

2015 LAS College Graduate Convocation Address
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When the College asked me to prepare a talk for this convocation, I asked how long. They said 10 minutes. I was reminded of the 10 minute marshmallow test. The most famous of these was

<https://www.youtube.com/watch?v=TZYIJDtt3mU> start watching around 2 minutes and 30 seconds

That was 4 year old Theo. His mother had placed a piece of candy on a table in front of him. She said if he could resist eating the candy for 10 minutes, he could get a second piece of candy. Then she turned on a camcorder and left the room. She posted the results on YouTube titled *Torturing Theo*. Over 104,000 hits. Parents love this stuff.

Theo's mother was replicating a test first published by Stanford psychologist Walter Mischel in 1970. Now called the marshmallow test, children aged 3-5 were shown a treat, and, like Theo, told they could get two treats if they were able to resist eating the first treat until the researcher returned. One-third ate the marshmallow immediately. One-third ate the marshmallow after three minutes on average. And one-third managed to defer gratification until the researcher returned.

That was the end of the study until the 1990s when Mischel decided to find out what happened to the kids. The children who were able to delay gratification the longest were more likely to go to college, had higher SAT scores, had higher GPAs in college, earned more, dealt more effectively with adversity, had lower incidence of addiction, had lower divorce rates,...In short, they were more successful in life.

So if the ability to delay gratification at age 3 or 4 is important for success, what about the ability to defer gratification at age 22? Researchers have been looking for adult marshmallow tests. Last year, management consultant Ed Batista suggested in the *Harvard Business Review* that the smart phone is the adult marshmallow. He argued that phone abuse is harming labor productivity.

The timing is compelling. The slow-down in U.S. productivity growth began in 2000. The first smart phone to combine telephony with web browsing was introduced in 2000. The first Blackberries were nicknamed Crackberries because they induced seemingly addictive use. Even now, 15 years later, we have adults who cannot turn those things off.

On average, young adults spend 3.5 hours per day on cell phones. Use declines steadily after age 25. Two-thirds of cell phone time is spent on Facebook, gaming, social messaging, and entertainment. You can program the phone to alert you when critical tweets or instagrams or snapchat must be attended to. Those interruptions are mental marshmallows. If you cannot resist the marshmallows, you will be less successful. Productive people know they have to ignore unimportant information.

I think when they named the Smart Phone, they were thinking it was like the computer on Star Trek. All you had to do was ask a question – and you would get the right answer. The Internet is very different.

There are two iron laws of the Internet

Law One: Any idiot can post on the Internet

Law Two: Idiots have a lot more time on their hands.

As Presidential candidates are learning, you cannot presume that what you read on the Internet is true. You have to know more than the phone in order to tell if the phone is telling the truth.

To put it another way, if everything you know is on your phone, the firm does not need you. They will hire the phone.

The good news for college graduates is that since 1980, returns to college have doubled. While politicians obsess over the richest 1%, rising returns to skill explain about two-thirds of the rising income inequality in the United States. You find rising returns to skill and rising inequality in almost every advanced economy in Europe, Asia and Australia. The winners? People who use Information Technology. The losers? People replaced by Information Technology.

What that means for you graduates is that the market for your skills has never been stronger. The National Association of Colleges and Employers has been tracking starting salaries for 50 years. They project the median starting salary for liberal arts majors at \$45,000, rising 5.2% from last year, with starting salaries ranging from \$33,000 to \$65,000 depending on the major.

The Pew Research Center study on the middle class released last week showed that finishing a college degree is the best predictor of being in the middle class. College graduates are 30% of the population but they make up 58% of upper-income households and only 11% of lower-income households. The next best predictor of middle class status? Marry a college graduate. Two earner college graduate households average \$58,000 more per year than two earner high-school graduate households. See those graduates with the honor cords? Ask them out.

By the way, there is a great date movie opening this evening. I saw the first Star Wars movie three times. Three different girls. On the third date, make sure you pretend not to have seen it yet. Say you were waiting to see it with her. If the relationship works out, take the lie with you to your grave.

We have had a steady stream of news articles about the high level of student debt at ISU. The average is just under \$30,000 per graduate who borrowed money for school. Not mentioned is that the default rate of ISU alumni is very low, much lower than national average. Over a lifetime, male college graduates earn \$590,000 in present value over a high school degree, 20 times the debt. Women college graduates earn \$370,000 or 12 times the debt. Those are enviable returns on investment.

So how have politicians proposed to resolve income inequality? Free college tuition. Keep in mind that the source of inequality in our economy is that college graduates are doing so much better on average than high school graduates. If college graduates atypically benefit from their

education, who would be the net loser from that policy? The high school graduates at the lower tail of the income distribution having to pay taxes to subsidize college graduates at the upper tail of the income distribution.

So I want to propose a very different perspective of the status of college graduates in society than the prevailing “Student as Victim” view.

About 23 years ago, your parents went to a movie, probably Jurassic Park, and then decided to allocate some time to plot out your existence. How much time? That’s right! About ten minutes.

While having a kid is more like eating the marshmallow right away, raising a kid is like waiting 22 years to eat the marshmallow.

Ignoring the value of time spent raising you, the U.S. Department of Agriculture estimates that your parents invested \$245 thousand getting you to age 18. Over that time, you received publicly funded education costing roughly \$10,000 per year. At Iowa State, tuition and fees pay about 44% of the cost of your education. If you are an Iowa resident, that translates to a \$52,000 public investment in your college degree. Add it all up, and your family, neighbors, and millions of people you do not know have spent \$417,000 on your education. That is the social debt you accumulated while working toward your degree. What are you prepared to offer in return?

The answer is not in your phone. It has to be in your heart. You are now Theo’s mom. And you have to double all those marshmallows that your family, your neighbors, and society at large gave up to get you here today. It will take a lifetime. And it begins when you walk outside into that big, challenging, scary but promising world and you say you are ready to deliver. Because if you accept the challenge of making good on your social debt, from now and every day forward, you are committed to producing value, not only for yourself, but for your family, for your neighbors and for millions of people you do not know. You do that because you are a product of Iowa State University and because that’s what Cyclones do.