VITAL SPEECHES OF THE DAY

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THE BEST THOUGHTS OF THE BEST MINDS ON CURRENT NATIONAL QUESTIONS

IMPARTIAL · CONSTRUCTIVE · AUTHENTIC

Grabbing Attention: Mayor Lays Out a Powerful Promise-Slash-Threat to the State Senate

REVISED FIVE-YEAR PLAN

Address by MICHAEL NUTTER, Mayor of Philadelphia

Delivered to Philadelphia City Council, Philadelphia, Pennsylvania, August 20, 2009

It would be polite but inaccurate for me to say good morning to you all. This is not a good morning in Philadelphia or in the Philadelphia region.

This is, rather, a tragic day that I've worked for many, many weeks now to prevent from happening. Other than the five days on which we lost police officers in the line of duty, this is my worst day of service as your mayor.

Today, in accordance with the directive from PICA, I transmitted to the Philadelphia City Council a revised Five Year Plan that if implemented will result in the largest lay off of Philadelphia public servants in our great city's history.

The Plan C implementation has begun. The clock has started.

This proposed plan, if implemented, would be the most radical, painful and unprecedented dismantling of City government since the framers of our Home Rule Charter created our structure of government in 1951.

But as I've said for many weeks now, this terrible action need not happen if Harrisburg approves quickly and without amendment the legislation that temporarily raises our sales tax and makes changes to our employee pension payments.

And yet, under the revised plan I'm sending to City Council, thousands of city employees—hard-working people with families, mortgages and college bills, taxpaying city residents who come to work every day—face the loss of jobs in the midst of the worst recession since the Great Depression.

Equally important, these employees, to a man and woman, provide crucial services to the residents of Philadelphia, and those services would be dramatically diminished—an impact that will be felt very directly by residents of the city and the region.

This enormous reduction in service also comes at a time when the city is seeing dramatic increases in requests for those services—at homeless shelters, health centers, libraries and other city facilities.

In light of these impending reductions, very soon we must inform parents and guardians that recreation and library programs on which their children and others depend will not be available. These parents and citizens will need to start considering alternate plans.

Today, therefore, we formally began the process of preparing to cease operations in vast segments of city government. Every part of the government will be affected.

In the past, we talked about it. Today, the process begins.

1. Layoff process:

Reductions in force of any sort are not carried out in a haphazard or ad hoc manner.

Rather, governed by the city charter, civil service regulations and union contractual agreements, we are acting as a responsible manager of our personnel and the public's resources.

It's a real process that will cause real pain and real anguish. It will harm morale and lower productivity. It's not

VITAL SPEECHES OF THE DAY

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The publisher of *Vital Speeches of the Day* believes that it is indeed vital to the welfare of the nation that important, constructive addresses by recognized leaders in both the public and private sectors be permanently recorded and disseminated—both to ensure that readers gain a sound knowledge of public questions and to provide models of excellence in contemporary oratory. These speeches represent the best thoughts of the best minds on current national and international issues in the fields of economics, politics, education, sociology, government, criminology, finance, business, taxation, health, law, labor, and more.

It is the policy of the publisher to cover both sides of public questions. Furthermore, because *Vital Speeches of the Day* was founded on the belief that it is only in the unedited and unexpurgated speech that the view of the speaker is truly communicated to the reader, all speeches are printed in full. When it is necessary to condense a speech for reasons of unusual length or the use of extraneous matter, it is so stated. Speeches featured in *Vital Speeches of the Day* are selected solely on the merit of the speech and the speaker, and do not reflect the personal views or pre-established relationships of the publisher.

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done lightly and when it's done it's irrevocable.

It will require that layoff scores, which are basically a point system based on seniority, performance rating and other factors, be calculated for 12,000 employees in order to cut 3,000 positions.

For example, to lay off one police officer, we have to calculate layoff scores for every officer in the department. That means developing the layoff scores for 5,800 officers.

Hoping for the best but preparing for the worst, city departments had already started working and have completed layoff registers. We expect all departments will send these lists to the city's Office of Human Resources tomorrow.

Layoff notices to employees will be delivered no later than Sept. 18, and with the two-week layoff notice required by civil service regulations, layoffs will become effective no later than Oct. 2.

2. Revised Plan goes to City Council:

Under the terms of the city's intergovernmental cooperation agreement, City Council has 10 days to consider the revised plan.

While City Council can choose to approve or disapprove this revised plan, my letter to City Council today urged the body to waive the requirement of Council approval of the plan, because time is of the essence.

I made that request to expedite the plan's delivery to the Pennsylvania Intergovernmental Cooperation Authority, which has set an end of the month deadline for receiving a final revised plan.

3. Overview of Revised Plan:

Without the prompt intervention of Harrisburg, the revised plan sets out a frightening list of devastating actions we would have to take:

- Almost 1,000 positions in the police department and 200 in the fire department;
- Trash pickup reduced to twice a month from weekly;
- All libraries, recreation centers and pools closed.
- The City will no longer fund the courts.
- Entire departments, including the Planning Commission, Commerce and Fairmount Park, will be shuttered.
- In all, 3,000 positions will be eliminated.

But these kinds of actions do not have to happen if the Pennsylvania Senate approves House Bill 1828 without amendment next week and then sends it immediately to the Governor's desk.

4. Real Costs incurred now:

Unfortunately, delay carries a real cost in dollars and pain.

On Monday, I outlined $20 million in spending cuts made necessary because our bill has not been passed. For each month we don't have the temporary sales tax increase, we lose almost $10 million in revenue. So far, we've lost revenue for August and September.

There are other costs that we've already incurred.

The city departments have expended more than 4,000 person-hours to prepare the layoff scores. Now, the Office of Human Resources will use 8,000 to 12,000 person-hours checking and rechecking these layoff data.

And because HR has been tasked with checking layoff materials, 25 examinations for new employees have been cancelled in August.

The exams include those for Revenue Department tax investigators, firefighters, correctional officers and L&I employees who review construction plans. Very soon, we may have to cancel 23 more exams scheduled for September.

5. Impacts on Departments and Need to Notify:

Aside from the cost, complexity and pain associated with preparing for layoffs, the preparations for ceasing operations in entire city departments must begin well in advance of eventual shutdown.

For example, let's look at the Recreation Department. The budget reduction will be almost $31 million as compared to the $700 million in resources that passage of House Bill 1828 would provide.

The revised plan calls for the elimination of 450 positions and will close down all programs. For example, it will impact 3,000 children served in 96 after-school programs. There are also 6 older centers serving 180,000 meals to seniors and sports programs serving 45,000 people—both programs in a city-run facility will end.

As the school year fast approaches, we will have to notify parents in early September that they should start considering alternative programs because the department's after-school programs will be gone.

Similarly, the library system with a budget of almost $30 million and roughly 490 positions will cease operations and that means the LEAP after-school program for 80,000 children and teens will disappear. Hundreds of adults who are learning to read in literacy programs at the libraries will lose their bridge to a better life.

And again, in early September we'll send out information alerting parents and the thousands of other users that the libraries will cease operations.

With a library system there is an added factor.

Every day thousands of books and materials are checked out and returned to the system. At some point during the month, we would have to stop lending books and call for the return of all outstanding books and materials.

In the Streets Department, where roughly 300 positions will be eliminated, the public will experience a huge change when weekly trash pickup shifts to an every other week schedule.

By early September, the public will be notified of their new trash collection schedule. They will also get details of reduced street lighting and switching a thousand traffic lights to all red flash.

Though the recession has clearly slowed development activity in the city, there are still projects working their way through the city development process. With 39 layoffs at the Planning Commission, potential development will come to a grinding halt.

And finally, let me say a few words about the police and fire departments.

They're at the very core of our efforts to improve the quality of life in our city and in the last 18 months both departments have had stellar performance.

Under this revised plan, Philadelphia would have 929 fewer sworn officers and 43 civilian positions. For a city that had a 15 percent reduction in homicide last year, the biggest drop in a decade, and has almost a double digit reduction so far this year, this loss of police presence on city streets is the very definition of devastation.

Likewise, the deactivation of up to six engine companies, three ladder companies and up to five advanced life support medic units for a total of nearly 200 dedicated firefighters and paramedics, will have dire implications for the safety of every Philadelphian.

We will immediately undertake a study to identify the specific units or locations that will be impacted by the reduced funding in the revised plan.

Conclusion: Let me conclude by stating the obvious—we need prompt action from Harrisburg. We ask simply for the tools to manage our own house. We're not asking for one dime from Harrisburg.

Next week, after due deliberation, the Pennsylvania Senate can produce a major win for Philadelphians, Pennsylvanians and the honored body itself by taking action in the midst of this ongoing recession and budget crisis and passing House Bill 1828 without amendment.

Today, I say again, the crisis is real. The impact of inaction will be devastating. The clock is ticking. ◆

Find Your Passion, and Find a Way to Get Paid to Follow It

COMMENCEMENT SPEECH

Address by ANNE LYNAM GODDARD, president and CEO of the Christian Children's Fund

Delivered at Assumption College, Worcester, Massachusetts, May 16, 2009

Thank you for that kind introduction. And my thanks to my wonderful alma mater for the great honor of inviting me to speak on this special day.

It is always a joy to come back to here, to the fond memories of a place that played such an important role in my life. But it is really exciting to be here on a day that is so important in the lives of each and every one of you.

I think it's safe to say that have I have a lot in common with just about every one of the faces I see here today.

Parents, not only are you and I pretty much in the same generation, but a year ago I was in the same situation you are in right this moment. I was listening to a commencement speaker at my son's graduation from Virginia Tech.

So I believe I know what you're feeling: joy, of course, at what your son or daughter has achieved. (Oh yes, and that those tuition bills won't be arriving every semester any more.); relief that you and your child made it through pretty much unscathed.

And maybe just a *little* apprehension, that your mature, responsible young adult might be tempted to tell you some of the things that really went on here, when you weren't around.

I also have a lot in common with you new graduates too, though you may find that a little hard to believe.

After all when I went to school here we were pretty much in the technological Dark Ages. Can you image going a whole day, let alone four years without a single text or Tweet? Well, we didn't even have fax machines. (Your parents can explain to you what those are).

IPods? Forget it. The Walkman hadn't even been invented yet.

I wrote my papers in long hand then typed them out because the personal computer had not moved very far from Steve Jobs' and Steve Wozniak's garage.

I graduated the year Saturday Night Fever came out, along with the first Star Wars movie, and the first Rocky … and gas cost 65 cents a gallon.

Yes, it was long, *long* time ago.

But even though the times were very different, I do have a lot in common with the class of 2009 graduates… because like many of you, I was profoundly changed by my years here.

If you had asked me when I arrived here in 1973 who among my classmates was the *least* likely to be chosen to be a future commencement speaker, I would have chosen … myself without a doubt.

My Irish immigrant parents quit school when they were 13. The nuns had to convince my mom that college was a good idea for her daughters, and I was the first in my family to go out of state to school—travelling all the way from New Jersey to Assumption.

Now I have to admit that, pretty early on, I gave my mom some reasons to have second thoughts about letting me go. In those days, one of the campus traditions was a tug of war across the duck pond. The losing team, of course, wound up *in* the pond.

Well, the tug of war took place the first month I was here; my team lost; and we got good and soaked. So all of the girls ran to our dorm and threw our jeans in the dryer. Unfortunately, when it came time to sort out the clothes, mine got lost—my favorite pair of blue jeans was nowhere to be found.

So now I had to explain to my conservative Irish Catholic mother how I managed to lose my pants during my first month away at college.

Bless her heart, she let me stay. And before long Assumption was expanding my horizons. First, I was introduced to an exotic life form—the American Protestant. Yes, because I'd grown up in an Irish Catholic community, I had to come all the way to Worcester to meet someone who wasn't from a parish.

And then Assumption exposed me to something even more out of the ordinary, something that had been the object of fascination—and fear—while I was growing up—the public school student.

Of course, there were no public school students in my Catholic schools. Not only that, whenever anything bad happened in my town, the nuns assured us that public school students had done it. Assumption helped me get rid of that stereotype.

And that was just the start. I'm sure that the class of '09 is filled with better writers and thinkers, thanks to Assumption. My time here certainly taught me how to analyze something and write my opinion on it in a convincing manner.

I'll bet that many of you have gained leadership skills from your time here. I'm grateful for the leadership opportunities Assumption provided, though of course some of those were the kinds of lessons you learn from making mistakes.

For example, I learned pretty quickly that I have a problem with acronyms. Dr. David Siddle, a professor of human services and rehabilitation studies, was a major influence on me. He encouraged me to become a leader of the National Rehabilitation Association. Unfortunately, in the first meeting announcements I wrote I abbreviated the organization's name with the initials "NRA." My husband, who is a gun control activist, still gives me a hard time about that today.

I have to admit, that was not the worst example of acronym problems. I was a residence advisor for several years. One of my duties was organizing the welcoming parties for administrators, who would come to live with us on our dorm floor for a semester. One year, our guest was the Assistant to the Dean. So I prepared a big sign inviting our residents to come to a welcome party. I wrote the words "Assistant to the Dean" in huge letters. Unfortunately, I abbreviated "assistant" with the letters "A.S.S"

Fortunately, that administrator had a sense of humor.

I'm sure Assumption has expanded your horizons even more than it expanded mine. And I know something else about you 2009 graduates. Although this is one of the most exciting days in your life, it is also a time of … well maybe not fear exactly—but "concern" both for you and your parents.

Part of it is the fear of the unknown that all graduates face—my class as well as yours—after four years of knowing where you'll be and who you'll be with the next year, now all the options are open.

But this year there are other reasons to be worried. You are thinking about entering the job market during the worst economic conditions in your lifetime, and in the lifetimes of your parents, too.

I'm sure you've already gotten a lot of advice from people my age and older on what to do about that—getting unsolicited advice is part of the graduation ritual.

I'm about to add to it, so I thought long and hard about what I might say in the hope it might be useful and maybe a little different.

I decided to say some of the things I wished someone had told me on graduation day that would have helped me relax about the future and make my way forward.

The first thing I want to say is, "keep yourself open to new experiences." Assumption expanded your horizons. Don't let the process stop here.

New experiences open your hearts as well as your minds, so you can find the things in life that are enjoyable and rewarding.

Let me give you an example of the power of new experiences that I learned from my own work. Christian Children's Fund was founded in 1938. At the heart of our early operation was a plan to let individual donors contribute a set amount of money per month to "sponsor" an orphaned child in China. That approach continues today. What began as a modest effort to build and operate orphanages, has evolved into a global force working for children encompassing the globe. Today CCF operates in 31 countries and assists about 15.2 million children and family members worldwide.

I'll say more about our work in a moment. But right now I want to tell you that heading up CCF gives me the opportunity to talk with children in developing countries all over the world. And everywhere I go, I ask them the same question, "What do you want to be when you grow up?"

No matter where I go, 99 percent of the kids give the same answer: they want to be teachers. Not business people, doctors, scientists, lawyers … *teachers*.

Now keep in mind that these are kids from countries and from cultures that are as different from each other as Boston is from Timbuktu.

The reason they all give the same answer is that poverty has narrowed their horizons—the only kind of professionals they have experience with are teachers.

The only exception came when I recently visited a group of school kids in Ethiopia. When I asked them my question, a lot of them said, "pilots." I was puzzled until I realized their village was in the flight path of an airport, so every day they watched the planes—and the pilots—fly by overhead.

Now clearly, every one of you here today in caps and gowns already has had a much wider range of experiences than the kids I talk with.

But I guarantee you that—as wide as your horizon may be today—it could be much wider. And if you expand it, you will have a chance to learn lessons you never dreamed of and discover the things in life that truly bring you joy.

When I graduated, I thought I had found exactly what I wanted. I loved Worcester, and I was happy working here as a social worker. But I also had the dream to join the Peace Corps. I thought I'd enjoy the two years away, then come back to live my life here.

For me, that time in the Peace Corps working in Kenya expanded my vision in wonderful ways I had never anticipated. First, it taught me some very practical life lessons I don't think I could have ever learned anywhere else.

For example, shortly after my training, I was assigned to a village, and shortly after that I accompanied a local German doctor as he traveled around from one tiny place to another checking on the local medical dispensaries. I guess because I was still in my "developed world" mindset, I did not bring any food and water along with me, not realizing that might be a problem.

Oh yes, and it was Thanksgiving Day, my first outside the U.S. Well, there weren't any 7-11s, no restaurants, no roadside stands—no food at all and hardly any water as we travelled around during a long, long day. Finally, that evening we reached a larger village, with plenty of water, and very generous hosts who said they would feed us.

So they brought out—not a turkey, but … a cow… a live cow … which they proceeded to slaughter, about two feet in front of me.

After I recovered my appetite, I was still starving, but it took hours to finish slaughtering and roasting the animal. By the time we sat down to eat, it was quite dark. Now in Africa when they cook a cow … they really cook a cow—pretty much everything, inside and out gets cooked and served. So here I was on Thanksgiving, sitting in the dark hungry, while people passed me parts of a cow I had never seen or even imagined before.

Finally, the German doctor leaned over to me and said, "Pick out something with a bone on it." I did as I was told.

So Kenya quickly taught me to always be self-reliant—and in particular when travelling in the Third World, even on Thanksgiving, bring your own food and water.

But that time in Peace Corps did much more than that—it accomplished what expanding your horizons always does—it helped me discover what I am passionate about—fighting poverty and helping children.

That passion has taken me from Kenya to Somalia, where I ran a small non-governmental organization or NGO, serving refugees at a time when a million desperate people had come across the border from Ethiopia.

It took me to Bangladesh, where I headed a women's health and development project and saw how women who are better educated and have fewer babies can help break the cycle of poverty for their children. It took me to Indonesia, where I focused on the care and protection of infants and children under five.

And it took me to Egypt, where I was the first female country director for CARE in its 50-year history in Egypt, and where we took on the barriers that keep girls out of school.

And now it has taken me to Christian Children's Fund.

CCF is a charity that combines humanitarian work and development work. In the midst of an emergency, CCF is there, as part of the relief effort. But after the crisis has passed, and others leave, we stay—fighting the root causes of poverty.

Of the very many development organizations in the world—CCF is most identified for its defining focus on children throughout all their stages of development. While we are committed to the health and education of children, we also believe children have the capacity to improve their own lives, to be leaders of the next generation. They can bring lasting change to their families and communities in a way no adult or outsider ever can.

These views are the distinguishing features of CCF. Today, these views take the practical form of a distinctive three-part approach that follows the birth and growth of a child. First goal: healthy and secure infants. Second goal: educated and confident children. The final goal: skilled and involved youth.

Or, we can put it another way:

- Get healthy.
- Get smart.
- Change the world.

I would love for you to join us in the work we and other organizations do in helping children and fighting poverty around the world. The need has never been greater. Economists estimate that the global economic meltdown is forcing up to 53 million more people—a mind numbing number—into poverty this year. And far, far too many of them will be children. Those numbers are expected to grow much larger until the economy recovers.

But I'm really not here to recruit you to join me in *my* passion. Instead, more than anything I want you to find your own. Because once you find your passion, you will be taking a huge step toward achieving the kind of happy life everyone dreams of.

After finding your passion what's next? Simple: find a way to get paid for following it. Now at this point I can see many of you thinking, "Yeah right. Who's going to pay me for *that*?"

Let me say a couple things to answer that question. I'm smack in the middle of the baby boomer generation, and I can't tell you how many people my age and older who I talk to who say they wish they had followed their passion and not settled for something less.

Live all around the world in some of the poorest communities in the world … and raise a family … and have a rewarding career … doesn't sound possible, right? But I did it because I decided to do what I was passionate about.

Your passion will give you the power to find a way to make a living doing what you love.

Now I'm sure some of you are thinking, "Well, people who can earn money doing what they love have incredible luck. That's the kind of luck I don't have."

You know, I've been doing a lot of thinking about luck recently, about luck and fate. In the last year, my son was shot four times by the Virginia Tech shooter… and we learned my husband had cancer. Both survived, both recovered and both are doing well.

So I know very well that, of course fate controls our lives in extreme circumstances. But my personal philosophy is that most of the time luck is like the early version of the Mario video game. You know the one where the little platforms are moving up and down, and you have to make sure you jump when you're on one that is moving up. You're in trouble if you jump when one is moving down.

Luck is like that—if you pay attention, seize the opportunities at the right moment and make that leap—you'll be lucky. You'll find that job that pays you and feeds your passion.

Let me close with a quote. The words of the quote are powerful in themselves, but they have a special meaning because of the circumstances when I first heard them. When I was a CARE director in Egypt, one of my colleagues was CARE director in Iraq. Unfortunately, she was also one of the first casualties of the Iraq war.

A few weeks before she was killed, we were in a meeting, and she said she had just heard Maya Angelou speak. Maya Angelou said, "[the] mission in life is not merely to survive, but to thrive; and to do so with some passion, some compassion, some humor, and some style."

Assumption has given you the tools you need to thrive. Now it's up to you to make a life filled with passion, compassion, humor, and style.

Thank you. ◆

What I Do, What We Do—and How You Can Help

BRILLIANT DEDUCTIONS: THE INTELLIGENCE COMMUNITY AND PRIVATE SECTOR PARTNERSHIPS

Address by The Honorable DENNIS C. BLAIR, Director of National Intelligence

Delivered at the National Security Task Force Meeting, U.S. Chamber of Commerce, Washington, D.C., July 22, 2009

Oh, thanks very much. And it's a pleasure and an honor to be here and to have a chance to speak with this impressive group of business professionals. Now, I spent a little time—if you read my biography—in the United Kingdom for a post-graduate degree. And while the United States does have the best Intelligence Community in the world, the Brits have an excellent one, too. They're a proud nation. And one influence not only on the police detectives of the United Kingdom and many other countries but also on their intelligence officers was Sir Arthur Conan Doyle, the author of the famous Sherlock Holmes stories.

As we look at this intersection between business and intelligence, it's worth telling a little story on Arthur Conan Doyle. Supposedly, he was coming into Paris. He hailed a cab, threw his bag inside the cab, climbed in and before he could say a word, the driver said to him, "Where to, Monsieur Conan Doyle?" "You recognize me?" he said in surprise. "Non, never seen a picture of you." "Then how do you know I'm Conan Doyle?"

