

The New Economy of Business

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I am glad to be here with all of you this evening. I want to speak to you as a businessman. That's kind of what I was raised and trained to be. When I grew up, my brother and I - he's two years younger, and we work together now - we didn't go hunting and fishing with my father on weekends. My father was an entrepreneur and so on weekends we would go look at real estate, and go to his office and we'd collect rent, come home and count the money on the kitchen table, and he'd teach us about depreciation and borrowing money and things of that nature. I don't really think there's a genetic component of business or entrepreneurship. I think it's a cultural kind of thing and something you learn; but for some reason in my family, my great-grandfather and his brother came over in 1901 and they both had their own business. My great-grandfather had three sons, and all of them had their own business. My grandfather had three sons, and they had their own business. And now my father had my brother and I, and we're in business.

Like I said it's not genetic: I think you learn it and you absorb it and there are certain ways of looking at the world. And so because I was raised as a businessman, that's how I want to address you tonight. Even though some of you may not be in business, I think what I say will still have some resonance.

I want to talk about how all of us, whether we are in business or in some other endeavor, ought to conduct ourselves in the world as it's changing today. We have a world that's becoming more and more unpredictable, and there is a variety of economic developments that people have a hard time getting their hands around. And so I think it's important for us to analyze that situation as well as we can.

I've told the story before to some folks: Two years ago, my daughter - I was sort of doing the same thing with her that my father did with my brother and I - so, she spent the summer with me as an apprentice. So she was there for three days a week, half the time bored out of her mind. But she was there watching what I do during the day, watching me make phone calls, and she'd go to meetings with me and lunches, and when I was reading the Wall Street Journal, I'd tell her to read the New York Times, and we'd do these things. So after a few days, she looked at me. We'd be engaged and she'd been watching me do all this stuff and she said, "Daddy, when do we make the money?"

It was one of those questions that at first you think is kind of cute, and then you realize, "that's a really good question." And what is it about what I do every day that makes the money? And this is a question that a lot of people ask about capitalists. At the end of the day, I am basically a capitalist. When you are an investor, then you're a capitalist. What does a capitalist do? A capitalist, first of all, gathers a lot of data. You gather as much information as you can because you're going to end up trying to figure out what's going to go on in the future. You gather as much data as you can; and then you try to digest it, and you try to reason through it and analyze it. At the end of the day you've got to make

a decision. You've got to make a decision on where money ought to be invested. That's what a capitalist does. If they do a good job with it, they'll make some more money, and they'll make more investments. If they do a bad job with it, they won't have any money left to invest.

So in a way, they get paid for making decisions, at being a good judge of things. And so it was only after she asked me this question that I started to realize that that's what a capitalist does.

And so, the key to making those kinds of decisions is looking at the data and looking at reality, not as we wish it were, but as it is, no fantasies. We call it *reality-based management and investment*. By the way, I don't know how many of you follow the various things that Pope Benedict speaks about, and he gives addresses all the time. But one of the things he mentions in almost everything he says these days in public - he appeals to reason. He's concerned that man is closing himself off to reason. That was the main message - you all remember his speech he gave at Regensburg, about Islam, and everybody went nuts that he was criticizing Islam. He wasn't criticizing Islam. He was saying we have to watch out for what can happen in Islam and in Western thought, because in both of them, in both of those situations, man can close himself off to reason. He wasn't saying, closing himself off to faith. He was saying that man was closing himself off to reason. And that's what we, I, as a businessman have to be careful about, and that's what all of you have to be careful about: that we don't flee from reason.

Aristotle opened his work Metaphysics with the statement that man is born with a desire to find things out, to know the truth. And I like to use as a synonym for the word "truth,"

the word “reality.” Sister mentioned that I am involved in education. My favorite definition of education comes from a man named Joseph Jungmann. He said, “Education is the process of introducing a person to reality.” I think that’s one of the best definitions I’ve ever heard. So that’s what education is. Having said that, T. S. Eliot, the wonderful poet and a wonderful observer of human nature, had something else to say about reality. T.S. Eliott said, “Humankind can only bear so much reality.” And isn’t that true? Truth, or reality, is splendid and invigorating. Pope John Paul II had an encyclical called *Veritatis Splendor*, the splendor of truth. Truth is indeed splendid. However, it can also be costly, and difficult and even painful. And consequently, many are more comfortable living with illusions rather than the truth.

My brother and I see this in our business all the time. There are many occasions when folks proceed under faulty but comfortable illusions because truth is more difficult. So we’ll have a situation when we do business deals in our business. Somebody will come in and I say, “Have we closed the deal?” And they’ll say, “Oh yeah, it’s a done deal.” “So we finished it, it’s closed?” “Well, no, no, but it’s a done deal.” “What do you mean it’s a done deal, is it done?” “Well no, no, it’s not done yet; but we’re going to close it this week.” “Well what else needs to be done?” “Well we need the approval of this party and this party.” So then it’s not a done deal, anything can happen. That person is not operating in reality, it’s not done yet. Anything can happen. But that’s a comfortable illusion. And that’s just one example.

We have a new slogan in our business at Hanna Capital; our slogan is “Measured by reality.” Because we are trying to look at our investment results, let’s measure them by reality. What does the data say? We should all pay attention to our feelings. Feelings can tell us something. But feelings can also take us anywhere. At our business we want to look at the data, we want to see what the facts say. Someone may feel that their division is getting a good on return on capital, but the proof is in the numbers. The actual data is relevant to the conversation. And, I think when it comes to how we ought to live our lives, the data is relevant. So, let’s look at the data.

