

MCW Fifth Annual Gala Dinner

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One of the more overplayed stories this week has been the story about Madonna's efforts to adopt a baby from Africa. It seems the outrage that was directed at the AIG executives a couple of weeks ago needed to go somewhere. So it was all directed to Madonna. It never occurred to me to vilify somebody who is looking to adopt a baby. Anybody who is prepared to raise a child and give them the opportunities that they otherwise wouldn't have had needs to be admired and encouraged.

We were going down a road that somehow created a greater value for an American baby than an African baby. This is the same discussion we've been having in economics about how an American job is more important than a Chinese job. The leaders of the G-20 Nations in London reminds me that we're getting back into the debate of protectionism. Despite all of the evidence that contradicts it, we have not fully comprehended the economic interconnectedness of the world and the importance of that interconnectedness.

Now many countries, including the U.S., have imposed bi-local provisions in their stimulus bills. That's the idea that tax-payer's money used to stimulate the economy is used only to invest in a company that will manifest the goods or employ workers in the country. Now these impulses are understandable. I can see why people think that way. In a tough economy, these nationalistic tendencies tend to surface again. It happens with businesses, Madonna, social causes and charities.

Charities have been particularly hard hit we all know this year because of the corporate sponsors that don't have the money that was previously available to them... and because of individual donors who either don't have the money or who are frightened of the future and unwilling to give as much. A recipient of a program or charity that is doing work on the other side of the world seems easier to cut than the one that is doing work in your neighborhood, maybe feeding people who are going homeless without food. But we need to be concerned about all of it. One is not done through the exclusion of the other. We need to be concerned about what is happening here, in our neighborhoods, with our friends and our family, and what it happening in other parts of the world, to people with whom we have no obvious connection.

Globalization is obviously going to be a topic at this G-20. A lot of people think globalization has contributed to this recession... to some degree it has. But globalization has created a lot of opportunities and a lot of prosperity in the world. You've heard me on how I think Africa is such a land of opportunity. It's an opportunity for Africans and it's an opportunity for investors around the world. But there's a lot of work to be done and some of it remains incredibly basic. So we still have to deal with education, clean water, and primary health care. Americans, Europeans and Chinese investors are all very interested in what is being done in terms of economic liberalization and infrastructure building in Africa. But at the same time there are towns and villages across Africa where poverty beyond comprehension remains the norm. Those bridges, hotels and resorts and roads will get built. But somebody has got to keep fostering the

innovation on the ground, creating an environment that trains people on the ground to develop these projects and continue to run them. That is why I keep coming here year after year.

Rob [Alsbrooks] and Eddie [Bergman] have had an unswerving commitment to this. These are people for whom this has never been a fad. They are people who could have taken their brains, their contacts, their influence and their resources and put it to great uses making themselves incredibly wealthy. But they have decided that their own health and the creation of their own value is not important without the creation of value for other people. That is a lesson that a lot of smart people and smart businesses can take.

Now, I know I'm preaching to the converted. If you are in the room you either believe in the cause or believe in them. But I have to spread this message around. Out on the streets in the offices of New York and the rest of the country we have realized in the last several months how close we came to being a "me-first" society and how close we remain to stay that way. We would consume without any regard to our output. We would earn without any real regard to the value we were creating. We would take risks obviously without any regard to the downside. We would spend without any regard to the loss of our income. We did this as consumers, as citizens, and as governments. We have all been responsible for this.

The time now has come to lower our expectations. We've got to adjust our values, to be accustomed to earning and spending on entirely different levels. The new frugality is a world in which even you are not overly concerned about your own future; you are going to set new priorities for yourselves and your businesses. The adjustment is going to be big. And this is going to hurt us individually and it's going to hurt our economy. And for some of us it's going to involve a little bit of curtailment of how we live our lives. And for others it's going to cost them a job and a career and a home. And for still others there will have no effect because they're living so close to the edge to this recession. They didn't have any disposable income to start with; they were living so close to the edge and they'll end up probably just doing fine.

But there are millions of people in America and in the rest of the world who don't have anything material to lose out of this recession. I happen to think it's going to get better. I'm actually an optimist. I think things are getting better. There is glamour of hope all around us. There're lights at the end of a tunnel which apparently are not a train heading for us. We know there's activity out there, things are happening. For a lot of people where home ownership was not a possibility it may become a reality. Consumers are marginally more confident than they were earlier this year and they're saving just a little bit more.

Six hundred thousand people losing their jobs in March are six hundred thousand families. Six hundred thousand people going home and telling their kids they may have to move or they have to change schools or they have to sell the house or they have to change the way they eat. So we're not out of the woods. We have to confront the fact that we have more than five million people on unemployment roles in this country. We have more than fourteen million people officially unemployed and a whole lot more who aren't even on the books right now. This is going to continue to be our challenge it's not going to go away but we need to meet that challenge all of us together. Those people of those problems are in fact our problems. And frankly the problems of somebody in Africa are also our problems. If we haven't been clear about that last year, we're going to be abundantly clear this year that it all matters now.

The [individual] in Africa who benefits from a MCW program may have nowhere else to go. But this recession and the challenge the MCW team will have, particularly in raising money in this environment, may mean that someone else isn't getting that opportunity. And that is somebody

who may become a contributor to the economy and hence a contributor to the world's economy. One more person, who is not taking but giving, can bring somebody else up. People need the basic necessities, the basic tools, the confidence, the ability to pull themselves up out of the poverty into which they are steeped and to become a robust economic participant in their economy because of how interconnected they are. And that's in Africa, in China, in India, in Brazil and in Russia. We know how interconnected our world is.

We need the recipients of MCW assistance in training to keep on getting it. We need to look at our world globally and we need to understand that we have to stretch ourselves, to reach deeper in our own pockets to support MCW and to support our local charities and communities and to support our own long-term financial health. We can't control the housing market, the job market, or the stock market. We can only control our own lives. We can only own who we are to our brothers and sisters around the world right now. As hard as it's been for us, it's been a lot harder for others.

So if you're here tonight you've obviously committed to looking beyond your own needs. Right now, your country and this interconnected world needs you more than it ever has before. I honor you all for being here tonight, for continuing and for contributing to this and great work for MCW.

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