The driver replied, "I read it in the newspapers that you're on vacation in the south of France. I noticed your train came from Marseilles. You had the tan of a week on the Riviera. From the ink spot on your right middle finger, I deduced you were a writer. You have the keen look of a medical man and the wardrobe of an Englishman. Putting it all together, I felt you must surely be Conan Doyle, the creator of the famous Sherlock Holmes mysteries."

Conan Doyle was amazed. "Extraordinary, my good man! You are yourself the equivalent, the equal of Sherlock Holmes in your powers of deduction." The driver said, "There is one more additional fact, monsieur. Your name was on your valise." (Laughter.)

So I guess in every business, in every time, every country, people have something valuable to contribute to what we call intelligence. And quite often, many of the important things are not so secret that they aren't even hidden.

Now, one question you might be asking yourself even despite reading my impressive biography is how I got this job.

And I must tell you it wasn't a typical story. Before the election of last November, I had a grand total of one conversation with then-Senator Obama. Now, I was very impressed by him in that conversation back in 2006, and apparently, he remembered me. But I was, at any rate, quite surprised to receive a phone call the day of the election asking me to join him team. I had to have a serious conversation at home before I accepted, but Diane says that she thought it was extremely important to continue to try to serve the country. I was very impressed with the President-Elect's vision for the country, so I was happy to take on the job.

Except for some time at the very beginning of my career as a collateral duty intelligence officer on the USS *Barney*, my first guided-missile destroyer, then a tour as the first Associate Director of Central Intelligence for Military Support back in the mid-'90s, I was primarily a demanding and somewhat dissatisfied consumer of intelligence.

But I've always had great admiration for those who collect intelligence, those who analyze it and those who try to help decision-makers and other officials do their job by telling them what might be going on, on the other side. Any military commander can tell you that intelligence is extremely important to doing a good job. And so, do, to ambassadors and policymakers, development workers, trade negotiators—all those who are representing this country and its interests.

I did suspect before I took the job that the Intelligence Community could use some more work to become even greater than the sum of its parts. And I've become a truly firm believer in that aspiration. I've seen firsthand that the integration of the various effective parts of the Intelligence Community produces amazing results that none of them can achieve alone. And really the essence of my job as a Director of National Intelligence is to weld those pieces together, so we can have more of this integrated action as we carry out the nation's business.

In addition to my office, there are 16 organizations that comprise what we call the Intelligence Community. They range from separate agencies to bureaus that are inside of other departments. And altogether about 100,000 people—military and federal civilians—get up in the morning and go to work in this Intelligence Community. The larger organizations are fairly well-known—the Central Intelligence Agency, the National Security Agency, the Defense Intelligence Agency, the National Geospatial Intelligence Agency, the National Reconnaissance Office, the Federal Bureau of Investigation. These last five come under the—in addition to reporting to me—come under the Department of Defense and the Justice Department.

And there are 10 other organizations with substantial intelligence arms that are also part of this team. The Drug Enforcement Administration falls under Justice also. The Army, Navy, Air Force, Marine Corps all have large military intelligence components who come to my executive committee meetings every couple of weeks. The Coast Guard comes under the Department of Homeland Security, and the Department of Homeland Security has its own intelligence section as well. The Departments of State, Treasury and Energy each have also important intelligence offices.

So as you can imagine, this diversity makes for a very complicated organization chart, and puts a premium on working together. But there's a tremendous range of skills and expertise that we can draw on in order to try to support policymakers, and support action in the field.

It was exactly five years ago, July 22, 2004, that the 9/11 Commission issued its report. And one of its recommendations was that all of our intelligence elements needed to be better integrated. And that was really the genesis of the action that five months later resulted in Congress passing the Intelligence Reform and Terrorist Prevention Act—that act that created the job that I now hold, Director of National Intelligence, once the President signed it into law.

Now, that job essentially gives me three roles. The first one is as head of the Intelligence Community. It's comprised of those 16 agencies, 16 components that I mentioned. And leading that community entails setting priorities and providing leadership on the cross-cutting issues that affect more than one of those departments. I try to align the incentives, I enforce compliance, and that's done to coordinate how our community will address issues that cross the boundaries that none of them can do alone, that they all must work together in order to accomplish.

I can and do issue policy directives that are binding across the Intelligence Community. I clarify roles and responsibilities, and that's especially important for any policy that involves collaboration. And the really important ones all do.

Another important part of leading the Intelligence Community is supporting the field operations. Right now we have diplomats, military units, reconstruction teams working in Iraq, Afghanistan, Pakistan and elsewhere around the world. We have CIA teams, military units that are combating violent extremism. And providing support for all these units in the field is a key job of the Intelligence Community; and we do it very, very well. The sort of precise, tactical-level intelligence to those in the field is eye-watering now, and it's much greater from the days that I can remember being a junior officer, a mid-grade officer in the field. We really give our units an unfair advantage, which is what they ought to have.

My second role in this job as DNI is as the principal advisor to the President on intelligence matters. Yes, I'm responsible for his daily morning intelligence brief. I serve as the top intelligence advisor on the National Security Council, but it's really much wider than that. I'm responsible for the intelligence that informs the entire national security policymaking process that begins with interagency groups, and proceeds up in a hierarchical set of meetings to the National Security Council deliberations themselves.

And I meet regularly with the Congress, providing them with intelligence knowledge of what's going on in the world. They, of course, provide the budget and the oversight for our community, and I can't emphasize how seriously I take that relationship as well. In fact, this afternoon, I'm having a long meeting with the House Permanent Select Committee on Intelligence. I've been on the phone with Congressmen over the last couple days. This is an extremely important partnership that we're working very hard on.

My third role as DNI is to manage the National Intelligence Program, with its budget that's in the tens of billions of dollars. We publish it retrospectively at the end of each year, and it's a lot of money. And it's an important job to make sure that these resources are apportioned correctly across the Intelligence Community, so that they give us a balanced program, so that all 16 of those agencies can play the proper roles in achieving the national intelligence priorities that cut across all of the individual organizations. And that putting together that budget, both within the executive branch for the President's approval, and then justifying it to the Congress who authorizes and appropriates it, is an extremely important part of this job.

Now, underlining all of these three separate roles is really the responsibility to make sure that the Intelligence Community is coordinated and integrated, that we really do connect the dots. And as I've said, it's clear to me that in doing that process, the Intelligence Community can and should be greater than the sum of its parts. That's clear to me, but I want to make it clear to you who have some knowledge of the Intelligence Community. And I certainly want to make it clear to the American people who we serve, and who support us.

Now, some of this alignment, some of this connecting the dots does occur naturally. We've got smart people, been in the business a while—they can reach out to make things happen. But it does require effort from the top, the kind of alignment that I talked about, in order to increase our shared effectiveness, to reduce overlap, and to use our precious resources on the most important jobs in the most effective way.

A whole separate aspect of becoming effective as an Intelligence Community is to make more use of the talents and expertise available in the private sector. In fact, of course, working with the private sector is as old as the Intelligence Community itself.

We've always depended on private expertise, resources and know-how. Corporations, academics, nongovernmental organizations have built many of the tools that we have needed and used, and they've taught us ways of looking at issues which are important to understanding.

It's the private sector that provides the critical infrastructure. And our country literally depends on you and the companies that you represent for the Intelligence Community to reach its full potential.

So I'd like to acknowledge the Chamber's previous support in this area in reaching out to my predecessors. You in the Chamber, and this task force in particular, have been key supporters to our early efforts in engaging the private sector. We've had workshops; we've had the DNI-CEO summits in which Cabinet-level officials have participate. Just last week I was privileged to host the Trade Association Partners meeting.

In particular, Ann Beauchesne, Matthew Eggers, Tom Donohue have all been instrumental throughout this organization in building some of these bridges; helping us identify the member companies, the key leaders within the business community, to participate in this on-going dialogue. So thank you, Ann, Matthew, Tom. And I think a round of applause is really in order for all of them.

We know it hasn't gone as fast as everyone would have liked; and I'd like to change that, to speed up the pace. In the phase that we really are now in this effort, we're trying to move beyond outreach—which is a critical first step—to really move to partnerships; partnerships that are defined by a shared sense of mission, shared responsibility. And this takes a while, but once we reach this step, I think things can really take off.

We've made tremendous progress sharing intelligence within the government. We've worked hard to improve transparency with our foreign partners. We've taken steps to be even more forthcoming with others. We've worked with our communications within our partners in the United States—homeland security officials, law enforcement officials—at the state, local and tribal levels.

In fact, we just held a big conference about that recently in my headquarters. And I was pleased that all the participants there—representatives of the associations of many of these law enforcement officials—feel that we're making good progress there. And we're having a better understanding of the roles that we each have, getting good ideas together and making a better team.

In academia, we have partnerships where several universities are getting five-year grants, averaging over $250,000 a year, to develop courses and produce graduates that meet our hiring needs. Many of our academic partners have substantial minority/ethnic student populations. And that's by design that we are working closely with those institutions, because this world is changing. We need an intelligence workforce that reflects those changes, and that can help us with the many different challenges that we face in the intelligence world.

But it's really the business world, that you all represent, that may be the last frontier in many ways in building these partnerships—except for course, that about a quarter of our workforce is made up of contractors, so that has been a way of connecting in the past.

But while we have contracts and while we have contractors working with us, we really have to go beyond that, I think, to real partnerships where we really understand each other, ideas are coming up from both sides, there is a natural collaboration, and we're getting the job done for the country.

We sometimes describe our future Intelligence Community as an enterprise, and that's the vision that we can achieve when we're totally integrated, agile, and exemplifying this country's values.

So what would be different? I think one way of thinking about it is that today's Intelligence Community would be the nucleus of intelligence professionals. We are the ones who get to wear the spiffy badges every day; we work in the vaults where we can't take our cell phones; we have to endure polygraphs. And the community is defined in law; and that will continue to be the center of this enterprise.

But in the future, we have to include a larger membership. And think of it as an electron cloud surrounding that nucleus. Our close allied foreign intelligence partners are in the enterprise.

As I mentioned, academics, think tanks, often, outside experts can be brought in for specific projects and provide enormously valuable insights and additions. And then we can bring in commercial and private sector partners, also, to leverage our efforts.

We need to be able to partner with these groups in ways that complete our missions; that give us all the tools we need to do each of the jobs. And we can't do that alone. We not only can't afford it, but we can't get the people.

So in order to form these partnerships, we have to answer a basic question: What do you, our partners, want? What do you need to be able to work together with us in a way that is to both of our advantages?

We know you need access to information. Expertise—we need it coming in your direction. So it's really a case of finding out what the mutual requirements are, concentrate on the mutual mission, in order to be able to get the job done and to make this enterprise as great as it can be.

There will always be an element of secrecy in our profession, but I don't think there has to be so much an element of mystery as we currently have. Much of our job is straightforward: We try to steal the secrets that our enemies seek to keep from us. But secrets alone aren't enough to support policymakers and American officials and fighters on the field. A huge amount of the information that's both available and extremely important is in the open—Conan Doyle's name on his valise. The trick is to meld the two together in order to answer the mission requirements.

So we'll continue to be asking for the expertise of the private sector. We truly want to develop an appropriate and mutually beneficial relationship providing real opportunities for our partners. And I guarantee you, they will always do this in a way that pays close attention to protecting our privacy and the civil liberties of Americans when we take these steps.

One mega trend that we all deal with, that really brings these issues into relief, is the growth of information technology, and it's happening in the private sector, it's happening within government.

For our intelligence analysts, it raises real challenges as well as opportunity to sort through the huge terabytes of it—or even petabytes of it—I didn't even know such a word existed until a couple of months ago—but to sort through all of it to find out trends, to find out what's correct, to find the invaluable individual pieces of information within the mass of information that's out there.

The Internet is a source of information invaluable to all. The trick is to sort out what's true from what's false. And the trick is also to do it in a way, as I mentioned, that is consistent with American values, and protects the civil liberties and privacy of the citizens of this country.

Many of the tools of the IT revolution have helped us in that sorting process. And networks themselves are crucial to our operations in a way that I'm sure you all are familiar with in the businesses that you run.

And in addition to bringing tools, opportunities and information, they also bring vulnerabilities. The President has declared our cyber infrastructure—our communications and information technology backbone—as a strategic national asset. And protecting that asset is a national priority. The threat to that backbone, to that infrastructure, comes—yes—some from nation-states, but also from various non-nation-states, and even individuals who seek to harm it for various reasons.

Now, I don't believe the United States is at risk right now in the way that we have seen countries like Georgia and Estonia attacked recently. Our infrastructure is too big, it's too complex, we have practice dealing all the time with a serious number of attacks and other obstacles, so I don't think we're in that sort of vulnerability. But as you look out in the future, unless we continue to work hard on it, we could be very vulnerable. So we are taking this seriously within the Intelligence Community as one of our missions.

As you know, the public and private Internet networks are very intertwined. We use some of the same cables, same service providers, same switches; and we need to work hard to ensure that we're understanding and working together on what's going on in the Internet. We have to know how to protect our government and military networks from being penetrated. And at the same time, we need to share ideas so that American business can use them in their work in protecting private networks, and we can take advantage of their experience.

The Department of Homeland Security has the primary role in protecting American citizens from cyber events and protecting the critical infrastructure on which our country depends. And they have the appropriate statutory responsibilities, and we coordinate with them very, very closely.

And one of the most important government agencies in this respect, which works with the Department of Homeland Security, is the National Security Agency. My personal belief is that we need to use the NSA's technical capabilities to better protect American networks, both in the network and this critical infrastructure that we depend on in so many ways to lead the life that we lead—the electrical grid controls system, financial networks and many others.

But again, an important caveat is that we must do all of this while being consistent with the protections of privacy and civil liberties of our citizens. Americans must have confidence that the intelligence is being used only to save lives and protect our nation—which is, in fact, the case—that it's not being used to gather private information about Americans. We need to reconcile this use of expertise with some of the public perception.

So it's my responsibility to make the case to the American public that we can do our part in protecting the federal networks and protecting the civil liberties and privacy of Americans; to make the case that we'll cooperate with those who are protecting the private networks, that we'll do our jobs carefully, under supervision, entirely within the provisions of the law, and with proper oversight from both the legislative and the judicial branches.

One of the things that I've really been most impressed with in the six months I've been on the job is the teamwork that's developed between these different agencies that are in the Intelligence Community, and the teamwork with other agencies of government. The integration will be just phenomenal. Often, a team figures out how best to integrate all on its own—happens naturally—it's wonderful. And we just cheer for that. They have members who specialize in human intelligence, signals intelligence, geospatial intelligence, other areas. They come together, they know what their mission is, and they're able to produce incredible insights on it because of their individual expertise and the teamwork.

This is a microcosm of what can and what should happen for the Intelligence Community at large, and in fact, for this larger enterprise that I'm talking about that includes private sectors, whether they be business or academia or think tanks or NGOs. We need to be agile in order to form these relationships, to be able to understand a world that is increasingly fast-paced and complex. Our workforce has to be diverse, professional and mission-driven. We need to embrace innovation, to take appropriate risks, to encourage initiatives at all levels. And this enterprise that we build must exemplify American values.

You may have heard that the Partnership for Public Service recently selected the Intelligence Community as one of the best places to work in the federal government. And I think that's especially remarkable when you realize that half of our workforce has joined since 9/11. They are largely a group who's been inspired by the patriotism that flowed out of that event.

I don't think our community is quite as widely known in the country as it should be. There are three really highly respected professions in America who serve this country or their communities, and that go in harm's way to protect their fellow citizens: the armed forces—soldier-sailors, airmen, Marines, Coast Guardsmen; police officers—federal, county, state or local level; and first responders—firefighters and other first responders.

But I think we also have a fourth group who protect their fellow citizens and also put themselves into harm's way. Unfortunately, they often receive little praise. They're not generally considered in that group that I talked about, and they're sometimes even viewed with suspicion by their fellow Americans—and these are the members of the Intelligence Community.

Now, most of them are not case officers risking their lives recruiting foreign agents, just as most police officers are not on the SWAT team and most armed forces are not Navy SEALs. The vast majority go about their job doing things that are perhaps not as glamorous, but that are part of that integrated team that produces the results that I've talked about—the results that protect this country and the results that support the interests of the country. And I think that over time, we can make Americans just as proud of this Intelligence Community as we can of those other groups that I mentioned. And that certainly is my goal as a leader of the community.

I'd like to finish with some words from the American poet Emma Lazarus. Coincidentally, July 22nd, the day on which the 9/11 Report was produced, is also the anniversary of the birth of Emma Lazarus. It's her 160th birthday.

And she wrote a poem that is in a very important place. It's engraved on the Statue of Liberty in New York Harbor. And it reads, as those of you who have visited it or read about it know:

… Here at our sea-washed sunset gates shall stand
A mighty woman with a torch whose flame
Is the imprisoned lightning, and her name
Mother of Exiles. From her beacon-hand
Glows worldwide welcome; her mild eyes command
The air-bridged harbor that twin cities frame.

'Keep, ancient lands, your storied pomp!' cries she
With silent lips. 'Give me your tired, your poor,
Your huddled masses yearning to breathe free,
The wretched refuse of your teeming shore.
Send these, the homeless, tempest-tossed to me,
I lift my lamp beside the golden door!'

We in the Intelligence Community feel we have real responsibilities for this country that Emma Lazarus wrote about, and the people who came to it. We gather the information to protect it. We hunt the successors to those who brought down the World Trade Center, a short distance northeast of that Statue of Liberty.

We watch the world for threats and for opportunities, reading images from satellites that fly high over this Earth; talking to sources in dusty alleys in dangerous, distant lands. And beyond working on today's problems, we're thinking hard about the problems of the future and investing in the future.

We want tomorrow's intelligence professionals to be even more highly skilled than we are, to have tools that are better, to work as an even more tightly integrated team than the Intelligence Community of today. And we clearly want to have a better partnership with you in the private sector, who can help us in so many ways.

So let me turn this from a talk into a discussion, hear what your ideas are, and we can take a few questions. ◆

Keys to Dealing with WMDs, Then and Now

WATCHFULNESS AND, IF NECESSARY, QUICK ACTION

Address by AMBASSADOR KENNETH C. BRILL, Director of the National Counterproliferation Center

Delivered at the Washington Institute for Near East Policy, Washington, D.C., August 4, 2009

I would like to begin today with a "this week in history" moment. Seventy years ago this week—August 2, 1939—Albert Einstein wrote a letter to President Franklin Roosevelt. It was both extremely urgent and highly sensitive. The letter began:

"Some work by E. Fermi and L. Szilard, which has been communicated to me in manuscript, leads me to expect that the element uranium may be turned into a new and important source of energy in the immediate future. Certain aspects of the situation which has arisen seems to call for watchfulness and, if necessary, quick action on the part of the Administration."

Einstein was worried that Nazi Germany had already begun research on nuclear fission, and the United States needed to act immediately to develop this potentially vital capability.

When you trace back the challenge of preventing the spread of WMD, some could argue that it began with those words.

Yet the WMD challenge described in that letter and the challenge faced after World War II during the Cold War Era are different than the one we face now—a fact due largely to globalization and ongoing developments in science and technology.

I spoke to a class recently at Johns Hopkins University, and to begin my talk, I held up two books: one of them, Thomas Friedman's *The World Is Flat,* and the other, Doug Frantz and Catherine Collins' *The Nuclear Jihadist*.

What's the tie that binds these books together, I asked the students?

The answer is that one has made the other possible. In an era of globalization—where advanced scientific and technical knowledge and capabilities have spread beyond the major powers and where states are not the only global actors that matter—we must understand that the challenge of countering the proliferation of WMD has taken on new dimensions.

WMD is a 20th century phenomenon being made more complex by these 21st Century realities. If you Google the words "how to build a nuclear bomb," you get more than 6.5 million results. Even when you subtract for the cranks, kooks and uninformed, the results are *still* a very significant number. The knowledge is out there, the expertise is out there, the drive—seen most clearly in states like North Korea and terrorist groups like Al-Qa'ida—is out there—and the materials can be found.

To be effective, we must adapt our approaches for countering WMD proliferation to the realities of the 21st Century. The WMD oligopoly—that is to say, where only a few states had the means to produce WMD—is a thing of the past.

We now live in what is close to an open market, where many states have the scientific and technological capabilities required to produce WMD and where networks like A.Q. Khan's—the subject of *The Nuclear Jihadist*—and other non-state actors can distribute and acquire a wide range of capabilities once reserved for states. The destructive power of WMD, as one scholar has noted, is spreading downwards and outwards.

But let's be clear—this globalized world does not exacerbate and complicate just nuclear threats. Biological capabilities, as the National Academy's National Research Council wrote in 2006, have grown and spread even more dramatically. The Academy notes that while the advances in the biological sciences have much good news in them, there are also threats. Let me quote directly from their 2006 report: "For millennia, every major new technology has been used for hostile purposes, and most experts believe it naïve to think that the extraordinary growth in the life sciences and its associated technologies might not similarly be exploited for destructive purposes."

The Academy actually *understates* the challenge. Virtually all biological capabilities are dual-use and those capabilities that once were solely within the purview of laboratories associated with Nobel Prize winning scientists are increasingly part of undergraduate classrooms and advanced high school labs. This presents new and complex challenges on the biological threats front. According to experts, there are now sophisticated biotechnology capabilities on every continent on the planet, with the exception of Antarctica.

To put it plainly then, the WMD proliferation challenge in the 21st Century is keeping states and non-state actors from doing what they *can* do if they *choose* to do so.

So, what do we do about that? Are there new ways to think about the problem of countering proliferation within this globalized context? That's what I would like to talk about today, focusing specifically on the contribution that must be made by intelligence.

First, though, I'd like to say a few words about the Intelligence Community. The Community has experienced significant—and, in my mind, very useful—reforms as a result of the 9/11 and WMD Commissions and the Intelligence Reform and Terrorism Prevention Act of 2004. The creation of the Office of the Director of National Intelligence (ODNI), for example, was designed to give the 16 operating units of the Intelligence Community a corporate headquarters that would produce integrated strategies and drive integrated action to accomplish the Community's priority missions.

Intelligence reform is not something that is accomplished overnight and I think it is fair to say the ODNI's efforts to produce a well-integrated Intelligence Enterprise are still a work in progress. But a good deal of progress has been made, particularly in integrating the work of the intelligence agencies on the priority cross-cutting missions, such as counterterrorism, counterintelligence, cyber and WMD counterproliferation.

