



Global
Business Leadership

SHAKING THE GLOBE NEWSLETTER

Courageous
Decision-making in
a Changing World



Choosing the Future

Volume 2, issue 4

Over the Thanksgiving holiday, my friends and I debated what we would name the past decade. I argued that we must understand the changes from the last 10 years in order to anticipate and shape the direction of our global economy for the next few years. I believe the term “Decade of Disillusionment” best characterizes the “spirit of the times” or *zeitgeist* of the last 10 years. The dictionary defines disillusionment as the condition of being free from illusion; having lost naive faith and trust. I believe that we must understand the causes of this disillusionment, while working to find ways that we, as business leaders, can move America towards a future based on trust, personal responsibility, and free enterprise.

*We are the eagles of one nest —
the nest is in our soul.*
— lyric from Led Zeppelin’s “Ten Years Gone”

In the beginning of the decade, technology and the internet enabled many people to believe the dot-com business model in which sales revenue and number of visitors would replace the traditional business model of cash flow and generating returns above the cost of capital. As the CFO of a supermarket chain, we had clicks and bricks, the best of both worlds. Some believed the internet business (the “clicks”) represented more shareholder value than the hard asset business (the “bricks”). It did not.

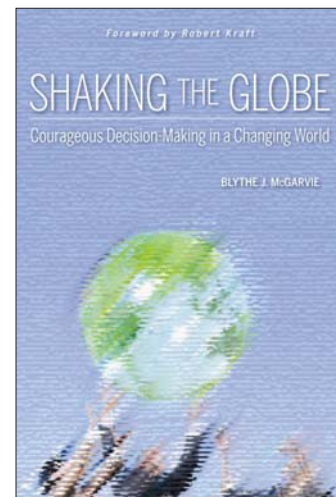
Americans were untouched by the terrorist bombings that had occurred in Europe and Asia in the 1990s. Americans believed that eliminating the nuclear arms threat after the fall of the Soviet political structure would eliminate the need to protect our borders. It did not. The Islamic terrorists in 2001 changed the false sense of security to disbelief.

In the middle of the decade, we thought our domestic security and emergency procedures would prevent any major tragedy. It did not. When Hurricane Katrina revealed the pitiful organization and lack of life-saving emergency infrastructure, we started to doubt our bureaucrats’ and leaders’ ability to respond.

As Americans, we prided ourselves on having the best-educated college and university students in the world, the envy of many. We thought our college system could compensate for the decades of neglect and poor teachers at the Kindergarten through Grade 12 level. It did not. Instead, competencies in reading, writing, math and science in many college students have declined compared to prior generations. A **national survey** by the **American Institutes for Research** (AIR) released in January 2006 showed “20 percent of U.S. college students completing 4-year degrees—



Billionaire **Warren Buffett** offers his wallet to McGarvie.



Blythe McGarvie’s **Shaking the Globe**, with a foreword by Robert Kraft, was published by John Wiley & Sons in February 2009.



© 2009 Blythe McGarvie
1-757-345-3595
bmcgarvie@LIFgroup.com

and 30 percent of students earning 2-year degrees—have only basic quantitative literacy skills, meaning they are unable to estimate if their car has enough gasoline to get to the next gas station or calculate the total cost of ordering office supplies.”

Getting rich quick through buying and selling real estate proved to be a chimera. If you look at housing price-to-income ratio, deposit-to-income ratio or the affordability index—all of these metrics showed the American Dream of owning your home no longer required financial wherewithal. For years, using other people’s money meant success in climbing up the economic ladder. It did not. When the bubble burst, this dream turned into a nightmare for many who thought the old rules, such as one-third of your income as the size of your mortgage payments, no longer applied.

Educated people relied on journalists’ professionalism to clearly delineate a news story from editorials or fiction. It did not. The New York Times reported the firing of their employee **Jayson Blair** in 2003 because “He fabricated comments. He concocted scenes. He lifted material from other newspapers and wire services....” Similarly, a memoir, **A Million Little Pieces**, touted on the Oprah show, became a bestseller, even though in 2006 we learned much of what was supposed to be true was fabricated.

On a positive note, our country is also characterized by entrepreneurial ventures, innovative services, processes, and products—and a sense of volunteerism to provide charity for others. It is now critical that we rebuild and restore trust in individuals, in business, and between segments of society. The expansion of government’s role as a problem-solver relieves individuals from responsibility for maintaining a healthy society; this represents a major threat to free enterprise and a vibrant economy. This is a distortion that we will need to address in the coming years.

Much has been written about the disillusionment resulting from the failure of financial industry regulation, but we still need to face the consequences of the previously unthinkable huge trade deficit, the budget deficit, and the future debt payments. As I wrote this newsletter, **Time Magazine** termed the last ten years the “Decade from Hell.” It’s hard to come out of hell, and it is hard to rebuild trust and faith. Regardless, we must do it.

To put recent trends in perspective, consider the words of a U.S. President:

For half a century, we’d been giving government greater power over our lives. We did this for the best



#2 ranked LPGA golfer **Jiyai Shin** gives McGarvie a golf lesson.

and most honorable of intentions, but by 1980, the full impact of distorting our economy, of draining spirit from the heart of our people, and of permitting our traditional values of faith, family and work, neighborhood and freedom to be undermined. All this had come home to roost...Can you imagine what the fate of England would have been if before the Battle of Britain in World War II the English had not heard those words: “We shall fight them on the beaches, we shall fight them in the streets,” but instead, had been told: “It’s no use, you suffer from a malaise...?”

President Ronald Reagan delivered this speech at the **Economic Club of Chicago** on September 5, 1984. If alive today he might be saying to the naysayers of today, “**Well, there you go again.**”

Depending on your frame of reference and your values, you may choose a future different from others. The important point is to do something to rebuild trust and not suffer from a malaise. • • •

Global Perspective: Items of Note

Blythe McGarvie to receive **honorary degree** from Old Dominion University in Virginia.

Foreign Policy issues its first annual list of the “**100 Top Global Thinkers.**”