Building an economy that serves the poor

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What a great university The Catholic University of America has always been—and has especially become over the last four years. My own academic path is probably more checkered than most of yours. Some of my closer friends know that I dropped out of college when I was 19. (Dropped out, kicked out—splitting hairs.) And I spent the next 10 years travelling around, making my living as a French horn player with no real intention of going back to college.

By my late 20s, when I was by this time playing in the Barcelona symphony, I married a Spanish girl. Life was pretty good. But I started to think to myself, “Maybe I should go back to school, try something else with my life.” Well, that entailed going back to the United States, enrolling in correspondence school, and trying to support ourselves. My wife at the time was 28 or 29 years old and she said, “Sounds great, but how am I going to help support our family?” She didn’t really speak much English at that point. She was afraid if we came back to the United States, she wouldn’t be able to find a job, as an immigrant, as someone that didn’t have language skills. But we took the plunge anyway. We needed her to work. So we came back to the United States.

She got four job offers in her first month. And she said something profound which I will translate into English for you. She said, “This is the most amazing country in the world for people who want to work.”

Now, this had a big impact on me. No one had ever said anything particularly positive to me about the United States. (Recall, I was a musician.) And she worked in a minimum wage job for the next three years. We needed that money. It helped us to get onto our feet. The rest went really well for us, I have to say, as things unfolded. The story ends, so far, with me speaking before you tonight! It was a pretty happy future, as it turned out. But here’s what enrages my wife the most today. When she hears somebody in this country talk about a dead-end job—nothing makes her more insane than people talking about a dead-end job.

Why?

Because she had a “dead-end job”—and it wasn’t actually a dead end. That’s what I wanted to talk to you about. I wanted to talk to you about the future that people can have, if we help them, and how to make that future in this country.

The truth of matter is that our story is becoming, sadly, less and less likely to occur today.

If you look around at the circumstances the poor face in America, they are grim. It is worse now than it has been in two generations. Consider this: economists will typically tell you that this year will have a steady but mild economic growth, something like 2.5%. That’s actually not exactly true. We will see 5% economic growth in the top half of the economy, and 0% growth in the bottom half of the economy. We have bifurcated our economy and we are denying economic opportunities to the poor in our population. This is simply a fact.
Consider the following: Since January of 2009 the stock market in the United States—which the president frequently uses as an example of an improving economy—has indeed increased at 125% in inflation adjusted value. Eighty-one percent of those gains have gone to the top 10% of the economy. At the same time, if you are in the bottom half in America, you have seen declining purchasing power on average in your family every year for seven straight years. Extraordinary.

In January of 2009, 32 million Americans were on food stamps, looking to the government to support themselves and their families. That’s a lot. Today, it has climbed to 48 million Americans. There has been a 50% increase in food stamp recipiency over the period after the recession. We’re supposed to be recovering, expanding, yet one of six Americans is now so poor that they have to ask the government to help pay for food.

“The problem is not that we have too much free enterprise in this world. The problem is that we do not have enough free enterprise for people who need it most.”

When we look at the events that are really tearing the country apart right now, you look at Ferguson, MO. last month. Recall that black teenage unemployment is now 37%. That’s just among young black men who are actively looking for jobs, not those who are so frustrated that they have left the workforce for good.

Now, you can treat these things as economic problems. But that’s not really what they are. These are social justice problems. You understand this because you understand economics and business, and that economics and business are fundamentally social justice issues and areas.

So what do I mean by social justice? As a Christian, I take my definition of social justice from the 25th chapter of Matthew. “As you did to the least of these my brothers and sisters, you did to me.” That’s the 40th verse of the 25th chapter of Matthew. Of course you’ve known it since you were children. I’m reminded of this every day when I’m in the car with my wife and there’s someone panhandling at the corner. My wife rolls down the window, and she has gift cards for McDonalds or Giant. At one point I said, “Really? Again?” And she said, “That’s the face of Jesus.”

This is what we learn. This is what we are supposed to learn as Catholics.

