



A white paper statement by Morris Pearl, Chair of the Board of the Patriotic Millionaires
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SO GOES THE NATION: NORTH CAROLINA

I am the Chair of the Board of the Patriotic Millionaires, a group of high net worth Americans who are working together to build a more prosperous, stable, and inclusive nation by advancing three core values in the public debate: political equality, decent wages, and a fair tax system. Like the bi-partisan majority of Americans, we believe the following:

- All Americans deserve access to political power equal to the power enjoyed by millionaires;
- All Americans who work full time should be guaranteed a wage sufficient to cover their basic needs; and
- Tax receipts from millionaires and large corporations should comprise a greater portion of federal and state tax revenues.

We are not just advancing these values because they are the right moral choices – although it's certainly true that there is a powerful moral dimension to the advancement of these values. Rather, we are engaged in an exercise of profound enlightened self-interest. You see, we don't just want to see the values come to life because they are good for regular people, we believe – emphatically – that they are also good for wealthy people like us who are investors and business owners engaged in a wide array of industries.

To give you a sense of the breadth of the Patriotic Millionaires business acumen, one of our members owns a large chain of grocery stores, one was the number 20 employee at Google, one member developed a technology you can now find on the MARS rover, and another started one of the most successful clothing chains in America. We have members from all parts of the country, including many with deep business and personal ties to North and South Carolina. In fact, the president of the Patriotic Millionaires was born and raised in North Carolina and graduated from the University of North Carolina at Chapel Hill. Her parents – a retired high school principal and judge – still live in Raleigh. I, myself, live in New York, but I spent a lot of time working on West Trade Street in Charlotte during my years in the investment business at BlackRock, the largest investment manager in the world.

So why are we here in Charlotte? Why are we here today, just days away from an election in which the citizens of North Carolina will choose a governor, a supreme court judge, several House members, and a senator to represent their interests in Washington – not to mention, of course, a president? Some analysts believe that North Carolina could be the deciding state for the presidential election, and ultimately decide who becomes the leader of the most powerful nation on earth.

But we aren't here to campaign for a candidate – any candidate. We are not an electoral organization. In fact, we have not endorsed any candidate in this election or in any other election.

PATRIOTIC MILLIONAIRES

We are here in North Carolina not to ask people to vote a certain way – that is a choice for the people of this state to make – instead, we are here to make sure that our fellow citizens can make the important choice they have in front of them armed with the truth.

Here are some truths.

First, Bigotry is bad for business.

Let me say that again – and with even more emphasis. Bigotry is bad – in fact it is horrible – for business. HB2, the so called “bathroom bill,” is already costing North Carolina more than \$5 billion a year in revenue. That \$5 billion annual cost is borne by small businesses and the people who work for those businesses. Before they vote, we hope every North Carolinian will ask themselves whether controlling where someone else goes to the bathroom is worth \$5 billion a year to their bottom line.

The Patriotic Millionaires believe that \$5 billion cost to North Carolina will be multiplied 50-fold if this kind of bigotry is allowed to prevail on the national level in this election. Business is not about being friends with people, it is not about agreeing with their personal choices. Successful businesspeople know that if we want customers to continue buying things from us, we should probably refrain from insulting them at every turn.

Second, the so-called bathroom bill was never about the bathroom.

The bathroom part of HB2 was a purposeful obfuscation designed to build support from far-right wing voters – and more importantly, people like Rev. Franklin Graham who lead them. The bathroom part of HB2 was designed to mask a bill that was actually about minimum wage and the rights of individuals to be heard in court if they believe they have been discriminated against in the workplace.

The North Carolina Chamber of Commerce has publicly denied that they wrote portions of the bill. The governor insists publicly they did. We may never know who is telling the truth. But regardless of whether or not the North Carolina Chamber of Commerce actually took pen to paper to write the bill, they are in fact supportive of the provisions within the bill around minimum wage and anti-discrimination suits. Like the US Chamber of Commerce, the North Carolina Chamber does not want localities like Charlotte and Raleigh to be able to establish a minimum wage that people can actually live on, and they want to stop people from taking legal action when they have suffered from discrimination in the workplace.

So following a strategy of pre-emption – a well-known tactic of the US Chamber and the American Legislative Exchange Council, which often works alongside state Chambers of Commerce- lawmakers in North Carolina, with the support of the NC Chamber, used their power to prevent Charlotte and Raleigh and every other city or town in North Carolina from raising wages in a way consistent with both those communities’ moral values and their fundamental understanding of how the economy works.

Two points on this – first a recently leaked document shows that a survey conducted by the national Chamber concluded that the vast majority of business leaders support a higher minimum wage – not 51 percent, not 60 percent –but a whopping 80 percent of business leaders in America support a higher minimum wage. How does that translate in this state? A recent poll showed that 62% of North Carolinians support a minimum wage of \$15 an hour.

