How to Build a Human Economy for the Long Term in a (Post-?) Crisis Environment

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Sareen: Welcome everyone. Two years ago the global economy suffered through its worst recession in fifty years. According to the statistics at the World Bank and The Organization for Economic Cooperation and Development (OECD), we had not seen a recession this bad or this severe on the global level in the post-war era.

What was striking about this recession was there was no external shock that caused it. There was no global war, massive pandemic or natural disaster; it was just a very severe recession. In the U.S. we have data going back in time and, in this case, we had not experienced a recession that was so severe since the great depression. In 2008 and 2009 we saw stock markets plummet around the world forty to sixty percent; the unemployment rate in the U.S. shoot up to over ten percent, a level that we had not seen in decades. North of seven and a half million people in this country alone lost their jobs. Real Estate prices in this country fell in the order of thirty percent, again declines that we had not seen since the 1930s, and a number of western countries saw similar declines in their housing markets.

So, here we are today, two years later. It was a severe recession so what has happened? Well, governments around the world responded very aggressively to what happened. We saw a concerted attempt to pull economies around the world out of this recession in a manner that we had not seen arguably in our history. Central banks around the world cut rates dramatically and cut interest rates essentially to zero percent. Governments issued massive amounts of debt, again led by the U.S. in particular, to help support the economy to cut taxes, boost spending, help support those who are unemployed, and many other projects to get the economy going. The verdict so far is that it has worked. The global economy is recovering. Stock markets have recovered, the economies have recovered, some more than others, but overall there is a recovery under way. The reality is that the U.S. did not go into another great depression, which was the fear at the time. Perhaps the best evidence of it here in New York City is what you do not see, which is that we do not see Central Park covered in shanty towns as we did in the 1930s.

However, there is a very stark reality that is here with us today. Two years after this recession the unemployment rate in this country still stands at ten percent. Over seven and a half million people are still out of a job. Real estate prices in this country have yet to bottom and a number of European countries have headed back into a recession, namely Greece, Portugal, Ireland, and perhaps Spain as well. What is happening in these countries is a very sobering reminder to us here in the U.S. because those governments used their capacities to borrow money to support their economies two years ago much like we did. Today they find themselves unable to service those debts and they are headed back into recession because of it.

This remains a risk for us as well looking forward. Did we in fact spend all this money on growth in the near term and will have to pay it back later, only deferring our day of reckoning? The other really sobering reality for the U.S. is the fact that we spent more money to support the economy than we have ever spent in our history. Yet, what we have to show for it is the weakest economic recovery in our history.

If you look at most recessions in the U.S., we tend to go down sharply and then go up pretty sharply. Well, that is not the case this time. We spent the most money that we have ever spent to boost the economy and we have seven million people still without a job. So these facts bring us to this event today. The question in front of us is “How do we build a human economy for the long term in a post crisis environment?” The level of debate on this question is really centered on the government’s capabilities. What policy response should we apply to get the economy going? However, the evidence to date is that that approach has just not worked and so our goal today is to go deeper into this question then what you have heard in most conversations.

We had an event here two years ago at New York Encounter at the beginning of 2009, just as the crisis was unfolding. We invited two macro-economists and a professor from Columbia to help us look at what was going on. Why did it happen? What was going on? How do we respond? Even there, we started to think about this question; was there a deeper cultural question here that we needed to engage with? I think the evidence over the past two years is definitively yes. We need to look again more closely to our humanity. What is our relationship to work and finance and how can we move forward in a more enduring fashion?

Today we have with us three distinguished guests to help answer this question. To my right is Clara Gaymard, the Vice President of Government Strategy and Sales at GE International and President and CEO of GE France, where she oversees a company of 10,000 employees. We are fortunate to have her here and I think she can offer a perspective that does not just sit at the macro level alone, but allows us to go deeper into the level of experience. How do we engage with work? Carla Hendra was named the Founding Chair of Global Strategy and Innovation at Ogilvy and Mather Worldwide in 2010 and was also appointed to the Ogilvy and Mather Worldwide executive committee. Carla has been working for Ogilvy for nearly fifteen years and has been a driver for digital data and technology innovation. As a brand marketer with depth, digital, and emerging technology, Carla speaks frequently for a number of industry conferences. To my far left is William McGurn, a Vice President of News Corporation who writes speeches for CEO Rupert Murdoch and has previously served as a chief speechwriter for President George W. Bush. Bill has served as chief editorial writer for the *Wall Street Journal* in New York, has spent more than a decade overseas in Brussels for the *European Wall Street Journal,* and in Hong Kong for both the *Asian Wall Street Journal* and the *Far Eastern Economic Review.*

