

Remarks by Richard F. Syron  
for Boston University School of Management  
1990 MBA Convocation Ceremony  
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DEAN MCGURN, DISTINGUISHED MEMBERS OF THE FACULTY, PARENTS, SPOUSES, AND OTHERS WHO HELPED SUPPORT THIS GRAND OCCASION (BOTH FINANCIALLY AND EMOTIONALLY) -- AND MOST IMPORTANTLY, MEMBERS OF THE BOSTON UNIVERSITY SCHOOL OF MANAGEMENT CLASS OF 1990.

I AM HONORED TO HAVE BEEN CHOSEN TO CELEBRATE THIS COMMENCEMENT WITH YOU. I VIVIDLY REMEMBER MY OWN COMMENCEMENT AND THE EXCITEMENT SURROUNDING THAT DAY, ALMOST A QUARTER OF A CENTURY AGO.

TO BE ASKED TO SPEAK AT ANY COLLEGE COMMENCEMENT IS A GREAT HONOR, BUT IT IS A PARTICULAR PLEASURE TO BE ASKED TO SPEAK AT BOSTON UNIVERSITY. MANY OF MY FRIENDS HAVE DEGREES FROM HERE, AND MY WIFE IS A PRODUCT OF THE GRADUATE SCHOOL. AND ALTHOUGH I WAS AN UNDERGRADUATE AT A SCHOOL FARTHER UP COMMONWEALTH AVENUE, I HAVE A PARTICULAR AFFINITY FOR YOUR UNIVERSITY -- WITH THE PRONOUNCED EXCEPTION OF YOUR TEAM IN RED AND WHITE THAT WEARS SKATES, AND WHICH HAS CAUSED ME MUCH AGGRAVATION OVER THE YEARS.

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AS I WROTE THIS, I WAS STRUCK BY THE FACT THAT YOU ARE THE CLASS OF 1990, AND THAT YOU TRULY WILL HAVE THE OPPORTUNITY TO SHAPE OUR NATION'S ECONOMIC LANDSCAPE AS WE ENTER THE NEXT MILLENIUM. WE ARE AT A PIVOTAL TIME IN OUR NATION'S -- AND THE WORLD'S -- DEVELOPMENT. THE RAPID CHANGES IN THE GLOBAL ECONOMIC TOPOGRAPHY INDICATE THAT YOU WILL FACE A FAR DIFFERENT SET OF BUSINESS CHALLENGES THAN MY COLLEAGUES AND I HAVE FACED. BUT THAT IS ALL TO THE GOOD. EVERY CHALLENGE IMPLIES AN OPPORTUNITY, AND YOU CAN BE ASSURED OF A PLENITUDE OF BOTH. WITH THESE OPPORTUNITIES COME RESPONSIBILITIES, AND I WILL TURN TO THEM SHORTLY.

IN LOOKING AT THE CONFIGURATION OF MANAGEMENT EDUCATION IN THE UNITED STATES OVER THE PAST TWO DECADES, ONE CAN BE CRITICAL ABOUT MANY THINGS. HOWEVER, I FIND MYSELF IN A PARTICULARLY ANKWARD POSITION FOR AN IRISHMAN THIS AFTERNOON -- SINCE I AM IN ALMOST COMPLETE AGREEMENT WITH THE DIRECTION YOUR GRADUATE SCHOOL OF MANAGEMENT HAS TAKEN UNDER DEAN MCGURN'S DIRECTION.

AS YOUR SCHOOL ENTERS ITS SEVENTY-SIXTH YEAR, YOU SEEM WELL POISED TO PROVIDE THE MIX OF GRADUATES THAT THE REGION, THE NATION, AND INCREASINGLY THE WORLD, NEED SO MUCH. I AM PARTICULARLY IMPRESSED WITH THE DIVERSITY YOU

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REPRESENT. YOU HAVE THE BENEFIT OF STUDENTS FROM OVER 60 NATIONS, AS WELL AS A PREPONDERANCE OF STUDENTS WHO HAVE HAD VALUABLE WORK EXPERIENCE BEFORE COMING TO GRADUATE SCHOOL. YOUR ACHIEVEMENTS HERE, AND YOUR PROGRAMS OVERSEAS INCLUDING THOSE IN BERLIN AND JAPAN, TRULY PLACE B.U. AHEAD OF THE POWER CURVE IN MANAGEMENT EDUCATION.

