

Special Report

Just About Out of Time

June 2010

Thank you very much for the opportunity to be here.

To talk with members of both the Darien and New Canaan Chambers of Commerce is special indeed.

My topic today is:

*We Have Just About Run Out of Time—
Individuals in America Need to Step Forward...
Now”.*

Thinking about what might be helpful and useful to you, I researched the Athenian Empire of the 5th century BC, which, in its time, was known for the best thinkers, writers and artists in the world. Greek culture drove incredible wealth, energy and creativity. All the great works of Greek tragedy and comedy, the plays of Aeschylus, Sophocles, Euripides and Aristophanes have stood the test of time. But the Athenian Empire was humbled by the Spartans in the Peloponnesian War that started in 431 BC. The Athenians tried, but never regained prominence. There are important lessons to be learned from what happened.

I then turned to King Darius the Third, who led the mighty Persian Empire, one of the most sophisticated civilizations in history. In 334 B.C., Darius was defeated by Alexander the Great at the Battle of the Granicus River. Significantly, Darius never showed up for the battle. This defeat marked the beginning of the end of the largest empire in the ancient world—stretching some 8,000 kilometers from Libya in the West to Afghanistan in the East. The Persians never recovered.

There are lessons here as well.

Finally, I read Edward Gibbon, who in 1776 wrote about Romulus Augustus, who oversaw the fall of the Roman Empire. Romulus made no decisions and left no monuments, though coins bearing his name were minted in Rome, Milan, Ravenna and Gaul. All of us know well the

power of the Roman Empire. They too lost it.

These three civilizations, in their time, led the world in literature, art, science and more. Their people were the most sophisticated in the world and produced a quality of art and literature and thinking that forms the basis for what we have today.

Each civilization fell because it did not get a handle on its problems. Its people, despite calls to step up, became weak and lazy and eventually incapable of defending themselves.

I am here today to tell you that we in the United States are nearing a set of conditions that if not addressed, will lead to our relinquishing the leadership we enjoy in the world. That will lead to a huge change in the way each of us lives.

Problems of enormous proportions face us right now and unless we—as individuals and as a people who have always succeeded—can address what is in front of us, the final days of our lives, and certainly those of our sons and daughters and our grandchildren, will be compromised.

Let me offer some statistics to indicate where we are:

- A recent poll by the Marist Institute for Public Opinion showed that more than half of young people 18 to 29 do not have confidence in America’s leaders to solve the economic crisis, and they oppose more government regulation.
- Almost two-thirds believe the country is headed in the wrong direction when it comes to values, and 77 percent say business decisions based on greed are morally wrong.
- 75 percent of college freshmen in America say it is “very important” to be rich. In 1966, only 42 percent of the Baby Boomer college freshmen—my generation—agreed with that view.
- A recent poll shows that confidence in Wall Street has plunged to around 4 percent, Congress to 9 percent and dropping, law firms at 11 per-

cent, major companies at 11 percent and the press at 12 percent. Major educational institutions were at 40 percent, organized religion 28 percent, public schools at 25 percent and the judicial system at 19%.

This is scary stuff by any measure. It means we have lost confidence in our institutions and in the ability of our leaders to address our problems and chart a course for the future.

With these negative attitudes in mind, consider some of the challenges we face as a nation:

- The critical unemployment rate is still hovering around 10 percent; nearly 20 percent if you look at those who have just given up and dropped out. Forty-six percent of the unemployed today have been out of work for six months or more—the highest percentage since 1948.
- Millions of Americans are living in houses they can no longer afford and are saddled with mortgages much greater than the value of their houses. Bottom line: We have millions of people who are essentially bankrupt.
- The Federal Highway Administration says it will take \$141 billion a year for 20 years to fix America's aging roads and bridges.
- The Environmental Protection Agency says repairing drinking-water and waste-water systems will require \$541 billion a year for 20 years.
- Temporary tax cuts won in 2001 and 2003 have begun expiring and will be entirely gone by the start of 2011 if Congress takes no action. The impact on people in this room will be huge next year.
- The Baby Boomers—some 78 million strong—are fast approaching retirement age. Starting in 2011, 8,000 people will turn 65 every day. Yet, Medicare remains dangerously underfunded and Social Security never did get fixed. The nation faces serious shortages of nurses, doctors and caregivers to deal with geriatric needs.

