

Religion, Economics and New Approaches to Poverty

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MICHAEL CROMARTIE: As I mentioned to you earlier this morning, we have lunch twice a year with some of your colleagues. The topic we're dealing with now was brought up by Michelle Cottle. Michelle said at one of these luncheons, "I've just come back from Ohio," (this was about a year ago) "where I interviewed John Kasich. And I've been following closely what Paul Ryan is trying to do — the way he's trying to interpret Catholic social thought and new approaches to poverty. It seems to me there's real dialog going on within the party on different approaches to poverty. We ought to do a session on that." I said, "Well, I know just the person to do it." Arthur Brooks is president of the American Enterprise Institute (AEI). He is also the Beth and Ravenel Curry Scholar in Free Enterprise at AEI. Arthur has got a new book out, it's called *The Conservative Heart, How to Build a Fair, Happier, More Prosperous America*, where he addresses some of these questions in our title.

After Arthur speaks we've asked John Carr to respond. John is the director of the Initiative on Catholic Social Thought and Public Life at Georgetown University. He served for over 20 years as director of the Department of Justice, Peace and Human Development at the United States Conference of Catholic Bishops, providing guidance for the US bishops' public policy and advocacy. Both of these men are imminently qualified. This is not a debate, this is a conversation, a dialog among friends. So Arthur Brooks, I know personally how busy you are and we're so grateful that in light of that incredible schedule that you keep that you were able to get the time with us down here in South Beach. Thank you for coming.



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ARTHUR BROOKS: Thank you, Michael and thank you to all of you, what an honor to be with you. I've been looking forward to this for a long time. There aren't very many talks that I can give where I can start by confessing that I am a Christian. See, I'm President of the American Enterprise Institute, which is a secular institution. Starting off a talk saying that I'm a Christian would somehow be subversive in the environment and particularly in Washington, DC, where I live. So most of you don't have to.

The topic of our conversation is "Religion, Economics and Poverty," which is obviously a pretty big portfolio, so I'm going to try to narrow that down a little bit. I'm going to try to make three points in the next 30 minutes. The first is I'm going to give you what I believe is the moral purpose of a free enterprise oriented economy. The second is I'm going to tell you what I think is the one thing that we most need to do to start and win a new war on poverty. And the third thing is a small outline of a policy agenda that can get that done. So those are the three things I'm going to do.

Now, I'm going to predicate my remarks on the idea that everything I say represents my point of view and not my institution's point of view. As a secular institution not everybody shares — when I say "what's the moral purpose of a free enterprise economy?"— that's pretty personal. Not even all of my colleagues would agree with me. Maybe in the question/answer period you might be interested in what some of my colleagues would disagree with the most, given the fact that we have a competition of ideas internal to the American Enterprise Institute.

So what's the moral purpose of the free enterprise economy? What is the moral purpose of what any of us does? We're all pretty successful professional people. In Washington or New York, or wherever each one of us lives, you're always asked what you do, but you're never asked why you do it, the <a href="https://www.why.com/wh

I didn't start off in the profession of being the president of a think tank. There's nobody who's six years old who says, "Mommy, when I grow up, I want to be a Rightwing think tank president."



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Laughter

When I was a kid, I wanted to be a musician. In point of fact, that's what I did. I dropped out of college when I was 19. Dropped out, kicked out, splitting hairs.

Laughter

I went on the road playing the French horn, which is what I always wanted to do, it was my dream. It was a dream come true. I played all over the world and I wound up for a long time playing in the Barcelona Symphony, all the way through to my late 20s. I went back to college in my late 20s and got my bachelor's degree by correspondence when I was 30. Again, this is a non-traditional, non-linear path to being the president of a think tank I realize.

When I was in Barcelona, I was doing a lot of soul searching. I got married and my life was changing a lot. I wanted to know the "why" of my work. It was a question that I should've been thinking about all along. But I remember being really influenced in that sort of vision quest by the words, not the music, by the words of my favorite composer, Johann Sebastian Bach. Those of you who like classical music you know the work of Bach. He's arguably the greatest composer of all time. Unbelievably productive. He published more than 1,000 works in many, many types of orchestration. He also, by the way, had 20 kids, which is productive. Bach near the end of his life, was known as a great teacher, and was not yet known as a great composer. He was asked by a minor biography, Herr Bach, "why do you write music?" Again, it's the question that anybody could ask you or me. Why do you do what you do? Here is Bach's answer. It had a big influence on me when I read this. Bach said, "The aim and final end of all music is nothing less than the glorification of God and the enjoyment of man."

I asked myself if somebody said to me, "Brooks, why are you a French horn player?" Would I say, honestly, "the glorification of God and the good of mankind."

MICHAEL CROMARTIE: It depends on how well you play it.

Laughter



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ARTHUR BROOKS: The answer would've been no. I wouldn't have said that. I would've said something about my own personal edification or the progress of my career or it pays a living or I'm really good at it or, hey, I dig music. I wouldn't have said the glorification God and the service of mankind. But Bach said that. By the way, it was quite correct in my view. Bach had his Christian faith at the center of his existence. Bach was a serious practicing Lutheran. And, of course, his words "the glorification of God and the enjoyment of man" comes straight out of Luke, Chapter 10, Verse 27, "Love the Lord your God with all your heart, with all your soul, with your strength, with all your mind, and love your neighbor as yourself". That's the one thing that you got to know according to the Savior. Bach new it. Bach translated into the language of what it meant to be a great artist. I wanted a piece of that.

So that's what started this journey that led me away from classical music, that led me, believe it or not, to study economics. I want to tell you how that works, because it sounds almost like science fiction that if you really want to do is to glorify God the most that you'd go anywhere near the dismal science. It doesn't make sense. So let me tell you why and how that worked, how that happened. Oh, and by the way, to glorify God and to serve my fellow men and women, which men and women, which? In the role of economics, you find the answer to that in the Gospel of St. Matthew Chapter 25, Verse 40. "The least of these our brothers and sisters," and this gets back to the wonderful beautiful words of our last speaker. It doesn't say in Matthew 25:40, "as you did for the average of these my brothers and sister you did for me," it says "the least of these". So therefore what I was looking for was some way to serve God and to serve people who had less than me. That was my quest.

So where did I go? Well, I started studying economics and I had one question in mind. How do people stop being poor? Now, it wasn't why are people poor? It was, how do people stop being poor? Because I had this hunger for some action, some way that I could figure out the solution a little bit more. By this time, I was in my late 20s. I want to tell you what I found, because it changed my life. It led me to get into the think tank world and become a college professor and then after about ten years to get into the think tank world. You're going to see why in just a second.



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I found out the following. This was surprising to me, because most people don't know it. If somebody asked you, "what has happened to world poverty since you were a child?" Seventy percent of Americans would answer poverty is worse. So, for example, is world hunger worse or better than it was in 1970? Seventy percent of Americans will say it's worse than it was in 1970. I found out that's wrong. When I was a kid, I remember the first time that I saw real poverty. Now, I grew up in a lower middle class or working class conditions in Seattle in a liberal Democratic family. Just a little bit of background. Christian family. Most of the people in my neighborhood were from broken homes and a lot of people were on welfare. But I remember the first time I saw real world poverty. It was a picture, you remember this too, those of you who are my age, it was a picture in the National Geographic Magazine. It was that kid with the flies on his face and the distended belly. You saw something like it. See around 1970, that's when Americans really saw that image for the first time. The explosion of mass communications made that something that was available to us, to envisage what was going on in other parts of the world and true poverty. I remember thinking as a little kid "that's not right," but there's nothing I can do. I mean, I could give my allowance on Sunday morning and put it in the basket, but that was nothing. I knew that that was ineffective.

So I grew up and I went to school and dropped out and went to work and got married and started my family. I would often remember that and ask, "what happened to that kid or people like him?" Some of you have probably had that thought too. So I sort of found out by the time I was in my late 20s. Not him specifically, I wish I knew. What happened to most of the poorest people in the world since I was child? Here's the way it looks just from an economic perspective. From 1970 until today, the percentage of the world population living in starvation levels (a dollar a day or less, adjusted for inflation obviously) has declined by 80 percent. There's been an 80 percent decline in the world's worst poverty since I was a kid. Now, I found that out and like scales fell from my eyes and I had to know why. See, if you don't know the answer to why, you can't replicate it. How many people is that who were pulled out of poverty, starvation level poverty? Two billion people were pulled out of starvation level poverty. It is a miracle. It is a humanitarian achievement on a scale that we've never seen since the beginning of history and it's the first time ever that that's happened.



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So what did it? Was it the United Nations or the International Monetary Fund or the World Bank or US Foreign Aide or Central Planning? No, it was none of those things. It was five things. This is not a partisan point at all, because all economists of repute who understand world development know that it was basically five things that pulled 80 percent of the world's worst poverty up above those levels. It was globalization, free trade, property rights, the rule of law and entrepreneurship. See, the explosion of communications that showed the face of that boy to me showed your faces to him. Billions of people threw off the shackles of their poverty and threw off the shackles of tyranny by copying the system of the American free enterprise system.

Now, this is not to say that the system is perfect, because that would be absurd. This is not to say that everything is well. But that's a miracle. We accidentally did that. That happened during my lifetime. I said to myself. "I want the next two billion. I want to find out a way that we can stand against poverty with a system." See alms for the poor are important to get us to heaven to be sure. You know the scriptures on that as well as I do. But you have to have a system that works while you sleep. I dedicated to propagating that system within an environment of justice and a legal framework that spread it properly and in a way that would not destroy resources or exploit people, but that would share this idea of enterprise so that people could lift themselves up. That's the reason I got into the business that I got in today. That's the reason that for the first time in my life I can respond to the question that Bach answered in the same way. I can say about my job, as President of the American Enterprise Institute, I do what I do for the glorification of God and the good of our fellow men and women. I honestly believe it.

Now, there's a problem right here at home. Nobody who's looking at the evidence will deny that's it better to be poor in American than in sub-Saharan Africa, okay. It is, of course, better to be poor in America than in sub-Saharan Africa. But we have a big problem in American, which is that while in most of the world there's tremendous progress, among the poor in American we've seen progress stall. So if I want to do what I'm called to do, according to my religious faith and my sense of ethics, I need to solve this problem in America today. By the way, the evidence is overwhelming. The bottom half of the income distribution in American, zero through 50th percentiles in



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income distribution have a zero percent economic growth rate. When economists like me tell you that we're having a two and a half percent steady economic growth rate — they're lying. We have a seven percent economic growth rate in the top ten percent of the income distribution, and a zero percent in economic growth rate in the bottom half, a far as economists can tell. We have an asymmetric world around us right now.

Now, we also see, by the way, all of the evidence that we could possibly want that it's getting harder to be poor in America today. Since 2009, the percentage of Americans on food stamps has increased dramatically. The number has gone from 32 million to about 46 million Americans. So poor that they have to rely on the government to feed themselves and to feed their families. In the wake of a recession, that is to say after a recession is over is when we've seen this growth. Part of the country is being left behind. Poverty is getting worse in America and the growth rate is lower than what we see even in the third world today.

I got to India a lot, I spend a lot of time in India. I was there last week as a matter of fact. Every time you go you see less poverty. Is there more poverty there than in the United States? Of course. But it's better every time you go. Every time you go to certain neighborhoods in Washington, DC, you see things that are worse right now. Something's not right.

So what do we need? As a president of a think tank, I could give you about 50 policies that we need. But here's the sad truth about running a think tank. If you want progress, policy is ten percent. The other 90 percent is ethics and values and morals and culture and philosophy. That's where progress really comes about. Probably that should be off the record, by the way. As the President of AEI, I don't want to alienate all my colleagues. That our whole institution is living in the ten percent extrinsic margin of progress. But the truth is that if you want policy progress you'd better start by talking about philosophical progress. You need a new attitude.

