose the investments in our hypothetical case don’t work out, and the investment earns no interest at all. Again, if I put just the \$100 of my own money into the investment, I still have my 100 dollars. But here’s a key point: if I have made the 10 to 1 leveraged investment, and it earns no interest, then I still have to pay back the 900 dollars I borrowed plus the \$45 in interest I paid, leaving me with only 55 of my original 100 dollars.

The point is that by borrowing to invest – by leveraging – I greatly increase both the upside potential and the downside risk.

One further point about the numbers: the reason I can borrow at 5 percent and hope to loan or invest at 10 per-

cent is because the ten percent potential carries significantly more risk than the 5 percent loan.

As I mentioned earlier, the British don’t use the term leverage, they talk instead about ‘gearing.’ And that metaphor is helpful in a number of ways. Consider a bicycle. In bicycles that don’t have any gearing you turn the back wheel one complete revolution for every complete revolution of the pedals: it’s a one-to-one gearing ratio.

That’s like the one to one ratio of using your own hundred dollars to invest \$100. But if a bicycle has gearing you can shift into the higher gears in which one revolution of the pedals might turn the back wheel several times. You’re in a ratio of gearing of 4 or 5 or more to one. More effort, but a lot more speed. And if you’re on a favorable slope ... and if you have a strong wind at your back -- then you won’t experience any resistance that you can’t deal with fairly easily. The rewards in terms of greater speed and efficiency are terrific.

And you can extend the analogy. A bicyclist can keep exploiting a higher gear the longer he has the wind at his back. And the traders on Wall Street could keep reaching for greater and greater financial gearing that would yield bigger and bigger returns, as long as they felt the wind at their back. The wind at the back for the traders on Wall Street was constantly rising house prices. The longer that rise continued, and as newer and newer instruments were devised to exploit it the more it seemed obvious that the favorable environment would never end.

But it did. And we’re all living with the consequences.

A bicyclist, with the wind at his back and a favorable slope might conclude – after a number of miles – that the road ahead will continue the same way. Until he turns a sharp corner and suddenly faces a steep hill and a strong headwind. At that point, it’s too late for the cyclist to gear down, and without incredible leg strength, the bicycle will stop its forward progress. The cyclist falls slowly but inevitably to the ground. And if that cyclist is part of a tightly packed group of other cyclists – what’s called a peloton -- one cycle going down brings down dozens of others ... like dominoes.

Our financial institutions were no less tightly interconnected than the bicyclists in the peloton of the Tour de France. When one went down the effects cascaded. Think of Lehman Brothers, or Bear Stearns, or Citibank.

So here’s a rough and ready answer to the question, “What happened?” The normal business cycle met up with abnormal levels of gearing or leveraging and the result was a huge and cascading financial crash.

That brings up the third and largest area for our focus: how will we prevent a repetition of the same circumstances that led us into our current predicament?

When we were talking about the huge leverage, or gearing, that traders found so compelling and irresistible, the question naturally arises, where were the regulators?

Because it's clear that there was insufficient regulation. That was partly because of the powerful sway of an ideology that the best market was an entirely unfettered and unregulated market. One of the key players who held most rigidly to that position was the former Chairman of the Federal Reserve, Alan Greenspan.

I'll let him speak for himself. The scene is a hearing on Capitol Hill in which Greenspan is being questioned by a representative. The Congressman says to Greenspan: "You found that your view of the world, your ideology, was not right. It was not working, right?"

Greenspan replied: "Absolutely. Precisely. You know that's precisely the reason I was shocked. Because I had been going for forty years or more with very considerable evidence that it was working exceptionally well." (Close quotes)

So Greenspan was shocked. The economy was electrocuted.

A hands-off ideology kept regulators at bay throughout the recent period. But that's not the only reason regulation failed. It also failed because it couldn't reach some of the major players in the catastrophe. Chartered financial institutions have to keep a certain amount of their own money in reserve as they make loans. That amount is a ratio of the loans they can make. This limits the leverage. But over recent decades we have seen the rise of institutions that are not federally chartered. They operate much like the banks do, but without any regulation. They have formed part of what came to be called the 'shadow banking' system, and by many estimates the shadow banking sector grew to be as large as the regulated sector.

So clearly regulations need to be revamped and extended to cover new phenomena like 'shadow banking' enterprises. Once the regulations are in place we have to make sure that the regulators responsible for enforcing them do so in a vigorous, fair and transparent way, unimpeded by old ideologies.

But the reality is that even if we get all the needed regulations in place, the actual day by day actions that will determine our national economic health will rest in the same hands where they have always rested -- those who man-

age and oversee individual businesses and corporations.

We've talked about bicycles and bicycle crashes. Let's shift our transportation metaphor and think of the national economy as a car that's gone off the road and landed in a ditch. The Federal Government has moved up huge machinery to pull it up and set it back on the road.

But that will do little long-term good if the same drivers -- and the same driving habits -- get behind the wheel once again. And so it is exactly for that reason that it's essential we take a long hard look at the central pivotal player in the entire economic scene -- corporations and the people who lead them. The history. The structure. The governance.

The author and chronicler of World War II, Herman Wouk, once famously observed that the Navy was an organization designed by geniuses to be operated by idiots.

But the reality of the American economic system is that it needs not only the insights of genius in its design. It also has to be operated by people of energy, insight and integrity. And however bright those leaders are, they won't always be right. For that reason we have to build in checks and balances in the executive suites.

Let's go back to that group of bright Wall Street professionals -- they're the traders -- looking for more and more opportunities to use greater and greater leverage to bring in bigger and bigger returns for their employers. And, not coincidentally, bigger and bigger bonuses for themselves.

At the same time, there is another group of professionals in those same institutions whose goal is constantly to assess and control that risk, to counterbalance what can become the unwarranted exuberance of the traders. But as Richard Posner pointed out in a recent book, "Risk management, unlike trading, is generally not treated as a profit center in a firm because it is difficult to attribute profits to risk managers... Hence a financial firm will tend to give more weight to the views of successful traders than to those of risk managers."

And so who will serve as a curb on the over-arching and sometimes dangerous exuberance of traders -- or, indeed, of top level managements in any corporations, whether they are in the financial sector or elsewhere?

Well, a first candidate is the Board of Directors. In theory -- at the level of ideas -- that's what they do. But as the poet T.S. Eliot once famously wrote: "Between the idea and the reality ... falls the shadow." And a good place to start analyzing the recent global economic catastrophe is by looking at the shadow falling between the idea of the way the business

organization operates ... and the somewhat less appetizing reality of how it has been conducted of late.

Here's the idea, and it's a pretty simple one: The modern corporation's governing structure is established by the laws and state charters that set them up. These laws do not specify what the corporation does – what it makes, what it designs, or what service it provides.

What they do specify is how the responsibility for the use of investors' capital is to be recognized and protected. Put simply, investors' capital is to be used to maximize profit returns. The Board of Directors is responsible for making sure that these profits accrue to the investors. In that sense, the Board of Directors is basically the stand-in for the investors, the owners of the corporation. They have a fiduciary responsibility to ensure that the interests of the owners – the shareholders – are kept safe and enhanced.

To fulfill those responsibilities, the Board chooses, evaluates, and constantly monitors all the information that is important for the corporation's performance, very much including the decisions and actions of the management.

That's the idea. Now let's look at some recent realities. And we can find a snapshot of that current reality over a weekend in March of 2008 in one of the grandest corporate skyscrapers in Manhattan. It was the headquarters of the old and venerable bank, Bear Stearns. The Bank's executives, its Directors and, of course, platoons of lawyers, had gathered under very difficult circumstances to decide whether and how the Bank could escape its rapid fall either through being acquired or through bankruptcy. A couple of the directors who were traveling joined the meetings through a conference call, including the Chairman of the Board, James Cayne.

The frightening and humiliating question arose: would the Bank be forced into bankruptcy? Clearly, this was a decision that had to be made at the highest level. So they turned to James Cayne on the conference call and someone said: "Jimmy, are you there?"

Dead silence.

"Jimmy, are you there?"

More silence.

So they sent someone out to call Cayne's wife to try to find the Chairman. She told them he was off the line. He's left, she said, he's gone downstairs to play bridge.

Between the idea and the reality falls the shadow.

And what an economic and financial shadow we have been experiencing over these past couple of years! It has been an incredibly dark shadow blacking out the sun of consumer confidence, freezing lending, darkening prospects for future generations, and basically doing to the economy what a cloud of locusts does to a wheat field.

It's worth a brief look back to see how corporate governance has evolved over time. In the decades after the laws setting up corporations were passed, there was a growing split between the executive management of the large public companies and the increasingly diverse group of shareholders – the owners. In other words, the links between the management and the ownership of corporations were becoming increasingly attenuated. As Berle and Means famously pointed out in 1932, "The rise of the modern corporation has brought a concentration of economic power which can compete on equal terms with the modern state – economic power versus political power, each strong in its own field. The state seeks in some aspects to regulate the corporation, while the corporation, steadily becoming more powerful, makes every effort to avoid such regulation."

What Berle and Means observed almost 100 years ago is, of course, even more accurate today. And despite a lot of discussion and insightful analysis the realities on the ground of how Boards govern, and how executives manage, have not changed – at least not for the better.

The list of needed changes is long. First on that list has to be the abandonment of the growth-at-any-cost mindset. That means abandoning the incentive structures for CEO's which too often reward taking huge, but unjustified, risks to get growth that will result in big bonus payouts for executives when they are successful, but which carry little or no personal penalty for the executives if the efforts go bad. Second on the list has to be repudiation of complex, risky, and poorly understood financial engineering in all its forms – especially when later, those risks are grounded on mathematical assumptions that are simply false. Third, adoption of an operating view that is long-term and balanced. Fourth, placement of shareholder interest above management interest. Fifth, rejection of speculative, bet the company pursuits in favor of prudent business advancement.

Too often, boards and managements have been pushed to a checklist mentality. These approaches may satisfy legal requirements, but they utterly fail in answering critical questions, such as: whether to proceed with a difficult merger; whether the disclosed business objectives make sense in light of industry and capital market conditions; whether stock buyback or dividend payment policies are justified; and whether the operations of the business are satisfactory.

In short, this ‘checklist’ style of corporate governance is the equivalent of trying to ensure airline safety simply by requiring pilots to complete a checklist while they are speeding toward a takeoff in a 747 – without any prior specifications on aircraft construction, airworthiness of the plane, crew training or any of the other ways in which flying safety is ‘built in’ to every stage of the process.

Since we’ve talked about bicycle crashes and cars going over the side of a cliff, I suppose it’s only fair that we briefly discuss airplane crashes as well. And several years ago there was a global concern among international aviation experts about the large number of crashes by Korean Airlines. In fact, the aviation authorities in Canada came very close to denying Korean aviation the right to fly through their air space.

What was the problem? After a lot of analysis it was discovered that the problem was rooted in the cockpit conversations – not what was said but what was not said. With two or three professionals in the cockpit it’s no surprise that one of them will see something in the instruments or out the window that suggests a danger not seen by the others. But in a very hierarchical system – and that description fit the former Korean cockpit – the junior officers would not feel licensed to express their concerns to the captain, with tragic results.

The solution was to institute a complete ‘culture shift’ so that everyone in the cockpit, whatever their rank, felt empowered to speak up about any danger they spot. With that change in culture Korean Airlines became as safe as US airlines.

The brief history I’ve outlined of the weakening of the Board of Directors is very parallel to the problems in the culture of Korean airlines. We need a culture change in American business.

A culture change in which Board members and executives are empowered to speak up when they see something amiss in the strategy or tactics of the senior management. A culture change in which it’s clear to every member that the purpose of the Corporation is not to enrich or flatter the senior executives, but instead is to fulfill a doubled responsibility: First, to meet the interests of shareholders and other stakeholders. Second, and at the same time to contribute to the strength and reputation of the American free market system that has made ours the strongest economy in the world.

As you may know, the most famous bicycle race in the world – the Tour de France – has been plagued over recent years by the use of illegal, performance-enhancing drugs by the riders. Drug enforcement efforts can never completely

eradicate the problem, as new pharmacological techniques can often keep the users one step ahead of enforcement.

But recently a number of professional cyclists have come forward to insist on a closer and more rigorous regime of drug testing and have argued vehemently that it’s ultimately up to the riders to keep the sport clean. And the main reason they offer is interesting: their motivation is that they feel a larger obligation to the sport of cycling itself, as well as to their own personal ambitions.

And in the business world there will never be enough regulators or enforcement officials to ensure that strict and wise principles are being observed. Business professionals themselves have to recognize that they have the double obligation, to see to the interests both of their stakeholders and business enterprise itself.

There’s another lesson we can learn from the airlines. The key recognition in their extraordinary success has been two-fold: first, that we can never remove human mistakes and human error. Second, that as a consequence the solution is not to try to achieve the impossible task of wiping out human error and misjudgment, but to make sure every decision or action of consequence is carefully vetted and subjected to the criticisms and judgments of many different experiences and perspectives.

We need a similar process in business that can be thought of analogously to the so-called ‘stress tests’ that the Treasury Department has carried out for the large and troubled American financial institutions.

But the version I propose would not just run several computerized economic and monetary scenarios to assess how well a specific balance sheet would hold up: it would subject any consequential executive decision to a thorough-going analysis, appraisal and critique from a specially appointed Board team who would look at every possible risk and danger of a decision. Management and boards must embrace a culture of “closing the loop”, a method might be called the ‘three Fs’. Succinctly put, to: find the problem; face the problem and fix the problem.

Implementation of this recommendation would result in drastic improvements in corporate decision making. For example, major bet-the-company decisions like significant mergers, acquisitions, divestitures and changes in strategy would be subjected to an intense Devil’s Advocate analysis under the supervision of an independent board committee.

Or, public company boards might be required to form a strategy/operations committee to ensure a full understanding of the operations and the prospects of the business. In sum, this method would ensure that the board and

management were singing off the same sheet of music in their understanding of the business, that that understanding was reflected in public disclosures and that executive compensation was reasonable in light of performance and challenges facing the business.

Well, we've seen that there are a number of reasons for the current financial condition, and we should recognize that putting our economic house on a stronger foundation will also require a lot of ideas, a lot of reforms, and a lot of

cultural transformations. I've outlined a few here, but as we go along I'm sure we will find other changes to make our system strong and less vulnerable to out of control decisions by a few that can devastate the many.

This is an excellent opportunity for reform, if we will only seize it boldly and intelligently. As the Obama Administration likes to put it, a crisis is a terrible thing to waste.

Thank you! ♦

WINNER: COMMERCE AND RETAIL CATEGORY

Against the Wind: Growing in Turbulent Times

Writer: Tracy Weisman Speaker: Irene Rosenfeld

Delivered at Executives' Club of Chicago Speech, October 26, 2011

Thanks, Ilene.

I'm delighted to be here today, and I'd like to congratulate the Executives' Club of Chicago on your centennial.

For one hundred years, you've served the "global thinkers and doers" in our city's business community.

And now, your second century is off to a terrific start under Melissa's leadership.

I've played sports my whole life, so I'd like to begin my remarks with a quick sports story.

The late Gene Mauch played Major League Baseball in the 40's and 50's.

He managed four teams between 1960 and 1987.

By the time he retired, he'd won nearly 2,000 games.

But despite his winning record, he never won a league pennant...and he holds the dubious distinction of having managed the most games without ever getting to the World Series.

He was also manager during two of the longest losing streaks in Major League history.

As you can imagine, this could weigh pretty heavily on a guy!

One day, one of Mauch's friends was trying to cheer him up by telling him that people learn best from adversity.

Not amused, he snapped back:

"If it's true you can learn from adversity, then I must be the luckiest sonofabitch in the whole world!"

(Believe me, I sometimes wonder how I got so lucky to be running a global enterprise at this moment in history!)

Anyone who's been managing a business during the past 4 years can certainly relate to Mauch's feelings about adversity.

In the food industry, we've had a particularly tough time due to the global recession and rising input costs.

Let me say a few words about each.

First, the recession:

In today's interconnected world, a mortgage crisis that would have once been confined to the US instead began a ripple effect that's still working its way through global economies.

While economists declared the recession officially over in June 2009, it sure doesn't feel that way to consumers.

Home values are still depressed, unemployment remains high, and retirement savings have dwindled...all of which have reduced consumer spending.

These are tough conditions under which to operate any business, particularly one that depends on consumer purchases.

In the food industry, the turbulence extends beyond the economic world and into the physical one.

We rely heavily on the earth's output to make our products, and so natural events like droughts and floods directly affect our business.

To give you one current example from our *Planters* business, the drought affecting Texas and the Southeast has literally roasted this year's peanut harvest.

So much so that unprocessed peanuts now cost more than \$1,100 a ton, up from about \$450 a year ago.

In addition, the world's growing population and rising standard of living are straining the food supply.

At the same time, the purchasing patterns of consumers in developing markets are beginning to look more like those of consumers in developed markets:

For example, they're consuming more animal protein, which requires more grain to produce and puts additional pressure on the grain supply.

And lastly, with no more arable land available, raw materials are being shipped all over the world, which means limited resources have to be stretched even further.

Together, these factors have created a tremendous surge in demand for the commodities we use to make our products...and consequently, our input costs (and those of all food companies) have skyrocketed.

In fact, at Kraft Foods, our input costs rose more than 10% this year.

That's a big number...especially for a \$50 billion dollar company!

So the global recession has taken a toll, and unfortunately, given the root causes, I believe high input costs are here to stay.

(Frankly, when I hear people wondering when things are going to "return to normal," I can't help but think that this is the "new normal!")

That said, I'm very optimistic about the future, even in the face of these challenges.

Because despite considerable headwinds, Kraft Foods has been "growing against the wind."

Thanks to the hard work of our 127,000 global employ-

ees, every region...and virtually all our major business lines...are delivering best-in-class results and are well positioned to sustain that growth in the future.

In addition, our recent announcement to separate our North American Grocery and Global Snacks businesses into two independent public companies will help us achieve peak performance even faster.

As I reflect on the journey we've been on since 2007, there are four reasons I believe we've been able to grow against the headwinds:

- First, we focused on what matters;
- Second, we kept reinventing ourselves;
- Third, we found the right blend of global and local;
- And fourth, we have a higher purpose for our work.

I'd like to share our experience with you, and hopefully give you some food for thought for growing your own businesses against the wind.

Let's start with focusing on what matters.

I like to tell my colleagues:

We can do anything...but we can't do everything.

Nor should we.

A terrific analogy reflecting this logic appeared last year in an article co-authored by our President of Developing Markets, Sanjay Khosla, and a colleague from Northwestern University's Kellogg School of Management, Mohanbir Sawhney.

They compared the task of growing a business to that of a winemaker, whose goal is to produce the most valuable wine from his vineyard.

As many of you know, grapes are very vigorous plants.

Under the right growing conditions, they quickly become large and leafy.

But too many leaves rob the grapes of the vital nutrients and sunlight they need to mature, and the result is a smaller crop yield and lower-quality wine.

By pruning back the vines and removing excess bunches of grapes, winemakers focus the sun and rain on a select quantity of fruit...increasing its quality...and ultimately, the quality of the wine.

For the last four years, that same logic has guided us at Kraft Foods.

We've been focused on the brands, the categories and the markets where we can win.

For example, during our turnaround, we focused our investments based on:

- Potential global revenue growth;
- Profit;
- And relative market share.

We discontinued less advantaged product lines...like Post Cereals...and even sold assets that were performing well...like our DiGiorno pizza businesses...all in order to focus on fewer categories with global potential.

Focus is also guiding our investments around the world.

Five years ago, we were planting flags in too many markets and investing in a number of low margin local brands.

Today, we're focused on the 5 categories, 10 power brands, and 10 priority markets where we know we can win...a strategy we call 5/10/10.

We've increased our investments in advertising, consumer marketing and sales infrastructure in these focus areas.

As a result, our power brands now account for almost half our sales and are delivering higher margins than the rest of the portfolio.

And our developing markets went from essentially flat growth three years ago to annual revenue growth of 13 percent today...at very attractive margins.

Our focused investments in power brands in developed markets are also paying off.

In the first half, our power brands were up about 4% in North America, and about 7% in Europe.

My point is, in challenging times, it can be tempting to shoot out as many arrows as you can, to increase the odds of hitting your target.

But that's a sure way to waste time and resources, with no guarantee of hitting the mark.

Instead, remember the winemaker:

Focus your resources on those grapes that will give you the best wine, nurture them, and prune away the rest.

The second reason we're growing against the wind is because we keep reinventing ourselves.

The great American humorist Will Rogers once said:

"Even if you're on the right track, you'll get run over if you just sit there."

Well, in 2007, we were not on the right track...and we were getting run over!

We were underperforming our peers...and to make the challenge even greater, we were about to be spun off from our parent company, Altria.

So we really had our work cut out for us.

Our transformation began when we became an independent company.

Since then, and right through the recession, we kept reinventing ourselves.

To start, we replaced half our executive team and decentralized our organization.

This brought terrific new energy and fresh perspectives to our company, and empowered our local managers to make decisions that are right for their markets.

But the most significant transformations have been to our portfolio.

We've changed it in three ways:

First, as I mentioned earlier, we pruned away a number of product lines in order to focus on fewer categories with global potential.

Second, we've dramatically stepped up our innovation to industry-leading levels.

Some of our exciting new products are:

Philadelphia Cooking Crème, a spoonable, meltable version of our classic Philly Cream cheese that comes in five flavors and enables someone to create restaurant-inspired meals at home;

Or Oscar Mayer Carving Board meats, thicker cuts that deliver fresh-carved taste without all the fuss.

We even created a whole new beverage category with MiO, a liquid water enhancer that allows you to create exactly the drink you want with just a few drops.

There's some MiO on your table...try it and see what you think!

And third, we transformed our portfolio through several strategic acquisitions, including LU biscuits, and most recently, Cadbury.

These additions have dramatically changed the face, footprint and prospects of our company and created a global snacks powerhouse.

Today, snacks make up fully half of our global revenues, up from 29 percent four years ago.

And sales in Developing Markets now comprise more than 28 percent of our revenues.

That's up from 13 percent in 2006.

All these changes to our portfolio have prepared us to take the next logical step in our transformation by creating two independent public companies.

If all this sounds like a lot of change, it has been...just ask our folks!

But they understood that we needed to reinvent ourselves in order to grow.

They never took their eye off the ball, and have managed an enormous amount of uncertainty with tremendous grace.

Because of their hard work, we've literally created a new Kraft Foods...one that would have been unrecognizable four years ago.

And because of them, not only are we on "the right track," but we're no longer in danger of "getting run over"...and we have every intention of winning the race!

The third reason we're growing against the wind is because we've found the right blend of global and local.

By this, I mean leveraging the experience and lessons learned from a global enterprise, with the local knowledge and insights of those closest to the market.

As many of you know, this is an art, not a science.

Too many companies, including ours a few years ago, get it wrong by going to one extreme or the other by being either mindlessly global or hopelessly local.

The key is to find the right blend between the two.

We call it "acting glocally."

For example, let me tell you what happened when

we tried to take America's favorite cookie, Oreo, and sell it in China.

Three years ago, the answer was, "not much."

Oreo sales in China had been flat for five years, and we almost pulled the plug on the brand.

But we took one last shot and tried a "glocal" approach.

When we actually sat down and listened to Chinese consumers, we discovered our assumption that "What's good for the US consumer is good for China" wasn't true:

The Chinese thought the iconic chocolate cookie with the creamy filling we love here in the US was far too sweet...and way too expensive.

So we took the product back to the drawing board.

To accommodate Chinese tastes, we made the cookies less sweet, created some new flavors, like green tea, and introduced new, more affordable forms, like wafers.

We also engaged in local grassroots marketing techniques:

3,000 Chinese college students applied to become Oreo brand ambassadors, and they hit the streets on bicycles with Oreo cutouts in the wheel spokes to distribute samples.

But, we kept Oreo's global marketing framework intact:

We engaged Oreo's "biggest" Chinese fan, basketball hero Yao Ming, to teach consumers the ritual of how to twist, link and dunk the cookies in milk.

By finding the right blend of local and global, or acting "glocally," Oreo hit it out of the park.

Today it is the number one cookie in China, it has grown more than 30% in three years in our developing markets, and it's become one of our billion-dollar brands.

Acting glocally has had some unexpected benefits as well.

It demands an entrepreneurial mindset and creativity... qualities that make it very exciting to come to work.

This has really energized our people, especially in developing markets...so much so that we've been rated among the best places to work in Mexico, India and China.

This has turned out to be a terrific recruiting tool, because as you know, competition for top talent in those markets is especially fierce.

To wrap up this point, as our world continues to shrink, getting the right blend between global and local, or acting “glocally,” is essential for growth, especially in tough times.

The final reason we’re growing against the wind is because we have a higher purpose for our work.

When people come to work, they want to do more than deliver great results; they want to feel like they’re part of something bigger.

For Kraft Foods, that “something” is our higher purpose, “Make today delicious.”

Of course, the word ‘delicious’ has a literal meaning for a food company; we have to make foods that taste terrific.

But it’s about more than “just food.”

It’s about “making a delicious difference everywhere:” in our workplace, in our partnerships, in our communities and in our world.

I’m proud to say that since we launched our higher purpose in 2008, it has inspired action.

For example, we’re working to fight hunger and obesity, we’re investing in sustainable agriculture, and three years ago, we launched our first Delicious Difference Week.

This annual global event mobilizes our employees to volunteer in their communities around the world.

This year’s event just wrapped up, and more than 25,000 of our people in 72 countries participated.

I joined other Chicago-area employees sorting and packing some delicious Kraft Foods products at the Greater Chicago Food Depository.

We had two passionate assembly lines going, and in just a few hours, we set a volunteer record, preparing nearly 4,000 bags of food to send home with Chicago Public School students who receive free lunches at school, but who often go hungry on weekends.

In the afternoon, I played with the kids at the Namaste Charter School, where they incorporate physical activity throughout the school day to keep their students fit and engaged in their studies.

I’m sorry you couldn’t see this so-called “most powerful woman in business” running a three-legged race.

I only fell once, which is quite an accomplishment, considering that my partner was a kindergartener and only 3 feet tall!

I’m proud of all of our employees’ commitment to make our world a better place...not only during Delicious Difference Week, but throughout the year.

Indeed, five of them have done so much to lift others up, that a few weeks ago, our entire executive team and I gathered at our Chicago corporate headquarters to honor them.

The five winners came from as far away as Kenya, and I was deeply touched to see how much the day meant to them.

One recipient was so proud, he brought his mother with him from Mexico, and as he accepted his well-deserved award, tears streamed down his face.

That moment beautifully captured why I believe it’s so important to have a higher purpose for our work:

Volunteering empowers employees, creates a high performance workforce, unites people, and most importantly, brings hope to those in need.

In closing, I’d like to quote the 18th century English critic William Hazlitt, who said:

“Prosperity is a great teacher...adversity, a greater.”

He wasn’t kidding!

The last four years have been a wild ride, but we’re a much stronger company because of them.

As I shared with you today, Kraft Foods was able to grow during this time because:

- We focused on what matters;
- We kept reinventing ourselves;
- We found the right blend of global and local;
- And we have a higher purpose for our work.

As a result of the actions we’ve taken and the lessons we’ve learned, I’m confident that we’re going to keep right on growing, no matter what headwinds may blow our way.

I hope our experience has given you some ideas about growing your business against the wind, and I wish you much success.

It’s been a pleasure speaking with you today.

Now, I’m happy to take your questions. ♦

WINNER: EDUCATORS CATEGORY

“Denial” in American Life

Writer: Daniel Rose Speaker: Daniel Rose

Delivered at Yale Class of 1951 60th Reunion, June 3, 2011

35% of registered U.S. Democrats believe George W. Bush knew in advance of the 9/11 World Trade Center attack, according to Rasmussen polls; and between 31% and 46% of registered Republicans believe Barack Obama is a Muslim, according to other polls. Neither group seems troubled by lack of supporting facts.

