Creating and Competing for the Future:
Guiding and Governing Technology

Washington, DC | March 21, 2022
Agenda

Welcome & Overview

Jeffrey A. Sonnenfeld, Senior Associate Dean for Leadership Studies, Yale School of Management

Unleashing Innovation: Technologies of Freedom, Creativity, and Conscience

Richard Blumenthal, US Senate, State of Connecticut
Thomas P. Bossert, President, Trinity Cyber; Former Advisor, US Homeland Security
Max Levchin, Founder & CEO, Affirm
Martin Schroeter, Chairman & CEO, Kyndryl
Enrique Lores, President & CEO, HP Inc.
Jonathan Greenblatt, CEO & National Director, Anti-Defamation League
Steven Brill, Co-Chief Executive Officer, NewsGuard Technologies
Gordon Crovitz, Co-Chief Executive Officer, NewsGuard Technologies
Grover Norquist, President, Americans for Tax Reform
Ralph E. Reed Jr., Chairman & CEO, Century Strategies
Elaine L. Chao, 18th US Secretary of Transportation; 24th US Secretary of Labor
Sylvia M. Burwell, 22nd Secretary of Health and Human Services; President, American University
Barbara Humpton, President & CEO, Siemens USA
Alan J. Patricof, Co-Founder & Chairman Emeritus, Greycroft Partners
Bill Anderson, Senior Managing Director, Evercore
Peter R. Orszag, CEO, Financial Advisory, Lazard Freres & Co.
John Ettelson, Chairman, William Blair
Jeffrey M. Solomon, Chair & CEO, Cowen Inc.
Bob Diamond, Founder & CEO, Atlas Merchant Capital
Farooq Kathwari, Chairman, President & CEO, Ethan Allen
Niren Chaudhary, President & CEO, Panera Bread
Pedro J. Pizarro, President & CEO, Edison International
Joe Straus, Speaker (2002-2019), Texas House of Representatives
Greg Fischer, Mayor, Louisville, Kentucky
Tom Rogers, Executive Chairman, Engine Media
Lisa Osborne Ross, US Chief Operating Officer, Edelman
Thomas J. Quinlan III, Chairman, President & CEO, LSC Communications
Joel N. Myers, Founder & CEO, AccuWeather
Asutosh Padhi, Managing Partner, North America, McKinsey & Company
Adam M. Aron, Chairman & CEO, AMC Entertainment
Steve Miller, Chairman, Purdue Pharma
Valerie B. Palmieri, Executive Chair, Aspira Women’s Health
Mary C. Tanner, Senior Managing Director, Evolution Life Science Partners
Lori Esposito Murray, President, Committee for Economic Development
Kyle Dropp, Co-Founder & President, Morning Consult
Joel Babbit, Chief Executive Officer, Narrative Content Group
Ryan Millsap, Chairman & CEO, The Blackhall Group

Reaching Russians Through Technology

William F. Browder, Founder & CEO, Hermitage Management
Uriel Epshteyn, Executive Director, Renew Democracy Initiative
Garry Kasparov, Founder, Renew Democracy Initiative
Global Harm or Harmony: Emerging Technology as a Shield, a Weapon, and a Pathway for Peaceful Productivity

