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Betty Bainbridge, Moderator

Author Michael Lewis' Commencement Speech: "Lucky you."

Thirty years ago I sat where you sat. I must have listened to some older person share his life experience. But I don't remember a word of it. I can't even tell you who spoke. What I do remember, vividly, is graduation. I'm told you're meant to be excited, perhaps even relieved, and maybe all of you are. I wasn't. I was totally outraged. Here I'd gone and given them four of the best years of my life and this is how they thanked me for it. By kicking me out.

At that moment I was sure of only one thing: I was of no possible economic value to the outside world. I'd majored in art history, for a start. Even then this was regarded as an act of insanity. I was almost certainly less prepared for the marketplace than most of you. Yet somehow I have wound up rich and famous. Well, sort of. I'm going to explain, briefly, how that happened. I want you to understand just how mysterious careers can be, before you go out and have one yourself.

I graduated from Princeton without ever having published a word of anything, anywhere. I didn't write for the Prince, or for anyone else. But at Princeton, studying art history, I felt the first twinge of literary ambition. It happened while working on my senior thesis. My adviser was a truly gifted professor, an archaeologist named William Childs. The thesis tried to explain how the Italian sculptor Donatello used Greek and Roman sculpture — which is actually totally beside the point, but I've always wanted to tell someone. God knows what Professor Childs actually thought of it, but he helped me to become engrossed. More than engrossed: obsessed. When I handed it in I knew what I wanted to do for the rest of my life: to write senior theses. Or, to put it differently: to write books.

Then I went to my thesis defense. It was just a few yards from here, in McCormick Hall. I listened and waited for Professor Childs to say how well written my thesis was. He didn't. And so after about 45 minutes I finally said, "So. What did you think of the writing?"

"Put it this way" he said. "Never try to make a living at it."

And I didn't — not really. I did what everyone does who has no idea what to do with themselves: I went to graduate school. I wrote at nights, without much effect, mainly because I hadn't the first clue what I should write about. One night I was invited to a dinner, where I sat next to the wife of a big shot at a giant Wall Street investment bank, called Salomon Brothers. She more or less forced her husband to give me a job. I knew next to nothing about Salomon Brothers. But Salomon Brothers happened to be where Wall Street was being reinvented—into the place we have all come to know and love. When I got there I was assigned, almost arbitrarily, to the very best job in which to observe the growing madness: they turned me into the house expert on derivatives. A year and a half later Salomon Brothers was handing me a check for hundreds of thousands of dollars to give advice about derivatives to professional investors.

Now I had something to write about: Salomon Brothers. Wall Street had become so unhinged that it was paying recent Princeton graduates who knew nothing about money small fortunes to pretend to be experts about money. I'd stumbled into my next senior thesis.

I called up my father. I told him I was going to quit this job that now promised me millions of dollars to write a book for an advance of 40 grand. There was a long pause on the other end of the line. “You might just want to think about that,” he said.

“Why?”

“Stay at Salomon Brothers 10 years, make your fortune, and then write your books,” he said.

I didn’t need to think about it. I knew what intellectual passion felt like — because I’d felt it here, at Princeton — and I wanted to feel it again. I was 26 years old. Had I waited until I was 36, I would never have done it. I would have forgotten the feeling.

The book I wrote was called “Liar’s Poker.” It sold a million copies. I was 28 years old. I had a career, a little fame, a small fortune and a new life narrative. All of a sudden people were telling me I was born to be a writer. This was absurd. Even I could see there was another, truer narrative, with luck as its theme. What were the odds of being seated at that dinner next to that Salomon Brothers lady? Of landing inside the best Wall Street firm from which to write the story of an age? Of landing in the seat with the best view of the business? Of having parents who didn’t disinherit me but instead sighed and said “do it if you must?” Of having had that sense of must kindled inside me by a professor of art history at Princeton? Of having been let into Princeton in the first place?

This isn’t just false humility. It’s false humility with a point. My case illustrates how success is always rationalized. People really don’t like to hear success explained away as luck — especially successful people. As they age, and succeed, people feel their success was somehow inevitable. They don’t want to acknowledge the role played by accident in their lives. There is a reason for this: the world does not want to acknowledge it either.