So here's what I want to propose is the new attitude that American needs if we want to kick start the bottom half to greater dignity and to greater potential. What do we do? Here's what I propose. The attitude that we need about poverty, we need the poor. Now, that's subversive to modern economics. If there's one consensus around



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which the modern economy is based it's that the poor are superfluous. That the poor are not necessary, that we don't need the poor. But think about what this actually says from a human perspective and from a social science perspective, and from a theological perspective. That arguably the greatest Roman Catholic intellect in the past two decades in America is the just deceased Cardinal Francis George of Chicago. Great man, great mind. Cardinal George three years ago was meeting with his biggest donors in the Archdiocese of Chicago. His biggest donors that were contributing to his poverty programs, which are considerable, which are expensive. He's talking to them, and he says to his donors, "The poor need you to pull them out of poverty. And you need the poor to keep you out of hell." I don't recommend that as a fundraising tactic by the way and I have not used that as the President of AEI. But think what he's saying. He's telling them you need the poor for your salvation. Is there anything more central to Christianity than that?

How do we understand that in secular world? I'm going to think about that here in a second. But I do want to call your attention also to the fact that it's not just a question of salvation, it's a question of something we all need. See if you agree with me in this assertion. The essence of dignity is to be necessary. That's the essence of human dignity is to be necessary. Think about this in your own life. Are you needed? And how important is that to you?

I have three kids. It's interesting with children, we often don't think about it this way. When we talk about helping the poor, they're poor, they have nothing, they're weak.

What are the words on the base of the Statue of Liberty? Were we serious? Think about your grandparents or great grandparents or somebody came here. If they came here of their own volition, were they steaming into Ellis Island saying, "Sure is great to be in America where I can get a better system of forced income redistribution?" Not so much. They were saying, "I want to build my life." They were like we are right now, which is at our essence just riffraff with one direction to go and that's up. We built this country on the basis of poor people, of people who wanted to strive but didn't have a title and didn't necessarily have the right religion and didn't have literacy and didn't



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really have strength in the modern sense of the word. So when was it that we decided that poor people aren't necessary?

You know, I have a hypothesis about that. It was sometime around the time of The Great Society. Sometime around the War on Poverty. If you go back and you read the initial pronouncements in the War on Poverty, The Great Society speech was delivered on May 22nd, 1964. I was one day old. I remember the speech.

Laughter

I was born for policy. No, it was, if you go back and you read the speech it was written by Doris Kearns Goodwin's husband. I learned that, we were on Meet the Press together and I quoted the speech. She said, "My husband wrote that." I said, "Small world," on TV at least. It's beautiful, we all believe in it. It talks about people not built for doles, but built for human potential. It talks about the dignity of every single person.

But what happened? What happened was that after \$22 trillion, we went from 15 percent of the population in poverty to 14.7 percent of the population in poverty today. Is it easier to be in poverty? Yes. Is it better to be in poverty? You tell me. I work in communities of poverty in my private life and in my life as President of AEI. Let me tell you, it doesn't seem like there's any greater happiness in parts of Washington, DC that are living in poverty. In a year that I'm dipping into this problem something happened. I'm going to propose this is what it was. We went from seeing poor people as assets to develop and we went to see them as liabilities to manage, because they were no longer necessary to us. In a postindustrial society, we've gone from making weak people strong to be part of this economy and to build this country and to build our society to making smart people smarter. That makes the bottom superfluous if they start off with a bad education. If they start off with what we believe to be weaknesses that are maybe remediable, but not in a cost beneficial way. That is a fundamental moral shift in this country when we go from asset development to liability management. I believe that's what characterizes poverty relief, I believe that's what characterizes school reform. I believe that's what characterizes every area of public policy where you have winners and losers. The day that you say that somebody's a liability to manage is the day that you've given up on that person and you have a



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fundamental change in your country. Think about what that would mean if you did that to one of your children.

So what are we going to do about that? What are you going to do about that? Well, let me suggest a few policy ideas now. If we can actually have a major, a serious American conversation. If we can actually come to remember that poor people are not liabilities, but they're assets as well. How do you instantiate that in the ten percent of progress that could be policy? To begin with, look at the policies that we have toward poverty, they're all liability management policies. We're arguing over the level of welfare benefits all the time. That's liability management. Now, don't get me wrong, I believe that the social safety net is truly one of the greatest accomplishments of capitalism, because it's made it possible with the largess of the American economy to cover the needs of people we don't even know for the first time. What a miracle. What a great thing that is. I declared peace in the safety net a long time ago. Even as a conservative economist, I think it's important to do that. But to say that your poverty policies are all about negotiating the levels of welfare relief is a liability management policy.

Now, on the other side, mostly on the political conservative side, we have another kind of liability management which is the criminal justice system. That's really liability management. So if you've got the Left talking about making welfare higher and the Right talking about more "lock 'em up and throw away the key" policies, both sides are agreeing that poor people are liabilities to manage. That's going to get us exactly where we don't want to go.

What are asset development policies? What are the optimistic reforms that treat people like the building blocks of our society that they really are? The first starts by seeing them as people, as individual people. The last wonderful presentation talked about looking at people who had been harmed and it named them. Because identity is critically important. Not in identity politics, but remembering that each one of us has the dignity of having an identity. When you talk about the mass of people who have been harmed or "the poor," you get away from that identity and remembering that people are needed means naming them and seeing them and seeing their faces.



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This is one of the things that I suggest to politicians. I had lunch with all of the Republican Senators three weeks ago, saw all of them in one room. So once a month they get together for lunch and one time per year I go in and I talk to them for 30 minutes before they go into conference to kill each other. I'm talking to them and I said, "Here's what I suggest. Go to your state and come back with five pictures of people you don't need, but that you're fighting for. Pictures, identities. Then tomorrow morning when you get in say a little prayer. Say I'm doing my work, I'm fighting for him and her and her and him and her. Then when the widget manufacturers of South Dakota, or whatever, come to see you because they want something, they're going to say, "Oh, who are those people?" You're going to say, "Those are the people that I'm fighting for." That's identity, that's real identity. That's not identity politics, it's the true essence of human identity.

A policy agenda starts off by saying we need to add value to those who can be valuable. That's what gets into a big part of the work that we do today at AEI, with education reform. Education reform is so sterile, I mean it's always the same thing, education choice and voucher programs and charter schools and getting I-Pads into the hands of every kid and all that. But let's think a little bit more specifically about what the philosophical basis of education reform is all about. In Washington, DC, the capitol of the free world, we spend \$21,000 per kid per year, okay. What do we get for that? The percentage of eighth graders in Washington, DC public schools who read at national grade level is 18 percent. That's what we're getting. More money won't do it. More money is not positive policy. It's simply throwing money to a problem and wanting it to go away because it's liability management. That's not the right way to go.

Real education reform talks about how people can be more like productive citizens and how we can develop people as people. How are we going to do that? We're not talking very seriously about that when a non-trivial amount of what we do in education nationwide goes for all intents and purposes to provide jobs for nice grownups, as opposed to doing anything that it takes to be warriors for kids to lift them up. When we talk about education choice, keep that in mind, when we talk about education innovation, keep that in mind, we can talk about the specifics of that all we want. I'm delighted to because we have some question and answer time afterward and the work



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that we're doing that I'm thinking about. But as a matter of basic philosophy that's at the base.

The second is work. Work is as empirical matter, and I'll tell you this as a social scientist, the essence of an organized dignified life. Why? I'll tell you why, I believe so as a Christian because we're made in God's image. God told Adam and Eve, "Work the garden," before the fall by the way. He didn't say relax in the garden. "Work the garden." There's something inherently human about earning your success through something that's valuable to others. There's something that's inherently human about becoming necessary to other people, to earning necessity in the lives of other people through your work. Yet we don't talk about work when people are poor, when people are unproductive, when people have low education, when people have few skills. We don't talk about work as an inherently organizing and dignifying thing. There were these moments when we sort of did, Welfare Reform in 1996, but it sounded more like work was a punishment. Didn't it? This is the one thing that I hear Democrats and Republicans agree on all the time. You know, Democrats talk about not making people go to work in dead end jobs. Republicans say, no, we're going to make them go to work. The one thing they both agree on is that work is a punishment. They don't talk about work as a blessing. If what the Right and Left agree on is that work is a punishment, we have a big problem on our hands. Because all of us around this table, we love our work. You know you do. Even when you complain about it you know you love your job, right? Yet we think that somebody who buses tables, somebody who puts gutters on a house, somebody who didn't make it through high school that's a dead end job.

I was talking to this guy, he sat down next to me on an airplane, five years ago or six years ago, and he had the bad judgment to start talking to me. So I did what I always do, because I'm an economist, I said, "What do you do for a living?" Because I love meeting people and understanding what they do all day, it's interesting to me. It turns out he's the CFO of a company that manages 750 fast food restaurants. I said, "Interesting. I don't know anything about that business." So I was asking about supply chain management and all this sort of B school professor boring things. Then I said offhand, I said, "Do you ever feel bad that you're creating just a bunch of dead end



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jobs?" His face starts getting all red. I'm thinking, "Oh, it's like two hours left on this flight, oh, no." So I apologized to him. I said, "I'm sorry, I didn't mean it." He said, "Look, I hear it all the time. Let me tell you, you could have a dead end culture, you could have a dead end government, you can have dead end families. There are no such thing as dead end jobs." Now, I understand. I mean look I'm not naïve, I know that minimum wage doesn't pay enough to support a family. I will talk all day long about alternatives to the minimum wage that don't destroy jobs, that create dignity and they actually cost money from the government. I'm completely comfortable with that, believe me. But his point was different. His point is work is work. Now, for me running a conservative think tank the question is for me and my donors, do we believe that there's equal sanctity and sanctification between running a hedge fund and cutting hedges or not? Because if the answer is no, my priorities are messed up. There are no dead end jobs if we love our brothers and sisters who are in need. Work is work and we should be warriors for it for everybody, because that's the basis of a good and just society.

Third is this term we throw around all the time, which is entrepreneurship. You listen to conservative presidential candidates, Republican presidential candidates and they don't understand entrepreneurship. They're always telling the same story of the guy who starts his muffler shop and he really was born on the wrong side of the tracks and, he maybe had a little drug problem and he dropped out of school and, goofed off and all. But finally he got his life together and scraped together a little bit of money and opened a muffler shop. Then he poured all his money back into the business and he opened a second muffler shop. Right, he's telling you this, you always hear this story again and again and again. Then at the end of the story you know what happens, and you know what the punch-line is? Then he made a billion dollars, right. That's the wrong punch-line. That's not the payoff of entrepreneurship. The payoff of entrepreneurship is the ability to build your life. It's this idea that I supported my family and myself, that somebody needed me.

Here's how I learned it. When I was doing field work for my last book and we're actually making a movie at AEI right now, we looked at how people start in prison and then wind up with better lives. How people rebuild their lives. I met this guy, his name is



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Richard. He went to prison when he was 18, he killed a guy. He went to prison for 22 years. He gets out when he was 40. He's never had a girlfriend, he's never had a job, he doesn't know how to drive a car. It's like a little kid, Richard. Then I saw him a year after he came out. He went into a program called the Doe Fund, which is kind of a miraculous program in New York City that we do work with that has a much lower recidivism rate and a much higher work retention rate than any other homeless shelter program in New York City. He had gone from sweeping the streets to taking this just "low end job," "dead end job" with an exterminator company doing nothing. Something that's not nearly as good and fancy and cool as our jobs. So I'm talking to Richard and I said, because I write about happiness in the *New York Times*, "Richard are you happy?" Richard says, "Look at this." He pulls out his I-Phone, which is the not the secret to happiness, by the way.

