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Good evening. Thank you Andy for your kind introduction.

Medieval history, investment banking, electric and gas utility management. You're probably thinking to yourselves not only can't this guy hold down a job, but he can't even pick an industry and stick with it!

Trust me, there is a unifying theme here.

I first want to thank you for inviting me to participate in this evening's gala. It is a privilege to be with you tonight. And it's a particular privilege to join all of you in supporting Tabor 100's Educational Endowment and to honor Crystal Eagle award recipients for their accomplishments and community service.

Education, economic development, and community service are bound together. Our commitment to all three is fundamental to our ability to offer future generations a better quality of life—even when times are uncertain, like they are today.

Uncertainty. There's a word that is used a lot these days!

In July, Federal Reserve Chairman Ben Bernanke testified before Congress and said that the economic outlook is not only uncertain, it is "unusually uncertain".

When has uncertainty been anything other than unusual? Especially when we are talking about the future economic outlook!

If there's one thing that has become clear as a result of this financial crisis, the Great Recession as it is now being called, is that there is no certainty, no science when it comes to the economy or economics. Many of the models we relied on in the past as our economic guideposts for the future don't hold true anymore. This is uncomfortable and destabilizing.

Gideon Rachman in a recent editorial in the Financial Times captured it well when he said that economists suffer from "physics envy". They try too hard to predict the future using concepts from the hard sciences, like chemistry and physics. They

search for certainty where none exists. Economists, according to Rachman, should be more willing to accept that our understanding of the how's and why's of economic events will change with time and with greater perspective. Economists should be more like historians who, in their humility, know that no big question is ever definitely settled, and that perspectives change with the passage of time.

Uncertainty is a source of hope. Faith, optimism, innovation requires living with and seizing uncertainty. Embracing change, letting beliefs, values, and passions be our guideposts into the future.

Looking back in time, there are many examples of this.

As a doctoral student in medieval studies, my thesis was on the impact of currency – of coins – on life in the feudal system of Europe hundreds of years ago.

In the feudal system, life was – as Edmund Burke said – nasty, brutish and short. You were born in a village owned by a nobleman, you gave the nobleman a portion of your crop each year in exchange for the privilege of living under his rule and working on his land, and then you died – most likely at a pretty young age. And then your children did the same thing, and so did their children.

What changed that system?

In part it was the invention of exchangeable, universal currency cast in gold or silver. When metal coins appeared and became accepted everywhere the feudal model broke down. Just think about the uncertainty involved in accepting a piece of metal as economic consideration, as opposed to something practical, something you could eat! What courage it took for the first person to do this. And what a shrewd, far-sighted move it ultimately proved to be!

With metal currency, you weren't just tied to the local Duke or Baron as the market for your goods. You could now sell your crop to the next Duke or Baron – and maybe for more money than you could to the local nobleman. That gave you power as a producer of goods. Most importantly, it gave you individual choice.

From there, economics as we now know it flourished, with people specializing in work beyond farming. Some ran shops, some made candles or shoes, some bought bigger farms. Eventually former peasants were doing so well they wanted a voice – and a vote. They also came to realize they were part of a larger whole. Not simply subjects of a feudal lord, but citizens of a nation, united by currency, language,

culture, hope. Uncertainty was seized, and put to productive use to drive economic growth and strengthen the fabric of communities.

So how does the advent of currency and coinage in the feudal system in the 1300s relate to being a banker at JP Morgan or running the operations of a utility in Western Washington? Where's that "unifying theme" I promised to tell you about earlier?

It's simple. I didn't know it at the time, but I wasn't just studying history, I was really studying "disruptive change."

Ron Chernow, the author of a number of books including "The House of Morgan" captured well the theme of disruptive change and how it impacted JP Morgan's business in an editorial he wrote in the Wall Street Journal ten years ago almost to the day, entitled: The End of High Finance. The editorial appeared shortly after JP Morgan was acquired by the Chase Manhattan Bank.

In the 1980s JP Morgan's traditional corporate clients were abandoning wholesale lending and defecting to the capital markets which were becoming more global and liquid and therefore able to offer cheaper, more flexible financing. The future of corporate banking began to revolve more around stocks and bonds, and less around loans. With great prescience, and what was an audacious move at the time, Lew Preston who was then JP Morgan's CEO and Board Chairman decided to recreate the commercial bank as an investment bank and began to diversify from loans and engage in securities underwriting.

