

## **And Who Is My Neighbor?**

### **Research, Advocacy and Student Formation in a World both Smaller and Bigger**

Discussion on Markets, Poverty and Inequality

Mexico City Conference on Jesuit Higher Education

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#### **Abstract**

How can we widen the scope of our solidarity as changes in technology and policy facilitate the flow of capital, goods, and people across national borders? How can the international network of Jesuit universities, with our characteristic focus on the well-being of the *mayorías populares*, develop more effective cross-border collaboration in research, advocacy, and student formation? This essay offers some modest suggestions.

#### **Introduction:**

How can the global network of Jesuit universities better engage the challenges posed by global markets? How can we widen the scope of our solidarity as changes in technology and policy ease the movement of capital, goods, and people across national borders?

This essay identifies international migration as one fruitful field for cross-border collaboration in research. Since research is done more by professors than by presidents or provincials, we need to build cross-border bridges among faculty and academic departments. Meetings of researchers from Jesuit universities could be tagged onto the usual meetings of professional associations. Semester-long visiting positions like those available for Jesuit faculty could be opened to non-Jesuit faculty from Jesuit universities. The AJCU and AUSJAL could fund research projects with principal investigators from different parts of the Jesuit network as well as fellowships for graduate study abroad, which often leads to long-lasting collaboration. Of

course, whatever research is done ought to be of high quality and attentive to the well-being of the poor, the *mayorías populares*.

Our international network also offers significant resources for undergraduate student formation. Through exchanges our students learn from personal experience what it means to be a stranger, a foreigner, an outsider. Perhaps programs like the Casa de la Solidaridad in San Salvador could be replicated. Even short-term service and immersion trips often have long-lasting effects that justify the investment made by those who host the visitors.

Before turning to such proposals, however, I would like to consider some of the underlying economic processes that, while making the world seem smaller, also call us to broaden our vision and widen the scope of our solidarity. In very concrete ways, these processes call forth new answers to the question posed by the lawyer in Luke's gospel, "And who is my neighbor?"

### **Economic Processes: A World both Smaller and Bigger**

The world seems to shrink as changes in policy and technology facilitate the flow of money, goods, and people across national borders. The boundary between the national economy and the global economy blurs, and choices about where to draw the boundary between the state and the market take on worldwide significance.

Consider first the movement of money. In the simplest of market models, as investors seek higher returns on their portfolios, savings will flow from where they are abundant to where they are scarce. Deeper capital markets will fuel local investment and economic growth. Inequality will worsen if incomes of the poor grow more slowly than incomes of the rich, but even slow growth in the income of the poor can significantly lower the number of households living below the poverty line.

This is a coherent story, but, as always, the devil is in the details. In fact, the market funnels savings toward public and private borrowers who are already relatively rich. When savings flow toward where they are scarce, they flow to the USA. Moreover, financial markets are particularly vulnerable to two of the classic causes of market failure: lack of competition and asymmetric information. Under these circumstances, state regulation encouraging competition, regulating fees, managing risk or mandating reporting might enhance the simple efficiency of the market, to say nothing of the equity of its outcomes.

Goods move, too. As a high school student recently said to me, “My t-shirt has traveled more than I have.” For 200 years economists have made the case for gains from trade. Total world output rises, the argument goes, when each economy specializes in producing what it makes at relatively low cost. Moreover, as increased trade leads a relatively labor-abundant country to expand its production of labor-intensive goods, the real wage in that country will rise.

The theoretical case for specialization according to comparative advantage is robust. The policy implications, however, are not always clear. The take-home message is not simply that barriers to trade should be reduced. Consider three complications. First, when markets suffer multiple distortions, removing just one of those distortions may not enhance efficiency. For example, the USA heavily subsidizes its agricultural sector. It is not obvious that global efficiency would increase if tariffs against US grain exports were reduced, since the price of US grains is already distorted. Second, if the expansion of production in the export sector is accompanied by increased pollution or another negative externality, there is a case for state intervention in the market on efficiency grounds. Finally, the notion of gains from trade tends to underplay transition costs as an economy shifts from one mix of products to another. Costs of retraining and relocation may need to be addressed through public policy.

