

President's Address

Bay Area Council Annual Dinner

Remarks by Jim Wunderman, President & CEO, Bay Area Council

Tuesday, October 14, 2008

Thomas Jefferson said, "Every generation needs a new revolution." And my friends, there is no question ... we are in one right now.

Whether you cast your gaze across the Bay, across the country or across the globe, there is no mistaking that a revolution is either here or on its way ...breaking down old walls, cracking open new frontiers and fundamentally disrupting each of our lives.

Does the disruption make you uncomfortable? It should. Change is scary. I remember the Beatles singing about Revolution in the 1960's. Scared me! And I don't know too many folks who aren't nervous about the future right now.

In any revolution, one faces the choice: should A, we seek shelter and hide ... or ... B, should we charge toward the new opportunities that come from change?

You know I think the answer is B, and it's within that context that I'd like to spend a few minutes with you tonight to talk about where the Bay Area stands as a region and where the Bay Area Council fits into all this.

First, a bit about the Bay Area region. At times, I think all of us have a tendency to take this place for granted, but when you step back for a moment, you realize what a truly incredible, vibrant, caring and ultimately different place this really is.

Our approach to innovation, both social and technological, our support and respect for academia and research, our openness to the world and other cultures, our passion to address climate change and promote a healthy, green, quality environment, - these are by no means the standard for other regions around the USA.

Recently, Bruce Katz, who runs the Metropolitan Program for the Brookings Institution, held a meeting with some of our members as part of a national tour promoting Brookings new Metropolitan strategy that focuses on 21st century infrastructure, human capital, and quality places. After the meeting he told me he was absolutely flabbergasted by the conversation here in the Bay Area compared to other regions he'd visited.

Bottom line, the people of the Bay Area intrinsically understand what it's going to take to build the new America

And when it comes to pure beauty and aesthetics, I don't know how many of you were out this weekend watching the Blue Angels, but my god, I daresay, we are lucky to live in simply THE most beautiful urbanized region in the world.

So no matter what challenges we may be facing, and boy, do we ever have 'em, we shouldn't forget that our region can go head to head or toe to toe with any region, ESPECIALLY when it comes to competing in the globalized economic environment which continues to blaze forward unabated.

Now, on that note let me turn for a moment to the Bay Area Council. Because as you know, the core of the Bay Area Council's strategy is to promote our region's ability to compete in that new, global economy.

A lot of people have been asking me why the Bay Area Council appears to be so successful and has become a thought leader on so many important issues. What makes the Council different?

Here's what I say.

First, I agree with them. In fact, your Bay Area Council has become an extremely well recognized and respected voice in Washington, in Sacramento, in regional and even among our local governments. Major players in the media reflect on and often quote our opinions and positions. Increasingly, other business, trade, and public interest groups seek our support for their work.

Why?

I think the answer is this: While first and foremost respecting our role as a business group that seeks to preserve and promote a strong economy in one of the world's great regions, the Council, ahead of virtually all business groups, has stepped forward to work on and promote solutions to the issues of our times, issues that are critical to members of both major political parties and society at large. We haven't been afraid to lead, when leadership was needed.

Just look at a few examples:

We helped PASS, not defeat, both AB 32, the Global Warming Solution Act and the Million Solar Roofs Initiative, and by being at the table, ensured each contained provisions to make them fair and more manageable for business.

We demanded the state of California pay attention to its woefully inadequate and failing infrastructure and helped put on the ballot and pass \$41 billion in bonds that address transportation, housing, schools and water systems. A down payment on what is needed, to be sure, but a start. And we fought hard, and successfully to make sure the Bay Area received its fair share of the statewide funds.

We went face to face with BART's largest employee union when they made unfair demands and threatened a strike that could have crippled the system and sent it into a fiscal tailspin. The union accepted a modest contract and BART is on the way back.