Most of us casually dismiss holders of those views as oddities, and we are equally casual about our public's growing inability to engage in rational exchanges of opposing views on a large number of important questions.

“Denial”—the refusal to accept the reality of unpleasant facts—has become a common feature of American life. We hear what we want to hear, and the ancient concept “*audi alteram partem*”—“hearing the other side”—has been forgotten. The absence of reasoned discourse and thoughtful examination of opposing positions is itself a subject meriting discussion, since the price we will pay without it will be painful.

On some subjects, our denial is self-evident; on others, it is curious; on others still, it is self-destructive.

The state of the American economy, for example, is a clear instance of “self-evident denial.” One half of our Congress refuses to entertain any thought of revenue increase (called taxes), the other half refuses to consider substantial decreases in expenditures (called entitlements); yet both realize that our current and projected deficits indicate impending catastrophe.

To be specific, the 40-year average of our debt-to-GNP ratio has been 37%; today it is twice that and rising. Interest charges on that debt have historically averaged 5.7% per annum but today our interest rates are at an artificial low of 2.5%. Unchecked, those interest payments must in time rise and strangle our economy.

Without a major immediate restructuring of our short term, intermediate term and long term economic thinking, all our economists acknowledge the likely prospect of a severe crisis whose timing, depth and length defy prediction. The example of Greece is very much on everyone's mind.

At a moment when militant extremists in Congress con-

trol their respective political parties, virtually no discussions of compromise are taking place in Washington, while the nation at large watches in stunned fascination like a mesmerized frog about to be eaten by an approaching snake.

The International Monetary Fund's annual report discusses the prospect of a “profound shock” to global financial markets if the U.S., protector of the world's reserve currency, defaults on its debt payments. Moody's Investor Service foresees the possible downgrading of U.S. debt to Double A from its present Triple A rating, with other ratings (such as Fannie Mae and Freddie Mac) dropping accordingly, with unpredictable consequences.

Meanwhile, “back at the ranch,” that prominent economic savant Michele Bachmann dismisses such talk as “scare tactics.” Her team tells her that if our debt ceiling of \$14.3 trillion is not raised by August 2nd, our government can easily pay its monthly interest charges of \$18 billion by “greatly scaling back other functions.” What that will do, both to domestic peace and to international confidence in our bonds, is not mentioned.

So much for the short term. For the longer term, the IMF forecasts U.S. economic growth at below 3% per annum through 2016, and Laura Tyson, former Chair of Bill Clinton's Council of Economic Advisors, says the U.S. might not see employment reach pre-recession levels until 2023.

“Self-evident denial” seems the appropriate term for the American public's present relative serenity concerning our economy. With the world's highest medical costs, its largest military, an aging population, taxes that are among the world's lowest and relentlessly growing deficits, we refuse to look ahead. The level of national debate is embarrassing—“irritable mental gestures that seek to resemble ideas” (Lionel Trilling's phrase) have displaced thoughtful presentations of facts and their consequences; Tea Party leader Grover Norquist's characterization of bipartisanship as “date rape” is one example among many. Debaters on both sides seem oblivious of where—absent compromise—their respective positions are leading us.

“Curious denial,” on the other hand, is demonstrated by the total lack of discussion in the American Jewish

community of the long term ramifications of a two-state vs. one-state solution for the Israelis and Palestinians.

American Jews are generally considered a rather astute group; and they care deeply about the well-being of Israel. However, the “blank check” they are encouraging for Israel’s leaders (who are being driven by domestic politics of which most Americans are unaware) may in time make a viable Palestinian state impossible.

No rational person dismisses the complexities of the problems involved: the profound mutual distrust and the fears they engender, the ancient grievances, the troubling “facts on the ground”; and no one thinks successful resolution will be either easy or quick. But few American Jewish voices are heard asking whether time is working for or against the Israelis.

The ramifications of the failure to create two stable adjoining states receives almost zero discussion among your Jewish neighbors or friends. The 1.3 million Arabs living in Israel today seem willing now to accept second-class status. At some point in the 21st century, however, with one man/one vote and an Arab majority in “one state,” life will look different. Failure to contemplate the demographics of a one-state solution—with a Muslim majority—is one case of “curious denial” by those who should know better, and the dismaying possibility of a “failed state” like Somalia or Yemen on Israel’s borders is another. “Curious” today, perhaps “tragic” tomorrow.

“Self-destructive denial” is the saddest of the cases because, as with a self-inflicted wound, seeking someone else to blame just exacerbates the problem. The complex, evolving situation of blacks in America today is a case in point. The remarkable contrast in all aspects of life between those American blacks who are successfully entering the American mainstream and those who remain trapped in a mindset of anger, nihilism and alienation is profound.

The traditional black American narrative of disenfranchised, victimized, marginalized people angrily pounding on closed doors, demanding admission, is becoming less and less relevant. In our increasingly pluralistic and ever-evolving society, the time has arrived for a new black American narrative, one that looks forward with hope and determination rather than backward with despair, and one that acknowledges the growing diversity—in mindset and in socio-economic conditions—among blacks in America. Those with education and with stable families, with the skills, high aspirations and determination to invest in their own “human capital,” are rising in all areas of our society.

The situation of many blacks in the inner city, however, where prominent demagogues send a counter-productive message of defeat to nihilistic, semi-literate young people

trapped in a “dead end” counter culture, is a fact of life that should be faced.

Despite heart-breaking rates of school dropouts, unmarried teenage births, prison incarcerations and HIV-AIDS infections, painfully few voices are heard encouraging inner city youth to stay in school, to acquire the education required for upward mobility, or to change the anti-social mindset that in the 21st century will prevent young people from competing successfully in an increasingly automated, globalized and competitive world.

Is “denial” of the importance of education today “self-destructive?” Yes: Necessary, no. Society loses, but the greatest losers are inner city young people themselves. Education is the true Civil Rights issue of our day. It is the great equalizer, the only “magic bullet” we know to bring submerged groups into the economic and social mainstream; and we must shout that from the rooftops.

Americans are in denial about many other problems—our short term reliance on fossil fuels, for example, and our long term ecological challenges among them. If Japan has a nuclear crisis and Germany forswears all atomic energy while France embraces it wholeheartedly, we should at least discuss the question.

What, then, can be done to raise the level of public debate today? First, no subjects should be “off the table” for examination, research and discussion. Second, we must rethink how we consider these subjects. Two approaches would help—remembering the Moynihan Dictum and forgetting *ad hominem* reasoning.

Daniel Patrick Moynihan’s statement that, “Everyone is entitled to his own opinion, but not his own facts,” should be pounded into every undergraduate. Objective and dispassionate examination of all relevant facts, especially those of “the other guy,” would be an important first step for all of us to take.

A second step would be to recall the concept that “facts are not responsible for those who believe them.” Just because I find, say, Noam Chomsky’s anti-American diatribes repellent doesn’t mean that every word out of his mouth must be mistaken; and just because I admire, say, Albert Schweitzer, doesn’t mean that I must necessarily agree with everything he says.

Dispassionate consideration of all the factors involved in the major questions facing us should concern us all. It may no longer be a luxury, but a necessity for us to recognize and combat what Richard Hofstadter called *The Paranoid Style* in American Politics and for us to return to civilized discourse. Our well-being and survival may depend on it. ♦

WINNER: ENERGY CATEGORY

Reason as a Corporate Strategy

Writer: Gordon C. Morse Speaker: Thomas F. Farrell II

Delivered at the University of Richmond Speech Center, September 27, 2011

Dean Bagranoff, students and faculty, ladies and gentlemen... thank you.

I am grateful for the warm welcome and for those kind words of introduction – and right here in my hometown, too – in this most impressive facility, on this most beautiful campus – the newest member of the Big East!

Many of us in this community have watched with admiration as U of R took wing over the years. You have accomplished a great deal.

The University adds much value to our community's cultural and intellectual life – and that value reaches far beyond the immediate region. If you feel proud to be a part of it, I think you should.

You honor me with this opportunity to speak today. My special thanks go to Linda Hobgood for extending the invitation.

A close friend – a veteran of many a political campaign – once told me something his father, also a public official, told him when he was a child: The greatest gift the Creator can give to a man... is the ability to enjoy the sound of his own voice.

And the second greatest gift ... is to persuade somebody else to listen to him.

So thank you for listening ... which is, in fact, a tremendously valuable skill to possess.

Actually more important than speaking, in my view. Being a good listener is a rare but highly valuable skill – despite the fact that I am speaking to you about speaking.

But speaking is the second most important leadership skill of all. When you become a leader, you need to have speaking skills, as well as listening skills.

A lot of behavioral science research shows that word-of-mouth is the best way to get people to change their minds or their actions. If all you want to do is create some awareness or knowledge of an issue, then the printed word is fine. But if you want people to actually do something, then you had better talk to them.

Other social science research – I am sure you have heard this before – indicates that the average American fears public speaking more than he or she fears death.

I believe that is because death is faster. Public speaking takes more preparation.

I was actually fearful that you may have mixed me up with someone else.

This event is sponsored by the University of Richmond Speech Center, after all. You take oratory rather seriously here. You even have your own “Orator in Residence.” The spoken word tends to be scrutinized rather closely.

And, from what I gather, you saw or read a couple of speeches that I had given, and you figured I might be worth hearing.

So, I admit to feeling a little bit of pressure. On the ride over here, I got flashbacks of my bar exam. Very scary.

Lawyers, of course, are supposed to be adept and at ease before audiences, particularly small citizen groups of 12. Otherwise known as a jury.

Well, that is a myth. Like some of you – not many, but some – I grew up watching Perry Mason on TV. Wow, was that guy good. His clients get acquitted, and the guilty party confesses right there on the witness stand. Like clockwork. Every single week.

Then you get out of law school and discover that some lawyers ought to be tackled on the courthouse lawn before they even walk in the door.

Truth is, there are a lot of enormously successful lawyers who never see the inside of a courtroom – and they like to keep it that way.

Gifted speakers – I have no pretensions on that score – are just that, gifted.

I believe there are certain things you can learn. There are valuable techniques and principles.

One is, forget about eloquence. We do not live in an age

of eloquence. Most of you grew up with MTV after all. Attention spans have been reduced to sound bites and tweets.

The message for public speakers is clear: Make it sincere ... and keep it brief.

Or in the words of Lee Iacocca, the former chairman and CEO of Chrysler: Tell it straight. Tell it all. Give it to them right between the eyes.

One other principle worth noting – especially for large, complex organizations such as Dominion: Do not attempt to be your own editor. Do not try to go it alone.

Even Thomas Jefferson learned that.

You probably expected that I – as a graduate of the University of Virginia – would get around to Jefferson sooner or later.

So let me tell you a quick story.

Linda Hobgood will appreciate this, and the best part is that it is true.

As we all know – or you certainly should know – Thomas Jefferson was charged with writing the Declaration of Independence.

He got the job done in about two weeks and then presented it to the Continental Congress.

At that point, his colleagues began to pick the language apart and Jefferson, who had labored so hard to get the words just right, became noticeably unhappy, sitting off in a corner, looking rather gloomy.

Benjamin Franklin, sitting on the other side of the room, noticed his colleague's demeanor.

Or, as Jefferson wrote later, Franklin – and this is a quote – “perceived that I was not insensible to these mutilations.”

Jefferson was a sensitive guy, and he most certainly felt some pride of authorship and all that.

So, Franklin came over and tried to lift Jefferson's spirits by telling him a story about a hat maker named John Thompson.

Mr. Thompson wanted to hang out a sign to advertise his business. He ran his idea past a few friends. He proposed that the sign would read: “John Thompson, Hatter, makes and sells hats for ready money.” A picture of a hat would accompany the verbiage.

The first friend said to Mr. Thompson, “Well, you don't really need the word ‘hatter,’ do you? Because obviously if you make and sell hats, you're a hatter. So you could just cut out the word ‘hatter.’”

The next one says, “Makes? Do you really have to say ‘makes hats’? Obviously, they're hats. You don't need the word ‘makes.’ You can cut the word ‘makes.’ It's unneeded on the sign.”

A third friend says, “Why say ‘for ready money’? What? You're going to give away the hats? You can take out ‘for ready money.’”

In the end, Mr. Thompson has a sign with a picture of a hat on it. Period.

Of course, Franklin comes to the moral of the story and tells Jefferson that he, Franklin, quote, “avoid[s] becoming the draughtsman of papers to be reviewed by a public body.”

Franklin was making a joke.

We all know the kicker to this tale. The Declaration of Independence became one of the most celebrated and influential political documents in the history of the world.

Obviously, much of what emerged from the Continental Congress was Jefferson's work. His language. His syntax. And, in many cases, his ideas about why America was severing its ties with Great Britain.

Yet, the process of involving others in the final product – however painful for Jefferson – produced many salutary benefits.

In the investment world it is called “due diligence.” Thorough and rigorous research is another way of putting it.

When you step into the public arena, it can be like stepping into a minefield. All it takes sometimes is opening your mouth. That may be a mixed metaphor, but you get the point.

There are sins of omission and there are sins of commission. What you do not say can get you into trouble just as fast as what you do say. You need to think things through.

Are you really saying what you think you are saying? That has to be checked, too.

Most important, does it complete the task? Will the audience understand? Will the audience be persuaded, if that is the goal?

Of course, getting others involved in the process of completing a speech – or a written public pronouncement – forces collaboration. That is a good thing, because collaboration leads to shared ownership and accountability.

Or, as Franklin put it so memorably, “We either hang together or we will surely hang separately.”

[Pause]

All of this is a roundabout way of getting to the great man theory of speeches, the role of speeches in a corporate setting, and the general approach that Dominion takes to its public affairs.

In large, complex organizations such as Dominion, the great man theory has very limited application.

I am delivering this speech on behalf of Dominion. However, to get a really clear idea of what goes into what I say, you would end up with a fairly crowded stage up here.

I understand the power of the single, inspired individual. The 272-words of Lincoln's Gettysburg Address are

a prominent example. Yet, in its own day, this now revered speech was controversial. It elicited a predictably partisan reaction: praise from Republicans, criticism from Democrats.

The opposition press was especially scathing in 1863. The *Chicago Daily Times* said: “The cheek of every American must tinge with shame as he reads the silly flat and dishwatery [sic] utterances of the man who has to be pointed out to intelligent foreigners as the President of the United States.”

The newspapers back then made today’s cable TV chat shows seem positively sedate by comparison.

Winston Churchill, another legendary historical figure, was said to have committed to memory his early speeches, going so far as to practice them in the bathtub using friends and the household staff as test audiences.

Later in his career, after careful drafting, he always had the text close at hand, folded length-wise, so he could draw it from his pocket in the House of Commons.

As with most human activity, these kinds of techniques vary greatly.

In a large organization, when there is much at stake, there has to be a process in place. You should not imagine me in the tub at home with a pad of paper. Actually, please do not do that.

At Dominion, we think through everything we say. We base our public communications on reason, common sense and logic. We have no choice.

We are part of a \$5-trillion-a-year industry. The energy business dwarfs all other sectors of the global economy. It operates according to the principles of physics, math and engineering. It depends on hard data and sound science, not wishful thinking and happy talk.

We do not make Cheetos or Chapstick or cheese dip – those things that fall in the “can-do-without-it” category. Instead, at Dominion, we try to keep the lights on and the gas flowing – all the time, under all conditions. Our business and our products are grounded in safety, reliability and affordability.

Energy is certainly indispensable, unless you want to live in a tent without access to the Internet or refrigeration or air-conditioning or television. What a bleak existence that would be – at least for most of us.

Consider electricity. It is the most precise and flexible form of energy that we have. It enables the global, real-time networks that societies depend on for communications, financial transactions and international trade.

Most of the creature comforts we enjoy – our plasma TVs, our computers, coffee machines, video recorders, refrigerators, iPods, iPads and iPhones – all the stuff of modern life – depend on electricity to keep them running.

Today, in fact, for the first time in our nation’s history, Americans are spending more on electronics than durable goods, such as furniture and lawn mowers.

Our love affair with electricity-based gadgets is not

likely to go away. On the contrary, today’s increasingly digital economy will keep power consumption growing in the decades to come.

As indispensable as our business is to modern life, it is not without controversy. Especially in the environmental area. Let me give you an example.

There was a time when the fuel sources we use to generate electricity were relatively low on the list of public concerns. Reliability was at the top of the list – and actually still is.

But with the rise in public concern over climate change and the effect of fossil fuel use on the atmosphere, our industry has undergone – and continues to undergo – fundamental change.

Often, when I give a speech and talk about our nation’s dependence on fossil fuels – especially coal – I will look out into the audience and inevitably see some furrowing eyebrows, drumming fingers and shaking heads.

Of the three main fossil fuels – coal, oil and natural gas – coal emits the most carbon dioxide per unit of energy, which as you know, is the leading greenhouse gas.

Coal is also our most abundant domestic fuel source. Americans rely heavily on it for their electricity – not because we love it – but because it is efficient, affordable and available in the large quantities that society demands.

That is not an easy message to sell these days. But it is the truth. Even less popular is another related point: Tomorrow’s energy system is going to look a lot like today’s energy system – at least for the foreseeable future. And when I say foreseeable, I mean decades.

There are three reasons for that: Time, money and the scale of global energy supply and demand.

First of all, transitioning from one type of energy supply system to another – from fossil fuels to greener, renewable energy sources – takes a great deal of time and lots and lots of money.

History teaches us that these transitions are best measured, not in years, but in decades – or in some cases, generations.

After delivering that message, I sometimes notice audience members squirming in their seats and looking around for the exits.

That is when I hit them with the coup de grace, the final blow: Regardless of how much we as a nation may want to abandon fossil fuels and move to a low-carbon, renewable-energy-based world, we must be realistic. It will take decades and trillions of dollars of investment to get there.

That is because fossil fuels account for about 70 percent of the energy we consume in our homes, power stations

and factories – 70 percent – and they have gotten the job done reliably and inexpensively over a very long period of time. Fossil fuels store immense amounts of energy in a form that is relatively easy to extract and transport. Fossil fuels have built the \$14 trillion economy in which we live. It has taken us more than 100 years to get where we are.

There is no precedent in history that would lead us to believe we can make the transition from fossil fuels to renewable energy sources quickly or inexpensively.

Those are not the kinds of messages about energy that you will typically get from the media – the leading source of most people’s information.

The problem is, media coverage of energy issues tends to be alarmist, sensational and manipulative. If repeated enough, these half-truths and misperceptions get wired into our cultural mindset. Then they end up shaping the national conversation – and eventually, finding their way into the public policy arena.

Allow me to illustrate with two examples.

Beginning with Richard Nixon and continuing with every U.S. president since – not to mention scores of other politicians, pundits and media commentators – Americans have heard about the evils of foreign sources of energy, especially oil, and the need for energy independence.

In Nixon’s day – the decade of the 1970s – we imported about 35 percent of our crude oil. Today, imports account for more than 60 percent of our total oil consumption.

So much for energy independence. But the dream refuses to die. It is a vision that resonates deeply within the American psyche. Some would say it goes to the heart of America’s self-image as a nation that values freedom, autonomy and self-sufficiency.

But the truth is, energy independence is a mirage. It is, quite simply, an impractical and unattainable goal. It contradicts the reality of today’s global economy and a \$5-trillion-a-year global energy industry.

That is not to say we should avoid expanding our domestic energy supply base. We should. But complete independence from the world market is not possible – or even desirable. International trade is one of the few forces capable of bringing nations together. Energy interdependence is the more realistic and compelling goal.

A second widespread misperception has to do with renewable energy sources and their ability to reduce our dependence on foreign oil. You may have seen a TV commercial or two about this. Many politicians who know better argue this point frequently.

These folks claim that windmills and other types of renewable power – solar energy, wood biomass and geother-

mal energy, for example – can wean us off what the second President Bush referred to as our “oil addiction.”

Well, there is just one big problem with that idea.

We do not rely on oil to produce our power. In fact, oil – domestic or foreign – accounts for only 1 percent of our nation’s electricity. One percent. Most of our power comes from the other two fossil fuels I mentioned – coal and natural gas – and from uranium, too, the fuel source for our nuclear stations.

It is the transportation industry – our cars and trucks and buses – that burn about 95 percent of the oil we consume in this country.

That is a very important distinction. Wind and other types of green energy cannot lower our dependence on foreign oil. Unless, of course, we find a way to use the sun and the wind to propel us around in our vehicles. That may happen at some point in the future, but it is not part of today’s energy landscape.

Those two examples illustrate the kind of muddled thinking that tends to confuse the national energy debate. Too often, we see misinformation and emotional appeals winning out in the public arena over common sense and reason.

So at Dominion, we try to counter sensationalism, hyperbole and mythology with facts, reason and logic. Sometimes we succeed, and sometimes we do not. But we stick to our guns.

We also accept the fact that not everyone is going to agree with us. But that does not mean we are going to be any less committed to public communications that stress fact over feel-good fiction.

Our corporate mission and our roots in public service demand that of us. We feel a certain responsibility to help improve the state of energy literacy in our country. The public needs to know where energy comes from, how much it costs to produce, how it is used, and how it affects the economy, the environment and our national security, for example.

We can do this only by emphasizing the facts, the rules of logic and the standards of evidence that support our positions and form the basis of our communications strategies.

In the end, the public will decide whether or not our messages are credible and worthy of consideration.

The bottom line for us is this: When reason and com-

mon sense rule, we stand a far better chance of sustaining our business for the long term ... and also taking the debate about the nation's energy future to a higher level.

There is much at stake in what we do at Dominion. We believe that if we rely on reason and keep laying out the facts as we see them – carefully explaining our choices while always ready to listen – we might just bring most people along.

Except maybe when there is a hurricane that wreaks havoc with the electrical system. Fortunately, Irene and her kind do not show up very often, and for that, we are grateful.

Dominion has an obvious stake in promoting greater energy literacy and understanding. As citizens of the world's largest energy consuming country and one of its leading producers, so do you.

Americans need to know more about where energy

comes from, how much it costs, how it is used, how it affects the economy, the environment and our national security. How else will we – as individuals and as a society – be equipped to make smart, sustainable energy choices – and also contribute to the important debate we must have about our nation's energy future?

I urge you to inform yourself. Ask questions. You are in a great place to do that. Energy issues will have big implications for your life and your career. You can and should be engaged in the conversation about how we are going to achieve a cleaner and more secure energy future.

I intend to do what I can to advance that conversation. I hope you will, too.

If there is time, I would be glad to answer any questions you may have. ♦

WINNER: NONPROFIT CATEGORY

RA Wounded Iraq War Veteran's Journey through Failure and Success

Writer: Sarah Gray & Rachel Crowell Speaker: David Kendrick
Delivered in Providence, Rhode Island, October 26, 2011

My name is David Kendrick and I am honored to be here today. I am here to talk to you about how my life changed forever in the course of a moment. And how the AbilityOne Program helped me find a new path. First, I'll give you some background about my life. I grew up in Rochester, New York with my mom, step-dad and 4 sisters. Growing up, we didn't have a lot of money. We lived in a rough neighborhood called Avenue D, on the east side. It was infested with drug dealers and gangsters. They tried to recruit me to work for them by delivering packages. I didn't do it. I was scared of them. I saw what happened to people in that world. When I got older, I was pressured to join gangs like the Bloods or the Crips. Some of my friends thought that was cool. I didn't. I wanted to get out of my neighborhood but I didn't know how. In 2004, the war in Iraq was well under way.

I kept thinking about the Army advertisement, 'Be All You Can Be.' I liked the way that sounded. I knew that joining the Army would get me out of Rochester. My family didn't want me to leave. My parents didn't support my decision to join the Army, but I did it anyway. I didn't want to be a victim of the Rochester streets. In August of 2005, I graduated East Ridge High School. Two weeks later I was in basic training at Fort Knox, Kentucky. I was trained as a cavalry scout and assigned to my unit, the 361st Cavalry Regiment in Fort Carson, Colorado. We were deployed to Iraq in October 2006. (SLIDE #1-Army Buddies) I was shocked by the extreme poverty over there. People walked around with no clothes or shoes on. One time I even saw a man kill another man over a can of beans. Despite the drugs and gangs, I felt lucky to have grown up in Rochester. As a cavalry scout in Iraq,

I gathered information from Observation Posts.
 I reported on what was happening in the surrounding area.
 Sometimes I was on a busy street.
 Sometimes I was at the top of a mountain.
 On June 17th, 2007 something happened
 that changed my life forever.
 I don't remember much.
 But with help from my family and friends,
 I have pieced together the details
 of what I'm about to tell you.
 We were in Sadr City doing security.
 Our assignment was to check people for weapons
 and explosive devices as they entered a building.
 The Iraqi police were supposed to be there to help us,
 but they were absent that day.
 That's never a good sign.
 It could mean an ambush is coming.
 Maybe the Police knew something we didn't
 and that's why they didn't show up.
 So we were on the lookout.
 Standing still meant you were an easier target for a sniper.
 So when I wasn't checking someone,
 I was moving around.
 Suddenly I heard the loud crack of a rifle.
 I blacked out as I fell to the ground. Someone shot me.
 When I fell, my truck commander jumped on top of me.
 He was shot twice, once in the hip and once in the fore-
 arm. He dragged me 10 feet to safety
 and I woke up behind a wall.
 When I opened my eyes,
 I saw my legs were covered in blood.
 My left leg was so damaged I could hardly recognize it.
 I didn't feel any pain, so I thought it had been shot off.
 I thought I was better off dying there.
 But within a minute my dismount showed up.
 They assured me that my leg was still attached.
 They applied tourniquets to both my legs
 and the sensation in them started coming back.
 It felt like a firework had gone off inside my leg.
 My friend Adamson ran up screaming
 "Kendrick's dead! Kendrick's dead!"
 I told him "No I'm not!
 Now shut up before you get us killed or kidnapped."
 Then I went to Balad Hospital in Baghdad
 where I got morphine, a blood transfusion
 and multiple x-rays.

The x-rays showed that one of the bullets
 damaged my femoral artery and shattered my left femur,
 or thigh bone. I had another gunshot wound in my
 right leg.

My left leg was so damaged,
 they thought it might need to be amputated.
 The doctor said the firework sensation I felt in my leg
 was nerve damage. On top of all this,

my wounds were infected by sand parasites.
 I was in my hospital bed when my squadron command-
 er and came into my room with a square box.
 I thought to myself,
 Purple Heart medals come in boxes like that.
 Then it all came crashing in on me. (PAUSE)
 That box was for me.
 This is the medal they give you when your career is over.
 I was 20 years old. I was overwhelmed.
 I thought, "What am I going to do now?"
 I was transferred to Landstuhl Hospital in Germany.
 Then on June 25, 2007, I was sent to America to heal.
 I went to the Evans Army Community Hospital
 at Fort Carson.

The doctors told me they would try to save my leg
 but they couldn't give me a guarantee.
 (SLIDE #2-Hospital Bed)

Before every surgery I went through, the doctor would
 tell me, 'This time you might wake up without your leg.'

When I woke up, I would close my eyes and reach my
 fingers down to touch it and make sure it was still there.
 I did this fourteen times over 3 months
 before we knew I'd be able to keep both my legs.

I then went through intensive physical therapy
 in order to walk again. (SLIDE #3-Therapy Wheelchair)
 I stayed at Evans Army Community Hospital for 3 months.
 In September 2007, my two legs and I walked out of there.
 I had a titanium rod in one leg and a pair of crutches,
 But, hey, I was walking. With both legs. It was a good day.
 (SLIDE #4-Therapy Walking)

My next assignment was at the Warrior Transition Unit.
 The WTU was for wounded soldiers
 who were either transitioning back into the military,
 or into civilian life. With my injuries,
 I thought civilian life would offer me the most opportunity.
 While I was there, I worked on my resume
 and planned the next step of my life.
 Because of my leadership skills,
 I was chosen for security detail,
 looking after some of my fellow soldiers at WTU.
 The sad truth is sometimes I was on suicide watch.
 Sometimes even the strongest people didn't make it.
 Having a disability changes your entire life.
 It changes your job, your family relationships,
 your body and your mind.
 Most soldiers can handle being wounded temporarily.
 Depending on others temporarily.
 Having a disability temporarily.
 But they can't handle having a disability forever.
 Some people never learn to accept this.
 I saw that first-hand.
 People stronger than me were cracking.
 It was one of the darkest times in my life.
 Little did I know, it was about to get worse.

