



“3D Public Servants: The Courage to Be Human”

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Introduction

Hi, I'm Mary Daly, President and CEO of the Federal Reserve Bank of San Francisco. And welcome to the presentation "3D Public Servants: The Courage to Be Human."

We had really hoped, planned to do this at South by Southwest 2020, live from Austin, Texas. But coronavirus got in our way, and so we're going to do it today, here in the audio studio where we record so many of our podcasts. We're going to give you a sneak peek behind the scenes using this video. So welcome, and we really hope you enjoy it.

Queasy

So let me start by getting one thing out there: I'm an economist — by nature as much as training. And for much of my young life, I had a single mantra: emotions, what are they good for?

Then I met my wife, Shelly. She's a psychologist. And she told me that whether I realized it or not, my emotions are there. And then she taught me how to find them. She said to ask myself, “What are you feeling, in your body?”

Now, all of you know what I'm talking about. For some of us, it's a flushed face, a tight chest. For me, I feel nauseous, slightly queasy.

But the really magical thing she taught me is that nauseous isn't dangerous. It's just uncomfortable. And if you think about that, it's freeing because you can move from trying to push the emotions down to trying to ride through them — and even learn from them. So I started practicing.

And then I became President of the Federal Reserve Bank of San Francisco. And much to my surprise, the organization had a very different view of emotions than my wife. To the institution, my emotions — this being queasy — seemed very, very dangerous.

So this is a conflict, a pretty deep conflict.

To get a sense of what I mean, I want to play a clip from a podcast called Zip Code Economies. We launched this podcast last year, just six months after I became the president, and I'm the host. And in the opening lines of the opening episode this is what listeners heard.

Mary Daly: I'd like you to use one and only one word to describe Firebaugh. From your heart.

Cynthia Best: Without crying?

Mary Daly: I actually have cried so many times today that if you cry, it will make me feel belonging.

Cynthia Best: Well, it makes me think of my dad.

Now if you worked for the Federal Reserve Bank of San Francisco at that moment, you felt nervous. For some, like me, it was the feeling that comes with any new launch: Will people like it? Will they hate it? Will they simply be indifferent?

But for many others, it was a really different thing. The piece that scared them, that left them feeling completely unsure, was my admission of crying. That was the exposed part. That was the hard part, the dangerous part.

Because after all, Reserve Bank Presidents — leaders — they don't cry.

So that put me in a real bind. My wife of nearly 30 years constantly pushes me to turn towards my emotions. And now the Bank is telling me to run from them, and to run fast.

And the only way I could resolve this conflict was to go back to being what I truly am, at my core: an economist. I returned to my lifelong question: emotions, what are they good for?

The Profile

But I'm getting a little ahead of myself. Let me tell you, just a bit, about how I got here in the first place.

I started my career at the Federal Reserve Bank of San Francisco back in 1996. I walked in the door with a PhD from Syracuse University and a post-doc from Northwestern. While my new colleagues had credentials from Harvard, Stanford, Yale — and I did feel just a little bit intimidated — my degrees meant I was one of them, that I belonged.

Here's what I didn't tell my colleagues, my new colleagues. I grew up in Ballwin, Missouri, I'm the daughter of a postman and a stay-at-home mom. We weren't poor, but we lived really close to the bone, paycheck-to-paycheck. We had many of the challenges that countless Americans face but are so unwilling

to talk about. And eventually, when I was 15, those challenges collapsed in on us.

My parents got divorced. My siblings moved in with my grandparents. I moved in with friends. I dropped out of high school, and I cobbled together a whole bunch of different jobs. I drove a donut truck. I worked at the deli. I worked at a Target. And that was my plan, to try to turn one of those jobs into a full time thing. But I met someone who changed my trajectory.

Betsy was in her mid-30s. She was busy building her own life and career. She happened to know my former high school guidance counselor, and we met. She saw something in me that I couldn't see in myself. So she took me under her wing.

