

Ramona Schindelheim, WorkingNation editor-in-chief:

You're listening to Work In Progress. I'm Ramona Schindelheim, editor-in-chief of WorkingNation. Work in Progress explores the rapidly changing workplace through conversations with innovators, educators, and decision-makers, people with solutions to today's workforce challenges. Last month, during the Aspen Ideas Festival, I collaborated with the Aspen Institute on an interview on the importance of increasing financial mobility and security for low-wage workers. Here's that conversation.

Narrator:

Welcome to Aspen Ignites: Conversations to Build a Better World, a series from the Aspen Institute that brings together thoughtful people with diverse backgrounds and points of view. In this episode, the topic is The Future of Wealth with Joanna Smith-Ramani, co-executive director of the Aspen Institute Financial Security Program. She speaks with Ramona Schindelheim, editor-in-chief of WorkingNation.

Ramona Schindelheim, WorkingNation editor-in-chief:

Joanna, thank you for sitting down with me to talk about this very important subject.

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

I am excited. I could talk about wealth, and building wealth, and inclusive wealth all day long.

Ramona Schindelheim, WorkingNation editor-in-chief:

Well, let's get to the heart of it.

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

Sure.

Ramona Schindelheim, WorkingNation editor-in-chief:

The bottom 50% of the population holds just 3% of the nation's wealth.

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

That's right.

Ramona Schindelheim, WorkingNation editor-in-chief:

Why are you optimistic that we can increase that? We have the willpower, we have the investment, we have the focus to increase that tenfold.

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

Well, I start with, we have the solutions. So the bottom 50% only have 3% of the wealth, but there still is a lot of wealth in the US and so we can examine where it came from and how other people built it and what worked for them, and really start from there. We're not starting from a place of no wealth for anyone. The problem is we don't have enough wealth for most people.

Ramona Schindelheim, WorkingNation editor-in-chief:

And what's the collective solution? What are the steps that we need to take to get there?

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

Well, I'll say I think the reason we haven't made enough progress on this in our country is because folks have been looking for the solution. The single thing. Could we just focus on housing? Should we just focus on retirement accounts? Is it just getting everyone through college? And the reality is, and the reason our report that came out couldn't be the 25 pages we wanted but is actually 60 pages, is because we have to respect the complexity of it. And frankly, that is what it is. That there isn't one solution, that there's a set of systems that are interacting in our country that either build wealth or don't allow wealth to build. And so we have to look at all of them together and figure out both the private sector solutions and the public sector solutions that, all together at one time, form this cocktail that can do something bigger than we've done before.

Ramona Schindelheim, WorkingNation editor-in-chief:

And the solution for everyone is different. That's right. Your circumstances may be different than mine, so you have to meet people where they are.

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

I think that's right. And also there are different solutions at different generations. So in our country, we haven't done much around, what is the startup capital for life? What do we need to have for every baby in this country when they are born? The thing about wealth is that you need time horizon. And so if we want to really build wealth in this country inclusively and get to our 10x goal, we have to think about what your babies need. How can we take advantage of their lifetime to get them more money? That's different than what two youth and young adults need, who's 18 to 25 and where they are in their life cycle, versus someone who's in their 40s and maybe hasn't had enough chance to save for retirement yet, but is facing the second half of their life. So it's both that people need different things in different times, and frankly, different systems have affected different people by gender, by race, by ethnicity, by geography differently. And so we have to make sure we are accounting for that in the solution set.

Ramona Schindelheim, WorkingNation editor-in-chief:

Do you want to give me a suggestion on one of those solutions? Let's start with that baby. So someone is born. How do you start them on that pathway to success?

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

Well, one of the ideas that we put in our report, and that's actually getting a lot of popularity in the country, so it's most certainly not our idea, but we're trying to document it, get excitement for it, showcase the leaders that are doing the work on it, is around what we call startup capital. You can think about it as baby bonds. So every child that is born gets from, essentially the government, some kind of market-based account with some kind of money to start with. And if you're a family that comes from less money than other families, then you get even more. And that money then again has the benefit of the market, which I started by saying there is wealth in this country and we know how to build it. A lot of that is in the capital markets. So let's get money for all babies in our country in the capital markets and then watch it grow over time.

Ramona Schindelheim, WorkingNation editor-in-chief:

And is that a coalition of government, private wealth, nonprofits? How do you fund that?

