

Southern Governor's Conference Speech

Wayne Leonard, CEO, Entergy

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The story is told of the golfer who stepped up the first tee on a new course with his normal foursome. He took a big swing and completely missed the ball. He never missed it. He turned to his astonished friends who were searching for answers, and he simply explained "tough course."

The fact is, no matter how tough the course, if you don't put the ball in play, if you swing and miss, it doesn't matter.

That story illustrates one of the deepest human tendencies. That is the seemingly inborn inclination to blame our problems on external circumstances -- on forces outside our control.

As we sit here today, the economy remains under suspicion, the stock market has been mortally wounded, our basic freedoms have been taken hostage by terrorists. We're preparing to go to war with Saddam, and polls show that the public believes before we go after him, we need to shoot a few CEO's in this country. And for the most part, there is a lot more finger pointing at who is to blame than fingers pointing the way out of it.

The fact is, it's hard to imagine any generation that started out more optimistic, more sure of itself, or more certain it had all the answers than ours.

We said not to trust anyone over 30. We said we were going to change the world. Maybe we should have been more specific about what we had in mind.

A few years ago there was a widely reported study that said that in 1940, the most serious problems in schools, as reported by teachers, were

- Talking out of turn
- Running in the hall
- Cutting in line
- Dress code violations
- Littering

In 1990, the study reported that most serious problems were

- Drug abuse
- Alcohol abuse
- Pregnancy
- Suicide
- Rape
- Assault

A few things about that are significant. First of all, no one ever has been able to confirm the basis for the study or the report but almost everyone believed it to be true. It did not sound at all unrealistic, given our own experiences or what we hear in the media.

The second thing that is significant is that a real study performed to test the validity of the unsupported previous study revealed even greater, more endemic matters or societal issues.

- Teachers cited the greatest problem as lack of textbooks, kids sharing textbooks 30 years out of date; and their inability to give homework because of textbook sharing.
- Extreme hunger in the classroom, and kids who couldn't concentrate because they hadn't eaten.
- Instead of drug or alcohol abuse by kids, they cited child abuse by parents or other adults.
- Parents who were totally disengaged from child's welfare and from educational process.

For example, here in New Orleans, some high schools indicate that 80 percent of their students do not live with either parent.

Yes, we changed the world. But this was certainly not what we had in mind.

Sometime in the middle 15 to 20 years of our life, we need to step back and re-assess our lives. How far have we wandered from our original path? What have we learned that should have pointed us in a different direction but we continued to goose step onward, carrying out orders to the letter, and enduring our work or our life as a form of the living dead.

One day we look into the faces of our formerly all-powerful mother and father and see in their eyes for the first time the terrifying specter of defeat. The knowledge of our aloneness is like an arrow through the heart. We see, in effect, our own hereditary future.

We begin to become consumed with our own mortality: after I die, what?

When we should be hell bent to figure out: before I die, what?

In this conference, you will hear from economic, environmental, and technological experts. As leaders of our society, I am sure you are showered with predictions and projections about the future every day.

Like gene cell therapy or human cloning that can give us perfect children and the promise of immortality. Or cryogenics that can give future generations the luxury of seeing first-hand the perfect swing of a Ted Williams (actually, THE Ted Williams). Or technologies that can allow us to grow enough food to feed the world masses or make interplanetary space travel and the discovery of extraterrestrial a reality.

The fact is, on any given subject you can find two experts with exactly the opposite view of one another, whether it's if the stock market will go up or down, if the economy is headed for recession or expansion, or whether technology will transform or destroy our planet.

The first law of economics is that for every economist, there is likely to be an equal and opposite economist. The second law is both are likely to be wrong.

While economists have had a poor track record, they often refer to the fact that what differentiates their job from, say, the physicists who may be accurately predicting a comet crashing into Jupiter is that their particles are smart, while in physics particles are dumb. In economics, human beings adapt. They learn.

The inaccuracies in trying to predict technological advances are far too numerous to mention. But the past has demonstrated that we tend to greatly overestimate what can be accomplished in short-term and greatly underestimate long-term changes.

That was true 500 years ago and remains true today. When telephones were first invented, futurists claimed that they could imagine a day when every city would have one. Who could have imagined a day when a single person might have one in the office, the car, the purse, and multiples at home.

