ASSET DEVELOPMENT POLICY: THE NEW OPPORTUNITY

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Foreword

There are several paradoxes at the opening years of the 21st century. One is that, notwithstanding the nation's relative prosperity, many people are still hungry. Another is that, even with relatively high rates of employment, millions of workers still struggle to make ends meet. A third is that, despite the many choices and opportunities created by new technologies and a global economy, many people worry they may not be able to take advantage of them, and will be left by the way side.

As this essay makes clear, asset development can respond to these paradoxes. It can provide people more economic security while also enabling them to enjoy economic mobility.

The idea is not entirely new – asset-development proposals already have begun to appear in scholarly journals, policy think tanks, and legislative committees. This essay does the useful job of synthesizing and clarifying current thinking, and charts a path for further research.

Many of today's public policies implicitly recognize the importance of assets and asset building but largely favor the more affluent and often exclude the low-income and poor. Yet it's possible to craft asset-based policies to improve the lives of low-income families while at the same time creating a broader and more nuanced view of poverty - one that extends beyond simple measures to focus on peoples' capabilities, their effective use of those capabilities, and their freedom and opportunity to achieve. In so doing, the New Deal vision of "social insurance" can be adapted to the twenty-first century.

The idea of asset development is likely to be attractive to a wide cross-section of the political spectrum, and can become an important element of a new consensus on how to enable low-income families to prosper. Hopefully, this essay will both inspire and guide us toward such a consensus.

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Introduction

The opening days of the 21st century were witness to two related paradoxes of American life. First, there was hunger amidst prosperity, a monumental and growing wealth gap, and record-high employment while millions of workers struggled to make ends meet. The fraying – if not the unraveling – of the boom of the 1990s threatens to undermine the modest success of many who had just attained it and makes yet more difficult the task for those who have not. Second, there is a sense of excitement and anticipation about the possibilities opened up by dramatically changed and still rapidly evolving economic and social realities accompanied by fear and unease about the ability of many – not only those who are now poor or go hungry – to successfully navigate those changes. These paradoxes are paralleled by ambivalence among the American electorate: citizens sense a need for and seek inspiration from a compelling policy vision by which to choose a course but must largely rely on older maps that are less suited to now more turbulent and uncharted waters. At the same time, while their political leaders may, themselves, acknowledge the paradoxes and experience similar ambivalence, political discourse is too often marked by a confused and disheartening rhetoric of intense, yet superficial political division driven by appeals to outdated nostrums from across the ideological spectrum.

This unsettling and unsettled domestic policy environment is both a challenge and an opportunity. The challenge is to separate the truly effective policy "wheat" from the ideological and political "chaff". The opportunity is to explore solutions and to develop a framework that can truly reduce poverty and extend greater economic security and opportunity to all households in the nation. We argue that an effective policy framework must have asset development at its core.

The concept of asset development is the most promising new idea on the social policy landscape and the most viable framework for the future. An asset-based framework is one that recognizes that at their best, policies grounded in earlier eras sought to address the common needs and aspirations of all American households in a way thought appropriate to the time and circumstances. It acknowledges, as well, inevitable limits to the effectiveness of such policies, as any others, and that changed realities point to the need for other ways to meet those needs and aspirations. An asset development framework has the capacity to achieve that goal because it targets investments in all American households for the development of the assets necessary to economic security and opportunity. By its appeal to widely and strongly-held values such as fairness and opportunity, reward for work, self-reliance, and individual responsibility, it can garner broad-based political support among the American electorate. Moreover, it offers a bridge between those who are committed to primarily investing in people and their capacities and those whose chief concerns are to increase productivity and economic growth.

