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Dean's Executive Leadership Series - Pepperdine University / DELS 2007-2008

Transcript of Interview with Deborah Platt Marjoras, Chairman of the Federal Trade Commission

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The Graziadio School of Business and Management at Pepperdine University proudly presents the Dean's Executive Leadership Series. This podcast invites top business practitioners and thought leaders to share their view on the real world of business.

Rick Gibson: Hello and welcome. My name is Rick Gibson and I am the associate vice president for public affairs here at Pepperdine University, and today I'm joined by Dr. Linda Livingstone who is the dean of the Graziadio School of Business and Management. Hello, Linda.

Dean Linda Livingstone: Well, good morning, Rick. It's good to be here. We appreciate kicking off the series this year.

Rick Gibson: Yeah. I understand this is the fourth year of the Dean's Executive Leadership Series.

Dean Linda Livingstone: It is. We have had a fabulous four years and we're really looking forward to the lineup this year.

Rick Gibson: Well, for our first-time listeners I'd like to give them just a sense of what the series is about. Can you tell me what's behind the series and some of the guests that you've had in the past?

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Dean Linda Livingstone: We decided to begin this series a few years ago because we wanted to really give our students and alumni and friends an opportunity to be exposed to some of the key leaders in business, some of the key thought leaders and authors that are out there. And we just thought it was a great sort of life-long learning opportunity for our alumni and students. We've had some fabulous speakers. We had Anne Sweeney, president of Disney, ABC television. We've had Ted Waitt, the founder of Gateway Computers. We had Bill George last year who was the former CEO of Medtronic and author of several books on values including his last one, True North. So we've had a really amazing diversity of speakers and a really good run over the last four years.

Rick Gibson: Yeah. From what I understand, this year's lineup is just as impressive. Tell me who you have on tap for this year's series.

Dean Linda Livingstone: Well, this year we're actually expanding the series a bit. We have always hosted it in the past purely in Malibu—wonderful setting and the speakers love coming there. We have such wonderful alumni bases in Orange County and northern California. We have expanded and we'll have one speaker each in those two locations. So we began in October with Deborah Platt Majoras, the chairman of the Federal Trade Commission, and we'll be introducing her more a bit later for this particular podcast.

We follow that in November, November 6th, with Andy Bird who's the president of Walt Disney International. We've had a Disney or ABC speaker every year on the series so they've become quite an anchor for us in this series. And then we stick with the entertainment theme and move on on January 22nd to Bruce Rosenblum, the president of Warner Brothers Television Group, and this will be an interesting one for everyone that we have on March 4th. We are bringing in Robert Eckert who is the chairman and CEO of Mattel, so I'm sure he'll have some very interesting things to share given all of the challenges and interesting opportunities that they've dealt with this year. And then we move to northern California on April 1st—and this is not an April's Fool's joke—but we are having Robert Simpson, the president and chief operating officer of Jelly Belly, so we think that will be a tasty evening for us and really interesting.

Rick Gibson: Yeah. I was going to say: Are you planning on any samples being distributed throughout the night?

Dean Linda Livingstone: We are expecting there to be samples for sure on that one, and then we close out the series with what we think will be a really fascinating and interesting discussion with Steve Lopez who is a columnist with the *L.A. Times* and, certainly, a somewhat controversial columnist at times.

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Rick Gibson: It should be fascinating. Well, I understand that you spoke recently with Deborah Platt Majoras who is the chairman of the Federal Trade Commission and you had just a wonderful discussion with her. Can you tell us a little bit about her and what she had to present?

Dean Linda Livingstone: Deborah Platt Marjoras is the chairman of the Federal Trade Commission and prior to moving in to the Federal Trade Commission in 2004, she worked for the Justice Department and did a lot of work on antitrust activities, actually, was one of the attorneys that did the Microsoft antitrust case. And so she really did a fabulous job of educating us about what the Federal Trade Commission does, which we've all heard about it, sort of think about it some, but it was really interesting to hear from her perspective what their role and responsibility is in antitrust types of issues and then also in consumer protection. And she's put a lot of emphasis, particularly on identity theft, and deceptive internet kinds of practices. And then she also just talked about what it's like to be in Washington, to sort of have moved from—she was a private attorney doing antitrust work—into a more political role. And it's a fascinating interview. She is a very interesting person and certainly gave me faith in some of our government officials to know that there's people like her serving in roles in Washington.