I flew back home to Rochester in the spring of 2010. My family and friends were happy I was home, but most people didn't know how to treat me after getting hurt. I wasn't the same 18 year old boy that had left. I came home a 23 year old man with gunshot wounds, nerve damage and PTSD. Some people were even afraid of me. I moved in with my dad at first, but I felt like a burden. My parents didn't want me to join the Army in the first place. Here I was, only 23 years old, and a permanently disabled veteran. I didn't want them to say "I told you so." So I lied. I said had a place to go, and I left. I was homeless, but I had too much pride to tell anyone. Some nights I would stay on my mom's or dad's couch, but most of the time I slept in my car. I was so depressed. I would get drunk at a bar and pass out in the parking lot. I compared leaving the Army to quitting drugs cold turkey. It felt like such a quick transition. I went from serving my country and having people respect me, to being unemployed and homeless. I felt like the blood I shed for this country was for nothing. I struggled to find a job in Rochester. My military training didn't easily translate into a job in the civilian world. It seemed like I was only qualified for manual labor jobs, but I couldn't do those because of my injury.

After a few months of living in my car, I confessed to my mom how bad my situation was. She took me to church where I prayed for help. I was desperate. I tried thinking of people I could reach out to. That's when I remembered General Mixon. General Mixon was commander of my post at Ft. Carson. He came to visit me while I was in the hospital. He's also from Rochester and was planning to retire there. He told me to look him up if I ever needed any help. I didn't want to contact him at first. But I did need help, so I called him. He had retired and taken a position at a nonprofit agency called CDS Unistel. I was so embarrassed to meet with the General. I was in ragged clothing and hadn't shaved in two weeks. I couldn't even afford a haircut. But he set up a meeting with the CDS Unistel Spice Factory, and got me enrolled in their Warrior Salute Program. The Warrior Salute Program helps injured Service Members transition back into civilian life. The Program provides rehabilitation and therapy along with vocational assessment and training.

It also includes accessible apartments. It was just what I needed. They gave me the keys to my own 2 bedroom apartment where I could live while I was going through rehabilitation. I also got a job in the spice factory.

During my vocational assessment, they discovered that I have some leadership skills. I got my forklift license and was made production supervisor at the Spice Factory. This job was made possible by the AbilityOne Program. I supervised 30 employees who also have disabilities. I made sure everyone stayed safe and on task. (SLIDE #6-Checking Spices) I checked the spices for contaminants, fixed the container scales, and loaded shipments with the fork lift. (SLIDE #7-Forklift) Some of the spices are sold to the Defense Logistics Agency. This agency buys and distributes food for the US military in the United States and also in Afghanistan. Because of this military customer, the spice factory has very tight security. I had to use a security badge in 3 different places to get into the building. The factory is a sterile environment so everyone wears specialized clothing that covers their hair and shoes. This jobs helped me transition from the military world to the civilian world. I got my forklift license and learned some supervisory skills. I have since moved on. I accepted a position at the Kodak warehouse last month. I got an increase in pay. And September 1 of this year, I moved out of my Warrior Salute Program housing. I have my own 1 bedroom apartment. I'm financially independent for the first time in my life. I'm proud to have a place to call my own. I have an AW2 representative who is helping me look for a desk job. I'm not sure what the next step is for me. But it's good to have some options in my life. I am a long way from where I was last summer. Because of the AbilityOne Program, I have been given a second chance at a career. I can enjoy everyday life now. (SLIDE #8-Sisters) Here's a picture of me with my little sisters playing Operation. I told them, "In real life, operations are not fun." (SMILE) In closing, thank you for listening to my story today. I am just one of thousands of people who have been supported by the AbilityOne Program. I am told that 10 million people with disabilities are unemployed in the United States.

I used to be one of those people,
and it was the worst time in my life.
I would like to ask for your help to change that number.
I'd like to ask you keep up the good work.

There are thousands of success stories
behind the AbilityOne Program.
And I am grateful to be one of them.
Thank you. ♦

WINNER: PUBLIC POLICY INSTITUTE CATEGORY

Times That Try Men's Souls

Writer: Daniel Rose Speaker: Daniel Rose

Delivered at Bard College, Hannah Arendt Center, October 28, 2011

The failure of America's political leaders across the spectrum to explain to the public the serious long term, intermediate term and short term challenges we face has caused us unnecessary pain, turmoil and widespread loss of public confidence in government. Their failure to deal effectively with those challenges has put our national well-being in jeopardy. Widespread protests from left and right may lack a coherent agenda, but the public knows that something is wrong; and they demand to hear the truth.

Liberals refuse to acknowledge that we must live within our means; conservatives refuse to acknowledge the economic and social imbalances that threaten to strangle our society. Both confuse symptoms with causes and the cyclical with the structural; both use the current turmoil to further their ideological goals. As a result, both give the impression of being long on cleverness and short on integrity. Neither faces the long term ramifications of an economy shifting from industrial production to services and information, or the emergence of a single global market for goods, labor and capital, or growing inter-generational economic tensions. Neither encourages the deferred gratification and future-mindedness that underlie all successful societies.

America's declining rate of social mobility, our diminishing ability to influence the world beyond our borders, the relative shabbiness of our national physical facilities, the deteriorating quality of life—none is pre-ordained, none is inevitable. All are the result of bad governmental decisions and a public demanding much but willing to pay for little—"self-inflicted wounds" that can be reversed.

When we eventually deal effectively with the problems of education, infrastructure, foreign trade, industrial policy and social mobility, we will regain the forward momentum we had before this "lost decade," and our government will regain the public trust it has lost.

Subtle changes in the American psyche, influenced by European thinking, have caused our public to focus on "today" vs. "tomorrow," on "rights" vs. "obligations," on "entitlements" vs. their financing. All spell trouble, as does the Left's demand for "equality of result" rather than "equality of opportunity" or the Right's belief in "everyone for himself and the Devil take the hindmost."

Our common goals—a fair and just society, with opportunities for advancement for talent and effort, with an appropriate balance between public and private amenities, with the rewards and obligations of citizenship rationally apportioned—are achievable over time; but current realities are discouraging, and public expectations are unrealistic.

Aristotle might cite the "efficient cause" of our current predicament as our dysfunctional mechanics of government—electoral gerrymandering, arm-twisting political lobbyists, the legalized bribery we call "campaign contributions." The "formal cause" he might cite as the preposterous cost of political campaigning. Until we address these causes, we are unlikely to get the kind of responsible legislative bodies—and responsible legislation—our Founding Fathers envisioned.

The coming American "new normal," a society stratified along educational lines, with growing numbers of the under-educated having no economically-productive role, is rapidly becoming a fact of life. The wage premium of intellectual over manual labor continues to surge, even as recent college graduates find jobs scarce. How we increase the size of our national economic pie and how we divide it appropriately are challenges we must face—the sooner the better.

We have seen middle class wages stagnate so that workers can no longer afford the goods and services whose purchase the economy requires to keep growing. The top one per cent of our public receives one quarter of our national income, the top five per cent receive 37%; and 95% of the

public must limit their expenditures. The last time we had similar numbers was in 1928.

The national macro-numbers today are frightening. With a GDP of \$15 trillion, U.S. public debt to others is now \$10 trillion and intergovernmental debt is over \$4 ½ trillion, with the total growing at the rate of \$1.5 trillion a year. The present value of our existing unfunded domestic entitlements is huge; common estimates put them at \$66 trillion: \$35 trillion for Medicaid, \$23 trillion for Medicare and \$8 trillion for Social Security. Of 51 million private homes with mortgages, 15 million are worth less than their debt. Three million homes were foreclosed last year; another six million are in arrears. Our national unemployment rate is over 9%, and millions of workers have given up looking for work. The unemployment benefits of some 4 million may expire this year. Student loans now total over a trillion dollars, and the rising default numbers are ominous. Opinion polls universally show a public anxious and pessimistic, pleading for government's pragmatic compromise on vital issues.

We must consider—calmly and rationally—where our economy is and where it is heading. We can no longer afford the luxury of allowing political polemic to drive reasoned argument from the stage, nor permit political candidates to see no further than the next election.

Just as our political parties cooperated in the national interest during the crises of WWI and WWII, they must cooperate in the current economic crisis. “Loyal opposition” is one thing; “rule or ruin” political maneuvering is another, and the climate in polarized Washington today is rightly called “obsessive obstructionism.”

In light of the international embarrassment of Standard and Poor's credit downgrade, history will deal harshly with our Congressional leaders, and those like Grover Norquist, leader of the “No Tax Increase—of any kind, at any time, for any reason” movement and his efforts to demand No Tax pledges from all Republican candidates (with the threat of running further-to-the-right primary opponents against them).

The left must face the ramifications of an aging and longer-living population, of a public education system falling seriously behind global standards, of government employee benefits out of sync with those of the rest of society.

Grover Norquist may wish government reduced to “the size where I can drag it into the bathroom and drown it in the bathtub (sic),” but most of us do not. We want government services and we must pay for them by taxation. Edmund Burke, the father of modern conservatism, put it succinctly—“To tax and to please is not given to men.”

Europe has found that Value Added Taxes, although regressive, are the least objectionable way to raise revenue. If we cannot face other forms of taxation, we, too, must consider them. (A 5% VAT would raise some \$500 billion in annual revenue.) One way or another, cutting expenditures and increasing revenues lie ahead of us.

Few observers would disagree that free market economies are more productive than rigidly controlled ones—leading to what Winston Churchill called “the unequal sharing of blessings vs. the equal sharing of miseries.” Few would disagree that to achieve optimum productivity and socio-economic stability, free market economies require some degree of government regulation. What that degree should be is “the question.”

John Maynard Keynes' “interventionist” followers and Frederick von Hayek's “hands off” supporters will always battle, but neither Keynes nor Hayek approved of swollen government, and both agreed that over-indebtedness leads to financial nightmares. Short term “stimulus,” (preferably on desirable repairs to our deteriorating and inadequate infrastructure) to provide immediate employment, and longer term “austerity” (with renewed savings and investment for continuous growth) reflect the best thinking of both. The two trillion dollars respected engineers tell us we must spend on infrastructure—for repairs, upgrades and expansions—will provide short term jobs and long term economic and social benefits. Had we created an infrastructure bank (with an accelerated review process) three years ago, the results would already be apparent. Short term fears of deflation, long term fears of inflation and recurring fears of stagflation must be dealt with realistically and prudently.

A healthy economy requires a sensible balance between consumption and saving/investment. In America today consumption is tilted in favor of private consumer goods and against public goods such as airports, parks, highways, mass transit, etc. We mistakenly consider expenditure on education and scientific research as personal consumption rather than as national investment for the future. We are heavily over-invested in housing, which is not productive of future wealth. (Other countries do not share our fetish of home ownership nor our “conventional wisdom” that house prices must rise more than inflation.)

Our financial services industry, whose function should be to “oil the wheels” of society and to channel savings into productive enterprise, has become a world of its own, skimming a disproportionate share of the national income. In 2008, for example, the country's top 25 hedge fund managers personally received \$25 billion among them, largely through the legal scam of low tax “carried interest”; and corporate CEO's receive huge

bonuses even as their companies post major losses. Rewards for risks on the upside have not been balanced by penalties for bad guesses on the downside. No wonder our “best and brightest” are seduced by financial paper-shuffling rather than careers in the productive world. Eventually, even the investment world will realize that a smaller share of a growing economy is better for them than a larger share of a stagnant one.

National wealth cannot be distributed (or redistributed) until it is produced; we must focus as much on wealth production as on its division. Albert Einstein noted that, “In the real world, there are neither rewards nor punishments—only consequences.” We must act so that the consequences of our actions take us where we want to go.

Our economic problems are remediable—but not in the immediate future. America is a resilient society and we will muddle through, but we must modify our expectations for the short run and again think long run. As Adam Smith wrote, “There is a lot of ruin in a country,” and we have great strengths. To regain our national momentum—to refute those who speak of “American decline”—we must act vigorously and wisely. Three specific areas cry out for governmental attention: infrastructure, foreign trade and industrial policy. Our “public intellectuals” are remiss in not demanding that we address them.

Finally, and most importantly, we must address the long term challenge of providing productive employment for all those ready, able and willing to work. Today, one quarter of our young people drop out of high school before graduation, and we have no economic role for them. Those with college degrees do somewhat better—but not really well—graduate degrees or specialized skills are increasingly required for success in this information-fueled, high-tech world. Our workers are in competition with those of the rest of the world who are becoming better educated and vocationally-trained than U.S. workers. We either raise our educational and skill levels in STEM fields (Science, Technology, Engineering, Mathematics) or suffer accordingly. Increasing poverty, downward mobility and social turmoil are not impossible.

That is a “worst case.” A “best case” could occur if our disadvantaged poor—whether whites in the “hollows” of the rural South or minorities in the inner cities—develop the attributes demanded by a high tech, globalized, competitive world. Future-mindedness, self-discipline, the capacity for sustained hard work and a passion for education are the underpinnings of the self-confidence and high aspirations that lead to economic productivity and personal fulfillment.

Skin color, religion and ethnicity are fading rapidly as major factors in American life. Social culture—as reflected in attitudes, values and mindset—is paramount today, regardless of the fulminations of demagogues. Entrepreneurship, for example (which we need to encourage), requires a mindset of risk-taking, thinking “outside the box,” the ability to rebound from failure with renewed vigor, and the tenacity to hold fast to a creative vision, all of which are cultural, not ethnic. Jesse Jackson’s “perpetual victim” view of life should give way to W.E.B. DuBois’ call for the minority Talented Tenth to lead the way to the promised land.

Continuing economic growth is the answer to our employment problem, but such growth requires a revival of what Keynes called our “animal spirits,” based on confidence in prospects for the future. That confidence must be based on real world factors, and only political and legislative leadership can create those factors: improved education and vocational training, improved infrastructure, more astute foreign trade policy, a rethought national industrial policy and a more balanced national distribution of income and wealth.

Lowering the cost of political campaigning (by some form of public financing, or free access to TV) and tightening—not loosening—the regulation of political contributions (thereby lessening the influence of lobbyists), are important first steps, along with an end to political gerrymandering. Undue influence—whether of “fat cats” like the Koch brothers or the Forbeses or of labor leaders like Randy Weingarten—must be lessened. Political term limits and specific steps to increase transparency and accountability to voters should follow. In the meantime, we need more politicians like Teddy Roosevelt, of whom the “bosses” complained, “We bought him but he didn’t stay bought!”

“Let no good crisis go to waste” is a useful thought; but we must be sure that Schumpeter’s “creative destruction” is indeed “creative.” It will be worth our present pain and sacrifice if a healthier, more responsive political and legislative system results from it.

This past decade has been a difficult one for us, but we can snap back. “American exceptionalism,” in which I believe, has traditionally been based on underlying premises of “can do” pragmatism, fair-mindedness, generosity and optimism. We must not forget that.

Sheer demographics and economic projections indicate that with a global population of 7 billion people, America’s position in the world must in time change relatively. In absolute terms, great days can still lie ahead for our country.

The following points would speed our recovery:

- Budget deficits should be recognized as short term expedients to “tide us over” cyclical downturns, and our debts must be paid down significantly as soon as budget surpluses from a growing economy permit.
- Health care costs must be financed by actuarially-sound measures that are transparent and understood by all. In 2010 the U.S. spent 17.6% of its GDP on healthcare vs. an average of 9% for European countries, yet their life expectancies are higher than ours. We need better value for our health dollars. “Defined benefits” as a concept should yield to some form of a “defined contribution” approach because we can no longer afford the former today, much less when the WWII baby boomers retire.
- Our system of taxation must be considered afresh, to promote investment and to raise future revenue. Eliminating many deductions and credits (e.g. from eliminating \$150 billion a year to stimulate race horse breeding, whale hunting, etc., to re-thinking deductibility of interest on home mortgages) in favor of lower marginal tax rates will provide a simpler and more efficient system. The byzantine U.S. Tax Code, thousands of pages written in technical jargon beyond the ken of a typical small businessman without expensive lawyers and accountants, is a national embarrassment without parallel in the developed world.
- Lower taxes on U.S. corporations’ foreign earnings would encourage them to repatriate the cash (tax revenues for us, domestic investment money for them). Tax havens (such as the Cayman Islands or the Faroes), that serve no role other than tax evasion and money-laundering, should be subject to public scrutiny and international regulation.
- Legislation which protects the banking system by distinguishing “depository” (savings/lending) banks from riskier “investment” banks (that trade for their own account) should be reinstated, as advocated by the wise Paul Volcker. And the capital requirements of all banks (large and small, savings or investment) should be examined carefully. Protection of savers and investors and encouragement of lending are the goals. Private entities “too big to fail” are too big.
- Unfunded, unaffordable pension programs of federal, state and municipal employees should be re-examined and discussed publicly. Logic calls for them to be brought into line with those in the private sector, regardless of the short term political battles that will cause.
- Legal tort reform, regulatory reform and entitlement reform should be reviewed periodically for costs and benefits, goals and actual effects. There should be “full and frank discussions” before an informed public on these sensitive issues. Frivolous law suits should be discouraged by using the British practice of having losers pay court costs and legal fees.
- Foreign trade should be encouraged, not discouraged, with the informed cooperation of business, labor and government, all concerned with the national interest. A clearly-enunciated “national trade policy” is long overdue. We must again become a successful trading nation, with high-wage, high-productivity jobs located in the United States profitably providing goods and services for the growing middle classes of the BRICs (Brazil, Russia, India, China). Trade policy should be all-encompassing; for example, tariffs on industrial production “inputs” should be eliminated so that U.S. producers are more competitive in the global economy.
- Charges of growth-strangling costs of counter-productive federal regulations (especially on small business) must be investigated and, where justified, modified. Sarbanes-Oxley and Dodd-Frank legislation should be treated as “living documents” whose consequences and unintended consequences are reviewed periodically. Necessary environmental controls (which some business groups fight even in good times) must be differentiated from excessive controls (which ideologues support regardless of cost vs. benefits).
- Our housing problem must be faced realistically. Americans have lost \$7 trillion in home equity, and necessary “de-leveraging” will be slow and painful. It requires orderly debt restructuring, debt reduction and conversion of debt into equity, until normal market forces again bring equilibrium. Permitting foreclosed home owners to remain in residence as tenants, with modest rents and an option to repurchase, will prevent vandalism to the house and homelessness to the occupant. (The mortgagee will receive some income and some “shared appreciation” on the property’s eventual sale but would face some write down in the short run.) Enabling non-profit groups to own—and to rent out—foreclosed single family homes is another approach; and private investors can be encouraged to buy and rent out distressed single family houses. With housing production

less than family formation, markets will stabilize in time, but in the meantime, first-time home buyers should be helped to absorb the current surplus of available houses; and existing home owners should be able to avail themselves of current low interest rates.

Those fortunate countries without a “sub prime” problem either have required a significant down payment on home mortgages and borrower incomes sufficient to pay debt service (e.g. Canada), or have not let mortgage originators bundle and sell loans (e.g. Denmark). For us, someday; but not yet.

- Visas and “green cards” for post-graduate students, high tech practitioners and others who help our economy should be expedited, not only for their benefit but for ours. A remarkably high percentage of our innovative practices have come from immigrants or their children who have started 40% of our Fortune 500 corporations.
- “Prevailing wage” laws have had a distorting impact on employment. General Motors, for example, has been able to hire thousands of workers recently when unions agreed to permit some “below-prevailing wages.”
- Legitimate charitable contributions should be encouraged, not discouraged. The suggestion that they be taxed is the most counter-productive idea recently proposed, since a thriving philanthropic sector is now more important than ever. \$300 billion in annual contributions employing 9% of the U.S. work force should not be diminished.
- The multi-trillion dollar long term reductions in government expenditures being proposed are necessary, but some proposed cuts (such as Pell scholarship grants) are ill-advised, and our public universities must be maintained.
- The successful industrial policies of Germany, whose high-wage manufacturing sector is flourishing, should be an example for America. The man-

ufacturing economic “multiplier effect” is much greater than that of the service sector.

Other questions to be pondered:

- Why should “second home” owners receive interest deductions on their mortgages?
- What inheritance should heirs receive free of all taxes, and what should graduated taxes be on larger estates?
- Should seniors, regardless of their ability to pay, receive medications free?
- Should Social Security be “means tested?”
- How should Internet purchases and services be taxed?
- Is it psychologically sound for one half the public to pay no federal income taxes at all?
- Why should tax rates on short term capital gains (less than one year) not be raised, while those on longer term (over a year) not be lowered? And how about a zero tax rate on newly-issued securities which fund growth?
- How should “short selling” be regulated, taxed and reported, and what are appropriate regulations and taxation for the \$600 trillion “derivative” market. (Yes, the \$600 trillion figure is “notional,” with much double-counting, but what a number!)
- Given our conflicting desires for “energy independence” and for a “green world,” how should oil and gas companies be taxed? And would not higher taxes at the gas pump curtail consumption as well as provide revenues?

America’s great days may still lie ahead, and some believe it to be inevitable. “The mode by which the inevitable comes to pass is called effort,” said Oliver Wendell Holmes, and it remains to be seen if the American public will make the effort. ♦

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WINNER: CONTROVERSIAL/HIGHLY POLITICIZED CATEGORY

Looking for Leaders in All the Wrong Places

Writer: Gordon Tomb Speaker: Gordon Tomb

Delivered at Harrisburg Downtown Rotary Club, Harrisburg, PA, March 28, 2011

Today, I start with a question: Why are we getting political leaders who say one thing and do another, who lure us or drag us into fiscal calamities? Or, as is the case with Harrisburg's current administration, seemingly do nothing except fire staff.

Answer: Because we are electing them. Yes, you and I are electing these people – and have been for decades. We do have a choice in the matter. We choose the recipients of our votes. We choose to whom we contribute campaign funds. We choose on whose behalf we speak.

Now, you already know that. But too many of us are not taking responsibility for our part in this sad – even heartbreaking – state of leadership. Heartbreaking because our poor choices have consequences that go well beyond the people we elect. Precious resources are wasted, economies fail, people are rendered jobless. Sometimes people die.

So, with all this at stake, why do we keep electing the leaders we do? Well, I'm here to tell you why.

To borrow from Waylon Jennings: We're looking for leaders in all the wrong places.

We're playing a fool's game, hoping to win. Telling those sweet lies and losing again.

Playing a fool's game, hoping to win. Telling those sweet lies and losing again.

Only in country music do win and "agin" rhyme.

I'd sing it for you, but I'm afraid Bob Hostetter alone would stay in the room.

Yes, we're all lying. The politicians are telling lies, and we're lying – mostly to ourselves. We've struck a bargain with the devil and we're losing our soul while we tell each other that paradise is on the other side of that government project, that tax subsidy, that loan guarantee.

My advice: Beware of bearers of free lunches. Why? Because, to quote Milton Friedman, there is no free lunch.

We're going to have a little audience participation today.

So, I want you to repeat after me: THERE – IS – NO – FREE – LUNCH!!

THERE – IS – NO – FREE – LUNCH!!

I will expand on this later. But first let me review how I came to be here.

I am not a constitutional scholar or a political consultant or a public opinion pollster. I am a student of our country's founding, a lover of liberty and a writer.

Earlier this month, my column in the Patriot-News commented on the electorate's culpability in the sorry state of the city.

I had thought about the subject for a long time before I wrote anything, and I was reluctant to do so. I was sensitive to the fact that I am not a city resident – and I had nothing new to say.

Then I began to see Harrisburg's situation as a topical conversation for a larger issue – that is, our role in picking our leaders.

And I was inspired by a ray of hope as protestors calling for Mayor Thompson's resignation cancelled a rally because of bad weather. And I remembered my mother's words: "At least they knew enough to get in out of the rain."

Frankly, cancelling that rally was the most common sense I'd seen in the city's citizens. What's the point of getting wet only to state the obvious? The mayor needs to go.

Could this sliver of good judgment be coming from people who elected Thompson and repeatedly reelected her predecessor, Stephen Reed, as he engaged in faux entrepreneurship to finance museums in the name of making Harrisburg a "destination" city?

By the way, faux entrepreneurship is putting public money at risk while pretending to be a businessman. This is a practice of egomaniacal politicians who regularly make bad investments for which they expect to be congratulated, even honored.

And destination city! What destination city? More like destitute city.

As the state capital, Harrisburg already is the destination of thousands of politicians and bureaucrats who generate a level of economic activity that would be the envy of most Pennsylvania cities.

This is where sweet lies come in. We allow our leaders to squander the wealth we have and then let them tell us that museums and ball parks are the answer to our problems. All we have to do is spend other people's money to build them.

How about focusing on keeping the city safe and clean? That in itself is not easy, though it may be too prosaic for the visionaries among us. Even so, if politicians get bored with managing the police and sanitation departments, then they should find other work – just as the rest of us would have to do if our occupations lost their allure.

If hotliers and restaurateurs think they need the business of more tourists, they can pool their resources with those of history buffs and sports fans to build museums and stadiums.

My tax money has been spent on professional sports stadiums in Pittsburgh and Philadelphia. I've gone to exactly one Steelers game and two Phillie Phanatic games in the last 30 years. Am I to really think that I'm getting my money's worth?

But this speech is more about the led than the leaders, so let's return to the voter. Alexis de Tocqueville's supreme understatement was perhaps that "universal suffrage is by no means a guarantee of the wisdom of the popular choice."

Indeed. "Universal suffrage is by no means a guarantee of the wisdom of the popular choice."

He goes on: "Long and patient observation and much acquired knowledge are requisite to form a just estimate of the character of a single individual.

"Men of the greatest genius often fail to do it, and can it be supposed that the common people will always succeed? The people have neither the time nor the means for an investigation of this kind. Their conclusions are hastily formed from a superficial inspection of the more prominent features of a question. Hence it often happens that mountebanks of all sorts are able to please the people, while their truest friends frequently fail to gain their confidence."

Mountebank is a somewhat archaic name for a teller of sweet lies. You might think of officeholders who've been impeached, indicted, convicted, expelled, disgraced, shamed – or who should be.

This argues for voter qualifications that are more than being 18 and breathing. How about having a lucid thought? How about having the wherewithal to recognize the offer of a free lunch for what it is? A sham!

Repeat after me: THERE – IS – NO – FREE – LUNCH!!

THERE – IS – NO – FREE – LUNCH!!

Alexis de Tocqueville was a French bureaucrat who toured the U.S. in the early 19th century. Afterward, he wrote his two-volume *Democracy in America*.

Tocqueville's point about the difficulty of us common folks discerning the character of potential leaders is an interesting one. When Tocqueville was touring the U.S. in 1831, some states required voters to own property or earn a minimal income.

Sounds good to me. Property or a job invests one in the health of the community in a particular way. Such ownership, I believe, causes one to take more time to study a candidate than someone who, say, is mostly interested in planning the next fraternity party.

Today, the only argument I've heard about voter qualifications is over whether it should be a misdemeanor or a felony that disqualifies a criminal as a voter. Am I missing something, or have our standards for voters fallen?

Many are quick to focus on voters' rights. I think we need more voter responsibility. The question of responsibility was raised in a Cato Institute analysis following the Florida voting debacle that delayed the culmination of the 2000 Presidential Election:

"Americans should protect their...legal right to vote," Cato says. "At the same time, fair and informed elections require citizens to meet minimal obligations, including...gaining knowledge about the choices offered and how to vote...A constitutional republic assumes that its citizens are capable of contributing to collective choices and of assuming certain minimal obligations related to voting."