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

How do you actually do that? So that's the big question. How do you fund it? The really neat thing about this idea is it has to be a public-private partnership. So it is the private sector that manages wealth, and manages wealth exceptionally well. So we wouldn't need the government to manage these investment accounts. We want that to be done by all the wealth management companies in the country, but we do need to subsidize it. So a role for the government that makes sense is how do we get money, especially to the kids who are born into families that don't have a ton to seed these accounts and get them going, and then let's let the private sector do what they do best, which is make that money grow into money.

Ramona Schindelheim, WorkingNation editor-in-chief:

What about that young person who's thinking about, we talk at WorkingNation a lot about career pathways. How do you get them on that right pathway? How do you make sure the funds are there, the finances there to give them that security?

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

So in our country, when you are 18 to 25, your job should be to invest in yourself. And that means either traditional college, it could be a training program, apprenticeship, vocational school. There are lots of options, but the reality is as a country, we have to say, "Whichever option is yours, we are going to support you doing that." We're going to sort of bubble wrap you and insulate you so you have what you need. So that could be everything from ensuring that our public benefit system provides the basic needs for students who are studying. It also means making sure there's housing subsidies so they can live stably and know they have a home to go to study in and then get to class the next day. The biggest part is that they need non-labor income. So what is hardest for students, especially students from lower-income families, is that they're co-earners in their household.

And so for them, the cost of not working doesn't just impact them when they're going to school, but it impacts their whole family. So they need other kinds of non-labor support. We have decided as a country that when you are retired, when you reach a certain age, we'll pay for you. You put money into the social security system, but essentially, we'll let you be retired. That's your job. Some states, like Washington, have said, "Okay, when you have a baby, your job for the next set of months is to take care of that baby, and we will pay you to do that, through parental leave policies of the state funds." We also need a similar version for young people that says, "Okay," to invest in our country to have the kind of workforce we need, we need every 18 to 25-year-old to have all of the resources they need, including a non-labor income source, like a guaranteed income, so that they're doing the thing we need them to do for our country.

Ramona Schindelheim, WorkingNation editor-in-chief:

That also helps in the time part of it. Because a lot of kids, as you say, they're helping their families. They don't have the time-

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

They don't have time.

Ramona Schindelheim, WorkingNation editor-in-chief:

... to invest in their careers.

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

That's exactly right. And back to my original example of, we kind of know how to get this done. Young people from families that have private wealth, this is what they get. They get housing paid for, they know they have food, their education is paid for, and they get money from their parents or grandparents to make it happen. So this isn't such a crazy idea, but it's just how do we facilitate it for kids who don't come from private wealth?

Ramona Schindelheim, WorkingNation editor-in-chief:

Do you think there is an important role in home ownership in this?

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

Absolutely. I mean, that's been one of the foundational assets in this country, partly because it provides stable housing and a place to live, and we all need shelter, and we need it to be in safe, stable places. But over time, it has shown to increase value. So that is a big part, and that is though not the only way to gain wealth in this country. And back in the days where we were like, "There's only one way to do it, and let's focus all on housing," that's where we saw problems and people's kind of wealth portfolio.

Ramona Schindelheim, WorkingNation editor-in-chief:

I saw another stat that 55% of the people in this country could not afford a shock to their income because they don't have the savings-

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

That's right.

Ramona Schindelheim, WorkingNation editor-in-chief:

... to make up for it. Is that mostly in the communities of color, or is it universal for people in low income?

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

Yeah. It's actually a pretty main street problem right now. Over half of our country does not have regular or positive cash flow, which means monthly they are not always kind of in the green. They're in the red or in the black, in the red. And that is cross income distribution. But it is harder felt when you have less other resources or credit lines, or other wealth that you can leverage and draw on.

Ramona Schindelheim, WorkingNation editor-in-chief:

You're very optimistic that we can get this totally point, which is fabulous. So tell me some solutions that are already happening or some organizations, people that are making this happen already.

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

So there's so much happening in, especially the capital market space, trying to think about how do we democratize access to where money is really being made in this country. Thinking about kind of micro accounts of where you're putting in small amounts towards bigger investments is one area that we're really excited about, work that, especially being done research on. Do we understand why? For example,

black women in this country invest less in the markets than other people? And what do we have to do in account in product design, and who the providers are?

Ramona Schindelheim, WorkingNation editor-in-chief:

Is it distrust? Or...

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

It's a whole range of things. I think it's distrust, it's lack of familiarity from historically families not being in it. It's lack of access. The way most people in this country have access to the markets is through their retirement account at work, but not every work provides that retirement account. So there's a range of issues there, but it is problematic because we will not make progress towards 10x'ing the wealth of the bottom 50% of Americans if people will not put their money into the market.

