

David Leonhardt: I'm David Leonhardt of the New York Times. Um, some of you, if you're aspen regulars have probably seen me moderate panels before. Um, uh, and you all are in for a treat. So I, this is not going to be about me, I promise it's gonna be about Peter. Um, but, uh, when I was a young reporter at Business Week 22 or 23, I was covering the advertising business and, uh, an editor, I had, um, great editor named Mary coon said to me, boy, the head of young and Rubicam has an absolutely amazing life story. Why don't you go interview him, hear his life story, and write a profile of the fact that his ad agency is succeeding. And I did that and Peter and I didn't talk again for the next 20 years. And then we ran into each other here at the Aspen Institute. And we've been out, been talking a lot over the next couple of years.

David Leonhardt: And so what we're going to do today is we're going to sort of do this in three parts, but they're going to be connected if we do it right. Um, first of all, we're going to have Peter tell you an abbreviated version of his life story. If you want the longer version, there is a book available. Um, uh, then we're gonna kind of take that through and how that's affected Peter's thoughts about, um, the United States today. Um, and then we're going to open it up to you all, um, to see if you have questions. Um, uh, and, and go from there. So, uh, welcome. Thanks for doing this with us.

Peter Georgescu: Thank you, David. I have to start by saying that I speak certainly for myself and I suspect many of you, uh, to congratulate David on what the kind of work he does and the courage and wisdom that he has to take on. What I think is the existential challenge for America today that we better fix what else? Nothing great is gonna happen in this country. So thank you David.

David Leonhardt: I appreciate that. Um, I appreciate that. So let's go backwards. We're going to go, you're about 10 years old, um, and you're living in Transylvania. And so tell us, uh, why you're not living with your parents and then what happened.

Peter Georgescu: Okay. I'm 10 years old, um, and my parents caring parents, but they are in New York and they'd been in New York since 1947. My father worked for a big oil company, Exxon. And, uh, he came to New York for two week trip because Exxon owned the largest oil fields in Romania, which was the Saudi Arabia of the world in those days. And just at the time they are incurred and comes down and boom, he's told in New York that if he goes back home, likely deal will be arrested and killed, which is what happened to what 300,000 people. That's what the Communists did in the first couple of years. So anyway, he stopped. Now in New York, we live with our grandparents in, in, in Transylvania where my grandfather used to be a governor and now he gets arrested in the middle of the night, taken to prison, eventually killed in prison. Then they arrested my brother and myself and uh, with our grandmother and my brother who is five years older than I was. Um, just again, just a little over 10 and we are now slammed into a hard labor. What do I mean by that? Is you get up at six o'clock in the morning, you go to work, you come back 10 hours later, you did this six

times a week on Sundays. You sleep pretty much throughout the day and you get up the next morning and do the same thing.

David Leonhardt: And they moved you out of, sorry to interrupt, but they moved you out of your Transylvania town and they just took you to the middle of nowhere for you,

Peter Georgescu: close to the Russian border, uh, safe and secure. If the Americans were coming, they couldn't get to us or whatever. But that's where, that's where we were. We had no, they took a room out of somebody's house, put a bunch of Hay. That was our bed and life went on. And I cleaned sewers for bunch of years because I was literally enough to fit in down the ground passages. And then I dug holes for electric poles and then I worked on high tension wires. And that was going to be the only, the only outside contact. Obviously there was no school, no books, no nothing. The only outside contact was to go to what I called brainwashing sessions or in the secret police, delighted in yelling at me, telling me how horrible my parents were and the reason that I was having to do what I had to do, had to do with my parents because they are lousy extra Romanians and they are not decent enough Romanians to do whatever. And that's our, our lot. And we did have to believe that it was, that's it for the rest of our lives. How else do you get out of this one? So that was our situation, uh, as of 1953 so four or five years later.

David Leonhardt: And then just one more thing before we get to what changes the story. You mentioned a bunch of the jobs you had. You told me at one point you were promoted to a dawn job, which I, which I can't get the image out of my mind. So what, what were you promoted to do?

