

# **Remarks on Social Entrepreneurship**

**President Lawrence H. Summers**

**International Achievement Summit  
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This is a remarkable gathering. It is rare that so much youthful energy, with so much potential to do so much good in the world, has been brought together in one place, and when that energy has had such a remarkable chance to be exposed to so many of the luminaries of our time. I think that, as you grow older, the students here tonight will remember more and more how special this is.

We are all very much indebted to Wayne and Catherine Reynolds for what they are making possible. I have no doubt that there are people whose lives have been saved by the stimulus that has come out of events like this, but who will never know who Wayne and Catherine are. There are people who will learn how to read who would otherwise not have learned to read, but who will never know who Wayne and Catherine are. There are people who weren't sure what their careers were going to be who are going to find careers of meaning, fulfillment, and great contribution because of gatherings like this, and they, too, will not know what set off the chain of events that touched them. Just as there was a whole chain of events before the chain of events that brought John Sexton into contact with Charlie and of which John and his classmates were enormous beneficiaries, there are Charlies all over this world, and they are made possible in all kinds of complicated ways. There are few people who are doing more to make those Charlies part of our world than Wayne and Catherine. Thank you, Wayne and Catherine, for your example.

It is a terrific honor to be on this panel with Wendy Kopp, who has done so much to improve America's public schools, and with John Sexton, who, among the many other great things he does, causes Harvard stay on its toes because of what NYU is doing, and with Ed

Markey, who represents Massachusetts so ably in Congress. I want to try to complement the perspective that John provided by telling a particular story with a broader historic view that I think suggests the importance of social entrepreneurship.

We learned in the course of the 20<sup>th</sup> century two profoundly important lessons about the organization of societies. The first was that top-down fails. A hundred million people were annihilated during the 20<sup>th</sup> century in support of top-down socialist and fascist visions—ideologies that in their aspirations had much attraction. After all, if we all owned all the property and we all shared all the property, wouldn't it be a wonderfully just world?

“From each according to his abilities, to each according to his needs.” That was enunciated by Karl Marx in the name of removing the chains from the working class and providing opportunity for all. And what we learned was that a centralized and directed society was a society that was fundamentally antithetical to human nature, a society that had catastrophic consequences. We learned it in Germany, the Soviet Union, China, and many other places. And we learned a corollary. We learned that economies that were centrally directed were not economies that ultimately flourished. We learned it as we saw the centrally-directed components of India's economic history lead to more stagnation and more hungry people. We learned it in the observation, the powerful historical observation about the 20<sup>th</sup> century, that there was never a famine in a country in which there was a free press. Never. We learned it in the disappointing economic performance of Japan, held up for a time as a miraculous economy driven by government control. Yet that, too, hit a wall in the late 1980s, and it stagnated. And so we learned that progress depended on freedom, bottom-up growth, competition, and entrepreneurship.

We also have learned a second great lesson in the 20<sup>th</sup> century: that markets may be necessary, but, as Ken Behring so ably expressed, they are not enough. The United States has the most splendid market-oriented economy that has ever been. We have spectacular entrepreneurs doing remarkable things. It took Andrew Carnegie 50 years to make it possible for Americans to get books out of libraries. It took Blockbuster seven to make it possible for Americans to rent videocassettes out of stores. Markets have remarkable energy. Yet a child born in New York City is less likely to live to the age of five and less likely to learn to read than a child born in Shanghai. A child born three miles north of here, in Harlem, has not a slightly shorter life expectancy, but a much shorter life expectancy than a child born in Bangladesh, where average incomes are 7 percent as great. Extreme poverty and high infant mortality are still possible in this remarkable world of technology, a world where we at Harvard, and John Sexton at NYU, and many other places, are doing unbelievable things to understand the genomics of disease and to make fundamental, medical progress. There are 500,000 children who die each year who would not die if they were given, at the right moment, four quarts of the right fluid to address their cholera. We have known how to administer that cure for tens of years, and this wonderfully dynamic, bottom-up market economy does not provide it.

It seems that what we have learned is that neither the top-down state way, nor the “all good things will be done by people who want to make a private profit” way is sufficient to meet the needs of our society. The needs of our society, this country, or the world must be met by people who bring the discipline of the marketplace, measuring results, competing on effectiveness, operating in many different ways, and demanding accountability to the great social objectives of our time. We will, in short, need a third way. We will need social entrepreneurs and a social entrepreneurial system.

One component of that social entrepreneurial system will be the providers of social entrepreneurial capital, the people who are doing the kinds of things that Ken described himself as doing, the kinds of things that the Reynolds Foundation is doing, the kinds of things that many other foundations are doing. But, just as any venture capitalist will tell you, the real problem is not how to get enough venture capital, it is finding the entrepreneurs with the ideas.

The other important piece of our system has to be training, validating, and motivating a cadre of remarkable social entrepreneurs: people who want to make a difference, people who do not want to make a difference by following someone else, people who have new ideas, who understand that the new idea might work or it might fail, but that, if the idea succeeds, it would bring much more good than bad if the idea were to fail.

If we are going to have more social entrepreneurs, their work has to be validated, legitimized, and recognized as a crucial profession and as a crucial task in our society. Universities with reputations like NYU's and Harvard's have an important role to play in legitimizing and validating professions in our society. You know, in 1890, it was as distinguished in America to be a barber as it was to be a doctor. The two groups were about equally effective at that time in making you feel better. Universities, taking over the task of education in medicine in the period that followed the Flexnor Report had much to do with creating the effective and respected profession of medicine that we all take for granted today.

I believe that we need to think of social entrepreneurship as a calling, in the same way we think of medicine or law or business as a calling. And universities have a great role to play. Wendy, I am sure, will tell her story, and she can tell it infinitely better than I, that one in every 12 students at Harvard wants to "Teach for America." But they will also "Teach for Wendy"

next year in an American public school. One in 12 students, as their aspiration when they leave college, wants to teach in a school because of the program that this woman started.

Social entrepreneurship is no different from other kinds of entrepreneurship. For every Bill Gates who is lucky enough to be Bill Gates, there are plenty of people whose dreams started and ended in their garages. And for every Wendy Kopp, there are plenty of people whose ideas did not get off the ground. That is perfectly fine, because that is how we learn and that is how we move forward. But the reason that Wayne and Catherine's gift is so important is not just because many people will be touched by this gift, or because of the people who will be called into social entrepreneurship and the difference they will make, or because of the education that students will receive at NYU or Harvard, but because it represents a recognition of what, when scholars look back at this period, they will see as a central organizational change in society during this period. They will see the rise of organizations that compete, set standards, demand accountability, measure results, and are run in businesslike ways for social purposes. It is something that I believe is profoundly important for our country and for the world, and it is something that I know is profoundly important for our universities.

Dean Ellwood of Harvard's Kennedy School is here with us today. When that school was founded 30 years ago, it was believed that we needed to solve and address social problems, so what we obviously needed was a school of government. The Kennedy School continues to train leaders of all kinds for all countries. But today, with Dean Ellwood's leadership, the Kennedy School is a very different place. It has placed a focus on governance, as well as government. It placed a focus on the solution of public problems, but no longer supposes that the only solutions to public problems come from the public sector. And that's what social entrepreneurship is all about, and I think we are all here at the start of something that is

profoundly important and that is going to grow and multiply in its impact on our world in the years ahead.