The Format of today’s session will be a question and answer session, and we will start with you Clara. Clara, you work for a remarkable company. GE has an enormous presence in the financial world and in the manufacturing world, as conventional wisdom likes to call both Wall Street and Main Street, and a company that has a very far global reach. How do you view what happened and where the world is today?

Gaymard: I think we first need to make one statement, which is, this crisis did not come from lack of knowledge or incompetence; it came from the best experts, I mean, the people who drove the world. We went to bed in 2008, where the American consumer drove the economy, and we wake up now in 2011 in an economy where technology is becoming key and the customer is now the Chinese consumer. What happened? The best people and the best paid people were the experts that built this bubble. The explanation is that they were very smart. However, in reality, their self-confidence was higher than the reality of their smarts. This is a lesson that we have to learn. I remember at GE in 2007 we were thinking that the bigger risk was in China and India, and it happened that the bigger risk was here in the U.S. So it is not to cry, but we have to learn lessons from what happened.

There is a lot that can be learned from this recession. The first thing is the role of the elite. Let's say that we are all in the same boat and the weather is beautiful. Some of you will converse with each other, some of you will eat food, some will look at the landscape, and some will go fishing, and we will all enjoy life. But the day the storm is coming and you cannot see anything and the future is black and it is stormy weather and you have to reduce the speed, all the eyes are coming to one point, and the point is the captain. So, the role of the elite is even more important today because they have to set the example. I would say one of the first lessons that we have to learn today, we are speaking a lot about governance and so on, is the behavior of those in leadership. Have they learned the lessons of the crisis? Do they behave in a humble way? Do they accept that they have made mistakes? Do they recognize that they are responsible for what happened? I am not sure. It is not to say that there are some that have made the mistake and not others, but when there is a crisis, our role, and I take it from my brand, our role as a leader is to say that everything I am doing every day, even the very simple things, must be an example. For example, when I am traveling I never take two hours for tourism. I pay for my stamps; I pay for my food; These are small things, but it shows my team that although I am the CEO of the company, I cannot do something that I would not allow my team to do.

The other thing to remember is that we will experience other crises. Although this one has been a big crisis, there will be others for very simple reasons. There are six billion on the planet and we have a multi-powered world; we have the U.S., China, India, Brazil, Russia, and Iran, and everyone wants to have leadership. So, on the political state and the economic state we will have more and more crises.

We have been educated in a way that to succeed we must implement. Yes, we must implement, but we also have to have the courage to be innovative, to be creative, to fail and to be reborn, and that comes from the heart of the American spirit. Maybe during the years before the crisis, because things were easy, we forgot that life is not easy and we have to go back to the deeper fundament of America. We admire your country because whether you are an immigrant, or whether you were born here, everything is possible if you work hard, you dream, and you want it. The role of leaders should be to help everyone come back to that, where America can always remain a dream not only for you, but also for us looking at you.

Sareen: Thank you Clara. To follow up on what Clara was saying about the problem of experts, one thing that strikes me is the level of debate over what happened and the huge disagreement as to what caused the problem. There is a constituency that says that the problem was that there was not enough oversight—the Federal Reserve, the SEC, the government was not really paying enough attention to what these crazy bankers were doing in downtown New York. There is another side that says actually it was the exact opposite, the problem was too much government intervention in the private sector, whether it was the Federal Reserve keeping rates too low, or these big mortgage agencies, it is too much government. What strikes me though about what happened is whether you were a banker at Citibank, or working for the Federal Reserve, or a homeowner buying inflated house prices, the public and the private sector all made the same mistake. So does that not suggest that the problem is really a cultural problem, not a problem of policy?