Peter Georgescu: Well, I was promoted too many. Well there are two things that really happened that really, um, made a huge difference to me in those days. There were no supermarkets, nothing like that. You go to a store like and kill by three paid by these men to Cuba, sort of official government store and you got a ration card and depending on the degree of the hardness of the degree of difficulty of your labor, you gotta call her card. And because of my work, particularly in the sewers, I got the blue card, which was the Max you could get. So man, a few more grams of bread, a little bit more milk and some smokes. Smokes slides, Bacon. I was, that's the proudest as a young man, I can't tell you. It's hard to imagine what satisfaction it was for me cause I needed to demonstrate to them that I was worthy to be, to work like an adult. That was my reaction to what I had to do to survive.

David Leonhardt: And then

Peter Georgescu: now we get to the spy story part of the story. So your father is in New York, your parents obviously I'm sure are bereft about the fact that they're separated from their sons. Harder for them than for us. And how many, so when, when, so, and then a Romanian diplomat, uh, approaches your father, right? What happens? Well, he says that, uh, we and the Russians decided that, uh, you are now rising

and standard all do you have friends from the war and the CIA, if you want to see your boys are live again, you're going to spy for us in so many words. That was the deal. So mom and dad, he must've had a rather sleepless night. Uh, dad went to the FBI the next morning and say, look, this is what happened. While do I do? They said, why don't you become a double agent? And that demured he said, look, I've seen this play before.

Peter Georgescu: It never ends. Well, sooner or later they will ask me to do stuff that I can do or don't want to do. They're going to kill the kids anyway. So what else? So that's when they said, okay, so go public and tell the story. The idea was that the Russians at that time wanted the world to know how fantastic the Russians were, how kinds of, how friendly they were as how civilized they were, and they said, look, the Russians will over Romanians. He can't kill the kids. They, the world knows we got him. You got to keep them alive. That was the hypothesis. So that's what my parents did. By the way, the FBI told my dad, if this story doesn't catch on, we're kind of stoke the flames up to get the story going. Well, it didn't need any of that because every little town in American 53 had this story. Front page. The black male owed the Georgia school, who by by the end became American citizens because they knew they could never return to Romania show the story was there.

David Leonhardt: The Georgia school boys. It was the day we would say it went viral. It went viral. Exactly. It was on the front page of every newspaper in the country and your parents have no ties to Ohio. Right. And yet the most important reader of that story was in Cleveland, Ohio

Peter Georgescu: concern. That's true. Uh, her name was Francis Payne Bolton. She was a force. Remember the year is now 1953 she was a congresswoman and she wasn't afforded relations committee, but she's not just to Congress one. She was chairman one before relations committee in 1953 you can imagine what kind of woman she was, you know, and she also helped Eisenhower become president. That's another interesting story. And she also, by the way, as sideline, she, we could just show a movie about this album and there wasn't a movie was a lecture, the four Freedoms Par Roosevelt about this three star general air force general. He said, my father was a Tuskegee airman. Now Francis Bolton told Eisenhower, you got to allow the African Americans to fight in the war. She was an amazing woman. Anyway, Chiccos Dad and says, don't worry, nobody does this to American citizens. I'll get your boys out of Romania. Uh, she went to work for a year.

Peter Georgescu: She ended up after the end of the year into Eisenhower's, uh, office. I'd obviously, I don't know what happened, probably says, Aye, you gotta get the boys out of Romania. The only thing we know for sure is that they say, uh, as much as I can get from the CIA that we got traded for a bunch of Russian spies. And so we arrived in New York on April 13th, 1954, 65 years ago. I was scrawny but still pretty developed young man by then. Didn't speak a word of English

and I hadn't gone let's go for four years. So welcome to America. And I was happy. Boy was I happy.

David Leonhardt: And actually you can still, you can still see on Peter's website some pretty amazing, um, footage, um, contemporary footage of, of, um, of your mom. It's really wonderful landing and of you landing at Idlewild airport. Right? Exactly. So, so if anyone wants to ask about any it, Peter to go deeper in any of this story, he is very patient about doing a please do so of the questions. I'm now going to fast forward us just a little bit, right? So, um, you get offered remarkably thanks in part to generosity and also your fame at this point. You get all of our to spot. Was it at Exeter or etcetera at Exeter? Sorry. Uh, even though you, uh, you don't speak a word of English, you're offered a spot at Exeter. You go to Exeter, you go to Princeton, you go to Stanford Business School, right? You end up at young and Rubicam, you have an interest in math and analytics and they're doing a lot of the analytics there and you rise up through the ranks and you run the company and right. This fantastically successful career. What, what we're, what I want to focus on the easy part.