Rick Gibson: Well, that's terrific. Well, with that, let me invite our listeners to sit back and enjoy this interview with Linda Livingstone and Deborah Platt Majoras.

Dean Linda Livingstone: Well, welcome to the first of this year's podcasts for our Dean's Executive Leadership Series, and it is a treat to have with us today Deborah Platt Majoras who has been chairman of the Federal Trade Commission since August of 2004. And Deborah has really focused during her tenure there on efforts to protect and enhance consumer welfare. Prior to being at the Federal Trade Commission she was with the Justice Department's antitrust division and prior to that she worked with Jones Day's antitrust section so has a long history with the antitrust area. So Deborah, it's really a pleasure to have you with us today for our discussion.

Deborah Platt Majoras: Thank you. I'm pleased to be with you.

Dean Linda Livingstone: Well, what I'd like to do first is take just a few minutes to talk with our audience about what the Federal Trade Commission is. We all hear about it, but I think its responsibilities are quite broad, and probably most of us on a daily basis don't necessarily think a lot about it, so if you could give us a bit of an overview of what the FTC does and kind of your responsibilities that'd be a great way to start I think.

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Deborah Platt Majoras: Well, it's a great question because people assume for example that we must do trade—as in international trade stuff—so people make that mistake. Really, we're focused on two primary areas in law enforcement. First, we enforce the antitrust laws. Now we do that together with the Department of Justice Antitrust Division where I used to be and we split the work between us as opposed to working on the same matters. So there what we're doing is enforcing laws that promote competition and, in addition, on that side of the house we also are advocating in the- in our policy-making role for competition. Competition concerns should be taken into account in federal legislation and state legislation when other agencies are considering policies. We always want them to be considering the competition implications of that so that's one side of the house.

The other side is consumer protection. Now the two relate very closely. I like to say that competition is the ultimate consumer protection, but when it's not enough—because there are some participants in the market who want to cheat, who want to cut corners, who lie to consumers about their products and services. So in that side of the house we are very focused on fraud in the marketplace, deceptive advertising. We have become very involved recently in protecting consumers' privacy in the marketplace so, for example, we implement the Do Not Call Registry which we all love—

Dean Linda Livingstone: Thank you very much for that.

Deborah Platt Majoras: And we deal with things like data security and identity theft, and so it's a huge agenda because we're an agency of general jurisdiction. By that I mean we cover just about all industries in the United States but for a couple that are carved out like banks, so it's interesting. That means that in any given day, a new consumer problem in the economy arises and we are the logical people to take a look at it. So I view my job in particular in sorting out, with all of the things we could be doing, what conduct in the marketplace is most harmful to consumers, and that's where I think we should put our resources so that's a big part of my job—figuring that out.

Dean Linda Livingstone: So what are the two or three issues you see right now that you think are- have a great likelihood to be most harmful to consumers, that you're really spending your time and energy on, and that the FDC is focusing on?

Deborah Platt Majoras: Well, on the consumer protection side, there are a lot of frauds that are extremely harmful to consumers. We focus pretty heavily on fraud in the marketing of so-called health-care products. These are products in the marketplace people claim will cure all manner of diseases and a lot of us look at that and say that can't be right, but, unfortunately, people who are ill often feel quite

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desperate and want to try new types of remedies. And so they literally will go off cancer treatments and the like to take some of these worthless pills so we view that as an area where consumers can really be harmed. A subset of that would be deception in advertising of weight loss products, which may sound like not a huge problem, but when your country has 70 million people trying to lose weight and we have an obesity problem—

Dean Linda Livingstone: It becomes a huge issue.

Deborah Platt Majoras: It becomes a huge issue. There's a lot of those phony products out there and we've put a lot of time and energy into that. Also on the consumer protection side, we're doing a lot of work in financial services in deception in mortgages, deception in other credit. Debt collection is a huge issue and abuse in that role.