Laughter

He shows me an email. The email is from his boss and it says, "Emergency bed bug job East 65th Street. I need you now." I said, "So?" He says, "Read it again. It says I need you now. Nobody has ever said that to me in my whole life." I thought, "That's it. That's it, isn't it?" That's the essence of building your life so that you can earn necessity with other people.

So what are we trying to do here? We need public policies that make everybody needed. We need everybody to have the opportunity to build their lives this way. If we're serious about poverty, we have to be serious about not just about relieving need, physical immediate need, we can do that. Look, we're so rich we can pull 25 percent of the American public in the cart forever, 40, 50 percent, I don't care. It's easy. Tax people, we have tons of dough. I know we can do it, I'm an economist. Believe me, we can do it. But it's not right. Not for us, but for them it's not right. That's not the essence of what it means to be fully alive. We need to be needed, then we can love ourselves.

So here's where we are and here's what I ask my colleagues to do. I ask each one of my colleagues to talk about poverty in this way. I say do an examination of conscience. I have a "state of the institute speech" which my 225 colleagues endure once a year at



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AEI. I say, "Examine your conscience before you go to sleep tonight." Don't ask yourself was the *Washington Post*nice to me today. Because probably no. I mean it's a tough world out there, right? Ask yourself did all of my work go for the benefit of people with less power than me? If the answer is no, you're screwing up. You're not bringing glory to AEI. You're not doing what you're here to do. But if the answer is yes, then get a good night's sleep and come back ready to fight, ready to be a warrior for people tomorrow. Because that's the essence of what we're supposed to be doing. Now, do they all believe it? I don't know. Is it my job to say it? Every day. Every day for the rest of my life. I hope it's been useful to you. I'm very much looking forward to hearing what John Carr has to say. God bless you. Thank you.

MICHAEL CROMARTIE: Thank you, Arthur, thank you very much. And John Carr many of you know is the Director of the Initiative on Catholic on Social Thought and Public Life at Georgetown University. It's also important to know that for over 20 years he was the Director of the Department of Justice Peace and Human Development and the US Catholic Conference of Bishops. So we ask John to give us his perspective on this matter and then we'll get into the Q&A.

JOHN CARR: How would you like to follow Dr. Raboteau and Dr. Brooks? This is a classic case of admiration trumping intelligence. I very much admire Arthur Brooks and I know it's a really bad idea to follow him and in some ways to offer an alternative view. But I'm delighted to be here, because not only of Arthur, but also Michael. Michael is a bridge builder in a town that doesn't build bridges— and we need more of that.

I'm happy to be here because of who you are. Journalism is tough work. Serious journalism is even tougher work. Serious journalism about faith and public life is rare work and it's really important. I am grateful to you for doing it and to be a part of this discussion. I'm also grateful because of where I am not. Michael said I worked for 25 years at the US Catholic Bishops' Conference. They are assembled in Baltimore this week. Some of you were able to come here instead of going there. We have made the better choice.



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I loved working for the Bishops. It was a great job. I saw the strength and vitality of our Church's, ministry, a lot of things that Arthur talked about. But it was not always easy. I worked there during the sexual abuse crisis. When Limbo when into limbo. I said to one of the Bishops, "I never understood Limbo. I don't know what happened to those babies and I don't feel bad that it's gone. But do not mess with purgatory, because working for you has to count." So I'm not missing that.

Laughter

The situation following these two remarkable people reminds me the last time I was in Miami Beach. For some reason that I don't understand I was offered an honorary degree at Barry College. I was told I didn't have to do anything. All I had to do was show up and smile. I didn't even have to say thank you. As we lined up outside the Miami Beach Auditorium, 8,000 people, 100 degrees, the MC came up to me and said, "Mr. Carr, please no more than 15 minutes." I said, "You got this wrong. I'm not the commencement speaker. I'm getting an honorary degree. I was told I wasn't even allowed to say thank you." I turned around to the President of the University and I said, "Tell him, I'm not the speaker." The president said, "We like to keep it spontaneous."

Laughter

Well, that's how I feel. I have a PowerPoint a framework, lots of notes. However, this is going to be "spontaneous." I'm not a Christian economist. I'm not even a very good Christian on some days. But the one thing I have over Arthur is I once had the most pompous title in Washington. How would you like to be "Director of Social Development and World Peace for the US Catholic Bishops Conference?" I was once introduced to a couple and the husband said, "He's in charge of social development and world peace." She looked at me and said, "You need to do a better job."

Laughter

What we're talking about this afternoon is how do we do a better job of lifting people out of poverty in the richest country on earth? One of the things in Arthur's recent book, I really agree with gets me in trouble with some of my liberal friends. I think the



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crucial moral imperative is not economic inequality. It's not the gaps, which are serious. I think they have lots of social and political impact. I think the crucial moral imperative is to lift people up from the bottom. I think the fact that some people have so much money and use it badly is more a spiritual problem than a public policy problem. We may have to talk about the right kind of taxation, shared sacrifice and related policies. But I think for moral reasons, for economic reasons, for political reasons, the focus ought to be on lifting people up at the bottom. We're going to have bipartisan and divided government for a long time. I think we can build sufficient consensus to actually do something to lift people up at the bottom.

So what I want to talk about is the role of the religious community in doing that. I am not going to review or rebut Arthur. First of all I agree with a lot, almost everything you said, but there are some differences. I would like to repeat a couple of the things he said, which I think ought to be the focus for common ground. One is that lifting people out of poverty is a pressing moral, political and policy priority. I watched the Democratic debate the other night. It ended early, but it wasn't until the last two minutes before someone perfunctory mentioned the poor or poverty. In the Republican debates, they've talked about everything else but a real discussion of poverty. There is a silence on poverty in this country. And there is a stalemate, an unproductive, unreal, unhelpful stalemate between people who talk mostly about the family factors that leave people poor and people who talk mostly about the economic factors that leave people poor.

The last time Arthur and I were together was our Leadership Summit on Overcoming Poverty at Georgetown, which we organized with the National Association of Evangelicals, Southern Christian Leadership Conference and others. Fifty evangelical leaders Right to Left, fifty Catholic leaders Right to Left, fifty policy analysts, allies, advocates Right to Left. We invited the President of the United States, but we thought there was not a chance he would come. Because we asked him not to give a speech. We asked him to be part of a discussion.

MICHAEL CROMARTIE: To be "spontaneous."



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JOHN CARR: About five days before the Summit, we got word that the President had decided to come and participate in a panel on poverty. We had a voice of who would be on that stage with the President and it was Robert Putnam and Arthur Brooks with EJ Dionne as the moderator. If you want to hear a robust, civil and enlightening discussion of a variety of points of view on poverty you can find the discussion online. I actually think if you locked those people in a room for a day and a half we could have a plan. Unfortunately, we don't have those rooms in Washington.

Here are a couple of things I agree with Arthur on. First, the moral center of this is work and candidly nobody is talking about work. The President doesn't talk much about it. The candidates don't talk about it. Advocates don't talk about it enough. One person who does talk about it is Pope Francis, who says work is absolutely central. Second is the essential role of community institutions. Third is the clear defense of the safety net as an important starting point for conservatives. For progressives, a really important starting point is the role of family structure, strengths and stability. And often they don't go there.

I actually think Arthur's book is misnamed. I don't think it's about the "conservative heart." I frankly think it's about the American heart or the Christian heart or the Catholic heart. Strip away some of the partisan messages and ideological packaging, and I think these values are very much at the heart of who we are and what we believe. He resists and disputes some stereotypes of conservatives. However, I think he creates some regarding some progressives. There are a lot of foreign aid programs that are entrepreneurial programs. In celebrating the achievements of free enterprise, he minimizes some of its contradictions and weaknesses. It's true in India and China that the market economics has made a difference. However, in Africa, debt relief and the HIV/AIDS programs and the education of woman have made a huge contribution as well.

It's not only government that treats people as commodities, business sometimes treats their workers as a commodity. In celebrating private rescue efforts, I think all of us ought to be aware that in every community there are churches and charities and non-profit agencies, and yes, government agencies, that use the safety net as a launching pad, not as a way to extend dependency. We ought to recognize and congratulate



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them. It is not only the "great society" that has left some people behind, it is also "tough love welfare reform." We still have persistent and concentrated poverty. However, I think Arthur is one of the most important leaders, not only in his party, in his movement, but also in America. Arthur, you advise candidates, I wish they took your advice and shared it more broadly. I hope his party and all of us listen to Arthur.

I think there is a moment maybe after this election, we could get together. The title of this session was New Approaches to Poverty. What's <u>not</u> new? Pervasive poverty is not new, the numbers Arthur talked about. The silence is not new. We went in to meet with President Obama and one of our bishops said, "Mr. President, I know you're a Christian. I know you read the Bible. Where I'm from, Matthew 25 says, 'Whatsoever you do for the least of these you do onto me.' Apparently in Washington it's, 'Whatsoever you do for the forgotten middle class you do onto me.' And the President says, "I think you got us on that." The President is now talking about poverty more, is talking about "our brother's keeper." I think the economic, moral and human cost of inaction, indifference are becoming more apparent. You may have read about this new study on life expectancy. It's always been true that African-American and Latino life expectancy lags behind whites. We now have this study which says that for working class white women and men, life expectancy is actually going down. Pope Francis says "this economy kills." It turns out it does.

So what is the message? What could we unite around? I think it is the moral, the policy and the political imperative of "and" A-N-D. Family <u>and</u>economic factors in poverty. Personal responsibility <u>and</u> broader social responsibility. Questions of race <u>and</u> class. Discrimination <u>and</u> opportunity. Work <u>and</u>wages. Rights <u>and</u> responsibil ity. In Catholic terms, solidarity <u>and</u> subsidiarity. In religious terms, Catholics <u>and</u> Evangelicals. And policy wonks and believers. There is a remarkable effort under way (AEI is a part of it) to get progressive and conservative scholars, analysts, advocates to try and work together to come up with some ideas we can advance together.



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I have a lot in the PowerPoint from Jesus. It's really important to remember, Professor Raboteau started with Luke 4 and Arthur put it in different words. The mission comes from the words Isaiah and Jesus. "To bring good news to the poor, liberty to captives, new sight to the blind and set the downtrodden free." A lot of times people say we agree on the principles, it's just the remedies where we disagree, just strategies that divide us. I don't think there's much evidence that we agree on the moral principle that overcoming poverty is a major national priority, that the poor ought to come first. I don't think that's true in either of our political parties. Certainly it's not the priority of the Senate Finance Committee. I think one of the reasons we have a chance to move forward is Pope Francis. Another reason is thankfully AEI and Arthur Brooks. Another reason is Robert Putnam and his remarkable book. The Center for American Progress, which is a liberal think tank that is doing some remarkable work here. I think our Summit contributed a little and we will be following up.

So if the message is "and" morally, politically and policy wise, what does that take? My metaphor is a simplistic image: a table with four legs. The first leg is what individuals and families need to do: sacrifice for kids, stay in school, don't have kids until you're ready, get a job. Brookings has a famous piece of data that says if a child is born into a family where somebody works, where somebody graduated from high school and waited to have a baby until they were married, they have an eight percent chance of growing up in poverty. You reverse that it's 80 percent. So there is a lot of personal and individual responsibility that's needed here.