David Leonhardt: What I want to focus on now, um, uh, is how you think about what the rest of the American economy was doing during those years, right? So this is the 1950s and sixties into the 1970s to talk to us, um, both about your own journey, but sort of put it in the context if you will, to what the American economy was doing.

Peter Georgescu: Yeah, decades. As far as my own journey, I'll only say this, that this, the hero of that story that you've just heard was not me. It was the American people because they are the one responsible for me to get out. It was not only Eisenhower and Bolton and the principal of Exeter, but all along the way I've had so many, I call them guardian angels to reach out and help and I got to tell you my success is about team ball. It was up just about me and I suspect many, many of us, if you look at yourself in the mirror and you'll be, there are a lot of people who help you get to where you are sitting in this chair. It's today. And the same was true for me and only in America could of could an immigrant run a large multinational company, American based company like that.

Peter Georgescu: Only in America, there was no other country in the world that you could, could do that in those days. And other than the race issue, which was still a major problem in those days, there was a sense of caring, compassion, and willingness to help and reach out and do things. And there was an inclusiveness. There was a sense of after the Second World War that we're all in this together. And if you look at the numbers, economic numbers during the 40 years, from 45 to about 1980 or so, mid 1980s, it was inclusive growth. If you look at the numbers, everybody gained about the same thing. The bottom 90% gain about 80% in terms of total value of that period of time. That top, the next 9% gained about, uh, about 50% and the top, no, actually again, 100% the, uh, the top 1% gain 30%. So everybody won. It was an inclusive period of growth in America and people matter, employees mattered, everybody was together, but that was

going to change. So there was a lot of good stuff happening. Not for everybody, but by and large, there was some good sense of America coming beginning to come together.

David Leonhardt: And I mentioned this on a panel yesterday with Bob Rubin and Melissa Carney, and so apologies to any of you who are there as well, but I think it's an empirically important history to think about here at the institute because the institute was the institute as we know it was founded in that, from that same ethos. So Walter Pataky, right in the wake of World War II basically said, we want a place where leaders in society, business leaders and others are going to think about something broader. They're going to think about their country. They're going to think about their society, and they're going to try to build a world that prevents the rise of totalitarianism that we had in the 1930s that defeats the Soviet empire. Right. Um, uh, and that avoids the repeated the depression, which was still very much, um, a worry, a fresh memory. It was a worry.

Peter Georgescu: Yeah. I know. I married a gal who grew up and that you're just post depression. She, her mindset still is today. She's worried about, my goodness, we got worried about this and we got to save money for that. And what are you talking about? Paying \$10 more for a glass of wine and this restaurant, come on, get with it. You know, it's, it's, it's a mindset, but it's true. It just, it's a lasting, it's a lasting thing. Yeah. Yeah.

David Leonhardt: My grandfather, um, also could have afforded the \$10 glass of wine. Don't remember someone, some hotel wants, gave them a free towel and told him he could keep it and he kept that darn towel. Um, uh, and I just want to emphasize a couple of the statistics, not the numbers part, but if you've in this country for the last 30 and 40, 30 or 40 years, I think you think of rising inequality as some sort of natural economic phenomenon that it is the only way an economy can function, which is that college graduates are doing better than people without college degrees. And, and people making large amounts of money are doing better than other college graduates. And the top 0.01% is doing better than the rest of the top 1% because that's the only experience we've had for the last 30 or 40 years. But that is a not a natural economic phenomenon. And if people were following the numbers that you cited closely, you look at any set of statistics, the top 1% did very well from 1945 to 1975 but in percentage terms, the middle class did better, did better. So how do you think about why that happened before we fast forward to the last few decades? What do you think it was? And I'm sure it's more than one thing about the American economy in those postwar decades that delivered broadly shared prosperity.