I just remember that so clearly. She first encouraged me to get a GED. I decided to try it because I thought I could get a bus driver job, which was good. It was full time, paid union wages, and it had health benefits.

But Betsy's a nudger — she still is a nudger. So after I got my GED, she encouraged me to take another step and to try a semester at college. Of course, I couldn't afford a semester of college. But Betsy could. So she paid \$216, and I went back to school.

That first semester eventually led to a degree in economics and philosophy from the University of Missouri, Kansas City, and then on to a PhD and a post-doc that landed me at The San Francisco Fed.

So the question is, why was I reluctant to share this information with my new peers? Well there were really lots of reasons. I was afraid they wouldn't see me in the same way anymore. I was afraid they would pay a lot less attention to what I did and a lot more attention to what they believed might be true. I was just thinking they would typecast me. They would look through their own experiences and notions rather than see my skills and my contributions with clear eyes.

But deeper than any of those fears was my very worst fear. I was afraid that I wouldn't be able to tolerate all of the emotions. My own emotions. Because just behind my degrees and my accomplishments stood this thick wall of fear, pain, and insecurity that I worried would derail me. So I pushed it all away. I just focused on the things that were positive, forward-looking, and above all else, *apparently* useful, beneficial, some would say likable.

For many years, this strategy worked brilliantly. I had a great career and a great life doing this simple self-division, separating the “good Mary,” the “shiny Mary,” from the “bad Mary,” not the one I wanted to show. I got

promoted every two or three years. I published articles. My span of influence and responsibility increased. I was getting more and more attention.

And then I got a call from a Bloomberg reporter, Jeanna Smialek. And she asked if she could do a profile on me. And like anyone would, I said yes, without really thinking about what that meant.

I quickly learned that a profile had a very important component to it that I was not prepared for. The first 30 minutes of the interview were filled with questions about my family, my background, what I'd been through as a kid. All of the things I had tidily sealed up in a box and ignored for most of my life. And if I wasn't so Midwestern, I might have obfuscated — which is really just a fancy word of saying I might have hidden the truth. But I didn't want to disappoint. I didn't want to do a bad interview, so I told her what she asked.

And eventually — thankfully — we moved on to talking about my work and I felt relieved. I felt I was back to safety. I could take a deep breath.

And then Jeanna asked me one final question. She said, "Mary, how do you think your past has influenced your research?"

And without a breath, without a single pause, I said, "Not at all."

Now it's really hard to believe that those exact words came out of my mouth. I'd spent most of my career, up until that point researching things like

income inequality, unemployment, the role of the social safety net. And at that moment, without hesitation, I said that my past had not influenced me at all.

But sometimes absurdity is our best teacher. And what was clear in that moment is that we were getting very, very close to that wall. That wall of my fear, my insecurity, my pain that was just right behind me. Where I was deeply afraid.

But what could I do? I'm in an interview, it's going on, it's right there in front of me. So I said, "Well now that you point it out, "I guess influenced me quite a lot," and we finished.

And then I fell into what, I realized only much later, people call a vulnerability hangover. I felt exposed. I was highly anxious. I literally dreaded the interview being published, and I barely got anything done in the weeks leading up to its release.

On the day it finally came out, I made Shelly read it. I couldn't even look. And as she read it, she started to tear up. She just got those glassy eyes at first, and then these teeny small tears. And when I pressed her, she said, "Mary." I didn't even press her, I just asked her. And she said, "Mary, the article is about the whole you." The economist data-driven Mary that I loved, and the human emotional Mary that she loved.

But here's the really surprising part that fundamentally changed me. Shelly was not unique, it wasn't just her bias as my wife or a psychologist. I got cards and letters and handwritten notes applauding my openness, admiring my resiliency, vowing to follow my example.

And that's when it hit me. In my effort to hide the parts I didn't want to see or have any one else look at, I had hidden everything personal — all my humanness. I'd spent my entire career only bringing half of myself to work. And probably half of myself to life. I was bringing the part of myself that I felt proud of, that I thought others would like.

