

## Commencement Address at Providence College

by **Cathy E. Minehan, President & Chief Executive Officer**  
**Providence, Rhode Island**  
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Thank you President Smith. Members of the Board of Trustees of Providence College, distinguished members of the faculty, my fellow honorees, and, most of all, the class of 1998, parents and friends. Congratulations! Very few of life's experiences can compete with the sense of accomplishment and of nervous anticipation that attends college graduation. Today, I would like to both celebrate your success, and add a little to your anticipation. In particular, I want to talk about the personal responsibility each of you must assume for the economic and social success of our country as you begin your lives as college graduates.

You are a remarkable group of graduates, almost 1200 strong, representing a broad swath of the United States and 9 foreign countries, and reflecting the diversity of our country and the world. You are highly intelligent -- almost 40 percent of you will graduate with honors and nearly a third of you have been inducted into a national or international honor society. And you are incredibly successful with virtually all of you going on to jobs with major private-sector companies, into public service or to graduate school. In you we see the face, the hope, and the pride of America.

But make no mistake, while you're certainly good, this is also a great time to graduate. To paraphrase Jack Nicholson in his recent, Oscar award winning movie .... There are no "what ifs" .... This is about "as good as it gets. " The country is blessed with a remarkable combination of macroeconomic realities: solid growth, low unemployment, low inflation, and a federal budget surplus. One has to go back to the early '60s to find such a confluence of good news. This provides a solid basis for economic progress for you, for New England, the rest of the United States and support for the world as a whole.

Our recent success -- the "new" economy, if you will -- is not the result of serendipity. Rather, it comes from consistent attention to economic fundamentals, on the part of private individuals and public policy institutions: fundamentals such as increased productivity, price stability, and fiscal balance.

These fundamentals have contributed to creating an environment that supports economic success generally and the competitive stance of U.S. business more particularly. While it's difficult to compare one country to another in this area, one of the best attempts ranks the United States number one in competitiveness for the last two years. This is a far cry from the late '70s and early '80s -- things have changed and they have changed for the better.

It would be easy to grow complacent and self-satisfied about the undeniable economic success we have enjoyed. But that would be foolhardy. History teaches us, and recent events have confirmed, that economic success can be ephemeral--vigilance is needed to ensure it continues. How can we keep things as good as it gets"; how can we avoid the temptation to squander the progress that is so hard won? I would argue we all -- public policy makers and private citizens -- have a critical role to play in answering these questions. Let me offer a few suggestions on the public policy side:

First, fiscal policy. It now seems clear that the country will have a fiscal surplus this year. Let's not run out and spend it. Recall that a good part of our fiscal balance results from the robust growth in the private economy. When that growth slows as it inevitably will, using the surplus now to pay down the national debt will stand us in good stead.

Next, social security and medicare. We must address the needs of these two big systems that support our elderly citizens

and the time is now, while the country is not plagued with other problems that might serve to postpone sensible solutions.

Finally, we at the Federal Reserve must continue to pursue price stability. The extent to which the country's current prosperity depends on an environment of low and predictable price inflation should not be underestimated. Serious challenges to price stability are not gone forever, as tempting as that may be to believe. Monetary policymakers need to be on guard, so as to retain the gains that we've won over the past twenty years.

Intelligent public policy is important, but in many ways it pales beside the responsibility of individual citizens and businesses. You Providence College graduates are vital to the future prosperity of this country. And you have an obligation, not just to be successful yourself, but to help to make the economy successful more generally. I want to elaborate on this point with three statements:

- First, it ain't over till it's over.
- Trees don't grow to the sky
- And Noah had it right.

Let me expand on these points.

It ain't over 'till it's over. - And here I'm not talking about a come from behind win in the last period of the women's Olympic hockey game. I am talking about your need to continue learning.