SINCE YOUR EXPERIENCE HERE HAS BROUGHT YOU INTO CONTACT WITH PEOPLE FROM AROUND THE GLOBE AND ALL KINDS OF BACKGROUNDS, YOU HAVE SOME SENSE OF YOUR PLACE IN THE WORLD COMMUNITY AND OF THE DIVERSITY OF THAT COMMUNITY. ALONG WITH THIS AWARENESS SHOULD COME THE REALIZATION THAT ALL THE CULTURES AND NATIONS OF THE WORLD ARE HIGHLY INTERDEPENDENT FOR OUR MUTUAL PROSPERITY AND LONG-RUN SUCCESS.

THE VERY CONCEPT OF "SUCCESS" IS SUBJECT TO A GREAT DEAL OF CULTURAL INTERPRETATION. THIS IS SOMETHING THAT WE AS AMERICANS ARE NOT AS AWARE OF AS WE SHOULD BE. DIFFERENT PEOPLE AND INDEED DIFFERENT SOCIETIES MEASURE SUCCESS DIFFERENTLY. WHAT IS SELF-SACRIFICE TO ONE PERSON MAY BE DISCIPLINE TO ANOTHER; WHAT IS PERCEIVED BY ONE TO BE A LACK OF INDIVIDUALISM CAN BE SEEN AS A UNITY OF PURPOSE BY ANOTHER; WHAT SOME WILL DERIDE AS A LONG-RUN GAMBLE WILL BE HAILED AS STRATEGIC VISION BY OTHERS.

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THESE DISPARATE POINTS OF VIEW VARY NOT ONLY ACROSS CULTURES AND SOCIETIES, BUT ALSO WITHIN SOCIETIES OVER TIME.

IT HAS BECOME INCREASINGLY WORRISOME TO ME THAT OUR OWN AMERICAN SOCIETY IS LOSING MUCH OF ITS DISCIPLINE, ITS UNITY OF PURPOSE, AND MOST OF ALL ITS AWARENESS OF ITS LONG-RUN GOALS. THIS HAS BEEN REFLECTED BY A WIDE VARIETY OF SOCIETAL SYMPTOMS -- CRIME, BOTH VIOLENT AND WHITE-COLLAR -- THE DRUG PROBLEM -- ILLITERACY -- AND SOMETHING THAT IS BECOMING MORE AND MORE OF A PROBLEM, THE INABILITY OF GOVERNMENTS AT ALL LEVELS TO ACHIEVE A BALANCED BUDGET. MOST OF THESE PROBLEMS HAVE THE SAME ROOTS - OUR PREFERENCE FOR SHORT-TERM RETURN OR GRATIFICATION AT THE COST OF LONGER-RUN BENEFITS TO BOTH THE INDIVIDUAL AND THE ECONOMY.

HOWEVER, THESE ARE ALL PROBLEMS THAT YOU CAN DO SOMETHING ABOUT. DURING THE TIME YOU HAVE BEEN HERE, YOU HAVE ACQUIRED A TRULY MARVELOUS EDUCATION IN THE BROADEST PERSPECTIVE AS WELL AS SOME VERY VALUABLE TECHNICAL SKILLS.

I KNOW THAT ALL OF YOU ARE AWARE THAT THESE SKILLS ARE ONLY A PART OF WHAT YOU CAME HERE TO LEARN, AND THAT THEY ARE TO BE USED AS TOOLS TO ACHIEVE BROAD SOCIAL PURPOSES, NOT ONLY PERSONAL ENRICHMENT. INCREASINGLY THE ACHIEVEMENTS

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OF A BUSINESS LEADER ARE MEASURED BY THIS QUARTER'S EARNINGS. WHILE THIS MAY BE ONE BAROMETER OF SUCCESS, THE REAL MEASURE WILL BE WHETHER THAT MANAGER HAS BEEN ABLE TO POSITION HIS OR HER COMPANY MORE STRATEGICALLY IN A WORLD OF EXPANDING MARKETS AND EVER-INCREASING INTERNATIONAL COMPETITION, AND IN A WAY THAT CONTRIBUTES MOST TO THE PUBLIC WELL-BEING.