All of these are issues we're really focused on, and the third one I'll give you on the consumer side is the whole bundle of consumer privacy issues has just exploded because we are- we have become, truly, the information society. Information about us is extremely valuable. It's valuable in legitimate business context so we can do our transactions quickly and efficiently, but it's also very valuable to thieves and so we're very focused on identity theft- are pushing businesses to secure data and the whole range of issues that go along with that. Let's talk about each of those areas a little bit more particularly. Clearly, the issues in the subprime lending market are huge around the country and, particularly in California, we feel it very strongly, and Countrywide is based here and they are certainly one of the major players in that area.

Dean Linda Livingstone: What has the FTC been doing? What are they doing in regard to what's happening in that environment? And kind of related to that, I think, one of the challenges and then one of the things the FTC is concerned about is equitable lending practices and giving everybody access to home buying and in some of the equity issues. And yet some of these tools that have been used to do that are now causing some real challenges as they sort of come to fruition. We see the long-term implications of that, so what are those issues for the FTC and what are you working on to try to bring to conclusion some of the challenges there?

Deborah Platt Majoras: Well, anything in the financial services area we- we- we're typically not acting completely alone because, of course, we have jurisdiction over basically financial service companies, including mortgage companies and brokers who aren't covered by the banking agencies. Now if you're a consumer, you don't give two hoots about which agency in Washington has jurisdiction, but from our perspective, these issues, we work very closely with all of the banking agencies.

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Now what we have done: The FTC has been working in the subprime area, actually, for many years and has brought a couple dozen cases over the course of the last ten years—really going after deception in the area and particularly in the subprime mortgage lending area. Now it's important—those enforcement actions are very important because they do send a message. You've got to be truthful in your advertise- They're tough cases to prosecute because a lot of what consumers get, they get orally. So they get oral representations but then there's a lot of other stuff written in small print on paper. So these are tough cases, but we've brought a number of them and we have investigation to the pipeline as well

But the other issue here that a lot of people don't realize is that we did some research. Our economists at the agency did research on whether consumers are getting the information they need on mortgages. In other words, we have—there are certain requirements, certain things—information that consumers have to be provided. Do they understand it even once they get it? And the answer we came up with, just this year—we released the study a few months ago—was a resounding no, and what's interesting is that applied not only in the subprime lending area, but in all mortgages. So even in mortgage areas we have highly educated people that have maybe bought more than one home, you're still seeing this lack of understanding. There's a lack of understanding so we're hoping that policy makers will use our study to, perhaps, make some real improvements. In other words, some people were likely deceived. Others probably just didn't have a full understanding of what they're getting, so that's a piece of what we're doing.

The other thing we're doing is a lot of consumer education right now. Now we always have, but whenever we're in times of economic crisis and the- like consumers really are looking for information, how- what should I do if I'm in over my head; what steps can I take? And we and the banking agencies have been, as much as possible, flooding the marketplace with information about how consumers can work through this. It's a tough issue. The toughest thing here and the thing that I worry about the most is: Yes, there were issues here, yes, there was lending going on, types of mortgages that people probably shouldn't have signed on to, and probably people getting mortgages who really couldn't pay them back and they shouldn't have. However, we genuinely believe that there are a lot of people who- for whom these new and innovative mortgage products have been terrific because they've allowed them an entree in to our housing market that they wouldn't have had otherwise. It's just the American dream. So the problem now is the worst thing we can do in Congress or in our agencies is tighten it so much that people who want to buy homes and really will work to pay them back are just excluded from the marketplace. That's what I'm worried about.

Dean Linda Livingstone: So then it'd be overreaction we often see when something like this happens.

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Deborah Platt Majoras: There's no question. Legislation and regulation are very hard. It's hard to calibrate it just right, and so I- I'm worried about that and my- I know some of my colleagues in the banking agencies are as well.

Dean Linda Livingstone: You talked also about privacy issues and we- clearly it's such a huge issue, right, with the access people have to information through the internet and through technology, and you are sort of an expert in this area. You've actually won several awards and been recognized for what you're doing in this area. So what are, kind of, the key issues there and what can people both personally and even in the companies do to try to help limit the damage that can be done with identity theft and the acquiring of information that others aren't supposed to have?