Sometimes goods and capital flow together. The classic example, almost a caricature, is that of an export-oriented Taiwanese-owned apparel assembly plant in Honduras. Such sweatshops raise concerns about instability in employment, low wages, poor health and safety regulations, and ineffective mechanisms for collective bargaining. However, the evidence needs to be examined carefully. What if workers in such plants earn less than the average wage of all workers in the host country, but more than the average wage of workers with the same level of training and experience in other sectors of employment in that country? In that case, by paying higher than average wages to workers at the lower end of the wage distribution, these plants would nudge the income distribution toward greater equality. The proper policy response depends on a careful evaluation of what is actually happening.

People, too, are moving internationally in proportions last seen in the nineteenth century. Some have been displaced by war or by environmental devastation. Others move in response to straightforward economic pressures. There may be short-term downturns in migration, but the overall pattern of increased migration is here to stay. Dramatically different demographic profiles across countries generate economic opportunities and incentives to move. Real wage gaps across countries continue to grow, as does demand for services that cannot be traded internationally, such as home health care. In the USA, this has led to significantly increased immigration, with foreign-born residents more likely than natives to be of working age and more likely to be at either the very low or the very high end of the schooling distribution.

Economists often press for enhanced labor mobility.<sup>1</sup> Most people in the receiving countries, however, seem to have mixed feelings. They fear downward pressure on the wages of locally-born workers and upward pressure on the fiscal deficit. Whether these fears are reasonable is another question. In the USA there is very little convincing statistical evidence of

downward pressure on wages. Moreover, even undocumented migrants pay sales taxes and, through their rent, property taxes, and they claim few public services.

People in the sending countries rely on family remittances to finance consumption, housing construction, and expansion of microenterprises. Remittances could also finance education, although anecdotal evidence suggests that some young people who expect to migrate anyway choose not to finish high school. While relying on remittances, families in the home country also suffer from the separation that migration entails, and communities suffer from the loss of community leaders. Costs are even higher, of course, if one migrates without legal authorization.

Where does this leave us? Even if we all agreed to use the analytical approach of neoclassical economics, which surely will not happen, we would still face many open questions, a need for serious, context-specific empirical research, and a wide variety of reasonable policy alternatives, as Dani Rodrik argues in *One Economics, Many Recipes: Globalization, Institutions, and Economic Growth*. Even more than that, we would still face the need to develop political processes able to formulate and implement policies for governing globalization. As Rodrik wrote: “I identify the central dilemma of the world economy as the tension between the *global* nature of many of today’s markets in goods, capital, and services, and the *national* nature of almost all of the institutions that underpin and support them.”<sup>2</sup>

We have yet to develop political institutions that can flesh out the intuition that, as distances shrink dramatically, the breadth of our vision and the scope of our solidarity can expand to embrace a much bigger and more diverse world.

## University Response: Research, Advocacy, and Student Formation

Jesuit schools trace our roots back to an earlier period of globalization. We bear a spiritual tradition that imagines God gazing lovingly at women and men in all their diversity across the whole expanse of the earth and resolving to send the Word into the world. We have a history of being sent to geographic and cultural frontiers, and we now have an enviable worldwide network of university communities. These universities have a role to play as societies struggle to better govern globalization. The challenges we face are global, and so is our network.

Research is at the core of university life. Universities exist to ask questions. Jesuit universities in particular are distinguished by the questions they ask about the lives of the poor, the *mayorías populares*. The fact that Jesuit universities work on both sides of many borders is a tremendous advantage for us, since the *mayorías populares* themselves are crossing geographic and cultural borders.