THIS BROADER PERSPECTIVE IS ESSENTIAL IF WE ARE TO DEVELOP A MORE COMPREHENSIVE WORLD VIEW, IF WE ARE TO UNDERSTAND OUR OWN PLACE AND AMERICA'S PLACE IN THE COMMUNITY OF NATIONS, AND IF WE ARE TO DEVELOP A PLAN FOR THE FUTURE. THAT IS WHY I URGE YOU TO CONSIDER APPLYING YOUR SKILLS TO THE RESOLUTION OF THE MANY MONUMENTAL PROBLEMS FACING OUR NATION.

THAT MEANS NOT ONLY THE POSSIBILITY OF BECOMING INVOLVED IN PUBLIC SERVICE, BUT ALSO TAKING A CONTINUING INTEREST IN YOUR GOVERNMENT AND SOCIETY. IN THIS WAY YOU CAN MAKE SURE THAT GENERATIONS TO COME ARE OFFERED EVEN GREATER ECONOMIC AND EDUCATIONAL OPPORTUNITIES THAN WE HAVE ENJOYED.

SINCE WE ARE GATHERED HERE TO RECOGNIZE YOUR ACHIEVEMENTS IN UNDERSTANDING AND APPLYING THE TOOLS OF BUSINESS, FINANCE, AND ECONOMICS, IT SEEMS TO ME APPROPRIATE TO OFFER SOME BRIEF COMMENTS ABOUT THE CRITICAL NEED FOR THE

APPLICATION OF YOUR SKILLS IN BUSINESS AND ECONOMICS TO THE FUTURE

APPLICATION OF YOUR SKILLS IN BUSINESS AND ECONOMICS TO THE PROBLEMS FACING  
THE PUBLIC SECTOR.

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AS LONG AS WE AS A PEOPLE CONTINUE TO DEPRECATE GOVERNMENT SERVICE, INEVITABLY WE ARE GOING TO HAVE A DECLINE IN THE QUALITY AND THE EFFICIENCY OF OUR PUBLIC SERVICES -- A DECLINE WE CAN AFFORD LESS AND LESS, GIVEN THE PANOPLY OF CHALLENGES FACING US AS A NATION.

IT IS IMPORTANT TO NOTE THAT THIS IS NOT A PARTISAN OR NEW ISSUE. WHEN I WAS IN THE TREASURY IN 1979 AND 1980 IN WASHINGTON, THE VIEW HAD ALREADY EMERGED THAT PUBLIC SERVICE WAS AT BEST A NECESSARY EVIL, AND AT WORST A PARASITIC DRAIN ON SOCIETY.

THAT ATTITUDE, COMBINED WITH CONSTRAINING PAY CAPS AND THE RIGOROUS RULES APPLIED TO PUBLIC SERVANTS, INEVITABLY HAS MADE IT MORE AND MORE DIFFICULT FOR THE PUBLIC SECTOR TO HOLD ONTO GOOD PEOPLE AND TO ATTRACT THE NEW SKILLS IT NEEDS.

THIS GROWING INABILITY TO ATTRACT GOOD PEOPLE HAS, AND WILL CONTINUE TO, DIMINISH WHAT WE CAN EXPECT FROM OUR PUBLIC SERVANTS. THE COST TO SOCIETY OF FAILING TO ATTRACT HIGH-QUALITY PEOPLE WITH A LONG-RUN VISION OF THE FUTURE DIRECTION OF THIS COUNTRY IS NOW PAINFULLY OBVIOUS TO US ALL, AS THE MAGNITUDE OF THE CRISIS IN THE SAVINGS AND LOAN INDUSTRY BECOMES MORE APPARENT.

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THIS CRISIS WAS NOT AN UNAVOIDABLE MISTAKE. WHILE SOME SAVINGS AND LOANS WOULD INEVITABLY HAVE FAILED, A SERIES OF MISGUIDED REGULATORY POLICIES AND POOR POLITICAL DECISIONS TURNED WHAT SHOULD HAVE BEEN A SMALL PROBLEM INTO A CRISIS, WITH ENORMOUS RAMIFICATIONS FOR THE FINANCIAL MARKETS AND FOR OUR BUDGET DEFICI, AND INCREASINGLY, OUR ENTIRE NATIONT.

A QUICK REVIEW OF THE MISTAKES THAT CONTRIBUTED TO THE S&L CRISIS ILLUSTRATES THE KIND OF PROBLEMS THAT DEVELOP WHEN POLICY IS POORLY DESIGNED AND SACRIFICES THE LONG-RUN WELL-BEING OF THE ECONOMY FOR SHORT-RUN POLITICAL AND FINANCIAL GAINS.