Peter Georgescu: You know, this is really a critical question because what happened in my opinion, as I said, there are many factors and people talk about acknowledging level competition, all the rest of it. Everything is a contributor. But to me the major issue then was the alignment between the managerial class deal ownership class and employees. The employees cared, he cared for them about

what's happening to the company. And in fact, what's amazing if you look at the 21st century and they, it's still the reality is that the only two things that really matter and innovation and increasing productivity and that can only be done by employees, not the c suite, not the CEO's and dammit, not just technology alone, people create technology. Back then, people were aligned to say, I care. I matter. The reason Mr. Ford gave the famous raises to his people was they said, hey, I want these guys to be able to buy my cars. Smart thing. Right? And those, the ethos, this chance that we are all in this together, the economy was driven by people who had money to spend. So it was an inclusive economy because everybody was part of the growing part of the GDP really mattered all the way down to the, almost to the poorest people. And these people are working hard, contributing and it was working together. Not smoothly like silk for sure. There was battles between labor unions and so forth, but then it all fell apart in the 1980s

David Leonhardt: so that's what we're going to get to now. I just want to add one thought, which is if you have thoughts about any of these, if you disagree with any of the analysis that Peter or I are making, remember it and bring it up in questions. Peter is no wallflower. He can take it. And part of what's Nice about living in this society as opposed to the one you grew up, which we were allowed to argue that I can take this. Yeah, exactly. Um, so what changes?

Peter Georgescu: Okay, so what changes [inaudible] it's really a very sad one of these things that happen without really being able to understand the consequences. The intent was very simply say, look, competition is going around the world. We paying these people, the employees a lot of money. Do we really need to pay him all this money? So the idea was, well unions unfortunately are very important during that period of time. But what happened to unions? They became criminalized at that point in time and they became bureaucratized and all about the leadership who wanted to get elected because of this or that. And so they got decimated in the process. They helped create some of their own demise. Then the government said, oh, we see this going down, let's pile on. So there was a I lines between business and government in the 80s that was very detrimental and said this stage for the next 40 years and the idea was, okay, there was an apostle in economic apostle, a lot of Chicago University and here's Milton Friedman.

Peter Georgescu: He wrote this article in the 70s actually, but it became the Bible in the 80s which was to say the mission of business is to create value for the shareholders, period. Nothing else mattered. Shows Mantra today is maximize short term shareholder value. That's it. That's their whole business. That's what CEO think. That's his mission. If he doesn't do that, he's in deep duty and this is with great. As I said, it wasn't the intent at the time when it has happened, but it became a mantra. Business loved it or plutocracy is created, 20% of us now are doing great and we ought to keep it that way and all of a sudden we have a huge problem both for society and also as a problem for businesses as well. So

David Leonhardt: the shareholder value idea, I understand where it comes from, right? Everything else is a little squishy, right? Right. Social Responsibility. It's very clear. If you say to business, your job is to maximize profits, right? And it's up to some combination of government and um, philanthropies and communities to worry about everything else. So why, if there's a relatively clear argument in favor of shareholder value, where specifically does it break down? Why do we need business caring about more than just its profits? Why doesn't it work to say, look, businesses job is business. It's profits. Everyone else's job is to do the rest.

Peter Georgescu: Yeah. Unfortunately, uh, not all the boats kept rising. The way you maximize profit is you look at your p and l statement, profit and loss statement, and you see that the largest item on that P and l statement is the cost of labor. So you want to maximize profits, what do you do? You squeeze to number one cost and so all of a sudden without a sense of the consequences, this is what began to happen and it stood that way for 40 years and the way those profits got maximize is that simple fact that for 40 years wages have been flat for 40 years flat. I mean barely rising with inflation at inflation or just below inflation and that's one of the ways this shareholder primacy happened. It squeezed the employees, it squeezed r and d spending. We're not investing in businesses anymore. We maybe talk about China too later on, but in also no basic research, the basic research that helped create everything including the government, it's no longer, the money is no longer there and pi and large and so that's the problem is not that you can business can do what it does.

Peter Georgescu: Business now asked, this is a very important point, free enterprise capitalism is the most sacred beautiful machine in the world. That's what he'd worked in, did so beautifully in the first 40 years. But now what we're asking capitalists to do is to say maximize wealth for the shareholder. And guess what? It works. He did a beautiful job in maximizing the benefits of the shareholder, meaning they're wealthy guys. So the risk here is that we are in real trouble. And you can hear it all around. Capitalism is a bad, let's kill capitalism. Well, it's not. Capitalism is what you ask. Capitals. The machine is there, then machine can do it. The machine says entrepreneurship, inclusiveness, all of that working together. That's what capitalists can do. He's done it for us. He's done it for lots of countries and around the world, including China, but in here out a huge cost. Unintended originally by two became the mantra became what is and it's hurting us and it will destroy us if we don't fix it.