I repeat: "A constitutional republic assumes that its citizens are capable of contributing to collective choices and of assuming certain minimal obligations related to voting."

And I say the main obligation that is not being met is an understanding of the founding principles of the United States of America.

I'll say that again: The main obligation that is not being met by the voters is an understanding of the founding principles of the United States of America.

And the primary principle is the concept of individual rights.

Individual rights, personal freedom, the right to live life as I see fit so long as I do not intrude on the individual rights of others. The Declaration of Independence lays out these rights as life, liberty and the pursuit of happiness.

Ayn Rand dissects this beautifully in a nine-page appendix of *Capitalism: The Unknown Ideal*. These nine pages are more than worth the price of the book, which in paperback is about \$8.00. Actually, her words are priceless.

Rand was a philosopher-novelist whose best known works are *Atlas Shrugged* and *The Fountainhead* – the last being made into a 1949 movie starring Gary Cooper and Patricia Neal. Rand was a fierce promoter of capitalism as the only economic system compatible with individual liberty.

Rand's logic regarding individual liberty is thus: Man is a rational being and must be free in order to exercise his reason. Not being equipped with such attributes as brute strength or the ability to fly, *man's freedom to apply his reason is paramount to his living a full life.*

The concept of individual rights subordinates society to the moral law that protects people from excesses of the state. Until the U.S. Constitution placed limitations on government's power to intrude on individual rights, people were subordinate to the whims of the state. The king got what he wanted, and those who resisted got the lash – and worse.

Rand says, "The most profoundly revolutionary achievement of the United States of America was the subordination of society to moral law. . . The United States was the *first moral society in history.*"

She goes on: "The concept of individual rights is so new in human history that most men have not grasped it fully to this day. . . Whether one believes that man is the product of a Creator or of nature, the issue of man's origin does not alter the fact that he is an entity of a specific kind – a rational being – that he cannot function successfully under coercion, and that rights are a necessary condition of his particular mode of survival."

Well, my friends, as a matter of practice our leaders undermine this morality – this morality first instituted by the founders of this country. Every time politicians take a piece of your freedom in the form of taxes levied and restrictions imposed in the name of the greater good, they make this country less moral.

Our leaders are promoting subsidized mortgages, corporate welfare, universal healthcare, and much more as

"rights." If these are rights, then I certainly have the right to a new Corvette, whose purchase you should subsidize.

Oh, I forgot. You're already set up to do that by virtue of General Motors' relationship with the federal government. I think I'll go shopping this afternoon.

We have a right to pursue happiness, but not a right to be happy. We have a right to seek the opportunity to earn a wage but not a right to some level of income or some standard of housing or entry to a college.

This "rights inflation" is severely diluting our actual right to life, liberty and the pursuit of happiness. Every time there is a new right for the government to subsidize, we have less of our own money – which represents our freedom – to use as we see fit. Every time a new false right is paid for, our right to our own lives is diminished. At some point, we become slaves

Any time politicians want to acquire more power they make up another so-called right and make you beholden to them to acquire it or keep it. If you want government support for your healthcare, your senior center, your mortgage interest deduction, you have only to do one thing and one thing only:

Vote for the politician who's telling the sweet lies that promise the free lunches.

We're playing a fool's game, hoping to win. Telling those sweet lies and losing again.

Please stand.

Repeat after me: THERE – IS – NO – FREE – LUNCH!

THERE – IS – NO – FREE – LUNCH!!

The cost of these so-called free lunches is your liberty.

My friends, we are looking for leaders in all the wrong places. We are looking for leadership in commitments to provide free lunches. And we must stop it.

What we need from our leaders is a commitment to liberty, not free lunches.

Ask not what your leaders can do for you, other than protect your freedom.

We must for the sake of our freedom and the freedom of untold millions, demand from our leaders a commitment to the individual liberty that was the vision of this country's founding. ♦

WINNER: EDUCATION CATEGORY

Pat Moynihan, Where are You When We Really Need You?

Writer: Daniel Rose Speaker: Daniel Rose

Delivered at American Academy of Political & Social Science, June 2, 2011

Daniel Patrick Moynihan, whose ideas and career we celebrate tonight, was a brilliant, erudite and complex thinker whose lessons we would do well to remember.

In an age of widespread “tunnel vision,” he brought to his deliberations the knowledge of institutions of a political scientist, the understanding of cultures of a sociologist, the time sense and perspective of a historian, the appreciation of data and numbers of an economist, the love of teaching of a professor, the values of a philosopher and the hard-nosed appraisal of realistic possibilities of a vote-counting politician.

Moynihan viewed cities through the lens of a master urban planner and transportation as a regional planner, studied architecture with the eye of an aesthete and historian, and he approached the subject of traffic deaths as an epidemiologist.

A true polymath, Moynihan could have echoed the great Max Weber’s irritable reply to a questioner, “What am I, a cow, that I must have ‘a field’?”

As a shrewd observer of government, he understood the destructive potential of misused “secrecy”; and he understood that the U.S. military build-up of the 1980’s was as much

designed to starve our other government expenditures as it was to frighten the Russians.

Pat felt deeply the crucial importance of a stable family, since he himself had been a middle class child fallen on hard times because of a deserting father. He never forgot the role government scholarships played in his own undergraduate and graduate degrees and foreign study.

As a wit, a master coiner of the apt phrase (“defining deviancy down” among the best) and a true son of Blarney Castle, he delighted academic and political audiences.

Above all, above all, as a Roman Catholic and FDR New Deal style Democrat and proud member of an ethnic minority, he never forgot who he was or what he stood for. That, simply stated, was an incorruptible devotion to the common good.

The Moynihan prescience was legendary; some have called it his ability to “see around corners.” After the col-

lapse of the Soviet Union, for example, Henry Kissinger sent him the brief note, “Dear Pat, Your crystal ball was better than mine.” And his ability to spot promising young people and to advance their public careers was remarkable.

Our cars now have seat belts and padded dashboards because of him, and Washington’s Pennsylvania Avenue is now a source of national pride rather than embarrassment. With 72% of American black babies born this year to unmarried mothers and with an increasing number of white babies being born to unmarried mothers, Pat’s 1965 study, “The Negro Family: The Case For National Action,” is at last being recognized for its inspired insights.

Pat was profoundly hurt by his professional colleagues’ failure to support him on the Moynihan Report. He understood the ancient Greek word “parrhesia” as “speaking the truth even at great personal risk”; but he frankly never anticipated the public firestorm or lack of professional support. Pat being Pat, he probably reflected on a similar lack of support for Giordano Bruno as he was being burned at the stake, or of Galileo as he was forced to retract.

As U.S. ambassador to the United Nations, he fervently defended American values, with the U.S. often “in opposition”; and he vigorously and eloquently attacked the concept of “Zionism is racism,” to the dismay of old State Department hands, who felt he was always “rocking the boat.”

Always a lover of the appropriate quotation, Pat would probably have described our current Congressional performance on the economy in William Butler Yeats’ lines, “The best lack all conviction, while the worst are full of passionate intensity.”

When I first visited Pat’s study in the schoolhouse in Pindars Corners, I thought of Michel de Montaigne in his tower study; when I looked out the window of the Moynihans’ Washington apartment, I recalled the shabby souvenir shops and fast food stands B.M. (before Moynihan). When I taste curry, I think of the memorable party Liz and Pat threw in India to celebrate the 500th birthday of the Mughal emperor Babur (whose garden Liz discovered). When I pass Pat’s favorite corner luncheon table at the Century Association, I recall his almost apoplectic anger one day at the just-released healthcare bill that Ira

Magaziner had prepared (in secret hearings) for Hillary Clinton. Over 1000 pages long and fearfully complex, its provisions would devastate New

York's great teaching hospitals, Pat raged. He felt the bill was doomed to failure, and he bemoaned the fact that an important opportunity would be lost.

The fundamental importance of education had always been a major Moynihan belief, and he studied the subject carefully. James Coleman's 1966 landmark report, *Equality of Educational Opportunity*, blazed fresh trails; and its impact stayed with Pat permanently. Coleman's thesis, backed up by massive statistical analysis, demonstrated that money was but one of many complex factors influencing education.

Pat remained skeptical of glib theories unsupported by detailed research, and he would have cheered Diane Ravitch's courageous change of positions when research demonstrated that the excessive emphasis on charter schools and the simplistic reliance on standardized test scores advocated by the No Child Left Behind program—and previously supported by Ravitch—had become counter-productive.

Honest and dispassionate analysis of appropriate data should be the bedrock of the social sciences, Moynihan felt; and he would have been proud to see this year's Daniel Patrick Moynihan Award go to Diane Ravitch.

Diane has been a good friend of long standing, and I have followed her career closely. Her specialty could be called "America's Fruitless Search for an Educational Quick Fix."

Our society, that values vitamin pills over the full, well-balanced meal, keeps looking for an educational equivalent—some cheap, instantly-effective elixir that will transform dysfunctional children into Nobel Prize winners.

And we haven't found one yet.

We refuse to acknowledge what a fiercely complex subject education is, how many factors are involved and how little we really know about them.

In 1967, for the Carnegie Foundation, Diane studied the fiasco of the Ford Foundation's intervention in the Ocean Hill/Brownsville controversy. This resulted in her classic 1974 volume *The Great School Wars*.

She later studied the history of educational fads and enthusiasms across the 20th century in a book called *Left Back: A Century of Battles Over School Reforms*.

In her latest book, she analyzed the dubious results of the Gates, Walton and Broad Foundations' sometimes counter-productive efforts, as they still search for the one "big idea" that would turn all children into "A" students; and I have suggested that the title for her next book be *The Educational Emperors Have No Clothes*.

Diane's services to the field of education have been remarkable. The dozen books she has written (and others she edited), her term as Assistant Secretary of Education, and her countless papers, conference appearances and blogs have stimulated thinking throughout the field.

Her research is rigorous, in keeping with the Moynihan Dictum, "Everyone is entitled to his own opinion, but not his own facts."

Diane and I worked with Pat and Liz (Pat's superb campaign manager) in 1976 on Pat's first Senatorial campaign, the primary being a close race against Bella Abzug. And I am

certain that Pat, who admired Diane, would have been delighted to award this year's Moynihan prize personally to Diane Ravitch. ♦

WINNER: ENVIRONMENT/ENERGY/SUSTAINABILITY CATEGORY

Shale: Politics vs. Opportunity

Writer: Bob Tippee Speaker: Bob Tippee

Delivered at IPEC 2011-HTX Roundtable & Awards Luncheon, Houston, TX, November 10, 2011

It looks like I'm the only one here old enough to remember a movie issued in 1973, so I'll have to describe the story I want to use to frame my comments.

The setting is in and around 1930s Chicago. A small-time grifter named Johnny Hooker and his partners in a

pigeon drop scam score more money than they expect when their mark turns out to be running numbers-racket cash for a mob boss.

Now, go ahead and pretend not to recognize the movie. Acting perplexed will make you feel younger than you really are.

Anyway, Hooker and his accomplices are suddenly rich. Immediately, Hooker squanders his share of the prize on an ungrateful floozy and a crooked roulette game.

So now you have the governing characteristic of the main character. And, please, keep acting like you don't know what way-before-your-time movie I'm talking about.

Well, Hooker's loveable mentor ends up dead – murdered by mob soldiers dispatched to teach a lesson. And the rest of the movie is about how two-bit con men extract half-a-million dollars' worth of revenge from a silver-dollar gangster.

Okay, okay. Since the truly young among you are dying to know, the movie is *The Sting*, starring Robert Redford and the late Paul Newman. Young as you are, I'm sure you've heard of them.

Please remember what happened to Hooker's windfall at the beginning of the show. At the end of *The Sting*, after the rich bad guy has been hustled away without knowing he's been conned, Henry Gondorff, the Paul Newman character who masterminds the big con, asks Hooker if he's going to stay around to collect his share of the earnings.

“Nah,” Hooker says. “I'd probably just blow it.”

The United States of America has the chance to play the big con on a world that thinks it's destined to depend forever on other countries for the growing amounts of energy it needs – and to pay whatever it takes for the privilege.

A happy coincidence of geology and human ingenuity holds out the promise of an energy future quite different from what, just a few years ago, we thought it would be.

Always a ravenous importer of oil, the United States was supposed to import growing amounts of methane in the form of LNG as well.

Then – surprise! – the country became able to produce all the natural gas it needs—and more. The gas, as you know, occurs in low-permeability rock strata—especially shales—that hadn't produced much before. Until very recently, no one knew how to make it happen.

Now companies are drilling horizontal wells and, in effect, manufacturing the permeability that nature didn't provide with hydraulic fracturing. Suddenly, huge new volumes of natural gas have appeared in pipelines and — more importantly — on the development horizon.

People talk about a one-hundred year supply in shale alone. But it's early. Nobody really knows.

It's already clear, though, that the United States won't be a growth market for LNG. Sure, it will import some cargoes of LNG. And it will export some. Its net trade position will depend on market conditions. But who knows? The gas-trade balance might change even more dramatically than that. Like I said, it's still very early.

Just the preliminary market changes caused by shale gas have been enough to affect LNG trade in Europe ... and gas prices as far away as Russia.

Something else interesting has happened while the shale boom started reshaping international gas markets. Producers began applying the methods for drilling, completion, and reservoir characterization that they've used so successfully with gas to low-permeability reservoirs containing oil.

As suddenly as the turnaround came with natural gas, production of oil and natural gas liquids has begun climbing, too.

According to conventional wisdom, this wasn't supposed to happen. Oil production in the United States was supposed to drift downward forever after a temporary bump from start-ups in deep water.

I'm deliberately avoiding numbers here. I want you to stay awake. You've heard the numbers, I'm sure. They're impressive.

So let's talk, not about production rates and reserves estimates, but about consequences.

On October 21, Jack Gerard, president and CEO of the American Petroleum Institute, told the World Affairs Council here in Houston that North America could be self-sufficient in energy within 15 years.

Not very long ago, if I had heard a trade association executive say that, I would have thought the distortions of Washington, DC, where API presidents have to spend most of their time, had gotten the better of the poor guy.

But even before Jack said what he did, I had written an editorial for the October 24th edition of *Oil & Gas Journal* saying it's not unreasonable to think the United States might be producing two million barrels a day above projected levels within ten years. And I did some rough calculations to estimate how that would trim US trade and fiscal deficits.

So extend the trends I envisioned by five years. Account for production gains from Canada — with its own active shale plays and bitumen from the oil sands. Suddenly, you can talk about North American self-sufficiency without anybody thinking you're crazy.

For the United States, the possibility of such a brightening of the outlooks for energy, trade, and fiscal balances is very exciting. It liberates us from planning on the basis of chronic shortage. It creates hope for economic growth and jobs far beyond what anybody's talking about now.

But a big question looms: Will we seize the opportunity? Or will we, like Johnny Hooker, just blow it?

Groups opposed to drilling for, consumption of, and just about anything else related to oil and gas have created fear about hydraulic fracturing. As the oil and gas industry has seen far too many times, groups dedicated to blocking activity use fear very effectively.

I hope you'll excuse my quoting my favorite magazine a second time, but the editorial in this week's *Oil & Gas Journal* asks the question: When did hydraulic fracturing become controversial?

The industry has fracked more than a million wells over more than 60 years without causing problems. States regulate fracking very effectively. Where's the controversy?

It's not in oil and gas fields. The controversy is in the news media. It's in town hall meetings in Pennsylvania. It's in the US Congress. It's in the Environmental Protection Agency.

Groups opposed to oil and gas – and therefore anything that promises to make oil and gas more abundant – created controversy in those places.

They promulgated the unalloyed fiction that fracking imperils supplies of groundwater. So people with no way to know otherwise became frightened and put pressure on elected officials to do something about a risk that is eminently manageable and already well-managed. To many of them, the only obvious solution is to allow no fracking at all.

Now, the EPA, which once declared hydraulic fracturing to be safe and well-regulated by states, is getting ready to regulate the technique itself – and thereby slow down and, in some places probably halt, activity essential to fulfilling the lavish energy-supply promise represented by shales and other tight reservoirs.

What's the oil and gas industry to do?

The industry has responded as it always does to political adversity: with education programs. Professionals in this business possess a charming confidence in their ability to solve problems with information.

To some extent, that strategy works in politics. It is possible, to some extent, to dissipate fear with facts.

And I have to say the industry has been more aggressive with its educational effort on behalf of hydraulic fracking than I've seen it be on most other issues. But it's not enough.

It's not enough because the information won't reach enough people.

Most Americans outside the oil and gas industry have to be persuaded to support hydraulic fracturing.

The biggest part of that target group, by far a majority of Americans, doesn't understand hydraulic fracking but doesn't automatically oppose oil and gas drilling either.

A much smaller part of the nonindustry population encompasses that group of folks I mentioned who simply hate oil and gas and the industry that supplies them. They're knee-jerk obstructionists, people who take pride in blocking activity, especially if it involves oil.

And yet another small but growing part of the nonindustry public — and another minority — holds economic stakes in energy alternatives. This group derives benefit from government efforts to hasten a transition away from fossil energy. It has natural sympathy for the antioil exaggerations of obstructionists and sometimes co-opts them in its political messages.

The oil and gas industry tends to ignore the obstructionists and those who hitchhike on the antioil bandwagon. The attitude seems to be, Why bother? Information won't change minds in this crowd. People who march in demonstrations carrying signs that read "Get Oil Out" won't be educated.

The assertions here are correct. But the decision to ignore organized obstructionism is not.

In its intellectual battle against obstructionist fear, the oil and gas industry confronts an audience divided like the Iraqi military during the Persian Gulf War of 1990 and 1991.

I read somewhere that Saddam Hussein positioned his elite Republican Guard behind the regular army and paramilitary troops on the front lines. The mission of guard members was to shoot any of the regular soldiers who retreated.

Antioil fear campaigns use similar tactics. When people hear facts and start retreating from extremist positions, the obstructionists blast them with new volleys of alarm.

First, you may recall, hydraulic fracking was making water faucets catch fire. Then people began to understand that flaming water, where it happens, comes from methane leaking out of shallow coal seams. Some of them even

learned that fracking occurs thousands of feet below aquifers, which are sealed off from properly completed wells.

So now there's a new fear. Earthquakes! Well, of course fracking causes seismic events. Except in geophysical instruments, though, the disturbances are imperceptible. Still, they're technically earthquakes, and obstructionists make them sound like building-shakers.

Unfortunately, obstructionists have the public's attention. The oil and gas industry does not. This has to change.

So I'd like to suggest a strategy, which I'll illustrate by referring back, in a minute, to that movie you don't want to admit you're old enough to remember.

The strategy is simple: Quit ignoring the antagonists for whom educational efforts are hopeless. Confront their exaggerations. Create conflict.

I can feel people squirming. The oil and gas business faces conflict enough in Washington, DC. Why create more?

But the obstructionists don't shrink from employing conflict. They've effectively turned the oil and gas industry – Big Oil, as they call it – into a villainous political foil.

If Big Oil wants it, it must be bad. If Big Oil says it, it must be wrong.

And Big Oil boldly responds, "Well, let's look at the data."

Sorry. That strategy doesn't work. Nobody listens. So back to *The Sting*.

The mob boss chasing Hooker and his colleagues is Doyle Lonnegan. It's Lonnegan who instigated the murder of Hooker's mentor, Luther Coleman, and who doesn't want to stop there.

Lonnegan, the movie makes very clear in several ways, is rich, powerful, and viscious.

At the beginning of the movie, Hooker learns about Lonnegan from a corrupt detective named Snyder, who wants a cut of Hooker's already-lost earnings from the pigeon drop.

Snyder threatens to tell Lonnegan about Hooker if the grifter doesn't pay up.

"He'll swat you like any fly," he says.

The point soon becomes painfully clear when Hooker finds Luther's defenestrated corpse: Conflict with Doyle Lonnegan can be fatal.

And the movie audience is hooked.

Imagine what would happen to *The Sting* if the guy who lost the money at the beginning hadn't been working for Doyle Lonnegan but instead for The Red Cross. Let's say that, instead of being tricked out of it by three con men, he simply lost his wallet.

There's no conflict here. It's the oil and gas industry's favorite kind of problem: solvable with data – coordinates of the wallet. But nobody'd pay attention.

If the oil and gas industry wants people in numbers sufficient to move political needles to hear its message, it has to capture attention. And it won't accomplish that by avoiding conflict with its antagonists.

I don't mean nasty, name-calling. There's too much of that in politics and the media nowadays.

I mean straightforward conflict of ideas, facts, and motives – expressed in direct contrast to propaganda from groups that would like nothing better than to shut the oil and gas industry down.

When obstructionists say fracking threatens supplies of groundwater, the industry should respond not just with facts, although facts are important.

It also should point out that the obstructionists are manipulating people through fear to advance a high-cost, low-comfort agenda that most Americans don't support.

It should challenge that agenda as a way to dispense political favors to a well-positioned few at the expense of everyone else.

And it should assert that the agenda threatens important national interests, including energy security, employment, and government revenue.

The industry should make the same response when obstructionists conjure images of buildings toppling because of those earthquakes caused by fracking.

And it should repeat the response with other controversies propelled by fabricated fear — the Keystone XL pipeline, deepwater drilling, leasing of federal land, and so many others.

And when the obstructionists say, as they always do, that it's only oil interests making those claims and therefore unworthy to be taken seriously, the industry should respond with something like this:

Yes, it's the oil and gas industry—an industry perform-

ing work important to all Americans.

It's an industry that turns resources into energy and wealth and that therefore creates jobs—jobs sustained by profitable activity rather than political whim.

It's an industry that pays taxes instead of grubbing for subsidies — and at effective rates, contrary to current mythology, higher than those of most other industries.

It's an industry that could be turning more resources into more wealth and creating more jobs and paying more taxes if extremist obstructionism didn't possess influence out of proportion to its genuine level of popular appeal.

And it's an industry newly determined to show the extent to which support for obstructionism depends on fear instead of fact and how seriously the work not done as a result contradicts national interests.

And when obstructionists complain about being called un-American, the industry should balance the values in play:

On one side we have energy supply, wealth, jobs, and government revenue. On the other side we have affordable energy not delivered, profits not generated, jobs not created, and taxes not paid—all uncompensated by green energy fantasies that promise pitifully little energy but endless public cost.

There can be no question which side is better for America.

I'd like to hear people in the industry say bold things like this in strategic conflict with their antagonists.

If they did, their message would get more attention.

Oil and gas will create controversy in any event. The industry might as well turn controversy into advantage.

It might as well move beyond education to argument, which is what politics really is about, and deploy conflict to grab attention and the inherent contrasts to sharpen its positions.

I think most Americans would welcome messages from an industry expressly committed to the importance of what it does, confident in its ability to manage risks, and willing to defend its important work against extremist assault.

Most Americans understand the need for secure supplies of affordable energy. And they always embrace conviction.

I'll end with another scene from *The Sting*.

Gondorff has just agreed to con Lonnegan to avenge Luther's death.

But he gives Hooker this warning: "No matter what happens, I don't want you comin' back to me halfway through and sayin' it's not enough... 'cause it's all you got."

That's not how it is with the technically challenging oil and gas resources just beginning to be developed in North America — the shale and tight sands plays, the oil sands, the deep water.

The supply we see now from these sources might, in fact, NOT be "all we got." We're being reminded, yet again, of the ability of technology to expand supplies of oil and natural gas. And technology keeps improving.

Some of the most important work the US oil and gas industry ever will do—in addition to developing those supplies efficiently and safely—is making sure its country doesn't, like Johnny Hooker, blow the prize. ♦

WINNER: HEALTHCARE CATEGORY

Caring for Ourselves as We Care for Others: The Psychology of Resilience

Writer: Robert L. Veninga, Ph.D. Speaker: Robert L. Veninga, Ph.D.

Delivered at the Minnesota Medical Association Annual Meeting, Duluth, Minnesota, September 16, 2011

Thank you for your warm welcome.

During the past three decades the focus of my research at the University of Minnesota's School of Public Health

has focused on resilience, which I will define as the "ability to bounce back after personal and/or professional defeats". The central conclusion of this research is that resilience is at the heart of the universe. Indeed it is baked

into the DNA of our physical environment.

Some of you may recall the massive storm that went through the Boundary Waters between Canada and Minnesota in 1999. Thousands of trees were uprooted and observers predicted that someday there would be a massive fire due to the dead and decaying wood. Eight years later the prediction came true as lightning ignited a vicious firestorm that raced through 75,000 acres of land destroying 160 cabins. Twenty-four hours later, fire fighters discovered small, slender blades of grass emerging through charred earth. The following spring flowering plants could be seen and in the autumn Jack Pine seedlings could be detected. Today if you were to travel to the Boundary Waters you would see beautiful new pine trees reaching towards the sky.

Not only is resilience baked into the physical universe, it is also baked into the human universe. The movie “Slumdog Millionaire” was based on a novel by Vikas Swarup. The central characters never whine about being orphans, the lack of money or the filth in the slums. “That’s the spirit of India” Swarup says. “People move on with their lives. Even the slums aren’t places of hopelessness and despair. People are forced to live their lives there because of their temporary circumstances. But that is how they see it, as temporary. Constantly they are trying to get out of the slums. Nobody sits and moans and groans. (The movie) doesn’t show slums as centers of despair and hopelessness. It shows slums as teeming with vibrancy.” Resilience is baked into the heart of the Universe.

Nevertheless, there is reason to believe that our resilient spirit has been diminished. Surveys suggest that we are not as optimistic about our nation, careers or personal finances as we were a decade ago. Sixty-six percent of the American public believes that the past decade has been one of decline for the United States. Fifty-two percent believe that our children will have it worse off when they grow up, compared to ourselves.

What about resilience in the medical community? The good news is that physicians are remarkably resilient and have a deep affection for the clinical practice of medicine. In a major study on physician morale one doctor said: “Most physicians I know love medicine so much they put up with all the increased aggravation and stress, and still feel blessed that they are practicing medicine.”

There is negative news however: Fifty to seventy-five percent of physicians have experienced burnout, a stress syndrome. Only four out of ten physicians would encourage their children to seek a career in medicine.

Perhaps most sobering is the fact that young physicians

are succumbing to work related pressures. According to a study reported in the Journal of The American Medical Association, forty-six percent of internal medicine residents are emotionally exhausted and three in ten show signs of cynicism, lack of empathy or callus feelings on the job. An official of the American Medical Association states the issue succinctly: “Physicians throughout the country have been pushed to the breaking point.”

It is important however, to put these statistics in proper context. Most physicians continue to enjoy the clinical practice of medicine. It’s all the other “stuff” about medicine that drives them crazy, particularly managed care constraints, cost containment initiatives, frivolous malpractice suits and unreasonable expectations of patients.

Now the questions I want to raise are these: How do you stay upbeat when the administrative side of medicine becomes difficult or intolerable? How do you maintain a healthy balance in life when patient demands are excessive?

I want to make four modest, but important suggestions. First, remember these four words: *the soul needs playtime*. By that I mean that at our deepest psychological level, our soul – our essence – needs downtime.

Hans Seyle, a pioneer in of stress research states that all of us have an “energy well”. Think of it as a personal fuel tank. We are constantly drawing down the reserves. When we live on fumes, we become irritable and our perception of our future becomes clouded.

How can energy be restored to the fuel tank? The best prescription is exercise because a brisk walk, jog or swim can produce dramatic results: sleep improves, thinking acuity increases and our perception of the severity of our problems tends to recede.

I realize that asking physicians to exercise is akin to asking the Pope not to sin! But when it comes to entering into a disciplined exercise program, it is easier said than done. I recall asking a group of internal medicine specialists, “How many of you advise your patients to exercise?” Every hand in the room went up. I asked, “How many of you are exercising at least three times a week for one hour?” At best, thirty percent of the hands went up.

