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# Capitalism for the Masses

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David Brooks

When Arthur Brooks was 24, he was playing the French horn in a chamber music concert in Dijon, France. He noticed a beautiful woman smiling at him from the front row, so, after the recital, he made a beeline for her and introduced himself.

Within seven seconds he came to two realizations. First, he was going to marry this woman. Second, she didn't speak a word of English, and he didn't speak a word of Spanish or Catalan, which were her languages.

When he got home, he realized that if he was going to have a chance with Ester he was going to have to show some commitment. So he quit his job in America, moved to Barcelona and went to work with the Barcelona orchestra. Over the next few years, he learned Spanish and Catalan and Ester learned English. They have been happily married for 22 years.

"Sometimes you just have to be all in," says Brooks (who is no relation). "You have to go beyond cold utilitarian analysis."

Brooks later became a social scientist and is now president of the American Enterprise Institute, probably the most important think tank on the American right. He has emerged as one of the most ardent defenders of the free enterprise system. But the humanist that he is, he has primarily defended capitalism on moral terms. He's criticized Republicans for defending capitalism on materialistic grounds — because it makes some people rich. Republicans, Brooks says, have an overly small-business focus. They talk as if everybody should become an entrepreneur.

The real moral health of an economic system, he argues, can be measured by how well it helps all people make an enterprise of their life. Whether they work at odd jobs or at a nongovernmental organization or at a big company, do they get to experience the joy of achievement? Do they know that their work amounts to something?

He's pointed out that the percentage of people in the world living on \$1 a day has declined by 80 percent since 1970s, adjusting for inflation. That's the greatest increase in human possibility in human history. The primary cause is globalized capitalism.

But now capitalism faces its greatest moral crisis since the Great Depression. The nature of that crisis can be captured in two statistics. When Facebook entered a deal to buy WhatsApp this week, it agreed to pay a price equal to \$345 million per WhatsApp employee. Meanwhile, the share of the economic pie for the middle 60 percent of earners nationally has fallen from 53 percent to 45 percent since 1970.

This economy produces very valuable companies with very few employees. Meanwhile, the majority of workers are not seeing income gains commensurate with their productivity levels.

This puts a strain on the essential compact that you can earn your success. As Joel Kotkin has argued, the middle class is being proletarianized, and the uneducated class is being left behind.

To his great credit, Brooks is responding aggressively to this moral challenge, in a way that is providing a needed jolt to Republican circles. Over the last two days, for example, he had the Dalai Lama, a self-

described Marxist, over at the American Enterprise Institute to discuss the morality of capitalism. Jonathan Haidt, of the Stern School of Business at New York University, challenged the mostly Republican audience to invent a new capitalist narrative, going beyond the simple demonization and celebration narratives.

Brooks recently published a daring piece in Commentary magazine on a conservative social justice agenda. It was called “Be Open-Handed Toward Your Brothers.”

He pointed out that conservatives love to talk about private charity, but, if you took the entire \$40 billion that Americans donate to human service organizations annually, it would be enough money to give each person who receives federal food assistance only \$847 per year.

Instead, Republicans need to declare a truce on the social safety net. They need to assure the country that the net will always be there for the truly needy. Then they need to point out that it is the web of middle-class entitlements, even the home mortgage deduction, that really threaten benefits to the poor.

The big new problem, Brooks writes, is that labor markets are sick. Fewer people are working and enjoying the sense of reward that is a key to happiness. Democrats embrace a raise in the minimum wage that could drive another half-million workers out of the labor market.

Much better, he says, would be to expand the earned-income tax credit or maybe use direct payments or loans to help people move to opportunity.

The big story here is that a major pillar of the American right is leading his institution to fully embrace capitalism, but also fully embrace government policies that will help the broadest number of people earn their own success. In this era, the invisible hand may not be enough.

Sometimes you have to go all in.

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