David Leonhardt: What do you say to people who say some version of, what are you talking about? The economy has been growing for 10 years. The unemployment rate is three-something four something percent. Um, uh, the stock market's doing great. What's all this? What's all this sad talk about the economy?

Peter Georgescu: Well with, with rare exceptions, I'm going to take a little swipe. The combination of media and our previous leadership of both parties because none of them are telling the story. The reality of what's going on in America today is a deep, dark secret. It's almost as if we don't want to face it because every zip, you know the

problem America, the other America, it's about 70% of our country is not north, south, east, west. It's by zip code. Within three miles of anybody's home there's a zip code that has this problem and so these problem are really serious. We have no measurement to understand and we should talk later maybe about the measurement issue. There's no measurement to say how, how badly is it really going on in this country? You have measurements that have nothing to do with this other America. Nothing. GDP is bs.

Peter Georgescu: It measures the 20% of us plus investments by business and government, but nothing to do with what, how people are living in what their values are like and unemployment is not 3.7% that's ridiculous. Unemployment is 3.7% is an answer to a question that says, have you actively looked for a job in the last six months? If you look at the number of people who should be working today but are not working today, you get to between 14 and 16% we have a structure, unemployment, that is horrific. People have given up. They've tried how many hundreds of times you apply for a job before you say, I can't do it. And the education, which is the other part of this story, what happens with no, not enough money, the education system, they are, the 70% of America is the worst in the developed world. That's where it is. And so without education and without money and with a family structure that's being really hurting here, divorce rate is high in these zip codes. The family structures being badly, badly harmed. Mom, single mom often is the head person in the household. She has two jobs. Where are the kids being supported where the teaching moments that are going on, you know they're not. And so it's a, it's a scary time.

David Leonhardt: It's interesting. I think I've, I think for many of the statistics we hear when we hear them, we think that they mean something that's actually a little different from what they mean. So when we hear the stock market, we think, well, this tells us how rich the typical American is, but it actually doesn't because stocks are relatively tightly concentrated, right? So when you instead look at the Federal Reserve data on how rich the median American is, it hasn't gone up in 12 years. Right? And we think the unemployment rate is, uh, measuring, as you said, who's out of work. And it is to some extent. But when you look at this other number about, um, how many prime age, um, people between 25 and 55 aren't working, um, the numbers look more alarming. And you sort of through the lists, and as I mentioned before, to me, the one that kind of answers the debate are the, are the statistics on life expectancy, right? Because if life expectancy, um, if you look at the last three years, life expectancy has fallen. This country, if you look at since 1980, um, we have failed to keep pace with every other advanced country in the world. That to me is sort of, uh, pardon the phrase, the Trump card in the sort of debate over these economic statistics. If we were really doing well, everybody would be happy. That couldn't be the case, right? Right.

Peter Georgescu: The difference if you took the top 1% of America and the bottom 1% of America by income, the difference is 15 years. Isn't that America versus the Maasai tribe

in Africa? This is the total America's today, meaning in life expectancy, live life [inaudible] 15 years in terms of lower life expectancy. So

David Leonhardt: last thing before we open it up. What, and it's a big question, but what, so what should we do about that?

Peter Georgescu: Well, look, I, I think there's a lot we can do. I'm an, uh, I continue to be an optimist and I'll start by saying that the first thing that we need to do is to make sure that we keep, um, free enterprise capitalism, uh, to work for us in a different way. It has to be inclusive growth, everybody's gotta win. And the issue on income, the other point to make, and the stats that we were talking about here is not just income inequality cause we will never have income equality. That's not the point. The point is to have the equality of opportunity. And the reason I'm really here today and working with David as I've had for a bunch of years now, and he's doing such an amazing job in this area as well, is because we have four grandkids for four granddaughters, and I want them to have the opportunities that I had.