Last year I was in the Holy Land during Holy week. I was walking in the data. I went to the place where the Last Supper was, and I walked through the valley over to the Mount of Olives to Gethsemane. We walked from there, and you can go over to where Pilate’s place was. And then you can walk to Golgotha where the crucifixion took place. And then you can come down off of that stone and go over to the tomb where He was buried. You can go to Bethlehem and place your hand in the cave where he was born; you can go to Nazareth; you can go to Capernaum in Galilee. You see these places - that’s data. Those are facts that occurred.

And I was reminded of this summer when my wife and I and my daughter (she’s a senior in high school now), took our college trip up the East Coast, looking at different places, and we mixed it with a tour of American history. So we went to Boston and Philadelphia and these historic places in Washington. And in Philadelphia, I don’t know how many of you have ever been to Independence Hall, but we went into Independence Hall. Now we

all learned about what happened in 1776, but that stuff really happened. That's not Paul Bunyon and Babe the Blue Ox. It happened. I looked in that room and saw these chairs there - these men sat in that room and they signed the Declaration of Independence, understanding that by signing it, theirs would be viewed as an act of treason and they may lose their lives, and many of them did lose their lives. That was an act of courage, and it really happened. And I'd seen it about 20 years ago, but I hadn't taken my daughter. I wanted to see it again, and I wanted her to see it. Now why is that important? Because evidence matters; either it really happened or it's a legend. And we have to make the choice.

Christianity is not just a philosophy. It's a belief that God became man. Now, if this person, Christ, did not exist or do what we think he did, then the whole thing kind of crumbles, which is why so many are dedicated to disproving what he did. There is a guy named Christopher Hitchens, who has a bestseller out right now that seeks to disprove that Christ was God. So, evidence matters. It is not wholly dispositive in matters of faith; it doesn't prove it, but it does matter. Because, either at the end of the day, for all of us, and this applies whether someone is Christian or not, either Christianity provides real context for our everyday lives, or it does not. But it is one or the other, whether we are Christian or not. Either it provides context and explanation for our lives or it does not.

Now there have been a variety of scholars and non-scholars over the years who have sought to diminish the impact or the interpretation or the content of the words spoken by

Jesus Christ. Many have used as a point of origin to criticize Christianity an effort to discredit the historical accuracy of Holy Scripture. So the *Codex Vaticanus*, I don't know if any of you have ever heard of that, it's one of the two oldest Bibles in the world, it dates to the year around 300 to 325 A.D. And over the years among scholars there has been some argument, a fair amount of argument, on whether we can really trust a piece of writing that dates to 325-300 years or so after the life of Christ. Because the argument is, you know there were too many followers of Christ who were continually editing and amending the text prior to this date, and so we really have to question whether it's an accurate record. And one of the other things I did when while I was in Jerusalem, I met with a man named Cardinal Martini. Cardinal Martini used to be the Archbishop of Milan. But he is more famous because when John Paul II died, there were a variety of reports about who might be elected as the new pope. One of the folks that people thought would be elected, was Cardinal Ratzinger. He became the pope. But the second favorite if you will, was a guy named Cardinal Martini. He was a very powerful man within the Church, very well known, very learned. He's now in Jerusalem pursuing his love, which is Scriptural Studies.

Now, Sister mentioned this *Papyrus*, this copy of the Gospel of Luke, that my family was involved with, and we donated to the Vatican. It is the oldest copy of the Gospel of Luke in the world, and the Gospel of John and the Lord's Prayer that exists. It predates the *Codex Vaticanus*. Now remember, the *Codex Vaticanus* is 300-325. This Papyrus dates anywhere from 100 to 150 years prior to that, so about 175 A.D. So if the theory that scripture continued to be substantially revised and edited up through the year 325 is true,

you would expect to see fairly significant differences between this *Papyrus* that came 150 years earlier and the *Codex Vaticanus*. If, instead the differences between the two were minor, and if there was substantial agreement between them, there is a compelling case that the early Church Fathers were not continually massaging and editing the message of Christ, but instead were remaining remarkably faithful to it. And ensuring a level of accuracy that should be accorded to what was believed to be the Word of God by his followers.

Well, in his earlier years, (Cardinal Martini is over 80 now), but in his earlier years he wrote his doctoral thesis on comparing this *Papyrus* with the *Codex Vaticanus*. He'd never actually seen it in person; he'd seen very good photographs of it. He actually got to see it in person last year when he went to the Vatican to see it. But when he did his thesis, he went through every marking on this *Papyrus* and compared it to the markings of the *Codex Vaticanus*, and that's why he wanted to meet me while I was in Jerusalem. Because this *Papyrus* helped to confirm the Word of God upon which Christianity has been premised for 2000 years. And that's why the Pope was so interested in it. Because here's what Cardinal Martini found; he found that there was indeed significant agreement between this *Papyrus* and the *Codex Vaticanus*. It was almost identical, helping to prove that the message of Christ had been definitively memorialized much sooner than many scholars had maintained, and casting in the doubt the argument that it was continually being mutated and changed over the years.