I wrote a book about this, called “Moneyball.” It was ostensibly about baseball but was in fact about something else. There are poor teams and rich teams in professional baseball, and they spend radically different sums of money on their players. When I wrote my book the richest team in professional baseball, the New York Yankees, was then spending about \$120 million on its 25 players. The poorest team, the Oakland A’s, was spending about \$30 million. And yet the Oakland team was winning as many games as the Yankees — and more than all the other richer teams.

This isn’t supposed to happen. In theory, the rich teams should buy the best players and win all the time. But the Oakland team had figured something out: the rich teams didn’t really understand who the best baseball players were. The players were misvalued. And the biggest single reason they were misvalued was that the experts did not pay sufficient attention to the role of luck in baseball success. Players got given credit for things they did that depended on the performance of others: pitchers got paid for winning games, hitters got paid for knocking in runners on base. Players got blamed and credited for events beyond their control. Where balls that got hit happened to land on the field, for example.

Forget baseball, forget sports. Here you had these corporate employees, paid millions of dollars a year. They were doing exactly the same job that people in their business had been doing forever. In front of millions of people, who evaluate their every move. They had statistics attached to everything they did. And yet they were misvalued — because the wider world was blind to their luck.

This had been going on for a century. Right under all of our noses. And no one noticed — until it paid a poor team so well to notice that they could not afford not to notice. And you have to ask: if a professional athlete paid millions of dollars can be misvalued who can’t be? If the supposedly pure meritocracy of professional sports can’t distinguish between lucky and good, who can?

The “Moneyball” story has practical implications. If you use better data, you can find better values; there are always market inefficiencies to exploit, and so on. But it has a broader and less practical message: don’t be deceived by life’s outcomes. Life’s outcomes, while not entirely random, have a huge amount of luck baked into them. Above all, recognize that if you have had success, you have also had luck — and with luck comes obligation. You owe a debt, and not just to your Gods. You owe a debt to the unlucky.

I make this point because — along with this speech — it is something that will be easy for you to forget.

I now live in Berkeley, California. A few years ago, just a few blocks from my home, a pair of researchers in the Cal psychology department staged an experiment. They began by grabbing students, as lab rats. Then they broke the students into teams, segregated by sex. Three men, or three women, per team. Then they put these teams of three into a room, and arbitrarily assigned one of the three to act as leader. Then they gave them some complicated moral problem to solve: say what should be done about academic cheating, or how to regulate drinking on campus.

Exactly 30 minutes into the problem-solving the researchers interrupted each group. They entered the room bearing a plate of cookies. Four cookies. The team consisted of three people, but there were these four cookies. Every team member obviously got one cookie, but that left a fourth cookie, just sitting there. It should have been awkward. But it wasn’t. With incredible consistency the person arbitrarily appointed leader of the group grabbed the fourth cookie, and ate it. Not only ate it, but ate it with gusto: lips smacking, mouth open, drool at the corners of their mouths. In the end all that was left of the extra cookie were crumbs on the leader’s shirt.

This leader had performed no special task. He had no special virtue. He’d been chosen at random, 30 minutes earlier. His status was nothing but luck. But it still left him with the sense that the cookie should be his.