THE SAVINGS AND LOAN INDUSTRY WAS CREATED INITIALLY TO PROVIDE FUNDS FOR THE HOUSING INDUSTRY. S&LS DID THIS BY TAKING IN SHORT-TERM DEPOSITS AND MAKING LONG-TERM MORTGAGE LOANS TO HOMEBUYERS. THIS WORKED REASONABLY WELL UNTIL THE LATE SEVENTIES, WHEN INFLATION CAUGHT BOTH THE INDUSTRY AND GOVERNMENT REGULATORS BY SURPRISE. AS SHORT-TERM INTEREST RATES PAID ON DEPOSITS ROSE FAR ABOVE THE RATES CHARGED ON OLD MORTGAGES, INSTITUTIONS FACED A DILEMMA, THE SEVERITY OF WHICH REQUIRES NO FORMAL TRAINING IN ECONOMICS TO UNDERSTAND.

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S&LS HAD LENT AT RATES BELOW WHAT THEY WERE PAYING FOR DEPOSITS. NOT SURPRISINGLY, BY THE EARLY EIGHTIES THE INDUSTRY WAS EXHIBITING LARGE LOSSES AND IMPAIRED CAPITAL. NOW, HOWEVER, THE EARLIER FAILURE OF REGULATORS, LEGISLATORS, AND THE INDUSTRY TO CONSIDER THE RAMIFICATIONS OF INFLATION WAS COMPOUNDED BY A SERIES OF POLICY DECISIONS THAT POSTPONED RATHER THAN RESOLVED THE PROBLEM. AGAIN, A PREFERENCE FOR A SHORT-RUN APPROACH.

INSTEAD OF CLOSING TROUBLED INSTITUTIONS, REGULATORS CHANGED THE WAY THEY ADDED UP THE NUMBERS, USING "NEW REGULATORY ACCOUNTING PRINCIPLES". RAP ACCOUNTING, LIKE RAP MUSIC, HAS SEDUCTIVE APPEAL. RAP ACCOUNTING ALLOWED AN EFFECTIVELY BANKRUPT INSTITUTION TO CONTINUE OPERATING, IN THE HOPE THAT INTEREST RATES WOULD FALL AND SAVE IT. WHY DIDN'T LEGISLATORS AND REGULATORS CORRECTLY IDENTIFY RAP AS THE REJECTED ACCOUNTING PRINCIPLES THAT THEY WERE? FEW ELECTED OFFICIALS WANTED TO REQUIRE COSTLY CLOSINGS OF INSTITUTIONS, SOME OF WHICH MAY HAVE BEEN IMPORTANT CONSTITUENTS. NO REGULATOR WANTED TO TAINT HIS OWN INDUSTRY. THUS, A BAND-AID WAS USED TO COVER OVER A SEVERE GASH, WITH THE INEVITABLE RESULTS THAT FOLLOWED.

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THE STORY GETS WORSE. IN SOME CASES, MANAGEMENT AND OWNERS, REALIZING THAT THEIR INSTITUTIONS EFFECTIVELY HAD NO VALUE, BEGAN TO MAKE LARGE CREDIT BETS. THIS WAS A PERFECTLY LOGICAL POSITION TO TAKE. IF THEY TOOK A LARGE BET AND WON, THEY NOW OWNED OR MANAGED A SURVIVING INSTITUTION. IF THEY TOOK A BIG BET AND LOST, THE BILL ULTIMATELY WENT TO THE TAXPAYER THROUGH DEPOSIT INSURANCE. AS A RESULT, WHEN INTEREST RATES DID FALL, AS INFLATION WAS BROUGHT UNDER CONTROL, MANY INSTITUTIONS WERE STILL DEEPLY UNDER WATER BECAUSE OF THEIR BAD CREDIT BETS. THE LONGER THE GOVERNMENT WAITED, THE LARGER THE BETS, THE MORE COSTLY THE SOLUTION BECAME.

