

Welcome to the Arena

Graduation Address for Economics Graduates **At the University of Colorado**

May 8, 2008

Grady Durham

I am truly honored to be here today. Professor Flores, I thank you for inviting me.

Today is a great day for the 2008 Economics graduates of the University of Colorado gathered in this room. Twenty-six years ago today I sat here, as a graduate of the class of 1982, and I have to tell you, that if I progressed from the audience to the lectern in twenty-six short years there is no telling what some of *you* may achieve!

I was launched into the world in 1982 with nothing more than a B.A. in Economics from the University of Colorado. During the past two plus decades I have confronted many challenging situations in my personal and professional life. I have dealt with most of these challenges successfully – for that I am enormously grateful to the University of Colorado and the wonderful education I received here.

As I reflect back to my time here in Boulder as an undergraduate, I feel that a great deal of my successes in life was determined in 1978 when I made two very important decisions. The first was to enroll in the College of Arts & Sciences. The second was to select Economics as my course of study. Almost all of us in this room share these two choices. For some, becoming a student in the College of Arts & Sciences and majoring in Economics was a chosen path. For others, you had to declare a major at some point and Economics seemed a little more practical than Philosophy. At any rate it doesn't matter how you got here – the key point is that you're here today and you're going to benefit your entire life from these two decisions.

Regarding your decision to become a liberal arts student when you matriculated at the University of Colorado, I believe you made a choice that will provide you with lifelong benefits. To become a liberal arts student is to engage directly in the glorious history of the world; but it was a hard decision to make – The Carnegie Institute of New York has indicated that fewer students than ever are electing to

pursue the liberal arts – in 1975, 50% of all undergraduates in America pursued studies in the liberal arts – today that number is south of 40%.

You should be proud – you bucked the trend! You’re an educational contrarian. While the majority of your peers pursued vocational studies, such as business or engineering, you chose to study the liberal arts. At this point, on the eve of receiving your diploma, I’m happy to impress on you that you’ve made the right decision.

Why do I feel that way? Studying the liberal arts is the best training and most important preparation that you could receive for **any** career. After all, a successful liberal arts education teaches you to solve problems, to shed biases and to frame arguments – isn’t that a prerequisite for success in **any** field?

The study of liberal arts is almost as old as Western civilization. Originated and perfected by the ancient Greeks, the liberal arts have endured while many other pursuits of study have been de-emphasized or have disappeared all together. The distinguished list of liberal arts students includes Alexander the Great, Thomas Jefferson, St. Thomas Aquinas, and John F. Kennedy. The list of liberal arts graduates includes 25% of our U. S. Presidents, the majority of English Prime Ministers and both current Democratic candidates for President. It is surely a list to be proud of.

Why have so many brilliant human beings pursued the liberal arts? That is simple. Studying a broad array of history, literature, art, science and economics teaches us how to think critically. And what could be more important than learning how to think?

If you pursue a course of study in engineering there is generally one correct answer to each problem. However, the business of life is rarely so tidy as to offer a single correct solution. As you move forward in your life you will encounter situations that offer multiple answers and that is what learning to think is all about – considering and eliminating the relevant facts confronting you in a given situation until you reach a conclusion or, possibly several conclusions.

The great 19th Century English educator, Matthew Arnold, stated that “The goal of a proper liberal arts education is to provide perspective and to see life steadily and see it whole.” Regardless of the path you pursue in the future – whether you are a doctor, a financial analyst, a restaurant owner or an economist you will benefit your entire life from your decision to pursue a major within the College of Arts & Sciences.

Furthermore, the increasing pace of change based upon the complex global world we currently live in will require more thought than ever regarding how to survive and prosper. Take your pick – political, economic, environmental or health sciences. Regardless of the field recent technological innovations have produced bewildering change at a breathtaking pace. **Thought** will be more important than ever and the critical analysis and decision making that are involved in receiving a liberal arts degree will become increasingly invaluable.

Now, regarding that major, I have much to say. Majoring in Economics here, at the University of Colorado, changed my life forever and for that I am eternally grateful.

Studying Economics wasn't always fun when I was an undergraduate student here and there were many evenings when I was jealous of the Music and Education majors, but studying economics provided me with a proper perspective with which I could follow, evaluate and become astonished with the U.S. and Global economies.