The National Counterproliferation Center was created as part of Intelligence Reform and Terrorism Prevention Act of 2004 and on the recommendation of the WMD Commission of 2005. NCPC is charged with providing strategic leadership to the Intelligence Community's work on countering WMD proliferation. Our job, in short, is to help the Intelligence Community succeed at this most challenging task, but not to do the work ourselves. NCPC has a staff of a little over 60 people and in our four years of existence:

- We have published strategic intelligence plans for Countering WMD Proliferation, Countering Biological Threats and promoting Strategic Interdiction;
- We have developed performance metrics to measure performance in achieving priority counterproliferation goals;
- We have helped create new, integrated approaches—and in some cases, programs and offices—to dealing with urgent counterproliferation priorities; and,
- We have worked closely with the National Counterterrorism Center to integrate the work of the counterproliferation and counterterrorism communities on WMD-Terrorism.

All of this progress has been important, but more remains to be done. In working strategically to counter WMD proliferation, it has become clear to me that we need to ask different questions and develop new approaches to counter WMD proliferation in the 21st Century. As a crosscutting issue, counterproliferation is a team sport, but who should be on the team and what are the roles of the team members? How do globalization of science and technology, the increasingly dual-use nature of WMD-related technologies and the rise of non-state actors affect how we work WMD proliferation issues? How do we move to the left on the proliferation continuum to keep programs from starting and facilities from being built, not just going after existing WMD programs and stopping shipments for them at ports?

In sum, how do we ensure a focus on actually *countering* WMD proliferation, not merely *describing* it? Let me talk about three things we are working on within the Intelligence Community to do just that.

- First, we are dealing with WMD counterproliferation as more than a technical issue and increasing the emphasis on issues like intentions and motivations;
- Second, we are looking beyond today's headline issues to identify states of "over-the-horizon" concern so we are not just reacting to events, but helping to shape them to avoid future WMD threats; and,
- Third, we are integrating the work of the counterproliferation and counterterrorism communities to better meet the challenge of WMD terrorism.

The first two issues I just mentioned concern state WMD programs, so let me start with state issues and then turn to WMD terrorism.

When it comes to countering WMD proliferation, intelligence must do more than just monitor emerging weapons programs or activities of concern. That is *describing* proliferation. Admittedly, it is important work and policy makers are big consumers of what I would call "descriptive analysis." But *countering* proliferation requires understanding state motivations and then identifying the tools, levers, incentives, disincentives and opportunities that policy makers can use to respond to perceived needs and shape behavior. Policymakers can use this kind of intelligence and analysis to develop strategies to discourage, prevent, rollback and deter WMD programs.

Historically, we have not focused a great deal of attention on that front. The U.S. Government, like virtually all others, has approached WMD proliferation as a technical issue. The organizations within intelligence and policy agencies that worked proliferation issues were largely staffed with scientists, engineers and other "technical" experts. Policy makers sought analysis on technical developments, such as the range and flight characteristics of missiles, the timeline of a nuclear development program, or how a biologic pathogen could be weaponized.

While nuclear physicists and bioweapons specialists are necessary to have focused on WMD, they cannot be the *only* people looking at the problem. They will not and cannot be expected to understand a state's leadership intentions and motivations, a state's decision-making process, whether there are influential others who might have opposing views, or how a state's economic, financial or regional security concerns might affect its decision-making calculus.

Countering WMD proliferation requires the knowledge of state behavior that comes from those charged with understanding regional, economic, politico-military and state leadership and elites. They are the people best suited to help identify state leadership motivations and intentions and then develop comprehensive approaches to countering interest in developing a WMD program. But, for too long, these non-technical experts have not been seen—or seen themselves—as core members of the counterproliferation team because proliferation was a technical problem.

Now, there is a clear logic behind this traditional technical focus. During the Cold War, what we needed most was technical information and our intelligence apparatus responded appropriately. With regard to state programs, we knew our adversaries' intentions—the big question mark was their capabilities.

Now in the 21st Century, that has been largely reversed: some of our biggest gaps are around state intentions. In his Annual Threat Assessment before Congress earlier this year, Director of National Intelligence Dennis Blair made clear the importance—and difficulty—of understanding the intentions of some of the most important subjects of intelligence collection and analysis.

Let me give a hypothetical example to illustrate the challenge. State X is investing a significant amount of money in a biotech-related research center. The center has links with state X's ministries of defense, commerce, and agriculture. The question is: would we know if this center was for an offensive biological weapons program, a defensive program, or for use in developing a genetically modified, disease-resistant cash crop, just from the equipment being purchased? Without understanding that state's intentions—and in focusing only on the technical side of the issue—there is no way of knowing the intended use of the equipment.

To get to the left of the proliferation problem, we need to learn about and understand a state's motivations, determine ways to address those motivations and identify what levers and opportunities can be applied or exploited to dissuade interest in WMD. Policymakers can then develop country specific strategies to counter proliferation before it begins.

Indeed, as I said before, counterproliferation needs to be a team sport, but in the past we have only been playing with part of our team on the field. That is changing today as the Intelligence Community positions itself to tackle new challenges in new ways.

Now, don't get me wrong: just because we need to work the left-hand side of the proliferation continuum does not mean we can afford to neglect the capabilities we have established to the right. We need to sustain our excellence in technical collection and analysis on proliferation issues—capabilities that remain fundamentally important for policymakers and our colleagues in defense. We need to work interdiction issues, both strategically and tactically. But true success in countering state WMD proliferation in the 21st Century will only come from integrating new kinds of collection, analysis and action into what we have traditionally done well on the technical side of the issue.

Some of that integration must come from a part of the U.S. Government that rarely gets the attention, much less the credit, it deserves. I am talking about the Department of Energy's National Nuclear Laboratories. These labs have remarkable capabilities and a unique ability to produce scientific and technological synergies to support Intelligence Community analysis, collection and operations. They are called "nuclear" labs, but in my mind they are really "national security laboratories," because they support a broad range of issues beyond nuclear. They are important contributors to such issues as cyber, biological threats and WMD-terrorism. The labs have their detractors and they have suffered budget cuts and personnel layoffs recently. But as the scientific and technological gap that has long existed between us and the rest of the world narrows—that is, as the S&T world becomes flatter—we need to realize that no other country has any institution or set of institutions like the Department of Energy National Laboratories and we need to sustain them as centers of national security excellence. The Labs role in countering WMD proliferation and will remain vital.

I want to turn now to the Intelligence Community's work against terrorist WMD efforts. When it comes to terrorist groups, we find ourselves in the same position we were in during the Cold War when it came to state programs. Our adversaries have made their intentions clear: they want the ability to produce mass casualties. The big question mark is on capabilities. Let me talk more about that with an example.

Five days a week, the National Counterterrorism Center prepares a top secret, codeword-classified document called the "Threat Matrix." It contains all known threats accumulated in the past 24 hours aimed against the U.S. homeland and our allies and interests abroad. Invariably, there are WMD threats in the matrix. The threats run the gamut, but the one thing they all have in common is terrorist intention, and their inability—so far, at least—to get their hands on the materials needed to carry out their intentions.

To combat this threat, we need to work at the nexus of counterproliferation and counterterrorism. And that is why the National Counterproliferation Center is working hand-in-hand with the National Counterterrorism Center to ensure that those who work state threats, WMD material security and other WMD capability issues are engaged closely with those looking at terrorists who seek to acquire such materials and capabilities. Unlike with state programs, no technologies are dual-use when terrorists are seeking to acquire them. Going back to my earlier example, Al-Qa'ida would not be acquiring fermenters to advance science or improve crop yields; they would be seeking a new way to cause harm to as many people as possible.

The National Counterproliferation Center and the National Counterterrorism Center have put in place new processes to ensure a strong and steady focus across the Intelligence Community on WMD terrorism and have launched initiatives to develop new tools and approaches to counter WMD terrorism. This is not an issue that can be rapidly resolved but is, rather, one that will require a consistent mission focus, skill and collaboration across the Intelligence Community for years to come.

Countering these non-state as well as state-based WMD challenges requires persistence in engaging at all points of the proliferation continuum. But it also requires thinking and working beyond the headline issues of today.

If we focus our attention only on the states or terrorist groups mentioned in those headlines, we are just asking to be surprised. If our capabilities are focused solely on Iran and North Korea and Al-Qa'ida, we will have done policymakers a huge disservice when an "over-the-horizon" nation goes nuclear, or a new terrorist group starts putting the pieces together for a biological weapon. This is where a real partnership between policymakers and the Intelligence Community is essential. In addition to supporting policymakers on the issues in today's headlines, we also need to think beyond those issues. More specifically, we need to do the hard work of analysis and collection that allows:

- First, for the early warning of new proliferation problems; and
- Second, for policy makers to develop strategies to counter WMD proliferation even before it gets started.

In Einstein's letter to Roosevelt—at the conception of the nuclear age—Einstein recommended "watchfulness" and "quick action" to develop nuclear weapons. Those words, more than half a century old, should take on a renewed meaning as we now work to counter this uniquely 21st Century WMD threat. The Intelligence Community, in coordination with partners across the US Government—is instituting a *new* watchfulness to guide its action—watchful for nascent WMD programs, watchful for levers that can discourage such programs, and watchful for the threats that have been made real in this era of globalization.

With that, I would be happy to take your questions. ◆

A Thorough Speech On Brief Speechmaking

MASTERING THE THREE-MINUTE SPEECH: ADVICE FOR YOUR SPEAKING SUCCESS

Address by JOAN DETZ, speechwriter and author of *Can You Say a Few Words*

Delivered to the National Conference of State Legislatures, Philadelphia, Pennsylvania, July 24, 2009

Welcome, everyone. Let's get started right away. I know you've had a full conference week, and I want to make sure you walk away with all the public speaking information you need.

Officially, this session ends at 11:45. Unofficially, it goes as long as you need. Which means: If you go back to your office next week and run into a public speaking question, simply send me an email … and I'll be glad to help. After all, it's a tough economy, and it took a lot for you to travel here (from across the United States … and all around the world). I want to make sure you get full value from this session.

Today, I'm going to focus on all those "little speeches" you're asked to give. You know what I mean: giving an award … getting an award … retirement remarks … dedications … fundraisers … patriotic ceremonies … memorial tributes … anniversaries … introducing a speaker … welcoming a special guest … moderating a panel. The list goes on. In short, all those times when you're asked to "just say a few words."

Let me give you a dozen pieces of advice to help you master "the 3-minute speech." (By the way: There's nothing sacred about the 3-minute length. Your remarks might run a bit shorter … or a bit longer. But that 3-minute timeframe is a realistic standard for many special occasions.)

1. Expand your definition of a speech.

Let me put it this way: It's not just the way you talk for 3 minutes at the front of a room. It's the way you interact with the audience *before* … and it's the way you interact with the audience *after*.

Did you notice how I walked around this room before I started my speech—introducing myself and shaking hands and learning a little about your interests? That was my way of building audience rapport—before I said one word. And I plan to linger after my presentation ends—so you can ask questions and get individual attention.

Try doing this: Meet members of an audience before you speak … and offer to send them helpful follow-up material. They'll appreciate your efforts to connect.

I want to emphasize: You might be limited to 3 minutes of speaking time, but you can still create *unlimited* opportunities for connecting.

2. Do your math.

How long is 3 minutes? Even more basic: How long is 1 minute?

Now, the easy answer is: 60 seconds. A minute is 60 seconds. But you need to know much more about "time management" if you're going to be an effective speaker.

I need to ask a few questions about some important numbers in your life:

- How many of you (with reasonable accuracy) can tell me how much you weigh? (I don't want to know your weight! I just want to see if *you* know it.) Okay … look around: It looks like every single hand is up. That's a number you all know.
- Next question: How many of you (with reasonable accuracy) can tell me the price of gasoline in your hometown? Okay … look around again: Most hands are up.
- Now: How many of you (with reasonable accuracy) can tell me the number of words you speak per minute? Please look around: 300 people in this room, and only 2 hands are up!

It's time for a quick lesson on the "rate of speech". The average person in the U.S. speaks about 140 words per minute, but that varies widely.

It varies by geography. Start at Washington DC and go up the eastern seaboard. As you go north, people talk faster. New Yorkers talk fast. Folks in Boston really clip along. Listen to old speeches by President Kennedy. He'd often top 200 words per minute. But start at Washington DC and go south, and you'll hear the opposite: As you move into the Carolinas and Georgia, speakers talk much slower. In other words: There is no national speech limit!

Rate of speech also varies by *age*. Young people talk much faster than older people.

And it varies by *health*. When we're not feeling well, we prefer to send (and receive) information at a slower pace.

Can you see the implications for you as a presenter? A fast pace that's terrific for an audience of college students would create a disconnect at a retiree gathering.

3. Focus your message.

You can't put in everything. Don't even try!

In a short speech, you should stick with 1 main point. If you limit your content, you'll be much more successful.

Resist the temptation to add material to "impress" the audience. Remember: It's a speech—not a dissertation. Your goal is to interest the audience—not overwhelm them.

As Will Durant, the US historian, put it: "One of the lessons of history is that nothing is often a good thing to do and always a clever thing to say."

As I tell my clients: When in doubt, leave it out.

4. See if you can tie your message into the date in history.

Suppose you were preparing a speech to deliver today. See if you can make any connections to this date in history. What has happened on July 24th through the years?

Well, on July 24th in:

- 1824 … A Harrisburg, PA newspaper published the results of the first public opinion poll.
- 1870 … The first trans-US rail service began operation.
- 1877 … Federal troops were used for the first time to combat strikers.

Think about the speech President Reagan gave following the Challenger disaster. It was a short speech—short, but powerful. In it, he referred to explorations by Drake on that date in history. Listen to the speech again. You'll see how outstanding it is.

5. Make adjustments based on audience demographics.

What is the size of the group? The age range? The male/female ratio? How much do you know about their educational backgrounds? Their income levels? Their community priorities?

The more you know, the better you can connect.

And remember: In a short speech, you have to connect *quickly*. There's simply no time for long prologues. And you have to connect *effectively*. There's no patience for irrelevant examples.

6. Be specific.

Audiences remember specifics. They forget generalities.

This is a critical point, so I'm going to repeat it: Audiences remember specifics. They forget generalities.

Let me cite a couple of good examples.

Here's Olli-Pekka Kallasvuo (President and CEO of Nokia) speaking to The Chief Executives' Club of Boston:

"Context *has become something of a buzzword in our business, because it is at the heart of the next wave of mobile technology….*

Let's look at an example. It's an application we call 'Nokia Point and Find.'

Say you are an architecture buff and you're visiting Boston for the first time. You turn a corner and see the *old Statehouse, and you want to know more about it.*

You take out your Nokia device and you point it at the building. The device then immediately provides detailed information via the Internet … when it was built, the architect, its history and architectural significance, maybe even the hours when tours are available.

Or imagine you're walking downtown and you see a poster for a new movie. You point your phone at the poster and instantly you can watch the trailer. If you like what you see, you can find where the movie is playing, and even buy tickets for that evening's showing … all with just a couple of clicks.

… <u>This</u> is context. It's the ability of your mobile device to bring who, what, where and when together. It will allow you to become more immersed in the real world around you."

Let me give you another example. It's from Chris Van Gorder, CEO of Scripps Health, speaking at the American College of Healthcare Executives, in his role as Chair-Elect of ACHE:

"San Diego alone has 650 wireless companies, and many are developing advances for health care. Estimates say 50 to 60 percent of primary care will be delivered virtually in the future.

- *Wireless band-aids are being developed to monitor your blood pressure, caloric intake, hydration and heart rate.*
- *New drug delivery patches can be radio controlled … from across town, or across country.*
- *ECG machines (no bigger than a cell phone, and one-fifth the cost of current equipment) will allow for remote exams.*
- *Even pill bottles will include wireless transmitters. Just push a button to alert the pharmacy when you're running low on medication.*

Is our future changing? You bet.

And ACHE will be there to advance our profession—our calling—in these rapidly changing times."

Did you hear how the use of specific details made these speeches more interesting … and more memorable?

7. Watch your pronouns

More than anything else, pronouns convey what I call "the friendliness factor." Pronouns can help pull the audience closer.

In my Advanced Speechwriting seminars, I ask the attendees to note the various pronouns in their speeches. It's an enlightening exercise! I encourage you to try it. Count the number of time you use "we" … "you" … "I". That ratio tells something about you as a speaker.

For example, "we" conveys camaraderie … cooperation … teamwork. Think of Winston Churchill in 1941: "Give us the tools and we will finish the job."

"You" builds direct rapport with an audience. President Kennedy knew this when he said: "Ask not what your country can do for you, but what you can do for your country."

"I" is important because it conveys the speaker's voice … the speaker's
commitment … the speaker's dedication. Too many speakers shy away from using "I"—and they're missing a powerful technique. I can hear Senator Hubert Humphrey's voice in this line: "I learned more about politics during one South Dakota dust storm than I got in seven years in the university."

8. Give it some style.

Be visual.

When H.R. Haldeman commented on the Watergate affair, he said: "Once the toothpaste is out of the tube, it's hard to get it back in."

Here's a vivid description from Gerald Ford: "A bronco is something that kicks and bucks, twists and turns, and very seldom goes in one direction. We have one of those things here in Washington—it's called the Congress."

There's nothing new about using visual images to sell your point. Here's a memorable comment from Teddy Roosevelt about his predecessor, William McKinley: "McKinley shows all the backbone of a chocolate éclair."

Use rhetorical devices.

Listen to this from Dr. Martin Luther King, Jr: "Morality cannot be legislated, but behavior can be regulated. Judicial decrees may not change the heart, but they can restrain the heartless."

Hear the rhetorical power in this line from Senator Robert Kennedy: "Justice delayed is democracy denied."

9. Use a light touch of humor.

Don't use complex jokes. They're too hard to tell. (Plus, they eat up too much of your limited time,)

Instead, use short one-liners. I like this one from Will Rogers: "Alexander Hamilton started the U.S. Treasury with nothing … and that was the closest our country ever was to being even."

Who knew how to use humor better than President Ronald Reagan? He once quipped: "There were so many candidates on the platform that there weren't enough promises to go around."

Listen to this humor from Ann Richards, speaking at the Democratic Convention: "Twelve years ago Barbara Jordan, another Texas woman, made the keynote address to this convention, and two women in 160 years is about par for the course. But, if you give us a chance, we can perform. After all, Ginger Rogers did everything that Fred Astaire did. She just did it backwards and in high heels."

10. Fix your delivery problems.

You only have your voice, your body language and your eye contact. That's it. Those are the only delivery tools you have to "sell" your message.

If your voice needs improvement, start improving. And start now. Ditto with your body language and your eye contact.

Read books. Take classes. Get coaching. Attend presentations. Watch C-Span. Learn from good speakers. Join Toastmasters International. Ask a colleague to critique your speeches and monitor your improvement. If you want *really* candid comments about your delivery skills, just ask a kid: A kid will always tell you the truth. Your staff might not venture to say that you have a most annoying way of clearing your throat whenever you start to speak … but a kid will tell you about this annoying problem flat-out.

11. Consider your A-V options.

You can reinforce a short speech with a wide range of simple audio-visual options: props … letters from constituents … music playing as the audience enters … posters made by local school kids … compelling photographs.

The simplest of things (free, or very low cost) can grab an audience's attention and create a hook for valuable media coverage.

12. Don't run overtime.

Remember: There are very few people who don't become more

interesting when they stop talking!

Think of speeches as "business investments" in the communities you serve. Respect your audiences by staying within their timeframe.

A good speech builds audience rapport … and leaves an audience wanting to hear you again.

Take a lesson from Mark Twain. He said: "It takes about 3 weeks to prepare a good impromptu speech." So get started *now*: Write down 1 key message, and use these dozen guidelines to polish it.

So, the next time someone asks, "Can you speak for a few minutes?", you'll be prepared to make every second count. ◆

'What's a College For?'

PREMIER EVIDENCE OF HIGHER EDUCATION PERFORMANCE

Address by E. GRADY BOGUE, Professor, University of Tennessee

Delivered to the Board of Governors Summit, West Virginia Higher Education Policy Commission, Stonewall Resort, Roanoke, West Virginia, August 21, 2009

> . . . and the gift which the University has to offer is the old one of imagination . . . . It is a dangerous gift, which has started many a conflagration. If we are timid as that danger, then the proper course is to shut down our universities.
>
> Alfred North Whitehead, *The Aims of Education.*

Over the years, I have learned that Americans love to criticize their leaders and organizations. Indeed, honest dissent is a cornerstone principle of our democracy and our colleges; and fortunately, we have a political system that allows us to engage in that popular and essential pastime without fear of being thrown into the dungeon.

Is that critical impulse particularly visible in American higher education? If we are to believe historical and contemporary commentary, American colleges and universities remain in a state of chronic crisis, the oxymoron notwithstanding—blamed for a range of educational, social, economic, and political shortcomings and invited by scholarly and civic friends to shape up.

As we peruse recent reports—the 2006 Spelling's report *A Test of Leadership* and the 2008 ACE report *Collective Foresight: The Leadership Challenges for Higher Education's Future* —and consider a quarter century of book length critiques from Alan Bloom's 1986 *The Closing of the American Mind* in 1986 to Peter Smith's 2004 *The Quiet Crisis: How Higher Education is Failing America*, we might infer that there were serious and pervasive deficits in collegiate leadership.

Certainly, trustees and stewards of higher education would not argue against the goal of striving to improve on every performance front. Nor would we shrink from the call of accountability. It will always be in our best interest, as Ralph Waldo Emerson suggested, to cast ourselves on the side of our assailants to see what we may learn from them.

The first duty of any trustee or steward is a clear understanding of the enterprise held in trust. Thus, in these reflections I intend some departure from the dialogue of criticism, celebrating the heritage of higher education and examining more closely the mission and complexion of the enterprise for which we are trustees and stewards.