WELL, AS THE SAYING GOES, PAY NOW OR PAY LATER. WE KNOW WHAT CHOICE WAS MADE. WE HAVE ALL READ ABOUT THE GOVERNMENT OFFICIALS AND THE REGULATORS AND THE INDUSTRY -- ALL LOOKING OUT FOR THEIR OWN SHORT TERM INTERESTS. WE'VE ALL READ ABOUT ELECTED OFFICIALS WHO CHOSE TO POSTPONE THE IRE OF CONSTITUENTS AND HIGHER GOVERNMENT DEFICITS. WE'VE ALL READ ABOUT AN INDUSTRY PLAGUED WITH UNSCRUPULOUS MANAGEMENT, AND REGULATORS WITH CLOSE TIES TO THE INDUSTRY THEY REGULATED. AND OF COURSE, WE'VE READ ABOUT THE BILLIONS OF DOLLARS IT WILL COST THE TAXPAYER.

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BUT WHAT WOULD WE HAVE READ ABOUT IF LONGER-TERM VIEWS HAD PREVAILED OVER SHORTER TERM INTERESTS? I SUSPECT WE WOULD HAVE READ THAT GOVERNMENT OFFICIALS WOULD HAVE MADE THE TOUGH DECISIONS, AND THAT THE TAXPAYER WOULD HAVE BITTEN THE BULLET EARLY ON. WE WOULD HAVE READ THAT OUR REGULATORY AGENCIES WERE BEING ADEQUATELY STAFFED, WITH CAPABLE PEOPLE WHO POSSESSED INTEGRITY, AND COMMITMENT. AND WE WOULD HAVE UNDERSTOOD THAT WE WOULD HAVE TO PAY TO HAVE OUR INTERESTS PROTECTED AND THAT IT WAS A WORTHWHILE INVESTMENT.

UNFORTUNATELY, THAT DID NOT HAPPEN. IN THE BROADEST SENSE, WE SEEM TO HAVE LEARNED LITTLE FROM THIS VERY EXPENSIVE LESSON. WHILE THE GOVERNMENT IS FINALLY CLOSING HOPELESSLY BANKRUPT THRIFTS, THE PROGRAM AND OTHERS ARE STILL HAMPERED BY SHORT-TERM HORIZONS.

IN THE SHORT-RUN, MONEY WAS SAVED BY HAVING UNDERPAID AND OVERWORKED REGULATORS, AND ELECTED OFFICIALS WERE ABLE TO POSTPONE THE IRE OF CONSTITUENTS AND HIGHER GOVERNMENT DEFICITS. IN THE LONG RUN, HOWEVER, THE COSTS TO THE TAXPAYER INCREASED ENORMOUSLY. UNFORTUNATELY, IN THE BROADEST SENSE WE SEEM TO HAVE LEARNED LITTLE FROM THIS EXPENSIVE LESSON. WHILE THE GOVERNMENT IS FINALLY CLOSING HOPELESSLY BANKRUPT THRIFTS, THE THRIFT RESCUE PROGRAM AND OTHER GOVERNMENT PROGRAMS

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HORIZONS.



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WE ARE ALL AWARE OF THE TREMENDOUS SOCIAL PROBLEMS THAT AFFLICT OUR COUNTRY. CONSIDER ONE OF THE MOST HORRIBLE -- DRUG ABUSE. ONE COULD ARGUE THAT IT IS THE HARSHTEST SYMPTOM OF OUR SOCIETY'S PREFERENCE FOR IMMEDIATE GRATIFICATION OVER A LONGER-TERM HORIZON.

HOWEVER, HOW CAN WE IN THE BUSINESS WORLD EXPECT TO HAVE ANY CREDIBILITY IN HELPING SOCIETY DEAL WITH THESE ISSUES, WHEN THE SAME BASIC LACK OF LONGER-TERM DISCIPLINE PERVADES THE FINANCIAL WORLD? A GOOD EXAMPLE IS THE REPLACEMENT OF EQUITY BY THE EXPLOSIVE GROWTH OF DEBT, LEADING TO AN EVER MORE LEVERAGED AND VULNERABLE AMERICA.

UNFORTUNATELY, THIS PHENOMENON IS NOT CONFINED TO JUST THE CORPORATE SECTOR. GOVERNMENTS AT ALL LEVELS, AS WELL AS HOUSEHOLDS, FIND THEMSELVES WITH DEBT BURDENS THAT CONSUME AN INCREASING SHARE OF CURRENT INCOME. IN MANY WAYS, OUR ENTIRE SOCIETY HAS BEEN ENJOYING AN ORGIASTIC BATH IN A JACUZZI OF DEBT, WITH LITTLE THOUGHT OF WHAT HAPPENS WHEN WE GET OUT OF THE TUB.

