

The Wheaton Center for
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Wheaton Center for
Faith, Politics & Economics

MISSION STATEMENT

The Wheaton Center for Faith, Politics and Economics exists to advance the training of Wheaton College students and the greater community in the understanding of market economies, representative democracies, limited government and the redeeming effect of the Christian worldview on the practice of business, government and politics.



SPRING 2018

Wheaton Center for
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Human Flourishing: The Need to Work

Worrisome Trend: Declining Employment Rates

By Dr. Diane Schanzenbach

FPE Fellow 2013-2014

The nature of work in the economy is rapidly changing, and millions of American men are no longer engaged in work. This has already had major negative impacts on marriage and the family, but if trends pan out as we fear, it may fundamentally alter society and our conceptions of human dignity.

The rate of men's employment has been declining steadily over the past half-century, as shown in the figure on page 3. In the 1950's, nearly all of prime-age men (between ages 25 and 54) were employed, while by 2016 about one in every nine were not. The share of men out of work is higher among disadvantaged populations, including those with low levels of education and minorities. If these trends continue—and we generally expect them to, given expected advances in robots and automation—by mid-century as many as one in four prime-age men will be out of the labor force.

How are men filling their time, if not through work? Recent studies have found they are doing little of productive value—for example, they are watching more TV and playing video games. A large share of these non-working men report being unhappy, and many report being in physical pain. They are largely unmarried, and many live with their parents.

At the same time that we are seeing a decline in work, new studies have been able to use sophisticated methods to measure the nonpecuniary benefits to working. For example, men who experience job loss have higher mortality rates both in the short run and even as long as 20 years after the job loss. Work helps bring a sense of purpose, and provides order and structure to one's time.

Note that in recent years, women's labor force participation has also been falling—a trend that is at odds with women's increasing participation in other developed countries. Women's nonparticipation appears to be fundamentally different from men's, however. For example, women who aren't in the labor force are likely to be caring for children or the elderly—productive work without question.

continued, p. 3

DIRECTOR'S WELCOME

David C. Iglesias, J.D.

DIRECTOR, WHEATON CENTER FOR FAITH, POLITICS AND ECONOMICS

JEAN AND E. FLOYD KVAMME ASSOCIATE PROFESSOR OF POLITICS AND LAW



2018 marks ten years since the Center was established. Consistent with our founding mission, we continue to operate at the intersection of faith, politics and economics. I invite you to utilize the Resource Center on our website which holds many of the lectures we have facilitated over the past 10 years. This spring, we hosted Sally Pipes, the President of the Pacific Institute and health care expert to discuss the way forward in a post-Obamacare age. While the topic of national health care may seem like an endless labyrinth, Ms. Pipes, who has extensively written about this topic, helped us understand what the options are and the relative costs of the options. We also hosted law professor Morse Tan '97, to discuss the on-going crisis in the Korean peninsula.

While there was a brief market downturn in early 2018, or correction as some would say, the American economy is still growing. Unemployment benefit claims in the U.S. have fallen to a 48-year low. The political economy trends that have emerged since the fall of 2017, however, are unique in U.S. history. Some key tech sectors are getting mired in national security/political matters. I refer to the Fall 2017 testimony of tech heads from Facebook, Google, and Twitter before Congress on the apparent Russian information operations against the United States during the 2014–2016 election cycle. These U.S. tech companies represent the latest in American innovation, and to date, have been viewed as platforms not subject to regulation. With the indictment of Russian companies and persons by Special Counsel Bob Mueller, it may be viewed as a warning shot across the bow to this vibrant part of the U.S. economy. It remains to be seen whether Congress will seek to regulate this sector. I am honored to speak on the National Security implications of social media at Wheaton alumni events in New York and Boston this spring. The Wheaton Center for Faith, Politics and Economics will be posting those remarks on its website. The account of the tree of knowledge of good and evil from the Genesis 2 and 3 comes to mind in helping me understand the dual nature of information—it can be used for great good and unspeakable evil.

FPE Fellow Bud Cummins has written a superb piece on the process by which Congress limits foreign purchases of American companies. Finally, FPE Fellow Diane Schanzenbach writes a compelling piece on the rising number of American men who leave the work force for suspect reasons. We appreciate your continuing interest and support in the Center.

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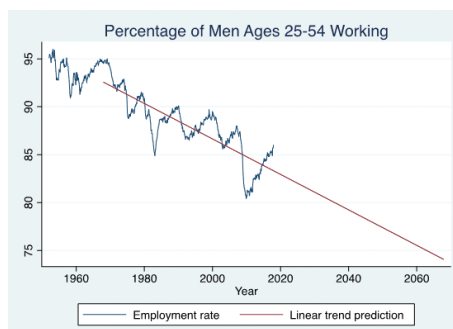
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Worrisome Trend: Declining Employment Rates CONTINUED



Note: Data from U.S. Department of Labor, Bureau of Labor Statistics. Data in blue are seasonally adjusted monthly employment-to-population rate for men aged 25-54. The red line represents a linear trend calculated from years 1968-2017 (r -squared = 0.72) and projected to 2067.