And I was ignoring the other half, the part that I felt unsure about, the part that I still feel some shame over. The part that made me queasy.

So I replaced one hangover with another. It's a kind of addiction once you do it. I moved on from being vulnerable in the interview to regularly experimenting with sharing more of myself, being more open.

And of course it did open me up to pain, to insecurity, to fear that I hid behind that wall for so long. But it also allowed me to see resiliency, the fortitude, the sense that tomorrow can be better than today — my internal hopefulness — that now I count among my greatest strengths. Like so many psychologists have told you, those are the antidotes to shame.

And my career took off. I started climbing the leadership ranks within the Bank. I started making a bigger name for myself in the profession of economics. And I started to see the impact that my openness had on people, all kinds of people, in the bank, in the Federal Reserve System, and so important to me, in the communities that we serve.

And so when the job of President opened up, I applied. And when I got it, I boldly offered that we, the Federal Reserve Bank of San Francisco, will be more open, will be more vulnerable, will be our whole selves, and that at the same time, we will be strong, we will be capable, and above all else, we will be leaders.

But for many of the 1700 people who work for the San Francisco Fed, and the 20,000 who work for the Federal Reserve System as a whole, the idea that we were going to collectively pledge to feel queasy left them nervous. And that led me to wonder: why?

The Crown

I found the answer in an unexpected place. I've been watching a lot of *The Crown* lately. And there's this great scene where Princess Margaret says

to the Queen, "If you show a single crack, we'll see it isn't a crack, but a chasm. And we'll all fall in."

It's funny how fictional stories sometimes end up shedding light on our very real lives.

Research tells us that when we hear a story, we put ourselves in the position of the character. In fact, images of brain activity show that when someone tells a story, the exact same areas of the brain light up for the story teller *and* the story listener. It's like we're there. The story allows us to fully engage in another experience as if it's our own.

And so I learned from *The Crown*.

And what I heard Princess Margaret say in that episode was this. The role is its own being. It's comforting, and it's safe to people. It makes them feel reassured. If they're allowed to peek behind the curtains to see innocuous things — the goings on of the royal family, the weddings, the trips — it's exciting. But if they peek behind the curtains and see the doubts, the fears, the uncertainty — it's scary. Especially when it's happening in real time and we don't yet know the ending. That's actually not exciting at all. That's a chasm, an abyss and we all fall through.

But do we really? My Netflix guilty pleasure is actually based on a very real person — Queen Elizabeth II. And from all accounts of what we know about the Queen, she took the advice of the fictionalized Princess Margaret. We hear a lot about the Queen's style, her jewelry, her dogs, her hats... but very little about herself, her politics, her opinions, her heart. In fact, just last week, in the face of the coronavirus, the Queen gave only her fifth public address of her long reign.

And so we live for the drama of *The Crown*. For the complexity, the intrigue, the humanity on display. We wonder what it would be like to be her. And we talk about what we might have done if we had been in her place.

But what I wonder is whether we ever *really* needed her to be so distant. Would we have benefited from her being more open, more giving, more vulnerable? What if she'd been able to be fully 3D in real time, real life, rather than just in fiction? What have we been missing all of these years? What if we'd seen 10,000 speeches instead of five?

Uncertainty

When we talk about allowing a leader to be 3D in real time, in real life, it's more complicated than it seems. It's pretty easy to embrace the story of a

queen, or a jedi, or any leader, when we know the final outcome and that outcome is good. Then the flaws and the imperfections, they just feel reassuring. The challenges are conquered, everything turns out okay, and we all love that story.

I'm a perfect example. Nearly everyone can rally around my past. Love that I struggled, that I overcame challenges and that I still became a leader. As one of my friends and colleagues put it, it's confirmation that the world is surmountable, that good guys can win.

But the operative word in that sentence is “win.” The story is over, at least a chapter. The results are clear, I'm the President.

