

## **Remarks by Vice Chairman Roger W. Ferguson, Jr.**

At Webster University, St. Louis, Missouri

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### **Thoughts on Success in Life**

President Meyers, distinguished trustees and faculty, and honored guests, I am pleased to be at Webster University today and to join in congratulating this group of accomplished graduates. I also congratulate the family and friends of these graduates for the part they played in the graduates' achievements. I would like to talk with you today about success--and failure. Success is the usual topic of commencement addresses. But, frankly, failure is as much a part of the human condition as success. It may be more interesting, and inevitably each of us will experience failure at some point in our lives.

I believe that long-term success ultimately emerges from three factors: lifelong learning, dreams and aspirations, and a healthy response to the rough patches in life, the failures.

Let's examine lifelong learning and education in general. Obviously, education for school-age children and young adults is a must. Economic studies have long shown a positive correlation between years of schooling completed and compensation earned. You are now educated young adults. However, I hope that you recognize that your success is not guaranteed, even with a college degree, without lifelong learning.

Education plays an ongoing role in economic achievement. To participate in today's workforce, and certainly tomorrow's, we all need to maintain our skills at the highest level and continue our education, through both on-the-job training and formal classroom training. Many Americans are doing just that. Surveys conducted by the Department of Education indicate that participation in adult education programs has expanded over the past decade, with 46 percent of adults questioned saying that they participated in an adult education program in 1999. This trend toward lifetime learning also shows up in enrollment statistics. Today, nearly 20 percent of the students in U.S. institutions of higher education are 35 years of age or older, up from less than 15 percent in 1985.

The link between education and economic success is well documented. During the 1990s we were fortunate to have experienced the longest uninterrupted economic expansion in the history of the United States. By late 2000, the unemployment rate was the lowest it had been in more than thirty years. The expansion benefited all segments of the population, including minority groups. In fact, the unemployment rate for blacks dropped to less than 7-1/2 percent in late 2000; it had not fallen meaningfully below 9 percent between 1972, when minority unemployment statistics were first collected, and mid-1998. But, despite the improvement, blacks still lagged in terms of labor-market outcomes. Their unemployment rate was still nearly twice the national average.

Over the past year, as all of you know, some of the record gains of the 1990s have been retraced. The unemployment rate for blacks once again hit double-digits in December and

remained near or above 10 percent during the first four months of this year. The overall jobless rate has climbed to its highest level since August 1994.

You can tell from these numbers that minority unemployment rates tend to run higher than the national average throughout the economic cycle. Economists have determined that this disparity has various causes. Differences in educational levels, work experience, and closeness to available jobs are among the top reasons for the inequity between minorities and white, non-Hispanics in the labor market. Clearly, the issue of educational achievement and economic achievement are intertwined.

Let me now turn to the question of dreams and aspirations. The United States is a country of great civic dreams. The greatest dreamer of the past two generations may well have been Dr. Martin Luther King, Jr. His dreams, though not fully met, still matter to us all. We have had other great national dreams, some fulfilled, some not. The dream of sending men to the moon has clearly been fulfilled. The dream of ending poverty has not. These national dreams have been important to our collective history; our personal lives, too, can be guided, in part, by dreams, aspirations, and hopes. Many of our dreams may never be fulfilled, but all of them can guide us and encourage us to put forth our best in all our endeavors. Even if our personal dreams are not fulfilled, it is still important, in the words of Benjamin Franklin, to "resolve to perform what you ought. Perform without fail what you resolve."

Permit me to share with you how my path through life has been influenced by dreams. When I was born in 1951, Washington was still very much a segregated city; but by the time I became an adolescent the civil rights movement was starting to make headway. I could see that blacks were slowly moving into positions of power and influence. In 1966, President Lyndon Johnson nominated an economist serving in the government, Andrew Brimmer, to be the first black Governor of the Federal Reserve. This was front-page news in the Washington Post. The articles about Brimmer described his considerable academic achievements, including a Ph.D. in economics from Harvard, and his public service. They also described the important role of the Federal Reserve in setting monetary policy to help our economy achieve low inflation and maximum sustainable economic growth. I cannot claim that as a boy I understood the full meaning of those words, as perhaps some of you do not today. But I became absolutely fascinated with economics and with this institution, the Federal Reserve, which seemed to play such a pivotal role in the economic well-being of our nation. I was fortunate enough to see my interest become a reality when, in 1997, I became the third black person to be sworn in as a Governor of the Federal Reserve and, in 1999, became the first black person to become Vice Chairman of the Federal Reserve System. So I know personally the importance of dreams and aspirations and encourage all of you, whatever your age, to keep dreaming.

Now to the hard part--failure. It is easy to love learning and fun to dream, but dealing with life's curve balls is the real challenge. Even the most successful among us will experience failure. Abraham Lincoln, in 1856, compared himself with Stephen Douglas as follows:

"Twenty-two years ago Judge Douglas and I first became acquainted. We were both young then; he a trifle younger than I. Even then, we were both ambitious; I, perhaps, quite as much so as he. With me, the race of ambition has been a failure-a flat failure; with him it has been one of splendid success. His name fills the nation; and is not unknown, even in foreign lands."

Obviously, today we know that Lincoln's name is the far better known and much better

respected of the two, but Lincoln could not have realized that in 1856. Indeed, though Lincoln was a financially and socially successful lawyer, by 1856 his life also had known, and was to know, failure. Lincoln lost far more elections than most of us realize, including coming in eighth in a field of thirteen in his first run for public office, and he failed at the first business that he owned, a general store in New Salem, Illinois. Yet, Lincoln's most famous biographer, David Donald, notes that his many setbacks in life ultimately did not deter him. Donald tells us that Lincoln had a pragmatism--a recognition that, if one approach does not work, another might--and a fatalism. Both helped to buffer the many reverses that he experienced and enabled him to continue a strenuous and ambitious life. It was not the absence of failure in Lincoln's life but rather his response to failure that mattered in his achieving success.

So why is failure so important, indeed vital, to a successful life? Since we will all know adversity, the thing that differentiates us in this regard, as with Lincoln, is our ability to respond to bad fortune. Here I borrow liberally from another commencement address that I heard recently. First, if treated as an incentive to greater exertion, failure can be the source of later success. Soichiro Honda, the founder of Honda Motor Company, once said, "Success is 99 percent failure." Second, failures are great teachers. If you never fail, you never learn, and if you never learn, you never grow. There is a well-known story of a bank president who was asked the secret of his success. "Right decisions," he replied. "How do you get to know how to make right decisions?" came the follow-up question. "Experience," was the answer. "Well, how do you get experience?" asked his interrogator. "Wrong decisions," he replied.

Third, failure lets you know who your true friends are. Oprah Winfrey once remarked, "Lots of people want to ride with you in the limo, but what you want is someone who will take the bus with you when the limo breaks down." Finally, failure teaches empathy for others. Without that, we are prone to the arrogant notion that we are self-sufficient and superior, when in fact we are just lucky.

Do be careful with regard to failure, of course. As Thomas Huxley noted, "There is the greatest practical benefit in making a few failures early in life." But he did not suggest much more than that.

Let me conclude by saying that my hope for you is a lifelong love of learning, exciting and inspiring dreams, and a fair number of moderate failures. By experiencing all, I hope that you will experience success. Congratulations and good luck.

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