

PAV Remarks @
Commencement Exercises
University of Cincinnati
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This is a special and happy day: Special for you in the graduating classes who have now surmounted all the hurdles; special for your families and friends, who on this of all days feel joy and pride (perhaps tinged with a sense of relief) and it is, of course, special for me personally to become an honorary member of the Class of '86 of the University of Cincinnati which is doing so much to educate so many, and I thank you for it.

At the same time, I must confess that, for me, a commencement address is a difficult art form. The image of a central banker is, I am afraid, a rather pompous one -- grave men given to lengthy and opaque analyses of obscure economic relationships. It was quite in that vein that the New York Times commented the other day that the Federal Reserve is a fairly grim agency. The Wall Street Journal followed up with a column on its front page starting with the sentence, "Federal Reserve Board Chairman Paul Volcker is a cheerless fellow."

A friend of mine summarized it for me with a paraphrase from H.L. Mencken. He said: "Central bankers are like Puritans; they have a haunting fear that someone, someplace may be happy."

I don't think Mencken thought of that remark as a compliment. But when I jokingly mentioned it in a speech not too long ago, it provoked a spirited defense of the Puritan ethic in a newspaper column. That made me think a bit, because the basic point the columnist made was close to my theme today.

He argued that the Puritans weren't against happiness -- they simply insisted happiness could only be found as a by-product of hard work, and diligence and thrift.

Those qualities, in the end, do of course drive economic growth; there really is no substitute. And while those Puritan characteristics may not sound very glamorous or exciting -- not quite "with it" -- we do, of course, like to enjoy the prosperity they engender.

On that score, things don't look so bad today -- in fact there is quite a lot to be cheerful about. The economic world is certainly in better shape than when most of you entered college, in the midst of recession. We've had 3-1/2 years of business expansion, and in the process created 9-1/2 million new jobs. Inflation is down, and so are interest rates.

Meanwhile, the way we do business of finance, and medicine, and law is changing -- changing faster than many of us can really comprehend. At the same time, those equipped with good minds, a solid education, and familiarity with new technologies -- the kind of thing this University is all about -- have perhaps more opportunity than ever before.

It's all pretty heady stuff, and it's easy to envy the young and vigorous, well prepared to launch upon new careers.

But I do get paid to worry -- and I have to tell you I find no shortage of material on that score.

For one thing, **history** strongly suggests that -- as a nation, as businesses, as individuals -- we are borrowing too heavily, mortgaging our future, and risking financial trouble.

Our already low savings rate has been declining. We import too much and export too little. The largest and richest economy in the world has also turned into the largest international debtor.

Closer to home, I worry that too many sectors of our economy -- and some regions of the country -- haven't shared in the expansion. We don't need statistics to know that unemployment, particularly among minorities, remains too high. And, when we look at the rest of the world, there are too many areas where growth is only a dream, and starvation a reality.

But I am not going to make this a lecture in economics. I have some broader concerns, maybe more directly relevant, to balance all those bright opportunities before you.

You are living in a world of accelerating change, not just in economics, but in the way we live our lives. A major force driving that change is that technology allows us to store, retrieve, and transmit information with a speed and economy that makes a mockery of what we thought was advanced a decade or two ago. We move about much more freely and cheaply, here and abroad. As a natural consequence, markets for goods and services, and the marketplace of ideas, have become more international than ever before.

That's all stimulating and exciting. The financial rewards for some can be enormous, and many more than an elite few should have the best opportunities ever for achieving personal and professional goals.

But there are risks in all this change and opportunity. When we move so easily, will we be able to retain a solid sense of really "belonging" anywhere? When things are changing so fast, do we really have time to fully absorb, assimilate, and consider the implications of what we do? Most dangerous of all, will we lose a sense of standards -- of what is right, what is lasting, and what is necessary to maintain a harmonious community in which we all must live, and for personal satisfaction as well?

There is a related question in the economic area. It was put to me rather pointedly by a retired businessman now teaching at a prestigious East Coast university. He said he saw hundreds of talented young men and women attracted into finance and law and consulting, and advertising by reports of high return and high status. His skeptical observation was that everyone wanted to groom the horse -- but who was willing to be the horse to pull the cart of economic growth.

Well, maybe those questions are less pointed out here in the Mid-West Heartland. I hope so. All that change, I fear, isn't going to do us much good without a core of stable values.

After all, in the end, the overriding question for your generation is not going to be how much money you make but whether you can keep the peace in a nuclear age -- that accident at Chernobyl sent a shiver up all our spines, and just maybe will help remind us of what our priorities really are.

And there is no shortage of other threats to our collective and individual futures -- from drugs on our streets to pollution in the atmosphere -- both of which seem to go hand in hand with all that restless change.

Those, I suppose, are the kinds of concerns that are traditionally expressed in a commencement oration. I raise them now only because, in the areas I know best, there are disquieting signs that amid all the booming financial markets -- maybe in part because the financial rewards seem so great -- there are also disquieting tendencies at work. We read in the daily press these days of abuses of inside information by those with fiduciary responsibility. In too many instances over recent years -- including here in Cincinnati -- we have seen instances where managers, with an essentially public trust to protect other people's money, use those funds for personal gain. Taxes, it has been said, are the price of civilization, but increasingly we see our system abused, by legal devices or otherwise, to escape a share of that price. Lawyers and accountants are tempted to skirt their professional responsibilities in meeting their clients' interests.

There has been a strong movement in this country in recent years, under Democrats and Republicans alike, to reduce official supervision and regulation of financial institutions and other businesses. The reasoning is clear -- to promote more efficient competitive markets. But there must

be another assumption as well, seldom stated or discussed. The effective operation of a competitive market system must in the last analysis rest on a strong sense of business integrity and fiduciary responsibility.

That is not a new thought. All those new computers, all those new ways of doing business, all our technological wonders, are no substitute for a sense of mutual trust, in our business relationships, in our government, and in our personal lives.

I am also old enough to know that, decades down the road, your main satisfactions will be found primarily in the strength of your families, your ties with faithful friends, and in a sense of contribution to the community. It will be occasions like this -- in about 2016 -- that will symbolize those achievements.

You are going to have the chance to reach out -- many of you already are -- in business and accounting, or law, or the medical arts, or education, or engineering or the arts. In every one of those areas there are opportunities for doing good while doing well! And I hope some will find personal challenge in government where the need for good people is so great.

As you take your place in the working world, I hope you don't resist the urge, now and then, to do a little dreaming, to take some chances in pursuit of those dreams, to see whether,

as the adrenalin runs, all that energy can't bring benefits to the community along with personal fulfillment.

Enough of grand philosophy. In talking to college students, a Peanuts comic strip I read some years ago often comes to mind. It was a classic Lucy-Charlie Brown dialogue, with Lucy acting as psychiatrist.

She said that on cruise ships there were two kinds of people-- those who faced their deck chairs forward, because they wanted to see where they were going, and those who faced their deck chairs backward, because they were interested in where they had been.

"On that great cruise ship of life, Charlie Brown," Lucy asked, "which way will your deck chair be facing"?

"I don't know," Charlie responded. "I can't get mine untangled."

My sense is that there aren't many Charlie Browns left at a great urban university like Cincinnati. You're here today not because college was the thing to do, or to fill time while you decided what to do, but precisely because you have a pretty good idea where you want to go, and what it takes to get there.

All I can do is wish you bon voyage on that great cruise of life. Sooner than you realize, your city, your country, and the world will be shaped by your generation, not mine.

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