We actually got to see the *Papyrus* in the vaults of the Vatican down in the basement last January. We went through all sorts of doors, and locks and alarms; we had the Archbishop who is in charge of the library taking us through. And this thing, they had it under lock and key when it left Switzerland. The night it was purchased in Switzerland, the house it was held in was surrounded by the Swiss army through the night. The next day they closed down the airport in Berne, Switzerland, loaded it on the plane, took it to Rome, put it over on a separate runway, met it with an armed convoy, with a helicopter overhead, took it into Rome to the Vatican and then put it down in the vault. So it's down in the vault now. So we go in the vault, and the Archbishop starts pulling out this stuff, and I ask him to see the *Codex Vaticanus*, the oldest Bible in the world. I want to take a look at it. I figure I'm down here. And beautiful big pages, with big, beautiful text, exactly like what you'd sort of expect the oldest Bible in the world ought to look like. And then he said, do you want to see the *Papyrus*? Absolutely, that's why we're here. So he pulls the *Papyrus* out and it's only, it's about, each page of the *Papyrus* is about this big, that's about the size of each page of the *Papyrus*. And it's kind of an amber color, it's between glass because it's very fragile, so to protect it they put it between two pieces of glass. So he pulls out one of the pieces of the *Papyrus* and he holds it up to the light. In fact it's just fluorescent light like we've got in here. But the *Papyrus* is sort of this amber color, and when he held it up to the light at 10:30 at night, and it kind of glows, sort of a golden color. This is kind of an Indiana Jones moment if you all are familiar with him. So he held it up in the light, and there was another priest standing with us, and the other priest, not really for effect, he just kind of said it to himself, under his breath, he sort of whispered, he said, "There it is, the Word of God." I looked at it, I said,

“There it is, the Word of God.” That’s a moment my family will always remember. That’s the oldest copy of the Gospel of Luke in the world.

Now the reaction I had - that was the same reaction I saw on the face of the Pope two days later when he was presented with the *Papyrus*. They brought it up to him, and as soon as it’s coming up to him - he’s a scholar - as soon as they brought it up to him, he turns to his aide and said, “Where are my glasses?” What’s interesting, you know English is not his first language, but he started speaking to us in English. So once he started in English, everything he said was in English. He said, “Where are my glasses?” Puts the glasses on, he starts reading it. He can read ancient Greek. I couldn’t read any of it. I can look at it. It’s as clear as the type on this. You go see the Declaration of Independence; it’s all faded because the sunlight hit it. This has been in a cave for 1800-1900 years, and so, the part that’s not torn up, you can read it. So he starts reading it to himself, sort of with elation. Because you could tell he was thinking, here is evidence.

Now when I say evidence, evidence is not proof; it’s not proof, it’s evidence. Because you know in business, we rarely have proof of what is going to happen, we have data. We have facts. We have evidence. We’re always having to make a judgment, based on the best current evidence we have about what’s going to happen in the future. We’re always either buying, selling or holding. We’re buying a share of stock, we’re selling a house, we’re holding on to our job, we are always making projections about the future based on the best data and evidence that we can find. You know, we cannot not do that. There is no way to avoid it. We must make projections and predictions and live

accordingly. When I leave the house in the morning, I either take an umbrella or I don't. But either implicitly or explicitly I am making a decision about the future - whether I think it's going to rain or not. And I am governing myself accordingly. The same is true of Divinity and Eternity. Once confronted with the concept of Divinity and Eternity, the consequences are binary. There are only two ways. We must, we must decide and thereby govern ourselves as if they existed or if they did not exist. We don't have a choice. We can't not decide. The father of probability famously wrestled with this question. His name is Blaise Pascal; the computer language Pascal is named after him. And some of you may be familiar with the famous Pascal's wager. When he said, "In order to minimize risk, which risk is greater? That you lead a virtuous life and find there is no heaven or eternity; or that you lead a licentious life and find there is a heaven or eternity and you are not there. Which is the greater risk?" Now he just deals with reason. Let's reason through this.

That's the language of the businessman. Pascal was examining something we know in business as "opportunity cost." What is the opportunity I'm giving up by not making a certain decision? And there is another thing business people do, and most of us in this room do. Sometimes we want to avoid Pascal's wager. So we employ the theory of plausible deniability. We all know plausible deniability. We figure, if no one can prove that we knew about it, we can deny that we are responsible. And guess what? In this world of ours, plausible deniability sometimes kind of works. If you say I didn't know, who can look into your head and really prove that you did know? Plausible deniability can kind of work on this earth. The problem is, if there is a higher intelligence that can

look into your head and determine whether you really knew, plausible deniability doesn't work. And I think some of us are sort of counting, myself included, on the fact that maybe we can get away with plausible deniability if there is an eternity by saying: well, I didn't really consider all of that. We avoid thinking about it so that we maintain plausible deniability. Or, we rely on mercy trumping justice. We say, "Well God is merciful, how in the world could a merciful God not be merciful toward me?" We're ignoring the fact that a merciful God is also a God of justice and hoping that the mercy overcomes the justice with which he might deal with this.

And then finally, there is just the rejection theory of God that says, "Well, if your God is the kind of God that wouldn't allow people eternal bliss, then I don't want to have any part of Him." This is the sort of reasoning in John Milton's *Paradise Lost*, when Satan rejects God saying, he'd rather rule in hell than serve in heaven. "I won't have anything to do with that kind of God!" When I hear Christopher Hitchens, the guy I mentioned earlier with the best seller, that's the kind of thought I hear coming from him. But the fact is that no matter how much faith or little faith we may have, we all in here ought to be interested in reality. If we are going to be successful in business and in the world, we have to be interested in reality. Either it's the Word of God or it's not, but you can't stay neutral. This is a great drama and we don't get to sit it out. Whether explicitly or implicitly, we're all deciding. And plausible deniability is not plausible.