Peter Georgescu: The American dream being the best you can be. I am. I look in the mirror this morning and I say, Peter, you're the best. You can be your lucky guy. I want every child in America to have that opportunity. I don't care about what he's immigration statuses or race situation or religion or sex or nothing. That's what America should be all about. And that's what the battle to me is show. What do we do about it? Business. I want business to change first because we can't, we don't need committees. We don't need to vote. We don't need to worry about any problems of being overwritten by vetoes or no vetoes or that we can change if we have the will and we better. Because if we don't change, the current situation is not not sustainable. It will change either because we're going to start to have riots again in the streets or we're going to have a change by the ballot box.

Peter Georgescu: And I frankly am very reluctant to say government will fix the problems. Governments first of all has no money to fix nothing. The only money in this country, only business can create prosperity. Only business government spends money, doesn't make money and usually when they tried to get to fix serious problems, they're doing badly and I, and, and, and you can hear it all around the look in the political debate. You know, capital is evil. It's kill it. Then why? How are we going to fix? How are we going to do all the things, change, education, change, everything that is going on. How are we going to do that if business doesn't come in and begin to really address the problem and create this prosperity, equal prosperity, and eventually improve education and all the other things that we need to do? It's a lot to do, but I say number one is business has got to come to the party and reimaged a relationship and business.

Peter Georgescu: You see, this is a tragedy. If business was smart today, they would work really hard to engage with their population. Now, two thirds of Americans sample use are separated from their companies. They don't care. They take a paycheck,

they go home, they don't give a damn and a good manual of them work against the company's interests. This upset, so we got to change that. People matter. That's where you start. Then you invest in, you're in r and d that creates jobs that stimulates demand in the country and then we got a partner who's government. Yes, government can play a role. Importantly on education, we've got to fix education. Importantly, you start at the three year old level. Early Education is the longterm key to this, to our solutions. And you start there and you also go, we got, we need trade schools. We have so many Americans who can work and work hard, but they don't have the training, basic training and carpet turns and welders and electricians and arrest.

Peter Georgescu: And let's be proud. Let's look at other countries, how they do it and we can learn from them. Right? So I think this is truly unimportant possibility and government can also invest because there are many things in the future in terms of the new energy field and in a new medical field as we did, let's say with the DNA, no single Pharma company could spend \$40 billion to decode the DNA, but government could did. And now we have several million jobs in America of a hundred grand more because private industry monetizers so government can play with private industry and we have to start this inclusive growth and inclusive prosperity. We've got to come together to think that fairness and justice makes a difference and we can get to where we need to be in this democracy of ours.

David Leonhardt: It's funny, it hasn't occurred to me until right now sitting here with you, but for you, Idlewild airport is obviously this symbol of freedom, right? And of your escape. And it has also become a symbol of many of the things we've stopped doing over the last 40 years. Right. New York's airports are now this sort of famous global symbol of what America doesn't do anymore. So it's, it's a back to Nairobi. Yeah. Okay. Sir,

Speaker 3: I like to make a two part comment. One Sec. Let's get you a microphone. I'd like to first follow your comment about depression. I grew up during the depression. I say that \$10 that you talk about to this day back then save 25 cents to this state. My parents survived, but I never forgot it. Now let me answer the question that you offered. I was nine years old on Pearl Harbor. I re, I lived through the World War II. I saw what happened. America first it was everybody was United. Every family had one or more people in the armed service. Person of my age couldn't wait to get old enough in service. We knew I lived on the east coast. I thought that trucks and tanks and troop trains is going to the Atlanta coast. Everybody was United, just like depression didn't wear off. It's still, it's in me. World War II did not live off from 1945 to 1990 and that's why this country was more United during that period because we were all veterans of World War II. Okay. I accept that man.

David Leonhardt: So I'm sure you've been out speaking a ton. Uh, what do you believe the appetite is among corporate CEOs and corporate boards for this enlightened capitalism? Since I agree that it has to start there.

Peter Georgescu: You know, I think I, it's not, it's not simple. I think several, several buckets. I'd say most CEOs that, that I am together with others who have talked to one on one, the almost a hundred percent I've yet to meet a CEO when shown the data and so forth that they will say this is not true. One of them challenged, took my data and checked it out. It's true. Secondly, they want to do something, but they're afraid because the, we have to, you know, the financial community of various types. It's against them. And they go after them and they say, you either do this or we come in and take it away from you. You're fired. We take over the company. We fired that people. Anyway, take out the cash and we flip it and do all kinds of that stuff which is going on today.