I. The Policy Context

A. The Paradox of Poverty and Hunger Amidst Prosperity

As of March 2001, the economic expansion in the United States reached a record length of 41 quarters[1], with a growth rate that was the envy of many western industrialized countries.[2] Unemployment continued to hover at the lowest rates in over thirty years.[3] Consumer spending and after-tax income were at all time highs. Inflation remained relatively low.[4] Although the stock market had already receded somewhat, it still remained at levels far above that of the early 1990s.[5] Moreover, the federal budget was not only in surplus for the first time in years, the projected surpluses were projected to increase over at least the coming decade.[6]

This picture, bright with unparalleled accomplishments, however had its dark side. In 1999, 32.3 million people (11.8 percent of the American population) had family incomes below the poverty level.[7] About 12.7 million (4.6 percent) of them were "severely poor," that is, their family income fell below one-half of their poverty threshold.[8] An additional 12.0 million people (4.4 percent of all Americans) were "near poor," that is their family income was less than 1 and one-quarter of their poverty threshold.[9] Relatively speaking, children were even poorer. In 1999, there were 12.1 million poor children (16.9 percent of all children) of whom 4.9 million (6.9 percent) were severely poor.[10] An additional 4.0 million children (5.6 percent) were "near poor."[11] Blacks and Hispanics were poorer than whites. In 1999, there were 8.4 million poor persons among the black population (23.6 percent of the black population) and 7.4 million among the Hispanic population (22.8 percent of the Hispanic population)(compared to 7.7 percent of the White, non-Hispanic population).[12] About 3.6 million (10.1 percent) of blacks and 2.7 million (8.3 percent) of Hispanics were severely poor (compared to 2.9 percent of the White, non-Hispanic population).[13] An additional 2.2 million blacks (6.0 percent) and 2.8 million (8.5 percent) Hispanics were near poor (as compared to 11.0 percent of the White, non-Hispanic population).[14] These rates of poverty were substantially the same whether the official poverty measure and the income used to calculate the rate are adjusted in a variety of ways recommended by scholars and analysts.[15]

Moreover, for many families with children, even full-time work was not enough to move them out of poverty. In 1998, 7.8 percent of all full-time working families[16] with children were poor.[17] The rates of poverty for such families were substantial higher (as much as 10.1 percent) when account was taken of additions (such as government subsidies) and subtractions to resources (such as work related expenses).[18]

If these statistics were not grim enough, those measuring the extent and severity of hunger and food insecurity were equally, if not more disturbing. In 1998, an estimated 10.5 million households experienced some degree of food insecurity, or 10.2 percent of all households. "Of the more than 30 million people who lived in these households, nearly 40 percent (or 12.4 million) were children. Over 9 million households (3.6 percent) experienced hunger, the most severe state of food insecurity."[19] The prevalence of food insecurity was higher than average for Black non-Hispanic households (21 percent) and Hispanic households (21 percent).[20]

The inability of substantial numbers of families to attain minimal economic well-being (even when working) was accompanied by great disparities in the relative well-being of different families. In 1999, the top fifth of households had an average income of $135,401 whereas the lowest fifth of households had an average of $9,940, a ratio of about 13.5 to 1.[21] Overall, households in the top fifth received 49.4 percent of all household income, whereas the bottom fifth received only 3.6 percent.[22]

Moreover, while during the post-World War II era and up until 1968 there was an almost continuous *decrease* in income inequality, since that time – in other words for over thirty years – there was an almost *continuous* increase in income inequality, with the *net effect of an increase in family income inequality* over the entire period from 1947 to 1998.[23] Despite the "boom" of the 1990s, there was no increase in the share of income received by the lowest two-fifths of households; indeed, those in the highest fifth gained slightly (through an increase of 0.5 percent) at the expense of those in the middle of the income scale.[24] The top 5 percent of households actually increased their share by 1.9 percent.[25] Even though taking account of the impact of taxes reduces inequality slightly, no statistically significant change in inequality occurred during the period from 1993 to 1998.[26]

Moreover, there were considerable disparities in household income on the basis of race and ethnicity. In 1999, the median income for white households was $42,504 whereas that of black and Hispanic households was $27,910 and $30,735, respectively.[27] The mean incomes for that year were $56,908, $38,448, and $40,452, respectively.[28]