- The 30% of us that foot the lion's share of the tax bill cannot possibly cover the enormous expenditures the government has mandated, even if they took everything we earned. It's simple arithmetic, and unfortunately, most Americans don't understand enough about basic economics to realize it's a giant lie—squeezing the rich isn't going to cover the tab.

- We have a 17,000 page Internal Revenue code that is unbelievably complicated, packed with loopholes and stuffed with special deals; it needs to be reformed to unleash business creativity.
- Think about all the public sector pensions being paid out across the country. It amounts to trillions of dollars and most of it is unfunded. Connecticut's unfunded pension liability is the 5th worst in the U.S. The state estimates that pension obligations for active and retired state employees, teachers and judges, totals \$41.3 billion while other analysts suggest the real pension liability is between \$50.4 billion and \$80.7 billion. Yet the state has set aside only \$25.5 billion to pay for these obligations. In addition, the state's 2011 budget is estimated to be \$700 million in the red.

The money to pay the promised pensions and benefits isn't there. It's a Ponzi scheme with politicians counting on future, uncollected tax revenues to pay the bill. But like any Ponzi scheme, sooner or later the mark smartens up and it all collapses.

- Our global competitors are building schools and universities that support the skill sets of the 21st century. America no longer has a monopoly on the great institutions of higher education, and our school system no longer better prepares our students for the future than our competitors.
- The national high school drop-out rate is at 25 percent – one out of every four students fails to graduate. For African-American, Hispanic and low-income students, the rate is 40 percent. The high school graduation rate for some of the nation's largest cities is 53 percent. About 7,000 students drop out of high school every day; the

mathematical literacy of 15-year-olds is less than that of 23 other Organisation for Economic Co-operation and Development (OECD) countries. America's 15-year-olds rank 21st in science and 25th in math compared with their peers around the world. We slip behind as the teachers' unions refuse to deal with quality teaching. If we don't fix this basic problem, we cannot move forward.

- Our youth are losing their ability to communicate. Technology, for all of its benefits has resulted in speaking in "code"—Twitter, text messaging, e-mail etc. It is a very big and serious issue and all grade school teachers feel the pain. Imagine the ability these young people will have by the time they get to college.

And all this is before we talk about BP, immigration, energy, our troops who are supposed to start coming back from Iraq by the end of Summer and from Afghanistan next year – and a dozen more issues.

Now, I do not want to be a total Cassandra. There is good news.

We remain a strong country, our economy is recovering, students are earning more associate's degrees and vocational certificates from community colleges like Norwalk Community College and for-profit post-secondary schools than ever before, and study abroad by U.S. students is at an all-time high, increasing to more than 262,000 students last year. There are currently license applications to build 22 new nuclear reactors. Total wind power generating capacity in the U.S. is now more than 35,600 megawatts, enough to power the equivalent of 9.7 million homes. And solar electric capacity has increased by 37 percent.

But make no mistake about it. Our problems far outweigh the good that is happening in the U.S.

So, what do we do?

We have an opportunity to regroup, reevaluate and emerge stronger than before. What it takes

is a return to the values that made this country great to begin with. We need leadership, innovation, responsibility and faith, and we need it from every single one of us in the room.

We need to stop being a nation of whiners and finger-pointers. We have to stop blaming everyone but ourselves for not getting what we want or being what we want in life.

We need to find a sense of purpose, and we need to realize and accept the fact that achieving our goals will require sacrifices from all of us in the room.