Deborah Platt Majoras: It's a great question. We all have to change our practices and our habits in this area. We have to create a culture of security around our personal information, and the way I like to look at it is: Everyone should treat it as though it were cash, and if we started thinking about it that way we would do things a lot differently. You wouldn't just leave cash even lying around your house. Businesses would not allow cash to go outside the building unless it's in a Brink's truck so there's just- you should think about it that way.

From the business perspective, we've had so many fabulous developments in this information and technology economy, but the security side has kind of been lax we've found, so businesses today have to take stock of what information they have, why they need it, how long they need to keep it and how they can safeguard it. And we've brought several lawsuits against companies in this area, but we've only ever looked for reasonable security. The cases we've fought have not been close calls because the security's been up to—

Dean Linda Livingstone: Clearly, companies--

Deborah Platt Majoras: Clearly. Because we've had investigations of companies where they've had big data breaches but we haven't brought a lawsuit because sometimes, unfortunately, hackers will get in and so forth even when you've tried hard. So I think it's a poor business decision today and especially when you see that customers out there are saying that they're going to start refusing or they have refused to deal with a business when they hear there's been a breach or when they know that they've got a problem. So it's a bad business decision.

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From a consumer perspective, consumers have- really just have to learn to make data security part of their lives, and it's a little bit like as you're growing up and you learn not to go running in the park at night. And so it's- for me it's really- it's that sort of thing we just have to think through so it's just a matter of in the first place preventing information from being taken and we have to- we have several texts on the FTC web site, but basically you can't just think about it as an online world. You have to think about it in all of your life because, unfortunately, we have people now who go dumpster diving to get your financial statements and the like or even people who come in to your home. Sometimes we've seen that. So first is prevention, and another important part of prevention is looking always at your financial statements, getting your free credit reports so that you can check to see whether there's been a problem.

Dean Linda Livingstone: So sort of doing your own audit periodically of your--

Deborah Platt Majoras: That's exactly the way to say it, because the sooner you find out that you've been victimized from identity theft the easier it's going to be for you to recover from it.

Dean Linda Livingstone: Well, I just saw today that Mayor Bloomberg almost had identity theft happen and money stolen from his personal bank account, so when people like that are having that problem, who probably have lots of security mechanisms in place, you know, just the average citizen is- has to be awfully cautious--

Deborah Platt Majoras: Absolutely cautious, and please reach out to us. We're the identity theft clearinghouse for the federal government and our database can be accessed by law enforcement agencies all over the country so we need you to contact us if you have this problem at ftc.gov.

Dean Linda Livingstone: Another issue that comes up that regards technology, I think, is a consumer protection issue in some ways. There's so much information now around and so many questions around the social networking sites like Facebook and MySpace and the fact that there are lots of predators on there looking for children or just vulnerable people. And, regularly, you hear about children that have been victimized or others. What role does the FTC play in trying to help protect that type of consumer in that kind of an environment?

Deborah Platt Majoras: Well, it- that's such a tough problem. Now we do enforce the Children's Online Privacy Protection Act, but that really goes more to collection of information about children so we've fought several cases under that. On the social networking sites our role has primarily been in educating

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parents and educating kids about what the risks are on these sites because the predator issue is a very big issue. Of course, those are criminal and so the Justice Department is more working on those issues, but, nonetheless, we are doing the consumer education.

The other issue is there's predators but then there's also- kids have always made poor judgments. We all did when we were growing up, but you also hear about these kids who put all kinds of stuff on these sites and now in four years we're looking at them and so they also just need to understand not just the major risks of predators, which of course is of paramount importance, but also just that you're creating a record. We send-- We've tried very hard to get the word out about what's going on on these sites, and clearly a lot of parent- parental responsibility for younger children, as well, to know what their children are doing and to monitor their activity—well there's no question. I think industry contributes a lot to that because they give parents more options in shutting down and keeping track of their kids' usage.

Dean Linda Livingstone: Well, let's kind of switch to the other side of what you do. You've talked quite a bit about this consumer protection side, but on the antitrust side. And it seems like they sort of go in waves of there being lots of antitrust activity and not. And I was just reading today that with all the- sort of the credit crunch that kind of the margin of acquisitions has slowed down so that now we're kind of being-picking up to fairly large acquisitions talked about today. So what are some of the key issues in the antitrust area that you're dealing with right now, and kind of related to that, talk about not only sort of domestically but on kind of a global basis because there are clearly some major cases like the Microsoft. We've seen it that way here but we've also seen it being dealt with in international regulatory environments as well.

