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President Fleming, ladies and gentlemen, faculty members. graduates and your families, I am delighted to be here to share this happy day with you and to share your pride in what you have accomplished.

I think graduations are really not for graduates. You graduates know what you have done; and you are already thinking about what you will be doing next. Graduation is a ceremony primarily for your families: for your parents who were patient with you when you didn't write or call, spouses who carried out the garbage because you had work to do and forgave you when you were irritable because you were writing a term paper; for your children who didn't understand why you couldn't pay attention to them when you were studying for an exam. This is their day to share in what you accomplished, to see that it was really worth it.

But let me nevertheless address my remarks primarily to you graduates and speak to you very briefly about the world you're entering with these proud degrees from Michigan.

It's a world full of preposterous things as you clearly must have thought very often sitting in these classrooms. Bad things are happening in the world despite the fact that nobody appears to want them to happen. You're going out into a sick economy -- just recovering from the worst recession in a generation. You worked hard to get these degrees and now you're going to have to work hard to get jobs; harder than the classes ahead or behind you.

I am not predicting any kind of desperate situation. Things are getting better. We're not going into a 1930s depression, but you are going out into a weak economy. It's a preposterous situation in which a lot of people want jobs, but there are no jobs; in which business wants to sell more and produce more, but in which there aren't enough buyers because people are losing or afraid of losing their jobs. No one wants this wasteful situation to occur, yet it is happening.

The economy is now operating well below its potential. Goods worth $175 billion are not being produced this year that could be. That's a tremendous waste; it's not just a number. It is $175 billion worth of things that are not rebuilding cities, not making better campuses, not feeding or transporting people, or helping solve other problems of this nation.

There is a terrible human cost to running the economy below its potenitial. This includes not only people who can't find jobs, but also lost gains -- gains of black people, Spanish-surnamed people, women and other minorities, many of whom got their first jobs in the 1960s when there was high employment, and who began to approach equality with white males in the early 1970s. These people frequently find themselves now the first fired. This is not only unfair to them, but it is a loss of valuable resources to our nation.

And then there is the federal deficit. The Congress has just voted a budget for the current fiscal year that involves a $74 billion deficit. No one wants a federal deficit of this size -- neither liberals nor conservatives, Republicans nor Democrats. The deficit is caused by the recession which cuts federal tax revenues and increases certain kinds of expenditures. Reducing the deficit would make the recession worse; so we seem to be stuck with this phenomenon that no wants.

We are facing many other problems like this; problems that happen despite the fact that no one wants them to happen. There is the arms race. Large amounts of our gross national product are going to support armies and expensive military hardware, because we don't want to be number two in the world power race. But, nobody else does either. Other countries are doing the same thing -- putting large parts of their GNP into supporting armies and fancy military hardware, because understandably they don't want to be second to us.

There is the decay of cities which nobody wants to happen, but which seems to be a spiral of problems that feed on each other. An area becomes rundown. Property values fall. People move out. Services deteriorate. Taxes are not adequate to support the services. More people move out. The crime rate goes up. The cost of services continues to rise at the same time the revenues continue to fall. It keeps happening and nobody wants it to.

Consider highway congestion -- everybody wants to get to work or to school quickly and to get home quickly. So they drive to work and that slows everybody down. If we had fewer cars on the highways, special commuter highways, and faster and more convenient public transportation, then everybody would reach his distination more quickly and cheaply, but it isn't working out that way. It seems preposterous that no solution is being found.

The world is full of these kinds of preposterous situations that look like they might be curable; but don't seem to be. Why? There are two easy explanations that come to mind. One is that those in charge are evil. There are lots of villain theories of what is going on -- that the Russians or the Chinese or the U.S. military establishment wants war and wants to spend a lot on warlike things; that big business wants people out of work; that auto companies and the highway lobby want an inconvenient and inefficient transportation system so they can sell more cars and more concrete; that the middle classes are moving out of cities because they hate the poor or because the criminal element is the cause of it all. If one believes that, then clearly the solution is to throw the rascals out or to lock them up. The only trouble is that there is a large division of opinion as to who the rascals are.

A second simplistic explanation is that those in charge are not necessarily evil, just incompetent. The President and Congress, mayors of cities, college presidents and deans are just dumb or weak. They're either not trying or they just can't figure out what to do. We hear a lot about today's weak leadership: "Where

are the great men and women of the past?"

This general notion assumes that solutions to all these problems are fairly easy. We just need a few people with a bit of intelligence and common sense to speak out firmly and tell us what to do.

I can't prove it, but I have the real feeling that neither of these explanations is more than two and a half per cent right. People in leadership positions in Washington, Detroit, and East Lansing on the Michigan campus are mostly people who mean well and who are trying to do the right thing as they see it. Generals don't usually want war, nor do corporate managers want unemployment or auto companies want congestion. Mayors don't want urban decay. Beyond that, most people in leadership positions are probably as smart as they ever were. If Abe Lincoln or Tom Jefferson were around, I doubt that they would have any better answers than any of the rest of us. Of course, leaders in an earlier era had some advantages. For one thing, it took them a long time to get to important meetings. If they had to spend a week in a stage coach or six weeks in a sailing ship, they had plenty of time to think about what they would say when they got there -- a luxury not available to Henry Kissinger. They also had the advantage of less information. It is sometimes possible to sound more decisive about a problem if you don't know very much about it.