Ramona Schindelheim, WorkingNation editor-in-chief:

And who leads this movement? Because it has to be a movement it [inaudible 00:10:05]-

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

It's a campaign. That's right.

Ramona Schindelheim, WorkingNation editor-in-chief:

I like that.

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

It's all of us.

Ramona Schindelheim, WorkingNation editor-in-chief:

Yeah.

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

It totally is. Well, in our paper, we actually invite everyone in because we know what we know, but we only know that because of the leaders out there that have been working with us on what are the solutions? What are the objectives? Even what is this goal? Should it be 10x? So it's all sectors, and it's kind of even all cross-sectors. If you care about education and you want to see young people get through not just eighth grade, 12th grade but college and have jobs that bring them real financial security and joy in their life, then you need to care about financial security. If you care about making progress on food insecurity or hunger, then you care about financial security. It is undergirding all of our country's biggest problems.

Ramona Schindelheim, WorkingNation editor-in-chief:

The word you used undergirding of our society. I think it's an important idea that we don't do this, we have people who will just keep falling further and further behind. And they're never going to catch up to those of us who might have that money.

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

That's exactly right. I mean, we're losing, if not lost, our middle class in our country. And that's not really about income. That's about the combination of income and wealth. And that isn't just actually about individual thriving and prosperity. That's actually about our country's foundations in our democracy. So these issues are bigger. I mean, I certainly care about truly every child getting the opportunity my children get and that we are losing creativity, scientific, innovation, talent, all the things that make our country our country by not having everyone thrive. But ultimately, we're about to destroy our own country and the democracy that we feel is important and gives us all the rights and benefits we have if we don't do something about this problem.

Ramona Schindelheim, WorkingNation editor-in-chief:

We always talk about the American dream in this country, and it's always been to take your family to a step beyond...

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

Beyond your where you came from, right?

Ramona Schindelheim, WorkingNation editor-in-chief:

... your own. Yes. Exactly. So it seems that this would really be go a long way to help make that American dream happen for all these people again.

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

Yeah. I mean, it has to. We have to come up with a way where there's more intergenerational wealth for more people, and by the way, and we can't, people in this country-

Ramona Schindelheim, WorkingNation editor-in-chief:

I'd love too. [inaudible 00:12:15].

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

... are doing. I know. Well, I am sort of always optimistic about things, but I am particularly about this because the research we've done, the solutions that are already being tested and out there, the resources we have in this country, and kind of creative brains caring about this mean there's no way, but to solve it.

Ramona Schindelheim, WorkingNation editor-in-chief:

How do we get the word out there that there are opportunities for people? Not just job opportunities, but opportunities to thrive.

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

I believe we will make progress on this because there's a more diverse set of innovators caring about it. And so the work that our team has done to really try to we're investigators unearth, who are the crazy cool people that could be doing anything else in the world and making a ton of money but care about this and are working on it, are much more diverse than they've ever been and represent in different ways. Folks that have been left behind in the history of our country and been harmed by systems that will change by de facto, frankly, that these innovations, policies, products are more meaningful and make more sense for their communities, and it means that more people will use them.

Ramona Schindelheim, WorkingNation editor-in-chief:

I love that answer because I think that is it bringing in diverse thought. People from diverse culture increases our reach on [inaudible 00:13:26].

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

Yeah. And I'll just say overall in our country, I mean our work at the financial security program, and our hope ultimately is that people recognize not so that they care about the thing I care about because it matters that this issue of wealth inequality and financial insecurity in our country is the same kind of issue and urgency as climate change and climate issues and adaptation in our country. And in fact, they're intersecting and interacting. But these are the things to solve right now. And if we did, we would cascade into some of the other really big challenges that we see around education, around poverty, around hunger, around our government, around democracy, around active citizen participation. These are the things that we've got to deal with first, and then we'll have other benefits as a result.

Ramona Schindelheim, WorkingNation editor-in-chief:

They're all interconnected.

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

They're all, I mean, truly, they're all, that's why there's no one solution. It's the cocktail.

Ramona Schindelheim, WorkingNation editor-in-chief:

Thank you, Joanna.

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

Thank you so much. This was fantastic.

Ramona Schindelheim, WorkingNation editor-in-chief:

It was great talking to you.

Joanna Smith-Ramani, Aspen Institute Financial Security Program co-executive director:

Great talking to you too.

Ramona Schindelheim, WorkingNation editor-in-chief:

That was my conversation with Joanna Smith-Ramani of the Aspen Institute last month during the Aspen Ideas Festival. I'm Ramona Schindelheim, editor-in-chief of WorkingNation. Thank you for listening.