

# Fighting poverty: mapping the road towards wealth creating actions. Refunding the actor.

The citizen as the basic economic growth factor: Promoting entrepreneurship and reducing “red tape”.

# Relevant Ideas

- “Anyone unwilling to work should not eat” (St Paul, 2 Thess 3:10;12)
- “Wealth creation has as much to do with spirit as with matter” (Jay Richards, Money, Greed and God)
- “Man’s principle resource is man himself” ( Pope John Paul II, Centesimo's annus)
- “If you want one year of prosperity, grow grain; if you want 10, grow trees, if you want a hundred, grow people” ( Chinese proverb)

# XX Century vs XXI C.

|                       | Second Half XX  | First Half XXI  |
|-----------------------|---|---|
| Geopolitics           | 3 Worlds: 1st, 3rd, Soviet block                            | One World all over, many sub-Worlds within each country. Rich and poor sharing nationality. |
| Politics              | Concentration of power in the West.                         | Power dispersed: from West to East. The Pacific as the new pumping heart                    |
| Knowledge             | Concentrated in 1 <sup>st</sup> World                       | Universal access: internet  |
| Citizenship           | A spoilt child: Looking up at “Father State”.               | A free, responsible, conscientious and creative adult                                       |
| Public Administration | All powerful: manager, provider, regulator, shareholder.... | Subsidiary: education, health, establish and maintain the rule of law and property rights.  |
| Society               | Humanophobia=burocrafilia                                   | Humano filia=burocrafobia   |

# Starting Point

- I am a:
  - Woman
  - Mother
  - Entrepreneur
  - Committed citizen in the 3rd sector
  - European
  - Liberal
  - Christian

# Where to: New scenario, new actors

- As a woman : my biggest satisfaction is to see that I have the power to decide what I intend to be.
- As a mother: the joy is to see that my children have become independent, dynamic, self-sufficient, generous, positive human beings.
- As an entrepreneur, to contribute to wealth and job creation.

- As a member of a Foundation, that we promote self-employment and entrepreneurship and contribute to the development of micro businesses and stressed companies, the biggest job creators.
- As a liberal economist, that we resist the growth in size of our forced partner, the State, who cashes out in dividends, every month, a 3rd (Spain) of accounting benefits in any business and of 3/5 of my earnings.
- As a European, that we drink in the source of a humanistic history and expand it to other parts of the world where human rights are ignored but also that we must learn from USA's mind-set where a businessman is respected, in failure and in success.
- As a Christian, that we remember that the driving force out of poverty and in to wealth, is a love for humanity and its inborn instinct to recreate (prosper) when regarded as a free being.

# Storey 1

- In the early eighties, we had the opportunity to rebuild an old house in the mountains. We hired Sabas, a senior hard working man who had started his career at 13 yrs old putting bricks one on top of another. He had got his first pair of shoes at 7. Three meals a day in his 30's. After 40 yrs., he was the established building star in the village. We became friends. Some time later, his only daughter, Mari, got married. She was a teacher in a public school. She was given all her parents never had in their past. Hardship and ambition were not in her vocabulary. She had been spoiled, and was deceived when confronted with adulthood. She is stressed. Can't work. Lives on welfare.

→ False expectations lead to failure.

# Story 2

- Special Employment Unit (SEU):  
SEU are companies deliberately created to give employment for disabled persons who are positively discriminated because of their handicap. We decided in our group to found one. It took 8 months on administrative paper work (red tape) to launch. The up-side for the company is that it is favored in public tenders and the social security costs are lower. But the productivity is extremely low: any demanding, performing oriented indication on the worker results in high attrition rates and absenteeism; because of their handicap, they're entitled to a welfare direct income, active or unemployed. They have such unconditional rights that they often choose not to add value.
- Well intentioned welfare policies, in this case aiming at creating opportunities for those in difficulty, often lead to naively unsuspected perverse effects. The companies incur in high costs, the handicapped enters a vicious circle.

# Story 3

- I was having lunch with one of the important clients in my company. He had been the Finance Minister in the previous Regional Government. We were discussing the labor market and I was defending a need to liberalize our very rigid Spanish system as a means to reducing high unemployment rates. He stated: “While I was in charge, at some point, the rate started to increase. We decided on an indirect way to create jobs: we increased the number of mandatory maintenance controls on elevators from once every 2 years to one a year. We created 20.000 jobs”.
- Politicians know how to force job creation thinking any job adds value to a country, ignoring that it’s productivity which increases the wealth of a nation and not all jobs are productive: they may add salaries in the short term, but if it increases costs to a community without adding value, it impoverishes the country in the long run.

# Creating wealth(I): promoting a new mind set.

- The new Public Administrations' role in changing the culture:
  - from burocrats to civil servants.
  - from a suspicious attitude towards the business community to a friendly one.
  - From an education that “normalizes” students to an education where initiative, creativeness and method is rewarded. Empowering the student in to becoming a wealth creator.
  - From a “mantra” that demonizes multinationals, wealth and business in general (most school text books contain these messages) to one where it identifies prosperity with companies that create jobs.

# Creating wealth(II): promoting entrepreneurship

- The new public Administrations' role in facilitating business development
  - Reducing administrative barriers.
  - Simplifying regulation.
  - Enforcing the simplified requirements.
  - Reducing taxation.
  - Promoting global companies.
  - Rewarding effort, penalizing laziness.

# Creating wealth (and III):

The new public Administrations' role as the subsidiary safety net:

- Promoting and favoring the family as the fundamental institution where healthy, educated hard working future citizens are shaped.
- Helping those who help themselves and have had no opportunities.
- Enforcing moral hazard culture at all levels.