Now let me tell you what this means for us in business. It means that business people have to decide how we are going to conduct ourselves. And I'll tell you a theory I have,

a proposal for how I think our economy is working these days and what our economy is moving toward. Because the more I observe business, I will tell you, money is important, but money is not what makes the world go around, even in the business world. I think instead we have something I call the economy of the gift. And this economy of the gift is at the core of what I mean by the New Economy of Business. And I have four short premises I'll walk you through.

Premise #1): Truth is better than untruth. And you may say that that sounds like something that need not be said. But in today's world, that's something that needs to be said, because people flee from truth. Truth is better than untruth.

Premise #2): Truth, reality cannot be negated. It is there whether we acknowledge it or not.

Premise #3): Truth and the truly good things of this earth are gifts. None of us earns the truth. When we figure out how an engine works, or we discover a new cancer drug, or how to teach children more effectively, we may have worked hard to find the truth, but the truth itself is a gift. There's an astrophysicist at MIT named Alan Guth and he has remarked that the universe is the ultimate free lunch. You know none of us earned our birth, or our parents, or our intellect, or our talents, or our sensitivities, or our spouses, or our children, or the air we breathe, or the harmony we hear, or the sunsets we see. They are all gifts. I've worked really hard most of my life, but all the best things in my life are gifts. And so if truth exists and cannot be negated, and if the economy of the world is one of the gifts then,

Premise #4, is that the only method in which we can become fully human, each one of us, fully what we are intended to be, is in being consistent with this order of the

universe. If this is reality, in other words, the giving of ourselves is what allows us to become what we are designed and supposed to become.

Now I'll tell you why I think so much of the world is so confused on this matter. The traditional intellectual leaders and elite of our society think it's a zero-sum game. You know a zero-sum game is like poker, if I lose you win, if I win you lose. But it's not a zero-sum game. The intellectual elite, I shouldn't say all of them, but much of our intellectual elite in this country, they are not businessmen. They don't understand the creation of wealth; they don't understand the economy of the gift; they operate with the economy of envy and materialism. As Sister mentioned, this documentary that the Acton Institute has put together called *The Call of the Entrepreneur* is to explain that people who create wealth and build businesses, that that's part of a way of donating part of themselves. I am not saying they are not interested in money at all - they are - but that's not at the core of it.

Now as people in business and as people in the fields you're in, we have an opportunity to see through this kind of illusion, this materialist illusion. We need to train ourselves to see through it. We need to train ourselves to focus on the bottom line, on the real data, on the real evidence. Focus on reality. It's not easy but we can train ourselves in how to do it. And materialism is not reality, and I'll get to that in one second. We do this, we focus on reality, we train ourselves by teaching ourselves virtues. And the most important virtue in this regard is the virtue of prudence. I'm going to read you a quote from my favorite philosopher, his name is Josef Pieper. He speaks of prudence, and here

is what he has to say about it, “To recognize what is real, however, should certainly not be thought an easy endeavor, it is quite exacting and in many ways hazardous. Goethe once wrote: ‘In all actions and decisions it’s important to perceive clearly the objects involved and to deal with them according to their nature.’ All very well. But these objects never appear as neutral entities in some disinterested perception of ‘reality;’ these very objects envelop and make up the situation that demands our decision; they form precisely the bluntly concrete circumstance here and now that stands in constant flux and that if we perceive, as a rule, according to the likes of our very own personal interests. What is asked of us then is no less than this: to reduce our own interest to that silence which is an absolute precondition if we want to hear or perceive anything.” And we’re thus able to state, “Prudence is the art of making the right decision based on the corresponding reality, no matter whether justice, courage or temperance is at stake.”

That’s what I have to do as a businessman. That’s what each of us has to do in our lives. Understand and act upon reality as it really is. Now that silence that I just read about, that Pieper mentioned, that silence where we perceive correctly - Christians know that silence as prayer. That’s hard for many of us. But it’s only in that silence where we clear out the clutter, where we can perceive reality as it truly is. Most of us want to deal with the material world that’s here because we can see and touch and feel it. We’re not bad folks, we’re just trapped in a world that is governed primarily by materialism. And materialism says this, “Materialism says that all that matters is matter.” OK. The Enlightenment came along and said, “If we can’t touch it, feel it, sense it, taste it, hear it then it doesn’t exist.” But in the business world matter matters less and less. Intangibles matter more and more. I don’t know how many of you here are in business are business

students, but you know a balance sheet in a business is designed to tell you how much a business is worth. You've got assets, you've got liabilities, and you subtract the liabilities from the assets and that's what the net worth of a business is supposed to be. That's how a balance sheet was set up.

We're all familiar with Google. Let's look at Google's balance sheet. If you subtract the liabilities in Google from the assets of Google, you come up with a big number, \$23 billion. But guess what? The market place values Google - if you take all their stock and you put a price on the share of the stock - the market-place values Google at over \$150 billion. The marketplace says Google is worth \$150 billion, the balance sheet says \$23 billion, so where is the extra \$100 plus billion? It's not on the balance sheet. There's no matter there. The stuff that creates value for Google, that makes it worth over \$150 billion, is not matter at all. It doesn't show up on the balance sheet. It's in the energy, the know-how, the culture at Google. The most valuable part of the Coca Cola Company does not show up on their balance sheet. It's their brand. That's what's most valuable at Coca Cola. Now in business we call this stuff intellectual property, but it's not property the way we normally think of property. It's a lot different from what we typically think of as property. Physicists started figuring this out over 100 years ago. They realized that most of the world is made up of energy rather than matter. Have you ever seen the model of an atom? It's mostly empty space. The electron circling around the nucleus held together by energy. We're mostly not matter, and I think the leading business people of today are teaching the world how to live in a post - material world, because that's how we've got to build our companies. And so if we move beyond materialism, into the third

millennium, that's where I think, if we think in a post - material way, the people in this room can help lead the culture.