Last month when I gave my 16-year-old daughter a cell phone for her birthday to use in emergencies, who could imagine her first monthly bill would be \$1,000! My wife claims she did. My suspicion is that the telephone company did, too.

The point is there is very little about the future we can accurately predict. And as such, we should not get too caught up in any one methodology or one forecast about the future.

That does not mean we should ignore the future. The future may not be predictable, but we can exercise considerable influence over the outcome.

I know that is a common purpose you all share, and I applaud the leadership that has brought you all together, the tough issues you have been taking on, and the thoughtfulness of your decisions.

As you continue this process, I would offer for your ongoing consideration three overarching objectives to keep in mind -- objectives that are often in tension with each other but are critical to our nation's and our region's long-term prospects.

1. Maintaining the National Security
2. Creating Economic Growth
3. Protecting the Environment

For example, we can put a big tax on gasoline which might do wonders for national security by reducing our dependence on foreign oil and improve the environment when transportation produces 60 percent nitrogen dioxide (NO₂) and 30 percent carbon dioxide (CO₂) emissions. But it might prove disastrous for the economy and for the political leaders who voted it in.

A good starting point in considering the importance of those trade-offs and decisions are three widely different world views constructed by a very respected global scenario group reflecting the fact that the future is not certain; and logical, reasonable scenarios of possible outcomes can be vastly different.

The first we would call the Market World. It's a view shared by a great many, particularly Wall Street and academic theorists. It focuses on a world of economic reform and technological innovation. A world in which the private sector acting in its own best economic interest drives a world of widespread prosperity for everyone. It's a pattern of privatize, deregulate, reduce public spending, and unleash competition and market forces. It's a view that envisions a world of peace and prosperity.

The second scenario we would call The Fortress World. It envisions that we proceed down the path of the market world, but it fails. In particular, it fails to lift the bulk of humanity out of the poverty they currently live in. It envisions a world where domestic social programs and foreign aid are cut back. It envisions escalating environmental change, ecological collapse, where environmental distress caused by the actions of both big business reaching for greater wealth and individuals struggling to just survive result in collapse of the marine fisheries and elimination of our forests.

It envisions that because market forces alone fail to achieve widespread prosperity, the social contract that binds us together as human beings -- regardless of race or national origin -- is irrevocably broken.

It results in a fortress world for those better off, and a world of utter desperation for the rest who find themselves hopelessly on the outside looking in.

Before I describe the third scenario, let me make a few observations on the first two. In terms of economic growth, evidence strongly suggests we are increasingly moving toward the characteristics of the fortress world -- a society of "have and have nots," and not the market world made up of "have and will haves."

And it's not just wealth. It's vast differences -- things like nutrition, health care and education. In the U.S., for example, we currently have the widest gap between rich and poor in 50 years. Nearly one fifth of U.S. households live below poverty level.

There is an extraordinarily high correlation between the birth weight of baby and early childhood nutrition with later school drop-outs, public assistance needs and crime and violence.

Given that, is it any surprise then that when the U.S. has three to six times the childhood poverty rate of any industrialized nation in the world, that we have only 5 percent of the world's population, but 25 percent of its prisoners?

The second very real threat to the market world is the environmental trend. Developing countries for obvious reasons are almost solely focused on growth and not on environmental issues. The very dependence of these poor, developing countries on the land for their daily survival threatens their very existence and ours! It results in massive deforestation for energy and for agriculture use.

While the U.S. environmental record has shown impressive improvement, it must be put in context. We are still massive consumers of natural resources and producers of waste. The U.S. economy consumes 200,000 pounds of natural resources per person per year and 25 percent of the world's energy output each year. It produces 4.5 pounds of waste per person per day, after recycling.

Although air quality in the U.S. has greatly improved, air pollution is still blamed for about 45,000 deaths a year. Eight times as many people in the U.S. have died from air

pollution in the Twentieth Century alone than all the soldiers who have lost lives in all the wars we have ever fought, including the Revolutionary War.

The Secretary General of the 1997 Earth Summit phrased it well. He said, "We continue to consume resources, pollute and entrench poverty as though we were the last generation on earth. And if we persist, we will be."