OPENING REMARKS
Mark A. Milley, 20th Chairman, US Joint Chiefs of Staff

Ashton B. Carter, 25th US Secretary of Defense
Carmine Di Sibio, Global Chairman & CEO, EY
Doug Parker, Chairman & CEO, American Airlines Group
Judy Marks, Chair, President & CEO, Otis Elevator Company
Sara Armbruster, President & CEO, Steelcase
Robert D. Isom, President, American Airlines Group
Anthony Capuano, Chief Executive Officer, Marriott International
Eric P. Hansotia, Chairman & CEO, AGCO Corporation
Darius Adamczyk, Chairman & CEO, Honeywell International
J. Stapleton Roy, 5th US Ambassador to China
Rich Lesser, Global Chair, Boston Consulting Group
Nicholas T. Pinchuk, Chairman & CEO, Snap-on Incorporated
Richard V. Spencer, 76th Secretary, US Navy
David J. Shulkin, 9th Secretary, US Department of Veterans Affairs
Tamara L. Lundgren, President & CEO, Schnitzer Steel Industries
Gavin D. Hattersley, President & CEO, Molson Coors Beverage Company
Leonard M. Levie, Chairman, American Industrial Acquisition Corporation (AIAC)
Lisa Donahue, Co-Head, Americas & Asia, Alix Partners
Christopher Shays, Member of Congress (1987-2009), State of Connecticut
Sarah Williamson, Chief Executive Officer, FCLT Global
Lally Weymouth, Senior Associate Editor, The Washington Post
Jing Tsu, Professor of East Asian Languages, Yale University; Author, Kingdom of Characters
Ian Shapiro, Professor of Political Science, Yale University; Author, The Wolf at the Door
Steve Lipin, Founder, Chairman & CEO, Gladstone Place Partners
Mark J. Penn, Chairman & CEO, Stagwell

Legend in Leadership Award:
Doug Parker, Chair & CEO, American Airlines Group

PRESENTATION
Anthony Capuano, Chief Executive Officer, Marriott International
Sara Nelson, International President, Association of Flight Attendants-CWA, AFL-CIO
Carmine Di Sibio, Global Chairman & CEO, EY
Creating and Competing for the Future: Guiding and Governing Technology

On March 21, 2022, the Yale Chief Executive Leadership Institute held its Spring 2022 CEO Caucus—in person in Washington, DC. Yale Professor Jeff Sonnenfeld led a discussion among CEOs, policymakers, and thought leaders about US domestic priorities, unleashing innovation, and whether technology provides harmony or harm. Chairman of the US Joint Chiefs of Staff Mark Milley provided a briefing on the current situation in Ukraine and answered questions about the implications for the future.

The Legend in Leadership Award was presented to Doug Parker, Chair & CEO of American Airlines Group.

CEOs see supply chain issues as the top legislative priority.

Business leaders are extremely concerned about their supply chains. In a poll of Caucus participants, 86% said they are concerned about their company’s dependence on global supply chains. And CEOs want the government to take action. In a poll question about domestic legislative priorities, CEOs believe the area Congress should prioritize is supply chain resilience. This was far ahead of other options including voting rights protection, antitrust measures against big tech, and fiscal spending on social programs, particularly Build Back Better.

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Figure 1: What domestic legislation do you think Congress should prioritize?

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Corporate CEO/Top Management</th>
<th>Non-CEO/Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voting rights protection</td>
<td>21%</td>
<td>36%</td>
</tr>
<tr>
<td>Antitrust measures against big tech</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Fiscal spending on social programs (Build Back Better)</td>
<td>9%</td>
<td>18%</td>
</tr>
<tr>
<td>Supply chain resilience</td>
<td>44%</td>
<td>27%</td>
</tr>
<tr>
<td>None of the above</td>
<td>18%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Senator Richard Blumenthal believes the prioritization for Congressional action on supply chain issues is linked to the desire for greater action on inflation, which is a palpable concern among his constituents.

Other priorities mentioned by Caucus participants, while not necessarily requiring legislation, included providing adequate support for our members of the military after they return home and focusing on the increased mental health issues of the population. Members of the military, students, and more individuals in the workforce are experiencing mental health issues, making this a priority for the government, for colleges and universities, and for employers.
Another idea is NewsGuard, which uses human journalists, not AI or algorithms, to create transparent trust ratings for news that appears online. The idea is not to try to police various websites but to increase transparency. The intent is to enable readers to better understand the credibility of what they are reading and to enable marketers to better understand the validity of sites on which they are advertising, which is often done by programmatic purchases driven by algorithms.

Innovation is taking place in all parts of the economy. Legislation and regulation could do more to unlock innovation.

Everyone agrees on the importance of innovation, and the majority of CEOs (60%) believe the US is losing its innovation edge to great power rivals such as China.