The second leg of that table is community support. Churches, faith based institutions, neighborhoods that support families, help them make those choices. Community organizations that fight injustice, fight disinvestment in local communities. These are the mediating institutions that conservatives talk about. Two of the mediating institutions that get neglected in our discussion are labor unions and community organizations. I share Arthur's critique of some of the policies of teacher unions and we can talk about that. However, the people making our beds, cleaning our rooms today probably need someone to stand up for them. In healthcare, doctors have power, insurance companies have power, hospital administrators have power, even nurses have power. Orderlies, nurse's aides, janitors need somebody who can stand up for



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them. One of the issues that progressives need to face up to is we celebrate the good work of churches and faith based institutions. But the same faith that requires us to care for "the least of these" and empower the poor also tells us that the unborn are human beings and ought to be protected. There's going to have to be a way that organizations who have the same position on same sex marriage that President Obama had two years ago can continue to serve the poorest people in the poorest communities. There are not a lot of ACLU chapters in Anacostia or in the bush in Africa. And we're going to have to find a way to balance competing claims here.

A third leg of the table is the market, free enterprise as Arthur calls it. Pope Francis when he spoke to the Congress showed he has been listening and talked about the power of the market. But there are some things the market doesn't provide very well or protect very well. Environment might be one of those things. I am completely committed to a central focus on work, but work has to be able to help you raise a family. Work has to be a way to live in dignity, not another form of poverty. Therefore we need decent wages and things like EITC and the Child Tax Credit, which we support.

"We went from seeing poor people as assets to develop and to seeing them as liabilities to manage. We've gone from making weak people strong to be part of this economy and to build this country and to build our society to making smart people smarter. That makes the bottom superfluous if they start off with a bad education...The day that you say that somebody's a liability to manage is the day that you've given up on that person and you have a fundamental change in your country." The fourth leg of the table is government at every level, including a decent safety net. I admire Paul Ryan and Arthur Brooks for standing up and saying we need a robust and compassionate safety net. It doesn't get a lot of applause. But there is a debate about where and how to deliver these services. In a conversation with Representative Ryan I said to him, you are very clear about some of the failures of the federal government, some of the bureaucratic excess, some of the inflexibility. You are very naïve about local and state government in some areas. Alabama and Mississippi are not

The fourth leg of the table is government at every level, including a decent safety net. I admire Paul Ryan and Arthur Brooks for standing up and saying we need a robust and



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compassionate safety net. It doesn't get a lot of applause. But there is a debate about where and how to deliver these services. In a conversation with Representative Ryan I said to him, "You are very clear about some of the failures of the federal government, some of the bureaucratic excess, some of the inflexibility. You are very naïve about local and state government in some areas. Alabama and Mississippi are not Wisconsin and Minnesota. I live in Prince George's County. Our previous county executive is in jail with his wife. Our last school superintendent went to jail. No strings federal money to deliver social services is not a solution to the problems of the federal government. There also has to be protection against discrimination and injustice and appropriate regulation and standards.

In my experience, the problem with Washington is everybody is in love with one leg of the table. You have the personal responsibility caucus. You have the faith based caucus. You've got the free enterprise caucus, and there's even people still left in the government caucus. The Catholic tradition, the Christian tradition, the religious voice brings those things together.

The religious community does not bring the traditional assets. We don't make campaign contributions; we don't endorse candidates; you won't get a junket out of us. We have different assets. We have a set of <u>ideas</u> about human life and dignity, about human rights and reasonability, about the priority for the poor. They give you a different way of looking at the world. The best way to describe Pope Francis is he looks at everything from the bottom up and the inside out, including the economy, the environment, the Church. So we have a set of ideas, a moral framework and they don't fit the categories of Right or Left, Democrat or Republican.

The second thing we have is <u>experience</u>. Who feeds the hungry? Who shelters the homeless? Who cares for immigrants? Who educates poor kids really well? Who welcomes refugees? The Catholic community and larger religious community are the largest non-government provider of human services, education and healthcare in the nation. My experience is that when we make our case to policymakers it's often far more important what we do than what we believe.



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Thirdly, we have presence, we have <u>structures</u>. An organizer friend of mine said to me, "You Catholics are terrific. You divide up the world and you call it yours." In a sense that is true, 18,000 parishes, 9,000 schools, 700 hospitals. And that doesn't count the Black Church, evangelicals, the Baptists, the Lutherans and others. We are in every congressional district. We are urban and rural. We're in the Black community, in the Latino community. The Black Church is a very powerful voice. So we have presence. We also have people. There are a lot of us. There are 70 million Catholics supposedly, about 25 percent go to church on any given Sunday. Maybe 20 million people on any given weekend spend an hour worshiping God and trying to be better people. What would MoveOn.org give for that? What would the Tea Party give for that?

We have leaders. I think Pope Francis is a remarkable leader. On your PowerPoint, there are several quotes from Pope Francis that are really interesting. He challenges both progressives and conservatives on overcoming poverty as a moral priority. He says, "Economic growth is not enough. The market by itself can't do this." He says, "This has to move beyond a welfare mentality." Business as usual, if we get the economy growing we'll be okay. Or if we had a real safety net we'd be okay. That does not reflect the dignity that Arthur talks about, that Pope Francis calls for.

My sense is there is a moment coming to focus on poverty and the religious community can play a major, major part in this. I've spent my life as an analyst, an advocate for Catholic social thought. I come from a mixed marriage. Both my parents are Minnesota Catholics, but my mother is from St. Paul and my dad from Minneapolis.

Laughter

That's a bigger deal than you know. My mother's family are committed Republicans. My uncle was a Republican leader of the Minnesota State Senate. My Dad's family are die hard Democrats. My grandfather was Hubert Humphrey's Finance Chairman when he ran for Mayor of Minneapolis. For those of you who don't know, Hubert Humphrey was the Vice President of the United States. I learned at an early age that we can act on our values in different ways and in different parties. I believe if the religious community can put together our ideas, our experience, our institutions, our



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people, our leaders, we can make a difference. The Summit was a chance to do that. We actually got people who don't agree on everything to agree that this ought to be a priority.

I'll conclude with this. I gave a talk, in Upstate New York to a group of business leaders. I thought I had done a wonderful job summarizing the themes of Catholic teaching on economics. I thought had just done a splendid job. And most folks were very kind and complimentary. But one guy was terribly upset and unfortunately he was the president of the group and I was seated next to him. And I said, "You seem unhappy. What's the problem?" And he says, "You don't want to know." And by then I didn't want to know. But I said, "No. What is the problem?" He said, "I'm tired of all this talk about the poor, the unborn, immigrants, solidarity. Is there anything in those encyclicals for me? I pay taxes, I work hard. I use my envelope every Sunday. Is there anything for me?" And I talked about Mother Theresa. I talked about Matthew 25. I quoted the Pope. I was getting nowhere. And I said, "What do you do? "He said, "I'm a lawyer." It turns out he was the managing partner of the major law firm in that city. And I said, "You said you work late. Do you ever come across the person who cleans your office? Tell me about her." He says, "Well, I don't know much about her. She's from another country, I think South America. She's been doing it a while." I said, "What do you pay her?" He said, "Well, actually, we don't pay her. We hire a firm, they hire her." I said, "Come on. What does she get paid for scrubbing the toilet, vacuuming the rug, dusting your desk?" He said, "Probably minimum wage." I said, "Does your firm have a health plan?" He said, "Yeah, a good one, it covers families. It costs more and more each year." I said, "Can the women who cleans your office, can she take her kids to the doctor when they get sick, is she part of your plan?" And he said, "I told you, we hire a firm, they hire her. No, she's not a part of our plan." He said, "Well, what are you getting at?" And I said, "What I'm getting at is this not about politics. This is not about the AFLCIO or Chamber of Commerce, Democrats or Republicans. This is about whether the woman who cleans your office, whether she and her husband can raise their kids in dignity. It's about whether they can take their kids to the doctor." And he looked at me and said, "Why didn't you say so?"

Laughter



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I think the challenge for the churches, for leaders like Arthur, for our politicians—the challenge for journalists since the silence on poverty is not restricted to politics. It's hard to find substantial coverage of these issues. Our challenge is to share the facts, the challenge, the priority, that Arthur talked about, that we can and will make a difference, and the fact that we ought to get out of our boxes and put together what individuals and families can do, what community institutions can do, what the market can do and what government can do. And we'll be a better community, a more faithful community and we'll be proud of the society we're a part.

I just got a call and I ask for your prayers. We have four kids, four grandchildren, fifth one on the way. And my daughter-in-law has preeclampsia and she was just admitted to the hospital and it's way too early. And so I ask for your prayers. She will get the best care in the world. I have every confidence that she and that baby will get the best chance they can. But we live in a country where that doesn't belong to everybody's grandchild. And as Arthur said, that's not right and we can do better. Thank you.

MICHAEL CROMARTIE: Well, I've got a long list. Although, I must say, John, I'm really curious what you did with that 15 minutes that were you offered spontaneously. We'll look forward to you telling us about that over cocktails tonight. But Michelle Cottle you're first. Okay, Michelle.

MICHELL COTTLE, *National Journal*: This is for Arthur. You were very passionate in your speech on work and the moral centrality of it. I'm completely in accord with this. It's a very important thing to be needed and to feel necessary. But that actually kind of feels like a pre-90s discussion of poverty and welfare queens and people sitting around.

It seems like more these days the talk is people do work. They work hard and they can't get their head above water. In some ways, it's an individual thing. They have had individual problems. But I have some lovely friends, who the system is stacked against them. They're always one minor traffic ticket away from getting kicked out of their house or having their electricity pulled out. What you see is a lot of systemic problems like, how much it costs for them to get a minor loan, or how much extra they have to pay when they're going to move into an apartment building because they don't have great credit scores. So what do you do about *that* sort of thing?



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I mean how much of a role does government play in trying to level the field that way? You said you'd talk about stuff beyond minimum wage, but there are a lot of things in that area that these people just have to deal with that don't have anything. I mean they work like all of us, they work really hard.

ARTHUR BROOKS: Let's talk first about how much people are indeed working. It does sound kind of like the conversations we had in the 1980s about people working and not working. Although, my point is exactly different than the conservative argument from the 1980s, which is that poor people are laying around. The real problem that we see is that workforce participation rates are at an all-time low in the bottom 20 percent of the income distribution. All time low. We're actually at the lowest point for the bottom fifth in how much they are working, yet it's involuntary. This is really the problem. So my point is not that poor people are laying around. It's that they want to work, but they can't work, there's nothing to do in many communities all over the United States.

If you go to a town in Kentucky where the plant has shut down, you find people in their 40s and 50s who have a relatively dubious disability diagnosis, because they have no job. So they're subsisting on \$900 a month because of back pain or depression until such a time that they can get Social Security. Who do you feel bad for, taxpayers? No, not me, I don't. I feel bad for them. That's the problem.

So the truth of the matter is you have two groups that you're worrying about, the non-working poor and the working poor. The non-working poor are by far the ones who are in the worse shape in America today. By the way, John brought up this incredibly interesting study by Angus Deaton and Anne Case, his wife, at Princeton University that says that the only group that has worse health outcomes and higher mortality than we saw ten years ago are working class middle aged white. That's the only group that's going in the wrong direction. Where does all of the increased death rates come from? Drug abuse, cirrhosis of the liver, suicide.

Now, the Pope says this economy kills. No, this culture kills. A culture that says that they're not necessary and their jobs are no good such that we can do things that structurally in the economy eliminate their jobs and then say that we can soak them up with the disability or welfare system. That's totally inadequate.



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So the truth is it sounds pre-1990, but it's not. It's not pre-1990, because I'm not talking about welfare queens, I'm talking about people who are effectively being disabled because there isn't work for them. There isn't work for them partly because the structure of the economy has passed them by. Partly because these jobs are no longer necessary, but partly because we have a culture that says that these jobs are simply not dignified.