It's quite a different thing to experience the challenges in real time, as the story unfolds and the outcome is less certain.

So it's understandable that everyone in my organization feels afraid when I ask them to leap off this cliff with me. To be vulnerable, to be open, to be authentic. After all, we don't even know where we will land.

So the real question is: what about uncertainty — about the uncertainty of an ending — makes us so uncomfortable? Makes us so nervous?

Well, psychology tells us that when the future is unknown, we worry. And we solve for that worry by projecting out the worst-case scenario. This

allows us to brace for the impact of that scenario and not be disappointed — or even worse, hurt, harmed.

Of course, we're built to do this. You could trace it all the way back to our hunter-gatherer days. The world is full of stimuli, risks and rewards — they're everywhere, and we need to make very quick decisions if we're going to keep ourselves safe. So we sort: Friend or foe? Safe or dangerous? Good or bad?

This sorting aided our survival.

But what happens when we apply the same sorting to people?

Well, put simply, nothing good. But let me explain.

I have this great colleague, a friend really, who is, like me, a leader. And we come from very different backgrounds — his is more typical, on the surface easier, some would say privileged. But we mostly see eye-to-eye. And we definitely share the same core values.

So we went to this event together some years back and he was much more practiced in that arena than I was, and I thought he might give me a hand. And in a minimum, since we were all swimming towards the same goals, I believed we would be a team.

It didn't play out that way. He ended up talking mostly about himself. I found it hard to get a word in edgewise without aggressively interrupting. And when it was over, he just waved at me and moved on to his next thing as if everything had gone as expected.

I was incensed. I actually felt duped. I was deeply disappointed. I ranted on about it for at least 15 minutes to anyone who would listen. And then I thought about it for the rest of the day. So the next day, I called my coach, and I recounted what happened. I actually did one of those dramatic retellings, I think you know the kind, when you act out every phrase and every scene so that the listener is right there with you feeling your pain. "He said this... and then he said that... and then he said this other thing... and I'm finished."

And I expected with this dramatic retelling that my coach would validate me. He'd say, "Oh yes, I completely see what's happened."

But I got something very different. After listening to the whole play, my whole dramatic retelling, my coach said, "I didn't realize you were so judgmental."

Now, judgmental is a loaded word — at least for me — and I was not too happy. I felt he, the coach, was being pejorative, telling me I was bad, or that I had some kind of a character flaw. But what he was really saying was that I

was looking at the situation through one lens. And I was making a determination, a judgment, that might not hold up to a broader perspective.

I was sorting my colleague, moving him quickly from friend to foe as if I was hunting a million years ago. I felt at risk, I felt in danger, and I resolved the conflict, the uncertainty by making a judgment and then abandoning the story. He was a jerk and I needed to get away from him.

Stereovision

So you must be wondering right now, what happened? Did I nix him, did I talk to him, did I just let it die? What?

Well the first thing I did, at the prompting of my coach, was to try and practice something he called radical empathy — being empathic about my colleague and friend, and curious about his behavior, despite my feelings. That's the radical part.

That is no easy thing. And I had to make myself a talisman, an empathy coin. On one side, I'm holding it now, is a beautiful souvenir ball marker from the Pebble Beach Golf Course, and my wife gave it to me. On the other side, I glued a rusted metal washer I found on the street in my neighborhood. And this coin, this empathy coin, it reminds me that no matter what I see on the

surface, the beautiful wood, it's hard to know what's underneath, what's really going on with someone. It helps me pause, short-circuit my frustration, and hunt for the positive rather than focusing on the negative. It helps me stay in the story.

But I strongly dislike having to rely solely on my talisman. I want to understand, why do I sort when I know it's judgmental and limiting, and it's not my values? So like any good researcher, I turned to Google.

I started searching for ways to teach myself how to stay in the story in real time. And I found the answer in a really unlikely place. I stumbled onto this concept of stereovision, which is the mechanics of how our eyes work to create a 3D image in our environment.