Particularly when we consider the issue of global warming. First of all, we all learned in grade school that the greenhouse effect is real. Without it, the earth's average temperature would be 60° colder.

Secondly, there is no meaningful scientific disagreement that the average world temperature has been increasing exponentially since the industrial revolution. Or that the concentration of greenhouse gases in the atmosphere has been substantially increasing over this time as a result of the increased burning of fossil fuels and decreasing "offsets," like the forests that "consume" greenhouse gases like CO₂.

Third, there is strong consensus that the greenhouse gas build-up is likely to continue to raise temperature levels and sea levels, increase variability and intensity of weather patterns, and force the evacuation of low-lying areas.

Outside of this, we already lose one acre of Mississippi Delta every 24 minutes. An area the size of Manhattan disappears every year due to both shrinking land and sea level rise. And this is valuable recreational and income-producing property.

A recent Pew Center report projects over the next 100 years, even at the very low end of global warming scenarios, the South will be the biggest loser in almost all areas. For example, in crop production, Mississippi, Louisiana and Arkansas are at 70 percent of current level, Texas and Oklahoma at 80 percent.

In any event whether you believe that or not, one thing is clear: We are all guinea pigs in the greatest scientific experiment in the history of the world. I say guinea pigs because there is little disagreement that this is the course we are on. The only question is what the outcome will be.

And the answer is, we don't know.

We are entering unknown climate territory, and all evidence suggests the climate system operates more like a switch than a dial. Changes in the ecosystem are not linear. They are exponential.

If we get back to our market view of the world, let's remember that it assumes the market works.

Right now there is no price to be paid in the U.S. for emitting or producing greenhouse gases like CO₂.

Consistent with our market view, any economically rational man will use what is free before what he has to pay for. When we don't believe we can trust big business to follow the laws already in existence on how they keep their books and report their numbers, it is simply logically inconsistent to think we can trust them to "voluntarily" do the right thing when it comes to the environment.

It is logically inconsistent to rely upon technology to bail us out when there is no economic incentive, in many cases, for firms to invest in R&D and produce cleaner environmental technologies that customers have no business reason or legal requirement for.

As for national security, it is also logically inconsistent to imagine scenarios of increased prosperity for a few and not increased danger or retaliation by those left behind, both domestically or internationally.

And with an increased sense of injustice, however misguided, comes an increased justification in people's minds for acts of crime, violence and terrorism.

On a related matter, the U.S. accounts for 70 percent of the world military arms market. Two thirds of that is exported to developing countries. And how many wars (call them "conflicts") have we fought over the years with the very countries or factions we once considered our allies or at least the lesser of two evils?

So that's my view of the market world. It's not a logically consistent model. It relies upon the market to solve problems, but doesn't price all the things we value as a society.

It ultimately fails to meet any of our goals: National Security, Economic Growth, or Environmental Protection.

It inevitably results in a fortress world, one destined to impose an unconscionable burden and potentially an impossible task on future generations.

But there is a third scenario we will call the Transformed World. It envisions a society in which markets are effective tools for economic progress but do not substitute for deliberate social choices to ensure the fulfillment of basic human needs.

The first thing we need is a new behavioral code that all people of the world embrace. The current mantra of either the rich, "live and let live," or the poor, "let me live as the rich do," are both impractical.

The Club of Budapest has instead proposed a new code: Simply, live in a way that others can also live. Or, do not act in a way that endangers the life of fellow human beings on earth.

That applies to rich and poor, to developed and developing countries. The fact is, if every person on the planet consumes the same amount of natural resources as those in developed countries, the planet would rapidly run out of essential resources.

At the same time, if the developing countries continue the course they are on without regard to birth rates, deforestation or burning of high-carbon fuels, we are also headed for an economic and environmental catastrophe.

Secondly, we must accept that it is naïve to assume that the "invisible hand" of the market is the answer to every question. Even in theory, it works only when the playing field is completely level -- and it seldom is. In reality, it tends to favor past winners at the expense of past losers -- a problem most of you deal with in the South every day.