Why do I think so hard about this? Well one thing is, I think it has to do with my soul. But also, I'm an investor. I want to make sure I'm investing wisely. If this non-materiality is indeed part of reality, like with Google, and if I'm going to invest in the post-material world, and participate in the economy of the gift, I have to ask myself: what ought I invest in? Now I'll give you a hint. Pope Benedict said in a sermon right before he went into the meeting, the consistory, that made him the Pope, he said, "Of all the things on this earth, buildings, mountains, rivers and art, of all the things on the earth, the only one that is eternal and lasts forever, the only thing on this earth that lasts forever, is the human soul."

Now think about that. If eternity exists, and that's a big if, we can't prove that, but if eternity exists, then the greatest investment we can make by far, is an investment in the human soul, our own and the souls of others. That's how we do well by doing good. So if this is reality, what are our obstacles to moving forward with this opportunity?

In business, I know for me, my habit is to hedge. I want to hedge my bets. One of my favorite priests down in Atlanta, he's since passed away, but he used to wonder about the people who would come to Mass late and leave early. And, yes, they come, but they're not totally there. He said, "I wondered what's going through their heads?" And he said, "I finally figured it out; they're coming to Mass and they're saying, "I'm not sure I buy into all of this, but just in case, count me in." And don't we all do this to some degree? I

know I do. The problem is the one thing in life you can't hedge, the one thing I can't hedge, is the fate of my soul. It's an all- or- nothing proposition. You know what God says about hedging? In the book of Revelation he says, "You were neither hot nor cold, but lukewarm, so I vomited you out of my mouth." That sounds very harsh. But then again, how many of us want to be working in our business or whatever enterprise we're in, how many of us want to be working beside someone who is lukewarm about what we're trying to do? Now in the midst, I don't know how many of you follow the financial markets, there is a lot of market chaos right now that affects our business a whole lot, and you want to be hedged. You want to figure out, how can I prevent myself from being whipsawed as this market careens all over the place? And if you're a control freak like I am, this just drives you crazy, because you're saying what can I control? So the other day I was thinking, what in this whole process can I control? And it dawned on me just the other morning that the only thing on this earth I can control - I can't control my wife, my daughter, my business, my health. The only thing in the universe I can control is whether or not I say yes to God's invitation to grow closer to Him. That's it. I actually can control the one thing we all think we have no control over, and that's whether we are going to be close to God, which is really another way of saying "holy". We all think you have to be born like that, there's some special genetic thing that makes people holy—ah, but interestingly enough, it's the one thing that we don't have to be born into that we can totally control. And I'll tell you another piece of reality. If we never say no to God, and if we always say yes, we will lead heroic lives.

I appreciate you all having me this evening. I want to be open to questions, because I think we have a few minutes for questions, and I want to speak to what your interests may be. I'll tell you when you see business people hustle around, that's a good hustle, that's a good thing. Business people have a healthy ambition in their hearts, but too often, it's not well formed. That ambition is not formed correctly and so the manifestation of it can become disordered. I think one of the things that Aquinas College does in their business program is try to make sure that that healthy ambition of the businessman or businesswoman is formed well. The ambition is to be what God intended us to be, real men and real women. We want to be heroic; we want to have this heroism integrated throughout our entire lives, so that there is no dissonance in our lives. It's very hard to do on our own. But we are not alone. God does want us to succeed in this, and we have His help. As a businessman, either I want to be grounded in reality or I don't. And if I do, I may as well be serious about it.

The other morning, and I want to close with this, I was reading this French priest, a writing from a French priest, and he was talking about the silkworm. And I was in the midst of preparing these remarks, and I thought, "Well that's a perfect creature that's grounded in reality, a silkworm." The silkworm eats leaves, and then the silkworm takes these leaves that he eats and turns them into silk. You know silk is not needed in this world; it's a luxury, it's a gift. You feel silk against your skin, wonderful. And that's what people in business can do. That's what each of us can do. We can take the leaves of our reality that we're grounded in, everyday, the everyday ordinary stuff, and in cooperating with the gift that God gives us, we can take these leaves of our daily lives and turn them into silk through the investment we make in the souls of others, in our own

soul, and in the economy of the gift. So, again I want to take questions, but I sincerely want to thank you for your attention this evening and for having me here in Nashville tonight.

Questions and Answers

Question 1. (paraphrased) Being in business is not simply to gain wealth, but to conduct yourself in such a way as to make the world better than what you found?

Answer: I think there has to be transcendence. I'll give you two examples, and by the way, I am going to use these examples, I don't know these men personally, and I'm making observations, but I'm not making judgments about these men. Let's take Bill Gates and Warren Buffett. When I say post-material world, especially for people who end up making a lot of money, they're living in a post-material world. The extra dollar, what does it mean? The extra, you know, stuff they can buy, you can only, I mean Bill Gates can only ride in one plane at a time. He can only ride in one yacht at a time. I think what you see with these guys is a search for the meaning of it. But the question is are they willing to pursue the reality of transcendence as far as it goes. I'm using transcendence right now in sort of a secular way. You can also substitute for transcendence, God. But transcendence may make a request of us that make us uncomfortable. And the whole issue that it's harder for the rich man to get to heaven than the camel through the eye of a needle. The rich man gets very, very accustomed to being able to purchase away any discomfort. And so in the search for transcendence, we search for transcendence without the corresponding obligations that that transcendence may put on us. So, I do believe business, for that matter any endeavor that any of us here

