EXECUTIVE SUMMARY

The Future Ain’t What It Used to Be:
Delight & Despair over Disruption

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# Table of Contents

## Key Themes

### Is Disruption in Politics a Good Thing? Leaving National Politics at the City Limits

**Opening Comments**
- Mark Penn, President, Stagwell Group; Former Top Clinton Campaign Strategist
- Grover Norquist, President, Americans for Tax Reform
- Christopher Shays, Congressman (1987-2009), State of Connecticut
- Ralph Reed, Chairman & CEO, Century Strategies; Founder, Christian Coalition
- David A. Preiser, Co-President, Houlihan Lokey
- Sanford R. Caiman, Former President, Lionsgate Studios

**Responses**
- Byron Brown, Mayor, Buffalo, New York
- Richard J. Berry, Mayor, Albuquerque, New Mexico
- Stephanie Rawlings-Blake, Mayor, Baltimore, Maryland
- Ethan Berkowitz, Mayor, Anchorage, Alaska
- Carolyn G. Goodman, Mayor, Las Vegas, Nevada
- Beth Van Duyn, Mayor, Irving, Texas
- Paul Soglin, Mayor, Madison, Wisconsin
- Greg Fischer, Mayor, Louisville, Kentucky
- David R. Martin, Mayor, Stamford, Connecticut
- Toni Nathaniel Harp, Mayor, New Haven, Connecticut
- Douglas W. Rae, Professor of Management, Yale School of Management

### Is Disruption Healthy? Policy Change and Opportunity In Medical Care and Life Sciences — Speed, Efficiency, Privacy

**Reforming the Delivery of Health Care: Change and Opportunity**
- Sylvia Mathews Burwell, 22nd Secretary, U.S. Department of Health & Human Services

**Panel**
- Catherine M. Engelbert, CEO, Deloitte LLP
- George S. Barrett, Chairman & CEO, Cardinal Health
- Stephen Berger, Odyssey Investment Partners, NY State Commission on Health Care
- Peter Orszag, Vice Chair, Lazard; Former Director, Office of Management and Budget
- Teri Plummer McClure, Chief Human Resources Officer & Senior Vice President, UPS
- Joseph C. Papa, Chairman & CEO, Valeant Pharmaceuticals International
- John W. Jackson, Retired CEO, Celgene
- Benjamin A. Breier, President & CEO, Kindred Healthcare
- Elliot Turner, Director of Alchemy & Discovery, IBM Watson

**Responses**
- Raymond V. Gilmartin, Former Chairman, President & CEO, Merck & Co.
- John Curtis, Mayor, Provo City, Utah
- Virg Bernero, Mayor, Lansing, Michigan
- Jacob S. Hacker, Professor of Political Science, Yale University
- Marc Rotenberg, President, Electronic Privacy Information Center
- Paul Taheri, CEO, Valeant Medical Group
- Mary C. Tanner, Senior Managing Director, Evolution Life Science Partners
- Bret D. Scholtes, President & CEO, Omega Protein Corporation
- Seth Feuerstein, Chief Innovation Officer, Magellan Health; CEO, Cobalt Therapeutics
- James Firman, President & CEO, National Council on Aging
- Rakesh K. Loonkar, President, Transmit Security
- Gina Ross Murdoch, President & CEO, Multiple Sclerosis Association of America
- Valerie B. Palmieri, President & CEO, Vermillion
- Joseph J. Lhota, Vice Dean & Chief of Staff, NYU Langone Medical Center
- Tim Mahoney, Mayor, Fargo, North Dakota

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Disruption vs. Stability in Diplomacy & Economic Policy: The Impact on Global Business Advancement

OPENING COMMENTS
Stephen A. Schwarzman, Chairman & CEO, Blackstone
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Irene Rosenfeld, CEO, Mondelez
Robert D. Hormats, Under Secretary (2009-2013), U.S. Department of State
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R. James Woolsey, Director (1993-1995), Central Intelligence
J. Michael Evans, President, Alibaba Group
Kelly Evans, Co-Anchor, CNBC
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Disruption in Regulation and Rulings: Fairness and Predictability Investing Capital