McGurn: Let me answer in two parts. I think the answer is yes, in an important way, and no, in a specific way. There is a lot of disagreement about it, but I think if you look at a lot of these crises, in America's history at least, you will see that housing bubbles precede many of them. We know in the U.S. that the housing bubble was at least particularly caused by easy credit and I do not think that is in dispute. So what did we have? We had a lot of people that contributed to this crisis. It is popular to blame just Wall Street, but it is a lot more than just Wall Street. If you look at the housing market, house prices really took a hit and then of course the other financial institutions were holding these mortgage loans that were bundled. So there were a lot of players. In the U.S. you had Fannie Mae and Freddie Mac, which were just designed to encourage home ownership, and they pushed these types of loans, bundled them, and backed them and they were just not good loans. Then you had the banks, eager to lend money to people who probably could not pay it back, or at least could not pay back what they borrowed. You have people taking out loans, lying on their applications, and probably getting in over their heads on what they could afford. Then, you also had the credit rating agencies looking at this, supposed to be the watchdog, and they approved most of these loans and we did not find out they were bad until after it was a big problem. So there are a lot of players in that and there definitely is a financial aspect, whether it could be overcome by regulation is another question.

In terms of that culture I think what we had was a lack of attention to pricing. In other words, most of the things that were done were not done for bad reasons. Fannie Mae was to encourage people to own homes so that they would have pride and to build a home for their families; the banks had the same thing. They had a lot of good intentions. You know the saying, "the road to hell is paved with good intentions," but I think it is very important, especially when we discuss fixes that we realize that good intentions are not enough and good intentions can create other problems. You do not do anyone a favor is you sell them a loan or give them a loan that they cannot repay, and many people are finding that out the hard way. So, I think that we have to really keep in mind that a lot of this was done with good intentions and the good intentions caused people to overlook the hard facts about financing and so forth. You cannot change your salary or what you can afford just by having good intentions or someone wanting to stretch things for you.

We have to keep in mind that these institutions, you mentioned the Fed, were all created, for varying degrees, to solve these problems, and they have not. You mentioned the elite; all these years in the wake of every crisis we generally create another institution, and it does not solve the problem. So, to that extent I would agree that the solution, if you are talking about a solution, is cultural. However, I would not pose it in terms of a solution. I do not think that there are answers especially when we get to the culture. My understanding of Catholic teaching is heavily influenced by the newly Blessed Pope John Paul II. When you read his works, he divided our society into three spheres— the political, economic, and cultural, and said that the cultural is the most important. I agree with that, especially when making it a humane society, but because of that teaching I also believe that it does not give you neat answers. Catholic teaching and the Christian approach is not that you can insert certain data and come out with an answer; it is about a mindset and approaching the problems. It has a lot to offer, but I think we have to be very careful in distinguishing the culture. You know, a culture of more honesty and more transparency probably would have prevented some of what happened, but there is no solution. In Catholic teaching there is no easy answer if you take a parallel on just war teaching; there is no one formula that you plug in the facts and you get an answer that this is a just war or an unjust war. Two people that are very committed Christians could look at the same thing, using that criteria, and come up with different approaches. What I think the Church teaches and what we have to offer is not an answer necessarily, but a perspective to ask the right questions and that seems to be the answer. I am very skeptical that we are going to find the ultimate solutions to these problems because I just look historically. A lot of people, much smarter than I am, in the past have responded with these institutions and the very institutions, designed to prevent these situations, are the ones that have given us the crisis

Sareen: I think it is very interesting and along those lines it is not really a set answer, but a way of looking at life, a perspective. Maybe Carla, you could make this more concrete along the lines of your own company and you experiences of the crisis. How did you respond to it? Do you think there are lessons you have learned of how to engage in work differently?

Hendra: Well, I am part of a company that is a public company, so that right away means that we have to operate in a certain way and we operate requirements and have responsibilities to our shareholders. That is very different from privately run companies, so everything that I am going to say has to have that lens applied to it. I am also part of the advertising and marketing services business and that is what I have been doing for thirty years, and I have been through at least two recessions as an executive where I was responsible in the early 90s and again after September 11, 2001, where I was restructuring businesses and of course very much a part of that in the years of 2008 and 2009, where I was looking over the North American region of our firm. It was definitely the worst one, but it was also something that I had experience with and we had to approach from the point of view that a business is in business to provide a financial return to the shareholders. However, it is also made up of people and it is a terrible thing to have to go through the parts of the business that you will have to reduce and making the very hard choices that have to be made.