The new economy requires highly skilled workers. And, more importantly, it requires workers capable of dealing with constant technological and competitive change. Familiar as you are with the Dominican tradition of teaching, it should not surprise you that further education -- professional schools and on-the-job specialized training of all sorts -- is the rule now not the exception.

And the forces that require continuing education are not just technological forces. Society is more complex than when I first started working 30 years ago; your colleagues will come from more diverse backgrounds, your suppliers, partners, and customers will live in many more countries, and you will probably work for a greater variety of organizations than we ever dreamt of when I graduated.

Negotiating this complex world requires thoughtful responses, tailored to the changing environment. Thus, even in the face of accelerated technological change, and the greater emphasis on specialized skills, there is a critical, and I would argue, growing need for the well-rounded and well-reasoned approach to decision making, whether that be in the public or private sector. In my own view, anyway, the knowledge of technology, while valuable, will become a commodity; the wisdom to deal with the challenges technology presents is much rarer and ultimately more necessary. You have been given the foundation to develop such wisdom at Providence. But let me emphasize -- this is only the beginning and not the end.

Trees don't grow to the sky. It's tempting to look at the performance of the financial markets and the economy more generally in recent years, and to believe that everything from the downpayment on a house to retirement will be taken care of by steadily rising good fortune. Trees don't grow to the sky, but many people seem to think they do, if the decline in the savings rate is any indication.

Compare this with the 1980's. At that time, the savings rate declined in part because of federal government dissaving reflected in growing budget deficits. Now that we have just about achieved fiscal balance, it's clear that we have met the enemy -- and it is us. Our consumption -- of things such as ever bigger homes, new cars, and services galore, just as examples -- has been going up faster than our incomes.

One symptom of our declining savings rate is this country's soaring balance of payments deficit, one of the few dark clouds on the country's bright economic horizon. While serious economic problems in Japan and Southeast Asia have aggravated our trade gap recently, the rapid growth in U.S. demand for all manner of goods has already led to years of deteriorating trade accounts. In the end, a country runs a payments deficit because its citizens are consuming more than they produce and invest domestically, and foreigners are willing to lend them the funds needed to cover the gap. At the

moment, foreigners view the dollar and U.S. stocks and bonds as very attractive assets, but the world's investors are unlikely to go on financing U.S. appetites forever. Make no mistake, the United States and the rest of the world's economies would be healthier if America increased its own savings rate to finance a larger share of its investment and consumption. Moreover, if we are to meet our growing financing needs for retirement, for the education of our children and grandchildren, then the U.S. savings rate has to increase. Only you can make that happen.

Finally, Noah had it right. In the midst of this country's growing prosperity, a dramatic divergence in incomes across our society has developed. The trend slowed a bit in the late nineties, but the fact remains that today the top fifth of families in the United States is at least seven times as wealthy as the bottom fifth.

This is a problem not just for those caught at the bottom of the economic ladder, but for all of us. A society that relegates some of its members to poverty, while others garner vast wealth, is one that cheapens us all, morally as well as economically. Economic progress must be a tide that raises all boats. Those of us most capable must become boat builders--like Noah -- or, more relevantly, like Cardinal Ortega here with us today.

There are countless ways. Indeed, at Providence College, your Pastoral Service Organization and your Feinstein Institute are distinct and effective models of community service. I also know that many more than half of your class have been very active in serving the community of Providence. As you move into the wider world, there will be other opportunities through your place of worship, through local nonprofits, and even in business. Many employers now allow, and even encourage, their employees to devote some time to charitable work.

As you depart this beautiful morning from the Providence College community, and move into the broader worlds of graduate school and work, you take with you an incredible array of skills and a growing self-confidence that this caring and supportive environment has helped you build. It is now your task to build the broader communities that make economic progress possible. Surely, you will succeed in academia or professional life, but personal success is not enough. Continue to build on the foundations of wisdom so well laid here at Providence, contribute to the task of making this nation more self-sufficient, but, most of all, learn to build the boats that will create the civil and human society that enriches us all.

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