Let me open, however, with a prefatory note on the changing social, political, and economic context for colleges and other organizations in our society. For an informing primer on that changing context, I commend the 2009 posthumous release of George Keller's *Higher Education and the New Society.*

First, an excursion in the technological realm. We've seen an escalation of air and space travel speed, from a max of 100 mph in the late 19th century to 25,000 mph in THE late 20th century. We have changed perspectives on our world, from looking up via telescopes to looking down via satellites. We've seen the birth of computers from massive machines requiring immense spaces and air conditioning to the same computation power carried in a palm held instrument, from the old ring-you-up, multi-party telephone to everyone with a cell phone connected anywhere in the world. The discovery and development of nuclear power has influenced the nature of war, medical and materials diagnostics and power generation. Perhaps the most impressive and powerful conceptual birthing may lie in the discovery of DNA and the development of genetic engineering. Both the technologies and the formidable ethical dilemmas associated are the business of our colleges and universities.

The new technology means that most of us are trying to do two things at the same time—whatever we are doing and using our cell phone. Cell phone and computer technologies have also ushered in a new form of incivility—pretending that we are attending to a speaker or teacher while we text, twitter, email or launch an internet search on our Blackberry, I-Pod or I-Phone. One wonders whether the future will bring a time when we send and receive but no longer think.

Politically we saw the birth and death of Communism as a contending political philosophy. We watched the transformation of Apartheid in South Africa. We are experiencing a new globalization represented in the flow of money, energy, information and influence across national borders. And sadly, in what might be argued as the most educated moment in civilization, we witnessed over the last century episodic and barbaric acts of genocide and mass murder, events disturbingly chronicled in Samantha Power's 2003 book *A Problem from Hell*.

Socially, in the last century, we've taken contentious personal, political and policy journeys in reducing the prejudicial treatment of women, of blacks, of handicapped citizens. Indeed, there is a battle array of enemies set always before higher education. Those enemies are ignorance, arrogance, mediocrity, prejudice, and duplicity.

Our nation has become more diverse. Entry into any fast food outlet in most any American city will confirm this diversity. The 2009 *SREB Fact Book on Higher Education* projects that "By 2022, non-white public high school graduates are projected to be the majority of public high school graduates in 10 of 16 SREB states . . . . Hispanic students are expected to account for 31 percent of the region's projected public high school graduates by 2022. . . ."

While the percentage of U. S. citizens holding bachelor's degrees increased in the twenty years from 1980 to 2000, we have fallen behind several other countries such as Sweden, Canada, Norway and South Korea. In 2007, 27 percent of white adults, ages 25 and older had a bachelor's degree or higher but only 16 percent of black and 14 percent of Hispanic adults had a bachelor's degree or higher.

Between 1960 and 2000 the divorce rate in this country more than doubled. The percentage of children born to unwed mothers moved from 6 percent to 35 percent. Do we expect colleges to be untouched by these social and demographic changes, to compensate for the human costs of the fractured family?

Here's another critical contextual development. Terrorism has given war a new face. In the past, uniformed armies representing one nation faced off against a uniformed and well recognized enemy from another nation. Today, any small group with a cell phone and a bomb can wage asymmetric war—striking at weak points in transportation, electrical, communications and infrastructure systems. For Americans, war has historically been "over there"—but not any more. More critical to any society, but especially to a democratic society, such acts bring disorder. Order is a fragile and essential condition of an open and free society.

Now as a final contextual matter, we perhaps could not argue that the moral condition of our society is better or worse today than other times in history, but there have surely been disappointing departures from servant leadership postures in both corporate and collegiate sectors. When corporate executives take million dollar pay and exit bonuses while they ask their employees to take pay cuts to keep their companies out of bankruptcy, or when bank and investment house executives take million dollar pay bonuses while asking the American taxpayer to bail out their insolvent and potentially bankrupt enterprise, then the human empathy and personal integrity meters slam to zero.

Has the absence of a servant leadership spirit also afflicted college presidents, as some accept big dollar appointment and salary increases while their faculties labor in the salary doldrums and some staff in below-poverty wage zones? The size and growth of the compensation gap between those in the power suites and those on the shop floor have been well documented for both corporate and collegiate enterprise and is a trend with incendiary potential.

These earning differentials have been accompanied by too many sad departures of integrity in both corporate and collegiate executive leadership. One only has to pick up the *Chronicle of Higher Education, USA Today or the Wall Street journal* for stories that bear sad testimony to the seduction of leadership conscience. Are we educating for competence but not conscience in our colleges and universities? This question moves us nicely to questions about higher education mission.

What's a college for? Clearly, ideas and values make a difference in our lives and our history. Faith once required a belief that the earth was the center of the universe and that the earth was flat. It took the dissent of Galileo and the evidence of seafaring explorers who did not fall off the end of the earth to forge new understandings. We are years past the accepted theory that disease and illness were carried by "humors" in the blood and that an ill patient should have leeches placed on him/her to bleed out these ill humors.

We no longer use the Bible to justify slavery or to confine women to making biscuits. Trial by jury has proved a useful alternative to trial by combat as a way of discerning legal truth. Devastating diseases, such as polio, have yielded to disciplined research. Laser theory and instrumentation allow us to use bar codes on our grocery checkout, play DVDs, shoot down missiles, and perform optical and ob-gyn surgery.

Colleges and universities are investments in the power of ideas. They are sanctuaries for seeking truth on many fronts and honoring a variety of philosophic assumptions about the nature and discernment of truth. Scientists want an experiment and lawyers an adversarial hearing. Mathematicians want a logical argument and theologians a search of sacred literature. Sociologists want a compilation of opinion via interview or survey and historians an analysis of prime sources. Novelists, musicians, and visual artists bring an interpretative spirit to the enterprise. What unites these seekers is not a common steam system, a fiber optic system or an information system but an impulse to understand—to search for truth.

As the 21st century opens, American higher education confronts multiple issues: access, cost, accountability, productivity, diversity. Above all these issues, however, is a premier public argument over the mission and purpose of higher education and whether it is to be viewed as a public benefit or a personal benefit. Fiscal and political policy, whether deliberate or de facto, has been edging toward the personal scenario.

Is higher education destined to become just another consumer good in the marketplace? Or will it continue to serve a public mission not only as an instrument of personal and economic development but as a guarantor of an open society, a guardian of democracy? Will colleges not only prepare men and women for work honorable and efficient but men and women with the skill and the intent to ask challenging questions?

How are colleges distinguished from other organizations, especially corporate enterprise? On the matter of mission distinction, American higher education is expected to be both cultural curator and cultural critic, to honor heritage and to assault the limitations of common sense. Universities are expected to teach their students a reverence for democratic and cultural heritage and at the same time teach them to critique and challenge that heritage—an expectation destined to keep our colleges and universities in the spotlight of public scrutiny and in the crucible of criticism.

Mission complexity is exemplified in the multiple mission expectations of teaching, research, public service, information storage and retrieval, continuing education and policy critique. None of these six mission expectations have outcomes that yield to a single data point performance evidence.

American colleges and universities constitute a system of both privilege and opportunity in which elitist and egalitarian impulses contend. It is a system in which the principle of autonomy, so essential in the pursuit of truth and in the nurture of democracy, is in dynamic tension with the principle of accountability, which is an antidote to professional arrogance and intellectual narrowness.

Adding to this complexity of mission are nuances of governance and culture. There are many stakeholders who could claim a legitimate voice in addressing questions of higher education purpose and performance: students, faculty, administrators, parents, civic friends and political officers, board members and alumni.

The concept of shared authority among this range of stakeholders and the tedious processes of consensus decision making add to the challenge of understanding colleges as organizations. They are messy composites of bureaucratic and collegial principles nestled in a political context. There is less giving of orders here and less use of raw positional authority—but there are moments when it is not only appropriate but essential for a board member or college administrator to say "Stop That!" or "You're fired!"

If appreciating mission and governance complexity were not a sufficient challenge, consider that conflict and argument are integral to the dynamic of colleges and universities. An organization whose mission embraces the unswerving search for truth, whose methods include the adversarial testing of ideas in public forum, whose spirit embraces a certain irreverence—such an organization will not expect its journey to be a tiptoe through the tulips.

If we may borrow a thought agenda from Neal Postman, American educational institutions are asked to serve many gods: the god of economic utility (get a job and be a competent worker), the god of consumership (spend money and acquire material possessions), the god of technology (use tools and be efficient), and the god of multiculturalism (accent and respect differences). Are these adequate gods?

No! American higher education should launch all who enter and exit our portals on a search for life's meaning. British scholar Bertrand Russell put it this way in his essay on Authority and the Individual. . .

> Men who boast of being what is called "practical are for the most part exclusively preoccupied with means. But theirs is only one half of wisdom. When we take account of the other half, which is concerned with ends, the economic process and the whole of life take on an entirely new aspect. We ask no longer: What have the producers produced and what has consumption enabled the consumers in

> their turn to produce? We ask instead: What has there been in the lives of the consumers and producers that makes them glad to be alive?"

Here also is an enterprise often criticized for its ponderous processes, a culture resisting change . . . but not making it impossible. Indeed, American management scholar Peter Drucker remarked that "No better text could be found for the History of Entrepreneurship than the creation and development of the modern university." There is something to be said for the andante majesty of higher education in change. Nurturing truth and talent is a long term work, whose success is not to be found in a neat balance sheet for the current quarter. It is a work largely of faith and optimism.

On this note, colleges and universities are hospitable to inquiries of both fact and faith. In *The Demon Haunted World* (1996), American scientist Carl Sagan presented science as a way of knowing that values openness and critical scrutiny of method and outcome. Sagan views science as a counterpoint to religion, where dissent can be seen as wickedness and questioning as an act of heresy and disobedience. Consider the fate of John Wycliffe and William Tyndale, progenitors of the English Bible—Wycliffe's bones disinterred from the grave and burned and Tyndale strangled and burned at the stake.

However, it was not science—not physics, chemistry or biology—that moved Nelson Mandela and others in South Africa to create The Truth and Reconciliation Commission once he was released from his apartheid driven, 27- year confinement in a South African prison to become Prime Minister of South Africa. Writing in *No Future without Forgiveness* (1999), Bishop Desmond Tutu described the extraordinary foundation of this Commission in works of public forgiveness for wrongful and mean acts committed under Apartheid. Replacing "eye for eye" justice with forgiveness in the new nation has to be one of the most extraordinary political acts of history. Nor was it science that led Martin Luther King to articulate and act on his dream for civil rights in America.

Understanding the sometimes contradictory culture of higher education is not made easier when we think about its outcomes. What test, what metric will serve to describe an "educated" man or woman? What value may we place on new truths and discoveries emerging from research laboratories? Where is the number to circumscribe adequately the economic and social impact of agricultural and industrial extension services? Will we use *U. S. News and World Report* college rankings as an outcome proxy for profit?

When my wife smiles at me or holds my hand, there is no meter or metric to measure this loving act. You will not convince me, however, that the absence of a number is an absence of meaning or reality. There is no number to mark the inner pleasure of an artist in full performance flow—whether athlete, musician, painter, or writer. You will not convince them that the joy of the moment is not real just because there is no number.

Colleges and universities constitute an organized assault on the perimeters of common sense and the bondage of superstition. In the corporate sector, policy accents center on the motive of self interest, the culture of competition, and the outcome of profit. In the collegiate sector, the accent is on seeking truth, on a culture of dissent and argument, and on the outcome of meaning and understanding.

Beyond personal development and truth seeking missions, American higher education is, as earlier noted, a guarantor of democracy and a guardian of liberty because higher education is an organized and continuous argument. Colleges and universities promote an open society—a place where each citizen is equipped and encouraged to think for him/her self, to challenge conventional wisdom, to frame critical questions—to be a dangerous person. Where is the metric that will furnish evidence of higher education's impact as a guarantor of an open society? Establishing colleges in the colonial area was an act of faith to keep the devil at bay. Today, keeping the flames of freedom and democracy alive is also an act of faith and not a cost benefit decision.

These reflections on outcomes are not intended as a retreat from our accountability duty to offer evidence on performance. We will need, however, multiple indicators and evidence to diagnose and demonstrate collegiate health and performance.

College is a place where we are invited to think about what brings meaning to our lives, what makes us glad to be alive. It is a place where the humanizing and elevating forces of curiosity and wonder are celebrated. It is a place for what T.E. Lawrence described as "dreamers of day:"

> *But the dreamers of day are dangerous men,*
> *That they may act their dreams with open*
> *Eyes to make it possible.*

What might the future of higher education look like? Will market pressures distort the search for truth in colleges and universities? Will faculty become hired hands and entrepreneurs rather than discoverers of truth and mentors of human promise? Will college presidents become captains of enterprise, the new CEOs, rather than leaders of learning and service? Will the house of intellect become a house of merchandise where faculty are salespeople hawking their wares to credential hungry students?

With all the complexity in mission and motive cited in these reflections, what provides the uniting force for the special and distinguishing character of American higher education? American higher education is a forum of fact and faith, where some truths reside in the numbers and some in the mist, but the search for truth is a uniting aspiration. It is a lively and often contentious argument over the nature of truth.

It is the home of our hope, where scholars labor to solve those problems that rob men and women of their dignity, their promise, and their joy. It is conservator of the record of our nobility and our barbarism. It is the theater of our artistic impulses. It is a forum where dissent over purpose and performance may be seen as evidence that higher education is meeting its responsibility for asking what is true, what is beautiful and what is just. It is a place where all—students, faculty, staff—are called to ask what brings meaning to their lives and makes them glad to be alive. It is, above all, a place where the humanizing force of our curiosity and wonder is celebrated. A place critical of conventional wisdom. A place hospitable to controversy. A place for dreamers of day.

To paraphrase Ecclesiastes, let us hear the conclusion of the whole matter. The first duty of those assembled here this evening is to understand and appreciate the special nature of the precious enterprise we hold in trust and its guarantor role in our democracy. The second is to be critical stewards, to frame and ask penetrating questions about purpose and performance. The final is to serve as exemplars of courage, nobility and honor.

Might our discharge of these duties be seen as a premier evidence on the performance accountability of our higher education system—as we are both product and trustee of the enterprise? I salute you as you invest your time, your talent, and your caring in West Virginia higher education. ◆

Although We Have Avoided the Worst, Difficult Challenges Still Lie Ahead

REFLECTIONS ON A YEAR OF CRISIS

Address by BEN S. BERNANKE, Chairman of the Board of Governors of the U.S. Federal Reserve

Delivered to the Federal Reserve Bank of Kansas City's Annual Economic Symposium, Jackson Hole, Wyoming, August 21, 2009

By the standards of recent decades, the economic environment at the time of this symposium one year ago was quite challenging. A year after the onset of the current crisis in August 2007, financial markets remained stressed, the economy was slowing, and inflation—driven by a global commodity boom—had risen significantly. What we could not fully appreciate when we last gathered here was that the economic and policy environment was about to become vastly more difficult. In the weeks that followed, several systemically critical financial institutions would either fail or come close to failure, activity in some key financial markets would virtually cease, and the global economy would enter a deep recession. My remarks this morning will focus on the extraordinary financial and economic events of the past year, as well as on the policy responses both in the United States and abroad.

One very clear lesson of the past year—no surprise, of course, to any student of economic history, but worth noting nonetheless—is that a full-blown financial crisis can exact an enormous toll in both human and economic terms. A second lesson—once again, familiar to economic historians—is that financial disruptions do not respect borders. The crisis has been global, with no major country having been immune.

History is full of examples in which the policy responses to financial crises have been slow and inadequate, often resulting ultimately in greater economic damage and increased fiscal costs. In this episode, by contrast, policymakers in the United States and around the globe responded with speed and force to arrest a rapidly deteriorating and dangerous situation. Looking forward, we must urgently address structural weaknesses in the financial system, in particular in the regulatory framework, to ensure that the enormous costs of the past two years will not be borne again.

When we met last year, financial markets and the economy were continuing to suffer the effects of the ongoing crisis. We know now that the National Bureau of Economic Research has determined December 2007 as the beginning of the recession. The U.S. unemployment rate had risen to 5-3/4 percent by July, about 1 percentage point above its level at the beginning of the crisis, and household spending was weakening. Ongoing declines in residential construction and house prices and rising mortgage defaults and foreclosures continued to weigh on the U.S. economy, and forecasts of prospective credit losses at financial institutions both here and abroad continued to increase. Indeed, one of the nation's largest thrift institutions, IndyMac, had recently collapsed under the weight of distressed mortgages, and investors continued to harbor doubts about the condition of the government-sponsored enterprises (GSEs) Fannie Mae and Freddie Mac, despite the approval by the Congress of open-ended support for the two firms.

Notwithstanding these significant concerns, however, there was little to suggest that market participants saw the financial situation as about to take a sharp turn for the worse. For example, although indicators of default risk such as interest rate spreads and quotes on credit default swaps remained well above historical norms, most such measures had declined from earlier peaks, in some cases by substantial amounts. And in early September, when the target for the federal funds rate was 2 percent, investors appeared to see little chance that the federal funds rate would be below 1-3/4 percent six months later. That is, as of this time last year, market participants evidently believed it improbable that significant additional monetary policy stimulus would be needed in the United States.

Nevertheless, shortly after our last convocation, the financial crisis intensified dramatically. Despite the steps that had been taken to support Fannie Mae and Freddie Mac, their condition continued to worsen. In early September, the companies' regulator placed both into conservatorship, and the Treasury used its recently enacted authority to provide the firms with massive financial support.

Shortly thereafter, several additional large U.S. financial firms also came under heavy pressure from creditors, counterparties, and customers. The Federal Reserve has consistently maintained the view that the disorderly failure of one or more systemically important institutions in the context of a broader financial crisis could have extremely adverse consequences for both the financial system and the economy. We have therefore spared no effort, within our legal authorities and in appropriate cooperation with other agencies, to avert such a failure. The case of the investment bank Lehman Brothers proved exceptionally difficult, however. Concerted government attempts to find a buyer for the company or to develop an industry solution proved unavailing, and the company's available collateral fell well short of the amount needed to secure a Federal Reserve loan of sufficient size to meet its funding needs. As the Federal Reserve cannot make an unsecured loan, and as the government as a whole lacked appropriate resolution authority or the ability to inject capital, the firm's failure was, unfortunately, unavoidable. The Federal Reserve and the Treasury were compelled to focus instead on mitigating the fallout from the failure, for example, by taking measures to stabilize the triparty repurchase (repo) market.

In contrast, in the case of the insurance company American International Group (AIG), the Federal Reserve judged that the company's financial and business assets were adequate to secure an $85 billion line of credit, enough to avert its imminent failure. Because AIG was counterparty to many of the world's largest financial firms, a significant borrower in the commercial paper market and other public debt markets, and a provider of insurance products to tens of millions of customers, its abrupt collapse likely would have intensified the crisis substantially further, at a time when the U.S. authorities had not yet obtained the necessary fiscal resources to deal with a massive systemic event.

The failure of Lehman Brothers and the near-failure of AIG were dramatic but hardly isolated events. Many prominent firms struggled to survive as confidence plummeted. The investment bank Merrill Lynch, under pressure in the wake of Lehman's failure, agreed to be acquired by Bank of America; the major thrift institution Washington Mutual was resolved by the Federal Deposit Insurance Corporation (FDIC) in an assisted transaction; and the large commercial bank Wachovia, after experiencing severe liquidity outflows, agreed to be sold. The two largest remaining free-standing investment banks, Morgan Stanley and Goldman Sachs, were stabilized when the Federal Reserve approved, on an emergency basis, their applications to become bank holding companies.

Nor were the extraordinary pressures on financial firms during September and early October confined to the United States: For example, on September 18, the U.K. mortgage lender HBOS, with assets of more than $1 trillion, was forced to merge with Lloyds TSB. On September 29, the governments of Belgium, Luxembourg, and the Netherlands effectively nationalized Fortis, a banking and insurance firm that had assets of around $1 trillion. The same day, German authorities provided assistance to Hypo Real Estate, a large commercial real estate lender, and the British government nationalized another mortgage lender, Bradford and Bingley. On the next day, September 30, the governments of Belgium, France, and Luxembourg injected capital into Dexia, a bank with assets of more than $700 billion, and the Irish government guaranteed the deposits and most other liabilities of six large Irish financial institutions. Soon thereafter, the Icelandic government, lacking the resources to rescue the three largest banks in that country, put them into receivership and requested assistance from the International Monetary Fund (IMF) and from other Nordic governments. In mid-October, the Swiss authorities announced a rescue package for UBS, one of the world's largest banks, that consisted of a capital injection and a purchase of assets.[1] The growing pressures were not limited to banks with significant exposure to U.S. or U.K real estate or to securitized assets. For example, unsubstantiated rumors circulated in late September that some large Swedish banks were having trouble rolling over wholesale deposits, and on October 13 the Swedish government announced measures to guarantee bank debt and to inject capital into banks.

The rapidly worsening crisis soon spread beyond financial institutions into the money and capital markets more generally. As a result of losses on Lehman's commercial paper, a prominent money market mutual fund announced on September 16 that it had "broken the buck"—that is, its net asset value had fallen below $1 per share. Over the subsequent several weeks, investors withdrew more than $400 billion from so-called prime money funds. Conditions in short-term funding markets, including the interbank market and the commercial paper market, deteriorated sharply. Equity prices fell precipitously, and credit risk spreads jumped. The crisis also began to affect countries that had thus far escaped its worst effects. Notably, financial markets in emerging market economies were whipsawed as a flight from risk led capital inflows to those countries to swing abruptly to outflows.

Authorities in the United States and around the globe moved quickly to respond to this new phase of the crisis, although the details differed according to the character of financial systems. The financial system of the United States gives a much greater role to financial markets and to nonbank financial institutions than is the case in most other nations, which rely primarily on banks. Thus, in the United States, a wider variety of policy measures was needed than in some other nations.

In the United States, the Federal Reserve established new liquidity facilities with the goal of restoring basic functioning in various critical markets. Notably, on September 19, the Fed announced the creation of a facility aimed at stabilizing money market mutual funds, and the Treasury unveiled a temporary insurance program for those funds. On October 7, the Fed announced the creation of a backstop commercial paper facility, which stood ready to lend against highly rated commercial paper for a term of three months. Together, these steps helped stem the massive outflows from the money market mutual funds and stabilize the commercial paper market.