We need to honor the founding principles embodied in the U.S. Constitution, embrace the ideas of free enterprise and reject redistribution schemes, minimize the size and waste of government at all levels, force plaintiffs to bear all costs for frivolous lawsuits, and a dozen more steps like these.

Where does it start? What can each one of you in this audience do to address these challenges?

You can do a lot.

Let's start with who you are. Nearly every individual in this audience is a self-made person. You live in one of the best-heeled areas of the United States. And you didn't get here by luck. You got here, for the most part, by hard work, by the power of your ideas and by the dimension of your effort.

Most of you remember Vietnam. Most of you recall World War II. You understand sacrifice. You know tension and you have witnessed disagreement and you have seen this wonderful country overcome it all.

My point is that you have the stuff to get things moving. You have the fortitude and strength to get the ball rolling, to help overcome the problems and challenges of today and ensure that the United States enjoys the future it deserves.

If any group in the United States can do it, this is the one.

What should you consider?

Let me offer five very simple and easy things you can do. I am sure you will think of more.

First, we have a major election in November that will decide the course of our State, in Washington and in Hartford for many years to come.

Go beyond the slogans and the smears. Understand the issues. Demand the candidates do more than send flyers and activate their phone banks. Understand where they are on the economy, on taxes, on public works, on healthcare and on the big problems cited earlier in this talk. How many of us know what the first three goals of our new Governor will be? How many of us know what our new Senator intends to accomplish on Day One?

But just as important is that your friends and neighbors focus with you on these issues. When someone says they like or do not like one of the candidates, ask why. And push for substantive answer.

These are important elections for Governor and for the Senate. Make sure the best person is elected.

Second, hire somebody now, even part-time. There are 28,000 small and large businesses in Fairfield County, and 57 of them have more than 500 employees. If just 20 percent of these businesses hired one person, think what it would do to the economy, to morale here, to investors and more.

Third, reach out to the charities that do so much to help those in need. The number of those lining up at food pantries and soup kitchens has doubled in the past year. Yet in many organizations, as many as 90 percent of potential donors just do not give. This is an embarrassment. Urge your neighbors and your friends to make a modest contribution to charity. It will make a difference.

Fourth, speak out. Our democratic society demands that your voice be heard. You have ideas and opinions, and your thoughts can shape some

of the important issues of day — at the local, state and national level.

There must be a bill in the Connecticut legislature that you care about and should take a stand on. There surely are bills in Congress that deserve an expression of your views.

It's easy to do. Write a letter, make a call to your legislator's office. Hold a meeting and have a discussion. Get involved. This is the American way. Our country needs to hear from you.

Fifth, innovate. We have to get back to being a nation that makes things and creates jobs.

This country is built on new ideas and new ways of doing things. In your own business, in your own life, do something different and that adds value. Take a prudent risk. Change things. Seek a new way. The well-known cartoonist, Rube Goldberg, was famous for throwing all he owned away every two years. He did it because he wanted to refresh his creative spirit. You may not want to go as far as Goldberg, but you can refresh your thinking and add a lot of value.

These are five simple and easy steps, and none requires a lot of effort.

Any one of these, however, could result in a better country and a better society. And that is worth doing.

We've spent too long a time waiting for the other person to do something. We need to do something ourselves. Now. You need to do something. I need to do something.

We all need to work to ensure the America of tomorrow is better still than the great country we grew up in.

We need to ensure that we do not go the way of the Persians, the Athenians or the Romans—all of whom lost great cultures.

The simple fact is that you can make a difference.

One final point that bears on the issues of today: We must never forget the lessons of Katrina, and soon to be, BP. Our country let down some of our most deserving citizens by not following the letter of the law, by taking risks that were not ours to take. Now thousands are fighting loss of jobs and physical and mental ailments that must be treated.

The great Walt Whitman wrote more than a century ago:

“The genius of the United States is not best or most in its executives or legislatures, nor in its ambassadors, or authors or colleges, or churches, or parlours, nor even in its newspapers or investors, but always most in the common people.”

Whitman was talking about you and me.

