

Introduction

BY RAY BOSHARA AND IDA RADEMACHER

The seeds for this book were planted several years ago through a series of dialogues at the Aspen Institute on the future of building wealth and ownership inclusively in America. The real impetus compelling its birth, however, came during an extraordinary convergence of events in 2020: a public health crisis, the disparate economic impacts that the crisis amplified and a national moment of racial reckoning. It felt—feels—like a rare moment of opportunity.

A Historic Moment

As documented by some of the authors in this volume, COVID-19 exposed and is likely to exacerbate the already stark economic inequalities our nation reached by the end of 2019. Prior to COVID-19 there was resounding evidence that, in the midst of the longest economic expansion in modern history, the U.S. was marking levels of income and wealth inequality not seen in a century. Coming into the pandemic, most households had not recovered economically from the Great Recession, especially observable in the declining wealth and increasing debts of less educated, younger, female-headed and non-white families. When the economic shock of COVID-19 was inflicted on their fragile balance sheets, we witnessed the extent to which financial

precarity had become the defining characteristic of millions of families ... and simultaneously watched the net worth of others grow at their most robust rates in decades.

The persistence and depth of income and wealth inequality have, in turn, prompted serious national reflection on the fairness and sustainability of our current policies and systems. What level of economic inequality are we

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as a nation willing to allow? At what point does pervasive household financial insecurity weaken the prospects of a robust economic recovery? High levels of inequality have, historically, preceded and prompted an update of our social contract, as the major reforms of the Progressive Era, New Deal, and Great Society powerfully suggest. Have we reached another one of those inflection points in our history?

It may be too soon to label this era of historic social and economic reform—but it's not too early to offer some ideas that could underlie those reforms. It is in that spirit that we reached out to over 100 innovative and influential thinkers to invite them to contribute an essay to this volume. The request was straightforward: What are your best and most promising ideas to address our nation's profound racial, generational, educational and gender wealth gaps?

Why Wealth?

Why are we focusing on wealth gaps, specifically? While income inequality remains deeply troubling—and is both a driver and consequence of wealth inequality—we believe that wealth or net worth (all your savings and assets, minus all your debts) is both a unique and powerful barometer of economic resilience and opportunity and a key component of broader economic equity. Building on a deeply ingrained tradition of broadening property ownership in the U.S.—articulated by, among others, Thomas Paine in the 18th century, George Henry in the 19th and Louis Kelso in the 20th—we focus on wealth for three reasons.

First, as Michael Sherraden argued in 1991, assets—as distinct from income—serve as both a cushion against challenging financial times and a

springboard toward better times: the ability to make investments in a first home, small business, postsecondary education or skills, a reliable car, retirement security, and future generations. Second, assets change heads: Many scholars in this volume and beyond have documented powerful “asset effects,” such as youth developing a “college-bound identity” from modest amounts of college savings in their name, or mothers who have better mental health and higher expectations for their children because of the assets in an at-birth Child Development Account.

And third, public policy has played an outsized role in determining who is incentivized to build wealth—and who is not. Most notably, of course, is our nation’s lamentable history of taking land from Native peoples and then giving or subsidizing land and other assets to overwhelmingly white people while legally or effectively barring Black and other people of color from accumulating wealth—a fact that best explains the majority of the racial wealth gap today, as the St. Louis Fed and other research have shown. Similarly, historical obstacles to women owning property well into the 20th century help explain the gender wealth gap today.

Yet, while legal barriers to wealth accumulation may no longer remain, public policy—notably tax policy and asset limits in public assistance programs—still subsidizes wealth accumulation for wealthier households (most of whom are white) while penalizing it for poorer ones (who are disproportionately people of color). An upside-down policy, for sure.

The central theme of this book, then, as well as the focus of a few specific essays, is inclusion: If public policy has actively or effectively excluded certain people from accumulating wealth, then we are called to build wealth inclusively—everyone, by design, from as early as birth, is included in systems and policies to build wealth. And while there may well be compelling reasons to reduce enduring wealth gaps per se, a more critical challenge, we believe, is to grow wealth among lower-wealth groups so that they can achieve greater levels of economic resilience and upward economic mobility.

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From Why to How

So that's why we focus on building wealth inclusively; now we'd like to offer a few words on how we have aimed to achieve that in this book.

The first way is by insisting that the ideas included here represent the latest evidence-based research and ideas in the field—and that hold potential for scaling up. Just as the early 20th-century local and state experiments loosely falling under “the Wisconsin Idea” became the basis for many Progressive Era and New Deal reforms (such as wage insurance, labor rights and progressive taxation), we hope that the ideas presented in this volume could be the basis for wealth equity policies in the renewed social contract now under discussion.

The second way is by breaking down silos. The clunkily named “asset-building” field, like most anti-poverty fields, has been too siloed, so we aim to bring folks working on balance sheets and family wealth *together* with those focusing on a range of ownership strategies: community wealth building; ESOPs (employee stock ownership plans); universal capital accounts; social insurance; property rights; and entirely new ways of conceiving and broadening wealth through, for example, a sovereign wealth fund, a data dividend, social inheritance, and reforms to corporate consolidation.

And our third way is by challenging long-held assumptions. As reflected in many of the essays focused on novel ways to build wealth, we were skepti-

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cal of the resigned view that the best we can do for the majority of families in America today is help them manage scarcity—and that labor-market income and existing safety nets, both meriting improvements, can be the best sources of managing that scarcity. While it is true that families can realistically save and build wealth when they experience routinely positive cash flow (income exceeding expenses), it is also true that wage income has not kept pace with the rising costs of living—especially the costs of housing, education, health and dependent

care. While we must continue to improve the ways we value and compensate workers in this country, the time also seems right to invite fresh thinking on how we can create new sources of capital and ownership that do not entirely depend on labor market income.

A Down Payment to Inspire More Conversations

While we were heartened by the overwhelmingly positive response to our invitations to contribute essays to this volume, we wish we could have included so many other leaders and innovators in this volume. Even a book with 63 original essays featuring over 100 invited authors—along with a moderated discussion among four Federal Reserve Bank presidents—could not, in our view, capture the breadth and depth of novel thinking on ways to address generational, educational, gender and racial wealth gaps in the U.S. today.

To help remedy this, we have launched futureofwealth.org to house this ongoing discussion and promote even more new ideas, events and actions. Along with downloadable chapters in PDF format, the site will evolve to include blogs and additional ideas from a diverse spectrum of social, financial and policy innovators. You'll also see listings of events and initiatives that are emerging across the country and across sectors dedicated to building an inclusive and equitable wealth agenda in this country. We're eager to engage as many of you as possible in whatever ways we can.

Thank you for reading his book! We hope you are as inspired as we are.