Simply described, each of our eyes is programmed to take a picture of what we see in front of us — they just do it from slightly different angles. Then these two different pictures get simultaneously sent to our brain, which instantly processes them into a single 3D image.

A classic example of how this works — you can find it on the internet — is a picture of two rows of Lifesavers: one red, one green, and both are narrowing down to a point on the page where they almost meet.

And if you focus long enough on that area where the green and the red Lifesaver line should cross, or meet, you can see a single Lifesaver coming off the page towards you, even though it's not there.

Almost all of us are physically able to do this. But for many of us — and me included — it's a challenge. We don't do it automatically. It takes effort to merge those two Lifesavers into one 3D image. You have to practice.

Well it takes even more effort and more practice when you're talking about people. My colleague, my friend was never all good or all bad. He was always both. He shares my values, does good work, and can also be insecure, anxious about his performance, and in those moments, blind to those around him.

All of those things are true. But holding them simultaneously, seeing them merged into a single 3D person takes work. And it's emotionally heavy work. It's hard. It can be draining. Because after all, we are built to sort, to avoid worry, to avoid disappointment, and most of all to resolve uncertainty.

Now I'm sure, as you listen to that story, that you all have had something that sounds familiar with a colleague or a friend. We've all had experiences like these, probably many of them. And we've all had moments

where we've had to come to terms with the fact that our closest friends and our family aren't perfect.

But with those individuals, close friends and family, we make the effort to see them in stereovision, to merge the green and the red, to see the full three dimensional person, in the hopes that they'll do the same for us. They'll merge our green and red. This 3D vision that we use or we practice for our friends and family isn't emotionally free, but it's worth the cost for those closest to us. Because ultimately we don't want to lose the relationship.

But why should we be willing to pay the cost to see our leaders? Why should we want to stay in their story, riding out their bumps, merging their bad and their good when there is so much possibility for discomfort, for disappointment? And they aren't even our friends or family.

It's simple. If we're only willing to see two-dimensional leaders, that's all we'll get: two-dimensional leaders. And two-dimensional leaders can't solve the problems of a 3D world.

East Palo Alto

I played a clip earlier from Zip Code Economies, but I didn't tell you why I decided to make it.

As I mentioned, I'm from Ballwin, Missouri, a town outside of St. Louis. But for the past more than 20 years I've been living in Oakland, California and working in San Francisco. I've always felt comfortable in both environments, and I can understand the views and aspirations of both communities — those in St. Louis in Missouri and those here in the Bay Area in California.

Then the 2016 election happened. And every day after the election, when I looked at my Facebook feed I could see a divide, a chasm, playing out on my timeline. Half of the people I knew thought the results of the election were the best news of the year. The other half was convinced that the end of days were upon us. And each half viewed the other half as a threat, an enemy, maybe The Enemy.

So I decided to make Zip Code Economies. In my heart, I know that most people want the same things: They want to raise families. They want to have careers. They want to make contributions. And wherever we live these days, our communities face so many of the challenges that easily divide our country. But at the zip code level, people find a way to work it out. And thus, by definition, the stories of zip codes are stories of hope.

I could say without reservation, without any hesitation that Zip Code Economies is the single best project of my career. It transformed me. It

imprinted upon me. It moved me. Because it demonstrated time and again, in every community we visited, that people can overcome anything when they work together. It confirmed for me that hope is alive and that hope is essential for change.

One of the places we visited is East Palo Alto, California. It's a 2.64 — 2.64 it's hard to even imagine — square mile community about 30 miles south of the San Francisco Federal Reserve. It was incorporated back in the 1960s in an effort to fight pervasive red-lining to give minorities a place to have homes and have a community. Throughout its history, EPA has been in a fight for its life. And today is no exception.

It remains a mostly minority community where the median income is \$55,000 a year. EPA is surrounded on all sides by the staggering wealth of Silicon Valley — think Facebook, think Google. And EPA is constantly working to maintain a sense of community when it feels like they could be swallowed up at any moment. Because they're an island sitting in a sea of wealth.

