



CENTER FOR CATHOLIC STUDIES

SEPTEMBER 2014

TO: WBC AND MICAH PARTICIPANTS
FROM: MONSIGNOR RICHARD M. LIDDY
SUBJECT: *Shared Prosperity Is a Moral Imperative*

- Woodstock Business Conference Mission Statement
 - The mission of the Woodstock Business Conference is to establish and lead a national and international network of business men and women to explore their respective religious traditions in order to assist the individual executives:
 - To integrate faith, family and professional life,
 - To develop a corporate culture that is reflective of their religious faith and values and
 - To exercise a beneficial influence upon society at large
 - The conference, grounded in the Roman Catholic tradition, welcomes believers who are open to and respectful of one another's religious tradition. It is committed to the conviction that ethics and values grow out of one's religious heritage.
- **SCRIPTURE: Deuteronomy 8: 6-20 Danger of Prosperity**
- **Therefore, keep the commandments of the Lord, your God, by walking in his ways and fearing him. For the Lord your God, is bringing you into a good country, a land with streams of water, with springs and fountains welling up in the hills and valleys, a land of wheat and barley, of vines and fig trees and pomegranates, of olive trees and of honey, a land where you can eat bread without stint and where you will lack nothing, a land whose stones contain iron and whose hills you can mine copper. But when you have eaten your fill, you must bless the Lord, your God, for the good country he has given you. Be careful not to forget the Lord, your God, by neglecting the commandments and decrees and statues which I enjoin on you today: lest, when**

you have eaten your fill, and have built fine houses and lived in them, and have increased your herds and flocks, your silver and gold and your property, you then become haughty of heart and unmindful of the Lord, your God, who brought you out of the land of Egypt, that place of slavery; who guided you through the vast and terrible desert with its seraph serpents and scorpions, its parched and waterless ground; who brought forth water for you from the flinty rock and feed you with manna, a food unknown to your fathers, that he might afflict you and test you, but also make you prosperous in the end. Otherwise you might say to yourselves, "It is my own power and the strength of my own hand that has obtained for me this wealth." Remember then, it is the Lord, your God, who gives you the power to acquire wealth, by fulfilling, as he has done, the covenant which he swore to your fathers. But if you forget the Lord, your God, and follow other gods, serving and worshipping them, I forewarn you this day that you will perish utterly. Like the nations which the Lord destroys before you, so shall you perish for not heeding the voice of the Lord, your God.

- **Quiet Reflection - 5 minutes, followed by noting insights.**

Shared Prosperity Is a Moral Imperative By WILLIAM A. GALSTON

"Great nations need organizing principles." Former Secretary of State [Hillary Clinton](#) was speaking about foreign policy, but her proposition applies equally to domestic affairs. I propose this goal: Economic growth that works for all Americans and a job with a future for every willing worker.

In modern circumstances, economic growth is more than a material objective; it is a moral enterprise as well. "The value of a rising standard of living," as Benjamin Friedman says in his 2005 book "The Moral Consequences of Economic Growth," "lies not just in the concrete improvements it brings to how individuals live but in how it shapes the social, political and, ultimately, the moral character of a people."

A rising standard of living for the majority of citizens, he writes, "more often than not fosters greater opportunity, tolerance of diversity, social mobility, commitment to fairness, and dedication to democracy." The opposite is also the case; "when living standards stagnate or decline, most societies make little or no progress toward any of these goals, and in all too many instances they plainly retrogress."

Broad prosperity is both the oil that lubricates the machinery of government and the glue that

binds our society together. Economic stagnation means gridlocked, zero-sum politics and a turn away from the spirit of generosity that only a people confident of its future can sustain.

That is why the central question the U.S. now faces is whether the next generation will again achieve broadly shared prosperity or, rather, experience the continued stagnation—or even erosion—of its standard of living.

Although economic growth is necessary for shared prosperity, it is not sufficient. We thought otherwise during the three decades after World War II, because we overlooked the special circumstances that translated growth into an expanding middle class.

When Charles Wilson, CEO of [General Motors](#) and President Eisenhower's nominee for secretary of defense, appeared before the Senate Armed Services Committee in 1953 for his confirmation hearing, he explained his past conduct with an often-misquoted sentence: "For years I thought what was good for the country was good for General Motors, and vice versa." At the time, there was much evidence in favor of this linkage.

Half a century later, the relationship between corporate interests and the national interest is much more tenuous. The interplay of globalization and technological change has fundamentally shifted the balance between labor and capital, setting in motion the slow erosion of the postwar middle class.

As labor economists have shown, what had been an occupational bell curve shifted toward a more bifurcated pattern, with high-skill workers at one end and low-paid workers in retail, food and personal services at the other. Jobs requiring midlevel skills and offering midlevel compensation became relatively scarcer. The Great Recession and its aftermath accelerated this "hollowing-out" of the U.S. workforce.

In recent decades, the gap between the compensation of corporate leaders and that of their workers has increased many times over. The surge of the financial-services sector produced a new tranche of packagers, traders and managers who enjoy almost unimaginable wealth. Meanwhile, middle-class families have been treading water, and many parents fear that their children will do worse.

The second half of the 1990s was the last time that all economic groups from top to bottom progressed together at roughly the same rate. It is no coincidence that during this period the labor market reached and then sustained full employment, improving workers' bargaining power and bringing previously neglected individuals back into the workforce.

Full employment is more than an economic good. In modern societies, work not only provides a

livelihood; it helps organize our lives. It provides structure and purpose. It is a key source of confidence and social respect. It promotes stronger, more stable families and healthier communities, strengthens the bonds of trust between individuals and their institutions.

Conversely, we know all too well the consequences of long-term unemployment: diminished self-respect, increased strife within families, epidemics of substance abuse, blighted neighborhoods and, worst of all, a corrosive sense of helplessness.

We should adopt full employment as a high-priority goal of economic policy and welcome the wage increases it would generate. Because global competition will make it difficult for businesses to raise prices, higher wages would likely come out of profits, which now stand above 10% of national income—the highest since the end of World War II.

This shift from profits to wages might prove problematic if businesses were short of capital for investment. But the reverse is now the case, at least for the large firms that are accumulating huge stocks of retained earnings that languish on the sidelines or are used to fund mergers and stock buybacks. And the costs of borrowing remain very low.

We can argue about the means to achieve faster, more broadly based economic growth and to reach sustainable high employment. That's what the 2016 presidential election should be about. But the political parties at least should be able to agree on these goals, as the American people already do.

- **Reflection Questions:**
 - **Be Attentive: How do we see our prosperity as an individual, a family, a community and as a nation?**
 - **Be Intelligent: Is shared prosperity a “moral imperative”? Should we adopt full employment as a high priority goal of economic policy as William Galston suggests and impact profits? Is Galston in this article speaking as a prophet?**
 - **Be Reasonable: How do we as individuals and as a society manage the competing values of profitability and jobs, how do we see wealth creation and job creation? What happens to our thinking as we juxtapose this article with the reading from Deuteronomy?**
 - **Be Responsible: How will this morning’s conversation be carried into your day? How do we receive prophetic messages and move them from contemplation to action? How comfortable are we when we hear a prophet and how comfortable are we putting the insight creatively into practice?**