To change this, government needs to take a proactive approach to legislating rules and constraints and the ethical base required to achieve a world where everyone has the opportunity "to live as well as everyone else." But it's not just government. We should want more and we should expect more from everyone. From the media, from our universities, from businesses.

First of all, we need better information to raise the public conscience. The media (which lives by the simple rule "if it bleeds, it leads") needs to accept more responsibility for fairness in reporting, for avoiding the sensationalism that has turned most of us into cynics when it comes to societal problems.

Universities need to do a better job of rewarding good teachers instead of using research or being published as a priority for keeping your job.

Professors should be valued when they create disciples who want to teach others -- not just the facts, but how to think for themselves - like Socrates who had a student named Plato, who had a student named Aristotle, who had a student named Alexander the Great.

In business, we should be forced to publish a social scorecard in our Annual Report that includes our environmental record and our usage of the natural resources. As a nation, until we have a mandatory greenhouse emissions reduction program, we should immediately begin to establish a mandatory greenhouse gas reporting and disclosure program similar to the Toxic Release Reporting Program. That alone will create some voluntary actions.

The government inundates us almost daily with economic forecasts and historical data, like the GNP, the inflation rate, and interest rates. But there is no independent forecast or record on the social health of the nation.

What data is presented is generally two years old since it is not actively tracked. The fact is, if we measure what's important, our actions say we think money is more important than people.

We all need to put ideology aside and think about practicality and morality.

These are big issues with big implications, and while we do not have any big ideas that aren't already on your list, there are issues at the top of our list at Entergy that we ask you to consider.

First of all, I would ask you to not pre-judge Public Benefit Funds as just another way to put people back on the welfare rolls after we just got them off until you've considered the merits relative to our three goals of National Security, Economic Growth and Environmental Needs.

Entergy supports a Public Benefit Fund that can be used for things like weatherizing poor people's homes or helping families in need pay their energy bills. The housing stock in many areas is so poor, it is creating a dead weight economic loss to society. A one mill (1/10 of one cent) adder per kilowatt-hour to fund this program would "cost" the typical residential customer \$1 per month and raise \$4 billion annually.

Putting that money to productive uses (like weatherization) would eliminate enormous waste in the energy sector, and every year that the program is in effect would:

- save 68 billion kilowatt-hours, or the equivalent output of about 50 power plants for an entire year;
- reduce environmental emissions by 42 million tons of CO₂, or the equivalent of taking 1 million cars off the roads, and
- save customers \$7 billion a year.

We estimate a program like this pays for itself seven times over. Does it make the homeowner better off? You bet. But the real winner in terms of economic welfare is the nation and the nation's businesses.

It not only gives people more money to spend on goods and services to expand the economy, but it also greatly reduces the environmental emission reductions that businesses like chemical industry, transportation, and energy would otherwise have to make at a fraction of the cost.

As a nation, regardless of ideological differences on the "hows," it is unconscionable to ignore the "whys" and "whats" of programs that enlarge the size of the pie for current and future generations.

I know it sounds like a tax (which isn't very popular), but I would remind you all that in 1996, Governor Huckabee supported a tax for conservation, protection of the wetlands, and wildlife management. The tax passed. The Governor won. And in most people's minds, he will always be remembered not only as a political leader, but as a true "statesman."

Secondly, I would ask each of you to not give in or back off when it comes to the LIHEAP reform you unanimously supported a year ago. This is a 20-year injustice that, based upon the research undertaken by your own staff and other experts, can be fixed with a one-page reset of LIHEAP's trigger from approximately \$2 billion to \$1 billion. Senator Landrieu is championing this and has committed to stay the course. She needs your support.

For Governor Siegelman of Alabama, it's worth \$13 million a year. For Governor Bush of Florida, \$45 million. For Governor Foster of Louisiana, \$14 million. For Governor Musgrove of Mississippi, \$18 million.

Governor Musgrove has been a true supporter of this and well he should. Over the 20 years, the state has been shortchanged. Mississippi has lost a third of a billion dollars! Every Southern state has been a loser.

And while you're at it, tell Washington you noticed that only \$100 million of the \$600 million LIHEAP emergency funds were released last week. While we make up 37 percent of the population, we got only 17 percent. Nine of 16 Southern Governor Association members got skunked.