In our industry, in that 2008-2009 period, we had a perfect storm. We were not just being affected by the financial crisis, which was a big part of it, but our entire industry has changed dramatically over the past ten to fifteen years. As the Internet changed, business models, human behavior, and consumption also evolved. From media to other content, the actual economics and dynamics have completely changed. Often in our business you hear the term *being analog dollars for digital dimes.* So that means, if you are a business that lives off media commissions or effective media commissions and you develop original content, you need to be paid for it with quality content. All of these businesses have changed dramatically, especially over the last three to four years, and it was a process that was over time. So we had the financial crisis and we had the basic economics of our industry being pulled from under us and the pace at which you could adjust to that determined whether you could succeed or not.

Then there was the change in human behavior. I have three teenage kids who have been on computers since they were two years old. They have four or five devices that they depend on, whether it is at school or at home, or at leisure. The fastest growing users of digital devices and technology are actually the fifty-five year plus market place. Because everyone, and this is not a U.S. statement but a global, is shifting to the 24/7 365 always consuming and being overcome with clutter or messaging. Our company creates this messaging, but it is also important that our messages be heard and it is very difficult. So we have these three big things happening all at the same time.

I have a personal experience. 2008 was going just great for our company in the first half of it, where we pitched a bank named Wachovia in September of 2008. It was a very competitive pitch and we spent a lot of money competing for it with other firms and we won. We won on a Friday, we were celebrating a little bit, and by the next day I started to see on the wire services that Banco Santander was bidding for this bank, then Citicorp was, and ultimately Wells Fargo was through a four-day process. So, we won on a Friday and lost on a Tuesday. We are not in a business where we can recover from those types of investments easily, but the person we were pitching to, the CEO of that bank, was in Washington dealing with all of these severe issues with everybody from the President to Hank Paulson, to whomever, at the same time. Although you would not have known it, I certainly would not have know it, I thought it was business as usual and if we won this we would go through 2008 and it would be great and we would figure out 2009 later. So that was a big wakeup call and we found out that there was no waiting to figure it out, and I then went through a process of redesigning the company based on the other two factors of industrial dynamics and consumer behaving changing. Then we had the crisis where we experienced a very big cut to the number of people in our business and a complete rethink on how we would offer services. Working in the U.S., I watched as my colleagues in the U.K., France, and Germany were going through the same things. Even fast moving markets like China, India, Brazil, and Russia had a little more wind in their back, but they too were caught in the global crisis by the time 2009 rolled around.

I think that I have had a very personal feeling of responsibility for the people who served our firm and served our clients, and yet, also the responsibility of financial health because without financial health we are out of business and we cannot do anything. I am happy to say that, although in 2009 we had our worst year of performance ever, as we recovered in 2010, we were able to hire many new people. The big lesson was that we hired new people with entirely new skills that we might have hired two years ago, and an important lesson for everyone to learn is that when you design, that will affect the nature of the way that you do business.

Probably the biggest force that we will deal with, and this affected the way in which we dealt with the crisis, the impact of technology across the board, because I do not think our leadership was prepared for the speed which financial tools and bodies could break down, but technology allowed it to happen. A small thing can have an enormous impact on the other side of the world, and it could be a positive or negative one. We now must understand what those tiny things are.

There are some bigger macro things such as the relaxing our risk and credit rules too much, and that is one that we should learn and not ever forget, but there are some far more alarming things to the economic and financial story that we are going to have to watch. I do not think that necessarily means more regulation, because regulation is expensive for businesses as we have seen with Sarbanes Oxley, and this would be even worse. It is a balancing act, and those are some of the big lessons that I have learned.

Sareen: So Clara, maybe I can ask you a similar question. In your experience managing a company of this magnitude with this many employees, what is the perspective that Bill talked about? To be Catholic and to look at the value of work differently, what changes?