Peter Georgescu: So they're afraid. So that's the second point. The third point is there a whole bunch of other, particularly in the financial community, who's, who is saying what David said earlier, what you're talking about, life is good. Look at the stock market. Yeah, we're wealthy. We're all happy. Why do we want to change it? We control the government through financial events and gerrymandering the lot. We control the government. We control the education. We control all the major institutions in this country. Let's keep it going. Life is good. So there's a lot of, there's resistance on one one hand, not, not just CEO's. There's a fear and there's a psychological, uh, as I said, the tragedy is that if the business does the right thing, the shareholder does even better. That's the tragedy of it all. There's some traction. I think we're fighting against a time because if business doesn't move real fast, like in the next 18 months or so, things are going to have to begin to happen and likely they're not good. So I'm hopeful that and try my best, but it's a tough job.

Peter Georgescu: First of all, I just wanted to make two comments. I have a question for you, Peter. Uh, one of these issues came up yesterday in your session. David, with Robert Rubin. Um, US growth has significantly declined since when you immigrated. US. Population growth is, is, has gone from about 1.77% to about 0.6, 8%. So a, we have a broken immigration policy. Uh, so a lack of good immigration in this country is a significant negative factor. And the second point that came up in David's, uh, moderating session yesterday was about jet a u s debt. And, uh, there's been a lot of research that shows the, once the, uh, debt ratio is reached, a certain percentage growth goes down significantly. So those are two huge issues. I agree with everything you said. But how do we incentivize CEOs instead of buying back shares, which boosts share prices, but to do productive investment spending?

Peter Georgescu: I mean, that's been a real problem over the past five to 10 years and it's getting worse. Okay. So a very short answer actually is we've got the keel shareholder primacy s if we don't do that and try to fake it, say, well, it's about longer term vision versus short term vision or any number of things like that, which are on the all good. But on the periphery, if we don't go and say we have to have a stakeholder kind of mission for business, stakeholder is the customer, the employee, the shareholder, the corporation itself that needs to be improved and society. All those people have to be part of the governance. In other words,

the mission of what business must do. That's what we have to go. If we don't do that, we're not going to solve the problem. Everything else is a headfake so we have to go after that and that's what the hard part is. We have to, we have to make a decision. Either we make it, we business make it or it will be made for us. But that's got to happen.

Speaker 4: Thank you. It was just two questions. One is, um, I would love to hear more, you talk a little bit more about the role that government does play in a world where businesses should be driven by in line self interest but are not what role then should government play in helping to drive that self interest through regulation than I, I worry in part because you know, when you started talking about government, the first thing you talked about, the other way in which government failed and I worry that that, and I thought people nodding in the audience and I worry that that negative attitude towards government hampers the ability of people to rely on government to drive the activity of business. So that's sort of one question. Then the second question is now with a little late though, this may have been part of their earlier conversation, but I didn't hear you talk about race or racism and the role that that plays and everything you described and I think it's can't have a sorry, I just would love to hear you speak more about that.

Peter Georgescu: Okay. Well let me take that, uh, second part. The first, the first part about the government. You're right. Government can play a huge role. They may can be very specific about that. Where we might disagree is the fact that I don't think the major initiative has to start with government to fix the businesses problem. I want business to fix itself first, to do it right, to do it wisely. I hope and pray. Then government can regulate that. Let me give you an example. Let's talk about the tax, the tax cock plan. Okay. I don't want to hypothesize. While the intent was we know what it did, I think that was the intent was to really make, make the stock market go up any did because what business did they do? What they knew they had to do. Maximize short term shareholder value. What you do, you go buy stock and also increase the dividends.

Peter Georgescu: So now over 90 cents out of every operating dollar goes back to the shareholder wrong. So, so now let's take now that you know if the, if the Democrats win this, the life, fix the life, that length of life where the tax plan is about zero right now and God knows what they will do with the money. But look at it another way. Why don't you say look business, if you increase the average salary of the employees from x to y, you get to keep to two percentage points. If you increase your r and d spending or you or your investments in a, in basic research, which creates more jobs and so forth, you get to keep more of that thing. So there's an incentive part, not just a regulatory part by government telling what to do, but let's use government to incentive business to the right thing.