Now, let's go to the other side that you're talking about, the people that you brought up, people who are working hard. They are the working poor who actually can't get ahead. You have long run and short run solutions to that. The long run solution is you have to make them more valuable. That's what you have to do. You simply can't have structural policy approaches that say I'm going to have extra market subsidies to people forever. That just doesn't work out very well. By the way, poor people understand when they're on welfare and they don't like it. I recommend that we all make friends among the poor.

It's weird, Bob Putnam at Harvard and Charles Murray my colleague at AEI, they both basically wrote the same book within a year of each other. It says the problem in our society is that the bottom 20 percent truly has become different than the top 20 percent and they don't even know each other. So, you ask yourself, how many minority friends do you have? All of us lots, right. How many poor friends do you have? Zero. Really? I knew a lot of poor people when I was a kid. My kids know zero poor people. That's actually the societal break that we actually see.

So for those who are poor and working, the problem is that we don't have a society that's trying to actually find systematic ways to make them more valuable so that they can earn their success just like we earn ours. How would we do that? We would actually, again, we'd have education reform that take seriously the idea that not every single person has to go to college. We have a huge slate of programs that talk about it. I live in Montgomery County, it takes six weeks to get gutters put on your house. Why? Because nobody does that. It turns out that's a valuable dignified thing to do. There are 300,000 skilled welders' jobs that are unfilled in America today.



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Carlos and I, my son, you met my son Carlos earlier. We're listening to the radio and this guy just got out of prison and walked into a \$58,000 welding job his first day out of prison. My son says, "I could do better than that, because I won't be in prison." I said, "Yes that's the theory, Carlos, yes, indeed." So good. I mean if we can actually go in that direction there's a long run solution to this in taking actual skills seriously that we don't have in this country, because we have a culture saying if you don't go to college, you're going to get a dead end job, and you're worth less than people who do go to college.

In the short run, what do we do? There's a bunch of programs that don't destroy jobs, but where we can actually subsidize work. Now, the reason that I believe the minimum wage is a foolish policy, is not because the objective is wrong. No, the objective is great. It wants more people to work and get paid more for work. I love that. The problem is that while certain people are lifted out of poverty or to higher wages, 82 percent of those people are not poor. They're secondary earners in above average income households. Virtually all of the jobs that are destroyed are people who are at the margins or at the periphery society. So what is somebody that has the objective of the minimum wage, yet actually will do it better even if it costs more to taxpayers? That's why John and I agree that what we need is an increase in the earned income tax credit or a minimum basic income or a negative income tax or wage subsidies and relocation, vouchers and information and ways that we can get the people to move to where the jobs are. We've got like a billion policies that we could put in place that actually do that that don't destroy their jobs.

So we are failing for the working poor, these people, on two counts. One, we don't have a long run solution for them and we don't have a short run solution effectively for them. We actually have to do both, such that we can solve this problem in the next five years and have it still not be a problem in 20.

MICHAEL CROMARTIE: John, you wanted to comment on this, then Emma's up next.

JOHN CARR: Pope Francis has said clearly this economy has structural problems that leaves people without an opportunity to work or communities with work. Both Putnam



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and Murray talk about places that used to have manufacturing jobs where high school educated people could go in, make a living, raise a family.

I believe that work gives dignity, but it involves learned behavior. I helped raise teenage boys, white suburban kids. There is nothing natural about getting up at seven o'clock in the morning and going to work. If there's nobody in your community or very few people in your community that are doing it, you don't learn it. If the people who do get up for work don't seem to get ahead, it doesn't look very attractive.

So two things. I would love to have a huge debate in this country about how we place work for everybody at the center of our economic life. Secondly and related to that, I think liberals and conservatives both agree that our job training programs are not very good. Let's agree for now we're not going to spend more, we're not going to spend less. We're going to figure out how to do this better so that people who actually try to get some skills end up with real skills, not doing resumes on Windows 3 when they have no job experience to put on the resume.

MICHAEL CROMARTIE: Emma Green and then David Rennie.

EMMA GREEN, *TheAtlantic.com*: It seems all of the religions reporters in the room have not had enough of the Pope. I'm going to talk more Pope, since we're doing Roman Catholicism and economics. So in Laudato Si', the Pope does a sort of puzzle piecing game that he's done before in others of his writings, but really in this eloquent way where he pieces together many structural issues, including the degradation of the environment. He ties that fundamentally back to the economy and basically talks about how there are two different worlds. There's the global north and the global south. Those in the global north are fundamentally responsible, morally culpable for the effects that climate change is having on destroying the lives of people in the global south. A lot of that is linked directly to the way that manufacturing companies in the United States, consumption patterns that happen in the global north (and sort of the western world) create these vastly complex systems of production that basically down the line based on all of this as sort of environmental degradation that happens leads to landslides and abnormal rain patterns and forced migration, all of these extremely complex systems that work together.



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But sort of coming back to what you all have been talking about, it is very much pinned to a culture and a way of life, especially here in the United States. Arthur, you talked about earlier the American free enterprise system being responsible for pulling out a huge number of people from mass starvation all over the globe. But it seems to me that actually the opposite effect has happened whereby there are a set of consumption values and economic values here in the United States that encourage a level of consumption and total disregard for the effects of that consumption that then end up punishing disproportionately those who are in the global south. This is something that Pope Francis has highlighted.

So I guess, I would wonder how both of you (we've talked about this, John), but how both of you would square that? So talking with very much praise about the value of free enterprise, the value of work and sort of promoting that here in the United States. But there are all of these sort of deeper cultural consumption values that have to do more with sort of punishing and making it impossible to live for people who don't live in the United States and live in the places that are easy to ignore for us here in the United States.

ARTHUR BROOKS: Well, I'll take a shot at that. A lot of us have read Laudato Si'. The apostolic exhortation that came before that, I've read the writings of the Pope, of course. As you can imagine it crossed my desk pretty early. I felt important because I got one of the leaked versions of that, like 48 hours before it was. The Catholic doctrine is very clear, the Catholic Church has competence in faith and morals. It does not have competence in politics and policy.

Now, there's a big historic precedent for not taking your science from the Vatican. I don't mean that in sort of even really a lighthearted way. I think that the Pope and the Vatican have a responsibility to try to apply faith and morals to modern life, but some of what's in both the apostolic exhortation and certainly in the papal encyclical about the economy is simply not consistent with the empirical regularities of the modern economy.

When we talked about the fact that modern man is not made for steel and glass and concrete, these are words from Laudato Si'. Tell that to somebody who has no shoes



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and is simply living in dirt in sub-Saharan Africa. Tell that to somebody who actually needs some level of development. Now, I understand that environmental degradation is a terrible problem, but I would recommend taking the faith and morals from the Holy Father and applying it to how faithful Christians and even secularists who have really good faith and who care about the poor an awful lot, how they understand the economy actually works. Because I think that we go in the wrong direction when we assume that the most important pastor in the world today who engenders the highest levels of respect and who's bringing millions and millions and millions of people to their best selves, then that necessarily means that his solutions to what's going on to the environment, to the free enterprise economy, to world development, that these are actually the best ways to get these types of things done.

EMMA GREEN: Well, I mean it seems a little bit ironic though given all that you've talked about the moral equality of all of this work. I mean you've spoken about work very compellingly and eloquently as a moral issue about encountering the poor. This is what the Pope is all about, he is about sort of going out in the world encountering the poor. So trying for the Pope to divide out the spheres in which religion can be an applicable force, in which his theology can be an applicable force. But then for you to say, I can also talk about morality. I mean it just seems like it doesn't quite square to say that religion or Catholicism specially, Catholic theology is applicable in sort of, a faith and morals sphere, but is not applicable in an economics sphere. Because you're trying to create a morally charged economic sphere.

ARTHUR BROOKS: Yeah, indeed. My job is to apply it. That's my job is to apply it. My job is to faithfully look at through the lens of the message of my Savior and to try using what I understand as the facts on the ground. The regularities, the empirical regularities that I see all around me, to apply the faith and morals that I actually get from my church and from my Holy Father. That's my job. I just spent the last whole week with the Dalai Lama, who is a great mentor and friend to my institution, a personal friend and teacher to me. I spend lots of time with the Dalai Lama every year now. It's wonderful. It's home in Dharamsala. This is what we were talking about as well, this is the key. Just because somebody is one of the greatest religious and moral teachers in the world doesn't mean that they know everything about global warming and free enterprise. Our



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job is to take the great moral teachings of our time and apply them using our own expertise as well. I believe we're commanded to use our expertise to do that.

I also think that it's really important, and one of the wonderful things about this Pope and about the Dalai Lama as well (there are more than passing similarities) is the intellectual humility that they have when they are talking to experts. Because they will both always say, "I don't know everything. This is just the way it looks to me. Inform us, help us." But that's the key. The problem that we have in my profession is that we're not doing that enough. We're not looking at it through the lens of social justice sufficiently. We're not looking at what's best for the people of the world and applying our specific expertise in a way that glorifies God and serves our fellow men. That's the problem. In other words, we don't need less capitalism, we need better, more moral capitalists in a very specific way. So that's what I think that I can add is actually that application in a way that will make the Pope's moral and theological teachings come to life as best I can.

MICHAEL CROMARTIE: Okay, John, quickly.

JOHN CARR: You may not want to take your science from the Pope, but maybe not from the energy industry either.

Laughter

You're right, the Pope looks at this through a particular lens. This is somebody who when he had a free afternoon did not go to the football game or to the opera, he went to the slums. All of this looks differently from the slums of Argentina. Some people dismiss the Pope and say, "Oh, he doesn't know how it really works." Well, it wasn't the bankers in Argentina that took us over the cliff, it was the guys in New York City. I think he has expertise about humanity, about who pays and who gets left behind.

On the environmental encyclical, I particularly didn't like the line about air conditioning. I am strongly in favor of air conditioning and steel and glass and all the rest. But there are some very old fashioned traditional virtues that ought to guide our response. Prudence. If you know you're doing harm better to stop. Even if you're not



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sure how much harm you're doing it's probably better to stop. If the people who are contributing the least to the problem are going to get hurt the most, you ought to pay attention to that. You ought to focus on the common good instead of letting the most powerful interests battle this out. I think the energy industry and the environmental community have a lot of capacity. They each have their scientists, they have a lot of money, they have political clout. I don't think frankly they're worried about the poor. I don't think they're worried primarily about the common good. I'm glad to a have a pastor who stands before our Congress and says, "Worry about the poor, worry about the common good and look at the environment from the bottom up."

MICHAEL CROMARTIE: Okay, David Rennie, then Will and Carl.

DAVID RENNIE, *The Economist*: So my question for Arthur is so you live in your world and you meet your senators and you have these very uplifting meetings with them where you describe to them how the American Dream can be retooled in a more uplifting way and fulfill a kind of moral purpose. But the world with us is covering election politics. This election season does not feel particularly uplifting so far. Specifically, because my observation of it –the most valuable thing I do, although I do go and meet Senators and hear them out about public policy, and they're often pretty sensible people, but the most useful thing I tend to do is to talk to voters at rallies and talk to the voters in all these various cattle calls. It's pretty basic, it's pretty depressing. The thing that really gets them fired up is not how to make the American Dream work better, it's that the other team stole the American Dream. Politicians in this country have become fantastically good at convincing their team that the other guys stole the American Dream. As a result you have this toxic, this genius for sort of instilling distrust, but a total lack of trust that they can do anything positive.

Just quickly, there was a guy I met in Wisconsin in a factory the other day who hates both parties equally. He struck me as one of the wisest people I had spoken to all year. Because I said, "Why do you hate politicians?" He goes, "I'll tell you way." He goes, "I think people in this country should have to get off their duffs and get a job. And the Democrats don't do that, because they win elections with free stuff. But when you get that job it should pay a decent wage. The Republicans don't care about that,



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because they're in the pockets of the rich. So I hate them both." It seems to me that he was — I nearly kissed him, because that was to me perfect. But I didn't because he was quite harry and large.