OPENING COMMENTS
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Disruption and Start-up America: Old Challenges with the New Media & Retail

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David Langstaff, Former President & CEO, Veridian
Christopher Mangum, President & CEO, Servato
Maxwell L. Anderson, Executive Director, New Cities Foundation
Stephen A. Greyser, Professor Emeritus, Harvard Business School
David W. Miller, Director, Faith & Work Initiative, Princeton University

Legend in Leadership Award: ZHANG RUIMIN, CEO, Haier Group

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William H. Donaldson, 27th Chairman, U.S. Securities and Exchange Commission
Sharon M. Oster, Dean (2008-2011), Yale School of Management

Mavrick in Leadership Award: Alan J. Patricof, Founder & Managing Partner, Greycroft Partners

PRESENTED BY
James D. Robinson III, Co-Founder & General Partner, RRE Ventures
Frederick Frank, Chairman, Evolution Life Science Partners
Key Themes from June 2016 CEO Summit

Disruption in Politics

On the national level, major candidates are trying to disrupt politics. But business leaders aren’t buying it. They want predictability, and Hillary Clinton—the status quo politician—is seen as more predictable. In terms of leadership, the business community prefers to minimize the disruption.

However, there is interest in changing what is seen as a dysfunctional political system. Some believe the United States has usually had a strong political middle, which is now in question. Candidates win today by capturing the extremes. The media—which focuses on controversy and dissension—caters to these extremes. While not disruptive, ideas to bring greater consensus included leveraging technology to get more people to vote, thereby diluting the extremes and resurrecting the voice of the middle, and working to build a bipartisan coalition on practical topics where there is broad agreement, like creating jobs, preserving Social Security and Medicare, and balancing the budget.

Perhaps the federal government could learn from the pragmatism of mayors, who focus on serving citizens and getting things done. Mayors are apolitical and roll up their sleeves. They interact frequently and directly with constituents and focus on things that affect people’s lives every day.

Disruption in Health Care

Prior to the ACA, the health care system was not sustainable as it was. Demographic changes, cost challenges, delivery system issues, and access problems made the system unsustainable. Secretary of Health & Human Services Sylvia Burwell said policy changes were needed to improve the access, quality, and cost of health care. Since the Affordable Care Act (ACA) was passed, access has increased dramatically. Major steps are also being taken to address affordability and cost. These include changing how health care is paid for, changing how care is delivered to be more integrated, and better using data and information to identify variation, pinpoint the best treatments, and determine the best providers.

Over the past two years HHS has signaled to the market and has begun to drive change. Importantly, real per capita Medicare spending has declined. Efforts are also underway to measure and pay based on quality, but defining and measuring quality is extremely difficult. Despite the controversy surrounding the ACA, 64% of CELI participants believe the U.S. health care system is better off since the passage of the ACA and only 33% believe the ACA should be repealed.

An area of consensus is the belief that greater effort is needed to educate the public about value-based health care and to drive changes in consumer behavior.

Disruption in Diplomacy and Economic Policy

Extensive concerns were expressed about China, both diplomatically and economically. China was termed as repressive, increasingly autocratic, and less welcoming. There is increased censorship and a growing climate of fear. Pollution is high, income disparity is increasing, and there is risk of a brain drain, with about 300,000 college students in the United States, many of whom will consider staying. The legitimacy of the government is based on economic growth; with a slowing economy the government is feeling tremendous pressure. These factors raise concerns about China.

On the economic front, there are troubling signs. To prop up its economy, China has engaged in massive stimulus and taken on tremendous debt. While the consumer economy continues strong growth, the rest of the economy has slowed dramatically. Domestic capital is leaving the country, and China’s slowing economy has ripple effects for the world.

Participants expressed optimism about India, which shows growth of 7.5% (if the numbers can be trusted). The government is taking positive steps, though bureaucracy remains. An investor warned that “India has consistently disappointed the optimists and the pessimists. So, keep expectations low.”
A former U.S. State Department official advised that the United States needs strong economic ties in the Asia Pacific region, which can be fostered through the Trans-Pacific Partnership (TPP). Also important is developing stronger relationships with India, Indonesia, and Turkey, all of which have large Islamic populations.