During this period, foreign commercial banks were a source of heavy demand for U.S. dollar funding, thereby putting additional strain on global bank funding markets, including U.S. markets, and further squeezing credit availability in the United States. To address this problem, the Federal Reserve expanded the temporary swap lines that had been established earlier with the European Central Bank (ECB) and the Swiss National Bank, and established new temporary swap lines with seven other central banks in September and five more in late October, including four in emerging market economies. In further coordinated action, on October 8, the Federal Reserve and five other major central banks simultaneously cut their policy rates by 50 basis points.

The failure of Lehman Brothers demonstrated that liquidity provision by the Federal Reserve would not be sufficient to stop the crisis; substantial fiscal resources were necessary. On October 3, on the recommendation of the Administration and with the strong support of the Federal Reserve, the Congress approved the creation of the Troubled Asset Relief Program, or TARP, with a maximum authorization of $700 billion to support the stabilization of the U.S. financial system.

Markets remained highly volatile and pressure on financial institutions intense through the first weeks of October. On October 10, in what would prove to be a watershed in the global policy response, the Group of Seven (G-7) finance ministers and central bank governors, meeting in Washington, committed in a joint statement to work together to stabilize the global financial system. In particular, they agreed to prevent the failure of systemically important financial institutions; to ensure that financial institutions had adequate access to funding and capital, including public capital if necessary; and to put in place deposit insurance and other guarantees to restore the confidence of depositors. In the following days, many countries around the world announced comprehensive rescue plans for their banking systems that built on the G-7 principles. To stabilize funding, during October more than 20 countries expanded their deposit insurance programs, and many also guaranteed nondeposit liabilities of banks. In addition, amid mounting concerns about the solvency of the global banking system, by the end of October more than a dozen countries had announced plans to inject public capital into banks, and several announced plans to purchase or guarantee bank assets. The comprehensive U.S. response, announced on October 14, included capital injections into both large and small banks by the Treasury; a program which allowed banks and bank holding companies, for a fee, to issue FDIC-guaranteed senior debt; the extension of deposit insurance to all noninterest-bearing transactions deposits, of any size; and the Federal Reserve's continued commitment to provide liquidity as necessary to stabilize key financial institutions and markets.

This strong and unprecedented international policy response proved broadly effective. Critically, it averted the imminent collapse of the global financial system, an outcome that seemed all too possible to the finance ministers and central bankers that gathered in Washington on October 10. However, although the intensity of the crisis moderated and the risk of systemic collapse declined in the wake of the policy response, financial conditions remained highly stressed. For example, although short-term funding spreads in global markets began to turn down in October, they remained elevated into this year. And, although generalized pressures on financial institutions subsided somewhat, government actions to prevent the disorderly failures of individual, systemically significant institutions continued to be necessary. In the United States, support packages were announced for Citigroup in November and Bank of America in January. Broadly similar support packages were also announced for some large European institutions, including firms in the United

Kingdom and the Netherlands.

Although concerted policy actions avoided much worse outcomes, the financial shocks of September and October nevertheless severely damaged the global economy—starkly illustrating the potential effects of financial stress on real economic activity. In the fourth quarter of 2008 and the first quarter of this year, global economic activity recorded its weakest performance in decades. In the United States, real GDP plummeted at nearly a 6 percent average annual pace over those two quarters—an even sharper decline than had occurred in the 1981-82 recession. Economic activity contracted even more precipitously in many foreign economies, with real GDP dropping at double-digit annual rates in some cases. The crisis affected economic activity not only by pushing down asset prices and tightening credit conditions, but also by shattering household and business confidence around the world.

In response to these developments, the Federal Reserve expended the remaining ammunition in the traditional arsenal of monetary policy, bringing the federal funds rate down, in steps, to a target range of 0 to 25 basis points by mid-December of last year. It also took several measures to further supplement its traditional arsenal. In particular, on November 25, the Fed announced that it would purchase up to \$100 billion of debt issued by the housing-related GSEs and up to \$500 billion of agency-guaranteed mortgage-backed securities, programs that were expanded substantially and augmented by a program of purchases of Treasury securities in March. The goal of these purchases was to provide additional support to private credit markets, particularly the mortgage market. Also on November 25, the Fed announced the creation of the Term Asset-Backed Securities Loan Facility (TALF). This facility aims to improve the availability and affordability of credit for households and small businesses and to help facilitate the financing and refinancing of commercial real estate properties. The TALF has shown early success in reducing risk spreads and stimulating new securitization activity for assets included in the program.

Foreign central banks also cut policy rates to very low levels and implemented unconventional monetary measures. For example, the Bank of Japan began purchasing commercial paper in December and corporate bonds in January. In March, the Bank of England announced that it would purchase government securities, commercial paper, and corporate bonds, and the Swiss National Bank announced that it would purchase corporate bonds and foreign currency. For its part, the ECB injected more than 400 billion of one-year funds in a single auction in late June. In July, the ECB began purchasing covered bonds, which are bonds that are issued by financial institutions and guaranteed by specific asset pools. Actions by central banks augmented large fiscal stimulus packages in the United States, China, and a number of other countries.

On February 10, Treasury Secretary Geithner and the heads of the federal banking agencies unveiled the outlines of a new strategy for ensuring that banking institutions could continue to provide credit to households and businesses during the financial crisis. A central component of that strategy was the exercise that came to be known as the bank stress test.[11] Under this initiative, the banking regulatory agencies undertook a forward-looking, simultaneous evaluation of the capital positions of 19 of the largest bank holding companies in the United States, with the Treasury committing to provide public capital as needed. The goal of this supervisory assessment was to ensure that the equity capital held by these firms was sufficient—in both quantity and quality—to allow those institutions to withstand a worse-than-expected macroeconomic environment over the subsequent two years and yet remain healthy and capable of lending to creditworthy borrowers. This exercise, unprecedented in scale and scope, was led by the Federal Reserve in cooperation with the Office of the Comptroller of the Currency and the FDIC. Importantly, the agencies' report made public considerable information on the projected losses and revenues of the 19 firms, allowing private analysts to judge for themselves the credibility of the exercise. Financial market participants responded favorably to the announcement of the results, and many of the tested banks were subsequently able to tap public capital markets.

Overall, the policy actions implemented in recent months have helped stabilize a number of key financial markets, both in the United States and abroad. Short-term funding markets are functioning more normally, corporate bond issuance has been strong, and activity in some previously moribund securitization markets has picked up. Stock prices have partially recovered, and U.S. mortgage rates have declined markedly since last fall. Critically, fears of financial collapse have receded substantially. After contracting sharply over the past year, economic activity appears to be leveling out, both in the United States and abroad, and the prospects for a return to growth in the near term appear good. Notwithstanding this noteworthy progress, critical challenges remain: Strains persist in many financial markets across the globe, financial institutions face significant additional losses, and many businesses and households continue to experience considerable difficulty gaining access to credit. Because of these and other factors, the economic recovery is likely to be relatively slow at first, with unemployment declining only gradually from high levels.

How should we interpret the extraordinary events of the past year, particularly the sharp intensification of the financial crisis in September and October? Certainly, fundamentals played a critical role in triggering those events. As I noted earlier, the economy was already in recession, and it had weakened further over the summer.

The continuing dramatic decline in house prices and rising rates of foreclosure raised serious concerns about the values of mortgage-related assets, and thus about large potential losses at financial institutions. More broadly, investors remained distrustful of virtually all forms of private credit, especially structured credit products and other complex or opaque instruments.

At the same time, however, the events of September and October also exhibited some features of a classic panic, of the type described by Bagehot and many others. A panic is a generalized run by providers of short-term funding to a set of financial institutions, possibly resulting in the failure of one or more of those institutions. The historically most familiar type of panic, which involves runs on banks by retail depositors, has been made largely obsolete by deposit insurance or guarantees and the associated government supervision of banks. But a panic is possible in any situation in which longer-term, illiquid assets are financed by short-term, liquid liabilities, and in which suppliers of short-term funding either lose confidence in the borrower or become worried that other short-term lenders may lose confidence. Although, in a certain sense, a panic may be collectively irrational, it may be entirely rational at the individual level, as each market participant has a strong incentive to be among the first to the exit.

Panics arose in multiple contexts last year. For example, many financial institutions, notably including the independent investment banks, financed a portion of their assets through short-term repo agreements. In repo agreements, the asset being financed serves as collateral for the loan, and the maximum amount of the loan is the current assessed value of the collateral less a haircut. In a crisis, haircuts typically rise as short-term lenders attempt to protect themselves from possible declines in asset prices. But this individually rational behavior can set off a run-like dynamic: As high haircuts make financing portfolios more difficult, some borrowers may have no option but to sell assets into illiquid markets. These forced sales drive down asset prices, increase volatility, and weaken the financial positions of all holders of similar assets, which in turn increases the risks borne by repo lenders and thus the haircuts they demand. This unstable dynamic was apparent around the time of the near-failure of Bear Stearns in March 2008, and haircuts rose particularly sharply during the worsening of the crisis in mid-September. As we saw last fall, when a vicious funding spiral of this sort is at work, falling asset prices and the collapse of lender confidence may create financial contagion, even between firms without significant counterparty relationships. In such an environment, the line between insolvency and illiquidity may be quite blurry.

Panic-like phenomena occurred in other contexts as well. Structured investment vehicles and other asset-backed programs that relied heavily on the commercial paper market began to have difficulty rolling over their short-term funding very early in the crisis, forcing them to look to bank sponsors for liquidity or to sell assets. Following the Lehman collapse, panic gripped the money market mutual funds and the commercial paper market, as I have discussed. More generally, during the crisis runs of uninsured creditors have created severe funding problems for a number of financial firms. In some cases, runs by creditors were augmented by other types of "runs"—for example, by prime brokerage customers of investment banks concerned about the funds they held in margin accounts. Overall, the role played by panic helps to explain the remarkably sharp and sudden intensification of the financial crisis last fall, its rapid global spread, and the fact that the abrupt deterioration in financial conditions was largely unforecasted by standard market indicators.

The view that the financial crisis had elements of a classic panic, particularly during its most intense phases, has helped to motivate a number of the Federal Reserve's policy actions. Bagehot instructed central banks—the only institutions that have the power to increase the aggregate liquidity in the system—to respond to panics by lending freely against sound collateral. Following that advice, from the beginning of the crisis the Fed (like other central banks) has provided large amounts of short-term liquidity to financial institutions. As I have discussed, it also provided backstop liquidity support for money market mutual funds and the commercial paper market and added significant liquidity to the system through purchases of longer-term securities. To be sure, the provision of liquidity alone can by no means solve the problems of credit risk and credit losses; but it can reduce liquidity premiums, help restore the confidence of investors, and thus promote stability. It is noteworthy that the use of Fed liquidity facilities has declined sharply since the beginning of the year—a clear market signal that liquidity pressures are easing and market conditions are normalizing.

What does this perspective on the crisis imply for future policies and regulatory reforms? We have seen during the past two years that the complex interrelationships among credit, market, and funding risks of key players in financial markets can have far-reaching implications, particularly during a general crisis of confidence. In particular, the experience has underscored that liquidity risk management is as essential as capital adequacy and credit and market risk management, particularly during times of intense financial stress. Both the Basel Committee on Banking Supervision and the U.S. bank regulatory agencies have recently issued guidelines for strengthening liquidity risk management at financial institutions. Among other objectives, liquidity guidelines must take into account the risks that inadequate liquidity planning by major financial firms pose for the broader financial system, and they must ensure that these firms do not become excessively reliant on liquidity support from the central bank.

But liquidity risk management at the level of the firm, no matter how carefully done, can never fully protect against systemic events. In a sufficiently severe panic, funding problems will almost certainly arise and are likely to spread in unexpected ways. Only central banks are well positioned to offset the ensuing sharp decline in liquidity and credit provision by the private sector. They must be prepared to do so.

The role of liquidity in systemic events provides yet another reason why, in the future, a more systemwide or macroprudential approach to regulation is needed. The hallmark of a macroprudential approach is its emphasis on the interdependencies among firms and markets that have the potential to undermine the stability of the financial system, including the linkages that arise through short-term funding markets and other counterparty relationships, such as over-the-counter derivatives contracts. A comprehensive regulatory approach must examine those interdependencies as well as the financial conditions of individual firms in isolation.

Since we last met here, the world has been through the most severe financial crisis since the Great Depression. The crisis in turn sparked a deep global recession, from which we are only now beginning to emerge.

As severe as the economic impact has been, however, the outcome could have been decidedly worse. Unlike in the 1930s, when policy was largely passive and political divisions made international economic and financial cooperation difficult, during the past year monetary, fiscal, and financial policies around the world have been aggressive and complementary. Without these speedy and forceful actions, last October's panic would likely have continued to intensify, more major financial firms would have failed, and the entire global financial system would have been at serious risk. We cannot know for sure what the economic effects of these events would have been, but what we know about the effects of financial crises suggests that the resulting global downturn could have been extraordinarily deep and protracted.

Although we have avoided the worst, difficult challenges still lie ahead. We must work together to build on the gains already made to secure a sustained economic recovery, as well as to build a new financial regulatory framework that will reflect the lessons of this crisis and prevent a recurrence of the events of the past two years. I hope and expect that, when we meet here a year from now, we will be able to claim substantial progress toward both those objectives. ◆

Talking Afghanistan Strategy with the Veterans of Foreign Wars

THE STORY OF YOUR SERVICE

Address by BARACK OBAMA, President of the United States

Address to the VFW National Convention, Orlando, Florida, August 17, 2009

Thank you. Please, be seated. Thank you so much. Commander Gardner, thank you for your introduction and for your lifetime of service. I was proud to welcome Glen and your executive director, Bob Wallace, to the Oval Office just before the 4th of July, and I look forwarding to working with your next commander, Tommy Tradewell.

I want to also acknowledge Jean Gardner and Sharon Tradewell, as well as Dixie Hild and Jan Title and all the spouses and family of the Ladies Auxiliary. America honors your service as well.

Also Governor Jan Brewer is here, of Arizona; and Mayor Phil Gordon, our host here in Phoenix. I want to acknowledge President—Dr. Joe Shirley, Jr., President of the Navajo Nation. And this wasn't on my original card, but this is just an extraordinary story and you may have already heard from her, but I just want to publicly acknowledge and thank Ms. Helen Denton the secretary to Dwight Eisenhower—who typed up the orders for the Normandy invasion and is here today, and what an extraordinary story that is.

Members of the Veterans of Foreign Wars, I am honored and humbled to stand before you as Commander-in-Chief of the finest military the world has ever known. And we're joined by some of those who make it the finest force in world—from Luke Air Force Base, members of the 56th Fighter Wing.

Whether you wear the uniform today, or wore it decades ago, you remind us of a fundamental truth. It's not the powerful weapons that make our military the strongest in the world. It's not the sophisticated systems that make us the most advanced. The true strength of our military lies in the spirit and skill of our men and women in uniform. And you know this.

You know this because it's the story of your lives. When fascism seemed unstoppable and our harbor was bombed, you battled across rocky Pacific islands and stormed the beaches of Europe, marching across a continent—my own grandfather and uncle among your ranks—liberating millions and turning enemies into allies.

When communism cast its shadow across so much of the globe, you stood vigilant in a long Cold War—from an airlift in Berlin to the mountains of Korea to the jungles of Vietnam. When that Cold War ended and old hatreds emerged anew, you turned back aggression from Kuwait to Kosovo.

And long after you took off the uniform, you've continued to serve: supporting our troops and their families when they go to war and welcoming them when they come home; working to give our veterans the care they deserve; and when America's heroes are laid to rest, giving every one of them that final fitting tribute of a grateful nation. We can never say it enough: For your service in war and in peace, thank you VFW. Thank you.

Today, the story of your service is carried on by a new generation—dedicated, courageous men and women who I have the privilege to lead and meet every day.

They're the young sailors, the midshipmen at the Naval Academy, who raised their right hand at graduation and committed themselves to a life of service. They're the soldiers I met in Baghdad who have done their duty, year after year, on a second, third or fourth tour. They're the Marines of Camp Lejeune, preparing to deploy and now serving in Afghanistan to protect Americans here at home. They're the airmen, like those here today, who provide the close air support that saves the lives of our troops on the ground. They're the wounded warriors—at Landstuhl and Walter Reed and Bethesda and across America—for whom the battle is not to fight, but simply to speak, to stand, to walk once more. They're the families that my wife Michelle has met at bases across the country. The spouses back home doing the parenting of two, the children who wonder when mom and dad may be coming home; the parents who watch their sons and daughters go off to war; and the families who lay a loved one to rest—and the pain that lasts a lifetime.

To all those who have served America—our forces, your families, our veterans—you have done your duty. You have fulfilled your responsibilities. And now a grateful nation must fulfill ours. And that is what I want to talk about today.

First, we have a solemn responsibility to always lead our men and women in uniform wisely. And that starts with a vision of American leadership that recognizes that military power alone cannot be the first or only answer to the threats facing our nation.

In recent years, our troops have succeeded in every mission America has given them, from toppling the Taliban to deposing a dictator in Iraq to battling brutal insurgencies. At the same time, forces trained for war have been called upon to perform a whole host of missions. Like mayors, they've run local governments and delivered water and electricity. Like aid workers, they've mentored farmers and built new schools. Like diplomats, they've negotiated agreements with tribal sheikhs and local leaders.

But let us never forget we are a country of more than 300 million Americans. Less than 1 percent wears the uniform. And that 1 percent—our soldiers, sailors, airmen, Marines and Coast Guardsmen—have borne the overwhelming burden of our security. In fact, perhaps never in American history have so few protected so many.

So the responsibility for our security must not be theirs alone. That is why I have made it a priority to enlist all elements of our national power in defense of our national security—our diplomacy and development, our economic might and our moral example, because one of the best ways to lead our troops wisely is to prevent the conflicts that cost American blood and treasure tomorrow.

As President, my greatest responsibility is the security and safety of the American people. As I've said before, that is the first thing I think about when I wake up in the morning, it's the last thing that I think about when I go to sleep at night. And I will not hesitate to use force to protect the American people or our vital interests.

But as we protect America, our men and women in uniform must always be treated as what they are: America's most precious resource. As Commander-in-Chief, I have a solemn responsibility for their safety. And there is nothing more sobering than signing a letter of condolence to the family of servicemen or women who have given their lives for our country.

And that's why I have made this pledge to our armed forces: I will only send you into harm's way when it is absolutely necessary. And when I do, it will be based on good intelligence and guided by a sound strategy. I will give you a clear mission, defined goals, and the equipment and support you need to get the job done. That's my commitment to you.

Which brings me to our second responsibility to our armed forces—giving them the resources and equipment and strategies to meet their missions. We need to keep our military the best-trained, the best-led, the best-equipped fighting force in the world. And that's why, even with our current economic challenges, my budget increases defense spending.

We will ensure that we have the force structure to meet today's missions. And that's why we've increased the size of the Army and the Marine Corps two years ahead of schedule and have approved another temporary increase in the Army. And we've halted personnel reductions in the Navy and Air Force. And this will give our troops more time home between deployments, which means less stress on families and more training for the next mission. And it will help us put an end, once and for all, to stop-loss for those who've done their duty.

We will equip our forces with the assets and technologies they need to fight and win. So my budget funds more of the Army helicopters, crews, and pilots urgently needed in Afghanistan; the intelligence, surveillance, and reconnaissance that gives our troops the advantage; the special operations forces that can deploy on a moment's notice; and for all those serving in Afghanistan and Iraq, including our National Guard and Reserve, more of the protective gear and armored vehicles that save lives.

As we fight in two wars, we will plan responsibly, budget honestly, and speak candidly about the costs and consequences of our actions. And that's why I've made sure my budget includes the cost of the wars in Iraq and Afghanistan.

In Iraq, after more than six years, we took an important step forward in June. We transferred control of all cities and towns to Iraq's security forces. The transition to full Iraqi responsibility for their own security is now underway. This progress is a testament to all those who have served in Iraq, both uniformed and civilian. And our nation owes these Americans—and all who have given their lives—a profound debt of gratitude.

Now, as Iraqis take control of their destiny, they will be tested and targeted. Those who seek to sow sectarian division will attempt more senseless bombings and more killing of innocents. This we know.

But as we move forward, the Iraqi people must know that the United States will keep its commitments. And the American people must know that we will move forward with our strategy. We will begin removing our combat brigades from Iraq later this year. We will remove all our combat brigades by the end of next August. And we will remove all our troops from Iraq by the end of 2011. And for America, the Iraq war will end.

By moving forward in Iraq, we're able to refocus on the war against al Qaeda and its extremist allies in Afghanistan and Pakistan. That's why I announced a new, comprehensive strategy in March—a strategy that recognizes that al Qaeda and its allies had moved their base from the remote, tribal areas—to the remote, tribal areas of Pakistan. This strategy acknowledges that military power alone will not win this war—that we also need diplomacy and development and good governance. And our new strategy has a clear mission and defined goals: to disrupt, dismantle, and defeat al Qaeda and its extremist allies.

In the months since, we have begun to put this comprehensive strategy into action. And in recent weeks, we've seen our troops do their part. They've gone into new areas—taking the fight to the Taliban in villages and towns where residents have been terrorized for years. They're adapting new tactics, knowing that it's not enough to kill extremists and terrorists; we also need to protect the Afghan people and improve their daily lives. And today, our troops are helping to secure polling places for this week's election so that Afghans can choose the future that they want.

Now, these new efforts have not been without a price. The fighting has been fierce. More Americans have given their lives. And as always, the thoughts and prayers of every American are with those who make the ultimate sacrifice in our defense.

As I said when I announced this strategy, there will be more difficult days ahead. The insurgency in Afghanistan didn't just happen overnight and we won't defeat it overnight. This will not be quick, nor easy. But we must never forget: This is not a war of choice. This is a war of necessity. Those who attacked America on 9/11 are plotting to do so again. If left unchecked, the Taliban insurgency will mean an even larger safe haven from which al Qaeda would plot to kill more Americans. So this is not only a war worth fighting. This is a—this is fundamental to the defense of our people.

And going forward, we will constantly adapt to new tactics to stay ahead of the enemy and give our troops the tools and equipment they need to succeed. And at every step of the way, we will assess our efforts to defeat al Qaeda and its extremist allies, and to help the Afghan and Pakistani people build the future that they seek.

Now, even as we lead and equip our troops for the missions of today, we have a third responsibility to fulfill. We must prepare our forces for the missions of tomorrow.