The benefits of exercise are truly remarkable and what is amazing is that even a little exercise improves both physical and mental health. Several weeks ago, the Lancet, the British Medical Journal reported in a study of 400,000 subjects that only 15 minutes of exercise a day cut the subjects risk of death by 14 percent and extended their life expectancy by three years compared to those who did not exercise.

What does exercise do? It puts new fuel into the energy well and restores our well-being. In our research findings however, exercise alone will not restore the fuel tank to full capacity. What restores energy are meaningful, fun filled, joyous vacations.

Shortly before coming to this meeting I visited with a friend who had just returned from a two week camping vacation. “How are you?” I asked. “I’m full of Poison Ivy. I got bug bites from head to toe, but I am much happier now than when I left for the vacation.”

My idea of a good vacation is not having Poison Ivy or bug bites! But that misses the point: vacations are good for the soul.

The soul needs playtime. Confucius was once asked, “What surprises you about mankind?” Confucius replied, “They lose their health to make money and then lose their money to restore their health. By thinking anxiously about the future, they forget the present... and they live as if they will never die and they die as if they have never lived.”

The second strategy for building resilience is this: *Can I get the sand out of my shoes?* There is an old Chinese saying: “What makes one tired is not the high mountain far away, but the sand in one’s shoes”. All of us know the experience of getting a small stone in our shoe. We put up with it for a while but finally it has to be removed. Often we marvel about how such a small stone can cause so much discomfort.

We all have psychological stones that diminish happiness. It could be a marital issue. If your psychological stone relates to marriage issues, be patient. One study followed 100 couples who were on the verge of a divorce but they made a conscious decision to stick it out and see what would happen. A staggering 80% of couples indicated that they were “happy” or “very happy” five years later and glad that they had not made a rash decision to divorce. It seems that most successful marriages don’t solve their problems – they outlast them. Marriages are remarkably resilient if given the chance.

Sometimes the irritant is a child who is not living up to expectations. If you have such a child, permit a word of encouragement. I have seen hundreds of college students who are confused and have no clue about what to do with their life. I follow these students and the vast majority of them find their way in life. It might not be the path you would want for their life, but it is the path they want and need to take. Again, patience is a virtue.

Sometimes the stone is a troublesome colleague who

just seems to make life miserable. I know you don’t have difficult colleagues in medicine, but they multiply like hares in academia! (Laughter) Some of you have worked in academia, I gather from that response!

Let go of the grievances as soon as you can and let them go with humor. On the first day of Senate questioning, Supreme Court nominee Elena Kagan was the object of questions that at times seemed pompous and inappropriate. But the atmosphere changed when Senator Lindsey Graham, R-North Carolina asked the question, “Where were you on Christmas day?” He was referring to that day’s airplane bombing attempt in Detroit. She replied, “Like all Jews, I was probably at a Chinese restaurant”. The room erupted in laughter and some observers suggested that the inquisition was over at that moment.

No matter the severity of the issues you confront, keep your sense of humor in good working order. After President Regan was shot by an assailant, he was wheeled into the operating room and said: “I hope you are all Republicans!” While laying on a gurney he said to the medical team: “I don’t mean to trouble you, but I am still having a hard time breathing”. What grace under duress! The author of the Book of Proverbs had it right, “A merry heart doth good like a medicine, but a broken spirit dries up the bones.”

A third suggestion for building resilience is this: *protect the home front.* Several years ago I spoke to a group of clergy on stress. After the meeting a minister confided. “I was actually enjoying your speech (How is that for a vote of confidence?) until you reminded us about not neglecting our families. I don’t have any regrets about going into the ministry but I got a ton of regrets for not spending enough time with my family.” I dare say that many of us engaged in busy careers can identify with his observation.

I recognize that “families” take many forms today and not everyone has a spouse and 2.3 children. Nevertheless all of us have “families” – people we love and care about deeply.

How do you keep families resilient? Vacations help. Being present for one meal a day definitely helps. Twenty years ago sixty percent of families had a sit down meal together. Today it is twenty percent. What seems to help most in building resilience in the family is to cut one another some slack recognizing that every person has their own way of coping with life’s challenges.

In the movie “Wall Street”, the lead character went to prison for his financial mischief and after being released made over a billion dollars. His daughter however, would not forgive him for all that he had put the family through. Finally he said: “Honey, we are all human. Give us a little slack.”

Physicians and Academicians share one important commonality: We tend to be perfectionists; indeed we have to be perfectionists. I am a perfectionist when it comes to my research. I pour over the data to make sure I am drawing proper conclusions. You also have to be a perfectionist: One wrong diagnoses or one improper medication can have dire results.

On the home front however, we need to cut a little slack for those we love. Song writer Leonard Cohen once observed: “Ring the bells that can still ring. Forget your perfect offering. There is a crack in everything. That’s how the light gets in.”

Now we come to a final suggestion for building resilience: *Keep your focus on what is important.* The preservation of your health is one of those main things. Family relationships are another. A close corollary however, is to never forget the simple joy of restoring health to your patients’ lives.

I close by telling a story about Manny Villafano who was chronicled in Twin Cities Business magazine. Mr. Villafano is an older person who heads up a company that produces a mesh that is used to bypass blocked arteries in legs. Because of his age people ask him when he’s going to retire and the very notion seems to amuse him. “One guy came to me and said: “Why are you working? Why don’t you play golf or something?” So I said: “Let me tell you a story.”

“One day I was in talking to surgeons about heart transplants. I said: ‘I’ve never seen one. This was Friday’. The

surgeon said, ‘Okay, we’ll call you this week-end’. I said, ‘How do you know that you are going to a heart transplant this weekend?’ He took me to the window and we looked down at the street which was full of motorcycles. ‘You see down there? On the week-end there are even more motor cyclists and you’ll notice that none of them wear helmets. We’ll do one.’”

Villafano got a 2:00 A.M. call to come down to the hospital. When he entered the operating room, the patient’s chest was already open. He notes: “The door flings open, and a guy comes in, holding a mask to his face and carrying an igloo cooler. He opens the cooler, and puts the new heart on a table. They start cutting the patient’s heart out and put it on the table too. It’s still beating – every so often, it beats. They put the other heart in the patient and as they are sewing up the chest the new heart starts to beat – I can hear the “beep” on the monitor. And the moment the new heart starts to beat...the old heart stops. It was like life had left the old heart and entered the new. I said to the guy: “When golf is as exciting as that, maybe I’ll take it up.”

True, there are many frustrations in medicine. But the rewards are ample. You are there when people are born, when they meet the challenges of life, and when they die. You are there when the asthmatic child responds to your prescription and can take a breath without effort. You are there when the cancer fighting drugs work and the red and white cells return to normal. You are there when the patient says with relief: “I no longer have pain.”

If there is a better gig in life than that, I don’t know what it might be. Thank you. ♦

WINNER: LEADERSHIP AND MANAGEMENT CATEGORY

Striving for Self-Aware Leadership

Writer: Lucinda Trew Speaker: Julie Dill

Delivered at Leadership Thunder Bay, Thunder Bay, Ontario, June 9, 2011

Good evening – and congratulations to the new graduates of Leadership Thunder Bay!

I was delighted to be invited to speak with you tonight, and share in your well-deserved celebration. This type of graduation ceremony is a unique rite of passage: unique in the sense that it is beyond the bounds of requisite schooling... or a degree for employment’s sake... or the next step in growing up. Leadership Thunder Bay brings together leaders from diverse backgrounds and professional disciplines, at various points in their careers. This year’s class includes educators, attorneys, elder caregivers, a police

officer, accountants, health care professionals, First Nation leaders, attorneys, engineers, municipal officials and investment consultants. You’ve got all the bases covered!

The one common denominator is your passion for community, for service, and for expanding your leadership skills and sphere of influence to affect positive change. You have *chosen* to grow and give back. And what a fine, commendable choice that is.

Life is full of choices, easy and hard, obvious and obscure. The leadership skills you’ve gained this year prepare you for making informed decisions and good calls.

And the life you lead prepares you to make are character-based choices. The decisions we make when we put aside thoughts of personal gain. When we let go of competitiveness and ego. When we drop the persona and are truly authentic. And that's what I want to speak to this evening: leadership authenticity and self-knowledge.

I've enjoyed a long career in the energy business. It's been an interesting and instructive ride, and one that has allowed me to stretch and grow – as both a business leader and as a person. I am fortunate to work for a company whose values I share: stewardship; integrity; respect for the individual; safety; high performance; win-win relationships; and initiative. Those corporate values have been a strong foundation for Spectra Energy, and for Union Gas, the business I am proud to lead. In fact, this year marks Union Gas' centennial anniversary, and I'm celebrating this week with colleagues and community partners here in Thunder Bay. Our longevity is directly linked to our deeply-held values.

Self-awareness may be one of the least discussed leadership competencies, but in my mind, it is one of the most valuable. Being conscious of what you're good at, while acknowledging what you still have to learn, is a mark of leadership maturity. Too often, in our competitive culture we see individuals who operate from a false place. They believe they must appear to know everything – all the time – or risk having their abilities questioned and their leadership effectiveness challenged.

Quite the opposite is true. Unacknowledged weakness isn't invisible. It's like the emperor who wore no clothes: Everyone still sees your shortcomings, no matter how cagey you think you're being in masking the obvious. And those who attempt to conceal weaknesses usually end up calling attention to them, creating the perception of a lack of integrity.

How many of you have seen the new HBO film about the banking crisis, "Too Big to Fail"? Eye-opening, isn't it? We all know how important strong, actionable values are in the corporate world – and the devastating fallout that occurs in the absence of values. I've certainly seen it in the energy sector, in the wake of Enron. And I have to think that if someone in the chain of command had the courage to ask tough questions and call bluff on the powers that be, we might have been able to avert the crises. I believe it's a question more of vision than size: *The problem isn't about being 'too big to fail', but about being 'too blind to succeed.'*

I'll give you a personal example of being called out: One of my assignments was serving as CEO of Duke Energy's gas pipeline in Queensland, Australia. During my first visit to one of our plants in the west, I had a real eye-opener. We had just begun our meeting when the plant manager mentioned he forgot something and left the room – only to come back with four sheets of paper, which he put in

front of his team and my COO, but not me. I asked if I was going to get one and he said 'no.' I asked if he would tell me what it was, and he said it was 'Bullshit Bingo.' It was a grid – 4x4 – with words in each box. Each of the sheets was different, but if I used any of the words in my talk that were on the sheet – business buzzwords – paradigm, synergies, EBIT, etc., and one of them got four down, across or diagonal, they would call 'bullshit' on me. That really made me think about how I talk to these guys, so I went through what I had to say and then asked if anyone had any questions. The only one was: 'Would you please say net income?' I learned a valuable lesson about talking straight with folks – and it's a lesson I haven't forgotten!

Self-awareness and authenticity are critically important attributes of leadership. In fact, there's a growing body of research that says well developed emotional intelligence, or EQ, plays a greater role in job success than intelligence, technical skill or experience. In his book [Emotional Intelligence](#), author Daniel Goleman found that 67 percent of the abilities needed for effective performance were EI competencies, while IQ accounts for only about 25 percent of job success.

Emotional intelligence – an individual's ability to understand and manage his or her own emotions and to respond empathetically and authentically to others – becomes increasingly important as responsibility and job complexity increase. You can be the smartest guy or gal in the room, off-the-charts in terms of technical competence, but if you lack the intangibles of leading and motivating, assessing your own strengths and weaknesses, fostering trust and building consensus, your leadership career is going to hit a brick wall.

I know that at my company, we're tracking EQ and using the attributes in our leadership competencies. We have five big buckets: focuses on business execution; manages diverse relationships, thinks innovatively and strategically, engages in personal development and communicates and influences effectively. Within each of those buckets we have specific behaviors, attributes like 'is widely trusted and acts in an ethical manner;' 'creates a climate in which people want to do their best;' 'knows personal strengths, weaknesses, opportunities and limits;' and 'builds rapport well; is a good listener.'

We have high aspirations for our company, and we need leaders with a high degree of EI. We're willing to invest in the development of those leaders and bring together our 800 plus managers and supervisors each year to focus on leadership, strategy and team-building.

You'll make a lot of moves over the course of your chosen career. I've landed in some interesting places: from Houston, Texas, to Charlotte, North Carolina, to Sydney, Australia and now Ontario, Canada! And what I've found is

that character is the constant within you – the ‘true north’ of your inner compass. It’s what gets us through the tight spots – and it is the force that moves us forward. There’s an expression I like: ‘Wherever you go, there you are.’ Simple, but profound, too. We can get away from everything except ourselves. Our character travels with us, from home to office, from one assignment to another, from one boss to another, one spouse to another, one continent to another. We can build and shape our characters, but we cannot leave them behind. ‘Wherever you go, there you are.’

Shakespeare said it first of course: ‘To thine own self be true.’ The 21st century version is a bit less poetic: ‘Just be yourself.’ Sounds easy enough, but how we struggle to follow that advice! Particularly as we move into leadership roles, when we’re in the spotlight, when others are watching closely, taking their cue from us, and, let’s face it, sometimes looking for a flaw. Being yourself isn’t as easy as it sounds.

The industry I work in is predominantly led by men, so as a woman I’ve had to work hard at being myself in a setting where ‘myself’ was so very different from anyone else around me! I hope times have changed, but back when I was spending time on oil rigs in the Gulf of Mexico, there sure weren’t many women!

I also remember my first supervisory role, working for the VP of exploration and production at Shell Oil. I was part of an elite HQ group, and I was the only female in the group besides our assistant. I made a suggestion in a meeting with the men, and no one heard me. Twenty minutes later, the same suggestion was offered up by someone else – and they all loved it.

Shell was just venturing into its diversity culture, so I decided to give it a try. I spoke with my boss after the meeting. I told him I felt like I had a ‘dog whistle’ voice – I knew I was talking, but no one heard me! I was fortunate. He took what I said to heart and became an advocate and mentor for me.

That ‘dog whistle voice’ experience is probably what has made me so passionate about encouraging leaders to speak up and speak authentically. Our world is moving at warp speed. It’s no longer enough to *respond* to change – we need to anticipate change. So we can’t afford for good thinkers to bottle up their ideas, or hold back when they believe we’re off-track. We need everyone to contribute to the dialog that drives our business. We need forthright individuals willing to stand behind their convictions, men and women who will call ‘bullshit’ when it’s needed, and tell us when the emperor or CEO is parading around buck-naked!

The competencies I mentioned attest to our willingness to listen. Among the behaviors we’re looking for – and measuring and rewarding are:

- Is seen as a direct, truthful individual.
- Presents the unvarnished truth in an appropriate and helpful manner.
- Talks about possibilities; is optimistic
- Inspires and motivates colleagues

- Encourages divergent opinions
- Values dialogue and sees pushback as an opportunity to gain new information

I have to believe that other companies are likewise looking for candor and character. Organizational culture begins and ends with personal character, so we’re all looking for the self-aware, authentic truth-tellers who will lead our companies forward.

O.K., so we’ve established that self-awareness isn’t easy stuff – in fact, it can be hard as heck. But just like holding up a mirror can help you fix your hair or tie, self-reflection is a tool that helps you become a better leader. On an interpersonal level, self-awareness of your strengths and weaknesses earns you the trust of others, and can enhance your credibility, which in turn increases your leadership effectiveness. And when you acknowledge that you don’t have all the answers, that you have areas to work on and are pursuing personal growth and learning, you’re setting a good example. That self-awareness signals to your team that it’s ago to be vulnerable, to make mistakes, to concede deficiencies and ask for help.

Because we don’t always see ourselves as others do, soliciting feedback can be a valuable tool. My company uses 360-degree assessments, in which peers, superiors and direct reports anonymously provide feedback on various aspects of your leadership performance. I’ve found these tremendously enlightening.

You can informally solicit feedback as well. Ask those who’ve witnessed your handling of a sensitive situation or your oversight of a project for honest reaction. Be willing to hear the constructive criticism, and refrain from justifying or defending your actions. You’ve built a good network through Leadership Thunder Bay. And I’m guessing that you’ve probably gained some personal insight through your interaction. Keep the door open! Stay in touch and continue to seek the good counsel and feedback of your classmates.

I want close with something called ‘The Paradoxical Commandments.’ They were written back in the 1960s by a student at Harvard, someone who clearly has an unvarnished view of the ironic truths of our world – and a bias for living authentically! I like his candid outlook and hope you do, too:

People are illogical, unreasonable and self-centered.

Love them anyway.

If you do good, people will accuse you of selfish ulterior motives.

Do good anyway.

If you are successful, you will win false friends and true enemies.

Succeed anyway.

The good you do today will be forgotten tomorrow.

Do good anyway.

Honesty and frankness make you vulnerable.

Be honest and frank anyway.

The biggest men and women with the biggest ideas can be shot down by the smallest men and women with the smallest minds.

Think big anyway.

People favor underdogs but only follow top dogs.

Fight for the underdogs anyway.

What you spend years building may be destroyed overnight.

Build anyway.

People really need help but may attack you if you do help them.

Help people anyway.

Give the world the best you have and you'll be kicked in the teeth.

Give the world the best you have anyway.

I have every confidence that this group is going to do good, help, succeed, think big, build and give their best! Thank you again for allowing me to share in your special milestone. ♦

WINNER: PHILOSOPHY AND/OR RELIGION CATEGORY

The Grim Reaper in Uniform: Pursuing Death and Meaning on the Battlefield

Writer: Robert N. Steck Speaker: Bob Steck
Delivered at New Braunfels, Texas, February 3, 2011

Thank you for that kind introduction.

And thank all of you for coming this morning. I'm honored by your presence. There's a scene early in the movie "Apocalypse Now" where some officers are having lunch as they give a Captain his next assignment. One of the items of the menu was Vietnamese spiny lobsters, a sort of preternaturally repellent creature with about a dozen feelers, claws, a scaly back, and eyes on stalks. The camera lingers on this lobster as the General passes the plate to the Captain and says, "Captain, if you eat this you will never have to prove your courage in any other way."

Well, my view is that since you came today -- even after reading the title of my remarks and seeing the ghoulish representation of the Grim Reaper on the announcement -- you, too, will never have to prove your courage in any other way.

The subject of our conversation is a difficult one -- a conversation about death, about war, and about the relationship between death and war. Like many, perhaps most, returning veterans from all wars, when I got back from my tour in Vietnam I felt seared by the friction between two conflicting propositions -- equally compelling, and entirely contradictory: first, that I would have to find a way to understand not only the Vietnam war but all wars; second, that it is, in the end, impossible to understand any war.

In the decades since then I have not resolved that contradiction, so I speak today from a place simultaneously of urgency and uncertainty ... of questions rather than answers ... of hypotheses rather than conclusions.

From my experience there is no better place for this kind of difficult discussion than the Unitarian Universalist Church. I grew up in South Texas in a fairly conservative Southern Methodist church, where neither theological questioning nor dissent were much welcomed. As a teenager I chafed under that regimen. One day a friend of mine told me that there was a young, cool minister newly arrived to take over the Unitarian Church. So I went to visit this new minister at his office, and it happened to be at a time when South Texas was experiencing one of its periodic droughts.

In fact, the mayor had declared the upcoming Sunday to be a pray-for-rain day, and called all the local ministers to secure their co-operation. The mayor's phone call came into the Unitarian minister's office while I was there. He took the mayor's call, heard him out, and after winking at me told the mayor that he would be glad to co-operate, but he knew that a few members of his congregation had been heavily watering their lawns and were worried that flooding might occur with a heavy downpour. So would it be ok, the minister asked, if he sent the addresses of those homes to the mayor and part of the prayer could include sparing those lawns from any downpour.

Well, I don't remember whether rain did arrive and, if it did, whether it spared a half dozen well-tended lawns. But I do remember that I felt fully at home at that church, and I still do ... enough so to begin a conversation about war and death.

My over-arching thesis can be stated simply: Whatever else war is about, at its core it's about death. Our views of death determine how we fight. And a prolonged exposure to battle changes one's view of death.

But if war, at its core, is about death, death in war is about many different things. It has many different meanings. The Grim Reaper shows up on the battlefield in a variety of guises, and in a lot of different emotional colors.

A moment ago you heard Nicole read part of a poem by the British poet Rupert Brooke celebrating the outbreak of World War I and its opportunity for nobility and heroism and escape from the humdrum routines of daily life. In a few minutes Vanessa will read from a famous poem by another British poet, Wilfred Owen – a poem about the same war but with a very different message. Of course, they were different men with different experiences, but perhaps the crucial difference in tone derives from the fact that Rupert Brooke died before the war had dragged on and on with all the horror of the trenches and the gas attacks. And entirely shattered the optimism that had been the mood throughout most of Europe.

For example, it was exactly one hundred years ago today – September 6, 1909 – that the explorer Francis Peary and his team reported that they had discovered the North Pole.

This was a stunning achievement, both scientifically and socially -- Peary's partner on that venture was an African American. Their accomplishment seemed a fitting capstone on several decades of increasing optimism. The Encyclopedia Britannica published around the turn of the Century had this to say under the topic of torture: (Quote) "Of only historical interest."

And then the guns of August sounded, ending that optimism, introducing not only the First World War but also the bloodiest Century in human history. I once did the math, and throughout the 100 years from 1900 to the year 2000 one person died in war every 38 seconds. That's not counting the six million killed in the camps, or the millions that died in the Armenian, Cambodian, Rwandan and other civilian genocides.

In our time, of course, we cannot share the optimism of 100 years ago that war is unthinkable. We know better. And we know war's horror.

But I think it's not enough simply to deplore war, to point to its brutality, its dehumanization. Plato said that only the dead have seen the end of war, and that seems almost self-evident. And to understand that reality we have to push beyond just the horrors of war and try to understand war's attractions: William James understood this

point in his famous essay "The Moral Equivalent of War" -- those attractions include excitement and adventure, of course, but also the sense of comradeship, the deep satisfaction of attaching oneself to a larger purpose, a chance to show bravery, and so on.

And part of that attraction also revolves around death in war. We need to look closely. Because, again, war is, ultimately, about death. It's about risking death. It's about dispensing death. It's about trudging through death-saturated environments, day after day, month after month, body after body.

This is not, of course, how war is described from the offices where wars are decided and planned. It's not how war is pictured in the media, at least at the beginning.

Instead, the official talk consists of soaring rhetoric setting out transcendent goals: Making the world safe for Democracy, as Woodrow Wilson described the first World War. Expanding the four freedoms that FDR talked about in the 2nd World War. Winning hearts and minds and stopping falling dominoes, in Vietnam, or bringing democracy to the Middle East more recently.

I am not suggesting that these high-sounding slogans are all cynical lies or verbal trickery to stir up emotions on the home front and among the military.

What I am suggesting is that over time and on the ground, those abstractions inevitably begin to yield pride of place to grimmer realities. The Vietnam war, which started as a high minded effort to prevent falling dominoes and saving South Vietnam soon became a bloody struggle measured in body counts. It followed a trajectory from fidelity to abstract concepts to fixation on actual corpses, but it was not unique in that regard.

I expect we would all probably agree that if there were ever a necessary and just war it was the war that the United States and our Allies waged to defeat Hitler and to advance what FDR called the "Four Freedoms" One of the greatest journalists and supporters of the war and American ground troops in the Second World War was Ernie Pyle. In one of his last dispatches before he was killed Pyle wrote, (quote) "Battles differ one from another only in their physical environment – the emotions of fear and exhaustion and exaltation and hatred are about the same in all of them ... I have come to despise and be revolted by war, and its promiscuous profusion of bodies. I couldn't find the Four Freedoms among the dead men." (close quotes)

War is all about death. Risking death. Dispensing death. Trudging through death saturated environments.

But that reality is tough to face head on. As you know, it's only recently that we in the American public have been able to witness even the most antiseptic representation of death in battle -- the flag draped coffins that arrive in Dover airport. And even that was a controversial move. No doubt a lot of Americans agreed with Barbara Bush when she said, (quote) "Why should we hear about body bags and death. I mean it's not relevant. So why should I waste my beautiful mind on something like that?"

And that's not just a sentiment among civilians. It has probably always been true that former soldiers are loath to talk about the wars they have fought. As my former colleague and mentor, J. Glenn Gray, a Philosopher and World War II veteran, put it, the God of war, Ares, returns soldiers to their homes only after first submerging them in the river Lethe, the river of forgetfulness and oblivion.

Small wonder. As the hero of the World War I novel, *All Quiet on the Western Front*, asks after his return from the trenches, "Whatever would happen to us if we were to remember all that happened back there?"

I doubt there's a veteran from any war across any Century or any country or any culture who hasn't asked that same question, in fear and in dread.

And yet ... And yet isn't it the case that to resist the effort to look steadily at war, to look at death in war, however disturbing, is to concede too much, to give too much power to its horror. It's to suggest that if we were to look too closely, if we were to fly too close to the hot core of these questions we would, like Icarus, plunge into oblivion.

It's worth remembering that the author of *All Quiet On the Western Front*, Erich Maria Remarque, did remember all that happened back there, and wrote about it in a way that enlarged and enlightened our understanding. And we need all the understanding we can get, however difficult.

And part of that understanding, I think, has to confront the fact that while in many ways death stalks the battlefield as a deeply unwelcome presence there are also times -- in every war, if not in every warrior's heart -- when the right kind of death is a welcome presence. Even a goal to be pursued.

And, no surprise, that is where things get really complicated. We are all familiar with the recent and entirely unwelcome advent of the new phenomenon of suicide bombers, who seek to gain immortality by killing enemies even at the price of their own lives.

They are hardly unique. The letters written by kami-

kaze pilots in the Second World War as they looked forward to their suicide missions paint a remarkable picture of serenity, as these young pilots talk about their joy in achieving individual glory by serving the Emperor and the eternal Japanese nation.

And while so-called suicide bombers and kamikaze pilots may seem foreign to our Western tradition, even a cursory examination shows otherwise.

For example, there's a famous passage in Homer when the warrior Sarpedon says to Glaucou, who hesitates about plunging into the cauldron of battle, "Ah, my friend, if when we are through this fight we could go on, getting no older forever, I would never fight myself nor send you into battle. But death in a thousand shapes hangs over us always. So let us go forward to win glory ..." (close quotes) And that glory, for the Greeks, translated into a kind of immortality as the heroic deeds would be celebrated down through the ages.

So one of the attraction of war is that it seems to offer an antechamber to immortality if the situation is right and the actions meet the moment. There is a fascinating example of this in the story of one kamikaze pilot I read about. Like his colleagues he looked forward to his flight with an enormous equanimity and serenity as he prepared for a suicidal attack on an American ship. He got his target information, took off and got altitude when a warning light came on in the cockpit. His frantic radio calls resulted in the conclusion that his plane would not be able to reach his target, but the plane would very likely be able to make it back to its home airport.

So this kamikaze pilot turned the plane around and headed back. But he later reported that he was so frightened on the return flight that he could barely fly the plane. A certain death on behalf of the eternal glory of the Emperor meant a mood of calm exaltation for this pilot as he contemplated a passage into immortality, while a small danger that he might just crash into the sea scared him to a near panic state.

We Americans are not immune to seeking to identify ourselves with a larger cause that has a legitimate claim on immortality. Lincoln made that explicit in the final line of his address at the cemetery at Gettysburg, proposing that those who had died there had ensured that (quote) a "Government of the people, by the people, and for the people shall not perish from this earth."

Or think about the deeply symbolic ways in which we bury our soldiers at Arlington and elsewhere. First, from the very beginning the casket is tightly wrapped -- just about completely covered -- in the American flag. The identification of the soldier and the state

could not be more clearly symbolized. The flag remains on the casket until the very last moment, when the casket is lowered into the ground and the flag is removed – neither the flag nor the country it symbolizes are ever interred. Instead the flag is given to the grieving family who continue to carry forward the nation that shall not perish from this earth. The soldier whose identity was merged with the country and flag lives on in that same immortality.

There is profound comfort in those celebrations that sanctify sacrifice. And there is profound value and meaning in those practices that induce us to actualize a higher version of ourselves than just a sort of economic machine that narrowly defines and selfishly pursues short term self interest. As William James said in his essay, these are noble characteristics that we need to tap in non-warlike ways.