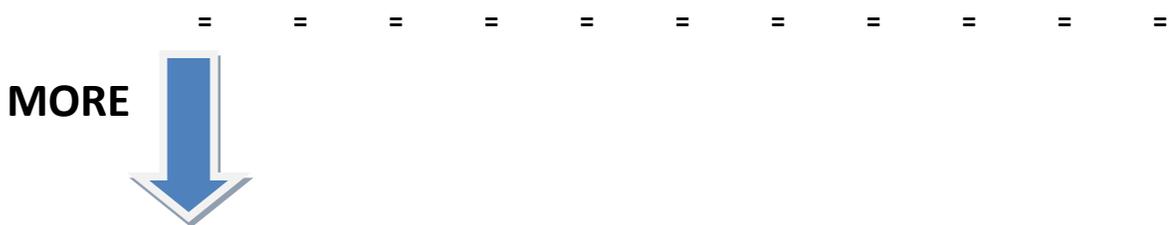
This experiment helps to explain Wall Street bonuses and CEO pay, and I’m sure lots of other human behavior. But it also is relevant to new graduates of Princeton University. In a general sort of way you have been appointed the leader of the group. Your appointment may not be entirely arbitrary. But you must sense its arbitrary aspect: you are the lucky few. Lucky in your parents, lucky in your country, lucky that a place like Princeton exists that can take in lucky people, introduce them to other lucky people, and increase their chances of becoming even luckier. Lucky that you live in the richest society the world has ever seen, in a time when no one actually expects you to sacrifice your interests to anything.

All of you have been faced with the extra cookie. All of you will be faced with many more of them. In time you will find it easy to assume that you deserve the extra cookie. For all I know, you may. But you’ll be happier, and the world will be better off, if you at least pretend that you don’t.

Never forget: In the nation’s service. In the service of all nations.

Thank you. And good luck.

[Here is the speech from [Princeton’s web site](#), where you can also find a video.]



Michael Lewis on Princeton Speech: “I Aimed To Give Something Unexpected”

After providing some thought-provoking words to the graduates of Princeton's Class of 2012, author Michael Lewis speaks with Jeffrey Brown on the merits of success, the relationship between luck and good fortune, and the responsibility luck warrants.

JEFFREY BROWN: Finally tonight: How much do the most successful in our society deserve the fortune cookies that have come their way? And how much of it is about luck and accident, things we choose not to see or credit?

That was the theme of a speech to the graduating class at Princeton University given earlier this month by Michael Lewis, himself a graduate of Princeton, class of 1982. Lewis went on to become, briefly, a Wall Street derivatives trader, and then a best-selling author of numerous books, from "Liars Poker" to "The Blind Side" to "Moneyball."

Here's a brief excerpt from his talk.

MICHAEL LEWIS, Author: My case illustrates how success is always rationalized. People really don't like to hear success explained away as luck, especially successful people.

As they age and succeed, people feel their success was somehow inevitable. They don't want to acknowledge the role played by accident in their lives. There's a reason for this. The world doesn't want to acknowledge it either.

"The successful in our society owe so much of their success to things outside of themselves. They owe it to the society, that they're born into this affluent and peaceful society that was not of their making, that they should acknowledge that obligation."

- Michael Lewis

Don't be deceived by life's outcomes. Life's outcomes, while not entirely random, have a huge amount of luck baked into them. Above all, recognize that you have had success, you have also had luck. And with luck comes obligation. You owe a debt, and not just to your gods. You owe a debt to the unlucky. I make this point because, along with this speech, it's something that you're very likely to forget.

JEFFREY BROWN: The speech generated wide interest, especially online. It was the most-read story on Dow Jones Financial News last week and generated thousands of comments on Facebook and mentions on Twitter.

MICHAEL LEWIS, a contributor to "Vanity Fair," joins us now from the journalism school at U.C. Berkeley.

Michael, beside hoping to come up with a memorable graduation speech, why did you feel the need to remind this audience, young people graduating from a top university, that some part of their success is due to luck?

MICHAEL LEWIS: Well, you know, I -- when you're asked to give one of these speeches, your first goal is really not to embarrass yourself.

So that's where I started. And then I just started thinking about, you know, where they sit and how they think about their lives. And I listened to this very speech 30 years ago at Princeton. And I don't remember a word of

it. So, I thought, tell them something that speaks from my heart and also and speak -- and tell them something they might not expect to hear.

And I think that -- you know, I think if you're sitting -- coming out of an Ivy League school today, you're encouraged to believe that you're very special, that you have passed through all these very fine filters our society has created, and you got this road ahead of you that's deserved and earned.

And I just -- I do think it's very easy for people sitting in those seats to forget that they're lucky, that there's a huge amount of chance in life, and accident plays a very big role in life. And they ought to dwell on that a minute. They ought to dwell on just how fortunate they are.