B. Anticipation and Fear in the Face of Changed Realities

If there is an historical, Archimedean point by which to leverage discussion about the impact of change on a vision for domestic policy, it is the era of the New Deal. Certainly, those who embrace the policies that trace their lineage to that era, equally with those who are repelled by them – and many in between – share in common at least the view that those policies were a response to the economic and other conditions which culminated in the profound crisis in American society of the 1930s. And they would likely agree that despite the intervening decades, policies that are descendants – direct or indirect - of those fashioned during that period continue to shape our lives in many and significant ways. Certainly, they may sharply differ about what is of lasting merit in the policies supported by the policy framework established during that era and what is enduring about the shared vision that informed it. But certainly they must concur on the need to take account of the transformations – often dramatic – in American society during the intervening decades as the basis for an honest and thoughtful judgment of what now needs to be done.

The New Deal framework was fashioned by then contemporary social and other circumstances.

For that framework, opportunity was thought of largely in terms of employment. Family well-being depended upon one member – expected to be an adult male[29] – holding a job. So, there had to be enough jobs. The private sector was deemed to be the primary engine by which those jobs could and should be made available. By means of a variety of devices – among them, increased spending and policies aimed at expanding purchasing power – the state would prime and feed the engine that was the market when, during the ebbing phase of the economic cycle, it faltered. As a, perhaps, limited and last resort, the state would directly create the jobs itself.[30]

These strategies with respect to starting points and opportunity were linked in various ways to strategies concerned with end points and reward. Policies like the minimum wage and laws in support of organized labor were goals in themselves, to assure to those with jobs some minimum level of provision. They were a means to an end as well, to enhance the purchasing power that would fuel the market and create yet more jobs that were the predicates of opportunity.

There was an implicit but arguably equally strong link for those for whom opportunity in the form of jobs was diminished or non-existent. For those of working age, a system of unemployment compensation served to assure a measure of subsistence in the event of a job loss.[31] That system reflected reward values in the sense that whether resources were afforded (as well as the extent of those resources[32]) depended upon recipients having sufficiently met a prior obligation to hold a job.[33] Even then, the importance of recipients fulfilling societal responsibilities and displaying initiative informed requirements that recipients be able and willing to search for and accept appropriate work in order to remain eligible for benefits.

Even those of advanced age – individuals who might not reasonably be expected to seek (or perhaps be able to hold) jobs – qualified for payments under a solely federally-administered system only if they established a sufficient employment-related record. Benefit levels were themselves tied to the extent of earnings from the jobs held, up to a maximum. Indeed, so connected to employment were those benefits that originally, they were payable only to the retiree him or her self (except as a lump sum to the individual's estate at death).[34] The link between employment and benefits was even stronger for this program than for unemployment compensation because the system was (and remains) funded in part from employee-paid payroll tax contributions (giving rise to misperceptions about recipients having "earned" those benefits by reason of their prior payments into the system).[35]

The only other major New Deal policies that offered a measure of subsistence were means-tested (and jointly funded by the federal and state governments, but largely administered by the latter) and presupposed dramatically attenuated opportunities to participate in the labor market. In one case, advanced age or blindness rendered earnings from employment unlikely.[36] In the other, originally termed Aid to Dependent Children, the youth of the ostensible recipients rendered them dependent either because they were incapable of employment or it was not socially acceptable that they be employed**.**

Mothers were not the direct beneficiaries of the latter program; if anything, they were instruments of it, by virtue of their social role as mothers and, arguably, as wives.[37] However, important for our later discussion is the fact that even so framed, the program was justified not only as a way for its recipients to avoid "social misery," but also as a means of investment, particularly in a sense that would be termed human capital today. That is, mothers were supported in the upbringing of their children, as a means of enabling them to grow into productive citizens who would contribute to society.[38] (Notwithstanding that narrow goal, the extent of the "investment" provided for children was very limited.[39]) Even for these instrumental purposes, potential caretakers were largely thought to be "worthy" of support only if they were widowed (rather than unmarried or divorced)[40]. The favored beneficiary status based on marriage was soon not only enhanced but also linked to the rewards associated with employment. New Deal legislation enacted within a few years of the Social Security Act of 1935 allowed widows and their children to escape from the means-tested ADC program and receive payments based on the deceased male breadwinner's employment-based contributions to the Social Security system.[41] Only some fifteen years later, were children's caretakers themselves included as beneficiaries of the remaining means-tested program.[42] By 1962, the program operated under a newly minted name, Aid to Families with Dependent Children (AFDC), which reflected a shift in focus toward strengthening family life and efforts to move adult members to work.[43]