Laughter

But that's the problem, isn't it? It's that we've gotten unbelievably good at accusing the other team of stealing the American Dream. So all your stuff is fine in the lunches inside the Senate. But when they get out there and run for office, they don't do that stuff at all.

ARTHUR BROOKS: Thank you, David. I agree that that's not what we're hearing. We're not hearing an uplifting message about how the heart can be the center of American politics. Part of this is because we're in an equilibrium of competing pessimisms. This happens a lot of in politics. It happens not just in the United States, it happens in politics all over the world. That ythis particular equilibrium shackles people. So effectively, I mean the great disappointment for me politically, well, in 2008, notwithstanding how I voted or what even party I liked better, because that's boring. It was that we had a campaign in 2008 that was run on the basis of unity and optimism, but the last seven years have been characterized by division and pessimism. Now, you can assign blame however you want, we all have different opinions about it. Was it obstructive Republicans or was it insufficiently visionary leadership from the President? Look, we can go round and round and round. But the point of the matter is none of us is going to disagree that this era is characterized by pessimism and division. Competing pessimism and division.

Now, listening to the Republic debates are completely depressing. But listening to the Democratic debate and you hear Hillary Clinton says, "The Republicans are motivated by hate and division." That's a quote from Hillary Clinton. That's a problem when you basically say that somebody else's motivation is hate and division. That's the definition, by the way, of ad hominem. Which is problematic morally and really dubious logically. But it also tells you where we are and it's a sign of the times.



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So what has to happen? Here's what has to happen. You need actual leadership. You need aspirational leadership. Your guy, the one you wanted to kiss and apparently didn't, that guy and what he said that was wrong is that all Democrats want is free stuff. No, no, no. Because what he was suggesting is that what all poor people want is free stuff. That's incorrect. That's a behavioral assumption that's not right. See, people will take free stuff when they can't earn anything. So that's the big problem. So I hear this from conservatives all the time. You know, you get two beers into a Right winger you know what they'll tell me? "You know, you can't compete with those Democrats, because they're just giving away free stuff. You'll never compete with free stuff." Yes, you can. You can win with aspiration. Aspiration beats free stuff all day long.

Now, each of us has a useless brother-in-law who wants to sit on the couch, I got it. I got it, right.

Laughter

But when you talk to the poor, they make a compelling case not that they're not getting enough free stuff, but they don't have enough opportunity. They're right. That's what we have to keep in mind. That's what great leaders do, they break out of the competing paradigm of pessimisms and they offer greater aspiration. Love or hate Ronald Reagan, growing up I heard he was, on Tuesday, Thursday and Saturday, I heard he was evil, the other days I heard he was stupid from my family. Nobody liked Reagan. How he got elected is a big mystery to us in Seattle. But what he did, I remember, I was a kid, I has in high school when Reagan got elected the first time. I thought, I know he's no good, but he loves me. I sort of felt that Reagan, he didn't know me, that Reagan liked me in a way. There was this positivity, there was this aspiration. Look, he broke out, which is why he won. Now, like or hate his politics it was an aspirational message that could win and that can win. But we have to actually see leadership. That's not what we have right now.

Right now we have followership. If you're a cypher for the frustration and anger and fear of the American public, if you put your finger in the wind, as the candidates are, and say what are they most freaked out about? Then your more eloquent and shrill about those things, that's followership, axiomatically. That's not leadership. That's



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exactly what we're missing today. I think that that's what I wish we had more of on either side.

MICHAEL CROMARTIE: Yes, okay. Will Saletan and then Carl Cannon.

WILL SALETAN, *Slate*: A question for each of you. For Arthur. I love the analysis about it's oriented around need and being an asset. What are the occupations or avenues in today's capitalist economy that make money but don't serve the goals that the system should serve? The example would be Bernie Sanders's analysis is, and the Democratic Party here, say that Wall Street and talks about a tax on speculation. He says fraud is the business model of such and such companies. I assume that you reject that. But how would you define the areas within capitalism that don't serve this larger purpose and that should be changed or that people should move out of or alter the system?

For John, you mentioned the importance of family structure. You also mentioned those who stand for traditional marriage. For the last decade, we've been having an argument about traditional marriage and the context of same sex marriage. For I think many of us here, it's been an enormously frustrating and unproductive cultural debate when, as I assume you would say, the real problems in marriage are structural in their class. So how can we change the marriage debate? What would you say to the Catholic Church about — I mean, I don't know who's to blame for it, but what seems to be the undue emphasis on fighting about ballot measures and court rulings about who can get married, preventing some people from getting married to each other, rather than focusing on the parts of our society where the loss of marriage has caused genuine cultural and economic problems.

JOHN CARR: Let me take that first. I was in a meeting with a group of Bishops and they were all focused on who should not get married. I said, "I think we have much bigger problem, which is how come only gay people want to get married?" Pope Francis said early on, "We can't be obsessed about a few issues." He said, "Abortion, contraception, marriage, we have to put them in a new framework." One, I don't think he's retreated on those things. But I think the new framework is much broader, about how young people choose to spend their lives and whether they can trust enough, not only in another person, but the culture and the economy so they can have a marriage.



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We had a session at Georgetown that was called, "It's the Economy, Synod!" playing off "It's the Economy, Stupid" in the Clinton campaign. The obsession is not confined to the Church: it's frankly included in your profession as well. I'm sure your editors where you say, "I've got this really interesting thing" and they say "great, what'd they say about sex? You know, where are they on gay marriage? What about abortion?" So the obsession is widespread.

My view is that we have to find a way that works both culturally and economically to support the decision to spend your life with somebody else and to have children, be a part of that as a blessing. That's why criminal justice reform is so important, something we agree on. Who's going to marry some guy out of prison with a drug rap sheet whose prospects for work are slim and none? They're not only unemployable, they're unmarriageable. So I think we have a lot of work to do. I think frankly this culture has decided the same sex marriage question. So what's left is the question what do you do with institutions who don't agree with that decision? What is their participation in public life? Can they still serve the poor in a way that makes a contribution to the common good? But we need to look at the economic forces and the cultural forces that help people have enough hope to spend their lives with somebody else and have kids.

One of the great ironies about this, is that I thought the rich and famous were the real trendy people in this society. Turns out when you look at the data, they're the most traditional. They get married, they mostly stay married. They stay in school and get married to somebody's who's educated. So the trendies have adopted a conservative set of choices. The challenge includes people who are under enormous economic and cultural pressures for whom marriage is just not a part of who they are or what goes on in their communities. The Putnam and Murray books make the case this is increasingly true in the white working class community.

We found a way to say drunk driving is bad. Smoking's bad. Can we find a way to say that falling in love, spending your time with somebody else and raising a family is a real contribution to happiness. All the data says it is.



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MICHAEL CROMARTIE: Okay, Arthur.

ARTHUR BROOKS: Well, it's pretty simple. The high compensation jobs that don't add value, that don't add moral or real economic value are the ones that actually are intended to create friction. Those are what we would consider cronyism. The blind spot, the canonical blind spot of the political Right is to say that what business does is automatically good. Yet there's a big part of our business system today, our economic system today, that's dedicated not to winning competition, but shutting competition down. That basically are trying to manipulate the rules of the road, that are trying to get more arcane regulations that will effectively make it easier for the big guys to flourish and harder for the little guys to flourish. Big parts of the lobbying industry, big parts of the legal industry. There is a reason that five of the ten richest counties in America, zip codes in America are around Washington, DC. It's because that is a cottage industry of cronyism and special interest. That's what I would consider to be the highest compensation, highest education, lowest value creating part of the American economy today. Crony capitalism is what we call it in the vernacular.

JOHN CARR: Where do financial institutions and hedge funds fit in that?

ARTHUR BROOKS: It depends on what financial intuitions and hedge funds are doing. I mean, I think that hedge fund managers are God's children too. Contrary to popular opinion. Hedge funds in particular if they're ethically run create a tremendous amount of liquidity and a tremendous amount of pension stability, for example, for the working people all over this country. To the extent that we can actually trade commodities and securities and equities in a more efficient way, we have more liquidity in markets and more people have access to higher rates of return. Most of the people that are getting those high rates of return are not the hedge fund managers themselves, but are working people who have their pensions in those funds. So I think that as long as we work in an ethical way to make markets better that can be a Godly honorable thing to do.

MICHAEL CROMARTIE: Carl Cannon and then Kirsten.



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CARL CANNON, RealClearPolitics.com: I'd like to gently take issue with an underlying premise that both of you had and maybe pose a question separately to each of you. Although, answer any way you want. The premise being that we're not really talking about these issues of poverty and politics in the media. I don't mean talk about them the way we're talking about them now. But Arthur isn't the conversation about the minimum wage, I mean even if you think that's a poor way to go about it, isn't that a conversation about the dignity of work? Isn't that the whole thing it is? That if you work, you should be adequately paid? Isn't the Democrats talk occasionally about very historically high CEO pay, how it's 200-300 times the pay of the average worker? That's a conversation about poverty. It seems to me these companies are laying off people. The CEOs are giving themselves \$60 million bonuses and then laying off thousands of workers and saying I have this \$60 million savings. That's a conversation about work too.

John, you are admirably non-partisan and at Real Clear Politics we love that. But isn't an expansion of Medicaid under the Affordable Care Act, which is the facet of Obamacare that has been the most successful so far, isn't that a huge effort to aid the poor?

JOHN CARR: Absolutely. There are a lot of things about John Kasich that you can disagree with, but I admire his courage on Medicaid in Ohio. Some people resent the fact he made a moral argument. But my mother, the conservative Republican, ran a pro-life pregnancy center in my hometown. We could provide diapers, we offered cribs, we helped people. However, we needed Medicaid and we needed WIC and needed food stamps to be able to make sure that mother and that baby had medical care and food. For my conservative mother, they were not the source of all evil, they were lifelines for those kids and those moms. So I would agree entirely. Frankly, maybe there's other ways to do it and some governors are doing it. But Medicaid works in a lot of ways and it covers a lot of people.

Remarks made off the record

MICHAEL CROMARTIE: Are we back on the record now?



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JOHN CARR: Yes. I told a group of Senators who were reluctant to talk about poverty "Pope Francis talks about the poor all the time and he's at 87 percent. You don't talk about it any of the time and you're at 17. Why not try it?"

Laughter

ARTHUR BROOKS: That's not bad. That's not bad at all. I mean the facts are facts about how much we're talking about poverty these days. There's a good study that came out of Georgetown about a year ago, it came out of your own institution that showed that President Obama talks about the poor half as much as George W. Bush did and one-third as much as Ronald Reagan did. He talks about the poor very infrequently. How do you do that? You do the content analysis of his public pronouncements and how much he actually talks about people who are in poverty. Now, reasonable people will disagree about why that is the case. But I think that John and I share discomfort in the level of this discourse about it.

I'll make one other quick point too, because I know we want to get onto the next question. But when we're talking about divergent CEO pay or minimum wage frequently, we're actually not talking about poverty. We're talking about fomenting envy and we're talking about anger about the rich is what we're talking. That's different than solutions to poverty. Look, does the average CEO deserve 600 times more than the average floor factory worker deserve that much? I don't know. No, probably not. But the point is when we talk about it, it's virtually always because we want to tear down the CEO, not because we're trying to build up the factory worker and actually make the factory worker more valuable so that he or she earns a lot more money. Which should be the sine qua non of excellence in poverty discussions in my view.

CARL CANNON: Arthur, I respectfully disagree with that. I think that when you talked about excessive CEO pay as a reason, I think it contributes to unemployment. The most thoughtful people I've seen writing about it, that's the case that they have made.