That’s social justice. As you did for the least of these my brothers and sisters, you did for me. But that’s not all of social justice. Because in Matthew 25, that very same chapter, back up a little bit to the 14th verse, and you begin the parable of the talents, where the master goes away and the three servants are given five, two, and one talents. The first two invest these things, but the third servant buries the talent in the ground. The master returns and calls the first two “good and faithful servants,” who have doubled the amount they have under their control. He sends them away with praise. With the third, he laughs and says you miserable servant, you know I’m a hard master yet you buried it in the ground.

The lesson is so obvious. We are supposed to use the talents that we have, the abilities that we have, the great gifts that God gives us, and use them to expand our passions and skills for the good of others. The vision of social justice that says we look out for the poor and we expand in ourselves the abilities that we have, and we help others to expand those abilities as well—that is the wholesome vision of social justice. Violating this, we imperil our own salvation.

Many of you know Father Bob Barron, whose boss is Cardinal George, who is not with us today. Father Barron tells a story about Cardinal George, where he’s talking to donors, wealthy donors, to the Archdiocese of Chicago. And he says to the donors, “The poor need you to pull them out of poverty, but you need the poor to keep you out of Hell!” I’m not saying that to my donors exactly…but I can tell you that today, when I look around the United States, we’re not helping the poor. We’re not lifting people up. We’re not helping people to use their talents.

How do we do that? What’s the key to lifting up the poor, if we’re going to solve this problem?

The key is to do exactly, I believe, what brought me into the movement to help poor people. That brought me from
Syracuse University, where I taught, to the American Enterprise Institute, an institution that is dedicated to the free enterprise system and to lifting all people up. Here's really what I experienced.

When I was a little kid in 1970, I remember my first experience of poverty. My brother subscribed to National Geographic magazine. Maybe you got it too; everybody did. I remember seeing an article about poor children around the world, with distended bellies and flies on their faces. Real poverty. We grew up in a lower middle class family in Seattle, and there were a lot of poor people by American standards living around us. But nothing like that. And it occurred to me as a kid, “There's nothing I can do about this.” I can put pennies in the basket on Sunday, alms for the poor, but it's drops in the ocean. I felt in my heart that this was an insoluble problem.

But I was wrong.

Fast-forward to the present. Let's look at the world today. If you ask most Americans if poverty around the world is better or worse than it was in 1970, 70% of Americans say it's worse.

And they're wrong! The truth is that between 1970 and 2014, the percentage of the world's population living at starvation levels has declined by 80%. An 80% decline in starvation level poverty. Now, there's still too much poverty around the world, and I believe we are called to serve the least of these my brothers and sisters just as much as we were at any time in human history. But an 80% decline—that's a miracle! Two billion people have been pulled out of absolute poverty since I was a child.

You have to ask yourself, what did that? Was it the United Nations, or U.S. foreign aid, or the International Monetary Fund, or the World Bank? No, no, no, no. Those may be good or bad institutions, based on your ideology, but they didn't do that. According to development economists, five things pulled 2 billion people out of poverty, and we didn't even know it. Those five things were globalization, free trade, property rights, the rule of law, and entrepreneurship. It was the free enterprise system that you work for, that those of you in this room are warriors for, that pulled billions of people out of starvation, and you didn't even know you built that. Charity is important, as Cardinal George tells us, to keep us out of hell. But you need a system that works while you sleep, that works on a massive scale, that can do that again and again and again, and relieve this world from true poverty.

The problem is not that we have too much free enterprise in this world. The problem is that we do not have enough free enterprise for people who need it most. The rich do not need capitalism; the poor need capitalism. They need the means of capitalism shared with them aggressively, and fairly, and compassionately—and today.

So, how are we going to do that? It's one thing to say the poor need more free enterprise. It's something else to say how you are going to do that. Because if it were really simple, it would be happening. Right?

It's a nontrivial question in my world. I run a think tank. I'm an academic by background. And when you talk to scholars, they don't know how to help the poor. Scholars don't know how to help poor people. It's extraordinary.