So why are the US Chamber of Commerce and the North Carolina Chamber of Commerce working so hard to artificially depress wages and subvert the will of the bi-partisan majority of citizens?

It is quite simple really. **The US Chamber of Commerce does not represent “American business,” and by the same token, the North Carolina Chamber of Commerce does not represent “North Carolina business.” Instead, both organizations represent the companies that pay them. They are nothing more and nothing less than bought and paid for lobbyists for a small number of clients who pay the vast majority of their annual operating costs.** In the case of the US Chamber, 64 companies provide over half their budget. The Chamber is a lobbyist for those businesses – a lobbyist with a fancy name that makes it sound much bigger and more important than it is.

To be clear – local Chambers of Commerce provide members with networking opportunities and various other benefits– we have no issue with those organizations. But many state Chambers along with the US Chamber of Commerce are using the cover of “business” to advance the interests of a very narrow set of companies. And often what is best in the short term for those businesses is actually horrible for everyone else – and for the economy as a whole.

Let me repeat that. Chambers of Commerce do not represent “business writ large,” instead they represent a tiny subset of businesses who support them financially in a lobbyist/client relationship. Many – perhaps even “most” – of the policies supported by various Chambers of Commerce are bad for business and horrible for the economy.

Our nation’s economy is 70% consumer demand. Think about that figure for a minute – 70% of the economic activity in this country is people buying things. Pizzas, cars, ice cream... whatever. 70% of all the economic activity in the country is generated by someone buying something. What do you need to have in order to buy things? Money. When you have more money, what do you do? You buy more things. So doesn’t it stand to reason that the best way to build strong businesses is to increase the buying power of potential customers?

Four out of ten people in America make less than \$15 an hour. Raising the wages of our citizens as a matter of law will ensure the continued strength of the buying power of millions of consumers shopping at Americans stores. So of course we should raise the minimum wage. And we shouldn’t just raise it a little – we should raise it a lot. We certainly don’t have to do it over night, we should phase in the increase so that businesses can have time to prepare for the change. Those people who are concerned that a higher minimum wage will hurt business are only seeing the “cost” side of the equation, they are refusing to understand that revenue is at least as important.

We, the Patriotic Millionaires, represent every different kind of business you can think of. And unlike the various Chambers of Commerce, we are not paid to lobby on anyone’s behalf. We believe that it is good for business, yes

“business writ large”, for customers to have more money. HB2 was designed not to keep people out of the bathroom, but to keep their paychecks low – to prevent cities and towns across North Carolina from making the very logical choice to put more money in the hands of potential customers by mandating that all businesses pay people who work for them a decent wage.

Conservatives try to argue that the “market” should set the wages. I have two points on that. First, the labor market does not work the same way that other markets work – and I’m not going to get into a lot of detail here but we all know that the days when labor could be bought or sold like any other commodity have long passed. But even if the labor market did work like other markets, a group of actors here in this state (and the same is true on the national level) are working together – should I go so far as to say colluding together – to artificially depress wages for the benefit of a very small number of entities who pay them to lobby on their behalf. They are using the levers of power to keep people at or just slightly above poverty and in so doing they are depressing the economy as a whole. The bi-partisan majority of Americans support raising the minimum wage, in fact, almost half support raising it to \$15 an hour. Here in North Carolina, 62% of likely voters support increasing the wage to \$15. But the US Chamber and their allies in the National Restaurant Association and the National Retail Federation are spending millions of dollars to keep that from happening. They are subverting the will of the bi-partisan majority of Americans –and the bi-partisan majority of North Carolinians in exchange for funds from a small number of multinational corporations.

When the North Carolina Chamber of Commerce and their allies in the state legislature claim that they are making North Carolina more “business friendly,” they are incorrect. No patriotic American entrepreneur is going to decide to locate a business in North Carolina because they will be allowed to discriminate against their employees. No patriotic American entrepreneur is going to decide to locate a business in North Carolina because they will be allowed to pay poverty wages. The next time North Carolinians hear the NC Chamber or the US Chamber say something is “business friendly,” be skeptical.

If North Carolina wants to be the beacon of the New South, its lawmakers should do two things: 1) stop listening to lobbyists, including the US and North Carolina Chambers of Commerce, and 2) take a class in basic economics so they can learn about concepts like “demand.”