MICHAEL CROMARTIE: Kirsten Powers.



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KIRSTEN POWERS, Fox News, *The Daily Beast* and *USA Today*: Yes, I have a question for Arthur, and I'm just going to follow up on what Carl was talking about. I think that I don't know that it is just people raging against the CEOs. I think, at least from my perspective, I always feel if someone's making 300 percent more, and much more than they would have been in the past. So they could still be living a wonderful life at a fraction of what they're making. I'm always wondering, why there isn't some sort of social pressure on them to take that money and reinvest it into their workers, versus taking it as compensation. I'm wondering if you think that's illegitimate. Because I know I say that and a lot of Republicans say, "That's illegitimate." I don't have a right to say that, they could do whatever they want with their money. And I say, "Well, of course they can do whatever they want with their money. But there seems to be something wrong if you're laying off people and then taking that money." Is that a fair moral judgment to make or is that out of bounds?

ARTHUR BROOKS: There's nothing wrong with making a moral judgment about what people should do with their money. The idea that it is legal for somebody to take their money and spend it on lottery tickets or booze, that's legal. Is it moral? You decide if you've got kids, if you're harming your family by doing that. We make moral judgments all the time about what we spend our money on and how we invest our money. The most frequent expression of our values are our economic and consumption decisions. In point of fact, there's nothing wrong whatsoever with applying moral suasion.

Now, quick point. We in the free enterprise movement love to quote *The Wealth of Nations* by Adam Smith, 1776. Important year in American history too. But we forget that Adam Smith's most important book was written 17 years earlier, it was *The Theory of Moral Sentiments*. It was the book that he went back to after *The Wealth of Nations* and worked on for the rest of his life. That moral sentiments were more important than market mechanism. In point of fact, morals must come before markets. We can say anything we want as a society. If we believe that it's illegitimate to use something but it's legal, again you and I have talked about this, the interesting part of life is the gray zone between legitimacy and prohibition. There are lots of things that are not prohibited but they're not right. That's our job as decent individuals, as



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people who care about each other to set the moral rules of the road. There are all kinds of examples of this.

We talked about marriage just a second ago. It's a very interesting facet of public opinion that the big majority of people believe that adultery should be legal. The equal percentage of people, 95 percent believe that adultery is bad. Then a majority of people believe that prostitution should be illegal, but a smaller percentage think it's indecent than those who think that adultery is wrong. If you absorb those statistics, I didn't present them very artfully just now, but you get the picture. People believe that certain things should be legal but aren't right. Other things that aren't right, but that should be legal. We have a responsibility as decent people to set up the moral rules of the road. Adam Smith would've told us that, because if we don't do that our markets are not going to work in the first place. And guess what, that's what's happening.

KIRSTEN POWERS: That's what happening when people criticizing economic inequality versus just raging at CEOs, I guess is my point. My question for John is you've mentioned a couple times now that there needs to be some sort of respect for religious institutions that are in opposition to same sex marriage who serve the poor. It seems to me, that I don't have a lot of hope that that's going to happen. It seems to be moving in the direction of people saying that they shouldn't be receiving government funds or even receiving funding from private foundations. Are you more hopeful? Do you see that there's a way to make peace? If so, how can that peace be made?

JOHN CARR: A comment on the compensation thing. I've been clear about my admiration for Arthur and his leadership in his movement, his party and our country. I've only served on one board that had a lot of very highly paid executives and it's a closed system. The people who decide what they're worth are all people who have the same job and they think they're worth everything. So it's not self-regulating, it's self-perpetuating. So people who make a gazillion dollars believe people who do work like me also ought to make a gazillion dollars. That's one area where the market is not self-regulating.

I think abortion is a more fundamental problem than same sex marriage, and I'll speak for myself. When you believe something involves the destruction of innocent human



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life, I don't think you can expect a Catholic hospital or a Catholic charity or an Evangelical storefront, or faith based homeless shelter to be a part of that. I would hope that we would find a way, and I think progressives frankly have to step up on this, to say that there are some areas of life where we're going to agree to disagree and that people contribute to the common good, even if they have a different view of this, and they shouldn't be required to participate in this. We've had a robust set of conscious protections until now.

One way to think about it is whether the winners in the gay marriage debate can win graciously or are they going to have to insist that everybody sign up right away exactly to what they believe, or the contribution they're making to the larger society can no longer be sustained. As I said earlier, I don't know who is going to shelter the homeless? I don't know who's going to run the soup kitchens, if it doesn't include people whose faith requires them to do that and in some cases that same faith says they can't be a part of abortion, for example.

MICHAEL CROMARTIE: Julia.

JULIA IOFFE, New York Times Magazine: So jumping off of that point. This is a question for both of you. For you John, in terms of the religious moral, theological imperative, for Arthur in terms of government versus free enterprise. This has become a topic of discussion again. That the U.S. has some of the worst family leave policies, unregulated child care, that's also very expensive where kids are often in danger. So for Arthur, the question is to what extent is the onus on government to fix that to create policies that women can go to work and feel needed as something other than mothers and breast feeders? John, to what extent can the Catholic Church get behind contraception or things that keep women off the road to abortion so that they can stay in school or stay in a job, or if they do have a kid, implement policies that are truly Pro-life past the ninemonths of gestation?

JOHN CARR: Well, please don't take this badly. I think the Catholic Church is not restricted to the nine months of gestation. I think the religious community generally and the Catholic Church specifically does more than almost any other institution for women and children, not only in this country, but around the world. I don't think you're



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going to see a formal change on the Church's teaching on contraception. It's not the kind of thing that the Church has insisted be part of public law. Candidly, it is a lot easier to get contraception than it is a lot of other medical services in this country. It's now free. The only question left is how directly involved religious institutions have to be. So I don't think the policy, the teaching is going to change, at least in the foreseeable future. I don't want that to become a stumbling block for participation in care for the poor and vulnerable.

JULIA IOFFE: But I'm saying, the same way that the Church gets involved in issues of same sex marriage or abortion or contraception, why not push for family friendly policies? Why not lobby for those, for example, in the US for giving women longer maternal leave or universal pre-K or preschool that's well regulated and safe?

JOHN CARR: I actually have good news on this one. The Catholic Church does lobby on those things. One of the great achievements of the Bishops' conference was helping to persuade Henry Hyde, a big pro-life Republican, to support family and medical leave and bring with him a number of pro-life Republicans. The Church is strongly on record for paid family and maternity leave. Probably that's a prudential judgment that Arthur wouldn't agree with. This is an area where Pope Francis has been speaking out. The Bishops are meeting in Baltimore and I suspect every story out of that meeting, almost every story, will have something about sex in it. The work of the conference on poverty issues, on family issues, on foreign aid issues don't get much attention.

JULIA IOFFE: But like you said, sex does have a lot to do with it. You mentioned a child who was born to a mother that's married who has finished high school, who hasn't waited to have kids. So, I mean that is, sex is very much connected to poverty.

JOHN CARR: My daughter works in Baltimore and she went to Loyola College. She got into Teach for America. She works in an inner city Baltimore school. You can imagine what the last year has been like. She is not a big supporter of the Church's teaching on contraception. However, she does not think the kids in her school that have babies are doing so because they don't have contraception. She thinks they're having them because they want to have babies. They think a baby will love them and there aren't many people who love them. Almost no one is surprised when they get pregnant. So



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there are bigger things at work. I think in inner city Baltimore you can get contraception. What you maybe can't get is someone to love you.

MICHAEL CROMARTIE: Arthur, do you want to comment?

ARTHUR BROOKS: Yes, just briefly. I think John covered a lot of what I think. I don't have an objection to a lot of these smaller adjustments to policy around family leave. I don't have big objections to that. I think that this is a policy design issue on what's actually going to make it easiest to work and what's going to make compensation the highest for people at the bottom of the income distribution. I would object to the idea when you say, "just mothers and breast feeders". Particularly the Catholic Church, nobody has been better about the celebration of their critical importance to humanity. Pope John Paul II, referred to motherhood as "trusteeship of humanity." So when we say that, I think that we betray ideals, we betray values that are not just inconsistent with the Catholic Church, but they're inconsistent with what we need to be as a society. Now, you don't mean that, of course. But I think that that's something that we have to be really careful about when we talk in general about public policy.

When it comes to raising wages, however, I think that there are some really good and I think should be uncontroversial ways to raise wages that I've talked about before for both men and women, such that men and women are earning more, as opposed to creating disincentives at the firm level. Again, this is pretty basic economics and I don't want these things to be true. I don't want low wage retail and food service to lay people off because their wages have to go up by law. But I do know in point of fact, I'm an economist, I talk to people all the time that are on the edge that have one and half and two percent profit margins that say when the lowest wage workers, when the wages go up they're going to keep kids like my teenage kids and they're going to lay people off that have dropped out of high school or people who don't speak English. These are the people at the periphery of society that we most want to help. So having policies that don't do that, either through family leave policies or through minimum wage increases, but rather we can get their wages up through something like the earned income tax credit, which would immediately make it easier for people to support themselves and their families, that we can hit many of the same objectives while not destroying the jobs



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for people that we can't see, the most transparent members of our society that we're worried about the most.

JULIA IOFFE: I have something else about creating policies. Using government policy to free women up to work, to feel necessary in the same way that men would like to feel necessary and needed outside the home in a professional context, be it as an exterminator or as a white collar lawyer. Policies like daycare that's either subsidized and/or subsidized, regulated safe so that you know when you drop your kids off on your way to your factory job or your legal job you know that your kid's not going to die. There was a public, very loud case recently of a woman in publishing who was forced to go back to work after three months and her son died within hours of his first day at daycare.

ARTHUR BROOKS: Yeah, I don't know the right answer to that. Part of it is, because I can imagine the debate that I would have internally at AEI between people who actually understand exactly what you said and share those sentiments and people who would talk about the result that we've seen actually in the social democratic counties of Western Europe, which they see relatively low wages, very high levels of workforce expectation, falling fertility and they wonder how it's all related and general equilibrium. So as sort of at a cosmic level I don't know what the right thing to do is. But I certainly don't have a natural negative reaction to anything that you suggest.

MICHAEL CROMARTIE: Okay, Tom.

TOM GJELTEN, NPR: This should be brief. Arthur, I just wanted you to respond to a point that John made, which was John your emphasis on "and", which I took as an endorsement of sort of pragmatic approaches that combine different techniques or different strategies. Arthur, you said that people living in starvation, at starvation levels have declined by 80 percent since 1970. And you gave essentially an ideological explanation for that which involves emulation of the American enterprise model. But my understanding is that no government during that time has lifted more people out of poverty than China. China is hardly a good example of the American enterprise model, whether you're talking about rule of law, whether you're talking about property rights, whether you're talking about free trade. You sort of discounted central planning, which



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is actually a pretty important part of the Chinese model. So I guess what I'm wondering is, isn't it a little bit hard to defend this highly ideological explanation for prosperity?

ARTHUR BROOKS: Thanks. I'll start by saying that I've never seen your face before, I just heard your voice my whole life.

Laughter

I just love your work on the radio. I like listen to you all the time, I'm a big fan. But I think that the points that I made were actually economic and not ideological on their face. So let's talk about the case of China, which seems to be a refutation of the American free enterprise model and see how that fits. It's not been since the 1970s, but since 1982 that 680 million Chinese have been pulled out of starvation level poverty. 500 million of those have been pulled out of actual poverty. Okay, so you've gone from starvation levels to poverty and above poverty. It's a rather extraordinary achievement.