Deborah Platt Majoras: Uh huh. Well, on the antitrust side merger, review is really what you would call the bread and butter of what we do. We're statutorily required to look at mergers. Mergers of a certain size require a filing with our agency and then we or the DOJ takes a look. Most of those mergers are cleared within 30 days, a very high percentage, as they should be but in others we request more information.

I think the interesting issues on the merger front today, really, as you might expect, go to the hot industries, the technology industry and so forth. And I think the hardest thing there is- in trying to analyze this-- We're just-- It's-- You simply feel like you may be trying to pin a wave to the sand be-- If the market is moving so quickly, it's tough to say. The job of predicting what mergers are going to be anti-competitive and not is a very tough one. You really are trying to predict the future based on past business behavior, and I- and in any dynamic industry that's going to be tough.

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Other issues always include a very difficult issue: How do you deal with firms with large market share? It is absolutely a foundation of our wonderful system of capitalism in this country that you don't punish the successful firm. It just doesn't make any sense. It doesn't make any sense for that firm but moreover what we care about the most is incentives for others. We want people to want to win. It's pride. That's what keeps them going. There's no hotter issue today in antitrust globally and in the United States, and the reason is because it's so difficult to distinguish between a very successful firm acting aggressively but competitively and one that's acting aggressively anti-competitively—tough to distinguish.

Dean Linda Livingstone: Well, there's a very fine line there.

Deborah Platt Majoras: Very fine, and those things can look the same so that's difficult and it's become a very big issue globally. When we look at it today from the United States perspective we don't have very many leftover vestiges of heavy regulation and state- federal and state ownership. We have the U.S. Postal Service, which sort of has a semi-governmental role, but also with interaction in the private sector. We have some industries still and utilities and the like that are pretty heavily regulated and they have been subsidized, but by and large, we don't have that issue. The rest of the world has it in spades so their major industry players who are huge are probably huge 'cause they were—

Dean Linda Livingstone: They were a monopoly

Deborah Platt Majoras: --and they were monopolies so that's a huge issue for us globally, and part of what I've been talking to a lot of countries about is you might have to distinguish today how you're treating the companies who got there the hard way—of competing and beating out others—versus when you're trying to break down state-owned enterprise and move forward. Now the competition enforcement around the world has exploded. In 1990, we had about 20, 25 competition agencies, some of which were dormant. Today we have over a hundred but that stuff's good. It's-- Not that adding bureaucracy is always good. It's good news because of what it signifies. It signifies a desire to shift to market system but it potentially can prevent unbelievable difficulties for global businesses and all these multiple regulating agencies around the world that you're trying to deal with. That's right.

And so we're working very closely with agencies around the world, very close working relationships with the European Commission, the Japan Fair Trade Commission and Canada that you would expect with major trading partners. We're working actually on investigations together for mergers and the like, and then our other role is we really work with developing countries to try to help them understand how you deal with markets. The Microsoft case-- There are some similarities between the two jurisdictions but it

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does to me show that we do have some differences between the United States and Europe on how we treat a dominant firm. There are some differences in the amounts if you look at the recent Microsoft decision coming out of Europe and the DC Circuit's decision from 2001. You can see some differences there and we have to keep working at that.

Dean Linda Livingstone: On a little bit more personal level, just in terms of your experiences with the FTC, as you think about your tenure you have about a year left on your appointment. As you look back on the time that you've been there, what hasn't happened that you really wanted to see happen in your tenure there? Are there areas where you wish you'd been able to make more progress than you have or not, if you had to pick one area maybe that you think it's not quite- we haven't gotten where I would like to see us get?

Deborah Platt Majoras: I think probably the area of section two of the Sherman Act, which is monopolization. We held- with the Justice Department we held hearings over the course of 11 months to bring in experts to really talk us through those issues, and we are preparing a report on that and I think it'll be useful but I do wish we were further along. And there's no substitute for moving a law along effectively if you actually have a case. There's just-- But I'm not going to bring a case for the sake of bringing a case and they don't come up every day, and so I do wish I could have made a better contribution in that area.