**Legal and Regulatory Disruptions**

This discussion focused on three topics:

- **A prevailing belief that the capital markets are rigged.** Among CELI participants—who are knowledgeable senior-level leaders—56% believe the capital markets are rigged. Those holding this view believe there is not a level playing field among all investors and there is a lack of transparency.

- **A growing belief that too many Americans are in jail for non-violent crimes.** Currently 2.2 million Americans are in jail, the highest number and percentage of the population of any country. It represents a 500% increase over the past 40 years, even though the crime rate has declined. When someone is sent to jail, it destroys families and communities.

A reason for the increase in incarceration is mandatory sentencing for drug crimes. Particularly troubling is the inequity of those who are in jail, with minorities accounting for 60% of those imprisoned. Leaders across the political spectrum, along with many mayors and district attorneys, favor legislation to revise sentencing laws to address the systemic disparities.

- **A view that too few executives were prosecuted for fraud after the financial collapse.** 75% of CELI participants believe too few executives have been prosecuted for fraud. One argument was that because it is difficult to prosecute individuals, prosecutors have taken the path of least resistance and brought cases against corporations, which simply settle for large fines. But these fines hurt innocent shareholders and employees.

Others argued that few cases have been brought because the evidence and cases were just not strong enough; despite the efforts of many to find people to prosecute, there just wasn’t anything to find.

**Disruption from Startups**

Entrepreneurs and investors confirmed that the entrepreneurial climate in America is alive and well. Money continues to pour into startups, especially financial technology and life science firms. With concepts like WeWork—where entrepreneurs share office space and resources—and the emergence of cloud services, entrepreneurs can start businesses with minimal capital.

But entrepreneurial disruptions are not limited to startups. There is disruption in virtually every sector, from telecom to consumer products, driven by new types of technologies that make new products, services, and business models possible.
Opening Comments

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Douglas W. Rae, Professor of Management, Yale School of Management

Overview

While national political candidates have attempted to disrupt the political system, the majority of business leaders prefer political leaders who are predictable, not disruptive. However, while the preference is for the predictability of Hillary Clinton, there is great uncertainty and concern about the overall political system, which is viewed as dysfunctional and controlled by the extremes. This seems unlikely to change anytime soon until the election process is transformed. A more pragmatic solution is to try to gain consensus on a few key practical issues, like job creation, preserving Social Security, and balancing the budget.

However, while the national political system is in disarray, local government—and local leaders—are making things happen. Mayors tend to be non-partisan, focused on getting things done to serve their citizens. While mayors and cities face numerous challenges, they are making better progress at dealing with these issues, representing a bright spot in this time of political skepticism.

Key Takeaways

Candidates are attempting to disrupt politics, but the impact is unclear.

Donald Trump and Bernie Sanders have tried to disrupt national politics by tapping into voter anger, pessimism, and discontent. But most business leaders are not thrilled with these attempts at disruption.

In a recent poll of Fortune 500 CEOs, 58% support Hillary Clinton over Trump, and at the most recent Yale CELI Caucus in Washington DC, only 6% favored Trump (though other candidates were still in the race at that time). A leading financier explained that that the business community wants predictability. Hillary Clinton is seen as more predictable, and Donald Trump is extremely unpredictable. The majority of the business community seems to favor the status quo and views the current brand of disruption as a bad thing.

“The business community wants predictability. Hillary is more predictable; Trump is unpredictable.”

A leading Republican thinker disagreed, seeing Hillary Clinton as beholden to organized labor, which will hurt innovation in areas such as education and the burgeoning sharing and gig economy, which will hold back America’s economy. This individual argued that political disruption is a good thing and maintaining the status quo is damaging.
There are concerns about the implications of political disruption in getting elected and governing.

The general view is that at the national level, America’s political system is broken and dysfunctional. A Yale political science professor argued that America’s constitutional system has lasted, while attempts to replicate this model in other countries such as Brazil and Argentina have failed, because almost always the United States has had a strong political middle. But the current and future state of this political middle is uncertain.

“I fear the U.S. is not the shining example it once was.”