Peter Georgescu: So yes, I believe that the government can play a very significant role. I just don't think that that's, if we start there, I worry about how what's going to happen because too many things think of business as evil. Let's destroy business. We

need business, not just for the sake of business. We need business for us to create that inclusive prosperity for everybody. Okay. There's the second part of the question. I said, I told my story, I was a white immigrant boy or 15 years old and I hit the Jackpot and I said with the exception of the plight of the African American community, which was just in the early stages of the [inaudible], the freedom that that began to happen and still way working progress here to get through. And that's the point is equality of opportunity. If you ask me what I can dream of as I got off the plane, that's what I, I so for myself as a young boy who didn't go to school, but people reach that, I mean the helped me. I want every kid in America to have that opportunity regardless of color or gender or sex or anything else. That to me is what America is about. And I am so grateful. And the reason I'm fighting here for this is because I want that opportunity for every kid in America, no matter what.

David Leonhardt: I think one of the important things to add to that, and Richard Rothstein, I'm sure someone out there will know the name of the book. It's escaping my mind right now. But Richard Rothstein wrote this book about the extent to which the investments that this country made in the middle class from the 1940s through the 1970s explicitly excluded African Americans again and again and again and again, right? I mean the red lining of housing. Um, and so the government essentially said, we are, we are going to set out to increase the wealth of Americans. Um, and the way they wrote the rules, um, set out to exclude African Americans, right? Social Security did not include African Americans at the beginning. Um, and so it, that this, this wealth gap that we have, it's not an accident. It's, it's by, there's an infestation of, of, of design. The only other thing I'd add is I agree with you. It's a problem when people say businesses evil. I think it's also a problem when people say government is evil or currently as well. Right. Cause we need both. Absolutely.

Peter Georgescu: No, no, no, no. Government has got to change and we as citizen people often say, what the hell can I do? Well look, we can do a lot, you know, we have something called voting rights or most of us do or who can go up there and put the right people in the government position. People want to serve. This is not a job for life. This is not a scholarship for life that these guys get used to go out there and serve on behalf of us. And those are the kinds of men and women we want to have in Washington. And we that and we better go get it and we can play a role in that. All of us. Yep.

Speaker 5: Yeah.

Speaker 6: Uh, I was going to ask a question about timing on a minute ago. You threw out 18 months. My question was going to be, ah, how long do you think business has before people either throw up their hands and say, I give up and you know, do nothing. Or they actually riot in the streets. And you said 18 months. Was that because of the election? Yes, sure. Okay. Yes, absolutely. So you think the election could solve their concern?

Peter Georgescu: No, I'm saying something's going to happen in that timeframe. It's likely to happen. I can't, I can't predict. But the likelihood is if you were to, to look through the Lens of saying business, I will, I really need you to solve a problem. I really think that beyond the 2020 election, it's going to be tough for us to be able to credibly to credibly say, trust me, we'll do it. That's my plan. That's the point I'm trying to make. Let's do it now. Let's commit to that journey. And then let's allow government to regulate and to make sure that we do it. But let's try to fix it the right way first. And that's the challenge that we're going to have of the next little bit. And that's why we're so desperate and need people like, like David, to broadcast this challenge in this issue for all of us so people understand what the hell is going on.

David Leonhardt: I think the, I think the sort of, to me, the most important word you use, and this is on the sustainable, right? As you said, we can't predict the future. We can't know, but I agree with you. This notion of capitalism that doesn't deliver broadbased substantial increases in living standards is unsustainable. Right? Right. And one way or another, someone's going to take that on, right? It's going to be, whether it's your approach or Elizabeth Warren's approach or something that looks different and potentially darker, it just feels to me like we cannot continue living in all of this. That's why we like each other. So I recognize I didn't get on to all the hands, but I have a commitment to ending sessions on time. Peter is not leaving though. So if I did not get to you, I apologize. Peter is staying, he's going to sign some books. He's going to take more questions. Please join me in thanking Peter for

Speaker 5: [inaudible].