Over the years, New Deal policies were broadened and extended in important ways, though in many respects they remain largely the same in character. One of the cluster of New Deal programs – the old age pension program – came to be popularly referred to as "social security," the name by which the whole system of programs had originally been known. It also became by far the largest of the programs associated with the American "welfare state."[44] Over the span of four decades, the program incorporated an increasingly larger portion of the working population, accorded benefits to workers' family members rather than just to workers themselves, and for both, added disability as a basis for eligibility for benefits.[45] In addition, in 1974, Congress replaced three state-administered, means-tested programs of cash relief for the aged, blind, and disabled with the Supplementary Security Income program (SSI), an entirely federal system of cash assistance, but still means-tested, largely on the basis of income.[46]

In the mid-1960s, the Great Society added two substantial and enduring policy innovations. One, in the form of the Medicare and Medicaid programs, largely extended the pre-existing framework of "insurance" to cover certain risks of ill health[47], but retained the bifurcated character noted above: the former was tied closely the earned income-based social security program while the latter was limited to suitably-defined categories of needy persons.[48] The other, the federal Food Stamp program,[49] was also a means-tested one with the primary aim of providing vouchers that increased the purchasing power of recipients to enable them to buy a nutritionally adequate low-cost diet.[50]

In sum, these elements of the New Deal framework were the embodiment of what has been aptly termed an "insurance/opportunity state" which has in certain ways been extended and broadened over the years. In this regard, it is important to remember President Franklin D. Roosevelt's mandate to the Committee on Economic Security, that it "propose to him programs that would provide `some safeguard against misfortunes which cannot be wholly eliminated in this man-made world of ours.'"[51] That mandate gave witness to the risks to economic security posed by misfortunes of two kinds: those that are that arise from human conduct within the market, family, or the larger community and others such as illness, disability, aging, and death, that are the likely or inevitable concomitants of human existence. Certainly, there must be a place within any new framework, as there was in that of the New Deal, to fashion meaningful safeguards for all in face of such misfortunes.

But, as noted, the vision of the New Deal state was one of "opportunity" as well as "insurance". Perhaps equally as important, the two aspects were linked in a virtuous circle. To be sure, individual well-being was understood largely in terms of income, and for the vast majority, it was expected that income would be earned through employment. Opportunity was largely defined in terms of employment. Key to securing the required income was a willingness to seize opportunities and strive to succeed when they were seized. Government's role and responsibilities were to make sure that such opportunities were available and to intervene in certain ways to assure that the rewards accorded by the workplace were meaningful. But they were also to create a social welfare system that would enable individuals to enjoy economic security in the face of too few opportunities, failure in seizing opportunities, or other misfortunes arising from ill health, disability, or age, that denied opportunity from the outset.[52] For some, but not all, the circle was complete: the government drew upon and pooled a portion of the productive wealth created when individuals successfully seized opportunity at the workplace and used it to maintain the system of insurance that sustained them and others when misfortune occurred. Others, though, were, for a variety of reasons, unable to enter this circle.[53]