Our soldiers, sailors, airmen, Marines, and Coast Guardsmen adapt to new challenges every day. But as we know, much of our defense establishment has yet to fully adapt to the post-Cold War world, with doctrine and weapons better suited to fight the Soviets on the plains of Europe than insurgents in the rugged terrain of Afghanistan. Twenty years after the Cold War ended, this is simply not unacceptable. It's irresponsible. Our troops, and our taxpayers, deserve better.

And that's why—that's why our defense review is taking a top-to-bottom look at our priorities and posture, questioning conventional wisdom, rethinking old dogmas and challenging the status quo. We're asking hard questions about the forces we need and the weapons we buy. And when we're finished, we'll have a new blueprint for the 21st-century military that we need. And in fact, we're already on our way.

We're adopting new concepts—because the full spectrum of challenges demands a full range of military capabilities—both the conventional and the unconventional, the ability to defeat both an armored division and the lone suicide bomber; the intercontinental ballistic missile and the improvised explosive device; 18th-century-style piracy and 21st-century cyber threats. No matter the mission, we must maintain America's military dominance.

So even as we modernize our conventional forces, we're investing in the capabilities that will reorient our force to the future—an Army that is more mobile and expeditionary and missile defenses that protect our troops in the field; a Navy that not only projects power across the oceans but operates nimbly in shallow, coastal waters; an Air Force that dominates the airspace with next-generation aircraft, both manned and unmanned; a Marine Corps that can move ashore more rapidly in more places.

And across the force, we're investing in new skills and specialties, because in the 21st century, military strength will be measured not only by the weapons our troops carry, but by the languages they speak and the cultures that they understand.

But here's the simple truth: We cannot build the 21st-century military we need, and maintain the fiscal responsibility that America demands, unless we fundamentally reform the way our defense establishment does business. It's a simple fact. Every dollar wasted in our defense budget is a dollar we can't spend to care for our troops or protect America or prepare for the future.

You've heard the stories: the indefensible no-bid contracts that cost taxpayers billions and make contractors rich; the special interests and their exotic projects that are years behind schedule and billions over budget; the entrenched lobbyists pushing weapons that even our military says it doesn't want. The impulse in Washington to protect jobs back home building things we don't need has a cost that we can't afford.

This waste would be unacceptable at any time, but at a time when we're fighting two wars and facing a serious deficit, it's inexcusable. It's an affront to the American people and to our troops. And it's time for it to stop. And this is not a Democratic issue or a Republican issue.

This is not a Democratic issue or a Republican issue—it's about giving our troops the support that they need. And that's something that all Americans should be able to agree to. So I'm glad I have as a partner in this effort a great veteran, a great Arizonan, and a great American who has shown the courage to stand and fight this waste—Senator John McCain. And I'm also proud to have Secretary of Defense Robert Gates, who has served under eight Presidents of both parties, leading this fight at the Pentagon.

So already I've put an end to unnecessary no-bid contracts. I've signed bipartisan legislation to reform defense procurement so weapons systems don't spin out of control. And even as we increase spending on the equipment and weapons our troops do need, we've proposed cutting tens of billions of dollars in waste we don't need.

Think about it. Hundreds of millions of dollars for an alternate second engine for the Joint Strike Fighter—when one reliable engine will do just fine. Nearly $2 billion to buy more F-22 fighter jets—when we can move ahead with a fleet of newer, more affordable aircraft. Tens of billions of dollars to put an anti-missile laser on a fleet of vulnerable 747s.

And billions of dollars for a new presidential helicopter. Now, maybe you've heard about this. Among its other capabilities, it would let me cook a meal while under nuclear attack. Now, let me tell you something, if the United States of America is under nuclear attack, the last thing on my mind will be whipping up a snack.

So this is pretty straightforward: Cut the waste. Save taxpayer dollars. Support the troops. That's what we should be doing. The special interests, contractors, and entrenched lobbyists, they're invested in the status quo. And they're putting up a fight. But make no mistake, so are we. If a project doesn't support our troops, if it does not make America safer, we will not fund it. If a system doesn't perform, we will terminate it. And if Congress sends me a defense bill loaded with a bunch of pork, I will veto it. We will do right by our troops and taxpayers, and we will build the 21st century military that we need.

Finally, we will fulfill our responsibility to those who serve by keeping our promises to our people. We will fulfill our responsibility to our forces and our families. That's why we're increasing military pay. That's why we're building better family housing and funding more childcare and counseling to help families cope with the stresses of war. And we've changed the rules so military spouses can better compete for federal jobs and pursue their careers.

We will fulfill our responsibility to our wounded warriors. For those still in uniform, we're investing billions of dollars for more treatment centers, more case managers and better medical care so our troops can recover and return where they want to be—with their units.

But as the VFW well knows, for so many veterans the war rages on—the flashbacks that won't go away, the loved ones who now seem like strangers, the heavy darkness of depression that has led to too many of our troops taking their own lives. Post-Traumatic Stress and Traumatic Brain Injury are the defining injuries of today's wars. So caring for those affected by them is a defining purpose of my budget—billions of dollars more for treatment and mental health screenings to reach our troops on the frontier—on the frontlines and more mobile and rural clinics to reach veterans back home. We are not going to abandon these American heroes. We are going to do right by them.

We will fulfill our responsibility to our veterans as they return to civilian life. I was proud to co-sponsor the Post-9/11 GI Bill as a senator. And thanks to VFW members across the country—and leaders like Arizona's Harry Mitchell in Congress—it is now the law of the land. And as President, I'm committed to seeing that it is successfully implemented.

For so many of you, like my grandfather, the original GI Bill changed your life—helping you to realize your dreams. But it also transformed America, helping to build the largest middle class in history. We're saying the same thing to today's post-9/11 veterans: You pick the school, we'll help pick up the bill.

And as these veterans show—start showing up on campuses, I'm proud that we're making this opportunity available to all those who have sacrificed, including Reservists and National Guard members and spouses and children, including kids who've lost their mom or dad. In an era when so many people and institutions have acted irresponsibly, we choose to reward the responsibility and service of our forces and their families.

Whether you've left the service in 2009 or 1949, we will fulfill our responsibility to deliver the benefits and care that you earned. And that's why I've pledged to build nothing less than a 21st-century VA. And I picked a lifelong soldier and wounded warrior from Vietnam to lead this fight, General Ric Shinseki.

We're dramatically increasing funding for veterans health care. This includes hundreds of millions of dollars to serve veterans in rural areas, as well as the unique needs of our growing number of women veterans. We're restoring access to VA health care for a half-million veterans who lost their eligibility in recent years—our Priority 8 veterans.

And since there's been so much misinformation out there about health insurance reform, let me say this: One thing that reform won't change is veterans' health care. No one is going to take away your benefits—that is the plain and simple truth. We're expanding access to your health care, not reducing it.

We're also keeping our promise on concurrent receipt. My budget ensures that our severely disabled veterans will receive both their military retired pay and their VA disability benefits. And I look forward to signing legislation on advanced appropriations for the VA so the medical care you need is never held up by budget delays.

I've also directed Secretary Shinseki to focus on a top priority—reducing homelessness among veterans. After serving their country, no veteran should be sleeping on the streets. No veteran. We should have zero tolerance for that.

And we're keeping our promise to fulfill another top priority at the VA—cutting the red tape and inefficiencies that cause backlogs and delays in the claims process. This spring, I directed the Department of Defense and Veterans Affairs to create one unified lifetime electronic health record for the members of the armed forces—a single electronic record, with privacy guaranteed, that will stay with them forever. Because after fighting for America, you should not have to fight over paperwork to receive the benefits that you've earned.

Today, I can announce that we're taking another step. I've directed my Chief Performance Officer, my Chief Technology Officer and my Chief Information Officer to join with Secretary Shinseki in a new reform effort. We're launching a new competition to capture the very best ideas of our VA employees who work with you every day.

We're going to challenge each of our 57 regional VA offices to come up with the best ways of doing business, of harnessing the best information technologies, of cutting red tape and breaking through the bureaucracy. And then we're going to fund the best ideas and put them into action, all with a simple mission: cut those backlogs, slash those wait times, deliver your benefits sooner. I know you've heard this for years, but the leadership and resources we're providing this time means that we're going to be able to do it. That is our mission, and we are going to make it happen.

Now, taken together, these investments represent a historic increase in our commitment to America's veterans—a 15 percent increase over last year's funding levels and the largest increase in the VA budget in more than 30 years. And over the next five years we'll invest another $25 billion to make sure that our veterans are getting what they need.

These are major investments, and these are difficult times. Fiscal discipline demands that we make hard decisions—sacrificing certain things we can't afford. But let me be clear. America's commitment to its veterans are not just lines on a budget. They are bonds that are sacred—a sacred trust we're honor bound to uphold.

These are commitments that we make to the patriots who serve—from the day they enlist to the day that they are laid to rest. Patriots like you. Patriots like a man named Jim Norene.

His story is his own, but in it we see the larger story of all who serve. He's a child of the Depression who grew up to join that greatest generation; a paratrooper in the 502nd Parachute Infantry Regiment of the 101st Airborne; jumping in a daring daylight raid into Holland to liberate captive people; rushing to Bastogne at the Battle of the Bulge where his commanding general—surrounded by the Germans and asked to surrender—declared, famously, "Nuts."

For his bravery, Jim was awarded the Bronze Star. But like so many others, he rarely spoke of what he did or what he saw—reminding us that true love of country is not boisterous or loud but, rather, the "tranquil and steady dedication of a lifetime."

Jim returned home and built a life. He went to school on the GI Bill. He got married. He raised a family in his small Oregon farming town. And every Veterans Day, year after year, he visited schoolchildren to speak about the meaning of service. And he did it all as a proud member of the Veterans of Foreign Wars.

Then, this spring, Jim made a decision. He would return to Europe once more. Eighty-five years old, frail and gravely ill, he knew he might not make it back home. But like the paratrooper he always was, he was determined.

So near Bastogne, he returned to the places he knew so well. At a Dutch town liberated by our GIs, schoolchildren lined the sidewalks and sang The Star-Spangled Banner. And in the quiet clearing of an American cemetery, he walked among those perfect lines of white crosses of fellow soldiers who had fallen long ago, their names forever etched in stone.

And then, back where he had served 65 years before, Jim

Norene passed away, at night, in his sleep, quietly, peacefully—the "tranquil and steady dedication of a lifetime."

The next day, I was privileged to join the commemoration at Normandy to mark the day when the beaches were stormed and a continent was freed. There were Presidents and prime ministers and veterans from the far corners of the earth. But long after the bands stopped playing and the crowds stopped cheering, it was the story of a departed VFW member that echoed in our hearts.

Veterans of Foreign Wars, you have done your duty—to your fallen comrades, to your communities, to your country. You have always fulfilled your responsibilities to America. And so long as I am President of the United States, America will always fulfill its responsibilities to you.

God bless you. God bless all our veterans. And God bless the United States of America. Thank you very much. ◆

The Secret History of Women

WHAT WOMEN NEED TO KNOW ABOUT THEIR HISTORY

Address by JULIE HUGHES JONES, retired Arkansas State Auditor and author of *The Secret History of Weeds*

Delivered at the St. Johns County Public Library, Beaches Branch, St. Augustine Beach, Florida, August 19, 2009

It is my pleasure to be here with such a delightful group of library patrons. The secret history of women is my topic today, and is an appropriate subject because we celebrate the 89th anniversary of Women's Suffrage on August 26.

You may be wondering right now just what is secret about women in history. The answer to that question is shocking because women have been excluded from the historical story until recent decades. Queens and other prominent females have not been left out, but there are certain archetypes and standards that historians have used to portray even those women. Today I will reveal four of those concepts from history that have been appropriated as descriptive of all women.

As a preface, it is useful to remember that we live in a world where the daily focus is, and has always been, placed on male achievement and male images in religion, politics and business. Females not only continue to be viewed as inferior, but we sense we are not valued in the way that males are.

The truth is, as you will see, that women have not been just incidental to world cultures, but we have actually been such an integral part that I felt compelled to develop this topic into a book. By tying together widely scattered known information, I have learned there is no logical basis for the official disregard of women's presence in history. Certainly there is no basis for the "woman is inferior" belief carried down throughout the ages.

Martin Luther is partly responsible for my writing this book because he told a group gathered around his kitchen table in 1533: "Girls begin to talk and to stand on their feet sooner than boys because weeds grow faster than good crops." Recognizing that "weeds" is Luther's metaphor for females did not alleviate the discomfort I felt in being called a weed. I simply wanted to know why he said such a thing.

I discovered in my research that Luther's reflection was, and continues to be, the echo of ancient philosophical and theological conjecture about female inferiority in mind, body, and, yes, even in soul. Luther was primed to believe this fallacy by centuries of both great and small minds that came before him.

Although Luther is credited in history with changing the course of Western civilization by dividing Christianity into Catholic and Protestant, he cannot be held responsible for designating the female as inferior to the male. More than 20 centuries before Luther compared girls to "weeds," the classical belief of female inferiority was already firmly established in antiquity.

The four patterns or concepts about women that kept cropping up in my extensive research are indelibly stamped in world history, and continue to plague women because they are rooted in the idea that women are inferior.

First, women have been ignored as unimportant to world development except as **keepers of the hearth** and as support structures for the deeds and misdeeds of the men in their lives. Women's only value has been viewed as their ability to function for the benefit of man. Men's value is routinely viewed as their ability to function for the benefit of mankind.

There is much more to us than that, however, and today's professionals, both male and female, are beginning to uncover the truth. One of the important findings is that women have been fundamental in the development of language and communication. It is generally conceded that humans would probably still be speaking with grunts, groans, and sign language without the female gifts for communication.

In addition to language discoveries, archaeology is currently experiencing a shift in thinking from a predominantly male protector/provider interpretation of prehistory to one that includes women as instrumental to the survival of humanity. The stories of great wooly mammoth hunts of archaeological myth are being revisited because it is now understood that those enormous animals could not be slain by prehistoric men using prehistoric weapons. Now it is professionally recognized that women and children were as involved in hunting for food sources as were men.

One of the best reports on the changing view of prehistory can be found in *The Invisible Sex* (Smithsonian Books). Contrary to previously published and accepted information about prehistory, women did not just tag along, lugging a few necessities and herding the children while men strode forth on the great adventure. The authors conclude that archaeologists have long been blind to the role of women and offer documentation to back up their findings.

The second concept that keeps popping up in research on women's history is one with biblical roots. Have you ever noticed that women in the Bible and women in history are routinely described as either **Madonnas or harlots**? The best example of the harlotization of women can be found in the story of Mary Magdalene, the most famous harlot in Christian history and world art. What is striking about this image is that she was not a harlot.

Why was she portrayed as a harlot in biblical history? Ancient philosophers promoted the inferiority of women as an indisputable fact of nature. Women were believed to be a subhuman species, and, as such, were the property of men. When a 6th century pope re-invented Mary Magdalene as a harlot rather than a possible disciple of Christ, it can be seen as a reflection of the way women have been treated in history not only by religious spokesmen but also by society. Censuring Mary Magdalene as a harlot removes her from consideration as a leader in the early church.

In 1969 the Catholic Church revised Mary Magdalene's role once again. The label "penitent," referring to her unfounded reputation as a reformed prostitute, was dropped when the Roman Missal and calendar were amended after the Second Vatican Council. As noted by the *American Catholic*, Mary Magdalene could "well be the patron of the slandered."

If, as many currently believe, slandering Mary Magdalene strengthened the case against women leaders in the church, this pope succeeded by creating a stained glass ceiling that continues to block access to women ministers of any denomination.

Recent reports are highly intriguing about the mystery surrounding Mary Magdalene's role in biblical history. Many scholars and theologians are now speculating she may have been an actual apostle of Christ. At least one Catholic theologian has acknowledged the possibility that she was probably the author of the Book of John.

The third historical concept about women is that we are said to be **too emotional** to be leaders except in the home or the acceptable women's professions. We live in a society that routinely declares women as dependent, passive, gentle, emotional, weak leaders, and compassionate, all personality traits that are not associated with the power and capabilities of strong leaders.

Recent news reports about women leaders are the perfect example of this antiquated and/or manufactured excuse of emotionalism that is always used against women. For example, do you know what Sonia Sotomayor and Sarah Palin have in common?

Both women are described as too emotional to be qualified for the offices they have sought. Emotion and compassion, according to several male leaders in Washington, are not traits of good leaders.

The historical record says that men are rational and logical thinkers who do not let emotions get in the way of leadership. But is this always true? No one mentions that male leaders experience "emotion" when preoccupied with skirt chasing, and there have been plenty of news stories about that subject lately. As news columnist Leonard Pitts recently asked, just what were these male leaders thinking *with*?

In keeping with Pitts' question about the anatomical thinking mechanism these male leaders were using, did you know that it was not until the 19th century that someone invented the first protective device for athletes? Decades later, in the 20th century, someone decided the brain needed protection as well, and the football helmet was finally invented.

Sadly, the question of female emotions raised by male leadership continues to be the biggest barrier to women in politics, religion and business. Conventional wisdom rules that men lead and women follow. The trouble with that antiquated belief is that males are the convention and their wisdom rules.

The fourth historical concept about women is that the irrational verdict that women have played **no noticeable role that history records**. This phrase is the sum and substance of women's place in the records documented by society's appointed custodians of historical facts.

In a third millennium verification of this continuing cultural state of mind, certain political accomplishments of the lone woman candidate for American president in 2008 were characterized as "no noticeable role that history records." This conclusion came in a news report that stated Hillary Clinton had exaggerated her influence over the family and medical leave act signed by her husband as president in 1993.

People in Arkansas will dispute that finding because we know what groundwork was done before the Clintons got to the White House. The usual notions of *power behind the throne* and *pillow talk,* always applied to wives of public figures, are convenient criticisms of influence-wielding spouses, but apparently were inconvenient when the opposite point needs proving.

The point here is the description of Hillary Clinton in this news report actually put into words the perspective of historians and journalists about all women until recent decades: *No noticeable role that history records*. Let us not forget that journalists write the first draft of history.

Another instance of where this mindset about women is found is in the first women astronauts program during the late 1950s and early 1960s. Dogs, monkeys and white male jet pilots pioneered the American space program and women officially *played no noticeable role that history records*.

It was not until the images of man in space became tarnished by what some have called NASA's "dirty little secret" about the women they rejected, women who in many ways bested the men, that the story began to be told. Thirteen women underwent grueling physiological and psychological fitness testing in the infancy stages of the space age. The truth, if it had been widely reported earlier, is that women had the right stuff but were eventually barred (and later reconsidered) because of their sex.

Women were originally brought into the program because NASA engineers had a problem with the space capsule design. A lighter weight woman requiring less food and fewer oxygen canisters offered the perfect solution. In addition, there was an added benefit for using a woman to pilot the Mercury Redstone rocket. Medical and psychological testing results showed that women are better than men at withstanding pain, heat, cold, loneliness, and monotony.

The women chosen to train as astronauts in the late 1950s and early 1960s were called the Mercury 13, but they never got into space. The government, NASA, and even the American public just could not see women in the role of astronauts. It is heartbreaking to realize today that these 13 women with unbelievable skills and histories for their era are women almost no one remembers.

History as we know it has been compiled and recorded by mostly male scholars until the last century for good reason. Women ordinarily have not been allowed to be professionals in archaeology, history, theology, and anthropology. Shockingly, in many eras women were not permitted to be educated at all.

Today's professional historians, theologians, archaeologists, and anthropologists (not all of whom are female) have now begun to dig up female remains either out of the ground or out of the written chronicles of history. Using fresh research methods, reviewing old conclusions, and questioning what is called the "received wisdom," or what males decided in the past, many of these professionals have uncovered startling evidence about the failure of historians and other professionals to see the impact of women in history.

On August 26 we celebrate the anniversary of women's suffrage in America. In thinking about the women who made it possible for all females to vote and actively participate in government, I ask that you remember that women's fight for suffrage was conducted in a world holding little respect for the feminine side of either males or females. Not much has changed since the early 20th century because the images of macho-male physical activities, such as wars, rough sports, political maneuvering, continue to be commonplace. Images of women are uncommon and usually limited to a brief reflection of a woman's personal appearance and/or emotional condition.

We continue to see the face of the masculine, not the feminine, taking precedence in daily news and world activities, and not simply because there are fewer women in power positions. The masculine image is what is honored as responsible leadership. That may be changing, however.

In a recent article in *Foreign Policy* online magazine, the writer declares that the global dominance of men has come to an end because the current recession has dealt a mortal blow to the macho men's club called finance capitalism. There is mention of a great shift in power from male to female because people finally understand that macho aggressive, risk-seeking behavior is destructive and unsustainable in a globalized world.

What I see as destructive and unsustainable in a globalized world is either sex in total control. Balance is what is required to achieve long-lasting and sustainable success in all things. When both males and females have equal status and each gender is valued for sex-specific strengths, balance will be reached.

Eckhart Tolle points out in his book, *The New Earth*, that the world became unbalanced when the feminine was demonized and when males began denying their feminine side. As Tolle sums it up, this amounts to a case history of cultural insanity.

If we have experienced cultural insanity for the last three millennia, and if things are truly changing to allow the female equal representation alongside of males in all aspects of politics, business, and religion, perhaps our future portends to be starkly different. Equal numbers of males and females will most likely foster a tempering of the power to wage war and possibly stem the tide of economic disaster. Certainly U.N. Secretary General Ban Ki Moon's statement in early 2009 is a prediction of our future well-being if both males and females are equal in all things. To paraphrase, Ban replied to a male questioner that any government that listens to women will listen to you, too.

The National Women's History Project theme for the coming year is *Writing Women Back Into History*. Today we are more aware than ever before of the reasons behind the choice of that theme.

For more information about the roles women have played in history, please see my recently published book, *The Secret History of "Weeds" or What Women Need To Know About Their History,* or my website at www.juliahughesjones.com.

Thank you and good luck to us all on our search for equality in all things. ◆

Making Our Cities Smarter

A CALL—AND A PLAN—TO MAKE CITIES "MORE PRODUCTIVE, MORE EFFICIENT, SAFER, MORE VIBRANT AND MORE RESPONSIVE"

Address by SAMUEL PALMISANO, President and CEO, IBM
Delivered to The Atlantic Council, Washington, D.C., April 29, 2009

Good evening, everyone. Thank you, General Scowcroft. And thank you to Fred Kempe, Senator Hagel and the Atlantic Council for this award.