Policy solutions to reverse the decline in labor force participations will not be easy. Both supply- and demand-side factors are likely to be contributing to the decline. Reforms to the disability insurance system that provide incentives and opportunities to participate in gainful employment would likely do some good. So too would wage subsidies or tax credits that improve the economic returns to low-wage and low-skill jobs. There is potentially an important role of increased education and training, both for the young and for older workers who need to retrain for jobs in the changing economy. Experts on both sides of the political aisle are even beginning to point to a need for subsidized jobs for the hard-to-employ, including those with severe barriers to work such as criminal records and opioid dependencies.

While this issue should be of concern to all Americans because of its potential impact on our nation's economic growth, it should be of particular concern to Christians given the strong call to work in the Bible—starting from the Genesis 1 depiction of God at the work of creation, and God's placement of Adam in the garden to tend it in Genesis 2. Katherine Leary Alsdorf, who collaborated with Rev. Timothy Keller on the 2012 book *Every Good Endeavor: Connecting Your Work to God's Work*, sees the high calling of work permeating the Bible. She states, "The gospel story of work says that we're made to work. And the reason we're made to work is to do the work that God would have us do to help the world flourish. Apart from doing that kind of work, we're not fully human; we're not living the lives that God meant us to live."

Engagement in productive work is good for economic growth, and it is fundamental to human flourishing. We should be gravely concerned by the trend toward less work, and try to reverse the trend. ★



Diane Schanzenbach, Director for the Institute for Policy Research at Northwestern University served as an active FPE Fellow from 2013-2014.

From 2015-17, Schanzenbach served as director of the Hamilton Project at the Brookings Institution in Washington, D.C. She is a research associate at the National Bureau of Economic Research, a research associate at the Institute for Research on Poverty at the University of Wisconsin-Madison, and a visiting scholar at the Federal Reserve Bank of Chicago.



FPE Fellow 2018

The Wheaton Center for Faith, Politics and Economics is pleased to have Bonnie Wurzbacher serve as an FPE Fellow for 2018. She will

be sharing in classrooms and roundtables with a focus on integrating our faith with business, politics and culture and the importance of courageous leadership in the world. Bonnie will also share some of her time working one on one with students and partnering with the CVC to work with students on career planning.

Bonnie Wurzbacher served as Chief Resource Development Officer for World Vision International, based in their Executive Offices in London from 2013-2017, reporting to WVI CEO and President, Kevin Jenkins. In this role, she was responsible for the stewardship and growth of their global revenue of \$2.8 billion in partnership with 20 fundraising countries. She was a key member of WVI's Executive Leadership Team and represented WVI on the Boards of World Vision US, Australia, Canada and New Zealand. She led a global team of 100+ employees with responsibility for regional leadership in Europe and Asia and global marketing, child sponsorship and grants acquisition.

Founded in 1950, World Vision serves the poor in 100 countries through long-term development, emergency relief and advocacy, using a holistic approach to help communities address the root causes of their poverty including clean water & sanitation, health & nutrition, education, economic and spiritual development. They are among the world's largest international charities with more than 80% of their revenue raised from private donors.

Prior to World Vision, Bonnie had a 28-year career with The Coca-Cola Company, serving in various senior leadership roles and rising to Corporate Vice President and Sr. Vice President, Global Customer & Channel Leadership, leading commercial strategy and revenue growth with their largest global customers and franchised bottlers. Bonnie began her 40-year career as a public school teacher in Chicago from 1977-1982.

Bonnie holds a B.A. from Wheaton College and an M.B.A. from Emory University. She and her husband, Steve, have one son, daughter-in law and grandson, as well as a large extended family whom they dearly love. They have been members of Peachtree Presbyterian Church in Atlanta, Georgia for 29 years where Bonnie currently serves as an elder and choir member. ★



Globalization and National Security

By Bud Cummins, Esq.

FPE Fellow 2015-2016

FOREIGN DIRECT INVESTMENT (FDI)
HELPS OUR ECONOMY GROW—
BUT FOREIGN DEALS ALSO RAISE
NATIONAL SECURITY QUESTIONS

The trend towards an integrated, globalized economy is an important subject of study for the Wheaton Center for Faith, Politics and Economics. When a foreign company seeks to invest in an American company, what are the economic, national security, and political issues at stake?