In 1982, when I sat in this room on this day, close to graduation, the Dow Jones Industrial Average stood at 800. Today the Dow Jones is at 12,263. That increase represents a return of 3079% -- a return of 30 times on your money! Unemployment was at 11%. In fact, the year I graduated unemployment was at its highest level since the Great Depression. Over the next twenty years unemployment fell to a record modern low of 3.8%, and by 2007, America employed a record number of workers.

Interest rates were 15.26% when I graduated – they immediately began a free-fall that lasted over two decades and landed at 4.00%. Crude oil was \$14 a barrel when I entered college and it is at \$120 a barrel today. When I graduated one of the most popular majors on campus was Geology. Within five years virtually every single Geology graduate was unemployed in the oil & gas industry due to the very low price of oil.

And the most amazing thing is – I'm not really that old! These movement patterns of markets and economic indicators have been simply gigantic, and these moves occurred over a period of time a little longer than two decades.

As I stand here today I can't even begin to imagine the highly important trends you, as economics graduates, will witness over the next two decades. All I can say

is they will probably stun you and they will be exhilarating to follow and these trends will be very important to the future of America.

Let's linger for a moment on a handful of possibilities. Could it be that after a long period of sustaining a negative savings rate the American consumer will begin to build a competitive global savings rate? Will America reduce its twin deficits: the federal budget and the trade deficit? Will income taxes dramatically increase and how will that affect stock prices? Will America's 100 plus years run as the world's leading economy end and will that really matter to our standard of living? How will China continue to transform itself from a rural communist economy to an urban capitalist structure while not embracing democracy? Will China & India, and their 10% growth rates, consume an unhealthy quantity of the world's natural resources? Will we develop alternative fuel sources and, if so, how? If the U.S. looks to nationalize healthcare, how will that affect pricing within the healthcare industry and will the overall program be successful? How will "success" even be defined?

As Economics students you will have a front row seat to these and other important developments. Many of you will find yourself in careers that will be impacted directly by these global forces. As graduates in Economics you may help to influence the outcome of future economic events – that's exciting!

As this is a graduation speech, I believe that it is important that I address the future. This will be simple -- Nobody knows a thing about the future. Consider the following:

- ◆ In 1899, Charles H. Duell, the Commissioner of Patents, in a well-meaning attempt to cut government spending, urged President McKinley to abolish the Patent Office, saying: "Everything that can be invented has been invented."
- ◆ In 1876, Western Union rejected an offer to buy the rights to the telephone, saying, "The telephone has too many shortcomings to be seriously considered as a means of communications. The device is inherently of no value to us."
- ◆ In 1903, a banker advised a client not to invest in Ford Motor Co. "The horse is here to stay, but the automobile is only a novelty – a fad." The client ignored the advice, bought \$5,000 worth of stock and sold it several years later for \$12.5 million.

- ◆ In 1943, Thomas Watson, IBM president and one of the true geniuses in American business, said “I think there is a world market for maybe five computers.”
- ◆ In 1946, Darryl F. Zanuck, head of 20th Century-Fox movie studios, said, “Television won’t be able to hold on to any market it captures after the first six months. People will soon get tired of staring at a plywood box every night.”
- ◆ And one of my favorite predictions, made in 1962 by Decca records: “We don’t like their sound. Groups of guitars are on the way out.” They had rejected the Beatles.
- ◆ And finally this prediction in 1977 by Kenneth Olsen, president and founder of Digital Equipment Corp: “There is no reason for any individual to have a computer in their home.”

So, the future is at best uncertain, but you have been well prepared to begin the next phase of your life. You will do fine and your Economics degree from the University of Colorado’s College of Arts and Sciences will be a critical reason why. I will leave you with one of my favorite quotes from Theodore Roosevelt, the former President of the United States, who, coincidentally, was also a liberal arts major.

“It’s not the critic who counts, not the man who points out where the strong man stumbled or where the doer of deeds could have done them better. The credit belongs to the man in the arena, whose face is marred by dust and sweat and blood, who strived valiantly.”

2008 graduates of the University of Colorado: “Welcome to the Arena.”

I salute you!