But having said that, I think we also have to recognize some clear dangers in the idea that war – and sacrifice in war – is, or always must be, sanctified by the clear pursuit and attainment of some over-arching meaning, some immortalizing principle or goal. That commitment can make it much harder to end questionable enterprises. It can tempt us to continue in mistaken wars in order to try retroactively to sanctify the deaths that have already occurred by risking more.

Moreover, it's a painful irony that when we engage in those after the fact searches for meaning to sanctify earlier sacrifice we are forgetting what every soldier, veteran, and serious student of warfare has always known: soldiers don't fight for those transcendent principles -- they don't fight to make the world safe for democracy or to stop falling dominoes or to clear the way for a Thomas Jefferson of Arabia: soldiers fight for their buddies to the left and the right of them. They fight in order not to betray either their buddies or their best images of themselves. Shouldn't we say that's meaning enough?

In the last Presidential campaign Senator McCain was critical of Obama's plan to draw down our commitment in Iraq because that would mean the casualties in that war had died in vain. Obama's response was, in my view, right on: he said simply that no American soldier who sacrifices his or her life dies in vain.

The larger point is that there is always a potential downside to the search for heroic, ennobling, and immortalizing projects that send us into combat.

And I find it haunting to remember Saint Augustine's observation that men try to gain their immortality with their own hands, and in the process often end up los-

ing the only real immortality that's possible, which is in God's hands.

Well, this much, I think, is clear – that when we start to look closely at these issues they become more and more complicated. Our reflections twist and turn so that it feels like we're on a spiral staircase inside our own heads.

I will conclude with a story that might turn our reflections one more time. We've talked about how death in war can, at times, provide meaning beyond the grave. This story suggests a variation on that theme: the fact that one's sense of meaning and obligation also shape actions in battle.

This true story was reported by Daniel Lang in a book called *Casualties of War*. In it Lang interviews a young Vietnam veteran in the US who had been on a long-range reconnaissance patrol mission with some other soldiers when the leader of that patrol not only sanctioned, but also led his team to kidnap, rape and kill a young Vietnamese girl from the local village. The veteran Lang interviews not only didn't participate but also made it clear that he would report these crimes. At that point, the leader of the team made it clear that this truth teller would never survive the mission, never get back to the base camp. But through an unforeseeable series of circumstances, the truth teller survives and after a lot of hassle does ensure that the guilty are prosecuted.

At the end of his interview with this truth-telling soldier Lang asks one last question: Why, he asks, do you think you chose your action and why do you think the others chose as they did?

The veteran thought for a long while and said, "You know, the one thing we had in common was that we had been in so much combat and danger that we all figured that we were going to die over there. And that we were going to die pretty soon – the Grim Reaper was looking over our shoulders. These other guys figured that meant it didn't matter much what they did. I figured it meant that it mattered all the more what I did."

These are difficult and dark topics, I know, and I thank you again for your presence and I hope we can continue the conversation in the coffee hour and beyond. Because it does seem to me that however difficult and dark these questions might be, they need our attention and our reflection.

And so let's give the last line to the poet Theodor Roethke, when he said: (quote) "In a dark time the eye begins to see."

Thank you. ♦

WINNER: PUBLIC POLICY CATEGORY

Restoring Prosperity to the Middle Class

Writer: Boe Workman Speaker: A. Barry Rand

Delivered at AARP's National Event & Expo, Los Angeles, California, September 22, 2011

Good morning everyone—It's great to look out over this sea of beautiful people. We're glad you're all here to celebrate *Life@50+* with us—your AARP family.

As Phil said, coming to LA is like coming home. This is where it all started—where AARP was born.

When a young Dr. Andrus first walked into Lincoln High School—just a few miles from here—she saw engraved above the big iron gate at the front entrance one word—"Opportunity."

She spent the next 28 years as principal at Lincoln bringing "Opportunity" to life. By the time Dr. Andrus left Lincoln in 1944, she had made the school the center of the community. The doors at Lincoln High School welcomed high school students, adult students and people in the community seeking new skills and a better life.

After retiring to nurse her ailing mother back to health, she continued bringing opportunity to life. This time for older Americans.

She founded AARP in 1958—after she retired—to address the compelling needs of older Americans all across the country.

And, I'm proud to say—AARP is still following in her footsteps today—Bringing opportunity to life. We're helping people to re-imagine their lives—to find new pathways to happiness and peace of mind in a world that is constantly changing. We know that people 50+ don't want to just be a part of the future, they want to help make the future. And, they're reinventing themselves to do just that.

That's what *Life@50+* is all about. And, that's what AARP is all about.

Throughout our history, we have fought to make life better for people in their quest to achieve the American Dream.

I don't think it's an exaggeration to say that these efforts have contributed to a better America—for all people, and especially those 50+.

- More people are living longer and in generally better health, largely because of Medicare.
- They are remaining productive longer and staying

in the workforce longer—many out of need, but also many out of choice.

- By fighting to end age discrimination in the workplace, we've seen the number of workers 65+ grow by nearly 60 percent in the last decade.
- The poverty rate among people 65+ fell from more than 35 percent in 1960 to 9 percent in 2010.

Now, what does all that data mean? Combined, all of these trends helped lead to a vast expansion of the middle class.

For more than three decades following World War II an economically vibrant and expanding middle class grew out of our great economic prosperity. We functioned under a social compact—America's social compact—

- That assured that workers would benefit from the fruits of their labor,
- That prosperity would be broadly shared
- And, that workers would have basic protections against life's financial risks.

In 1965, we added Medicare to assure that older Americans would have basic health care and Medicaid to protect and help lift up the poor.

AARP has been fighting to protect and strengthen these programs ever since. We know that Social Security, Medicare and Medicaid have been and continue to be vital to middle-class growth and prosperity.

As middle-class families prospered and low-income families moved up the economic ladder—the middle class expanded.

But other forces began eating away at their share of the economic pie—causing middle-class families to lose ground financially and to face growing insecurity.

This has been going on for nearly a generation. And, it has been made much worse by the Great Recession. Let's take a look at how this has affected a typical American family.

Let's call them John and Anne. They are in their late 50s. They're married with two children, and they live in Evanston, Illinois. They're both college graduates. They have a combined income of just over \$70,000 a year and a

combined retirement savings of about \$80,000.

John and Anne are concerned about the challenges they face as they get older. John has not seen much of a salary increase over the last decade. But he has seen dramatic increases in his cost of living. He has to work many more hours just to make ends meet. And, he now expects that he will have to keep working into his 70s.

With both children in college, Anne and John are worried about how they will earn enough to get them through graduation. They tapped into their home equity when housing values increased to finance college costs. But tuition is now around \$21,000 for each child. It increases significantly every year and is becoming harder for them to afford.

They're also spending a lot more on health care. Their premiums increase every year—often by more than any salary increase they receive. And, the value of their home has decreased substantially over the past five years. So, they will have less money from the eventual sale of their home to supplement their retirement and unforeseen needs such as long-term care.

Higher costs for housing, education and health leave them with less money for food, transportation, leisure activities and retirement savings. And they now realize they will have to rely primarily on Social Security and Medicare to finance their retirement and health care.

Yet, John and Anne consider themselves lucky. Many of their friends have lost their jobs in the recent recession. Some have lost their homes. And still others have had to file for bankruptcy.

John and Anne are not alone.

- The latest Census data show that the typical American family got poorer during the last decade as median incomes declined. 15.1 percent of Americans now live in poverty—the highest level since 1993.
- A recent study by the RAND Corporation found that increased health care spending wiped out income gains that typical American families made over the last ten years.
- *The Wall Street Journal* recently reported that more Americans are reaching their 60s with so much debt that they can't afford to retire.
- And the Census also reports that the share of Americans without health insurance rose to 16.3 percent. Government is insuring more people—employers are insuring less. According to *Families USA*, the number of uninsured now exceeds the combined population of 25 states and the District of Columbia.

The undeniable truth is this: Over the past generation, more and more of the middle class have fallen off the cliff into poverty—pulled down by a lack of job opportunities, rising health care costs, inadequate savings, declining home values, a lack of consumer protections and stagnant wages that have not kept pace with the costs of meeting basic needs.

Now, I'm all for shared sacrifice, but not to the point where it has disproportionate impact—like it has had on the middle class.

So, how do middle-class families cope? They typically do four things:

1. They work longer and delay their retirement. And, many who have already retired end up going back to work—if they can find a job. And, that's been made more difficult by the recession.
2. The spouse continues working or goes back into the workforce—again, if he or she can find a job.
3. They drastically reduce their standard of living, and rely more on government programs to help them make ends meet. Or,
4. They take on more debt—borrowing against their homes and 401(k)s, running up credit card balances, taking out loans, and borrowing from family members. As a result, the median debt of middle-class families has increased 292 percent over the last decade.

This is taking a serious toll. Working age adults now comprise a record share of the poor in this country—nearly 57 percent according to the most recent census data.

And, we have seen a dramatic rise in the number of people who go to bed hungry every night—not knowing where their next meal is coming from. Each day, nearly 9 million Americans 50 and older are at risk of hunger. Here in California, nearly 8 percent of those 50-59 are at risk of going hungry.

That's why we launched our *Drive to End Hunger* last year at *Life@50+* in Orlando. And that's why the *Drive to End Hunger* is a major focus of our event this year.

In just one year—through our *Drive to End Hunger* work and the support of dedicated members like you—we've reached 73 million people with information on this critical issue.

And, AARP Foundation has donated more than 3.4 million meals to hunger relief organizations across the country.

The sad reality is—Middle-class Americans have never felt more insecure. They are anxious about the future. They see the American Dream slipping away. Today, a ma-

majority of middle-class Americans believe that the next generation of adults will be worse off than their parents. If that happens, it will be the first time in our history. We cannot allow that to happen!

So, what do we do? How do we restore middle-class security and confidence? How do we once again ensure that everyone has the opportunity to achieve the American Dream?

The first thing we have to do is get America back to work. Without jobs, economic growth and prosperity for the middle class and others is not possible. More middle-class workers—like John and Anne—will need to work longer to maintain their standard of living in retirement. We need to preserve middle-class jobs that offer opportunity for advancement.

And, we need to improve the pay and quality of lower-skilled jobs that represent the fastest growing occupations in the decades ahead.

At the same time, we also have to change the debate in this country.

As we meet here this week, a “Super-committee” of the Congress—six Republicans and six Democrats—is hard at work in Washington. Their mandate is to reduce the federal deficit by an additional \$1.5 trillion between 2012 and 2021.

This is a worthwhile goal. There is no question that we need to address our nation’s long-term fiscal problems. They affect all of us—and most importantly, our children and grandchildren. How we address these problems will determine what kinds of lives they will have and what their future will be.

Their futures will not be very bright if they are drowning in the red ink of budget deficits and a soaring national debt.

However, their futures will not be very bright if they can’t afford health care, or if they can’t afford a quality education, or if they don’t have the opportunity to attain long-term financial security. That is part of the debate that has to be heard again and again.

Their health and financial security will be in deep jeopardy if Washington makes harmful cuts to Medicare and Social Security. People like John and Anne and future generations will rely on those benefits even more than seniors today as pensions continue to disappear and health costs continue to rise.

That’s why this debate is about so much more than reducing the deficit. It’s about what kind of country we want to be.

Our goals must include restoring prosperity to the middle class. The prosperity of the middle class has been the chief engine of growth in the economy for more than a century.

If we focus on restoring prosperity to the middle class, we will get our economy going again, put people back to work, increase the revenue needed to fund the government and reduce the deficit.

Restoring prosperity to the middle class will not happen overnight. It will take time and political courage. But it’s something we must do.

We cannot afford put it off.

Failure to act will only put the American Dream further out of reach. It will further jeopardize the economic progress that has allowed the middle class to prosper. And it will hinder those striving to reach the middle class.

In these challenging times, Medicare, Medicaid and Social Security have become increasingly important for middle-class families—and especially for security in retirement.

Cutting these benefits—which have helped the middle class to grow and to prosper—is exactly the wrong approach to take. If these benefits are cut—as many political leaders now propose—it would force millions of older Americans and their families out of the middle class—closer to the dangers of poverty.

We are fighting—and we must all fight—to make sure that doesn’t happen. The only way to restore prosperity to the middle class is to strengthen and improve these programs for today’s and tomorrow’s beneficiaries.

Unfortunately, Social Security and Medicare have become targets—both in Washington and on the campaign trail. Those who have marked them with a bull’s eye can’t seem to see beyond the numbers to the people who have earned and rely on the benefits these programs provide.

We’ve heard that Social Security is going broke—that it is a failed program—a “Ponzi Scheme.”

We know better. People like John and Anne know better.

I don’t have to tell you that for the last 70 years, people have been paying into Social Security and have received every penny they’ve earned. And that’s helped them maintain their middle-class lifestyle in retirement.

I don’t have to tell you that Social Security can pay full benefits for the next 25 years. And, after that, it will need

modest changes—just as it did in 1983 when President Reagan and Speaker Tip O’Neil worked together to secure it for this generation of beneficiaries.

I don’t have to tell you that for more than a third of people 65 and older, Social Security is all that stands between them and abject poverty.

I don’t have to tell you that if Social Security did not exist, roughly 45 percent of people 65+ would be poor today. More than half of all seniors get more than half of their annual family income from Social Security.

And, we must remember that Social Security is not just a retirement program. It’s a lifetime family insurance program that provides benefits to people with disabilities, widows, and other survivors.

Social Security has also done wonders for younger Americans who have, in many cases, been relieved of providing financial support to their aging parents. It has contributed greatly to the strength of the middle class, enabling nearly 70 percent of Americans to own their own homes and millions of families to send their children to colleges and universities.

Simply put, Social Security has been the most successful domestic program in the history of our country—bar none. We must make sure that its success continues.

Strengthening Social Security is the cornerstone of providing economic security for today’s beneficiaries and future generations. We need to implement a combination of measures to ensure that Social Security remains solvent in the long term while protecting and improving benefits for those who rely on it the most.

But we can’t stop there.

In order to restore prosperity to the middle class, we must also slow the growth of health care costs and make Medicare sustainable.

Much of the current policy debate in Washington focuses on the need to reduce the growth of health care costs to help close the government’s long-term federal budget gap. But the truth is, slowing the growth of health care costs will also reduce the economic stress on middle-class family budgets. Health insurance premiums alone have increased 182 percent over the last decade.

An analysis by the President’s Council of Economic Advisors shows that lowering the growth rate of health care costs by 1.5 percentage points per year will increase the real income of middle-class families by \$2,600 in 2020;

\$10,000 in 2030; and \$24,300 by 2040. That’s real relief.

If we focus on lowering the growth rate of health care costs throughout the health care system, we will also lower the cost of Medicare and Medicaid.

At the same time, reforms in Medicare and Medicaid—such as payment innovations to promote value, not volume; consumer information initiatives; and an emphasis on improving the health care delivery system, like integrated care programs—will bring significant savings to these programs and spur innovative cost reductions in private insurance as well.

My point is, we can’t just cut Medicare or raise the eligibility age to reduce the deficit. We have to reform it to make it work, and we have to lower the costs to keep it sustainable for generations to come.

At AARP, we’re working hard to do our part to restore prosperity to the middle class. Because of your letters, your calls and emails to your elected representatives in Congress and to the White House, and your participation in town hall meetings, we have been able to protect these programs so far. But we’ve got a lot more work to do. And we need your help. We need your voice.

- We need you to tell our elected officials in Washington to strengthen Social Security by restoring long-term solvency to the program while protecting and improving benefits for those who rely on it today.
- We need you to tell our elected officials in Washington to slow the growth of health care costs, improve Medicare and make it sustainable for future generations.
- And, we need you to tell our elected officials in Washington that we need to reduce the deficit, but not at the risk of jeopardizing the health and financial security of future generations.

Let me close by saying what I think we all know to be true—These are challenging times. But they are also exciting times. They’re exciting because it’s during times like this when great change can occur. It’s times like these when we can bring opportunity to life by leading that change—just as Dr. Andrus did over 50 years ago.

At AARP, we’re committed to leading that change. We’re committed to bringing the lifetimes of experience of people 50-plus to serve all generations, to restoring prosperity to the middle class, and to giving everyone the opportunity to achieve the American Dream.

Thank you. ♦

WINNER: TECHNOLOGY CATEGORY

Bridging the Gap to the Smart Grid: State of the Union and Lessons Learned at Centerpoint

Writer: Hal Gordon Speaker: Kenny Mercado

Delivered at Centerpoint Energy NIWeek, Austin Conference Center, Austin, TX, August 2, 2011

Good morning.

Since I'm speaking to an audience of engineers, I'm going to begin with a new twist on a familiar paradox.

I'm sure you've all heard the old saying about how the optimist says that the glass is half full, and the pessimist says that the glass is half empty.

Well, in the new version, the optimist and the pessimist ask an engineer whether the glass is half full or half empty. The engineer says, "The glass is twice as big as it needs to be."

That's a joke, but it's also a useful metaphor for what I want to talk about today.

Think of the glass as a metaphor for generating capacity. Utilities do not want the glass to be twice as big as it needs to be. In other words, utilities do not want to build more power plants just to cover periods of peak demand if they can avoid it.

Or think of the glass as a metaphor for the electric power we use in our homes. Consumers do not want to use more power than they need to, because power costs money.

So utilities and consumers both want the glass to be just the right size – and the smart meter and the smart grid are the means by which we right-size the glass.

That's the essence of what I want to talk about this morning.

Since only about ten percent of the attendees at this conference are from the utility industry, perhaps I should say just a few words about the company I represent: CenterPoint Energy.

CenterPoint Energy is an energy delivery company based in Houston, Texas, with the bulk of our operations in the Gulf Coast Region and the Midwest.

In the deregulated Texas electric market, CenterPoint delivers electricity to more than two million metered Houstonians on behalf of nearly 100 competitive retail electric providers.

The electric market in Texas is unique. Because of deregulation, consumers have a wide choice of retail providers. In most of the world, utilities are integrated: they produce, transport and sell power.

But Texas is different. CenterPoint is a "poles and wires" utility. That means we maintain the wires, poles and electric infrastructure serving our 5,000-square-mile

territory. However, we don't generate electric power or sell it to customers.

We also sell and deliver natural gas to more than three million residential, commercial and industrial customers in six states. And we operate two interstate natural gas pipeline systems.

But for the purpose of our discussion today, I want to focus on CenterPoint's role as an electric utility.

As a "poles and wires" utility, we provide and maintain the infrastructure for the retail electric companies like Reliant or TXU. Because we maintain the infrastructure, it's our job to develop the smart grid.

The title of my talk today is "Bridging the Gap to the Smart Grid: State of the Union and Lessons Learned at CenterPoint."

When I talk about bridging the gap, I'm talking about taking the electric grid from the 19th Century to the 21st.

The electric grid entered the 21st Century little changed from the time of Thomas Edison. Some people have said that the leap to the smart grid is like going from the rotary dial telephone to the cell phone in a single bound.

Broadly speaking, that's true, but the analogy is not quite perfect. The smart grid didn't emerge full-blown overnight. For CenterPoint, making the grid smarter was – and is – an ongoing process.

So let's take a brief look back.

Since the beginning of the 1990s, CenterPoint has utilized limited distribution automation equipment such as remote switches, solid state relays, remote capacitor controls and something called SCADA – Supervisory Control and Data Acquisition.

This is where the smart grid got its start; but it didn't really get going until the 21st Century.

From 2005 to 2007, CenterPoint conducted research and development of smart grid technology and executed a pilot deployment of 10,000 smart electric meters in Houston.

The smart grid starts with the smart meter, because the smart meter makes two-way communications possible between the utility and the customer.

The smart meter looks like the same kind of meter in use today, but it's very different. Let me explain the way the smart meter works:

Imagine that you bought gasoline the way most of us buy electricity. Imagine that you showed up at the gas

pump, inserted the nozzle in your tank and started pumping. Now imagine that the dial on the pump showed nothing but spinning question marks.

Imagine that you had to wait until the end of the month to get a statement from the gas company that would tell you how much gas you were using, what kind of mileage you were getting, and how much your gas was costing you.

By that time it would be too late to check your tire pressure, get a tune up, do more quick errands on foot or by bicycle, or otherwise take steps to conserve gas – at least for that month. That’s where the smart meter comes in. The smart meter, as I said, looks much the same as a traditional meter, but it does a great deal more.

Smart meters monitor electric usage at 15-minute intervals, enabling consumers to closely track their power consumption. That, in turn, enables them to better manage energy costs, by doing something as simple as changing the setting on their thermostat.

Smart meters allow for the remote connection and disconnection of electric service. That means that consumers don’t have to wait for the service truck to get their power turned on when they move into a new home. Also, it means that they can switch retail electric companies more easily.

Smart meters will also enable Home Area Networks – or HANs. In other words, smart meters will make it possible for consumers to tell appliances – or even their entire homes – to “wake up” or “go to sleep” as circumstances may require. I’ll have more to say on that later.

What else does the smart meter do?

The smart meter makes possible remote meter readings – which is cheaper than sending service crews house-to-house to read meters.

The smart meter notifies CenterPoint immediately if there is a power outage. We don’t have to wait until someone reports it. We can respond immediately, and restore power that much faster.

The smart meter is good for the environment. If consumers conserve energy, less power may have to be produced. Also, by reducing the need for service calls, it means fewer trucks on the road.

Finally, by enabling consumers to manage their electric consumption remotely, it makes possible a new range of products and services.

That’s the smart meter.

How does the smart meter relate to the smart grid?

The smart meter, to repeat, collects data on electric usage in 15-minute intervals. This data is transferred from the meters via a radio frequency mesh network to cell relays on utility poles. The poles are equipped with GE radios that relay the data to radio tower “take out points” at company substations. The data is then transferred by microwave or fiber optic cable to the company’s data center.

Finally, the data is posted on the Internet, where it can be accessed by the consumer through a web site called

www.SmartMeterTexas.com.

Consumers can register to access detailed views of their electric power usage in 13-month, 30-day, or 24-hour snapshots, down to 15-minute intervals, including usage data up to two days before.

Now, that’s quite a lot of information to digest, so let me show you a very short video that I hope will give you a better idea of the relationship between the smart meter and the smart grid.

[VIDEO: MORE THAN A METER]

OK, that’s how the smart meter and the smart grid work. What you’ve just seen is *how* we’re going to bridge the gap to the smart grid.

But where do we stand at present? How much progress have we made toward achieving our goal?

The full title of my talk today is “Bridging the Gap to the Smart Grid: State of the Union and Lessons Learned.”

Let me give you a report on the State of the Union.

We’re about halfway toward our goal. CenterPoint, as I said at the outset, delivers electricity to more than two million metered Houstonians.

We began installing smart meters in March of 2009. At the end of February of this year, we installed our one-millionth smart meter. By 2013, we plan to have installed nearly 2.2 million smart meters and to complete our intelligent grid in central Houston.

That’s where we are at present.

Now, what are some of the lessons we learned along the way?

Not surprisingly, one of the lessons we learned was that risk management is important. CenterPoint’s deployment process includes house-to-house “pre-sweeps” before meter installations to identify hazardous conditions, accessibility issues or diversions. When the old meter is removed, the technician takes a digital photo of the final reading, which customer service representatives can access, to guard against billing errors during the transition. Construction of the communication network runs three months ahead of meter installations, so that when meters are installed, they can begin meshing with the network at once.

Another lesson we learned – again, not surprisingly – was that coordination is very important. To manage this great undertaking, we brought together a cross-functional, high-performing team, focused entirely on the program and co-located at a single facility. Vendors and employees work on the same floors, attend the same meetings and solve problems together.

But one of the biggest lessons we learned was that smart meters and a smart grid are all very well, but to achieve maximum success, we need smart consumers. To CenterPoint, of course, the advantages of the smart meter and the smart grid were so obvious, it was hard to see how anyone could oppose the progress that they represented. So I think we were unprepared for the degree of consumer skepticism that we encountered. Some consumers thought that smart

meters were being installed purely for the convenience of the utility. Some didn't understand how smart meters could help them conserve energy and lower their bills. Some of them concluded that the installation of the smart meter actually increased their bills. (We would tend to see that reaction if the smart meter was installed just before the first heat wave of Houston's summer.)

As a result, we had to undertake an extensive public education campaign to convince the public that smart meters were worth the investment.

And this led to the last lesson that we learned along the way: that was the importance of involving our employees. CenterPoint employees, both on the project and off, were thoroughly briefed on what the smart grid team was doing and why. More than 1600 employees from across the company have completed training as "ambassadors" to educate their families, friends and neighbors about the benefits of a smarter grid.

So far, I've given you a look at the origins of the smart grid, an explanation of how it works, a report on our progress to date, and a summary of the lessons we learned. Before I conclude, I want to give you an idea of the benefits we can expect from the smart grid when it is complete. So let's take a look ahead.

I said earlier that one of the advantages of the smart meter is that it notifies CenterPoint immediately of a power outage – we don't have to wait for a customer to call and report the break. Say that a tree limb falls and causes a short in the wires – the break is reported automatically. That way, we can dispatch a repair crew at once to mend the break. Moreover, we'll know exactly where the break has occurred, our crews won't have to search for it.

But there's more.

The smart grid will, in many instances, be able to heal itself. In other words, it will not only detect the break, it will automatically re-route power around the break to minimize the number of customers who will temporarily be without service. Eventually, customers who lose power will receive automated telephone calls, informing them that their power is out, and giving them an estimate as to how long it will take to restore their service.

In the case of larger outages, such as a major storm, the smart grid will first employ self-healing techniques to restore power to as much of the system as possible. Then the damage to the system as a whole can be diagnosed and mapped.

This feature is particularly important to CenterPoint because our service territory is located in the heart of "Hurricane Alley." In the aftermath of Hurricane Ike, the Mayor of Houston's Task Force Report on the disaster concluded that the smart grid "offers the best return-on-investment for improving grid resilience and enabling storm recovery system-wide."

Another notable feature of the completed smart grid is that it will be a green grid.

I mentioned earlier that the smart meter will help con-

sumers conserve electric power.

I also mentioned that the smart grid would mean fewer trucks on the road because of automatic meter-reading and automatic switching between retail electric power providers.

But these are not the only features that will make the smart grid green. Remember what I said in the beginning about how utilities do not want the glass to be twice as big as it needs to be? We don't want to build extra power generating capacity just to meet periods of peak demand if we can avoid it. And the smart grid will help us in this respect. In fact it will help in several ways.

There's one thing about the power grid that hasn't changed since the days of Thomas Edison: inputs must equal outputs – otherwise the system will crash, causing massive power outages.

One way in which inputs can equal outputs in periods of peak demand is by building increased generating capacity, as I just said. But the smart grid gives us an alternative.

Because the smart meter and smart grid make it possible, for the first time, to have two-way communication between the customer and the utility. That means that if an individual customer has a windmill to generate electric power – or solar panels on their roof – it will be possible for them to sell electric power to the utility during periods of peak demand. The smart grid will manage these complex transactions, and will reduce the likelihood of blackouts and brownouts during periods of high demand.

Something else: We know that the use of plug-in hybrid electric vehicles is increasing, and will most likely continue to increase in the years ahead. The smart grid can literally turn those hybrid electric vehicles into batteries on wheels. In other words, it will be possible for consumers to sell power stored in their car batteries back to the utility during periods of peak demand.

I want to end where I began. I began with how the smart meter will help consumers to conserve energy. I said that I would say more about Home Area Networks or HANs. I saved discussion of HANs to the end, because here we are talking about the electrical future that the smart meter and smart grid will make possible for consumers. Because after the smart meter and the smart grid come the smart appliances.

Smart appliances can be turned on or off by remote control -- or run at minimum power when the homeowners are away. As I said earlier, consumers will be able to tell their houses to "wake up" or "go to sleep" by remote control.