However, as opposed to merely accepting this dissension, two alternative ideas were shared:

• **Create bipartisanship on a few key issues.** One participant is leading an organization focused on achieving a few specific, practical goals where fostering bipartisan support may be possible. These topics include creating 25 million jobs, preserving Social Security and Medicare, and balancing the federal budget. These are topics that appeal across party lines and more than 80 members of Congress from both parties have signed on to support this agenda—after the election, of course.

• **Make voting easier.** With so few people voting and determining elections, we are getting extremist candidates. A solution would involve registering people to vote at birth and using technology to make it easier for the masses to vote. Having more people vote would dilute the power held at the extremes.

In general, city politics is less partisan, more grassroots, and more effective.

The mayors in attendance generally want to stay out of and far away from the divisiveness and rhetoric of national politics. Mayors see their job as non-partisan, focused on getting things done to serve the citizens of their communities. They work hard to build grassroots relationships and solve practical problems that affect people’s daily lives.

“‘We do things our citizens care about.’

— Mayor

One of the mayors believes the majority of the population—perhaps up to 80%—remains in the political middle, but believes the sensationalistic media plays to the polar extremes, covers the fringes, and constantly provokes fights.

A seasoned political pollster and consultant offered a different view. He suggested that candidates win today not by playing to the middle but by capturing the extremes. The reality is that so few people today vote that it is possible to be elected by only a small fraction of the population, if that group is energized and mobilized. The media—which focuses on controversy and dissension—cater to these extremes.

A former Congressman believes that the political parties have failed the American population, which is one of the reasons for the anger that people feel. Further, archaic political rules—such as allowing one Senator to kill legislation—make it very difficult to pass legislation or govern.

Others had differing views:

• **Divisiveness is ok.** A leading political thinker asserted that having two parties moving in very different directions and providing voters with very different alternatives is good. The parties are strongly divided, represent strong and differing ideologies, refuse to compromise, and appeal to their bases. It works for both parties.

• **Checks on power are working.** Another leading thinker put forth that the Constitution is not about “government working.” It is about protecting freedoms. By having a Democratic president and a Republican Congress, which reflects the will of the people, the public is voting to check the President’s power.

• **Society is becoming intolerant.** One business leader commented that it is okay to have differing political views, but we are becoming an intolerant, class-divided society. We need to listen to each other—which isn’t happening—and we need leadership, which is lacking.
Is Disruption Healthy?  
Policy Change and Opportunity in Medical Care and Life Sciences – Speed, Efficiency, Privacy

Overview

The Affordable Care Act was about more than simply increasing the access to health insurance. It is a set of policies that aim to transform the health care sector by changing payment incentives based on outcomes and value, and not on volume. It also aims to drive greater integration and coordination in the delivery of care and to spur greater innovation and experimentation. The majority of CELI participants (64%) believe U.S. health care is better off since the ACA has been passed, and only 33% want it repealed.

Participants believe that a key to transforming the health care system is educating the public and driving changes in consumer behavior, which will be difficult and take time.

Context

Sylvia Burwell, the Secretary of Health and Human Services (HHS), along with several leaders from the health care sector, assessed the disruption taking place in health care, analyzed the impact of the Affordable Care Act, and identified other issues in the health care world.

Key Takeaways

Without dramatic change, the health care system was not sustainable.

For payers—which include employers, private insurers, and the government—the health care system prior to the ACA was not sustainable and had to change. Unit costs had to be addressed, as well as care delivery. Factors necessitating change included the aging population, fragmented system, and huge amounts of waste.

“The health care system was unsustainable as it was. It had to change.”
—Industry executive

The Affordable Care Act has increased access to health care—and much more.

The Department of Health and Human Services has 77,000 employees, a budget of $1.1 trillion, and 10 operating divisions which include the Centers for Medicare and Medicaid Services (CMS), the National Institutes of Health, the Centers for Disease Control, and the FDA. But these days when people think about the government’s impact on
health care, they think about the Affordable Care Act (ACA) and view it mainly as legislation to increase public access to health care by providing insurance coverage to millions of people who previously lacked it. Now, less than 10% of the population lacks insurance.