Direct foreign investment is generally seen as good for the U.S. economy. Every president since Reagan has encouraged open foreign investment.¹ However, we are also obligated to constantly guard against letting inimical nations get their hands on our highly sensitive technology, or control of our nation's critical transportation or communications infrastructure. Finding the balance between economic and national security goals is a critical and complex exercise.

CFIUS WAS CREATED TO BALANCE THE PROS AND CONS OF FDI

We rely on the Committee on Foreign Investment in the United States (“CFIUS”) to review foreign investment transactions. CFIUS is a multiagency committee chaired by the Treasury Department. The committee makes recommendations to the President, who in turn has the authority to place restrictions on deals, or block them all together.²

In the CFIUS review, three main questions are raised and none of them are overtly political. First, in terms of intent and capabilities, what (if any) are the risks to security posed by the foreign investment? Second, which *specific* aspects of the business could put the nation's security at risk? Lastly, if the foreign nation involved turns hostile, what would be the consequences to our national security?

Since the committee was created in 1975, their workload has increased to hundreds of reviews each year. Current proposals in Congress would expand CFIUS jurisdiction even further. Over the life of the program, presidents have formally blocked only a few deals. Yet, CFIUS considerations are still vital to participants in foreign deals as many more deals are effectively killed when companies encounter resistance and withdraw before their review is complete. For instance, China's Ant Financial recently withdrew their plan to acquire MoneyGram International from CFIUS review.³



POLITICS INCREASES THE SCRUTINY OF MANY TRANSACTIONS

Politics appears to sometimes outweigh economics or security in controversial cases. Fujitsu's 1986 bid to buy Fairchild Semiconductor failed

in part because of national security issues raised at the time, but also due to 1980's trade friction between Japan and the United States.⁴ When a competitor hired lobbyists to kill a port management sale, Islamic buyers were unprepared to deal with a deluge of xenophobic accusations in the post 9/11 environment of 2006.⁵ In 2008, commentators suggested that the proposed 3Com purchase failed because the purchasers did not properly anticipate the political aspects of the CFIUS process.⁶

China's economic strength is growing and to some their intentions are suspect.⁷ Historically, presidents rarely kill deals outright, so it is noteworthy that two separate transactions were blocked by Presidents Obama and Trump in the past two years.⁸ Both cases involved Chinese buyers. Recently it was reported that AT&T is under pressure by "unnamed lawmakers" to kill deals with Chinese concerns, including Huawei and China Mobile Ltd.⁹

In Congress, new legislation has been proposed to broaden the jurisdiction of CFIUS, bringing even more deals under review. It would include provisions intended to foil attempts to circumvent CFIUS review through creative deal structures, as apparently happened in a 2016 deal involving Chinese investors. While there is growing support for this measure, some lawmakers are advocating a more cautious approach given U.S. industry pushback, saying Congress should "take a look at whether CFIUS needs to be strengthened" while making sure "we don't have unintended consequences."¹⁰

The CFIUS review process has stood the test of time as a means of balancing U.S. economic and security interests. Foreign companies unfamiliar with the nuances of our national political scene need sound political guidance in addition to legal and tax input in the early stages of any deal. In theory



Bud Cummins served as an active FPE Fellow from fall 2015 through fall 2016. He was appointed by President George W. Bush to serve as a United States attorney from 2001-2006.

Mr. Cummins is currently a partner at Avenue Strategies, a Washington government affairs and strategic consulting firm. He is also a frequent contributor to Fox News and Fox Business. Follow him on Twitter @BudCummins

the focus of CFIUS is on important national security concerns, but other issues may and often do arise, often due to an ever-changing political environment. Some deals fail simply because the parties involved are unprepared politically. Moreover, as Congress and some administration leaders are pushing to expand the scope of the law in the near term, participants in deals that implicate CFIUS will likely face increased political scrutiny around the process for some time. ★

1 In 2013, companies owned by foreigners contributed about 6% to our gross domestic product, employed over six million workers, paid above average wages to U.S. workers, exported more and invested more in R&D than average U.S. concerns. Remarks by Treasury Deputy Assistant Secretary Mir, Washington, D.C. (1 April 2016). <https://www.treasury.gov/press-center/press-releases/Pages/jl0401.aspx> (accessed 18 January 2018).

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9 Breland, A. (16 January 2018). "Lawmakers push AT&T to stop working with Huawei: report," *The Hill*.

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Seth Norton, Professor of
Business and Economics



Annette Tomal, Professor of
Business and Economics

HUMAN FLOURISHING: EDUCATION

Hierarchical Religion and Female Education, *Journal of Human Capital*, August 20

By Dr. Seth Norton (Wheaton College) and
Dr. Annette Tomal (Wheaton College)

FPE holds Political Economy seminars on a monthly basis.

“Hierarchical Religion and Female Education,” is an excellent example of the type of research shared at these seminars.