Gaymard: In a company where we dedicate our knowledge to high technology, the main thing with worth and that concerns us is people. Going back to the crisis, on September 18, 2008 we did not know if there were going to be commercial papers on the next day. Jeffrey Immelt, the CEO of GE, the first thing he did was to call Warren Buffett to open the capital to secure $15 billion to make sure the company could pay if there were no commercial papers in any day coming. Usually he spends a third of his time with the employee, a third with the customers, and a third with the shareholder. What he did was to spend half of his time meeting with his leadership team and he did not tell us that he understood what the crisis was about, he just told the truth: “I do not understand what is happening; I do not know where we are,” but he said only one thing, “I want to keep the company safe.” So, we had a CEO telling us the truth and also saying to us, “I want to keep the company safe.” In the meantime, he asked the leadership team to work for eighteen months to rethink a few things: What is the leadership of the company? What are the lessons learned from the crisis? Which way do we behave to make sure that this crisis will not happen again? How can we be sure that we can promote people who can take risks in the new markets, without taking too much risk? So, I would say that it is not only about the Christian attitude.

The only way to be a sustainable company is to dedicate all the time you can to the people on your team. It takes three ways. The first one is to hire your people not only because of their expertise, but also because of their talents. I mean, we can hire someone being a specialist in Medieval history to do finance if he is a smart guy, because he will learn. So, having smart people around you is something that is very important in a company. The second thing is that you train those people and give them the capability to get the best out of them. When I hire someone, I always tell him or her, “I give you three months to do one hundred percent of your job, but I am expecting that in three months you will do one hundred percent of your job in eighty percent of your time. And in one year I hope that you will use only fifty percent of your time to do your job and use the remaining time to be creative. And I will help you to build.” The reason why I am saying this is because I do not want people to work just for me, but for the company, for something that is bigger than them. And working for something bigger than them makes them bigger and helps the company to grow too. Having happy workers is the best thing for a company. The third thing is to always look for growth. As the CEO of the company, your job is not to do the job of the employees; your job is to understand what they are doing. I am not able to do some of the jobs that my employees are doing, such as engineering and so on, but I try to understand what they do because it is important to understand what they do. There are some jobs that I could do, but my responsibility is to be sure that I give them the opportunity to grow.

The purpose of a CEO is to look for areas where the company can grow. At a company like GE, in ten years time, if we do not improve eighty percent of the things we are producing, will not sell anymore because the technology is obsolete. So we have to create twenty percent just to remain the size we are. If we want to grow or create jobs, we have to be more international. We have to be strong in China, India, Brazil, and the United States. Sometimes we believe that by creating jobs in China we are destroying jobs in the United States. GE is a high-technology and high-cost company, and if we want to be number one, we have to be where the market is, understand the market, and not being afraid of diversity.

I want to say something that I think is very important. When you hire your people, the criterion must be to hire the best, most talented people, and that's it. My example of being a French woman in an American company is a testimony that we are bringing diversity to the company. Managing a diverse company is challenging. When I first joined the company I was not as fluent in English as I am now and sometimes I did not understand the words because of the language. So yes, it takes more time to promote diversity, but if you do not look like the world you are in, you will not be a sustainable company.

The last thing is that we have to learn the lessons of the crisis. Since GE is a technology company, we were building very sophisticated products for sophisticated people. So we were becoming a company only for wealthy people for a wealthy country called America. The reality of the world today is that America is a wealthy country, but there are a lot of poor people in this country and the new way to create growth is to give the best technology not only to wealthy people but to everyone. That brings us to one issue that is very complicated for us: intellectual property. We believe that we are in a world where "if I know, then, I can." So if I have the intellectual property, I have the knowledge and I can do what I want. But today the companies that have been the most successful, you know them by heart, are the ones that have shared their knowledge. I am thinking about Google and Apple. They said, "We are not taking the intellectual property for ourselves. We shared it with everyone". This gives us some hope for the future and shows sustainable development of our economy. Whether it is in the U.S. or outside of the U.S., we need to give access to the vital needs to everyone, even the poor, and we need to share the knowledge with everyone. Think about, for example, what happened with the Internet. Even if you are very poor in India, but you can connect to the Internet, you have possibilities you did not have before and you can become successful.