In addition to the ACA focusing on access, it also contained policy changes to address the quality and cost of health care. These changes include:

- **Changes in how health care is paid for.** The idea is to reorient payment incentives, driving change in care delivery. HHS has set a goal that by 2028, 50% of all Medicare payments will be value based. Value-based payment will link compensation to outcomes, giving providers the incentive to ensure that all steps of the care process are coordinated in order to deliver high-quality care.

Also, in many major markets, Medicare is paying providers who perform hip or knee surgery a “bundled payment” instead of traditional fee-for-service. This is a fixed fee to cover all of the costs of this episode. Former Director of the Office of Management and Budget Peter Orszag wants value-based payments to be made mandatory as opposed to voluntary.

- **Changes in how health care is delivered.** Mandating payment changes will push providers to deliver higher-quality care and will drive integration and coordination. One example is the imposition of penalties on hospitals for unnecessary readmissions post hospital discharge, which has resulted in a decrease of more than 500,000 readmissions. Creation of these penalties has pushed providers to improve care processes, resulting in improved outcomes and decreased costs.

The ACA also gave the government greater ability to experiment with new care delivery models, such as new types of prevention programs, collaborative programs in communities with organizations such as the YMCA, and programs to decrease obesity.

“We have to change the fundamentals in regard to access, cost, and quality.”

—Sylvia Mathews Burwell, 22nd Secretary, U.S. Department of Health & Human Services

- **Using data and information to improve health care delivery.** Data can identify the best treatments in specific situations, when variation occurs, which providers are performing best, and much more. Data can help improve quality, drive efficiency, and make better decisions. However, an area of concern is the privacy of data stored in electronic health records.

While there is a long way to go, over the past two years—at the same time that the number of people with health insurance has increased—real per capita Medicare spending has declined. HHS has sent important signals to the market and is beginning to drive change. Efforts are underway to measure and pay based on quality, though defining and measuring quality is extremely difficult. CMS’ initial efforts have focused on areas where there is reasonable agreement.

Despite the controversy surrounding the ACA, 64% of CELI participants believe the U.S. health care system is better off since the passage of the ACA, and only 33% believe the ACA should be repealed.

**On balance, is US healthcare is better off since the Affordable Care Act / Obamacare?**

<table>
<thead>
<tr>
<th>A. Yes</th>
<th>B. No</th>
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<td>56%</td>
<td>44%</td>
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However, one mayor said that the ACA has increased the city’s insurance costs by $700,000 and has resulted in increased health costs for employees.

- **Other Important Points**

Secretary Burwell noted that the discussion didn’t even touch on major areas of the health care sector, including pharmaceuticals and medical devices. Other topics briefly discussed included:

- **The role of government.** The government has different roles to play. In some instances the government should lead; in other instances the government should set goals to signal the market; in some situations the government should be a convener and a sharer of best practices; and in other situations the government should get out of the way. The government also invests. For example, the government’s $40 billion investment in the human genome will produce returns in excess of $1 trillion. Investments in the NIH and in public health have huge impact.

- **Changing consumer behavior.** An important theme was the idea that to transform health care requires educating consumers about value-based health care and changing consumer behavior, which is extremely difficult and will take time.

- **To transform health care, we have to change behavior.**

Some employers, such as UPS with 600,000 insured lives, see educating employees as a key to controlling health care costs.

- **Biotech scandals.** Participants attribute recent scandals in biotech and pharma mainly to management fraud and investor pressures.

One former industry executive said that Valeant and other scandals had done damage to the industry. There is uncertainty about the ability of well-regarded new management to turn Valeant around, though a majority of participants (63%) think the company can be stabilized, with 24% believing it will collapse in debt.
Disruption vs. Stability in Diplomacy & Economic Policy: The Impact on Global Business Advancement

Overview
On the international front there is significant disruption. China’s economy is slowing, which has a major ripple effect on the global economy, and India seems poised for continued growth, but India has frequently disappointed in the past and optimism should be tempered. Still, despite slower growth, many business leaders remain optimistic about the future growth potential in emerging markets.

However, these generally optimistic views assume that the world is basically peaceful, which may not be accurate. There are numerous hotspots and threats across the globe, including the massive threat of cyber attacks. The United States and businesses are vulnerable.