Work with migrants and refugees appears among the apostolic preferences of the Society, and international migration could be one fruitful field for collaborative research. One can easily imagine cross-border studies of the impact of migration on language, music, literature and religious expression. One can imagine studies of the dynamics of social organizations that themselves cross borders, organizations ranging from “home town” associations to gangs. I myself am interested in the impact of fluctuations in family remittances on investment in microenterprises back home. Collaborative work in law might be helpful as national legal systems increasingly bump up against one another. One can easily imagine joint research in medicine, public health, ecology, and resource use. Of course, whatever research is done ought to be done well, and it ought to pay special attention to the well-being of the *mayorías populares*.

Research is not often done by presidents and provincials. It is done by professors and graduate students. For joint research to flourish, we need to build better bridges between departments and individual researchers on different sides of “the border,” whatever the relevant border may be. Faculty tends to develop collaborative research projects when they meet other faculty with complementary interests. As a very modest first step, it might be helpful for the AJCU and AUSJAL to host receptions for researchers from Jesuit universities within the context of the meetings of major professional associations like the American Economic Association and the Latin American and Caribbean Economics Association. A bolder, second move would be to invite scholars from one part of our network to visit universities “across the border” for a semester, with the understanding that the visitor would not only do his or her own research but would also build research ties among faculty with complementary interests in the home and the host universities. Many US Jesuit universities have chairs for visiting Jesuits. Could something similar be done for non-Jesuit faculty from Jesuit universities? Third, perhaps the AJCU and AUSJAL could also provide modest funding for research proposals involving principal investigators from different parts of the network. Fourth, funding for graduate fellowships could lead to long-lasting research collaboration.

High quality research attentive to challenges faced by the *mayorías populares* might in some cases lead to advocacy. As a simple example I offer the collaboration between the School of Public Health at Saint Louis University and the Archdiocese of Huancayo in Peru, which led to a case against Doe Run, a mining company headquartered in Missouri. Some of the advocacy might address corporate actors directly, as we have seen in work with Monsanto and Chevron. Perhaps more often the research would be used to inform public policy debates.

Although I tend to give priority to research, student formation is also a core dimension of the mission of the Jesuit university. Our graduates are confident and competent. They have developed a rich appreciation of cultural traditions and have honed their skills in communication, mathematics, fine arts and experimental sciences. The study of philosophy and theology has helped them to articulate their experience of faith.

What most marks our graduates, however, may well be their friendliness. They have learned to enter into the experience of another person, another community, sometimes even another people. They have become friends of one another, friends with the poor, and friends in the Lord. Student exchanges assist in this process, in part because students learn from personal experience what it means to be a foreigner, a stranger, an outsider. The success of the Casa de la Solidaridad in San Salvador deserves special mention. Perhaps the Casa could be replicated elsewhere. Even short-term immersion and service trips have an impact far beyond what one might expect. Hosting service trips takes a significant amount of the time of the Jesuits of Belize, but I think that it is time well spent.

In the USA, people usually speak of the mission of the university as research, teaching, and service. I have not emphasized direct service in this short essay in part because it can now be taken for granted in Jesuit universities. Service programs are well established. The challenge now seems to be to draw experiences in service back into the critical reflection that constitutes the core mission of the university. Through experiences of service, students and faculty make new friends. Part of the pay-off will come when those friendships with the poor frame the questions that the university community asks.



## **And Who Is My Neighbor?**

Jesuit universities form an important global network, one of the few not-for-profit networks that are as global as contemporary markets. We have considerable resources for cross-border research, advocacy and student formation, resources that ought to be used to expand our vision and broaden the scope of our solidarity.

## **Endnotes**

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<sup>1</sup> One interesting presentation is given by Lant Pritchett in *Let Their People Come: Breaking the Deadlock on Global Labor Mobility*, Washington, DC: Center for Global Development, 2006.

<sup>2</sup> Dani Rodrik, *One Economics, Many Recipes: Globalization, Institutions, and Economic Growth*, Princeton: Princeton University Press, 2007, p. 4.