Sareen: Clara mentioned something here, Bill, which I think is very interesting; it is the focus on people, hiring new talent, and more importantly, training them. One of the things I see that is misleading, in my opinion, is the focus on policy, on what we should do and who should not do it. However, the longer term drivers of economic growth, and there is no disagreement about this in the economic sphere, are labor force growth and productivity. For our audience here, labor force growth is pretty self-explanatory: it is the population growth and immigration policy. Productivity growth tends to be more about education; it is also about other things, but education plays a very big role in this. The debate in this country is about reducing immigration. There is no conversation about education in a substantive way. If you look at the dollars being spent, it is not the focus. Should not this be the focus and how do we get the economy on to that sort of track?

McGurn: I agree, and that was one of the areas that I wanted to pick up on. Having worked for both government and the private sector, I think that most people would say that the private sector is much more humane. Most people's experience in the government is not very good, and as consumers you probably know this. If you go to any McDonald's you will be treated a lot better than you would at any post office or division of motor vehicles. It is just because there is accountability in the private sector. If you do not treat your customers well, they do not come back. Look at the parochial schools and the public schools in New York. I mean, look at the performance. One is accountable and the other is not. I would divide it into two spheres. One is when we are talking about a humane economy we are talking about people. Another is the external factor: What are the arrangements that encourage a humane economy? What should the society do to allow people to do it in the right way? I would say, first of all, do not make the cost of work too expensive. Do not make it hard for companies to hire people by regulation or imposing a cost burden. You want it to be easy to get a job. I lived in Hong Kong for ten years, which has minimal regulation, and I think people are much better off because they are far more mobile. There are a lot of people in this room that stick with a job that they hate, but because of the benefits they are stuck and they cannot go anywhere else. So I think one of the things is not to make labor too expensive, and make it easier for people to get a job.

The second thing is to give people the tools that they need to get a job. One is a decent education; our inner cities across America are failing children, largely African American and Latino, by tremendous numbers. These kids, by the time they are nine year old, start diverging from everyone else and they are going to be on the fringes of a prosperous society unless we change it. So first you have to give them the tools, and also the lower someone is on the talent scale, the more important cultural factors are in their success; for example, dressing appropriately for a business, having the discipline to show up, all these social virtues that we need to give children so they can succeed.

Finally, I would say that it is related to the cost of people in terms of external incentives. We need to recognize that there is a cost benefit analysis to be done when the government does something, especially when it requires a business to do something. For example, we are in a big argument about health care now. I mean, in my little town I know a lot of small businesses—I am talking about a delicatessen, a restaurant, a little stationary store. They would love to hire someone else, but they are afraid that they cannot afford to pay for the health care. If you add these people up, these people who do not have jobs because of this cost benefit, and maybe sometimes you do have to add a requirement, but too often we draft these rules and impose without looking at the overall cost benefit. I mean, you do not do it in your home budget. You might want to buy a brand new car, it would be really good for your family and your kids, but you may have other expenses such as tuition, so you may say as good as that car is, it is better to use my resources for something else right now. So I think those are the external factors.

Now the internal factors have more to do with personal decency and care. We have all worked for good bosses and we have all worked for bad bosses, and I think that even in the biggest, most impersonal kind of company, people need to feel a part of some kind of community. They feel that they work more for their unit than for their company. And everybody requires a boss that looks out for you, but that does not mean that they can defy economic reality; you occasionally have to lay people off. But there is a humane way and an inhumane way to fire people. I know someone who works at a Christian school that was fired in the most inhumane way. A place that is supposed to have all these values, I can tell you the way he was let go, after twenty five years of service, would not have gone the same way in the private sector. So what people want are leaders that recognize them as human beings. That is tough because we need a culture that encourages those virtues. Most business people would tell you the most important thing to them is attracting talented people and keeping them. That is not just at the very top.

Has anyone ever seen the TV show called *Undercover Boss*? It is where these CEOs of large companies go undercover and they go to their own businesses and they see how people are. I remember one, the CEO of 7-Eleven, a convenience store, went to some of its stores and he was shocked about how some of the people talked about the company and saw that some of the people did not think they were valued. So I am not just talking about a Ph.D. in some advanced computer technology. He recognized at one of the 7-Elevens in Long Island, NY, where the coffee machines really needed to go, one woman there worked really hard. Anyone can work to fill the coffee can and fill the water, but it is more than that; she knew the customers and she had a relationship with the customers, and she was a very valuable employee. I think that if you ask any of the employees what they would want, they would answer that they really want to be valued. They want to feel that you know them as human beings.