When I was at Syracuse, my closest colleague specialized in poverty reduction. And he tells a story about when he was working on his dissertation, his doctoral dissertation, at the University of Michigan and he was doing his work at the center for poverty studies, right, with big marble pillars. One day, he was just in there beavering away on his dissertation in complete silence with 30 other scholars, writing about what poor people need. And one afternoon a poor man walked in, saw the sign (“Poverty Research Center”) and he thought, “I need help with my rent, maybe they can help!”

Nobody knew what to do. They were befuddled. You
know, “Call security!” No one had any ideas! This is a problem, when scholars, specialists, people who profess to care the most about the poor have no idea what to do.

My own institution, which has been around since 1938, started a major push three years ago to do the most important work as far as we could on the subject of poverty. We started hiring scholars, and together we asked, “Where do we get our data?” Where do we get our data? Well, perhaps not by coincidence, all of us are Christians in this poverty research working group. And where do we get inspiration, where do we get real data? Where do faithful Catholics get data about poverty? The Holy Father said recently that the shepherds need to smell like the sheep. What does he mean?

Get your data by going there. By talking to them.

So when we go into poor communities, it’s an interesting thing. We have a major project: we are going to homeless shelters and soup kitchens and doing work right now. Next week, I will be in New York working with an organization called the Doe Fund, which specializes in providing homeless services for men that have been incarcerated for more than 10 years. These are the lowest members of society, who come out of prison not even knowing how to use a cell phone, who have been in prison since they were 17 or 18 years old. They are homeless. They simply don’t know how to succeed.

When we go there, what do we do? We look at people who are trying to pull themselves out of poverty, who are trying to change their lives, and we ask one question: “What do you need?”

And you know what? They all tell us the same thing. They tell us that they need three things, and they are three things that are actually kind of hard to hear.

To begin with, they have actual contempt for politicians. I know we all do, but they have a special contempt for politicians. I was here in Anacostia, it is a part of Washington, DC, that has been particularly marginalized and vulnerable for a long time, and I was talking to a couple of guys. One said, “Yeah, when politicians come through it’s always the same thing.”

I said, “Well, tell me about it!”

And he said, “Well, left-wing politicians come through, and they say, ‘I’m gonna get more money from rich people, and you’re gonna get it.’”

And I said, “Yeah, but what about right-wing politicians?”

And he said, “Oh, that’s the worst! You get these guys who come through and they see a homeless guy, and the Repub-
lican conservative says, ‘Buddy, you need to start a small business!’"

So we ask, “What do you actually need?”

The number one answer? “Stop treating us like children. Remember that we can be held to the same standards as you.”

They realize that there is a need for moral transformation for everybody. The call to conversion, the call comes to the rich and the poor alike. It is very clear to poor people that when we act as if they cannot be held to the same moral standards, the same secrets of moral success, that we hold ourselves to—that’s what we call the soft bigotry of low expectations. They resent it. They know it is wrong.

So what are our moral secrets to success? If you look at the demographic data, the secrets to success are fourfold for a happy, prosperous life: faith, family, community, and work. Not because they bring money, but because these are the things that bring a good life. And to the extent that our society doesn’t share faith, family, community, and work, doesn’t talk about these things, we rob the poor. Their moral transformation gets harder.

Imagine if I said, “I’m not going to share those values with my children. I’m not going to share that because that they have to figure that out for themselves. I don’t want to be judgmental.” I would be a terrible father. But aren’t the children of the poor my children too? What am I doing denying these things? That’s what our society does. Reversing that is the secret to moral transformation.

The second thing these folks always talk about is—and this is really hard for political conservatives to hear in the United States—they talk about relief.

See, the truth is, believe it or not, there are a lot of poor people who do need help with their rent. Who do need food stamps. Who do need a little help to get by. You know, I think the greatest achievement of the free enterprise system is the construction of the social safety net paid for by the government. It’s the first time in human history that any society has been able to achieve and afford something like that—and it sustains itself through prosperity that comes from the free enterprise system.

Now, that doesn’t mean a social safety net is for crony corporations and for rich people and for everybody who has their hand in the cookie jar. It’s simply help to the truly indigent. They say they need it, we know they need it, and all of us need to be warriors to protect it no matter what our politics are.