It is a pleasure and an honor to be here tonight in this distinguished assembly, and among some of the extraordinary leaders of our age. President Bush, Chancellor Kohl, General Petraeus and Thomas Hampson have dedicated their entire lives to noble causes… from the pursuit of freedom and democracy to excellence in musical expression. Congratulations to all.

I think all of us here tonight know that we have arrived at a defining moment in history. We've faced a series of wake-up calls in this first decade of the 21st century—9/11, climate change, oil, global supply chains, the global movement of work, and now the global financial crisis.

Unrelated developments? I would suggest that all of these are actually about the same subject—the reality of global integration.

We now understand that simply connecting things isn't enough. If we don't make our economic, technological and social systems truly systems—and by that I mean they are reliable, transparent, trustworthy and secure—then they will not be sustainable. Worse, societies may react to their disruption in short-sighted, self-defeating ways. They will recede from global trade and dialogue. They will call for protectionism. They will re-erect walls.

Some of the people here tonight know about walls. President Bush and Chancellor Kohl led the world 20 years ago in bringing down the Berlin Wall, whose anniversary we celebrate tonight. Centuries from now, that bold act of leadership will be seen as having not only reunified a nation, but ushered in a new era of global progress.

Today, the need for such expansive leadership is even more acute. Fortunately, we have some promising indications of the path forward. We have the means to make our systems smarter—the infrastructure and processes that enable physical goods to be developed, manufactured, bought and sold… services to be delivered… everything from people and money to oil, water and electrons to move… and billions of people to work and live.

Why is this happening? You will forgive me if the IBMer in me shows for a moment:

- There's no question that a lot of this is driven by the historic advances in technology. Enormous computational power can be delivered in forms so small, abundant and inexpensive that it is being put into things no one would recognize as computers: phones, cars, appliances, roadways, power lines, clothes—and even natural systems, such as livestock, rivers, even people.
- All of these digital devices—soon to number in the trillions—are being connected through the Internet.
- And all of that data—the knowledge of the world, the flow of markets, the pulse of societies—can be turned into intelligence… because we now have the computing power and advanced analytics to make sense of it all.

Today, around the world, we see the infusion of intelligence into companies and entire industries, which is why you may have been hearing about "smart power grids," "smart healthcare," "smart supply chains" and the like.

And soon we will all be hearing about—and, I hope, living in—"smart cities." Because these same capabilities are being applied to change the way our cities work.

In June, in Berlin, the same city that brought down the wall and rebuilt itself into a key European hub, IBM will convene a "smart cities" summit. We've invited hundreds of leaders from the world's most innovative cities to share ideas and learn how we can make our cities smarter.

Why cities?

Well, to state the obvious—that's where the people are. By 2050, 70 percent of people on Earth will live in cities. Which means that cities… more than states, provinces or perhaps even nations… are increasingly the central arena for success or failure.

And a city is a system—indeed, a city is a complex system of systems. All the ways in which the world works—from transportation, to energy, to healthcare, to commerce, to education, to security, to food and water and beyond—come together in our cities.

Which makes them a unique crucible for making our planet smarter. We have the potential—both technological and political—to make our cities more productive, more efficient, safer, more vibrant and more responsive. And it isn't theoretical. We see aspects of smarter cities all around us. Smarter traffic in Singapore, Stockholm and Brisbane… smart grids in Houston and Malta…. smart buildings in Shanghai and Boulder…. smart public safety in New York and Chicago…. a smart bay in Galway… smart healthcare in Paris… smart food tracking in Norway.

Across the globe… in city halls, agency offices, national capitals and boardrooms… leaders are working furiously to rethink our urban ecosystems. The key, as I said, is leadership. If we are really going to drive meaningful change, we need to get smarter about how we work together.

We will have to be far more collaborative. This is not just the familiar "public and private sector" formula. It's multi-directional, multi-stakeholder, truly global. Think about it—none of the systems I've mentioned is the responsibility of any one entity or decision maker. They all involve business, government, communities, all of civil society.

We also need to ensure that our regulations, policies and institutions encourage greater openness and innovation, not hinder it. We mustn't retreat into our shells, or adopt protectionist policies. That would be to race toward the past, not toward an interconnected, intelligent future.

Both of these imperatives are things the Atlantic Council has long understood, and led. And IBM is committed to doing our part… by channeling our best thinking and technological breakthroughs to make our cities—and our companies, our industries and our planet—work better.

The world now beckoning to us is one of enormous promise. And I believe it is one that we can build—if we open our minds and let ourselves think about all that a smarter planet could be.

Thank you very much. ◆

Eulogy for Edward M. Kennedy

THE SPIRIT OF RESILIENCE AND GOOD HUMOR

Address by BARACK OBAMA, President of the United States

Delivered at Our Lady of Perpetual Help Basilica, Boston, Massachusetts, August 29, 2009

Mrs. Kennedy, Kara, Edward, Patrick, Curran, Caroline, members of the Kennedy family, distinguished guests, and fellow citizens:

Today we say goodbye to the youngest child of Rose and Joseph Kennedy. The world will long remember their son Edward as the heir to a weighty legacy; a champion for those who had none; the soul of the Democratic Party; and the lion of the U.S. Senate— a man whose name graces nearly one thousand laws, and who penned more than three hundred himself.

But those of us who loved him, and ache with his passing, know Ted Kennedy by the other titles he held: Father. Brother. Husband. Uncle Teddy, or as he was often known to his younger nieces and nephews, "The Grand Fromage," or "The Big Cheese." I, like so many others in the city where he worked for nearly half a century, knew him as a colleague, a mentor, and above all, a friend.

Ted Kennedy was the baby of the family who became its patriarch; the restless dreamer who became its rock. He was the sunny, joyful child, who bore the brunt of his brothers' teasing, but learned quickly how to brush it off. When they tossed him off a boat because he didn't know what a jib was, six-year-old Teddy got back in and learned to sail. When a photographer asked the newly-elected Bobby to step back at a press conference because he was casting a shadow on his younger brother, Teddy quipped, "It'll be the same in Washington."

This spirit of resilience and good humor would see Ted Kennedy through more pain and tragedy than most of us will ever know. He lost two siblings by the age of sixteen. He saw two more taken violently from the country that loved them. He said goodbye to his beloved sister, Eunice, in the final days of his own life. He narrowly survived a plane crash, watched two children struggle with cancer, buried three nephews, and experienced personal failings and setbacks in the most public way possible.

It is a string of events that would have broken a lesser man. And it would have been easy for Teddy to let himself become bitter and hardened; to surrender to self-pity and regret; to retreat from public life and live out his years in peaceful quiet. No one would have blamed him for that.

But that was not Ted Kennedy. As he told us, "…[I] ndividual faults and frailties are no excuse to give in—and no exemption from the common obligation to give of ourselves." Indeed, Ted was the "Happy Warrior" that the poet William Wordsworth spoke of when he wrote:

As tempted more; more able to endure,
As more exposed to suffering and distress;
Thence, also, more alive to tenderness.

Through his own suffering, Ted Kennedy became more alive to the plight and suffering of others—the sick child who could not see a doctor; the young soldier sent to battle without armor; the citizen denied her rights because of what she looks like or who she loves or where she comes from. The landmark laws that he championed—the Civil Rights Act, the Americans with Disabilities Act, immigration reform, children's health care, the Family and Medical Leave Act –all have a running thread. Ted Kennedy's life's work was not to champion those with wealth or power or special connections. It was to give a voice to those who were not heard; to add a rung to the ladder of opportunity; to make real the dream of our founding. He was given the gift of time that his brothers were not, and he used that gift to touch as many lives and right as many wrongs as the years would allow.

We can still hear his voice bellowing through the Senate chamber, face reddened, fist pounding the podium, a veritable force of nature, in support of health care or workers' rights or civil rights. And yet, while his causes became deeply personal, his disagreements never did. While he was seen by his fiercest critics as a partisan lightning rod, that is not the prism through which Ted Kennedy saw the world, nor was it the prism through which his colleagues saw him. He was a product of an age when the joy and nobility of politics prevented differences of party and philosophy from becoming barriers to cooperation and mutual respect—a time when adversaries still saw each other as patriots.

And that's how Ted Kennedy became the greatest legislator of our time. He did it by hewing to principle, but also by seeking compromise and common cause—not through deal-making and horse-trading alone, but through friendship, and kindness, and humor. There was the time he courted Orrin Hatch's support for the Children's Health Insurance Program by having his Chief of Staff serenade the Senator with a song Orrin had written himself; the time he delivered shamrock cookies on a china plate to sweeten up a crusty Republican colleague; and the famous story of how he won the support of a Texas Committee Chairman on an immigration bill. Teddy walked into a meeting with a plain manila envelope, and showed only the Chairman that it was filled with the Texan's favorite cigars. When the negotiations were going well, he would inch the envelope closer to the Chairman. When they weren't, he would pull it back. Before long, the deal was done.

It was only a few years ago, on St. Patrick's Day, when Teddy buttonholed me on the floor of the Senate for my support on a certain piece of legislation that was coming up for vote. I gave him my pledge, but expressed my skepticism that it would pass. But when the roll call was over, the bill garnered the votes it needed, and then some. I looked at Teddy with astonishment and asked how he had pulled it off. He just patted me on the back, and said "Luck of the Irish!"

Of course, luck had little to do with Ted Kennedy's legislative success, and he knew that. A few years ago, his father-in-law told him that he and Daniel Webster just might be the two greatest senators of all time. Without missing a beat, Teddy replied, "What did Webster do?"

But though it is Ted Kennedy's historic body of achievements we will remember, it is his giving heart that we will miss. It was the friend and colleague who was always the first to pick up the phone and say, "I'm sorry for your loss," or "I hope you feel better," or "What can I do to help?" It was the boss who was so adored by his staff that over five hundred spanning five decades showed up for his 75th birthday party. It was the man who sent birthday wishes and thank you notes and even his own paintings to so many who never imagined that a U.S. Senator would take the time to think about someone like them. I have one of those paintings in my private study— a Cape Cod seascape that was a gift to a freshman legislator who happened to admire it when Ted Kennedy welcomed him into his office the first week he arrived in Washington; by the way, that's my second favorite gift from Teddy and Vicki after our dog Bo. And it seems like everyone has one of those stories— the ones that often start with "You wouldn't believe who called me today."

Ted Kennedy was the father who looked after not only his own three children, but John's and Bobby's as well. He took them camping and taught them to sail. He laughed and danced with them at birthdays and weddings; cried and mourned with them through hardship and tragedy; and passed on that same sense of service and selflessness that his parents had instilled in him. Shortly after Ted walked Caroline down the aisle and gave her away at the altar, he received a note from Jackie that read, "On you the carefree youngest brother fell a burden a hero would have begged to be spared. We are all going to make it because you were always there with your love."

Not only did the Kennedy family make it because of Ted's love—he made it because of theirs; and especially because of the love and the life he found in Vicki. After so much loss and so much sorrow, it could not have been easy for Ted Kennedy to risk his heart again. That he did is a testament to how deeply he loved this remarkable woman from Louisiana. And she didn't just love him back. As Ted would often acknowledge, Vicki saved him. She gave him strength and purpose; joy and friendship; and stood by him always, especially in those last, hardest days.

We cannot know for certain how long we have here. We cannot foresee the trials or misfortunes that will test us along the way. We cannot know God's plan for us.

What we can do is to live out our lives as best we can with purpose, and love, and joy. We can use each day to show those who are closest to us how much we care about them, and treat others with the kindness and respect that we wish for ourselves. We can learn from our mistakes and grow from our failures. And we can strive at all costs to make a better world, so that someday, if we are blessed with the chance to look back on our time here, we can know that we spent it well; that we made a difference; that our fleeting presence had a lasting impact on the lives of other human beings.

This is how Ted Kennedy lived. This is his legacy. He once said of his brother Bobby that he need not be idealized or enlarged in death beyond what he was in life, and I imagine he would say the same about himself. The greatest expectations were placed upon Ted Kennedy's shoulders because of who he was, but he surpassed them all because of who he became. We do not weep for him today because of the prestige attached to his name or his office. We weep because we loved this kind and tender hero who persevered through pain and tragedy— not for the sake of ambition or vanity; not for wealth or power;

but only for the people and the country he loved.

In the days after September 11th, Teddy made it a point to personally call each one of the 177 families of this state who lost a loved one in the attack. But he didn't stop there. He kept calling and checking up on them. He fought through red tape to get them assistance and grief counseling. He invited them sailing, played with their children, and would write each family a letter whenever the anniversary of that terrible day came along. To one widow, he wrote the following:

"As you know so well, the passage of time never really heals the tragic memory of such a great loss, but we carry on, because we have to, because our loved one would want us to, and because there is still light to guide us in the world from the love they gave us."

We carry on.

Ted Kennedy has gone home now, guided by his faith and by the light of those he has loved and lost. At last he is with them once more, leaving those of us who grieve his passing with the memories he gave, the good he did, the dream he kept alive, and a single, enduring image— the image of a man on a boat; white mane tousled; smiling broadly as he sails into the wind, ready for what storms may come, carrying on toward some new and wondrous place just beyond the horizon. May God Bless Ted Kennedy, and may he rest in eternal peace." ◆

On the Passing of Senator Edward M. Kennedy

A HOLE IN THE HEARTS OF MILLIONS OF AMERICANS AND HUNDREDS OF US

Address by JOSEPH BIDEN, Vice President of the United States

Delivered at the Department of Energy, Washington, D.C., August 23, 2009

Well, Mr. Secretary, thank you and your staff for the privilege of being with you today on what, as I prepared last night, was to be a joyous occasion, announcing another step in the direction of energy independence. And you said the President made a wise choice. The wisest choice the President made was asking you to be—I mean that sincerely—to be the Secretary to the Department of Energy. You've assembled a first-rate staff, and you've taken on a role that is going to be a—is going to, in large part, determine the success of these next three-and-a-half years, whether or not we make a genuine dent, genuine progress in moving toward an energy policy that can help America lead the world in the 21st century as it did in the 20th century.

Some suggest we're trying to do too much. But my response is, is there any possibility of America leading the world in the 21st century without a radically altered energy policy? It is not possible. And that charge has been given to one of the most remarkable men to serve in a President's Cabinet, a Nobel laureate who is as articulate as he is obviously bright, and a man who has assembled a staff that can corral the bureaucracy—and we're all—deal with bureaucracy, we're all part of it—in a way that I haven't seen in awhile.

And I had planned on speaking to the Clean Cities Program as one of the several initiatives we have to begin to reshape our energy policy. But as if Teddy were here, as we would say in the Senate, if you'd excuse a point of "personal privilege, I quite frankly think it's—would be inappropriate for me to dwell too much on the initiative that we're announcing today and not speak to my friend.

My wife Jill, and my sons Beau and Hunter, and my daughter Ashley—and I don't say that lightly, because they all knew Teddy, he did something personal and special for each one of them in their lives—truly, truly are distressed by his passing. And our hearts go out to Teddy Jr., and Patrick and Kara, and Vicki, with whom I spoke this morning, and the whole Kennedy family.

Teddy spent a lifetime working for a fair and more just America. And for 36 years, I had the privilege of going to work every day and literally, not figuratively sitting next to him, and being witness to history. Every single day the Senate was in session, I sat with him on the Senate floor in the same aisle. I sat with him on the Judiciary Committee next—physically next to him. And I sat with him in the caucuses. And it was in that process, every day I was with him—and this is going to sound strange—but he restored my sense of idealism and my faith in the possibilities of what this country could do.

He and I were talking after his diagnosis. And I said, I think you're the only other person I've met, who like me, is more optimistic, more enthusiastic, more idealistic, sees greater possibilities after 36 years than when we were elected. He was 30 years-old when he was elected; I was 29 years-old. And you'd think that would be the peak of our idealism. But I genuinely feel more optimistic about the prospect for my country today than I did—I have been any time in my life.

And it was infectious when you were with him. You could see it, those of you who knew him and those of you who didn't know him. You could just see it in the nature of his debate, in the nature of his embrace, in the nature of how he every single day attacked these problems. And, you know, he was never defeatist. He never was petty—never was petty. He was never small. And in the process of his doing, he made everybody he worked with bigger—both his adversaries as well as his allies.

Don't you find it remarkable that one of the most partisan, liberal men in the last century serving in the Senate had so many of his—so many of his foes embracing him, because they know he made them bigger, he made them more graceful by the way in which he conducted himself.

You know, he changed the circumstances of tens of millions of Americans—in the literal sense, literally—literally changed the circumstances. He changed also another aspect of it as I observed about him—he changed not only the physical circumstance, he changed how they looked at themselves and how they looked at one another. That's a remarkable, remarkable contribution for any man or woman to make. And for the hundreds, if not thousands, of us who got to know him personally, he actually—how can I say it—he altered our lives as well.

Through the grace of God and accident of history I was privileged to be one of those people and every important event in my adult life—as I look back this morning and talking to Vicki—every single one, he was there. He was there to encourage, to counsel, to be empathetic, to lift up. In 1972 I was a 29 year old kid with three weeks left to go in a campaign, him showing up at the Delaware Armory in the middle of what we called Little Italy—who had never voted nationally by a Democrat—I won by 3,100 votes and got 85 percent of the vote in that district, or something to that effect. I literally would not be standing here were it not for Teddy Kennedy—not figuratively, this is not hyperbole—literally.

He was there—he stood with me when my wife and daughter were killed in an accident. He was on the phone with me literally every day in the hospital, my two children were attempting, and, God willing, thankfully survived very serious injuries. I'd turn around and there would be some specialist from Massachusetts, a doc I never even asked for, literally sitting in the room with me.

You know, it's not just me that he affected like that—it's hundreds upon hundreds of people. I was talking to Vicki this morning and she said—she said, "He was ready to go, Joe, but we were not ready to let him go."

He's left a great void in our public life and a hole in the hearts of millions of Americans and hundreds of us who were affected by his personal touch throughout our lives. People like me, who came to rely on him. He was kind of like an anchor. And unlike many important people in my 38 years I've had the privilege of knowing, the unique thing about Teddy was it was never about him. It was always about you. It was never about him. It was people I admire, great women and men, at the end of the day gets down to being about them. With Teddy it was never about him.

Well, today we lost a truly remarkable man. To paraphrase Shakespeare: I don't think we shall ever see his like again. I think the legacy he left is not just in the landmark legislation he passed, but in how he helped people look at themselves and look at one another.

I apologize for us not being able to go into more detail about the energy bill, but I just think for me, at least, it was inappropriate today. And I'm sure there will be much more that will be said about my friend and your friend, but—he changed the political landscape for almost half a century. I just hope—we say blithely, you know, we'll remember what we did. I just hope we'll remember how he treated other people and how he made other people look at themselves and look at one another. That will be the truly fundamental, unifying legacy of Teddy Kennedy's life if that happens—and it will for a while, at least in the Senate.

Mr. Secretary, you and your staff are doing an incredible job. I look forward to coming back at a happier moment when you are announcing even more consequential progress toward putting us back in a position where once again can control our own economic destiny.

Thank you all very, very much. ◆

Asia: The Rhetoric and the Reality

THE REALITY, OF COURSE, IS THAT NO ONE REALLY KNOWS

Address by DAVID ELDON, Chairman, Dubai International Financial Centre, Senior Advisor, PricewaterhouseCoopers

Delivered at FundForum Asia, Singapore, April 29, 2009

Good morning Ladies and Gentlemen. I have been asked this morning to talk about Asia in general and its place on the global stage in particular. Beyond this, I also intend to share something I learned several years ago that has had a profound effect on how I view the future. But first, as this is an investment conference, let me begin with a brief disclaimer.

Many of you will recognize this as just your standard, every-document disclaimer. In the standard type size. But just in case you can't see it clearly now, this particular disclaimer points out that: "the information provided in this speech is of a general nature and does not constitute an offer to issue or sell any financial product or provide any specific advice as it has been prepared without taking into account the individual informational needs of any particular audience member and for this reason, before acting on any of this information, audience members should consider its appropriateness to their individual objectives and or informational needs."

Also: "This speech also contains certain forward-looking commentary with respect to Asia which henceforth represent this speaker's expectations or beliefs and therefore involve known and unknown risks that may result in the actual future differing materially from what is expressly stated or indirectly implied and this speech is provided for informational purposes only and does not constitute a recommendation to buy or sell or otherwise transact in any of the geographic areas thereafter mentioned."

Oh yes. And it also mentions that "past speeches are not a reliable indicator of current or future performances."

Like I said, a standard disclaimer these days.

Anyway, I have been asked to speak to you today about Asia. Accordingly, as the title of my speech suggests, I intend to focus my remarks today on some of the recent rhetoric related to the region. But more importantly the corresponding realities.

First and foremost, let us consider the wide range of rhetoric related to an economic recovery.

On one end of the spectrum there are those who believe the worst has past and that we are already embarking on a recovery. Indeed, the optimists out there have been spending a lot of time recently promoting 'no bad news' as the same as 'good news'.

For example, crediting the lack of any obvious public disagreements between G-20 leaders in London as having a "measurable impact on emerging markets." Cherry picking the best statistics for key economies like China. Such as heralding the return of official purchasing manager's index to positive territory in March. Or suggesting that the slightest even temporary upturn in steel prices must be a signal of an early recovery. Some analysts are already engaged in a race to be the first to call the turnaround. Issuing headline-seeking reports in which they boldly predict that a V-shaped recovery is already underway in China based on even the tiniest of green shoots.

At the other end of the rhetorical spectrum are those who have made names for themselves being prolific prophets of gloom and doom. People like Nouriel Roubini, for example, who is predictably bearish even about the few economies still showing positive growth. Forecasting, for example, that China will expand by just 5% in 2009.

A few are going even further than Mr. Roubini (hard to believe I know!), maintaining that output in China has been collapsing so quickly, the country is in "danger of falling into an actual recession"—not just the so-called 'Chinese version' of growth below 7%.

Then there are those who are saying any and all upticks are nothing more than dead-cat bounces. And suggesting that anyone who "joins the chase" now is in effect "kissing their money goodbye." And also maintaining that most of the world's economies will remain depressed for years. (Kind of like the doomsdayers themselves, but I digress!)