Participants offered several comments about innovation:

- **Innovation is relevant in every industry.** People typically view innovation as the domain of high-tech startups, which is not accurate. Leading industrial companies such as Otis Elevator and Honeywell place innovation at the center of their strategy. As a CEO of an industrial company said, “There is a view that if you serve the industrial sector you can’t be innovative; this isn’t true, you have to be innovative.” Another industrial CEO said, “We have to disrupt ourselves or we will be disrupted.”

Senator Blumenthal said, “People don’t trust big tech,” especially related to the collection of data. While technology does a great deal of good, he sees the need for legislation aimed at increasing competition and ensuring greater privacy and protection of data. He views this as a bipartisan issue and is hopeful that legislation can proceed, especially legislation that improves kids’ online safety.

The majority of CEOs agree that social media companies need to do a better job policing misinformation on their platforms and disagree that tighter regulation of big tech would hurt US competitiveness. CEOs were evenly split on which big tech companies should be broken up.

<table>
<thead>
<tr>
<th>Poll Question</th>
<th>% Agree (Strongly/Somewhat)</th>
<th>% Disagree (Strongly/Somewhat)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social media companies need to do a better job policing misinformation and hate speech on their platforms</td>
<td>83%</td>
<td>17%</td>
</tr>
<tr>
<td>Tighter regulation of big tech companies will hurt US competitiveness</td>
<td>44%</td>
<td>56%</td>
</tr>
<tr>
<td>The big tech companies should be broken up</td>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>

One participant suggested that the major big tech companies will be somewhat cautious in using AI for some purposes due to the impact that an error could have. However, AI startups won’t have the same reluctance in using AI, which could lead to major disruptions of the big tech players in the next few years.
Due to Russia's invasion of Ukraine, we are at one of the most dangerous moments in European history in recent time.

Several military and policy experts, led by Mark Milley, Chairman of the US Joint Chiefs of Staff, shared insights and observations about Russia’s invasion of Ukraine and possible implications for the future.

- For those who have paid close attention to Putin, his behavior could have been foreseen. Going back to 2007, Putin said the collapse of the Soviet Union was the greatest geopolitical catastrophe of the 20th century. Since then, he has gone beyond all red lines with no consequences or serious punishment. While Putin has been in power, government leaders and business leaders looked at Putin and Russia as corrupt, but tolerated him and essentially empowered him. One further sign: over the past decade, Russia’s state expenditures on social security and healthcare have declined while the military budget has increased. This has been a war budget, showing Putin’s plans.

- We are at a critical moment in time. The US had a very good early warning of Russia’s pending invasion, which the US recognized and shared with allies. The US and other countries engaged in extensive diplomacy to try to dissuade Russia, which didn’t work. On February 24, 2022, Russia invaded Ukraine with a multi-pronged, multi-domain, multi-avenue attack. The military numbers favor Russia as Russia’s military outnumbers Ukraine’s by 10 to 1 or even 15 to 1.

General Milley’s personal assessment, which he has publicly stated several times recently, is, “We’re probably in the most dangerous two, three, four weeks in European history in a very long time.” There are many previous times in history to look at—1914, 1938 when Hitler was appeased, 1962 during the Cuban Missile Crisis, and 1989. But history doesn’t repeat itself. We are in a unique period of time.

“We have lots of options. I’m not going to go into those here. I counsel caution.”

—Mark Milley, 20th Chairman, US Joint Chiefs of Staff
• Putin has put a great deal on the table. Russia has put 75-80% of its ground forces into the battle in Ukraine and the majority of its battalions. It has used around 25% of its ballistic missile inventory and a lot of its precision munitions. The bottom line is that Putin has put a great deal on the table. He is betting the farm on this invasion, which is the biggest gamble and risk in his 20 years in power.

• Ukraine’s leadership and military is performing extremely well. Initially, Ukraine was in a state of denial that Russia would invade. But once the attack became clear, the country’s leadership has been courageous and the military’s tactics, techniques, and procedures have been very good. Ukraine’s air defense system has survived thus far and Russia has not established air superiority. Ukraine’s military is decentralized, knows the terrain, and is making fast decisions. This is in contrast to Russia’s top-down force, which doesn’t have great initiative or judgment at the lower tactical level.