In the face of uncertainty and vulnerability, some political and business leaders have a mindset of retreating. Others argue strongly that despite the threats that exist the most appropriate strategy is one of active engagement across the globe, particularly in Asia.

Context
Investors, business leaders, and former government officials assessed the situation in China, India, and elsewhere in the world, looking at economic and diplomatic signs.

Key Takeaways
China’s economic and diplomatic policies are a cause of concern, yet opportunities persist.

The list of economic concerns about China is long. Data shows that fewer U.S. businesses are profitable there and forecasts for growth have been sharply reduced. A majority of businesses leaders (77%) say that China is now less welcoming and companies are having greater difficulty getting executives to move to China, in part because of the pollution.

Ruchir Sharma of Morgan Stanley, who just wrote The Rise and Fall of Nations, said that countries come to an end when they take on too much debt. And no country has ever taken on as much debt as China has since 2008. It now takes $6 of debt in China to create $1 of GDP. To keep China chugging along, the government has launched a huge stimulus, and it is hard to get off that train. Every time the economy slows, China increases its debt. This is unsustainable, and Sharma sees a hard landing playing out.
Stephen Schwarzman believes Sharma’s worries are an overreaction. He said that usually when people predict “the end” it doesn’t happen. He doesn’t see a hard landing in China; an example of a hard landing is Brazil, where GDP is -5%. Instead, China is settling in at a slower long-term growth rate. While the economy isn’t as strong as it has been and the numbers are unreliable, the consumer economy is still growing at perhaps 8%; the services sector is growing; and last year 14 million jobs were created. It is a developing country that lacks many social structures, and it is a balancing act to maintain the economy and social control. But China has proven over and over that its people are clever, resourceful, and hard working. Don’t underestimate China.

A former U.S. government official agreed that China is operating below expectations as it transitions to a services and consumer-driven economy, which will take time, but doesn’t believe China will collapse. When the Chinese economy started weakening, the government feared unemployment, which would hurt social stability, and took steps to maintain growth.

Beyond the economy, other concerns were expressed:

• **Repression.** An academic with extensive experience in China see the current climate in China as the most repressive in years. There is a climate of fear, academics are being fired, and visas are being restricted. With 300,000 students studying at American colleges China risks a brain drain if these students decide not to return to this repressive environment.

• **Inequity.** The income disparity in China is even worse than the United States, which is problematic for social stability. At the same time, however, hundreds of millions of people have been lifted out of poverty into the middle class.

• **Capital flight.** There has been a mass exodus of domestic capital, which is a major source of concern.

Despite these economic and social concerns, many business leaders still see enormous opportunity in China. This includes opportunities in consumer-facing sectors such as the entertainment and automotive industries. Also, while capital flight is causing capital to leave China, one result is increased Chinese investment in U.S. companies.

**“The imminent crash of China is always predicted and never happens.”**
—U.S. business leader

India has its own issues, but the economy continues strong growth.

With growing uncertainty in China, India is well positioned to take advantage of this situation as companies consider pivoting and shifting some of their focus. One expert on India believes that India may see sustained growth for the next two decades.

Schwarzman—whose company owns 18 companies in India and has significant real estate holdings—shares the optimism regarding India. While people within the country are dissatisfied with the government and there remains enormous bureaucracy, Schwarzman sees the situation improving and has a positive outlook. Having seen investors repeatedly burned in India, Sharma suggested keeping expectations low.

**“India has consistently disappointed the optimists and the pessimists.”**
—Ruchir Sharma

The world is far from a happy, peaceful place; there is much to worry about.

A former U.S. government official said that the discussion about the economic growth in emerging markets assumes the existence of a happy, peaceful world. But the reality is far from peaceful and happy. The U.S. infrastructure has major vulnerabilities. The agreement with Iran is poor and results in turning over $150 billion to the world’s leading terrorist state. Saudi Arabia is likely to become a nuclear state, resulting in 4-5 nuclear powers in the Middle East. ISIS envisions itself as a baby empire. North Korea has nuclear weapons and ballistic missiles, which is a dangerous combination. Russia represents a growing threat. And, cyber threats are enormous and growing, with every company subject to tens of thousands of cyber assaults each day. In the face of these enormous threats, this expert believes the U.S. has not done enough and is vulnerable.