“Hierarchical Religion and Female Education,” builds on a widely cited scholarly paper on the link between culture and the quality of government and economic quality of life. The previous paper, written by Rafael La Porta, Roberto Lopez de Salinas, and Andrei Shleifer and Robert Vishny is entitled “Trust in Large Organizations.” The previous paper documented strong negative effects on the economic quality of life attributable to what the authors call “Hierarchical Religions”—the sum of Catholic, Orthodox, and Muslim religious adherents in countries of the world. The Norton-Tomal paper examines the same theme on a more narrow scope—the quality and extent of female education, a widely accepted measure of economic well-being. The Norton-Tomal paper uses a much larger sample than the previous authors.

Using a prominent sample of cross-national data set, the Barro-Lee data for 97 countries and including religion and control variables, Professors Norton and Tomal find few effects for hierarchical religions on female education but negative effects on female education and the gap

“NORTON AND TOMAL FIND THAT EVANGELICAL, PENTECOSTAL, AND GREAT COMMISSION CHRISTIANS ARE LINKED WITH POSITIVE EFFECTS FOR FEMALE EDUCATION IN ABSOLUTE MEASURES AND RELATIVE TO MALE EDUCATION.”

between females and male educational attainment for various other religions. Those religions include ethnoreligious, Hindu, and Muslim adherents. Ethnoreligious groups are indigenous, sometimes called tribal religious adherents.

The recent paper in the *Journal of Human Capital* is similar to some other papers published by Professors Norton and Tomal. These include “Religion and Female Educational Attainment” in the *Journal of Money, Credit and Banking*, where the authors find almost no negative effects for Catholic and Orthodox religious adherents but again negative effects for female education in absolute levels and relative to male education attributable to ethnoreligious, Hindu and Muslim adherents. In the third paper, “Transmegabloc Religions and Female Education,” published in *Faith and Economics*, the authors find the same negative effects but also positive effects for larger religious categories. Norton and Tomal find that Evangelical, Pentecostal, and Great Commission Christians are linked with positive effects for female education in absolute measures and relative to male education. Evangelicals are defined as strongly biblically based Protestants, and Great Commission Christians are defined as strongly biblically based Catholics and Anglicans. ★

Congratulations FPE Scholar Lydia Granger '19



FPE Scholar Lydia Granger is presenting a paper coauthored with Professor Timothy W. Taylor on “Demystifying the Gender Trade Gap: Risk and Mobility as Determinants of Trade Attitudes” at the Midwest Political Science Association (MPSA) this April. Every summer FPE provides opportunities for select students to

conduct research with Wheaton College professors with the goal of presenting their papers at academic conferences and/or published in academic journals.

ABSTRACT:

Any endeavor to explain why some countries liberalize trade while others protect requires an understanding of voters' trade preferences. Extant scholarship has found that men tend to have more pro-trade attitudes than women both in the United States (e.g. Guisinger 2009; Mansfield and Mutz 2009) and cross-nationally (e.g. Beaulieu, Yatawara, and Wang 2005; Mayda and Rodrik 2005). Despite this known difference across genders, few have asked why men are more accepting of trade liberalization than women. We argue there is no intrinsic gender gap on trade attitudes. Once differences across genders in risk perceptions and labor mobility are accounted, women and men are similar in their preferences for trade policy. Using survey evidence in the United States and United Kingdom, we find that risk aversion and perceptions of labor mobility drive individual trade attitudes. ★

FPE Welcomes New Board of Advisors Member



Greg Adams serves as Chief Operating Officer for the State of Tennessee. He joined the governor's senior team in July of 2013 after working for IBM for 37 years.

Adams was a member of the company's senior leadership team, most recently as a managing

director in the financial services sector. Throughout his time at IBM, he held positions in sales, marketing, operations, reengineering & quality, and general management.

Early in his career, he spent two years in Knoxville as branch manager of IBM's East Tennessee operations and then moved to Nashville where he was regional manager of the Mid-South region. After that, he served as managing director of operations and board member for IBM Japan in Tokyo.

In 1994, he moved to New York where he held a variety of senior executive positions related to IBM transformation initiatives. His 11 years in New York included roles from general manager of process industries for IBM North America to vice president of small and medium businesses for Canada, United States and Latin America.

In the governor's ongoing effort to make Tennessee the best-managed state in the nation, Adams' role is to work with state departments to ensure they are operating in the most efficient way possible.

Adams earned a Bachelor of Science in Engineering degree from Princeton University in 1976 and a master's in science and management from M.I.T. in 1989. He has been married to his wife, Jeannine, for 41 years and has three married children and seven grandchildren. His son Brian, and daughter-in-law Emily, are Wheaton class of '01. ★



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