• It is unlikely the oligarchs will abandon Putin. “It is wishful thinking to expect that by sanctioning the oligarchs they are somehow going to turn on Putin,” said an expert on the Russian economy. “The oligarchs exist at the pleasure of Putin. At any point, he can arrest them, impoverish them, or kill them. They know and understand that. He is truly seen as a murderous psychopath. They are scared of him.” The reason to go after the oligarchs isn’t to get them to overthrow Putin; it is because they hold money for Putin and he needs it.

• The Russian exit of prominent US brands sends a powerful signal. There is extensive propaganda in Russia. So, when the US government or other Western governments sanction Russia, it doesn’t necessarily create skepticism among the Russian population. But when popular companies and brands leave the country, it sends a powerful signal to the population.

• The US is being guided by a clear set of principles. These four principles are:
  1. Maintain the unity of NATO. It is essential that NATO allies stand shoulder-to-shoulder. Part of US solidarity with NATO has involved deploying troops in all NATO countries that border Ukraine. Even a small number of troops sends a clear, unambiguous message.
  2. Help Ukraine defend Ukraine. The US is guided by helping Ukraine defend itself, which means providing defensive weapons, not offensive weapons. The reason the West hasn’t provided Ukraine with additional long-range weapons and planes is that these are offensive weapons. Thus, the focus is extensive defensive weapons.
  3. Focus on the importance and significance of the rules-based order. Since World War II, Europe has been stable and has avoided conflict. It has been a time of peace and prosperity. This is because of a rules-based order, which must be preserved.
  4. Avoid war with Russia. The US does not want armed conflict with Russia; it is to be avoided.

• What Putin will do next is uncertain. Putin is under tremendous pressure—on the battlefield and economically. Will he use nuclear or chemical weapons? No one knows but it is within the realm of the possible. Russia’s military doctrine is to escalate in order to deescalate. It is possible that Russia takes some military action to try to say to the West, “Stay out of this.”

• The US military is in good shape and prepared for all options. Some people have questioned America’s military readiness. This is inaccurate and unfounded. While the US military can always get better, the military is in good shape.

• The current conflict in Ukraine is about more than just Russia and Ukraine; it is about the world order. Some people want the US military to pull back. Others argue that US military power and alliances have prevented great power wars and have produced stability and prosperity. Many people, especially those who have not known war, take for granted the rules and stability that have existed. This global stability and world order is what is at stake.

• China has a vested interest in stability. While China couldn’t immediately stop Russia’s invasion if it wanted to, China is not a fan of this war. China has done well under the previous global order and essentially wants to retain that order, while having a greater say in the future.

• Russia’s invasion of Ukraine could lead to nuclear proliferation. Ukraine agreed to give up its nuclear weapons in exchange for guarantees about territorial integrity. Russia’s invasion sends the signal to countries to get nuclear weapons and not to give them up.
LEGEND IN LEADERSHIP AWARD
Doug Parker, Chair & CEO, American Airlines Group

Anthony Capuano, CEO of Marriott, Sara Nelson, International President of the Association of Flight Attendants, and Carmine Di Sibio, Global Chairman and CEO of EY, presented Doug Parker, Chair & CEO of American Airlines Group, with the Legend in Leadership Award.

Having become the CEO of America West on September 1, 2001 – just 10 days before 9/11 – Doug led his company and the industry through this harrowing time, and again led the industry through the extreme disruption of the COVID-19 pandemic. While some industry executives considered bankruptcy, having seen the terrible consequences of this option, Doug worked with government leaders to avoid bankruptcy, keep people employed, and enable the industry to quickly rebound and recover.

As a legendary leader, Doug has overseen mergers, technological advances, and improvements in infrastructure and customer service. He has built culture that has prioritized people, diversity, and sustainability. Doug was lauded as a tireless visionary, a statesperson and patriot, and an inspiring leader who tackled some of the most difficult business and societal challenges imaginable.