And that brings me to my next point – power. Who has it and how do they use it. **Under the leadership of Gov. Pat McCrory, North Carolina – once a powerful symbol of Southern progress – has become Exhibit A for How to Destroy American Democracy.** In a nutshell for you: Art Pope and other wealthy funders worked hand in hand with the governor and other lawmakers – all the recipients of vast amounts of campaign contributions - to increase the political power of a very narrow set of interests, and then used that power to rob tens of thousands of North Carolinians of their constitutional right to self-governance, all in service to an agenda that most North Carolinians would reject out of hand if they understood the truth of it. Art Pope and Gov. McCrory knew their ideas would never have the kind of mass appeal they needed to become public policy, so rather than abandon their fundamentally bad and unpopular ideas, they made sure that thousands of North Carolina voters

wouldn't have any decision-making power. They looked at data on the likely effects of a variety of laws on the voting patterns of black North Carolinians vs white North Carolinians and then crafted a variety of election laws that were most likely to affect African American voters.

Perhaps most disturbingly, a judge – whose job is to defend justice – helped them do it. Justice Robert Edmunds signed off on their plans – why? I'll leave that to his conscience – but there is no doubt as to the fact of his betrayal of his most fundamental task – to ensure protection under the law. Rather than doing that, Edmunds signed off on policies that were blatantly unconstitutional, that disenfranchised thousands of North Carolina citizens with “surgical precision”. A sitting judge and the governor of this state – working together with state legislators who owed their political fortunes to millionaire funder Art Pope – colluded to violate the civil rights of those North Carolinians who disagreed with them all to advance an economic agenda that most North Carolinians wouldn't agree with. That, my friends, is un-American.

Which brings us to the State of Black America – the subject of this important conference - and a subject of great concern to the Patriotic Millionaires.

We are here today to emphasize one critical idea: the State of Black America is the State of All America. This is one country and we are one people. Our fortunes are intrinsically tied together. We must work to build the fortunes of black Americans, because we must work together to build the fortunes of all Americans.

If two people, let's say a black man and a white man, are in a boat in the middle of the ocean, and that boat has a leak, who is going to drown? Is it just going to be the black man? No, it will be both men.

And here's the biggest news of all. This country isn't drowning. This country doesn't have a leak. This country is in a better position than it has been in in eight years – the financial crisis is basically behind us and it is time to rebuild.

And in order to do that successfully, we have to do it together – all of us – and we hope at some point even Art Pope and the small group of financiers of the Chamber will find a way to be helpful in that endeavor. In the meantime, however, it is up to the citizens of North Carolina to reject their philosophy out of hand.

We hope that North Carolinians will decide that it is un-American to violate the constitutional rights of thousands of their fellow citizens. We hope they will conclude that in an economy that is 70% consumer demand it is unwise to artificially depress the wages of millions of potential customers. And we hope they will reject the preposterous idea that the Chamber of Commerce, just because it happens to have a clever name, represents the interest of “business” in this state or in the country as a whole.

I am a wealthy investor, I own stock in many companies, and when I am evaluating the strength of the companies in which I invest, I consider both the company as a whole as well as the sum of its parts. We will rebuild American by rebuilding all of the pieces that make up America. In a few weeks, we will be talking about the need for a major

national investment in our roads and bridges – today we are talking about an even more critical part of our “infrastructure” – our people. Today we have been talking with leaders of the Urban League about the ideas and policies that they believe will best build their community, and we believe their policies are important to building our American community.

When each and every citizen in this country is stronger – better educated, more prosperous, and safer – the benefit accrues to all of us.

Michael Porter, a famous business theorist, argued that competitive advantage comes from building each piece of a values chain and by building the connections between those pieces. In a similar way, the Patriotic Millionaires believe that if we build each and every citizen – each and every community – as well as the connections between those citizens and those communities, the country will thrive.

We believe that the Urban League and other centers of African American life are without a doubt the best sources of ideas about how to build their own communities. They don't need the North Carolina legislature and the Chamber of Commerce coming in and telling them what they need, they need people to listen when they say what they need. It's clear that many of these problems need to be addressed in the state and local levels, and this is exactly what the Urban League was formed to do. It has a long and successful history of building the economic lives of black Americans, and it's our job to understand their ideas instead of imposing our own. So we are here to listen and learn, and we hope that we can do our small part to amplify the answers they're offering to a wider audience. They have solutions they know will work, and we hope to be a partner to them in making those solutions a reality.

Ensuring that our citizens have equal power is the task of our democracy and a prerequisite to our success. Ensuring that people who work for a living make enough money to afford their basic needs will ensure that our businesses have customers with enough money to buy their products.

And if the Pat McCrory or Art Pope or the Chamber of Commerce or anyone else wants to argue about any of this, please have the guts to do it publicly. Don't insult all of us by wrapping your economic agenda in a social agenda that seeks to demean vulnerable innocent people. And please do not pretend to any of us that you believe in this country when you expend so much time, energy and money degrading its central organizing principle. Democracy.

North Carolina – you are better than this.

Thank you.