I've got a short video that will give you an idea of what the future will look like. It's called "A Day in the Life of the Smart Home."

[VIDEO: "A DAY IN THE LIFE OF THE SMART HOME"]

The smart home is not the last word in the energy conservation that will be possible through the smart meter and the smart grid.

Eventually, we will see sliding electric rates – offering consumers lower rates for power consumed during off-peak hours. This will mean, for example, that it will cost consumers less to run their dishwashers and laundry appliances at 10:00 at night – or even 2:00 in the morning than it will at dinner time. Consumers will have a powerful incentive to conserve energy during peak hours.

I began by offering a new twist on an old paradox: Is the glass half full or half empty? And the engineer says that the glass is twice as big as it needs to be. Through the smart meter and the smart grid, we can make sure that the glass is the right size. And engineers like you will be a big part of this process.

Thank you. ♦

WINNER: AWARD ACCEPTANCE CATEGORY

Turning Us Around: Lessons from a Life in Patient Care

Writer: John Santoro Speaker: Freda Lewis-Hall, MD
Delivered in New York, May 25, 2011

Good morning to you in San Francisco. Good evening you in Paris. And thanks to all of you who are with us today in New York.

As I was preparing my remarks for this luncheon, my daughter, Erin, cautioned me... “Please, Mom, be brief. Don’t think you’re at the Academy Awards. You don’t have to thank everyone down to your third-grade teacher. And don’t tell those stories you always tell.”

I’m sorry, Erin. I can’t take any of your advice today.

I have to start with my list of people to thank. And it’s a rather long one.

Thank you, Ian (READ—PFIZER CEO) for your kind and generous introduction... for your leadership of Pfizer... and for your mentorship.

Thank you, Toni Hoover – for believing in me... and nominating me for this honor. You have been a great colleague and friend.

And thanks to all of you who supported this nomination with beautiful thoughts, memories and recognition.

(Pause)

I know this does sound like the Academy Awards, but I do have to thank my mother and father.

My mother, Jeanette Lewis, is not here in person today – she died the summer of my first year of medical school – but she is around me in spirit, as she always is.

My father, Harvey Lewis, 92 years young, is here today. Daddy, will you stand, please?

Thanks to you and Mommy for whispering into my ear by night that you believed I could fly... and for sacrificing by day to give wings to my dreams. You are why I soar.

To my husband Randy – my heart-throb and soul-mate since we were 17 years old...thank you for pushing me or pulling me on the days I thought I could move... and carrying me on the days I thought I couldn’t. You are why I stand.

To my children, Erin, Justin, and Austin – you have brought me unspeakable joy – I am proud of you more

and more each day. You are why I strive.

To my family and lifelong friends – thank you for being at my side and having my back. You are why I share.

To each of you here – my colleagues and mentors – new and longstanding. You are why I serve.

(Pause)

I’ve wanted to be a physician since I was six, and that was the gutsy goal for an African-American girl in the 1960s.

But I had a lot of people to supported me and move me forward. People never afraid to hold my feet to the fire and keep my feet to the ground...to allow me to do the things that I said that I wanted to do.

I served in many capacities as a physician, and I appreciate each and every one of these experiences. I’ve worked with some of the most amazing people in the world, and for that I am grateful.

So today, with all this goodwill floating around, it’s hard for me to bring you a question...and a challenge.

Why is it that if we in the healthcare industry do so much...if we bring such great meaning to people’s lives... if we give so much...that we are not respected and trusted by the very people that we seek to serve?

I’m baffled.

This isn’t the first time I’ve been baffled. When I was a teenager...I was seen as being an odd child. I wasn’t very well-liked. I did strange things, like collect snakes and keep pet mice. And while other kids were going to Six Flags or Busch Gardens, I was begging my father to take me to the medical museum in Washington, DC, so that I could see preserved human organs in formaldehyde-filled jars.

I can’t imagine why I was not seen as the party girl!

So I came home from high school one afternoon in just a tizzy, and I asked my mother to help me understand why I wasn’t liked.

I didn’t get it. I worked hard. I helped people. I did everything I thought I could do. Wasn’t I a likeable person?

My mother asked me a question back. She said, “Really, if you are who you think you are, why don’t they see it?”

I said, “Well, maybe I need to work to turn them around.”

She said, “Maybe...but maybe you need to start by turning you around.”

So my question today is whether or not we in health-care need to work to turn ourselves around.

We’ve done incredible things. We’ve saved millions of lives. But is there something more we need to do as an industry to win the trust of the very people who need us, the very people we want to serve?

My father, though, as wise as he is, had the framework for me to build a solution. He said, “If you want to be successful, think about who you bring behind, what you leave behind, and what you learn along the way.”

Who you bring behind, what you leave behind, and what you’ll learn along the way — those words resonate with me every day.

Who am I bringing behind? What am I leaving behind? What am I learning this day?

So I thought of those things as best I could as an adolescent, and I’ve stuck with my Daddy’s advice ever since.

In his introduction, Ian Read spoke about diversity and about inclusion. I learned a valuable lesson about inclusion from my father and his brothers and sisters. Daddy was one of 16 children. One of my uncles was struck by polio when he was six years old. In Richmond, Virginia, in 1925 — imagine that for a minute—the healthcare that he would receive, the attention, the support — none, if any at all. But his brothers and sisters included him in everything. He was different, but they never left him behind.

When the brothers get together with their stories, one of the stories was about literally getting him around. How do we get him around? How do we not leave him behind? They collected bits and pieces on the streets in Richmond, Virginia, a wheel here, a fine piece of wood there, and they fashioned him a wagon. It was in that way that they ensured that their brother was never left behind. He couldn’t attend school, so they taught him at night. He couldn’t play with them, but he was always at their side.

Doctors thought my uncle would only live six months. He lived to be 76. He became a proficient tailor and dressed me on many a day, as well as my cousins. He was wise, and he supported us. If there was anything that my uncle could do, he did it for me, his brothers, his sisters, his family, the community. He ended up becoming a teacher of disabled children in the Prince Georges County Schools. He taught these children how to work with their hands, and to be productive.

What if he had been left behind? What if they made judgments about him, that he couldn’t play with them...that he couldn’t learn from them? It’s who you bring behind.

What about what we leave behind? What is it that

we can do day on day, bit by bit? My father refined his wisdom for me when I asked him one day with grandiose ideas in my mind... “What should I leave as a legacy?”

You see, my father’s very calm. He looked at me quizzically and said, “Legacy? Don’t worry about leaving a legacy. Leave a mark. Your marks will become your legacy.”

And so, I began to think about it, and I learned the same lesson over and over about seeking to leave a legacy with doing so by leaving marks. The healthcare industry today has an opportunity, I believe, to leave some really significant marks. Our science is poised to answer some of the most vexing problems ever. We’re reaching out to people who never would have seen meaningful healthcare. We have a chance to deliver on the promise of better health and better lives... a single patient at a time.

I learned this lesson before ... before with my Dad, and looked at some of the family ways in which this became important, and I did my best to leave my marks wherever I could.

But I’m not a fast learner. So when I had an opportunity to do a television show in the DC area, Ed Jones, who was the General Manager of PBS, worked with me. Ed asked me one day before our first show ... it was on diabetes. He sat me down and he said, “What do you want to get out of this?” I said, “I want the people of the world to have better health because they have all this information.”

He just kind of looked at me and said, “Try again.”

I said, “Oh, I want the people of Washington, D.C. and the communities...” Ed didn’t even let me finishing...he was shaking his head.

I said, “Okay, I want one diabetic -- **one** -- that didn’t know he or she had diabetes to find out by virtue of the show. I want to save those legs, those eyes, that heart, those kidneys, by virtue of one thing we say in this half-hour show.”

Ed said, “That...we might be able to do.”

Fast forward three weeks. I’m in the Safeway store near my house in Washington. There was an older gentleman pushing a cart. He kept looking at me. And he finally came over and said, “Ain’t you that young child on television?”

He then answered his own question... “Yeah, you are. My daughter was watching that show and said, ‘Daddy, come here. I think you might have this.’ And she took me to the doctor and sure enough, I had a touch of sugar.”

There he was, my one. I had done it.

We as an industry have to adopt this mindset...one patient at a time. But as I look out over this audience, and as I think about all of the dedicated and committed people that we have across our health care industry worldwide, think about what one at a time would get us who you bring behind, what you leave behind.

And what is it that we've learned along the way?

I think we've learned that **it's not about me, it's about we.**

I think we've learned that the silos that we have are only to our disruption, and that we should really think about ways to advance ourselves to support others in each and every way, that our competitors are actually our partners, that the people that we're keeping secrets from now become the people that we share with, and that together we can actually bring this home.

What will we leave behind? I'm trying to leave my one patient at a time.

I'm trying to make my mark. I challenge each of you to do the same.

I challenge each of us to have a crisis of identity when we go home tonight and ask whether or not it's them that needs to turn around...or us?

And when you get your answer, start thinking about whether there's a way to let the public know that we get it...that it's time for us to recommit ourselves, re-energize ourselves, reform ourselves, to be everything the patients we serve say they need us to be, and then some.

And, again, what I've learned along the way is that it's about the people. It's about your commitment. It's about your heart. It's about your will. You can change from today who we are... now and forever.

Thank you. ♦

WINNER: COMMENCEMENT/CONVOCATION CATEGORY

Write Your Own Book

Writer: Lynne Holmes Speaker: Jim Rogers

Delivered at the N.C. State University Commencement, May 14, 2011

Thank you, Chancellor Woodson. Distinguished guests, faculty and friends of N.C. State, it's an honor to be here this morning. Thank you all so much for this degree. I am delighted to now be part of the Pack!

I congratulate the graduates, along with your proud parents, family members and friends who are here to share this happy occasion.

(Pause)

Experts say that to really get people's attention, the speaker should give something away.

So let's try this. Starting over here (*gesture toward a section of graduates*) – we'll count off, and every 10th graduate will get a brand-new, electric-powered, Tesla sports car.

(Pause for cheers!)

On second thought, I'm not as well-paid as Oprah, so I can't really give y'all free cars.

(Pause for boos!)

And I figure most of you already have gadgets like iPods, iPads and smart phones.

So how's this for excitement? How about a book?

Wait – stay with me now. It's not a book about me, or written by me.

And it's not a motivational best-seller – not the seven secrets of success, or the colors of your parachute, or how to network your way to the top.

I'd say it's more of an adventure story.

It's called "No Limits" – and the good news is, you get to write it yourself.

Did you know there's already a book out there about you?

The first few chapters have already been written. It may have been written by others based on real-life observation – how you work, how you talk, how well you play with others. You may have "consciously" contributed to these early chapters.

With your degree in hand, I challenge you to take the chore of writing the rest of the book. You may need to reinvent and redefine yourself. Don't be limited by the current "book" on you.

Become the strong, central protagonist in your own story. It is your narrative. Don't be surprised if you have to re-write a chapter or two.

The most successful people I know have done just that. And by successful – I don't necessarily mean financial net worth.

I mean people who know how to pursue life without limits. Who aren't satisfied with just being satisfied.

Who put the needs of others ahead of their own, and in the end, get so much more than they put in.

One of those people is Carol Hardison. Carol built a successful career in Information Technology at Duke Energy over 18 years.

She had a bright future with us.

She could have stayed on the management track for another decade or so – and left with a nice retirement.

But instead – in the year 2000, Carol turned the page, and began a new chapter. She left a job she loved, to fulfill her lifelong passion for helping people in poverty. She became the leader of the nonprofit Crisis Assistance Ministry in Charlotte.

Every year, that organization helps thousands of people – in Carol’s words – “to gain stability and have hope.”

The interesting thing is that she still has close ties with Duke Energy. She syncs up our special assistance programs with people who need help with their power bills.

When she changed careers, Carol didn’t really re-define herself – but she did redefine her limits. Since college and as a Duke employee, she was a regular volunteer to help the homeless and those in need of a helping hand.

Meanwhile, she was developing a solid set of business skills in management, strategic planning and customer service.

What she didn’t know was – she was preparing for an opportunity to help people in financial crisis move toward self-sufficiency.

Carol’s life’s work evolved from changing computer operating systems – to changing lives. Duke Energy’s loss was a gain for the low-income citizens of our community.

Another person I admire – who knows no limits – is Rye Barcott. Rye is not much older than you graduates here today. He is 32 years old. I don’t mean to make anyone feel inadequate – but his story makes me feel inadequate, and I’m twice his age!

He spent part of his summer break from college living in Kibera. Until I met Rye, I’d never even heard of Kibera. (How many know about Kibera?) It’s an urban slum in Nairobi, Kenya.

More than 200,000 people live in squalor, in an area about the size of New York’s Central Park.

We’ve all read about places like Kibera. We’ve seen the pictures that remind us how good we have it here. But Rye did something to change it. He is a doer.

He made an initial investment of \$26, and co-founded a nonprofit called Carolina for Kibera.

It started with a soccer program, and in time they built a medical clinic. It grew into a grass-roots movement to help the people of Kibera help themselves.

After graduating from college, he served five years in the Marine Corps. Rye continued to help lead the effort as a volunteer while serving as a Marine in Bosnia, Iraq and the Horn of Africa.

After his tour of duty, Rye got two master’s degrees from Harvard. He currently works for Duke Energy. But right now – he’s on a nationwide tour promoting his book, “It Happened on the Way to War – a Marine’s Path to Peace.” (In Rye’s case – he really did write his own book!)

My point is not that Rye’s a high achiever – which he certainly is. He just doesn’t let anyone else’s idea of what one person can accomplish get in his way.

The limits we face are often self-imposed. Some-

times they are based on fear. Sometimes they can stem from low self-confidence, from small aspirations, or from believing the “book” that others have written about us.

Busting out beyond the limits involves a certain amount of risk, of course. At the time, you never know for sure which were the right choices, or the wrong ones – which were the good breaks, or the bad ones.

You may only know when you look back on them years later. Just like you don’t know what happens until you reach the end of a book.

But never, ever give up your pride of authorship as your own story plays out.

Teddy Roosevelt referred to it as being “in the arena.”

He said:

“The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood.

Who ... if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who neither know victory nor defeat.”

My wish for each of you is that you have the courage to “get in the arena.” With that thought, I’d like to turn to the parents, grandparents, aunts and uncles in the audience.

Think back for a moment – to when you were the same age as the young men and women gathered in this arena today.

What were you most afraid of? What limits did you face?

How did you overcome them – or did you?

What would you have done differently, if you could go back and do it again?

I encourage you to talk to these young people about that, before they go off to make their own way in the world. I bet some of you already have.

Now, let’s all fast-forward to 60 or 70 years from now, when you are hopefully reminiscing from your rocking chairs on the front porch.

I hope your life stories will not be tinged with regret for what you might have done, should have done, could have done – but didn’t.

Instead, I hope they are stories of adventures pursued, achievements that mattered, lives fully lived, and differences made in other people’s lives.

I firmly believe in the power of one. One person with passion and conviction can change the world – or at least a sizeable chunk of it.

The best graduation gift that I – or any of us – can give you, is the copyright to your own story. Begin writing it today. Write it with passion and purpose. And write it without limits.

Thank you, and congratulations to the Class of 2011. ♦

WINNER: DEDICATION/GROUNDBREAKING CATEGORY

Words No Border Can Stop

Writer: Luke Boggs Speaker: Muhtar Kent

Delivered at the Independence Day Celebration & Naturalization Ceremony, Monticello, Charlottesville, Virginia, July 4, 2011

Good morning and thank you.

I am honored and humbled to share my thoughts with you here, in this magnificent setting on this momentous occasion.

Two hundred thirty-five years ago today, 56 men began signing the Declaration of Independence. They proclaimed to a largely indifferent world their intent to found a new nation.

They came from each of the 13 colonies—farmers and doctors, lawyers and judges, merchants and businessmen. At least eight signers were immigrants, from Ireland, England, Scotland and Wales.

And the document that united them was written not by a wise old sage but a young man wise beyond his years: the then-33-year-old creator of this magical place, Thomas Jefferson.

Our nation was, as President Lincoln later reminded us, “conceived in liberty and dedicated to the proposition that all men are created equal.”

It was a unique—even odd—way to start a country, organizing ourselves around this idea of universal rights. But that’s what our founders did.

Today, we all know Jefferson as, among other things, the architect of Monticello and the University of Virginia. What is even more remarkable, after all these years, is the extent to which he remains the architect of this grand experiment we call America.

And he drew the boldest strokes in just 35 words:

“We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are Life, Liberty and the pursuit of Happiness.”

Two hundred thirty-five years later, Jefferson’s words are as relevant and inspiring as ever, all over the world. And not only those I just read but also these, about governments “deriving their just powers from the consent of the governed.”

There is no containing those words. No mere border, no barrier of language can stop them. No dictator, no army, no secret police can silence them. Not now and not ever.

Indeed, we are blessed—all of us—to have had founders here in America who had the foresight to create a Constitution that gives us all the right to search for a better life. A life of dignity. A life of freedom.

We see every night on our televisions, and every morning in our newspapers, tragic reminders of people in other nations where this is not the case. We see tormented people, by the millions, in search of dignity, in search of justice and belonging.

As for my own story, I am not an immigrant, but I don’t blame you for wondering!

I was born in New York City when my father was Turkey’s consul general. Like you, I am a person of more than one culture, and, like you, I chose this country.

A career diplomat, my father was stationed around the world, and our family was with him—in India, Thailand, Iran, Poland and Sweden.

It was, for me, the perfect way to grow up: learning from so many wonderful people from all walks of life, from so many countries.

In the summer of 1977, my cousin and I took a road trip out west, through the Golden State of California.

Those were not America’s brightest days. Our economy was struggling. Our place in the world was unsure. In the wake of Watergate and Vietnam, some Americans wondered if our best days were behind us.

And, yet, even then, I saw so much potential and opportunity—and I chose to make my life here.

Maybe my faith in America was naiveté or blind optimism. But I don’t believe it was. Not for a minute.

An inspiration for the ages, Thomas Jefferson was never satisfied with the status quo. Not in any facet of life. And

we are all the beneficiaries of his positive restlessness—his insatiable drive to make things better.

As newly minted Americans, you embody that same spirit of continuous improvement and reinvention.

In business, I encourage our people always to remain *constructively discontent*. That's the mindset that drove Dr. John Pemberton to create Coca-Cola 125 years ago, and it is Coke's not-so-secret formula for staying fresh and relevant and 125 years young.

As a nation, we must never forget that new Americans have always been among our greatest strengths.

From our very founding, people like you have kept America vibrant and vital. People like Tom Paine and Albert Einstein, I.M. Pei and Madeleine Albright—not to put too much pressure on you!

With each generation, immigrant and native-born Americans have come together, shoulder-to-shoulder, to propel our ongoing, benevolent cycle of rebirth and renewal. And you will do the same.

To be sure, we are not a perfect people or a perfect nation. But, to our credit, we are always striving, in the words of our

other founding document, to “form a more perfect union.”

As new Americans, you join this noble and ennobling effort not as junior partners but as equal heirs of our heritage and joint custodians of our future. The opportunity before you is great, so too the responsibility.

Thomas Jefferson, for his part, was always looking forward. He said, “I like the dreams of the future better than the history of the past.”

As you become Americans in the place Thomas Jefferson loved most of all, you represent his dreams of the future.

Dreams of problems solved, innovations made, diseases conquered, and new frontiers explored. Dreams of better lives, ever-expanding liberty, and a pursuit of happiness that's always advancing, at home and around the world.

I personally wish for you, in your new lives, every success and fulfillment and joy, and I can't wait to see what dreams you realize.

Happy Independence Day 2011 and welcome to our American family! Indeed, welcome home, fellow Americans!

Thank you. ♦

WINNER: EULOGY/TRIBUTE CATEGORY

Eulogy for Angelo Domenichini

Writer: John Santoro Speaker: John Santoro

Delivered in North Plainfield, New Jersey, December 19, 2011

On or about July 4, 1929, the Italian steamship *Vulcania* passed the Statue of Liberty on its way to Ellis Island. On that steamship, in the third-class hold, and far from the grand ballroom and opulent dining rooms, was 19-year-old Angelo Domenichini. The *Vulcania's* manifest listed his occupation as a joiner...a woodworker skilled enough to build furniture without using nails. Hungry, cold, but happy to see New York, he was among those so aptly described by Emma Lazarus in her poem engraved on the Statue's base. Angelo was one of... “*the tired, the poor, the huddled masses yearning to be free*”...the millions of people who endured great hardship to build new lives in the United States.

This past week, I wondered what Angelo was thinking as the *Vulcania* glided by the great statue. He was probably excited to know that he would soon see his father, who had sent for him.

But Angelo could not have known that he would live to be 101, long enough to breach the first decade of the

Third Millennium. After all, the average lifespan at that time was under 60.

He could not have known that he would face a great depression just a few months after coming to America, and a devastating world war a decade after that. He only knew America as the shining land of opportunity.

He may have envisioned getting married and starting a family. Still, he could not have known that he would celebrate the births of seven great-grandchildren. And, coming from a poor farm town in Italy, how could he have seen that his family would someday include doctors and engineers, first responders and protectors of the peace, business managers and entrepreneurs? He certainly could not have envisioned, in his wildest dreams, that he would someday be blessed by a German Pope and praised by a black president. Angelo probably thought, just as millions of Italian immigrants thought as they approached Ellis Island... “When would I be going back to Italy?” For millions of Italians did punch their return

tickets, making America a way station in their lives.

But I believe that even before he stepped foot on American soil, Angelo knew that he would be both a success in America, and a successful American. He had a skill...woodworking. He had a safety net...his father and brothers. Most important, he had **la forza**...strength of character, determination beyond belief. He embodied that character through his **fidelity...integrity...and simplicity**.

Fidelity...integrity...simplicity...three virtues that would serve Angelo well throughout his long and noble life.

Fidelity...fidelity born of love of God and deep devotion to family. He was a faithful and loving husband to his sweetheart Nancy...to whom he was married for 65 years, and with whom he is now reunited for all eternity. He loved with equal devotion his children and he reveled in the family life that brought him numerous grandchildren and great-grandchildren. He never failed to call his great-grandchildren... "my loves"...and happy were the many afternoons when Angelo was surrounded by family.

In a time when **everyone** is a friend on Facebook, Angelo took friendship very seriously. He was loyal to his friends and believed in deep and enduring relationships. He loved his culture...he happily sang Italian arias...but he also embraced his adopted nation with all his might and spirit. His fidelity and patriotism led him to become a Marine during World War 2... despite the reality that the United States was at war with Italy. The prospect of fighting his former countrymen must have broken his heart, but his adopted nation had called. Ever faithful...Semper Fidelis...Angelo answered that call.

Integrity. He was a man of his word, and expected you to be the same. His character was as solid as the furniture he hand-built. He dressed impeccably...an outside reflection of his inner sense of order and discipline.

His advice was rooted in his core values...to do things right for people, to do the right thing by people. Angelo lived his life carefully, in accord with the old carpenter's rule... "Measure twice...cut once." He always gave full measure, never shrinking from hard work and sacrifice. He never had reason to fear or be ashamed of the "man in the mirror"...he could look himself in the eye, and know that his was a life both well ordered, and well lived.

Simplicity. Angelo devoted himself to life's most essential

elements. His life goal was simply stated: to make sure that his children would live better than he did. He embodied the Italian saying ... "**Tengo Famiglia**"...which in English translates to "**I have a family**" but in Italian means so much more...the willingness to take responsibility...the duty to be a good provider... the nobility of enabling a family to grow and flourish.

Angelo's **was** the simple life. For him, sitting around the table with his friends and family, telling stories, drinking wine, eating Nancy's delicious cooking...that was high living.

He took great pleasure in the crafts of the earth—woodworking... gardening... wine-making. He loved children and was a living history book in his neighborhood. He had a love affair with American sports. As a young man, he would go to Yankee Stadium with his *compadres* and watch Babe Ruth hit home runs. Later in life, a Sunday morning watching soccer from Italy, an afternoon watching the Jets and the Giants... these were his rewards for a week of hard manual labor. And who can forget Angelo playing bocce?...a game he played until the last two months of his life. If **your** life depended on **one** man with **one** bocce ball...you wanted that man to be Angelo Domenichini. His signature lob shot...where he would hoist the ball into the air and watch it split away the *pallina* from an opponent's ball...that was magic...pure and simple.

Fidelity...Integrity...Simplicity. Today, we feel the loss of Angelo, but we know that his was a life to be celebrated...with many lessons to be remembered...and many memories to be treasured.

Just over a year ago, when we gathered for his 100th birthday, we saw at first hand his love for his family, his friends, his birthplace and his adopted nation.

At that celebration, we were literally **surrounded** by his legacy...hundreds of lives formed, touched and changed on both sides of the Atlantic... lives enriched by his love, his fidelity, his integrity and his simple but meaningful message of sacrifice.

Today, whatever you called him...whether it was **Dad** or **Poppy**...**Padrone** or **Zio Angelo**, **Compadre** or **Caro Amico**... let us remember Angelo not only for the **many** years of his life, but also, for the life he brought to **each and every one** of those years. May **la forza**...his force...be with us. May God bless him, and may God bless all of us whose lives he touched... and changed. ♦

WINNER: MOTIVATIONAL SPEECH CATEGORY

I was a Teenage Scientist: Life Lessons from the Lab

Writer: Kim Clarke Speaker: Mary Sue Coleman, University of Michigan President
Delivered in Washington, DC, March 11, 2011

Good evening! It is such an honor for me to be in a room with so much talent and potential. Congratulations

on being named finalists in the prestigious 2011 Intel Science Talent Search.

Just a few months ago, the grand-prize winner from last year's Intel competition was honored by a national publication. It wasn't the *Washington Post*, or *Science*, or the *New York Times*.

Instead, *Glamour* magazine held up Erika DeBenedictis as one of the year's "20 Amazing Young Women Who Are Already Changing the World."

Here was a publication that typically writes about fashion, dating and skincare, shining the spotlight on an aspiring scientist who is exploring how to improve space travel.

I loved Erika's reaction to the publicity. "It's not every magazine," she said, "that realizes that science can be glamorous."

She's right. Science is beautiful. It is beautiful, and rewarding, and absolutely critical to our country's future as a nation that competes and contributes in the global economy.

We are a nation desperate for more scientists and engineers – scientists and engineers from all walks of life, all backgrounds, who reflect the growing diversity of our nation. America is simply not producing enough college graduates right now to replace the scientists and engineers who are retiring.

President Obama himself said in this year's State of the Union address that we must "out-innovate, out-educate, and out-build the rest of the world."

That means you, and I hope you are ready for the challenge. America has long been recognized as a global leader in science and technology. But we know, from the National Science Foundation and other organizations, that our nation is slipping in how we prepare and nurture the talent of tomorrow.

Your hard work shows us what is possible. Your accomplishment as an Intel Science Talent Search finalist places you squarely in the spotlight as our nation's brightest hope for the future. Your ideas and theories are going to lead our country to new cures, solutions and technologies.

That is why I am so happy to be here tonight: to congratulate you, encourage you, and provide a little advice about being a scientist in a country that absolutely must place more value on discovery, innovation and the creation of new knowledge.

You will not forget this week in Washington, or your achievements as Intel finalists. Fifty years ago, I experienced the same feelings of pride and excitement that you, and your families, are enjoying.

I was a high school senior in Cedar Falls, Iowa, and I had come home from school for lunch. I always had lunch with my dad, who was a professor at the University of Northern Iowa.

I can remember this so clearly. Waiting for me was a Western Union telegram – our generation's version of a text message – telling me I was a finalist in the Westinghouse Science Talent Search.

Oh my gosh, what an honor. I could not believe it. My mother was a third-grade teacher, and I phoned her school to have her pulled out of class to share the news. I was the first student from Iowa to ever be named a Westinghouse finalist.

I think the best feeling was how my classmates treated me. I wasn't a freak or a nerd, and being good at science didn't make me odd. Instead, they were just as excited. I felt like a football star.