We supported, and succeeded to get Governor Schwarzenegger to sign, just a week ago, a dramatic bill by Senator Darrel Steinberg, SB 375, which for the first time provides a regionalist approach that seriously links land use planning to transportation and climate change. With SB 375 in place, we can now go about working with our members and other leaders to design and execute the nation's best-in-class regional climate change strategy.

We played the major role, just this session, to pass bills in Sacramento that create an educational data system that will help pave the way for California to begin to march back toward its former preeminence in K-12 education. And we're preparing a virtual onslaught to invigorate public awareness and investment in our children – according to the best research, probably the wisest, most valuable investment we as a country could make.

Most recently, the Bay Area Council has called for something that I think was in the back of the minds of many of our leaders. Fed up with the obvious dysfunction in Sacramento as evidenced by the record delay in passing the budget, and feeling the same frustration you feel, we called for consideration of a California Constitutional Convention, yes, a constitutional convention a rewriting of the rules that govern the way we govern our state.

What are we looking to come out of this effort to create real, structural change? Simple:

- 1) We want a system that enables our elected leaders to be held accountable;
- 2) We want an electoral process that delivers centrist leaders from both parties who can work together;

- 3) We want budgetary and fiscal reforms that create a policy framework consistent with 21st century economics;
- 4) We want departmental oversight, with real, sharp teeth.

I have to admit, when we called for this Constitutional Convention, I didn't expect anywhere near the kind of response we were to receive. A literal outpouring of support and interest, from leaders and groups from every stripe, major players, people you wouldn't expect. I won't go into it now, but it's been overwhelming.

Some people, on the other hand, say they're afraid of a Constitutional Convention, that it can throw the door open to special interests, maybe it will make things even worse.

To this, I say, if you really want something to be afraid of, think about keeping the status quo in place.

I advise our business leaders that if their businesses were run like the state of California, basically rudderless, stuck in the mud, their competitors would pass them by in an instant and they would be out of business.

That said, there are other approaches to reforming the state, short of a constitutional convention. A major group, California Forward, is doing remarkable work in the reform arena, we consider ourselves to be their strong partner, and a bit later tonight you will be hearing from their Chairman, former Clinton Chief of Staff Leon Panetta.

One way or the other – we have to get there. Serious structural reform is not an option for California - it is an absolute must – and the clock is ticking.

So, I think it's the Bay Area Council's sense of urgency, - our respect for data and quality research as drivers of public policy, and our willingness to JUMP forward on issues where others will not even walk – that have made us attractive to leaders and groups from all the sectors. If I may be bold, I think there's a sense of TRUST that ties to our reputation, and nothing is more important when it comes to being effective in this realm.

Let me say one more thing before moving to tonight's major purpose, to welcome five incredible leaders to the Bay Area Business Hall of Fame.

We are obviously going through some very difficult, earth shattering times. In many ways there is little precedent for what's happening, and the explanations are as varied as the people doing the explaining.

But what has come clear is that as the dust settles, and as a new President takes over the White House, and as the 111th Congress takes its seat, there is going to be monumental political pressure and momentum to legislate major new business and financial regulation in the United States.

Without question, reform is needed, badly so. But I'm very concerned, and I hope you are too, that Washington could go way too far on this one, and put in place a regulatory schema that could stifle, even cripple some industries and markets.

As a business community, I believe we have to respond to this by recognizing that change is going to come, and it is necessary. We cannot, should not, "Just say no." But we have to be thoughtful, vigilant and willing to work as never before in partnership to make sure the proverbial baby doesn't go down with bath water.

To that end, I offer up the Bay Area Council's credibility, that TRUST I referred to a minute ago. As you well know, many of the key leaders who will ultimately decide the nature and specifics of these reforms come from RIGHT HERE in the Bay Area. Relations run deep. It won't be easy, but I think we can help. That's what we're here for.

With that, let me thank you for listening. And please know that I am deeply honored by your support of the Bay Area Council.

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