So as part of our zip code filming, taping, I talked to some high school students about what it's like to grow up there. They told me that they loved their community, but they also told me about their trips to downtown Palo Alto — a place just two miles from their front doors where they're treated like

the *other*. Because, remember, East Palo Alto and Palo Alto are not the same place. They told me that in Palo Alto, people cross the street when they see them coming. The restaurant servers treat them like they're second class citizens, because they worry, the restaurant owners, that the kids might not pay. The kids feel like they don't belong.

When you look at their faces as they tell you these stories, you can see the pain even though they don't tell you the exact words. You hear the resignation or the acceptance in their voices. So then, you might ask me, "So how, Mary, do they still have hope?" How do I still have hope? Because I met them at a place, these students, I met them at a place called East Palo Alto Academy. And there I met their principal, Amika Guillaume.

When I say principal, you probably have ideas in your mind about what she does. I know did before I met her. I thought she managed day to day operations, created policies, made budgets, talked with parents. And Amika does do all of those things. But that's actually not her primary job.

You notice this, you see this, right when you walk into her office. There's this huge sign on the wall that says, "The Bulldog Way." At first glance, it seems like a school mascot but it's not. It's a school refrain. It's the terms of

their contract. The contract between students and teachers, both of them, the shared contract. And the first item on the list is “Bulldog Love.”

Bulldog Love is Amika's North Star. She recognizes that before you can educate the mind, you have to help students feel safe. Before they can learn, they have to feel like they belong. They have to feel like they are loved.

But let her tell you in her own words:

“I talk about love in this building and give this campus a hundred times more than I do at home. And frankly, my kids here need it in a way that my kids at home don't need it. And that's our obligation, is to make sure they feel loved and safe. And it's not that their parents don't love them, that's not the case at all. It's, does society love them?”

Amika is the definition of a 3D public servant. You know it the second you meet her. She vibrates with it — it comes right off of her, the passion, the frustration, optimism, pragmatism, vulnerability, all at the same time. She's fully human, including imperfect. She has good days, and she has bad days.

A conversation with her can feel like walking on a high-wire. When one of her kids succeeds and she describes it you feel all of the joy with her — the pride, the hope for the future. You're right there.

But she doesn't always have successes. And you know it. And sometimes you feel it.

When Amika came to our launch event here at the San Francisco Fed, the launch event for the show, she was up on a stage with other people from Zip Code Economies. I could tell immediately that she was a little off. And then she told us about a meeting that she had just had with one of her former students. He had left East Palo Alto Academy ready to enter college, and now he was at Stanford. But he wasn't there to learn. He was mopping floors with his dad. He had somehow fallen through the cracks after graduation. Amika was swaying. And when we heard her story, we were all swaying with her.

You quickly realize when you sit with someone like Amika, that staying with her story will be hard. If you open your heart to the love, the joy, the possibilities she creates at East Palo Alto Academy, you also have to open your heart to the heartbreak you feel when a student or a family falls through the cracks. It feels like a chasm.

But here's the deal. There are people in those cracks. And they need Amika. And Amika needs us.

And staying in her story is staying in their story. And this will not break us. We will not fall through.

Stay in the Story

I carry Amika, and the other people I met making Zip Code Economies, with me always. They're the standard I try to hold myself to every day. I try to be as courageous as they are to stay in the game, to stay in the story, even when the ending looks bleak or is simply uncertain. To be 3D myself, and to let others be 3D, as well. I don't always succeed, but I always try.

So I will end here with the same ask for you that I have for the 1700 people who work at the San Francisco Fed, and the 20,000 who work for the Federal Reserve System.

Join the story. Stay in the story.

The ending might not be certain, but the challenges definitely are. And we don't have time to wait for perfect heroes. We must all have the courage to be 3D. We must all have the courage to see in 3D. We must all have the courage to be human.

Thank you.