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THE 1980S HAVE SEEN AN UNFORTUNATE SHIFT IN ATTENTION AWAY FROM THE CREATION OF NEW FIRMS AND TECHNOLOGY THAT WOULD ULTIMATELY INCREASE EMPLOYMENT AND REAL WEALTH, TOWARD A FASCINATION WITH CARVING UP WHAT ALREADY EXISTS, IN A WAY THAT PROVIDES AT LEAST SHORT-RUN FINANCIAL GAINS. WHAT I AM TALKING ABOUT, OF COURSE, IS THE PHENOMENON OF LEVERAGED BUYOUTS AND JUNK BOND TAKEOVER FINANCING.

TRANSCENDING ALL OF THIS IS THE PERVERSE INCENTIVE CREATED IN OUR ECONOMY WHEN THOSE WHO CARVE UP WEALTH ARE COMPENSATED MUCH MORE HIGHLY THAN THOSE WHO CREATE IT. THE AMERICAN PUBLIC IS MORE THAN FED UP WITH STORIES OF HOW YOUNG FINANCIERS HAVE BECOME MILLIONAIRES -- AND IN SOME CELEBRATED CASES, EVEN BILLIONAIRES -- IN A RELATIVELY SHORT PERIOD OF TIME, IN THE PUBLIC'S VIEW SIMPLY BY TRADING PIECES OF PAPER. ONE DOESN'T HAVE TO BE AN ECONOMIST OR FINANCIER TO REALIZE THIS; RATHER, ONE CAN SIMPLY READ THE POPULAR PRESS AND BOOKS LIKE BONFIRE OF THE VANITIES, LIAR'S POKER, OR BARBARIANS AT THE GATE.

THE S&L CRISIS AND THE MERGER BOOM ARE ONLY TWO EXAMPLES FROM THE 1980S OF WAYS THAT SOCIETY HAS BEEN HINDERED BY INADEQUATE AWARENESS OF LONG-RUN GOALS. YOUR GENERATION WILL NEED TO APPLY THE WONDERFUL EDUCATION YOU HAVE RECEIVED TO A HOST OF PROBLEMS THAT CRY OUT FOR GOOD LONG-RUN ANALYSIS.

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WHILE MANY OF OUR BRIGHTEST GRADUATES HAVE BEEN ATTRACTED BY THE LARGE SALARIES ON WALL STREET, FINANCIAL REGULATORS HANDICAPPED BY BUDGET CUTS HAVE NOT BEEN SO FORTUNATE. YET, THE NEXT DECADE WILL BE THE MOST IMPORTANT PERIOD OF REGULATORY CHANGE SINCE THE DEPRESSION. MAJOR CHANGES IN DEPOSIT INSURANCE, COMPETITION BETWEEN INVESTMENT AND COMMERCIAL BANKS, AND THE GREAT INTERNATIONALIZATION OF FINANCIAL MARKETS WILL REQUIRE THE ATTENTION OF THIS NATION'S MOST CREATIVE MINDS, IF WE ARE TO CONTINUE TO HAVE DYNAMIC AND INNOVATIVE FINANCIAL MARKETS WITHOUT SUBSTANTIAL INCREASES IN FINANCIAL FRAGILITY AND RISK.

THE PAST SEVERAL YEARS HAVE SEEN INCREASED AWARENESS AND REAL CONCERN ABOUT THE FEDERAL BUDGET DEFICIT. YOUR GENERATION WILL BE SADDLED NOT ONLY WITH MUCH OF THE BILL FOR THE DEFICIT, BUT ALSO WITH THE COST OF THE GOVERNMENT SPENDING THAT DID NOT OCCUR. AMERICA'S INFRASTRUCTURE HAS BEEN SEVERELY DAMAGED BY THE BUDGET CRISIS. WHILE THE POPULATION HAS GROWN, THE ROADS, BRIDGES, AIRPORTS, AND TRAINS HAVE NOT BEEN EXPANDED OR EVEN REPAIRED; MAJOR GRIDLOCKS OCCUR IN OUR BIG CITIES.

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PERHAPS THE BIGGEST FAILURE IS OUR LIMITED REGARD FOR THIS COUNTRY'S MOST VALUABLE RESOURCE, OUR HUMAN CAPITAL. AS BUDGET CUTS CAUSE EDUCATION CUTBACKS FROM OUR LOCAL ELEMENTARY SCHOOLS TO OUR LARGEST UNIVERSITIES, WE ENDANGER OUR COMPETITIVE EDGE, OUR SKILLED LABOR FORCE. SHORT-RUN BUDGETS MAY BE IMPROVED BY ALLOWING OUR CAPITAL STRUCTURE TO DETERIORATE, BUT THE LONG-RUN EFFECTS WILL BE FELT BY YOU.