I have a nephew and one of the analogies that I always look at is the military. The army is a very large, impersonal government organization; I mean there are jokes about it for anyone who has ever been in the military. My nephew is at West Point, learning to be an officer and the thing about West Point is that it is not designed to produce the best generals. I mean, all the tax payers in here pay a fortune for my nephew’s education, and the reason you do is that the bargain is that when your children are serving in uniform and are in the army, they will have officers of character leading them. Just as in the military, sometimes they are sent into something that is almost a certain death, but people in the military will tell you that the best officers were servants too. You know, they recognize the people and the people get close. My view is that if the army can do that, every business can do it. Soldiers recognize that the best officers are people who trust them; it does not mean that they shy away from discipline; it does not mean that they do not have to do difficult things; it does not mean that they do not have to command people to go to their death in certain circumstances; but the best officers trust them and I think that is the key.

So it seems to me it is a two-way factor, internal and external, but both humane. Rules and regulations in our industries are certainly needed. But we do not want a manager to say, “I would love to keep you, but I cannot do it because the government just passed this regulation and it is going to cost me twenty-five percent more for whatever, and we cannot do it.” That seems to me to be a terrible tradeoff.

Sareen: So Carla, if we can talk along the same lines, maybe on some of the clients that you work with, not only do you have to consider the needs of your own company, but also your clients have to do the same thing. I am curious to understand this underlying issue that Clara and Bill are talking about. This energy, this movement, what gets the clients you are working with to build and to expand the hiring of people? Is there any example that you could give on a more human, or more successful way of going about this?

Hendra: Our clients include some of the Fortune 100 and Fortune 1000 companies, as well as startup companies that are trying to make a name for themselves. So we really run the gamut. In the last couple of years, we have worked for a lot of financial services companies, so American Express globally and many banks around the world and the United States. We work with Citizens Bank, we work with the brokerage firm T.D. Ameritrade, and it has been very interesting to see their response to the crisis over the past few years and how they need to go forward. There is no question that there was a very deep tear in the trust equation. Not just elite's and not just people in poverty, everyone stopped trusting the financial institutions that we have become accustomed to dealing with our whole lives; and also, at the same time, people stopped trusting government institutions and just big corporate institutions in general. "Who can you trust?" became, I think, one of the big questions going around in everyone's mind. So, I was really proud to be involved with a couple of these clients who did specific things to sort of restore trust and to reassure they are faithful, because by and large, they really do understand the value that every one of their customers brings to them. But, there was just going to be a period of just very tough times.

Some of the things that we worked with Citizens Bank, who were not really in the business of giving out bad home mortgage loans and they had actually been pretty smart about not taking a lot of bad loans, but also for self interest reasons, they did not relax their credit terms, but they needed a rallying call and they needed new management because they did have some other things in their past that needed their new CEO. We were able to take something out of their DNA and their name even. We came up with a charter and a rallying cry that said, "Good banking is good citizenship." We could have presented it as a tagline to go on some commercials and be forgotten, but in fact we started with the CEO and what she said to her people, because the biggest asset that they had was they were a community bank who had brought real value to their communities as a whole and they did not talk about it much, so it was a secret. So we took what was in their essence and we added what we thought was the real value. What is the purpose of banking? It is not for a few people to make a lot of money, which is what everyone was starting to believe; it was about the time our forefathers started the country to bring shared prosperity and to enable growth to let people build lives and do so together. So without getting sugary about it, we wanted to bring that thought back. The bank is here for a reason; it is to help you as a family or individual or as a business to achieve your goals. Because of this they have been successful. It does not mean that they do everything right and they will not run into something along the way, but they are seeing the benefit of having their employees being the ambassadors to that idea and making sure all the employees are signed up to make that real every day at the point of customer experience. They are also continuing their community outreach programs. They also do some very unusual programs for their employees, for example adoption assistance and giving people a three-month sabbatical after a certain amount of time for them to be able to learn something new. These are things that they have put into their financial planning, and they could offer that. Not everyone can do that, but that is one example.