Third, I would ask each of you to not put Individual Development Accounts on the back burner. There is no meaningful philosophical opposition to this from anyone. It relies on the principle of a "hand up" versus a "hand out," and the truism that "you can't spend your way out of poverty."

The program encourages savings for home ownership and education. Statistics strongly indicate that the behavioral changes when people are better educated and own the roof over their heads are immediate and permanent.

The federal government has some tax and funding issues to work on, but the bulk of the work is at the state level. Let's get it done and give the less fortunate the chance to "go to work" for themselves. And importantly, not let the bulk of the \$125 million the federal government has already approved go to the Northern states and not where it is needed most.

At the same time, I would ask each of you to not forget that the "bad" thing we commonly call welfare started out as "aid to families with dependent children," and regardless of how far it may have strayed over the years, helping kids is still a good idea.

Particularly programs that give children from the time of conception to first grade better nutrition and greater mental stimulation.

The real "bad" things, or what we call welfare, comes 20 years later when we are building prisons or homeless shelters to house now grown children who never had a real chance in life.

Lastly, I would ask each of you not to join the "just say no" to reducing greenhouse gases -- or worse, the few who call CO2 a nutrient and not a pollutant -- until you've seriously weighed the issue.

On the one hand, greenhouse gases do not disturb our own lifestyles. This is not like acid rain or smog. We cannot see it. We cannot feel it. It does not disturb our breathing.

The effect of greenhouses builds up over decades of neglect. There is no public outcry over something so intangible and distant.

On the other hand, this means we are the first generation in history that has to decide if we are more important than future generations. We define ourselves by the choices we make.

The U.S. was right not to adopt the Kyoto Protocol because it excluded developing countries and would have imposed unnecessary and punitive economic burdens on the U.S.

But it was shortsighted to refuse to participate in future negotiations as if somehow the problem would go away. The U.S. is the richest, most powerful nation in the world, or in history.

We are also the most compassionate, most caring, most humane nation on earth, or in history.

But with great resources comes a greater responsibility. William James said, "As individuals we typically lead lives inferior to ourselves. That we are capable of so much more."

Regardless of our successes as a country, we are capable of so much more. In the legend of Arthur, Merlin, who is Arthur's mentor and teacher, tells him his destiny is to be the king, and now is the time he must create Camelot and rule England. That he was born and bred to be a good king -- to return to the old ways. And he must not forget or waver from his calling.

With all the enthusiasm of youth, the greatest sincerity and the best of intentions, Arthur says, "Yes, I will go forward and create Camelot. It will be a kingdom where peace and charity prevail." Noble sentiments indeed?

But Merlin, who is much wiser and who can see the future, knows peace and charity will not solve the problems Arthur will face. Just as it will not solve the issues we face as a nation today.

Merlin tells Arthur, "No." He must create a kingdom where the highest priority is not peace and charity, but where justice and compassion rule above all else.

In Arthur's case, it meant going into battles and war for what he believed against his best friend, his own son, and his wife who betrayed him, but whom he still loved. Sometimes the price of justice requires making tough decisions.

Like making trade-offs among environmental needs, national security issues and economic growth. Or between current and future generations. Or between your political allies or affiliations and what's right for the people you serve or what feels right in your heart.

It's easy to become paralyzed by the analysis, by the debate, by the complexity of the decisions. But some decisions are easy because they're economically and morally right and consistent with the highest calling of society's leaders for justice and compassion.

As a generation, we have not yet delivered on the promises we made 30 years ago. But it's not too late to fulfill our most basic responsibility: To pass on to future generations the same unlimited opportunities we inherited from our parents who still fairly and justifiably wear the mantle "the greatest generation."

But that can still be us, because there has never been a time in history when we have more choices, more opportunities to put people before things, put others before ourselves, needs before abundance.

And while we continue to look to our political leaders for answers to the most complex issues of our times, the real responsibility starts with and ends with each of us as individuals. That means voting, advocating, volunteering, and setting an example.

An example as simple and as clear as the Club of Budapest has articulated, i.e., to live your own life in a way that everyone else can. And when it comes time to meet your maker, if you can say you did that, I'm sure the welcome sign will be out.

Let's hope it's a crowded place.