Despite risks and concerns, the United States must remain engaged.

In Asia, China wants to strengthen its economy and security, while other regional leaders want regional prosperity. The U.S. wants strong economic ties to the region and needs the Trans-Pacific Partnership (TPP) to establish effective rules. In addition, the U.S. needs stronger relationships with countries such as India, Indonesia, and Turkey, all of which have large Islamic populations. As dangerous as the world currently is, this is not a time for America to pull back.

**“We don’t want to pull back from the world.”**
### Disruption in Regulation and Rulings: Fairness and Predictability Investing Capital

#### Overview
Laws and regulations often have unintended consequences, protect incumbents, and hinder innovation. Mandatory sentencing laws aimed at decreasing social inequity have exacerbated it. Difficulties bringing cases against fraudulent executives have led to expeditious settlements with corporations, which punish innocent employees and shareholders. And America’s existing capital markets worked ferociously to protect their incumbent status and prevent the entry of a new player, adding to the notion that the capital markets are rigged.

Changing perceptions of unfairness and inequity requires greater transparency along with legislative changes to modify policies creating these inequities.

#### Context
This discussion on topical legal and regulatory matters involved business leaders, journalists, a former regulator, and a federal judge.

#### Key Takeaways
There is growing belief that too many Americans are jailed for non-violent crimes.

Currently 2.2 million Americans are in jail, which is the highest number and percentage of the population of any country in the world. The number of people in jail represents a 500% increase over the past 40 years, even though the crime rate has declined every year for the past 25 years.

A reason for the increase is mandatory sentencing laws for drug crimes that were enacted in the 1970s and 1980s in response to rising crime rates. These mandatory sentences—which eliminated judicial discretion—imposed sentences based on the weight of the drugs (not where in the drug hierarchy an individual falls, be they a leader or a runner). These mandatory sentences have resulted in people who plead or are found guilty, even for non-violent crimes, receiving high sentences. Most are pleadings, with only 3% going to trial.

Particularly troubling is the inequity of those who are in jail, with ethnic minorities accounting for 60% of the 2.2 million who are incarcerated. When mandatory sentencing guidelines were enacted there was talk that these guidelines would eliminate racial bias, but even more racial disparity has resulted. Of African American males ages 18-34, 1 of 9 are in jail and 1 in 3 will go to prison at some point in their life. This is devastating to families and communities.

“No legislation has had a worse effect on race inequity than mandatory sentencing.”
—Legal expert

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Leaders from both the political left and right, along with many mayors, district attorneys, and judges, favor legislation to revise sentencing laws for non-violent crimes. As one mayor said, if an individual has committed a crime that makes the public afraid, the person should be in jail; if the crime makes people angry, it should be a different response, which includes counseling and mental health resources. Another person who is deeply engaged with this topic favors “redemptive justice” as opposed to “punitive justice.”

Proponents for legislative reform range from President Obama and the ACLU on the left, to Grover Norquist (of Americans for Tax Reform) and Ralph Reed (of Century Strategies) on the right.

“The pendulum has swung too far.”
— A mayor

There is a belief among business executives that too few executives were prosecuted for fraud after the financial collapse.

Among CELI participants, 75% believe that too few executives have been prosecuted for fraud. One argument was that because it is difficult for prosecutors to bring cases against individuals—which can take two to three years and still may not work—prosecutors instead choose to take the path of least resistance and bring cases against corporations. When corporations are confronted, they usually choose to settle for large fines. Those who are hurt are shareholders and employees, who are innocent, while those who perpetrated the crimes face no penalties. (A former prosecutor lamented, “Years ago prosecutors focused on individuals because they committed crimes.”)

However, others argued that despite the desire of the public to blame executives and despite significant efforts of prosecutors to put people in jail, few cases have been brought. The reason given is not that prosecutors didn’t attempt to bring cases but that there were not strong enough cases to be brought. As a leading defense attorney said, “Not all bad things that happen are crimes. Prosecutors would bring cases if they could.”