Another example is with our client T.D. Ameritrade. We were all about democratizing trading for everyone, so it would not be for the elite, but for everybody. Their idea is that they want to help people to become better investors because, if they do that, all the good things to their business will follow, and that is not necessarily the way that every brokerage firm works as you know. So one of the things we created was a program that matched up seven types of investors with a carefully selected financial advisor. We worked through a problem: it could be a couple having a baby, or a retirement situation; it could be someone who wanted to start a business. We had seven different types of life situations and we put this out at the end of last year on the Internet and it did not sell a product; it was not about selling one T.D. Ameritrade product. It was just education and showing people how to invest. That campaign got their brand to be thought of in a different light, as people who care and want people to become better investors.

I have worked for a lot of financial service companies and some of them would never have done both of the things I just talked about because it is not in their DNA. So I do not know if this came about through necessity being the mother of invention (that is part of it), but I also think fundamentally people who have values lead these companies. One of the things we know best about consumers is that they do like brands, but they like brands that share their values. So I think the values that the leadership has and which they carry out in how they operate every day, are very important from a personal and business point of view.

Sareen: Great, thank you. We are at the point now where we need to bring this to a close. First of all, I would just like to point out to you that there is an exhibit here on the economic crisis; it is called "Behind the Crisis, Beyond the Crisis: A New Concept of Work and Finance."

Let me offer a few final words on this topic. The world just suffered its worst recession in over half a century. In the case of the US and many other countries, an unprecedented degree of government financial support has been unable to generate anything but a very modest economic recovery, leaving millions of people still out of work. These facts call us to ask a deeper question about our humanity and our relationship with work. I think our panelists today have helped us to begin answering this question.

The starting point is for us to begin with what moves human beings in front of life, namely desire. The starting point is for us to begin with what moves human beings in front of life, namely desire. Reassessing what can move us beyond the crisis is the same as reassessing what moves us at the start of every day. In order to begin anew, we can only start from what drives a person to face life and work. There are many theories about what motivates people to work, but, at their roots, lies a compelling force: the desire to achieve happiness and to make it complete and lasting. This desire for fullness of life is the essence of human nature. Not only does it set us in motion to search for the infinite and ultimate meaning of life, but it also pushes to work, in order to transform reality to make it more suited to the ultimate demands inscribed in nature. Contrary to certain socio-economic literature, the attitude towards work is directly correlated to the extent with which one lives his/her deep nature, which is desire for justice, truth, and beauty.

I would emphasize here that this point about desire is not some metaphysical concept that we can skip. The crisis happened precisely because this step was skipped – we reduced who we are as human beings to a set of financial goals that ultimately blinded us to reality. It is with this awareness of what really moves us all in front of life that we can then consider the longer term drivers of growth, namely labor force growth and productivity growth. As we discussed, these longer term drivers of growth, particularly productivity growth, are largely driven by education. Now given the starting point about desire, education then also becomes something broader than just the development of technical skills – we are talking about an education of our reason and freedom, an education that encompasses the fullness of our humanity. This is very much Pope

Benedict's emphasis in his encyclical on the economic crisis, *Charity in Truth.* The Pope talks about how charity is an intrinsic part of our human nature and so there is no human endeavor that can ignore this essential part of who we are. Charity does not come after we finish our work – it becomes before and during the work itself. He is not saying that companies should not focus on profit growth; he is saying that profit maximization is just not an exhaustive measure of our desire. From this education, then, another important reality of our culture here in the US emerges. The American myth of the self-made man is a powerful part of our culture. We pride ourselves on picking ourselves up by our bootstraps and tackling life. There is a great positivity in this, but this image of the self-made man is also inadequate in explaining fully who we are. The fact is that the self-made man does not exist! Life itself speaks to this fact. The crisis revealed to us how much more dependent we are to each other. The truth that emerges is that human beings have an intrinsic need to live in relationship with the other. This then changes the way the relationship between employer and employee is conceived. It changes the relationship between a corporation and society, between citizens and their government, between corporations and other corporations, between the financial sector and the real economy.

My last point is this—this work is essential for each of us. This is not about the financial sector, the government, or some other entity. Recall that it was the both the private sector and the public sector that contributed to the crisis. If each of us does not examine our own relationship with work, there is no way that it will percolate to the broader level of any of our institutions. This is essential if we are to build a more human economy for the longer term.

I want to thank all three panelists that are here with us today, taking the time out of their very busy schedules to be with us. Please join me in a round of applause.