in this room may be engaged in, I think a self-centered approach to any endeavor results in unhappiness. Anybody I've ever known that has been selfish, and I mean this as a 100% rule, every person I have ever met who is selfish has been unhappy. So I don't think it works. Forget what Christianity may say about it for a moment, I don't think it works sociologically, psychologically. And I think we are seeing more and more folks in business reach a point of economic security or economic achievement and say, "Wait a minute. Why did that not make me happy?" Because if it's not "other oriented," then it becomes shallow and hollow. At the end of the day, now here's where businessmen have an advantage sometimes. For the business to succeed they have to be providing something of value. I mean wealth; you can steal it, or you can gamble for it, or you can create it. And in creating wealth, you kind of have to provide something for someone else that they value. If business is going to succeed, you've got to make the hamburger for the guy and have him enjoy it. Even if you are selfish, and you just want him to pay you, you have to have a little bit of you that is reaching out to do something for him. But ideally, not only do you reach out and do something for him, but you get to the point, I think if you practice the virtue enough, it can start to affect how you believe. And so I think if you can be "other directed" enough, you start wanting to believe in that life. I think that happened to Gates. I mean Microsoft doesn't get to where it was unless they're doing something for people. And I think in that process he's wanting to reach at some of that transcendence with his philanthropy. His philanthropy is a very good thing. What I've not seen of Gates is whether he's willing to follow the path of where that transcendence may lead. He was interviewed in *Time Magazine* a few years ago when he made Man of the Year and the last question was, "Where are you on the God issue?"

And he sort of said, “Well I’m not going there yet. I haven’t spent a lot of time on that.” By the way, I’m not trying to, the man may be a fabulous Christian who puts me and the rest of us in this room to shame, so I’m not casting judgment on him. I’m just saying it appears that he is seeking something like that. Whether he is willing to follow it everywhere it goes, whether each of us is willing, I don’t know.

Question 2. Practically speaking, what sort of principles do you apply to kind of give yourself a check to make sure you are following the transcendent in terms of and I guess what I’m getting down to is there’s certain sorts of investments you won’t make, or are there certain sorts of ways that you have of discerning when you are kind of on track or not?

Answer: That’s a good question. You know in this regard I will tell you whether you’re Catholic or not, Catholic social teaching I think gives a really good guide for thinking through these kinds of issues. So for instance, one of the questions is whether the activity itself is intrinsically evil? That’s like step number one. You know, is this intrinsically evil? If I’m going to get in the porn business, I mean porn is intrinsically evil. Right? Now, conversely, if I’m going to have a McDonald’s franchise, encouraging gluttony, well, gluttony is a sin; or clogging people’s arteries up so bad that they die of a heart attack. But you know what, the selling of a hamburger is not intrinsically evil. Somebody could say, well, you know your hamburgers, they eat there everyday, they’re going to die. But nevertheless, selling a hamburger is not intrinsically evil. And by the way, you know this is fascinating, cause in our business world today, we’re getting these concepts confused. We’re confusing those things which are intrinsically evil. So here is

what's great, right? We want to have a special tax on hamburgers because somebody might eat too many of them, and cause health issues. So, we're really talking about this kind of thing, a special tax on fast foods. Meanwhile we sell all the porn that you want. We got a tax on cigarettes. Folks don't invest in tobacco companies. You could get into debate, but I'm not sure that smoking a cigarette is an intrinsically evil thing. I don't think if I smoked a cigarette right now I would be sinning. In the same way, I don't think if I drink a beer right now I'm sinning. I don't think investing in a beer company is evil. So, in terms of investments, we look and say, is this intrinsically evil? For instance, I think it's fine to invest in a beer company. Having said that, if in your advertisements you encourage binge drinking, well now you are encouraging a sin. You are marketing to that. So I think it's a matter of sort of working through it with that framework. Where I find the bigger issues come about are with our treatment of others. I am amazed in our society today the degree to which the rationale has seeped through that "no blood no foul." I don't know how many of you have played basketball, but if you didn't cause blood, there's no foul. And so, it's sort of, if you can get away with it, and I see it with honest people. The whole deal about negotiating with someone else; you are negotiating, and they say has the house ever had termites? And how many people say noooo, no. And I say wait, hang on. You know this is, you're lying now. If the house had termites, the house had termites and that's something you ask me in business, all of us have faced issues like that. Have you ever wrecked the car? And you're selling your car—has it been in a wreck? You know questions like that, and it's difficult because you think this will cost me money. And they are going to deduct the price, if I'm truthful. So I don't think it's just in business where we face that. One of the things we've tried to do more

and more with employees and those we work with is to ask ourselves, “Is the transaction I’m entering into truly good for the other person?” So back to the hamburger example, somebody comes in there hungry, I run a McDonald’s and I sell my hamburger. Is that good for them? Sure. I’m feeding them. Is it the absolute most nutritious food in the world? No, but they’re hungry and they want a hamburger, great, that’s good for them. When we’re hiring somebody, I really am asking myself is this a good job for this person? I don’t talk them into it because in the long run, I want to build relationships anyway. In the long run it’s not good for them, it’s really not good for me either. Plus it’s not the right thing to do. And so I’m not saying we do this all the time. One reason these Sisters live in community, I think, is that they affirm for one another what’s the right thing. I think in your business or wherever you happen to work, if you can find one other person, and I’m fortunate, my brother kind of comes at things the same way. Before we are doing a big deal, we can talk about it. And maybe if one of us is wavering a little bit, you know the other one will say we really don’t want to do that. And we’ll say you’re right, we don’t want to do that. All by yourself it’s tough, but I think if you can find others, wherever you happen to be, in your classroom, whatever, I mean if everybody else in the class is cheating, but there is one other person who is not, you say you know what, at least I’m not going to be the only sap who’s not cheating. They are not cheating either, I’m not going with it. And I just find that’s something that can help us stay on the path.

