

Real Money: Helping the 'other 1 percent'

Rob Rikoon | Posted: Monday, February 3, 2014 7:00 pm

Last month, I wrote about the U.S. health system and suggested ways that entrepreneurship and individual motivation might move us forward to a new system based on self-reliance and innovation that would both reduce costs and increase the quality of care. I promised to apply the same concepts to the educational system.

The most effective form of educational reform will take place when local teachers and parents are empowered to make decisions about how to spend available public education dollars. Across the nation, there are innovative educators who have an on-the-ground understanding of creative ways to teach practical and academic skills. If some of these people are willing to put in the necessary work to implement their own educational initiatives, and if they have the credentials and guts to do so, why not allow discerning parents to direct their allotment of public funds to these experiments? Given the track record of the current educational regime, alternatives should be welcome.

As I recommended in my article about health care, I would give parents an annual budget made up of their pro rata portion of educational tax dollars. They could then choose, in the open market, one of many available options for their children's education. Instead of students competing for limited berths in a few desirable schools, teachers should be competing for students by offering a broad variety of learning models and situations, ranging from accelerated theoretical to downright practical vocational training. Science, math, reading, writing and relevant hands-on skills ought to be available to students through direct experience within their local community.

Our country spends a great deal of money on an education system that remains inferior to that of most other nations in terms of academic results. Over half of New Mexico high school seniors who enroll in public colleges need remedial reading and writing. Our choice is between spending more money on bricks and mortar, teacher testing and administration of programs, or sending those dollars to actual learning situations, whatever they may be. As long as student safety can be assured, we should encourage individual educators to create their own learning centers, free of union and institutional interference. Let parents judge the desirability of educational alternatives by letting them vote with their educational dollar credits.

The real subject of this article is the "other 1 percent." As some readers may surmise, I have spent the majority of my career handling financial affairs for some of the wealthiest people in our nation. Experience informs me that an unfathomable combination of factors, such as native talent, family upbringing and plain luck propel and maintain people in the ranks of the top 1 percent. But

what about those at the bottom of the economic ladder? Roughly 1 percent of the U.S. population resides in prisons and jails — almost 2.5 million people.

How they got there and why we as a nation have incarcerated the greatest percentage of our population out of any nation on the planet is not my area of expertise. Giving these people a chance to have productive economic lives when they get out is my focus.

When people in the top 1 percent get caught breaking their own rules, they often get off without suffering severe or even minor penalties. Sometimes, their political friends rewrite the laws to cover up their cronies' mistakes. Not so those at the bottom of the economic ladder. People who are born into poverty or who end up there by happenstance, those who have substance-abuse issues and many people whose daily life involves exposure to violence, often have little hope of bettering themselves within society. They learn, especially those in prison, a harsh but effective alternative form of honor, loyalty, sacrifice and meaning of "honesty." They cope, or rather survive, by their own set of rules.

The chance of ex-convicts finding or keeping productive work on the outside is small. Approximately half of released convicts end up back in prison. Their permanent criminal records, the demanding schedule they must keep for frequent drug testing and reporting to probation officers, all serve to practically eliminate employment opportunity. Ex-cons are supremely challenged to keep regular work hours if they are lucky enough to find someone willing to give them a job. Most work environments don't allow the time flexibility needed to meet their ongoing court mandated reporting requirements.

Similar to concerns raised in my last articles on health and education, I believe that most current government programs that offer handouts to ex-convicts fail to address the fundamental issues. Giving someone an occasional fish does not equate to teaching them how to fish or how to make a fishing pole.

Society is scared of and mistrusts convicted felons. After incarcerated individuals get released, we politically and economically ostracize them, so much so that the odds are overwhelmingly stacked against them ever overcoming the severe social hurdles they face. In other words, we continue to imprison felons for the rest of their lives, even after they leave jail.

I have clients who have come out of jail and they are incapable of working for someone else. Their best and perhaps only chance is to be self-employed or to be employed by other ex-cons, not an easy situation to find. To pull themselves up by their own bootstraps requires physical tools and some money. I plan to help ex-cons start their own ventures by providing seed capital to motivated recently released prisoners get their new business ventures off the ground.

I am addressing the issue in this, my last column for *The New Mexican*, to see if there are others who are interested in participating in this effort. In some developing nations, programs like the

Grameen Fund assist women in getting out of historically vicious cycles of dependence and poverty by helping them become self-sufficient entrepreneurs. Those fortunate enough to get such support receive "micro-loans," between \$1,000 and \$5,000, to buy tools, etc. Most figure out a way to succeed and eventually feed and clothe their families without ongoing government aid.

These are not handouts. Women in the Third World have an extremely high success rate in paying back their loans due to the encouragement and support of their local community. I believe that ex-convicts can organize themselves to create their own community of legitimate entrepreneurs. With help, they can select the appropriate recipients of loans, monitor and supervise the deployment of lent funds and encourage repayment of the loans so that other people coming out of prison have the same access to recycled seed capital, in effect passing on the opportunity to break the cycle of recidivism. I call it a "righteous jail break."

Ex-cons need to know that, if and when they are ready to do the work, there is help available in concrete terms: money, technical information, a place to meet, work and store tools. We need people who have ideas and time to help this other 1 percent. If you are interested in participating, please contact me via email.

I'm willing to put up the money to help them do this, so if you have something else to offer, maybe together we can make our community a better place without relying on the government. Just as I have proposed that we can solve the "crises" in health care and education systems, so too can we dismantle the unseen societal prison in which we hold ex-offenders hostage.

It is with mixed feelings that I inform readers that after 15 years, this is my last column. My thanks to all of you who have told me over the years that you have enjoyed these articles. If you'd like to receive an electronic copy of my ongoing economic commentary, which I publish at the end of every calendar quarter, please let me know and we will add you to our distribution list.

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