The reality, of course, is that no one really knows. And anyone who says they do is only deluding themselves. Indeed, the correct answer is probably, hopefully, found somewhere in between the overly optimistic and the perpetually pessimistic.

From my perspective—based on my recent travels and conversations in Asia—I think there are simply too many remaining problems. And that is it extremely naïve to assume the worst is over.

There is, for example, the lingering issue of credit card debt. Much attention has been given to the problems in the mortgage market in the US and the resulting tsunami felt round the financial world. Decidedly less attention has been paid to what is happening with all those people who are losing their jobs and won't be able to pay off their credit cards. Or perhaps worse yet, people who are taking cash from one card to pay on another or even to pay part of their mortgage. Will this cause a second large destructive wave in the crisis? Only time will tell. But rarely are tsunamis—even metaphorical ones—limited to just one wave.

A second popular point of rhetoric in Asia is that this region is better off this time because it learned so many valuable lessons last time.

Consider the banking sector. There are some government officials within Asia who seem to believe that banks here have not been hit as hard by the crisis because of the region's superior regulatory environment. Clearly, there have been some improvements in regulatory oversight around the region. Clearly, the recent banking league tables in the *Financial Times* support the view that banks in Asia are better off than financial institutions in many other jurisdictions. After all back in 1999, 11 of the top 20 global banks in terms of market cap were from the United States, seven were from Europe and only two came from Asia—and they were both in Japan. Now, here we are, a decade later. The top three spots are occupied by banks from mainland China. And five more Asia Pacific banks are in the top 20.

But some obvious question marks remain. Were Asia's banks really smarter or more responsible? Or were they just slower and less sophisticated and therefore just lucky to avoid some of the complex dealings that tripped up so many Western banks? Also, while Asian banks have risen quickly to the top of the tables, just how much of their rise up the global ladder due to others slipping more? And even more importantly, can Asian banks stay on top?

The reality, of course, is that any league tables are just a snapshot in time. Rankings can change quickly. Nonperforming loans can fluctuate significantly. Therefore the key for banks and for bankers in Asia is to continue to pay very close attention to their customers' businesses and to watch their exposures closely and to not become too smug.

On a related point of rhetoric, there are also some in the region—in think tanks and elsewhere—who seem to believe that Asia has decoupled from the West. If not economically, then at least philosophically. They argue that while the West has spent the last decade or so creating a house of cards financially, Asia has been busy focusing on making real economic progress.

Again the reality is not quite so straightforward. In fact, these individuals might want to go back to their tanks, to think.

Consider, for example, this commentary which I came across the other day. It was written by a columnist with Bloomberg who is based here in Asia. This columnist points out that "the financial plague now afflicting the world has its origins in the United States and elsewhere in the industrialised world." He goes on to say that, as a result, "essentially every Asian economy" is now having to hunker down with stimulus measures just to maintain stability. And he concludes that "until Asian economies diversify and become less reliant on exports, the region may have little choice but to wait for a global rebound." Adding: "For Asia's sake, the United States cannot resume its oasis-of-prosperity role soon enough." End quote.

I think most would agree that these are all rather obvious observations about the current situation. In reality, however, these observations by this Bloomberg columnist were not about the current situation. In fact, I have misled you on purpose. All of these obvious observations I have quoted actually come from a column that showed up in newspapers on Wednesday, the 17th of October 2001.

The point I want to make is simply this. Clearly, Asia is in better shape now than during the financial crisis of the late 90s. Foreign debt levels are now lower. Corporate balance sheets are now cleaner. What is also clear, however, is that some things have not changed that much in the past seven and a half years. Economies in the region are far from being decoupled from the West. Far from being well balanced. Far from being driven by domestic demand.

All of which leads me to another point of rhetoric that has surfaced recently. The notion that this time things will be different. Not just her in Asia, but everywhere.

This time more governments here in Asia will do more to stimulate more domestic growth and wean themselves from an over-dependency on exports and in the process protect their economies from future external shocks. This time more bankers will learn more from the current crisis and behave more sensibly going forward. Getting back to banking basics.

This time the market and investors won't be so focused on short-term gains and ignore long-term objectives. This time more analysts will do more detailed research and refrain from making wild predictions unsupported by facts. And my personal favorite—straight from the lips of the US Treasury Secretary—that this time we must find a way to end the pattern of booms and busts.

If it were so easy. If it were so easy, we would have learned already. If it were so easy, Asia would have decoupled. If it were so easy, the regulations and reforms put in place after all the previous major financial crises (with emphasis on the plural!) would have prevented this one from being so bad.

The reality is that you cannot regulate business cycles. In fact, I would argue that bubbles and their subsequent bursting are not only unavoidable but actually desirable. After all, as painful as they are, they result in a healthy cleansing. And they provide opportunities for the more prudently minded companies and investors.

That said, the other reality is—as others have wisely observed—is that we all tend to "learn an enormous amount in the short term, quite a bit in the medium term, and absolutely nothing in the long term."

The final point of rhetoric I want to address today is perhaps the most controversial. Namely, the widely held belief that the downturn in the West is accelerating the rise of the East. Proponents of this theory like to cite both statistical and anecdotal evidence to support such a view. For example, there are a number of statistical rankings which appear to confirm Asia's acceleration. The FT's ranking of global banks I mentioned earlier for one. Also, *Forbes* magazine's Global 2000, which came out the other day. And which compared to last year, has more Chinese firms (91 instead of 70) and significantly less American companies (551 instead of 598) listed.

Anecdotally, the recent G-20 meeting in London also spawned considerable commentary about the significance of the standing arrangement for the group photo. The prominent position given to Chinese President Hu Jintao and Saudi Arabia's King Abdullah alongside Gordon Brown. And the less prominent spot for US President Barrack Obama. Together seen by some as a firm indication that a new world order has been established.

Once again, the reality is not as straightforward as it would seem. Obviously such rankings—and in particular such group photos—are again just a snapshot in time. Equally obvious is the more sobering fact that there are also many problems which could seriously impede the speed of the shift eastwards.

Problems such as tit-for-tat protectionism. Recently there has been much talk about how some governments of developed countries say one thing, but do another. About how they vow to eliminate economic nationalism, but then put into place rules that support it. The reality of course is that it is not a one-way street. Protectionist tendencies are everywhere in both developed and developing markets. Think 'Buy America' provisions. Or China's Coke moment. Or Australia's Rio Tinto dilemma.

Then there are the potential problems related to levels of corruption. Already Transparency International has warned that corruption is likely to increase during the crisis as some companies give survival priority over ethics. The stark reality for Asia is that overcoming historic perceptions about levels of corruption will require concrete evidence of continued progress, not just political posturing. Likewise, changing domestic practices or attitudes towards corruption is not something that can be accomplished overnight.

Indeed, I have had many conversations over the years with officials in various Asian countries who openly admit that it will take considerable time to eradicate graft in their respective countries. Some are more precise about the timeline than others. In China, for example, some officials have predicted it will take "a whole generation."

Another potential problem out there is demographics. Most people tend to concentrate on the more obvious demographic assets in Asia. The growing middle class in China. The young population in countries like India, Korea and Vietnam. And they tend to ignore some of the obvious demographic liabilities. Liabilities such as the imbalance between males and females in many parts of the region. As the World Policy Institute bluntly pointed out a few years ago: "Asia has too many boys. They can't find wives. But they just might find extreme nationalism instead."

Then there is the demographic liability known as the "youth bulge"—an Asian Development Bank expression, not mine! The "youth bulge" in this case being defined as having a high percentage of young adults as part of the total population. A "bulge" which has the potential to stimulate economic growth through productive employment now And asset creation later as the earnings of these individuals are invested. However, a "bulge" that is forecast to start to shrink on a regional level within the next few years.

Then there are all the potential political problems. Too numerous to list. Too sensitive to mention.

That said, I should perhaps pause to stress that by citing these potential problems, I am not trying to be apocalyptic this morning. In fact, I personally remain optimistic about what the future holds for Asia. Optimistic because, as I noted earlier, Asia is healthier today than before. Many of the excesses of the mid-1990s have been purged. Also optimistic because of the significant amount of savings taking place here in Asia. Savings that will in time be recycled here rather than elsewhere. A recycling that will create huge opportunities for Asian financial centres like Hong Kong and Singapore and eventually Shanghai.

Also optimistic because of the region's human and financial resources. And because of its unsatisfied appetite for social and infrastructural improvement as well as increasing purchasing power parity in large economies like China and India. I am also optimistic about Asia going forward because of the general positive outlook that prevails. During the last quarter of 2008, a PricewaterhouseCoopers survey of Chief Executives globally found, perhaps not surprisingly, that CEOs here in Asia (perhaps some with us today) were the more bullish about growth than in any other region.

Although I don't have more recent stats to back it up, there appears to be even more positive sentiment out there. It seems that more and more people are no longer seeking divine intervention to survive this crisis. Instead they are actively looking for the inevitable business and investment opportunities that are arise from such economic turmoil. Or to put it another way: "let us pray" as become "let us prey"—the "a" replaced by an "e."

Now, as promised at the outset, I also want to leave you with one final thought that may permanently alter how you look at the future. To do so, I am going to share a story with you. A story I first heard a number of years ago when I was on the Board of Directors at Visa.

At one of our board meetings, we were given a briefing by a historian named James Burke. His presentation was meant to reinforce to us all the difficulty of attempting to precisely predict the future. To illustrate this point, Mr. Burke walked us through a succession of historic developments. Developments which eventually led to a surprisingly conclusion. Let me warn you in advance, you will need to listen closely.

Mr. Burke began his story in the early 1700s. Amongst some small islands at the entrance of the English Channel. It was there that the then commander-in-chief of the British fleet, Sir Cloudesley Shovell, made a fatal mistake—a wrong right turn. A wrong right turn straight into some rocks which resulted in several ships sinking and thousands of men dying, including Sir Cloudesley.

As a result of this maritime disaster, and in keeping with certain colonial ambitions across the Atlantic, the British parliament decided to offer 20,000 pounds sterling to the first person to develop an accurate way of navigating at sea.

As a result of this significant prize, a clockmaker by the name of Benjamin Huntsman set out to find better steel for a clock-spring, since knowing precisely what time it is helps one know where they are in relation to their starting point.

As a result of the cast steel this clockmaker came up with, an English iron-maker named John Wilkinson was able to bore out thinner cannons, which were later sold to the French.

As a result of these light-weight cannons, a fellow by the name of Napoleon was able to develop a mobile artillery, win various battles and start an empire.

As a result of his success, the Emperor Napoleon set up a prize to encourage French inventors.

As a result of this prize, a French chef named Nicolas-Francois Appert came up with a way to preserve food in a bottle.

As a result of this innovative process, an English company was enticed to go to France to buy Mr. Appert's patent, hoping to improve upon it by preserving food in metal cans instead of glass bottles.

As Mr. Burke's story goes: during this trip to France, representatives of this English company noticed another French patent for a continuous-process paper-making technique. Another patent which they also decided to buy and try to improve upon.

As a result of their subsequent efforts, the first ever rolls of this [*toilet paper*] were produced.

The point Mr. Burke was making then is that no one could have ever predicted the toilet roll from even the most frightening of navigational problems. The point I want to leave you with today is that as you consider the various trends which influence your decisions—and try to separate the reality from the rhetoric—it is important to be mindful that the future is extremely difficult to precisely predict.

Indeed, the ultimate reality is that the future is never, ever close to a linear extension of the present. If it was we wouldn't have any of these rolls at our disposal. Nor, might I add, would the prosperity have ended like it did.

Indeed, after my presentation is long gone and forgotten, I hope that this simple little object can do for you what it has done for me since I first heard the story from Mr. Burke. Namely, provide you with a simple and easy-to-remember reminder that yes, shift happens.

On that note, I would like to open the floor to questions or comments. About the state of Asia. About the state of the financial industry. Even about so-called "Black Swans." Or as I prefer to call them: "White Rolls." ◆

Selling Unions to Young Workers

THE LABOR MOVEMENT WE NEED TO CREATE THE AMERICA WE WANT

Address by RICHARD L. TRUMKA, Secretary-Treasurer, AFL-CIO

Delivered to the Center for American Progress, Washington, D.C., Aug. 31, 2009

I want to thank Sarah (Wartell) and David (Madland) for all they do to respond to the challenges this country's up against.

I'm convinced that, decades from now, when historians look back at these last eight years, they won't only see it as a time when our country's leaders lost their way, but also a turning point when we progressives found our voice.

The work of the Center has been fundamental to making that happen—and you ought to take a lot of pride in that.

It goes without saying that, with the passing of Ted Kennedy, these last few days have been sad ones, not only for those of us who had the opportunity to work with him over the years, but, I think, for everyone in this country.

We've all read a lot about how he was a great legislator—and, of course, he was.

And the reason why is that he was always, always guided by his values.

Progressive values.

Our values.

I remember, last year, at the Democratic convention in Denver, he said:

"There's a new wave of change all around us, and if we set our compass true, we will reach our destination—not merely victory for our party, but renewal for our nation."

I've been thinking about those words a lot these last few days.

Because this is also an era of change for workers and their unions—and we have the chance to make it a time of renewal for the American labor movement.

This is labor's moment and, together, we can build the labor movement we need to create the America we want:

An America where young people aren't robbed of the opportunity to go to college.

An America where older men and women never have to fear that they'll live out their lives in poverty.

An America where you don't have to worry whether the health insurance you have is going to pay for the health care you need.

An America where every job is a portal into the middle-class.

That's the kind of America we want and it's up to this generation of trade unionists to build a labor movement that can make it happen—and we don't have a moment to spare.

Not one moment.

Because the simple truth is that the middle-class in this country isn't being squeezed … we are being crushed!

Women and men—working parents—who ought to be living the American Dream instead are losing their health care, their pensions, their jobs, their homes, and their patience.

Today, there are nearly six times as many people looking for jobs as there are jobs to fill.

If all the construction workers who lost their jobs since last November stood side by side, you'd have a line stretching from Washington to New York—and back.

And you know it's not just the private sector.

There's always that myth that, somehow public employees are immune from a recession.

Well, right now, just one month into the new fiscal year, 13 states are looking at budget shortfalls of $26 billion.

And who's going to pay for it?

The same people who've been paying all along: The men and women who provide the public services that all of us depend on.

Well, I want to tell you something:

It wasn't the UAW, or AFSCME, or the Machinists, or the Teachers—or any other union—that was calling the shots up at Bear-Stearns, and Lehman Brothers, and AIG …

And I can tell you for a fact that no one at the Fed or the Treasury Department ever picked up the phone and called the AFL-CIO for our advice

But even though it wasn't organized labor that got us into this mess, I'm here to tell you that we are the people who are going to lead America out of it!

There's no other way.

Because the bottom line is that you cannot rebuild this economy unless you raise workers' wages; and the fastest, the surest and the most effective mechanism for raising workers' wages is the collective bargaining process.

You know, increasing productivity only raises wages when workers have bargaining power. Take bargaining power out of the equation and you'll still generate wealth—but it won't get into the hands of the people who created it.

That's what's been happening over these last 30 years.

John Maynard Keynes understood the dangers of free market fundamentalism—and I'm convinced that the President and most of the House and Senate understand it, too.

That's why they're backing the Employee Free Choice Act.

That's why the Center for American Progress was one of the first organizations to endorse it.

Because just as a growing labor movement built the first American middle-class, unions can build a new middle-class today.

That's why our message is: don't support the Free Choice Act because it's in labor's interest; support it because it's in your interest … your children's interest … your neighbor's interest … support the Employee Free Choice Act because it's in America's interest.

But the challenge facing unions isn't just to change the way labor laws work; it's to change the way we work.

It's to reconfigure ourselves to respond to the needs of a new generation of working Americans.

Tomorrow the AFL-CIO is releasing a new study we completed on the crisis facing young workers today.

What it's going to show is that, by every measurement, young Americans are in an economic a free-fall.

One example: men and women under the age of 35 and earning less than $30,000 a year.

Today, 52 percent of them are living in their parents' homes!

Younger workers ought to have health care.

They ought to have paid sick leave and paid vacations

They ought to have pensions.

They ought to have union representation.

But when they look at unions too often what they see is a remnant of their parents' economy—not a path to succeed on their own.

This is the issue that will decide the future of the American labor movement.

We all hear a lot about unions coming back into the AFL-CIO—and that's a personal priority of mine—but, ultimately, it won't matter how many unions are in the AFL-CIO if we fail to capture the imagination of millennials.

Now, we ought to be clear: the problem isn't that they have some deep-seated hatred of unions; they don't.

Earlier this year, Ruy Teixeira and David Madland did a study for American Progress that points out that support for unions is higher among younger Americans than it is for any other age group.

The problem isn't that that they dislike unions.

They think we do a lot of good things for our members; the problem is that they don't think we have much to offer them.

But that's not the way it has to be!

A few years back there was another Center study that was done by a friend of mine named Jim Grossfeld, it found that young workers—white collar workers who really didn't want much to do with the labor movement—sat up and took notice when they heard about unions:

Winning protection for telecommuters …

and bargaining for portable health care …

and standing up to protect professional standards.

When we talk about the problems facing contingent workers they really listen: and for good reason—after all, a man or woman working as a temp or a freelancer today may as well be walking a tightrope without a net.

They know workers with unions make more money and have better benefits; they just don't think unions fit the way they work.

And you can't blame them because we haven't really focused on the way they work.

Well, we can't ask millennials to change the way they earn their living to meet our model for unionism; we have to change our approach to unionism to meet their needs.

One union that's pioneering in this is the Communications Workers.

They have an affiliate called WashTech.

It began as a grassroots movement of temps working at Microsoft in Seattle.

Now, thanks to the Internet, it has members from Boston to Silicon Valley and it's evolving into a dynamic, new union of tech workers dealing with problems ranging from job security and health care, to offshore outsourcing and visas.

But, you know we can't only address the needs of millennials where they work.

We need to address the fact that a lot of young people going to college today are drowning in a sea of debt by the time they come out.

There's a story that the writer Anya Kamenetz has posted on her blog about a young man named Robert Bowman in New York.

Maybe some of you know about this.

He grew up in foster care.

He worked his way through community college, college and law school.

He survived two accidents—one that nearly cost him a leg.

And, along the way he took out 32 separate student loans.

Over a four-year period his debt soared to $400,000!

And, if that's not crazy enough, five appellate judges said he can't join the New York bar because he hasn't done enough to pay off his loans!

That's just one example, but there are tens of thousands of others.

Young people studying to be nurses, and teachers, and social workers, and engineers.

Going into college with dreams of good careers and graduating into bankruptcy!

Now, fighting to make college affordable may not be a traditional union issue; but if we care about the economic security of young workers it has to become one!

And that's just one piece of the equation.

Now, I'm not suggesting that the labor movement ought to abandon all its traditions.

But what I am saying is that nostalgia for the past is no strategy for the future.

Tradition should always have a vote; we just can't let it have a veto.

This is a critical moment for American workers, and we need to seize it.

And that doesn't only mean speaking to the interests of young workers.

We need a labor movement that tells American workers in no uncertain terms that racism—any kind of bigotry—may serve somebody's interest, but it sure as hell isn't ours.

In 2009, 30 years after the death of A. Philip Randolph, labor is still haunted by the legacy of Jim Crow.

That's why, after the Free Choice Act becomes law, our first priority has to be launching a drive to organize this country's five million (4.8 million) poverty wage African American workers—and other minority workers and the women the labor movement left behind!

And there's more.

We need to be a labor movement that's ready to partner with every employer who respects workers and understands that their employees are an asset, not an expense.

But, we also need to be ready to push back against any CEO who thinks he has the right to earn a good living, but his employees don't.

In short, we need to be a labor movement with the strength to compel every company to live up to the responsibilities of corporate citizenship.

And, in that regard, I need to tell you that I know the Center has been working to try to bring Wal-Mart around on health care reform, but there should be no mistake on this point: Wal-Mart will never, ever be a friend of workers so long as it denies its own employees the right to the strength and the dignity that can only come with a UFCW contract!

And that's not all.

We need to be a labor movement that's organizing and mobilizing as never before to speak out for workers whether it's at the courthouse, the statehouse, or the White House.

Today, more than ever, we need to be a labor movement that stands by our friends, punishes its enemies, and challenges those who, well, can't seem to decide which side they're on.

I'm talking about the politicians who always want us to turn out our members to vote for them, but who somehow, always seem to forget workers after the votes are counted.

For example, legislators who don't understand that their job isn't to make insurance companies happy; it's to keep Americans healthy!

Legislators who say they're are all for health care reform, but refuse to stand up for a public system that puts people before profits!

You know, to hear some of them, you'd think the objective isn't to come up with a health care plan that works; it's to write a bill Republicans will vote for.

I think they need to understand that that you can have a bill that guarantees quality, affordable health care for every American—or you can have a bill the Republicans will vote for.

But you can't have both!

We in the labor movement, we keep our promises—and we damned well expect the people we help elect to keep theirs!

What kind of labor movement does America need?

> A movement that makes sense to a new generation of workers.
>
> A movement that challenges old bigotries.
>
> A movement with the strength to hold corporate America accountable.

A movement guided by progressive values and understands that if you fight for those values you may not always win, but if you refuse to fight you are always certain to lose!

Now, I know we want to have some time for discussion.

But when I began my remarks I mentioned Ted Kennedy.

Well, there was another Kennedy who touched my life.

It was his brother, Bobby.

It was around the time I first went to work in the mines.

I was a volunteer in his campaign and one day, by chance, I had the luck to meet him.

Some of you may recall that all through that year he'd often quote George Bernard Shaw and say that: "Some men see things as they are and ask why; I dream things that never were and ask why not?"

Well, you know something? That's who we in the labor movement are.

We're people who dream.

We dream of men and women working at jobs where they're treated with respect and paid what they've truly earned—

Jobs they look forward to going to every morning—not the kind they can't wait to get away from every night.

We dream of a nation where it doesn't matter what your color is… or what sex or religion you are… or whether you're gay or straight or what country your family's from because here, in America, we think everyone ought to have a seat at the table.

We're people who dream of parents being able to look into their children's eyes again and being able to tell them that if they study and work hard they can achieve anything!

That's the America we dream of, and this is our moment to ask: why not?

Thank you. ◆

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