Over a decade later, JP Morgan's then CEO and Chairman, Sandy Warner, made an even more audacious and prescient move. He agreed to be acquired by the Chase Manhattan Bank. In his editorial, Ron Chernow wrote that J. Pierpont Morgan, the firm's founder, was probably "snarling in his afterlife" seeing that his "august" firm was being swallowed up by a "respectable but plebeian bank that issues mortgages and car loans." Yet without the size, scale, and retail base, plebeian or not, of Chase Manhattan and the commercial banks it had acquired along the way—Chemical Bank and Manufacturers Hanover--- JP Morgan would not be what it is today, and would certainly not have been in a position—or had the capital base-- to help pick up the pieces of a shattered banking system as it did when the global financial markets melted down two years ago.

Both leaders of JP Morgan initiated disruptive change, introducing uncertainty and seizing that uncertainty to strengthen their competitive position.

So what disruptive change do we see at Puget Sound Energy?

The “smart grid” tops the list. It’s been more than a hundred years since Thomas Edison first electrified our lives, but today he still would be right at home in many electric facilities. He might not recognize that the iPod is related to his phonograph, but he’d likely be able to walk around an electric substation and be pretty comfortable.

Disruptive change for an electric utility is not coming as much from new equipment as it is from information technology. Information technology is rapidly changing our electric grid, in much the same way that it has changed the way we work, live and entertain ourselves through the Internet and cellular phones. And our customers expect us to act on this information, to enhance the quality of service we provide.

The smart grid can mean everything from technologies that will automatically find and fix damage to our electric system – such as re-routing power instantly if a tree falls on a line –to tools such as intelligent charging stations for the coming generation of electric vehicles.

The smart grid can also mean solar panels on your rooftop. Smart grid captures initiatives that will allow you to cut your energy use and save money while reducing carbon and protecting the planet.

By embracing and driving these new technologies we are able to build on the essence of what we do as a utility which is to provide safe, reliable, quality service at a low cost to our customers to support economic growth in the communities we serve.

But of course, PSE is far from being alone in adapting to disruptive change and seizing uncertainty. Everyone in this room tonight could no doubt cite an array of factors and forces that are re-shaping their industry or market right now. And in many ways, disruptive change – while perhaps more pronounced at this moment – is really nothing new and certainly is nothing new for us in the Pacific Northwest. Over the last century, our region has an enviable history of capitalizing on change.

When the airplane replaced the locomotive as the most advanced means of long-distance travel – the Puget Sound area was at the forefront, with Boeing’s jets changing the way people all over the world conducted business or took a vacation.

When the computer went from being something in the basement of a university laboratory, to a tool in every office and home – the Puget Sound area was again a leader, with Microsoft providing the operating system that revolutionized nearly every aspect of how we work or play.

The list of game-changers that have roots in our region goes on and on . . . Starbucks, Nordstrom, Amazon, Costco and many, many more businesses have taken advantage of new technologies and new ways of thinking.

And who knows, perhaps the next game-changer from our region is right here in this room tonight? I hope so!

What’s enabled our region to succeed in so many sectors, for so many decades?

The answer is education, an important theme this evening and what brings us all together.

Disruptive change – whether from the Great Recession, new developments in the financial markets, new technology, or new social priorities such as the environment – will make education ever more vital. Students will need greater skills in critical thinking, being adaptable to new technologies and new ways of working together. Schools will need the resources to keep up with those same changes – and to stay ahead of them.

Critical thinking, technological savvy, and collaboration will allow future generations to seize the uncertainty created by disruptive change and drive economic growth.

Education is the bedrock of this history of innovation. We need strong universities, we need strong community colleges, and we need a strong K-12 system. We also need early childhood education programs to ensure every child is ready to learn. And, as employers, we need to support our employees as they choose to take a night course, get an advanced degree or boost their skills at a webinar or conference.

One thing we know for sure about the future – it won’t just be the kids that are learning new things. We’ll all be “in school” every day if we hope to keep up with a world that is constantly transforming itself. I pride myself on being a life-long

learner. For me it's survival, and it allowed me to travel across industries and geographies and along the way assume greater responsibility.

Everyone here tonight is making an important statement that they believe in the value of education, the value of every individual to bring something to the mix. Everyone here tonight has contributed to economic development that has strengthened their community.

No doubt, we live in a challenging time. But if we continue to seize on the twists and turns that technology, globalization and other key forces offer and view them as opportunities we will thrive.

If the world had never changed, we would be still growing crops for the local Baron! Imagine what our lives would be like! There would be certainty, that's for sure. But I don't like that kind of certainty! I'll take today's unusual uncertainty any day!

Without education the opportunities that have come to men and women from all walks of life wouldn't exist. We would be poorer for not having seized on disruptive change to improve our standard of living – and most of all would have lost out on the essence of the American Dream: that each of us can pursue life, liberty and happiness.

So let's keep those disruptive changes coming and take advantage of this period of unusual uncertainty.

Thank you all for your time, and for all you do to build a vibrant community. Thanks to groups such as the Tabor 100, the Puget Sound area will be ready for whatever comes our way.