Now, I didn't *look* like a football star, or a rock star. I have to share a few images of the science winners of 1961, and our visit to Washington, where we had the honor of meeting President John F. Kennedy.

(IMAGE 1)

Here we are, gathered on the South Lawn of the White House ... I think our wardrobes are a little different from today's styles. Maybe Lady Gaga can bring back white gloves and bucket hats.

(IMAGE 2)

And in this second photo, here I am ... the young lady right between President Kennedy and Vice President Lyndon Johnson.

I thought so highly of President Kennedy, and I'm clearly captivated by what he's saying.

(IMAGE 3)

And in this third photo, here we all are, in the Oval Office with the president. Again, I remember this so clearly. That young man on the far right, who is leaning over, is Robert Axelrod, and today he is a highly respected political scientist at the University of Michigan and former president of the American Political Science Association.

If you had told me then that I would become president of one of the world's leading research universities, I would have laughed out loud. The only thing I was sure of at age 17 was that I loved chemistry and maybe, just maybe, I would become a college professor.

That leads me to first piece of advice for you.

As young people who enjoy exploring and probing, I encourage you to always embrace the unknown.

None of you know where your interests will take you. You will face opportunities that will seem foreign, and not what you envisioned for yourself.

Don't turn away from them. Always remain open to the idea of experimentation, whether in the lab, in your community, or in your relationships.

Sally Ride, a physicist and the first American woman to go into space, said, "All adventures, especially into new territory, are scary."

My career began as a university biochemist in cancer research, and I did that for 20 years. When I was asked to move from the laboratory to university administration, I was certain it would be dull and boring. All I could think of was spending my days at a desk, pushing paper and missing the lab.

What I didn't see was the opportunity I would have to work with so many interesting people. Or the chance to build entire academic programs. Or the opportunity to raise money to fund really good ideas of students and faculty. I didn't see then, as I do now, that I could change the direction of a major institution and have a real impact.

So I'm glad I did not back away from an opportunity that seemed totally alien.

Neither have your predecessors in the Intel competition. I'm sure you have read about their remarkable careers: seven Nobel Prizes in physics and chemistry, 11 genius grants from the MacArthur Foundation, 30 inductions in the National Academy of Sciences.

But not all Intel stars have made names for themselves in science alone. They have walked through doors that unexpectedly opened for them and traveled in different, rewarding directions.

Julia Deiters was a finalist in 1944. She went on to major in math and chemistry in college, but then answered a higher calling and became a Catholic nun. She shared her love of science by tutoring high school dropouts.

Finalist Joe Buff was a math whiz who graduated from college at age 18. Today, he is a wizard of words, a best-selling novelist who writes naval technology thrillers.

Finalist Ian Sobieski holds bachelor's degrees in phi-

losophy and aerospace engineering, as well as master's and doctoral degrees in aeronautics. He takes flight today as a successful venture capitalist in Silicon Valley.

And a 1998 semi-finalist who researched the enzymatic production of hydrogen from sugar was just involved in a much flashier production known as the Oscars. Before receiving an Academy Award for best actress, Natalie Portman was a straight-A student honored by Intel as one of our country's best young researchers.

So you can't predict where this honor, or your love of science, will take you, be it Hollywood, a convent, Wall Street, or a national research lab. Whatever the direction, your career will be well served by your background in science. Science teaches you to be deliberate about planning and executing strategies. And planning and executing great idea are critical to success and leadership.

My second piece of advice – and I suspect you already have some experience with this from your science projects – is expect to fail.

Dr. Francis Collins is the director of the National Institutes of Health. He previously led the Human Genome Project, and before that spent almost 20 years on the University of Michigan faculty. He discovered the genes for cystic fibrosis, Huntington's disease, and neurofibromatosis.

He knows success. Which means, as a scientist, that he also knows the cold reality of failure.

Listen to his words: "I don't know any scientists," he says, "who have a success rate of their experiments greater than about one in ten. Ninety percent, total flops, learn nothing, something was dreadfully wrong, just wasted time."

Failure is absolutely fundamental in the pursuit of new knowledge, particularly in the sciences. When Thomas Edison was working to develop a new battery, he is said to have carried out 50,000 experiments before achieving success. Fifty thousand.

It did not faze him.

"Why, I have gotten a lot of results," Edison said. "I know 50,000 things that won't work."

And just because something doesn't work, don't give up on its potential.

Sixty years ago, a graduate of the University of Michigan was beginning his career and set out to conduct research into drug therapies for treating cancer.

After several years in the lab, Jerome Horwitz believed he and his colleagues had finally created a compound that would slow the growth of cancer cells. Alas, his tests in mice showed no progress, and Dr. Horwitz's synthesized drug was put on the shelf. It was 1964, and he was the first to say his experiment had failed miserably.

Fast forward more than 20 years, to another graduate of the University of Michigan. It is the mid-1980s and an emerging disease called AIDS is causing what amounts to panic in medical and public health circles.

Dr. Samuel Broder is a researcher and administrator at the National Cancer Institute who is desperately seeking something that will stop the disease. When a drug company comes forward with Dr. Horwitz's forgotten compound from the 1960s, Samuel Broder sees a glimmer of hope. Where the drug was ineffective with cancer, it has a profound effect on the AIDS virus.

Dr. Broder becomes a champion of the drug Dr. Horwitz created. He experiments with it, pushes for clinical trials, and lobbies for FDA approval. In 1987, that drug – AZT – becomes the first genuine treatment for AIDS. It helps transform the diagnosis of HIV from a death sentence to a chronic disease that can be managed.

Where one scientist conceded failure and advocated patience, another saw potential and hope.

Francis Collins keeps a quote from Winston Churchill on his office wall. It says, "Success is nothing more than going from failure to failure with undiminished enthusiasm."

And enthusiasm leads me to my third and final piece of advice. It comes from my experience as a university president, a scientist, and a mother – and mothers are always right.

Do what you love. Never lose the passion for learning that brought you here.

Someone once asked Isaac Newton how it was that he could make discoveries in astronomy that exceeded anything achieved by anyone else.

His answer was simple: "By always thinking about them."

It's obvious from your accomplishments that you love the thrill of discovery. You are helping to explain robotics, cancer, mathematical fractions and astronomical galaxies. Your projects are so far beyond those of my era, and that is how knowledge works: you build upon others' achievements because you absolutely love new ideas.

Never apologize because you believe science and math are fascinating, or that your science teacher is your role model, or because you spend evenings and weekends in the library or a laboratory.

That appetite to always learn more will serve you well, here at the competition and when you begin your college careers. When I traveled to Washington for the finals 50 years ago, it was so exciting to meet other accomplished students who were just as passionate about science and to hear their stories.

Earlier I mentioned the astronaut Sally Ride. As an undergraduate at Stanford, she majored in physics and found herself immersed in math, chemistry and physics classes. She reached a point where she needed a diversion, some new direction for her mind, and so she enrolled in an English course.

That led to another course, and another, and pretty soon Sally Ride was majoring in Shakespearean literature as well as physics.

I don't want to compare myself to a pioneer like Dr. Ride, but I had a similarly positive experience as an undergraduate. I attended Grinnell College in Iowa because it had a strong chemistry program, and I enrolled in plenty of courses in biology, chemistry and math.

But I also loved art, and elected every year to include independent study in metalsmithing and design. I have always valued that experience, because it allowed me to genuinely enjoy myself in a field other than science. Today, that art perspective helps me see the world through a different lens.

That's why I am so impressed by your love of learning, and your interests outside of science and math. You're involved in broadcast journalism, sailing, community service, scouting and fencing. I am particularly struck by how many of you are musicians, either playing an instrument or singing in your school choruses.

This eagerness to learn and explore, to really throw yourself at something, is the very essence of scholarship. That is my hope for you as our country's next scientists, doctors and engineers: that you celebrate the sheer joy of learning, and how new knowledge allows you to see today's world from different vantage points.

Washington is a great place for history. All of you have made your own history and headlines with your award-winning research and your selection as finalists.

This week also marks an important milestone in scientific history.

One hundred and thirty-five years ago this week, the U.S. Patent Office here in Washington issued a patent, No. 1-7-4-4-6-5. It went to a scientist who was developing a technology that would allow him to communicate with his deaf mother and the deaf woman he was courting.

Three days after Alexander Graham Bell received his patent for the telephone and returned to his Boston laboratory, he shouted those now-famous words to his assistant after spilling battery acid on himself. “Mr. Watson, come here — I need you.”

Let me put a 21st century spin on Mr. Bell’s call. Intel science finalists – we need you. We need your ideas, your enthusiasm, and your love of math, science, engineering and technology. And we, as a country, need to always celebrate and reward your scientific achievements.

The challenges facing our nation and world are so much more complicated today than in Mr. Bell’s day, or 50 years ago when I was a high school science student.

I came of age with Sputnik and the space race of the 1960s. Getting into space and to the moon was an obsession. An absolute obsession. Americans love competition, and here was the Soviet Union, our fiercest political enemy, already sending men into orbit. JFK was going to beat them and so was every aspiring scientist in America, young people like me who became enthralled with the power and promise of science.

Win we did, by putting a man on the moon. And now the generation that couldn’t get enough engineering and medicine and math is at the helm of leadership and say-

ing, “We need another Sputnik!”

Actually, we need to double the national urgency for science that I experienced as a teenager. Sending men to the moon was, frankly, easier than finding a cure for AIDS or a solution to global warming.

As a nation, we absolutely must put more emphasis on brain power than star power. Let’s shift from more headlines about Charlie Sheen to more funding in science education and research. Let’s pay less attention to “American Idol” and more to American innovation and ingenuity.

Today’s challenges are incredibly complex, and require the creativity and expertise of many great minds – your minds.

That is why we need you to embrace the unknown.

We need you to accept failure.

We need you to celebrate your love of learning, and your love of science.

Science cures disease and helps end suffering. Science explains the environment so that we can better protect it. Science improves communication and technology, and brings us closer together as human beings.

Science defines us as people who want to improve the world. There is nothing more powerful, more invigorating, and more essential than creating and sharing knowledge. And there is nothing more inspiring than knowing you, the next generation of scientists, will be shaping our future.

Thank you, and congratulations again. ♦

WINNER: STATE-OF-THE-INSTITUTION CATEGORY

The Extra Point: Nobody Else Can Do What We Do

Writer: Mark Lucius Speaker: John E. Schlifske

Delivered at the Northwestern Mutual Annual Meeting, July 25, 2011

Good morning. It’s wonderful to see all of you.

I know many of you are here together as families, but many of you also had to leave your loved ones behind. In any event, all of you leave your practices for a few days, and I’m thrilled you’ve joined us here in Milwaukee. We’re going to have a great meeting.

As many speeches are, my speech today is organized around a theme and three supporting points. Somewhere, my eighth grade forensics teacher is smiling right now.

The theme of my speech is something I absolutely believe to be true – namely, that *Nobody Else Can Do What We Do*.

Nobody else can do...what we do.

It’s a theme that separates us from every other company in our market. And I’ll share three reasons why we know this to be true.

But as the title of my speech signals, I’ll go beyond these three initial points—and add an extra point.

In football, the extra point is often the difference between winning and losing. And so my extra point will address one more reason why our extraordinary company is preparing for an extraordinary future – a future in which we'll continue to do what others can't or won't.

A future in which we'll continue to win.

And I promise—my extra point won't make for an extra-long speech.

Fact is, I've already missed breaking the record for the shortest speech at an Annual Meeting. That record belongs to a Managing Partner from the 19th century, a man named D. F. Swain.

At this Annual Meeting in 1893, Swain was asked to address the topic of “How and When to Collect the First Premium.”

He rose, paused for a moment, and declared: “When you can get it.”

(Pause)

Then he sat down.

Now, you're probably all asking yourselves: how in the world could a Managing Partner deliver such a short speech?

But he managed.

Let's go back to my theme: *nobody else can do what we do*.

In recent years, we've distanced ourselves from the pack, because everything we do is focused on providing concrete answers to two important questions.

What do people really need to be financially secure? And—how can we deliver the best security – and most important of all – the best value over the long term?

(Quicken pace)

You know that many so-called *experts* have a limited view of financial security. The other day I went searching on Google to see what others mean by that phrase.

Here's what I found, right off the bat.

For CNN Money, financial security is mainly about avoiding risky investments.

Wikipedia goes on at length about financial “securities,” debt, common stocks, even derivatives. You put derivatives and security together, and it sounds like a recipe for disaster.

I also found CBS Money Watch, giving directions on – yes – how to build an investment portfolio.

There was much more in a similar vein.

And while I don't mean to pick on these sources, I think you'd agree that what others mean by security is narrow, overly simplistic, and short-term oriented.

How many people do you know who've invested their way into feeling financially secure?

Do you know anyone who became affluent and financially secure simply through “correct” investing? By picking a few good stocks?

You'd think the past few years would have disabused most people of such a notion. How many Warren Buffets have you ever come across?

(Normal pace)

This is where we come in.

We define and deliver financial security with a more comprehensive, a more realistic, and the most effective combination of risk and investment products on the face of the earth.

Maybe that's one reason why we are the World's Most Admired insurance company!

Maybe it's because others see that for Northwestern Mutual, financial security is more than a comforting slogan.

Our way is a great way of doing business.

Ask one of your own, Scott Sparks. Talk to another sales leader, Andy Schwartz.

In the most recent Awards Year, these two reps became the first in our company to reach a new milestone – the Double Million.

Both Scott and Andy compiled more than one million dollars in risk premium, and more than one million dollars in IPS gross dealer concessions—in the same year.

(Pause)

I was talking with Todd Schoon about this, and he said—it isn't easy for a 154-year-old company to celebrate a brand-new first. But here they are—Scott and Andy leading the way in our broader definition of financial security. Scott and Andy, would you please stand so we can recognize you?

(Pause)

So with our definition of security in mind, let me share why nobody else can do what we do.

My first point—nobody other than good old Northwestern Mutual came through the financial crisis in as strong a position.

(Quicken pace)

When the financial crisis hit in 2008, I'd been with this company about 20 years, most in the investment department. Routinely, as part of our work, we constructed models projecting how Northwestern Mutual would fare if financial darkness fell.

We believed we knew our company well. We believed we could withstand enormous shocks.

But there was nothing like the failure of two major investment firms...Bear Stearns and Lehman Brothers...the forced sale of another...Merrill Lynch...the collapse of the world's largest insurance company...AIG...and the near shutdown of two government-supported home loan firms...Fannie Mae and Freddie Mac...to bring our forecasts to a grim reality.

Today, three years after the crisis began, too many companies are still in recovery mode.

A few weeks ago, Bank of America reported it would pay another 20 billion dollars to settle losses on mortgage-related investments.

20 billion dollars!

(Normal pace)

And how has your company done?

Well, remember the famous phrase that became a book, and then a movie? *Too Big to Fail*? On the contrary, for us, it's been one heck of a story—one heck of a tale.

Ours is the story of the only company to keep the highest available ratings and outlooks at all times during the financial crisis. The only company—at all times—even during the darkest hours.

Is that extraordinary, or what?

Today we maintain those top ratings from all four major rating agencies.

But our story is about more than financial strength. It's also about excellent profitability and great product value.

(Slide)

Take a look at one of my favorite slides.

Ours is the story of a company that continues to deliver the best long-term value in all products – even when the world falls apart, as it did over the past three years.

Look at how we compare with some of our closest competitors. Despite the enormous advantage they have in total revenue, we earn more and pay more in dividends than all three companies combined.

(Pause)

(Same slide...with highlighting)

And consider this: In 2008, we paid about three times the dividends of our closest competitor. Now, as you can see, we're moving closer to paying four times their dividend total. (Not that I'm watching closely or anything.)

Is that extraordinary, or what?

Our fundamentals – mortality, expenses and persistency – continue to lead the industry by a comfortable margin. But what I'm most proud of is this—how you responded during the past three years.

When industry sales sank to their lowest level since the Kennedy administration – that was 50 years ago – you set a whole bunch of new company sales records.

Even better, despite three years of reductions in our dividend interest rate, sales went up each and every year from 2008...to 2009...to 2010.

(Slower pace)

And then, earlier this year, we got the recognition we deserved.

Despite having no global operations, Northwestern Mutual was once again voted by its industry peers as the most admired company in the world.

(Pause)

And yes...that is extraordinary.

If our company is writing a best-seller, then you are its stars.

You've proven that our value proposition does not depend on a dividend interest rate for any single year. With your guidance, your clients have shown they value long-term security over short-term gains.

And I don't have to look any further than this room to find the finest sales force at building and keeping enduring relationships.

And yes—you are extraordinary.

(Pause)

We are not the only ones who recognize that Northwestern Mutual is even stronger now than it was three years ago. Here's what others say.

(Quicken pace)

Standard and Poor's recent report – released last month – sums it up well. Northwestern Mutual has “very strong capitalization,” it reads, “even after incorporating our incremental stress analysis.”

In other words, S&P gave us the financial equivalent of a rigorous stress test...and we passed with flying colors. We don't depend on, and we don't need, a good economy to stay on top.

There's another report that's even better, from a company called Nomura.

In a review that included dozens of competitors, Nomura said the following:

“We consider Northwestern Mutual to be the strongest credit in our entire coverage universe. Northwestern Mutual...weathered the Credit Apocalypse better than any other major life insurer we're aware of.

“We highly doubt Northwestern Mutual will face meaningful credit challenges in 2011. But unless the rating agencies unfurl a quadruple-A rating, we know one thing for sure: Northwestern Mutual can't be upgraded.”

Finally, there was this view expressed by a policyowner from Berryville, Virginia, who returned his proxy with a note.

“Dear Mr. Schlifske: After looking over Northwestern Mutual's financials, I can only say that I wish your group would take on a ‘part-time’ job managing the U.S. government's financial planning.”

I replied, “Thank you Mr. Policyowner, but I'm pretty sure that's more than a part-time job.”

I think my first point is clear. We've come through the financial crisis in better shape than anyone. Our business model was tested, and we proved we truly are a company for all economic seasons.

It would be easy, and fun, to keep patting ourselves on the back. But there's an old saying, “You need a strong constitution to withstand repeated attacks of praise.”

And that leads to my second point – about not getting too comfortable. Not letting it go to our heads. And that point is this:

Nobody else can do what we do, because no one is working harder to make sure the best gets better.

(Normal pace)

The status quo is never good enough for a company like ours. That's particularly true for the times we live in. No one is conceding us first place.

A year ago I told you the best must get better. This year I can tell you—we are.

You can see the best get better in our approach to branding. Our commercials are powerful, visible, and most important, effective. And it isn't just our commercials.

(Slide, WSJ wrap)

I hope you've all seen the cover wrap on today's Wall Street Journal. If you take a look at the back cover of the wrap, here's what you'll find.

No brag—just a simple fact about the company that offers the best value over the long term. It's edgy, powerful, and best of all—absolutely true.

(Pause)

We're investing more money in branding to build an emotional connection with the people who don't own our products. We want them to feel as your clients already do—that Northwestern Mutual is a unique treasure they must be part of.

You can also see the best get better in our partnership with you—the initiative we call Field Forward 2015. We've set specific five-year goals to increase the size and productivity of all of you younger reps—those with fewer than five years in the business.

And for you veteran reps, we also want to help increase your productivity—without having you work harder.

(Pause)

So how will we achieve these goals? One answer is this – we'll keep investing in areas that help you sell and service more easily.

(Quicken pace)

Take, for example, building your businesses through teams—by having reps team up with one another. You've told us that sales teams can help increase production, better serve clients, and lead to succession planning.

We're committed to making teaming easier for you.

We're also investing heavily in new technology. You're already using some of it. I know many of you use the Consolidated Client View to present a holistic view of

your clients' products and holdings. Some of you are also using the new Service Request Center to fill out and track service requests.

But there's more on the way. We're working on a new system called Field E-files. The result? Your client paper file will become an electronic file.

And yes, we'll soon deliver technology that will touch your clients—and that your clients can touch. This new technology will go beyond the printed CCV.

Sometime next year, you'll have a new on-line client folder, called Northwestern Mutual Connect, to serve as a platform for you and clients to communicate with each other. Over time, we'll build out the system to share documents such as illustrations and PPAs.

The site will also reinforce the financial security goals you and clients have discussed. And there's one other benefit—if you've ever gotten a complaint about all the paper Northwestern Mutual drops in your clients' mailboxes, we'll eventually allow them to have all those documents delivered electronically.

(Pause)

Clearly, we are serious about helping you increase productivity.

Let me put it this way. I don't know of another company in our industry that ever set its two main goals—over a five-year period—not to directly help the company, but to boost the bottom line of its agency force.

(Pause)

We understand that if you prosper, our policyowners will prosper. And if our policyowners prosper, so will Northwestern Mutual.

It's that simple.

(Quicken pace)

And speaking of the best getting better, I want to mention something the FRA is doing. It's pretty cool.

The FRA is starting a campaign to increase recruiting referrals. It's called "Pass it On," and it encourages all of you to give referrals for potential recruits to your Managing Partners and Directors.

Did you know that more than half of you here this morning have embraced this opportunity because another financial rep introduced you to it? Well, the FRA is asking you to "Pass it On"—and help build future generations of our field force.

So that's a quick summary of some of what we're doing together. *My second point is clear: Nobody is working harder.*

(Normal pace)

Now with a company that's 154-years-old, you probably won't be surprised to hear that my third point has roots in our past.

The simple truth is this – nobody else has a tradition of excellence like ours to build on. And I want to focus on an important part of your tradition—lives and activity.

Remember "Get Back," the old Beatles song? "Get back to where you once belonged."

Well, look back over the past quarter century, and you'll see we've lost some of our focus on lives, policies, and new clients. As a company, we began to fall prey to the premature retrogression Al Granum warned us about.

One example—last year was our best year for selling policies since 1993. But we still haven't broken that 18-year-old record.

But now, from the home office to the field, we are getting back.

We are restating our emphatic belief that every life does matter. You know, that's how you make a difference in people's lives—one person at a time.

The great thing is, writing lives is in everyone's best interests—your policyowners, your company's, and yours.

This year we gave you a new career milestone to shoot for—the Lives Leaders Summit. When we announced it, we expected about 300 of you to qualify. Instead, almost 400 of you met the requirements.

I noticed at the exhibit hall Saturday—thanks to Hank Cerrutti—that it took writing 160 lives to make the top 100 for our company.

And now I'd like to ask all of you who qualified for the first Lives Leaders Summit to stand. Let's give them a hand.

(Pause)

Did you notice how many Forum members are also members of the Lives Leaders? These legends understand the importance of lives in creating a substantial and sustainable business model. And the Summit is hard evidence that we're putting our money where our mouth is.

We believe what we say—every life matters.

(Confidentially)

You know, I had a nice surprise a few weeks after I returned from this year's Summit. I received an email from Managing Partner Mitch Beer. He reminded me I'd shared a thought with financial rep Karen Dry at the conference. I told her that no woman representative in the personal market had ever qualified for Forum in her first five years in the business.

And Mitch wrote to me, "Karen was so motivated she did everything she could to hit Forum—and she made it. Karen achieved Forum in her 23rd month in the business."

To that I say, Karen, thanks for making a difference in so many of your clients' lives. And thanks also for your leadership. Please stand, Karen, so we can recognize you.

(Pause)

So that's my third point -- about returning to our legacy of writing lives. We will move forward by getting back to the best of our past.

(Normal pace)

So far I've told you we're stronger than others, working harder than others, and focusing more than others on the building blocks of our business.

So now it's time for my Extra Point—perhaps my most important point. It really is about the difference between winning and losing in your market.

You don't have to hire a polling firm today to know that people are worried about their financial futures. But there's one thing that helps people feel more positive about their finances. This one thing surfaces repeatedly in our surveys—and others.

(Slower pace)

People feel better about their future when they have—and when they implement—a plan.

So my Extra Point today is this—it's about the monumental but almost imperceptible shift in our business from simple fact-finding to planning.

Monumental, but imperceptible.

Sounds like a contradiction of terms, doesn't it? Let's take a look.

Well, planning is monumental. Clients tell us they want it. Badly. And our data shows that reps who practice planning are more productive—and just plain more successful.

We've looked at it closely. And let me tell you—it

works. Planning also leads to deeper and longer client relationships. And best of all, planning is consistent with our culture of needs-based sales.

So planning is monumental, but the transition you're making can also seem imperceptible. It's sometimes hard to tell where good old-fashioned fact-finding leaves off, and new-fashioned planning begins.

I know it isn't a snap to start the planning process. I know it takes more time. There is a learning curve. And it requires discipline and perseverance. But everyone who does it finds it's worth it.

Now, I'm no expert in financial security planning. You will hear from others this week who know more about it. But this morning, I'd like to share a story that helped me discover the importance of planning, discipline and perseverance in my life.

(Move away from lectern)

The story goes back to my college days when I was playing Division Three football for a little school called Carleton College in Northfield, Minnesota. It was the highlight of my college football career.

But I promise—this won't sound like bragging. You should know that our slogan on the team was: "We may be small, but we're slow."

Anyway, we had a coach who was obsessive about planning. Practices were timed to the minute. When we were practicing against the scout team, game conditions were realized. And we'd watch endless hours of game film each week getting ready for our opponent.

One day, about an hour into one of those endless film sessions, I was watching our opponent, and I noticed something. I was a defensive end, and I noticed that the offensive tackle I'd be lining up against did something different whenever his team ran a particular play called a screen pass.

Basically, as the offensive tackle set up the block, and the defensive person tried to rush past him, the tackle would put his left hand on the defensive person's left hip—and kind of brush him away before he moved downfield to block. I noticed that only because I had been watching films for over an hour.

Fast-forward to that week's game. Two minutes left in the game, and we're ahead 21-14. The other team gets the ball, and they march down the field and score a touchdown. Now it's 21-20, and they decide to go for a two-point conversion. If they get it, they win the game.

We get down. We line up for the play, and the ball's snapped. I start my rush, and just as I start the rush, I feel the offensive tackle's hand go to my hip and start to push me away. So instead of rushing the quarterback, I break off my rush and drop back to where I think the play will be—just as the quarterback throws the ball.

And because I'm in the right place at the right time, I intercept the pass—and we win the game.

(Pause)

Of course, I couldn't leave well enough alone. I started running down the field trying to score a touchdown. I got to about the 50-yard line, where I realized you can't score a touchdown on an opponent's conversion attempt.

Anyway, the point is this. It was only later—as I got older—that I realized the highlight of my college football career had nothing to do with athleticism. It had everything to do with planning.

It had everything to do with our coach's philosophy that we would plan for each and every play that we might face in the game. Discipline, planning, perseverance. That made the difference. And when the time came, I was in the right place at the right time.

(Move back to lectern)

Isn't it a wonderful thing to be in the right place at the right time? That's why you feel so good when you are in front of clients. That's why all of us feel so good when we get together at this meeting.

We do represent the strongest company. We are working harder than anyone to get better. And we understand

that our business is built on writing lives—and planning.

You know, the other day I heard an old song from a favorite band—the 10,000 Maniacs. They won't be on stage tomorrow at the Company Show—that will be Earth, Wind and Fire. But I'm pretty sure there will be 10,000 Maniacs in the audience.

(Pause)

Anyway, as I was getting ready for this speech, I heard one of their songs in a new way. And as you move from fact-finding to full-fledged planning, think of the lyrics to “These Are The Days.”

(Normal pace)

There will come a day when you'll understand that what I've been saying is true: that you've been touched by something that will grow and flourish and bloom. You'll feel a shaft of light make its way across your career—as if the sun had just come up.

And when you do, when this happens, you'll know how it was meant to be. You'll see the signs and know they're speaking to you. And here is what I believe they will be saying—

(Slower pace)

You are the best.

You work for the best.

And your clients are better off because of you.

Because nobody else...

Nobody else!

Nobody else can do what we do.

Thank you—and I hope you enjoy every minute of the meeting. ♦