JEFFREY BROWN: Well, do you see it -- do you take it further, that they're fortunate and, therefore, they develop a sense of -- well, almost of entitlement?

MICHAEL LEWIS: Well, I can't speak of -- you know, it's not -- it's not fair to accuse the poor graduates of Princeton of any kind of general sentiment like that.

But I do think that there has been kind of sapped out of the culture an idea that used to be pretty robust. And it's the idea of noblesse oblige. It's the idea that to whom much is given, much is expected from.

And it's an idea that it's -- you know, it's the heart of the Princeton education. When you get there, they tell you, the motto is, in the nation's service. But it's easy and convenient to forget. So it wasn't that hard to settle on a topic for a speech, just because, in addition, I was -- the assignment in part was to start with my own life experiences.

And when I look at my own life, I think, oh, that but for a turn here or a turn there, things could have turned out very differently.

(CROSSTALK)

JEFFREY BROWN: We didn't play this part, but you actually tell a nice story of yourself about -- you're an art history major coming out of Princeton, and you happened to sit at a dinner right next to the wife of a very powerful person on Wall Street, who basically gets her husband to give you a job. And the rest -- the rest is history.

MICHAEL LEWIS: Yes, but the mere fact that I'm even a writer, that's an accident in a lot of ways, and that I got an opportunity to write.

And then I got this wonderful material tossed in my lap when I started my writing career. There was a huge amount of chance involved in all of it, and nobody honestly looking at my path could attribute it all to skill, talent, and hard work. There is baked into this an awful lot of luck.

And when you realize that, you think, well, it's not -- how do you respond to that? And I think the way to respond to that is with this -- with a kind of -- an updated sentiment of noblesse oblige, that you were the one that chance visited -- paid this visit upon.

There are others who didn't have that kind of luck. You owe them something. Think about that. Think about the responsibility of being lucky almost is what I was saying.

JEFFREY BROWN: Yes, but I wonder how far you push that idea of the obligation? I mean, one thing that's been noted widely -- and I think you have talked about it -- is a lot of Ivy League graduates going on into the financial world, onto Wall Street, a very high percentage over a number of years.

When you say noblesse oblige and a kind of responsibility and obligation, how do you define that? What exactly do you ask of young people who have had a certain amount of luck thrown at them?

MICHAEL LEWIS: Well, you can float the idea and the sentiment, and you can keep it alive.

It's very hard to put your finger on exactly what they should be doing. But you could -- I would push it even further. I would say that, look, that the successful in our society owe so much of their success to things outside of themselves. They owe it to the society, that they're born into this affluent and peaceful society that was not of their making, that they should acknowledge that obligation.

And I think you see a lot of -- a lot of fight-back on that subject. And you see it -- you mean, you see it in the tax code. You see it in the way private equity managers manage to construe their income as capital gains, so they don't have to pay taxes on it. You see it in CEO pay.

You see it in -- you see it in the way Wall Street people pay themselves. So I think that -- that even to -- even to put the question into the minds of young people of what they owe is maybe a novel concept, because there are an awful lot of people who sit on top of the society who don't feel that way.

Having said that, you know, I do think that one of the things that distinguishes our country from, say, Greece, is that we do have this notion that you give back. If you look at Greek culture and why -- and why the place over there is crumbling right now, part of the problem is the elites feel they owe the place nothing. They don't pay taxes. They don't -- they have no real organic relationship with the rest of the place, and they certainly don't have a sense of noblesse oblige.

It's sort of winner take all. And that's something I think we need to really fight hard to avoid here, because when we get to that point, I do think the society starts to crumble. So this was on my mind when I wrote this talk. And I confess I'm a little surprised you're interested, because, to me, it just seems obvious.

(LAUGHTER)

JEFFREY BROWN: Well, OK, maybe obvious, but maybe we thought of interest to a wider audience.

So, Michael Lewis, thanks so much for that.

MICHAEL LEWIS: Thanks for having me.