Third—and this is what people who are making their way out of poverty talk about most of all—is hope.

Hope.

Now, in business and public policy, we call that opportunity. But the language of hope is the most inspirational of all. Not hope as in, “I hope I win the lottery. I hope the president has a good policy that redistributes money to me and takes care of me.” No—real hope.

Real hope is a combination of “it can be done” and “I can do it.” If I work hard and play by the rules, there is a reward I can attain! There’s not a brick wall. I can actually do something, I can earn my success. It can be done. That’s real hope.

And this is where we get more practical. Because every single one of us who is interested in economics and business, and specializes in the means of prosperity—we have in our hands the hope agenda. If we just put our minds to it, we can bring hope to more people.

How? How do we practically do it?

I’m going to suggest something to you that has three parts.

Work as a sanctified thing;
Entrepreneurship properly understood; and
Education as a civil right.

Let’s start with work. You hear politicians talk a lot about “jobs.” The term “jobs” is very instrumental; they need to talk about work.

Work is a blessed thing that gives life hope, and gives life shape, and gives life meaning. There are really only two kinds of people in the world: those who think that work is a punishment and those who think that work is a blessing.

If you believe that your apostolate is in anything that you do which you can sanctify, that anything can be a priestly vocation, then you have an obligation to bring these ideas to everyone.

We need to get away from that notion that drives my wife nuts, that some jobs are dead-end jobs. I learned this the hard way. Five years ago, I was on a plane. A guy sat down next to me, and he had the bad judgment to start talking to me. I eventually asked him, “What do you do for a living?” Because if I don’t know you and you sit down next to me, I’m an economist, so I want to know what you do for a living. It turns out this guy was the CFO of a company that
owned 750 Burger Kings. Very interesting to me. I was asking him about the supply chain management, all the stuff that I think is neat.

At one point he was talking about labor rules, et cetera, and I made a mistake. Just off-handedly, I asked, “Do you ever feel like you’re creating a lot of dead-end jobs?” He gets red. I’m thinking, “Oh, there’s two hours left on this flight…” But he says: “Look I’ve heard this a lot.”

“I’m sorry…”

“No, look I’ve heard it a lot. But let me tell you. There are dead-end people. There’s dead-end government. There’s a dead-end culture. But there are no dead-end jobs. That’s the problem with our culture. We talk about dead-end jobs.”

And who are the elitists that believe in these dead-end jobs? It doesn’t matter what your politics are. Any of us can fall prey to this.

So with that said, here’s my question. Do those of us who have fancy degrees and good money and a great education—do those of us in this room honestly believe that there is equivalent moral worth between managing a hedge fund and trimming hedges?

If we don’t believe there is equal moral worth in all work, then how is the rest of the world going to believe that? Won’t the president of the United States say that everybody has to go to college or they will get a dead-end job? Won’t that view be propagated again and again across the generations? Won’t people who work hard but don’t have the precise skills that we do feel marginalized? If you believe in the inherent dignity of work, you have to talk as if you believe in the inherent dignity of work. That’s how policies follow.

The second piece is what we all love most—entrepreneurship. The Horatio Alger story is the basis of American society. We love it! Rags to riches! You know, when I’m talking to the guys at the Doe Fund who are coming out of prison, starting to work for the first time in decades, they say, “Someday, maybe I will own a business.” I celebrate that. I thank God for that. I thank God for that ambition. I think it’s wonderful.

We love entrepreneurs. Now, as a society of immigrants, that’s normal. The single most entrepreneurial act is the act of immigration. What is a mutation on the DNA of Europeans is typically the norm in the United States, because we all self-selected from that. That’s one reason why we are an entrepreneurial society in the United States. That’s why we are the wonder of the world in this way.

The trouble is, we have kind of forgotten what entrepreneurship really means. It seems like we are always in a presidential campaign now, and when you hear candidates talking about entrepreneurs, the heroes of the American economy, the story always goes something like this.