Question 3: I think that it would be helpful for me to hear from you about that detachment from material things. You know, when you talk about the journey of the soul

and we know that material things are the best example of things to stop that journey.

How do you as you make money remain detached and what trouble have had with that detachment?

Answer: I'm fortunate I've had some financial success. I've been able to see that it doesn't really bring happiness because I've been able to buy some of the stuff and you'll say now what? I see myself turning into a complete jerk. Here's what'll happen. You go to Waffle House, and you order your food, and they don't bring the hash-browns because they just didn't bring the whole order, eggs and the coffee and everything. They don't bring the hash-browns; but all right, so I'll let that slide. But I'll be at a five star hotel where room service costs 45 bucks or something ridiculous when they add everything in and you order scrambled eggs at a five star hotel and they bring it up and don't bring the hash-browns. And I've gotten on the phone to the manager, just saying what the? and then I'll listen to myself thinking good-night, you're being a jerk over hash-browns, because these hash-browns were expensive. And I ought to get more for fifty bucks than losing my hash browns! What transpired here, what has happened? I'll literally let six-buck hash browns kind of invade my peace of mind. Forget my soul, just my old psychological well being I've destroyed because I'm worked up over my \$6.00 hash browns. I mention the \$6.00 hash browns because not everybody here may get frustrated that the Mercedes gets rear-ended by someone, because maybe not everybody here can afford a Mercedes, but everybody here can afford to overpay for scrambled eggs and hash-browns at some point in time. And all of a sudden we're attached to that. So, I think we can get attached to almost any level of our material comfort. The air-conditioning goes out on the car. Now think about it, humanity has been around for thousands and

thousands—eons without air conditioning, and the air-conditioning goes out in the car and we go nuts. That's attachment to something material. I wish I could tell you that I kind of conquered this through nobility of purpose. Mine was trial and error saying "if you don't get hold of this you are going to be miserable." I do see people who are wealthy and I do think wealthy people have a particular issue with it. But you know what? The guy driving the new bottom of the line Chevrolet or the guy driving the new Bentley, both of them can get just as worked up about it if somebody dings their car. I think we're all subject to it, and I think we just have to step back and say, "what is this attachment to this thing, whether its air-conditioning, hash browns or the new car, what is it, what is it doing to me?"

Question 4: Pope John Paul II once said that capitalism and communism are two sides of the same coin. What would be your interpretation of that among Catholic business persons?

Answer: I think if all I were, were a capitalist, I am a capitalist, but I am not first and foremost a capitalist. Because if I were first and foremost a capitalist, that would say who I am is defined by this thing I do with resources. First and foremost I need to be a child of God. And so, if I become so immersed in my capitalism, then I'm just as enmeshed, I think, in a material world-view as the communists. I don't think he was seeking to give a moral equivalent to those two. Because I think in his encyclical *Centesimus Annus* he gave praise to the market as a gift from God that helps goods get distributed in a fairly effective manner. And so I think John Paul II was approving of a market economy. And I've heard Pope Benedict say that you can be a leftist or a

communist materialist, and you can be a right wing capitalist materialist - either side can deny the transcendent. And once you've done that, you're lost. Whether one guy's more lost or not, once you're lost, you're lost.

Question 5: When you were talking about an outlook on the economy, seeing it as a gift and you outlined the four premises, this is exciting for world-view in terms of looking at the economy, but it takes into consideration of young people who can value those things that you describe as part of that. I guess any thoughts that you have in terms of as we're educating young people to be that next generation, thoughts of things you think that need to present in high school or college education, so that they're able to look beyond the materialism.

Answer: Well, two things. One is for most of human history, people had to literally struggle for existence, for survival. We are in a fairly unique time when nobody in this room is really worried whether they're going to eat in the morning. In 1900 90% of our population was engaged in agriculture. Ninety percent of our people in this country worked just to create food. And so there was this constant daily struggle for material existence. Now all of us may want a little more money, a little better steak, but by and large we don't have the same material struggles. I think in that regard, young people already, because they have a lot, I mean a lot of young people have a lot of things and a lot of material stuff. The average middle class family lives far better than royalty lived two hundred years ago. I mean even royalty didn't have air conditioning two hundred years ago; they didn't have indoor plumbing, they didn't have any of this stuff. And we have all of that. So, so I think young people are less inclined to think material progress is

what's going to make their lives better. I think maybe eighty years ago, that wasn't quite the same case in history. But I think they are open to that. Having said that, I think they need to be reminded that the best things are gifts. That's why I list those as premises.

Anytime I'm a little bit down or depressed or worried or whatever; I try to start the morning and I just go through thanking God for all the different things, all the gifts; the very simple gifts. Two things I try to remind myself everyday to be thankful for. And it helps me, you know when I am reminding myself of what gifts I have, it helps me remember what does make the world go around. And so in the morning, I get in the shower and I say "Thank you God for this hot shower, because lots of people in the world don't have a hot shower." I love getting in the shower in the morning. It's wonderful, it wakes me up, it gives me vitality, and how many people in the world don't have a hot shower? How many people today haven't had a hot shower? A very simple thing, and yes I am grateful for that. I realize, wow, a hot shower, you turn it on and it comes out. It's wonderful. And then when I go to bed at night, I crawl in bed and I say thank you God that the person lying next to me loves me, because you know, that's a gift. I didn't earn that, I met her when I was very young and I saw her across the room and she looked like an angel, and I said I want to know her, and it was just a gift. So I think, reminding them of the gifts. I remind myself on a daily basis. Then it becomes kind of self-evident that these things are gifts. And then the next step is then if those are the coolest things you've got going on in your life, how might one be open to more of those kinds of gifts? If those are the really great things, how might I be open to more of that sort of thing?