Nevertheless, for better or for worse, Congressmen, presidents, legislators, deans, and other leaders are probably better informed, less parochial, more dedicated, and more hardworking than they ever were. Yet the problems do not get solved.

I think our general feeling of dissatisfaction probably comes from the fact that the public is better informed and has higher expectations of what might be possible than ever before. We have learned to question authority. We have learned to ask why things happen. We don't accept war and hunger and discomforts as inevitable.

Much of your time here on the Michigan campus has been spent learning to be skeptical -- learning how not to accept things as they are. The new focus of education even for very young children, has been to teach not what the authorities say, but how to question the authorities. That's good, but it does lead to a general feeling of dissatisfaction. We are not willing to accept the inevitable and to say: that's the way it is. Some problems just don't get solved.

The fundamental thing is that the problems we have to deal with in the 1970s are really hard ones. The easy ones have been solved. Technological advances beyond the belief of our grandparents have occurred in all of our lifetimes; including your lifetimes. Wonder drugs cure diseases that everyone thought were fatal. We can fly to London in five hours. The cold of winter doesn't trouble us and even the heat of the summer is mitigated by air conditioning. All of those problems were easy.

The problems that remain are hard, because they involve social organization and people's motives. They're not just technical. They are hard for three reasons. (1) Some of them are hard because there is no easy mechanism for making collective decisions that are in everybody's interest. The arms race is a typical example of that. No one is there to appeal to both sides and pose the choices to say, "Now look, we don't really want this to be happening. We want it to stop." Commuter congestion is another example. The individual motorist or the individual community is acting perfectly rationally and sensibly and not evilly. They're buying cars. They're building roads. They're doing what seems to them to be the best thing to solve their own problem and there is no one there to say, "Look here, if you'll just act together and support a really good public transportation system, you could get to work faster and cheaper and you could still keep your cars for use in the suburbs and outside the city." People have to talk together to organize and negotiate that.

(2) Alternatively, those in charge may simply not use their power to address the problems. For example, until recently, the Congress had no procedure for dealing with decisions on the U.S. budget. They looked at the budget in fragments. Spending decisions were made by one set of committees acting individually and bringing their proposals to the Floor. Taxing decisions were made by another set of committees acting on their own and bringing their proposals to the Floor at a different time. There was no procedure for putting the revenue and the tax sides together to see if they matched and to consider whether the deficit or surplus was appropriate for the needs of the economy.

Within the last year the Congress has adopted a new procedure for looking at the budget as a whole and considering not only whether the deficit or surplus is the right one, but whether the major priorities selected in the budget are those that the Congress really wants. This new procedure will help the Congress think about some of these national problems in a more oranized way. It will, of course, not solve the problems themselves. They will still have to consider and debate the hard questions. How much tax money should be collected and how should it be spent? How much should be spent on defending the country; how much on social programs? When must one need be sacrificed for another? These are extremely hard decisions and no set of decision procedures will make them easy. The decision procedures will only insure that at least the problems get addressed.

(3) Some problems are even harder because they involve conflicting objectives held by the same people -- by all of us. These are just conflicts between different groups of people, but conflicts between objectives that almost all of us hold. Poverty is a good example. Nobody really wants people to be poor or in need. No one wants children starving or lacking medical care. On the other hand, almost everybody believes that work is a good thing and that people have to have incentives to work, to take care of themselves and to take care of their families. But we haven't been able to put those two conflicting beliefs together. We haven't figured out how to devise a system for making sure that everybody has their basic needs, but still offers plenty of incentive to work and take care of themselves. It is not an impossible problem, just one that hasn't been solved yet.

Consider the whole problem of medical malpractice. Nobody wants doctors to leave sponges inside surgical patients. Certainly not surgeons. Everybody wants to see that injured persons are compensated in a just and equitable way. On the other hand, no one wants the medical profession burdened with such high insurance rates that they can't practice or won't take reasonable risks to do what they feel they must. Nobody has been able to reconcile those objectives -- to put them together in a system that protects the patient and keeps the doctor from being driven out of business or into excessive caution by

unreasonably high rates. It is a difficult problem that required people to work together to seek solutions.

Therefore, I guess my message to the Class of 1975 is: it is not going to be easy, but your talents are very much needed. Help us work these problems out. Solving them will take hard work. It will take long and difficult efforts to suggest creative solutions, work out the bugs, negotiate and try again.

It is not a world for the faint-hearted or the easily discouraged, but it is also not a world in which all the answers can come from the big figures on the world scene or in Washington. It is a world in which problems will be solved by men and women working in city councils and in neighborhood groups, in civic associations, in state legislatures, in government agencies, and in businesses and in universities. It is in these places that we will have to develop creative solutions and a willingness to work and keep on working and negotiate. It will take both perseverance and patience.

There is plenty for the Class of 1975 to do. Don't worry if you don't get a job in the first month. You <u>will</u> get a job and you <u>will</u> find places in which you can pull your weight in solving these kinds of problems. In sum, congratulations and my very good wishes to all of you and to all of your families on this happy day.