“I met a guy in New Hampshire,” or Delaware, or Arizona, or something, “last week. And he started out down on his luck. He dropped out of school, he had a problem with drugs. But finally he said to himself, ‘I’m going to make something of my life!’ And he started a sandwich shop. And then he borrowed a little money, and he got a second store, and he saved up his pennies and he worked really hard…”

And this is kind of a stem-winder. It goes on for a while. And then it ends like this: “…and then he made a billion dollars!”

That’s always the punchline of that story.

That’s the wrong ending. That’s not the entrepreneurial ending. The entrepreneurial ending is: “Then he supported himself, and his family, and then his kids saw him earning a living.” That’s the entrepreneurial story.

Why?

Because entrepreneurship is not starting a business. That’s simply one manifetation of entrepreneurship. Entrepreneurship is the dignified endeavor of building your life. Each one of us has the firm foundation that is our life, and single person has the dignity endowed by God, our creator, to be an entrepreneur with his or her life. That’s the spirit that we have to get back. If we don’t, we marginalize the people at the bottom that need entrepreneurship the most.

We’re in Washington, DC, the capital of the wealthiest nation in the world. Let’s say in Washington, DC, you want...
to change your life—your kids grow up, you want to change careers, and you want to become a realtor. You want to sell real estate. This is a typical second career, by the way, for women when their children move out and they’re in upper middle class families. To do that, you need a license and you need training. How much training? You need 135 hours of training. Okay, a lot? A little? You decide.

But now, let’s say you want to become a cosmetologist so that you can braid hair and paint nails in your living room. This is a typical first job for minority women who are poor and have children at home. Okay. For your license, you need 1,500 hours of training. You need to go to school for a year. Or you will be fined and shut down by the government.

Unless we have a bias for entrepreneurship that goes all the way to the bottom—before it can come up—then that’s what we are going to get! We are going to get discrimination against poor people who want to build their lives. That’s not just un-American. That’s immoral. And that’s what’s going on around us as we speak in this very place. Extraordinary.

Now, I left the best one for last, because we are working in an educational institution. American education—as most of you know—is in a crisis. It is a crisis that actually affects big parts of the world. Here’s a radical, crazy idea: this is the new civil rights struggle of our time, this education that especially helps poor people to gain the skills that they need to start their lives out right.

How about if we had a public education system that benefited children first, instead of grownups first? That would be a radical departure from what we have today. Here in DC, in the public schools, we spend $21,000 per child per year. $21,000. What do we get for that?

What percentage of 8th grade public school students read at national grade level in Washington, DC?

Eighteen percent.

That’s what our money buys. If I go to the government and I ask, “What do you need?”, they’ll answer, “More money.” Okay—we are really rich as a country. How much money? $36,000 per year? $49,000? $110,000? Name the number! I’ll pay it. I don’t care. It’s for the kids!

But it’s not the money. That’s throwing money down a well. It doesn’t matter how much money it is until we have the entrepreneurial idea that innovation and choice are what we need. Until we have the genius of people in this room, and your students, and our colleagues, and everybody as warriors to get innovation and choice into the public school system, nothing is going to change. And the poor are going to stay poor. Twenty-five percent of the kids in this country are not getting an education that trains them meaningfully for any role in the modern economy, and virtually all of them are poor. That’s discrimination against poor people. And we are actually supposed to have a preference for poor people.

My point tonight is that we have a moral obligation to work for the people who have been left behind.

We are leaving millions of people behind. Free enterprise is the key to this, but not free enterprise that only helps the rich. No, free enterprise that has a bias towards the poor, that we push all the way down to the bottom before it can come back up. That means a free enterprise agenda of hope—that’s work, entrepreneurship, and education. We have in our hands the opportunity to use the gift of economic freedom to help “the least of these our brothers and sisters” in new and creative ways. That’s a glorious gift to all of us.

When I speak to businesspeople and advocates of the free enterprise system, my challenge is this: “Don’t ask yourself if you’re angry enough to fight for free enterprise. Ask yourself if you have enough love written in your heart for every person rich and poor, especially the poor, to fight for free enterprise.”

Because if you do, you will be a happy warrior and we have an honest fighting chance of changing the lives of those around us with the greatest gift that our economy could ever give us. God bless you, and thank you. ★
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