Question 6: I really like your concept of the economy of the gifts. How do you apply that to economic globalization?

Answer: There is macro-economics and micro-economics. We have a better understanding of micro-economics than macro-economics, so which country is going to be dominant with which; which countries are going to be dominant, I have less understanding of. When I refer to the economy of the gift, I am speaking more from a micro-economic standpoint. In person-to-person interchange, what indeed is that thing which creates the most value in life and in relationships? And what I find that creates the most value for me, not just monetary value, what creates the most value for me and those around me is the giving of myself. That is what leads me toward happiness and leads those around me toward happiness. One reason so many of us think back to our youth when we played on teams, team sports, and we look back on it with such fondness, we may not identify this, but one reason we love playing on a team was the economy of the gift. We were this corporate body together, playing this game, and we worked together. The best teams are the ones that give toward one another. It's not "give me the ball." It is one in which there is that kind of gift giving, and I don't know that we think of sports in that way, but I think that's one of the most appealing things about sports. And even with our opponents. When the guy makes a good play and you say, "great play!" There is giving in that environment, and then we don't extend it out into the rest of our lives. I apologize, I don't think I am really answering your question with regard to the macro-economics. I need to give it some thought, because I do believe, sort of in a theoretical economic way, that that which applies to the micro can then be extrapolated to the macro.

I haven't given enough thought as to how that, that economy of the gift can be applied to the macro-economic world. But I am convinced that it works in the micro-economic world.

Question 7: There are some students in the room, who are those who haven't chosen their career yet. I guess it's a several part question. First, to what degree if any, ought pursuit of the material, money, be part of that decision? And since we are in the middle of Lent, I guess it's appropriate to ask to what degree is material self-denial necessary or good for one. I'm thinking of a terminal degree of self-denial like under religious vows. But for those of us who aren't called to that, where is the happy middle ground?

Answer: Well, let me go in reverse order. I'll give the career second. On the self-denial, the Sisters have vows they take, and those vows draw them closer to God. So, I think whether during Lent or other times, if there are practices that we find, of denial, that help draw us closer to God, *ipso facto* it's a good thing. Obviously, at some point it ceases to be. For instance if I am diabetic and I'm giving up food as a sacrifice and I end up getting irritable and being a health risk to those around me and all, well that's not really drawing me closer to God. There is 2000 years of Christian practice that shows that some level of denial to oneself, generally speaking, builds strength. Again, in the secular world we see this, I mean you build a muscle by putting it under some stress and injuring it slightly. You don't want to injure your muscle too much or you've got a problem; but you injure it slightly and that's how the muscle builds. And so the whole issue of "no pain no gain" I think applies to the spiritual life, and some denial of material things can help us grow closer to Christ.

As to the career, I'll say this to those who are considering it. I don't even know about that word, career. I prefer the word vocation. I think we all have to listen to what God is calling us to. I think if we're convinced that we have talent and the ability to create value in the market place - I tell you right now, I have a decision. I am constantly faced with how much of my time should I spend on non-profit stuff and how much of my time should I spend making money? And the money I make now is all going to be given away. So, where should I spend my time? And sometimes it might actually feel better to me to work in the soup kitchen, because that's really nice when people come up and thank you and all that. But maybe, given that I am still young, and I've got a lot of energy and I know something about business, maybe I ought be making money so I can open some soup kitchens. You know, even though one of those options might be more personally satisfying than the other. So, I think it's a matter of asking "What is God calling me to with my skills and abilities, and if that happens to be financially remunerative, figure out how to be a good steward of that." But I wouldn't guide my life around the financials. When I say I'm hesitant about the word, career. I've practiced law, and I've been in business. I've been in this kind of business and that kind of business. I don't know how many of us are going to get one job, and hold it for 60 years. Now, you might say, well, the women in white [the Sisters] here do, but that's not a job. In fact they have different jobs, they get different assignments, this is their call. But then they get different assignments, they'll go here and do this; and they'll be responsible for this, and they'll get a bunch of different ones. And I think most of us are going to do that. For those who aren't called to religious life, I'll tell you this, and I tell my daughter this, and I tell every young person that comes to me. I'm now at an age where my friends

have kids getting out of college, and they'll say, "Hey, will you meet with my son, my daughter, will you talk to them?" Sure. They start asking me about this, so I say, all that's fine. Make sure your mind stays sharp; take on challenging assignments. Yada Yada. But, start looking for who you're supposed to spend the rest of your life with. Because I don't know anybody who is successful in business and unhappily married who's happy. And I don't know anybody who's mediocre in business but happily married who's not happy. I just think candidly that that far outweighs any particular career choice. And I see too many people saying I'm going to get my career done, and I'm going to get the house bought, and I'll get financially stable and then I am going to look for who I'm going to get married to. I think that's a mistake. If there is somebody out there you can be happy with - these Sisters have married Christ in the Church, and they are happy in that way - but if you're supposed to marry somebody else, my feeling is you ought to do that; that ought to be priority number one.

Thank you all again for having me.