

Commencement Address
Economics Department
University of California, Berkeley
Berkeley, California
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Life's Unpredictable Arc

Professor Powell, distinguished members of the faculty, parents, students, and, most of all, graduates—it's truly an honor for me to return to my old stomping ground of the Berkeley Economics Department and this campus that's so familiar. Standing here with you today, I'm transported back 28 years to my own graduation as an Econ major at Cal. It seems like yesterday. I vividly remember listening to Kenneth Arrow deliver the commencement address on means and ends in economic policies. I was saying good-bye to amazing teachers and classmates and, with less regret, the dreary windowless classrooms of Evans Hall.

You all undoubtedly carry your own images from your time at Cal. For me, it's the double cappuccinos at Caffe Strada and midnight runs to Top Dog to fuel up for a few more hours of study. And, of course, there's The Play. I was a junior when Cal beat Stanford in the last seconds of the Big Game by executing the greatest play in the history of college football. I'm a big sports fan, and I've seen the Giants and the 49ers both win championships. But nothing has ever equaled Kevin Moen threading his way through the Stanford band and taking the ball into the end zone as time ran out.

I tell you all this to let you know that I understand a little of what you're feeling today. First and foremost, there's enormous pride in having successfully completed one of the most demanding courses of study in American university life—a pride that's shared by your professors, your friends and family, and, most importantly, your parents, who've worked so hard

to see this day come true. There's excitement about ending one phase of your life and beginning another. And, with that naturally comes anxiety about leaving the cocoon of college life and making your way in a world that can sometimes seem daunting and unforgiving.

As if that were not enough, many of you—perhaps even most of you—aren't really sure where life's journey will take you from here. After all, an economics degree is not like an engineering degree, where you can go out and get a job as an engineer. A bachelor's in economics doesn't often take you on a straight path like that. At my commencement, the student speaker summed it up honestly, if brutally: One of you will become the chairman of the White House Council of Economic Advisers, he said. Another of you will become chairman of the Federal Reserve. As for the rest of you ... good luck!

You may be wondering then, should I go on to graduate school? Should I look for a promising job outside of my field? Or should I move to San Francisco and become a barista for a few years while I figure out the next step? You may have student loans to pay off. And you're probably nervous about the economy, which is still recovering from the worst downturn since the Great Depression.

By the way, on that economy thing ... we're on it.

So here's my message to you: If you don't have a crystal ball to see your future, don't worry. Embrace it! Follow the crooked path. To the extent that your circumstances allow, be open to new things, even if they don't obviously lead in a straight line to your ultimate goal. When you're in your early 20s—or for that matter your early 50s—you don't have to know what you're going to do with the rest of your life. Even those of you who have chosen what seems like a clear career path, rest assured that life will hand you plenty of surprises. Like Kevin Moen in the Big Game, you will encounter twists and turns you can't possibly imagine, and they will

offer unexpected and rewarding opportunities. But you must be ready and willing to take advantage of them.

I speak from personal experience. When I graduated, I didn't know what I wanted to do with my life. I really liked studying economics, and I was pretty good at it. But I wasn't sure I wanted to be an "economist"—whatever that meant—for the rest of my life. And my job prospects were daunting. Like today, the economy was recovering from a harsh recession. Finding a job was tough. Luckily, I had the good fortune of landing a job at a revered Berkeley institution, steeped in tradition. I'm talking, of course, about Blondie's Pizza.

Who would have thought, but working at Blondie's turned out to be a life-changing experience. In fact, it helped prepare me for the job I have today. I soon became the general manager and found myself doing things I'd never done before, things that I'd never even thought about before. Hiring and firing, planning schedules, ordering supplies, you name it. If you're running a business, you never know what's going to get thrown at you next. When you've got a line of hungry people out the door, you'd better come up with something quick—even when you find yourself running out of flour or the pizza oven refuses to light. I thought the Econ 141 final was hard. But I was never tested in college like I was at Blondie's.

I knew that making pizza was probably not my long-term career goal. But, instead of seeing this as a distraction from my career, I chose to dive in and see where it took me. I was passionate about my work. I cared about my customers, my coworkers, and my pizza. I tried to be the best pizza store manager I could be. And, on top of everything else, I met my wife.

After four years at Blondie's, I was ready for the next step on life's journey, which turned out to be a master's degree at the London School of Economics. This was followed by a doctorate at Stanford, some teaching, and a professional life in the public sector, including the

Council of Economic Advisers, the Federal Reserve Board of Governors, and the San Francisco Fed. Looking back, it may seem like I was following a plan. But it sure didn't feel that way at the time.

Your lives may not be so different. I have no doubt that the great majority of you will also have rewarding careers. You've had one of the best educations available. You're smart and talented. The world is full of opportunities. You will find your niche in the world. But not necessarily by next week.

So, as you leave the Greek Theatre and take one last stroll through the campus that's been your home for the past several years, you are starting down your own path, however crooked or straight it may be. Here are some thoughts from someone who has walked a decidedly crooked, but very happy, path.

First, be sure to use what you learned in your economics courses. It applies to all sorts of life situations. Carefully weigh the costs and benefits of decisions you make. When you make choices, take into account how they open or close options down the road. Suppose, for example, you're thinking about graduate school, but you're ambivalent. What's the cost of postponing that decision for a few years? By then, you may be ready for graduate school. Or you may end up going in an entirely different direction. The point is, by carefully assessing costs—including opportunity costs—and benefits, and equating marginal costs to marginal benefits, you're more likely to make wise decisions.

Second, don't be afraid to take risks along your journey. Now, I'm not talking about free climbing in Yosemite. I'm talking about reasonable risks, where the hazards to life and limb are small. That means, for example, when you reach a fork in the road, consider going down the road you haven't traveled before. I am reminded of something Fed Chairman Ben Bernanke said

several years ago about the importance of lifelong learning. Speaking from his own experience as a professor who left academic life for public service, he said that when you're in your comfort zone and have achieved many of your professional goals, that's exactly the time to take on new challenges.

Of course, that was before the financial crisis, and he just may have gotten more of a challenge than he bargained for. But he rose to the occasion, rewrote the monetary policy playbook to respond to an extreme crisis, and will be remembered as one of the great Fed chairmen.

Third, don't be afraid to fail. Failure is an inevitable part of a life well lived and a necessary prelude to success. In this regard, college is bad preparation for life because we all want to get straight As. But, when you're out of college, it's not about grades. It's about what you contribute. In my career, I've messed up more times than I care to count. But I learned from those experiences. In fact, I learned far more on days when everything seemed to go wrong than when things went smoothly.

And, fourth, look for ways to give back to society through public service. The people of California invested in your education. Your knowledge of economics means you have a skill that can be of great use. It's vital that our state and our country pursue good economic policies—policies that put us on sound fiscal and environmental paths, that promote the general welfare, address the shameful gap between rich and poor, and offer the prospect of a decent life to everybody. Even if you don't stay in economics, I hope that building a better society and a better world will be an integral and substantial part of your lives.

In closing, I can tell you that Berkeley will always be with you. It will be with you in the things you've learned and the skills you've acquired. It will be with you in your memories of

friends and teachers, and in what you've learned about yourself. And it will be with you in your values, in the way you see the world, and in your ability to think critically and independently. Treasure those things. Go out from here confidently. And enjoy your journey down whatever path life takes you.

Good luck. And Go Bears!