On the consumer side it's amazing. There are so many issues, and my staff will tell you I drive them nuts because I always want to-- Well, no. We need to do more here. We need to do more here. We need to do more here. So I do think in the area of just generally fraud there's still- there's just still so much of it out there. I wish I had armies of people to go after those guys, put them out of business. It's just extremely harmful to consumers, very harmful to the economy, so there's no question that I will leave this job with a longer to-do list probably than I had when I went in but that's sort of the beauty of our system. You have turnover at the top and I think it's good and I think it's healthy.

Dean Linda Livingstone: So as you look back, what are you most proud of that you have been able to accomplish and what do you sort of see as kind of the legacy that you're leaving at the FTC as you kind of move into the last year of your term?

Deborah Platt Majoras: A couple of things. On the consumer side, I'm very proud of the work we've done in the area of childhood obesity and food advertising. Obviously, we have a huge obesity problem as I said before and the fact that it's afflicting our children and which we now have doubled the number of kids and youth with type 2 diabetes.

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Dean Linda Livingstone: And it makes a very long-term problem. If it's already an issue with children, it will be an issue for their entire lifetime.

Deborah Platt Majoras: It will just-- It will be. It's a major health problem in the U.S. and so right after I took office I had a number of people coming in and telling me, "Look. The advertisers are responsible for this and you need to ban or limit food advertising to kids." And I looked at this very closely and said, "No. We can't do this for a couple of reasons. One: because the First Amendment is not going to permit it and I've sworn to uphold the Constitution. Second: practically speaking, it doesn't make a whole lot of sense."

Right. I can't be the food police for parents who are- who buy this stuff for their kids and I don't think anybody could be very effectively other than parents, but the thing is I wasn't content to do nothing because it's just a problem. And I sensed from conversations with some visionaries in industry and the health community and so forth that there were people who wanted to do some things and would be willing to do some things. So basically we started working on this with HHF and we did a big public forum so we could all sit down and talk about this, and where we are today I'm very proud of.

We have 12 major food companies and that includes McDonald's and Burger King and General Mills and Pepsi and many others. They represent about two thirds, maybe over two thirds, of the food advertising to kids and they've all publicly made pledges which involve either cutting it out completely, which some are doing, or only advertising to kids 12 and under foods that meet certain nutritional criteria and I think it's a major breakthrough. And what you're seeing now is you're seeing Dora the Explorer advertising vegetables and you're seeing Cookie Monster talking about cookies as a sometimes food, and I think so finally these are great changes 'cause I've always had the view if Sponge Bob can sell junk food why can't he sell vegetables? He has an effect on kids. Let's make a positive impact on kids. So I'm proud of the work we did there. We surely did not do it alone, but I think we did provide some impetus for that.

Dean Linda Livingstone: Well, just even facilitating those major corporations getting together and coming to agreement about addressing this issue is just a huge accomplishment in and of itself.

Deborah Platt Majoras: Right, and of course I'm sure they figured that as long as they were doing it with us they didn't have to worry about the antitrust...

Dean Linda Livingstone: Well, as you think about your transition in the next year and you've spent time in private business and working for a law firm, you've spent time in public service, what do you see

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yourself doing as you leave public service? Do you stay in some kind of a public service role? Do you go back to private practice? You may-- You probably don't know for sure what you're going to do, but how do you even evaluate personally how you make that kind of a choice?

Deborah Platt Majoras: Well, it's a great and timely question because I'm having to start thinking about it and we're going into a time of the year of tremendous change, which we frequent- which we go through every four to eight years in this country. And so you can't help but think about it. It's in the atmosphere right now, and I don't know for sure. I think it's fairly likely that I will end up next in some role back in the private sector. That's just the way of things—

Dean Linda Livingstone: Right.