So then the question is, what's the deal? Is that a refutation of what I said or is it somehow fed? The reason is, and you said, property rights are weak in China to be sure. Religious freedom is a disaster in China. Free trade actually is the answer to what happened. Because after 1982 —

UNIDENTIFIED: Because of currency manipulation

ARTHUR BROOKS: Well, okay. But the point is that China for the first time after 1982 started wanting overtly to trade with the rest of the world. That was key. So it was globalization and free trade, which are the first two economic. I don't mean to sound just ideological, this is not rah, rah, rah. The reason I love the free enterprise system is because of those things. It's not that I come up with those things, because I love the free enterprise system. Because actually I have a real religion, unlike just capitalism, I think. I try not to be biased under those circumstances, so I say that with as much honesty as I can. But it was globalization and free trade.

Here's another great irony to submit to you for your consideration. You may disagree, but I think it's worth considering nonetheless. That it was for the very first time free



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and peaceful sea lanes across the Pacific after World War II that facilitated that globalization and free trade between China and the West, largely between China and the United States and that was adjudicated by the American Military. So it was American Military leadership that somewhat paradoxically has pulled hundreds of millions, at least indirectly, hundreds of millions of citizens of our brothers and sisters out of poverty among our greatest geopolitical adversary. The ironies of this are really interesting, but the human welfare really comes along.

Now, what I'm suggesting, however, is this, Tom. If there were greater property rights and rule of law, along with the entrepreneurship, free trade and globalization China could've done a lot better. Now, why should you object to my argument? Because I just made it on the basis of a counterfactual, which is a very weak basis for argumentation. It's a non-testable hypothesis, but that is my view. Thank you.

MICHAEL CROMARTIE: John, you had a quick comment on this?

JOHN CARR: You both know more about China than I do. But I know if we had a group of journalists and others getting together to talk about faith and public life, somebody would go to jail. I would hope it would be Michael.

Laughter

It's not just pragmatism that leads me to go for the AND, it's reality. A child's future is very much influenced by the choices of their parents and the policies of the government. I think we know that from experience, we certainly know that if you work with the poor. It also happens to be politically more viable in this environment and it happens to make policy sense. But it's reality that suggests you have to work on both parts of this.

MICHAEL CROMARTIE: Robert Draper and then Lauren Green.

ROBERT DRAPER, *New York Times Magazine*: Yeah. I wanted to return to the basic question of what we, as a society, should care about poverty? John, you rejected on its face the claim made by some in the political sector that we all agree that poverty is a terrible problem and we just happen to disagree on some of the solutions and pointed



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out correctly that in the last two debates the subject did not make so much as a cameo appearance.

Now, Arthur, you I think, if I'm representing this correctly, that you had said the argument that you make, and I respect that you make an argument on the subject at all, is that we should care about lifting up the poor because without that there's no salvation for us. It's an argument essentially of enlightened self-interest. It strikes me as well that the argument we also ought to be making is that we should care about the poor because they are unfortunate replicas of ourselves. There but for the grace of God go we. That we should therefore see the poor as us rather than as parasites, rather than as victims of their own character defects. That is an argument for teaching empathy. How do we do that, particularly in a political climate that has become an empathy killing field?

ARTHUR BROOKS: That's a good question, thank you for that. Let me put even more of a point on that. I mean, the theological argument that the poor are necessary for our salvation is one that some of you share and some of you don't. I'm not going to assume that all of you are believing Christians. But my point was that our nation was built on the poor. That's not just enlightened self-interest either. That is this understanding of American unity. Now, the greatest thing about the Pope, and I've written about this subject personally, the greatest thing about this Pope is his sense of supernatural unity that says that Robert is Arthur. That we are each other. That we're made, that we are part of God and that the poor are not like us, they are us. We are the poor. Now, in an intergenerational sense that's actually quite correct. I can go back in one or two or three generations in every single one of your families and find somebody who's poor. In other words, it's just a few years apart from where we are, which is meaningless in any human sense of this. So given the fact that we are the poor, we're lifting ourselves up when we lift them up in this case of empathy.

How do you inspire more empathy? Okay. Case study in public policy, let's get back to the issue that you talked about with John, which is marriage equality. How did the marriage equality movement actually turn around? Fifteen years ago it was a 70/30 issue against and every major Democratic politician, including Bill and Hillary Clinton and



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Barack Obama were against it. Now it's 66/44 in just 15 years. How did they do it? They stopped fighting against bourgeois morality and started fighting for equal civil rights for law abiding citizens. In other words, they relied on empathy by saying we are them and they are us. They're just like us. That's how it actually works. How did they do it? By showing the faces. Basically, it was the gay rights movement saying we want to be boring suburbanites too. We want to get married too. We want to do all the stuff. We want to have a dog and a station wagon too. It was an incredible thing. It was a seismic cultural shift of moving against this notion of bourgeois morality being outdated and ridiculous to saying, "We want it too."

ROBERT DRAPER: We have the right.

ARTHUR BROOKS: We have the right to be boring, right. Okay, so let's consider that here for a second. If there's a cosmic unity between us and the poor, because we really are the poor, how do you help people to understand that? By showing their faces. Now, I can sort of do it as a think tank president. Who has the power to do it? You do. You're the journalists. You show people faces. You talk about their lives. To a certain extent when you humanize them, and I read everything about poverty, because it's the thing I care about the most. When I read about poverty in the newspaper, when I watch something about poverty on television, when I listen to something about poverty on the radio it's about "them." It's always about "them." It's never about us. It never humanizes them and talks about their actual lives. See, we have these lives, with our kids and doing our jobs and all that. Poor people, we talk about them as "Homo economicus." We talk about what they don't have. You ever notice that? So what if you show me their face and talk about them the same way that you'd talk about me, if you did a portrait of them in the same way that you would do a portrait of me? Then suddenly we can understand that they are me and that's the basis of empathy is comparison and similarity. The basis of empathy is not difference and deprivation, it's similarity. That's where I think it really starts. You have the power to change that.

MICHAEL CROMARTIE: Okay, John. And then Lauren.



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JOHN CARR: Before it gets to any policy or any priority, Pope Francis talks about encounter and he's very specific. He says some people like to engage behind a screen that they can turn on and turn off. He talks about "couch potato Catholics," which I resent terribly. If he talks about "recliner Catholics" I'm really going to be upset. His foundation is that as human beings we belong to each other. The other thing he says is the moral test of our nation is how we treat the poorest among us. So it's personal and then it's a question of moral priority.

MICHAEL CROMARTIE: Okay, Lauren Green.

LAUREN GREEN, Fox News: I'm feeding off of everything that Carl, Kristen and Robert talked about basically, because I wanted to go back to this idea of that we need the poor. The one thing that struck me about that phrase with you, Arthur, is that sometimes you've got to be careful with the language you use or that we use when we talk about things like that, because it could be used as the same sort of tool of oppression, the same way that slavery was used in the Bible's phrase about slavery. You know, slaves obey your masters, that sort of thing. So you understand that this is a tool that some people use and say, "Well see, the poor will always be with us, so I don't have to adjust my thinking." The reason why I thought that is because my niece, and this is a real person, my niece who worked for a franchise apparel store, I'm not even going to say what it was, because I don't have all the facts right here in front of me. But about six or seven years ago she worked there and she made about \$8.50 an hour, around that at the time. But they would not allow her to work over 35 hours a week, because if she did they'd have to pay health insurance. So even though she was living on her own, paying her own rent, she could not even get to be working 40 hours or close to it or else she would be penalized for it. At the same time, the owner of this particular company, I think he sold to a corporation, built a \$100 million house someplace. Now, how do you convince someone like that of the moral imperative to look after workers? I'm not particularly liberal, but I just thought on a humanistic "made in the image of God" level, that's got to be wrong. How do you convince people to have a different kind of understanding of what it means to be taking care of the poor or just giving people a leg up?



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ARTHUR BROOKS: I mean, you're asking for a lesson on persuasion. Because that's what we're really talking about. Because you're not suggesting that what we need is to reach into the pocket of the guy with \$100 million house and take his house away somehow and do that. I mean that's different or maybe that's something that you would suggest, but that's not what you're saying. You're talking about how do you convince him that that's the wrong thing to do?

Well, that's the subject of Bob Putnam and Charles Murray's books. See, this is really the interesting thing. He talks about the shift in our culture that happened from the 1950s until today. A lot of good things happened from the 1950s to today. The Civil Rights Movement happened in the 1950s to today. But one of the things that really happened that was deleterious to our society that really ripped us apart, which is why Charles Murray's book is called *Coming Apart*, is that we stopped knowing people, we stopped being around other people. This is actually related to Robert's question. It's a question of the empathy that we will have with other people. If we live together in the same society, if you had people that you were limiting their hours to 35 a week and you were paying them \$7.25 an hour, you're paying them the minimum wage, you're unlikely to build \$100 million house. Charles Murray talks about growing up in Newton, lowa from a middle class family who lived three blocks away from the President of Maytag and the guy drove a Buick. Why? Because it would be unseemly for him to build this massive mansion. When we have social dislocation and such that we segregate ourselves according to class this is what necessarily happens.

So when it comes to persuasion, what we need to be thinking about is being together more. What do we do to be together more? At the public policy level, by the way, some of the most compelling public policies that I've seen is they take public housing, they don't crowd poor people into large complexes all together. We take poor people and we mix them in public housing into middle class and upper middle class communities. Why? Because then people see the faces of the poor and the poor see aspirationally what it means to not be poor. That's really critical. Then you're unlikely, look, if you're living next-door to a bunch of poor people, how many cars are you going to buy, if you're a decent person? Maybe a lot, maybe not so many. So this is really the critical thing to do.



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What can we do to change our culture to remember that we have a responsibility to be together, that all of us are in this thing together? I think that's the direction that I would take this, because that's what would foment empathy. I'm not worried about the guy's \$100 million house. I'm worried about the guy wanting to build a \$100 million house in a very real way. Because what that is, is not just bad, it actually doesn't hurt poor people at all when he does that. It's the attachment and the separateness, the attachment to the material things, the tyranny of that and the separateness which increases the "haves" and "have-nots" in our society that creates the big problem. So I don't have a cultural answer to that, but I think that's the path that we have to go down.

MICHAEL CROMARTIE: I'll simply add that my wife and I decided *not* to build a \$100 million house.

Laughter

ARTHUR BROOKS: That's big of you, Michael.

MICHAEL CROMARTIE: We have to wrap up in a few minutes and so I know John wants to make some final comments.

JOHN CARR: I was really struck by the last part of this conversation about how faces and knowing people matter. I wanted to give an illustration of this idea of the "and" and the role of different institutions. A lot of people around the table know my brother, David, who was a columnist for the *New York Times* and passed away earlier this year. What you may not know is David's history. David was a drug addict. He was on the streets. He had two little girls with his dealer. If you think about how David went from the streets to the *New York Times*, from a lost soul to a great dad, it involved a ferocious family who never gave up on him. It involved a church and an AA community, those non-public institutions. It involved employers from local alternative weeklies to the *New York Times* that gave him a shot, even though he had a record. Government paid for treatment over and over, paid for foster care for his little girls.

When he got out of treatment he had these two little girls and he went to the local parish, knocked on the door and he said, "I've been a bad son, brother, husband,



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person, worker. I don't want to be a bad father. These little girls ought to be baptized." The pastor could have said, "we have a program for this, come back in the morning." The pastor said, "Welcome home." So lots of places, different institutions, and different people stood up to help David and his girls.

Last February David passed, which is very sad, but he left behind a wonderful family, lots of friends, a professional legacy and had made a real contribution. But at one time, he was poor. All these institutions stepped up and he stepped up. One of the lessons of Pope Francis is never give up on anybody. That's an example of where never giving up made a difference.

MICHAEL CROMARTIE: Ladies and gentlemen join me in thanking both of our presenters.

• END •

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