YOUR GENERATION WILL ALSO BE ASKED TO ACHIEVE MUCH CLOSER INTEGRATION WITH THE REST OF THE WORLD. FROM INTERNATIONAL TRADE TO ENVIRONMENTAL POLICIES, ALL OUR MAJOR EFFORTS WILL REQUIRE GREATER INTERNATIONAL COOPERATION. SHORT-RUN SOLUTIONS, SUCH AS PROTECTIONISM IN INTERNATIONAL TRADE OR IGNORING OUR DISPROPORTIONATE SHARE OF POLLUTION AND WASTE, WILL HAVE LONG-RUN EFFECTS BOTH HERE AND ABROAD.

ALL THESE PROBLEMS WILL REQUIRE THOROUGH ANALYSIS BY PEOPLE WITH THE TECHNICAL SKILLS THAT YOU HAVE ACQUIRED HERE AT B.U. I HOPE THAT MANY OF YOU WILL APPLY YOUR SKILLS DIRECTLY TO THE PROBLEMS FACING YOUR GENERATION. FINDING SOLUTIONS NOT ONLY WILL IMPROVE SOCIETY, BUT ALSO WILL BE PERSONALLY ENRICHING.

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MANY OF THESE PROBLEMS MUST BE CONFRONTED IN THE PUBLIC SECTOR, AND I HOPE THAT MANY OF YOU WILL CONSIDER PUBLIC SECTOR EMPLOYMENT AS YOU BEGIN TO MAKE CAREER CHOICES. IN THAT REGARD, I NOTE THE GREAT PROMISE OF YOUR MBAs WITH CONCENTRATIONS IN PUBLIC ADMINISTRATION AND HEALTH ADMINISTRATION, SECTORS THAT COMMAND AN INCREASING SHARE OF GNP. FOR THOSE OF YOU WHOSE MAJOR CONTACTS WITH THE GOVERNMENT WILL BE YOUR APRIL 15 DEADLINE FOR TAXES, I HOPE THAT YOU WILL REMEMBER THAT THE COSTS OF GOOD GOVERNMENT PALE, RELATIVE TO THE COSTS OF MISTAKES MADE BY BAD GOVERNMENT.

REGARDLESS OF YOUR CAREER PATH, TRY TO AVOID THE EASY, THE SHORT-RUN DECISIONS. WHETHER YOU WORK IN THE PUBLIC OR THE PRIVATE SECTOR, YOUR EMPLOYER WILL VALUE ANYONE WHO CAN CAREFULLY ANALYZE A PROBLEM WHILE KEEPING THE LONG-RUN PERSPECTIVE IN VIEW. THIS CAN BE MORE DIFFICULT TO DO THAN MANY OF YOU MAY REALIZE AT THIS POINT IN YOUR CAREER. OUR SOCIETY LIONIZES THOSE WHO MAKE SHORT-TERM GAINS. FROM THE TAKEOVER ARTISTS ON WALL STREET TO OUR MOST ACCOMPLISHED ATHLETES, WHAT THEY MAKE, RATHER THAN WHAT THEY HAVE DONE, FREQUENTLY DOMINATES THE HEADLINES.

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MANY OF THESE PERCEIVED HEROES ARE NO DIFFERENT FROM MEGABUCKS WINNERS;  
THEY PLACED THEIR BETS AND THEY REAPED HUGE REWARDS. TOO LITTLE ATTENTION IS  
PLACED ON THOSE WHO ARE IN THE GAME TO STAY. THE TRUE HEROES SHOULD NOT BE  
THOSE WHO HAPPEN TO WIN THE BET, BUT THOSE WHO CAN STEP BACK AND TAKE A  
LONGER-TERM PERSPECTIVE. THEIR REWARDS MAY BE YEARS AWAY AND HAVE LITTLE TO  
DO WITH THEIR PERSONAL REMUNERATION, BUT THE BENEFITS TO THEMSELVES AND  
SOCIETY WILL LAST THE LONGEST. I HOPE MANY OF YOU WILL BE AMONG THEM.