Deborah Platt Majoras: --political appointments. This administration will be over, but even so, what's interesting about it is I'm quite certain that if I'm in the private sector I will never look quite the same at public policy making. Before, it was sort of of interest to me but I wasn't a player in it. Now I always will want to keep my hand somehow in this because public service is-- It's just a tremendous thing to have been a part of, to be able to have influence over issues that I care about so much—protecting the free market, protecting consumers from those who prey on them, which I think has a huge negative impact on markets. I've loved it and we've done such great things I think during my tenure in terms of advocacy for good policy making across the government that whatever I do next I really hope that I can continue to play a role in some way, which-- We're lucky to have a lot of people in the business world or the private sector generally who do that and lend their talents that way.

Dean Linda Livingstone: Well, I think it's wonderful to have people that have skill in both and they really work to bring the private and the public sector together, and, frankly, even in business school, we probably don't do a good enough job of helping our students understand the important interactions that take place there and really how much collaboration between those two sectors is critical to accomplishing the things that you're talking about.

Deborah Platt Majoras: There's really no doubt about it. It's fairly unique around the world when you think about it, the idea that we have for example so much self-regulation of businesses in the area of advertising. You tell that to people in other countries and they say, "Well, that's ridiculous. It could never work." Well, of course it works very effectively in the United States so it is a sort of intermediate step that we have between government and business. It's extremely important and it makes it all work.

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Dean Linda Livingstone: Yeah. Well, I'm going to conclude with a question that kind of ties back to what we try to accomplish at the business school. Our mission in the business school here at Pepperdine is to develop value-centered leaders and then to be effective, of course, business leaders and leaders more broadly in society. So as you think of yourself as a leader, what are the two or three values that really drive who you are as a leader and inform the way you function and the decisions that you make daily?

Deborah Platt Majoras: Well, I've been thinking about it 'cause I'm going to talk about that tonight. I think, first and foremost, a leader of an organization has to set the tone for how decision making is going to be accomplished, and it's very difficult in Washington when you have all these forces coming at you. My view on that is the one thing that I demand is that we make decisions on the merits and without worrying just about which way the wind is blowing and that we always give our honest assessment on issues and that we're just not going to play around with it. I think that is absolutely critical. I think you've got to have the respect of your folks and the respect of your constituencies outside so you have to have integrity. You have to have folks able to trust you both inside and out and that sets the tone for everyone. I want my folks to admit when they've done something wrong so when I do something wrong I try to admit it and apologize so I think that's a critical part of it. And the fact is that there are plenty of places in what we do, and unfortunately we've seen that in government as we see it in business, were ethical lapses, and so what I try to remind everyone is that ethical is not a yes or no question unfortunately. It tends to be a slippery slope with people—

Dean Linda Livingstone: Lots of gray in there and they think--

Deborah Platt Majoras: There is, and if you start to step down that slope you may not get back, and so we need to stay at the really far end in the ethics of what we do and that's really what I've tried to convey to my folks as a leader so that they can have confidence in the way we do things and know that everything is done on the merits.

Dean Linda Livingstone: Well, it's wonderful to know that we have people with the values that you have, Deborah, in public service and we appreciate the contributions you've made and that you will continue to make in that role. We really appreciate you being with us today.

Deborah Platt Majoras: Well, thank you so much. I've enjoyed it.

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Dean Linda Livingstone: And we hope that those of you that are listening will join us for our next podcast, which will feature Andy Bird, president of Walt Disney International who will be featured in our Dean's Executive Leadership Series on November 6th at our Malibu campus. So thank you for joining us today.

Rick Gibson: Well, that concludes our interview with Deborah Platt Majoras. Linda, what a fascinating discussion.

Dean Linda Livingstone: It was wonderful and we really appreciate everyone that was able to attend and certainly those that are listening to the podcast today.

Rick Gibson: Well, tell us who's on- who's lined up next.

Dean Linda Livingstone: Coming up next we have on November 6th in Malibu Andy Bird who is the president of Walt Disney International so we expect it will be a fascinating discussion about what Disney is doing around the world and certainly what interesting implications given their presence in southern California.

Rick Gibson: Well, that's terrific. Well, let me thank you, Linda, for joining us today and for our listeners for tuning in to this edition of the Dean's Executive Leadership Series podcast. Let me invite you to visit our web site at bschool.pepperdine.edu/dels, that's d-e-l-s, and we look forward to seeing you here next time.

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