“There are lots of people with incentives to find crimes. It hasn’t happened because people can’t find it.”
— Journalist

Another expert retorted that in many instances the government did conclude that crimes had been committed but decided to extract big settlements from companies, which are easy targets, instead of taking the hard route of prosecuting individuals.

Even among CELI participants there is a prevailing belief that the capital markets are rigged.

Among knowledgeable, sophisticated, educated, senior-level CELI participants, 56% believe the capital markets are rigged. This is not some notion just held by uneducated people who are not in the know. Those seeing the markets as rigged believe there is not a level playing field among all investors and there is a lack of transparency.

At the time of the Summit, IEX was waiting to hear from the SEC regarding IEX’s attempt to establish a new public stock market, with a level playing field and greater transparency. (After significant barriers and delays, IEX’s application was finally approved just days after this Summit.) IEX’s attempt to establish a new public market was strongly opposed by the existing exchanges. IEX’s creation was supported by many major institutional investors and is viewed by many as a positive step in combating the view that the markets are rigged. (A common theme when there is a major disruption is that incumbents—who are threatened by the disruptor—dig in their heels and use all possible methods to quash the disruptor, including erecting legal and regulatory barriers.)
Disruption and Start-Up America: 
Old Challenges with the New Media & Retail

Overview
Entrepreneurialism is alive and well, particularly in the technology sector, with a huge number of startups in California, New York, and elsewhere. But entrepreneurialism isn’t just the domain of startups. Technologies such as the cloud allow even long-established players in every industry to be disruptive innovators.

Context
Entrepreneurs, investors, and corporate leaders who are championing transformations discussed transformations among new players and in existing industries.

Key Takeaways
It is easier than ever to form a new startup.

Entrepreneurs and venture capital investors confirmed that the entrepreneurial climate in America is alive and well. Money continues to pour into startups, especially financial technology and life science firms. (However, more than one third of participants believe there is a bubble in FinTech.)

One CELI participant has invested in 50 companies just in the bitcoin/blockchain space. Another venture capitalist’s firm sees 50 to 75 new companies in New York City every week and 25 more in Los Angeles, with no letup in sight. Also, with concepts like WeWork — where entrepreneurs share office space and resources — and the emergence of cloud services, entrepreneurs can start businesses anywhere without needing venture capital, or much capital at all.

Entrepreneurialism is not just the domain of startups.
Leaders of major businesses across multiple sectors shared examples of entrepreneurial activities and disruption occurring in their industries. Disruption is taking place in homebuilding with smart devices connected through the Internet of Things. Innovation is taking place in transforming the theater experience and in the telecom industry by using VoIP and the cloud to introduce entirely new services, delivered in new ways. One business leader described the current environment as having changed from dedicated assets to technologically linked networks.

“It is an API economy.”
—Business leader

Innovation is also taking place in traditional industries such as retail and consumer products, through new types of social media marketing campaigns, like that by Oreo in the UK.

Even an organization such as SeaWorld is reinventing itself by pivoting to no longer breeding orcas, and partnering with the Humane Society.
In presenting Zhang Ruimin with the Legend in Leadership Award, Steve Schwarzman, Bill Donaldson, and Sharon Oster recognized Mr. Ruimin as a tremendous entrepreneur who is a legend in China. He has built Haier into the largest home appliance company in the world—a world leader in its category and one of the first Chinese companies that looked at making an acquisition in the United States. Zhang Ruimin has pushed Haier to create high-quality products and to have outstanding management. He is once again transforming the company to make Internet-connected products and is revolutionizing how the company is structured. Zhang Ruimin is viewed as a visionary and a truly inspirational leader.

Mr. Ruimin expressed his honor in receiving this award and feels that it comes at an important moment as Haier becomes a more global company and as Haier undertakes a massive experiment in removing 10,000 middle managers.

Legendary venture capital and private equity investor Alan Patricof was recognized as a true maverick in leadership for his role in creating and disrupting numerous industries, particularly in technology and life sciences.

With 46 years in venture capital, Patricof has been identifying and helping build some of the most successful entrepreneurial businesses of the past several decades, including Apple and AOL, and continues to do so today. Fred Frank termed Patricof “an old timer with a youthful outlook.”