American society has experienced dramatic economic change since the era of the New Deal. The system of trade and markets has become increasingly competitive, dynamic, and complex. As a result, jobs are increasingly insecure, particularly for men.[54] Job tenure is decreasing.[55] Displaced workers face difficulties finding employment.[56] Employment has increasingly become "nonstandard"[57] rather than relatively "permanent" and full-time.[58] More and more people are employed under "flexible staffing" arrangements.[59] Workers so employed are likely to receive fewer benefits and less training from their employers.[60] These changes are associated with changes in the operation of enterprises - such as the shifting of core competencies and the outsourcing of tasks, acquisition and divestiture of businesses, and the creation of non-conventional business partnerships, and the roles of workers within them - such as a blurring of boundaries between traditional management and employee roles.[61] Increased globalization of the economy through trade[62] and immigration[63] has helped spur these changes. Global competition has contributed to the profound, secular decline in the number of manufacturing jobs[64] by displacing workers from traditional high-wage (but often relatively low-skilled) jobs in that sector.[65] Even when those manufacturing industry workers can find jobs, they are likely to be lower wage ones in the service sector.[66] Global competition has also increased demand for certain highly skilled workers,[67] helping to drive the long-term and dramatic growth in service jobs. Even though these and certain other service jobs, because they are higher skilled, pay higher wages, many others require only low skills and pay only low wages.[68] Indeed, during the 1990s, polarization of the job structure increased as job expansion was concentrated in the highest and lowest deciles of the employment structure.[69] More generally, opportunities to move up economic ladders from low-wage, low-skill jobs have narrowed.[70] Further, the technologies of production and communications continue to undergo rapid change. On one hand, a revolution in computer-based communications has created new opportunities in economic and other spheres of life. On the other hand, many do not have the education to access new high-skill, high wage jobs that revolution has created, or the financial and other resources to tap into the entrepreneurial opportunities it has provided.[71]

The social landscape has changed as well. Neither individuals' roles at the workplace nor at home are sustained by the vision of the traditional family.[72] Women increasingly are as likely as men to participate in the workplace.[73] Many of these women are mothers. In large numbers of married couple families, both people work.[74] This is also true of married couples with children.[75] A single parent, usually a woman, heads many families with children.[76] "Earlier in the century, migration and mortality led to more children being raised by a single parent, while later in the century, divorce and out-of-wedlock births have led to the same end."[77] So, for example, the proportion of pre-marital births has increased dramatically since the 1930s,[78] especially among teenagers.[79] Substantial numbers of children live in "blended" families.[80] Increasing numbers of children now live with a grandparent or grandparents, many without a parent being present in the home.[81] However, despite their changing role in the workforce, women still bear the primary responsibility as caretakers for the young, the disabled, and the old.[82] This role can have adverse economic as well as non-economic consequences.[83] Various functions attributed to the traditional family or necessary to carrying on daily life are increasingly being "outsourced."[84] This change has fueled the growth of service jobs that are often low-skilled and poorly paid.

Further, there has been a dramatic shift in the "economic geography" of the country, among regions and cities, suburbs, and rural areas. During the New Deal era, there were large disparities of population and income between regions,[85] especially between the South and others[86], with relatively weak economic competition among them.[87] At the same time, central cities were economically vital and income disparities between city and suburb were modest.[88] There has been a significant shift in population and increased competition among regions.[89] Today, income between regions is fairly uniform.[90] The economic vitality of central cities is seriously challenged and incomes of city residents increasingly lag behind those of suburban residents.[91] At the same time, while suburbs continue to grow dramatically, they are increasingly differentiated between "inner" and "outer" areas, i.e., those that are older, more diverse and less affluent and those that are newer, less diverse and more affluent.[92]

The landscape of financial institutions and services looks dramatically different from that of the New Deal era. Competition from nondepository institutions such as money market and mutual fund companies has resulted in a dramatic shift of financial resources to such institutions and a dramatic consolidation and decrease in the number of banks.[93] Largely unconstrained by government regulation, it has increased banking services for the affluent and decreased them for the low-income and poor. It has also resulted in imposition of service charges that disproportionately burden or even exclude the poor from access to mainstream institutions that enable saving and supply credit that helps build financial assets.[94] Ostensibly in recognition of the changed financial landscape and in the service of competition and efficiency, the New Deal framework for regulating the relationships among the banking, insurance, and securities industries was recently dismantled, raising fears about the impact on the low income and the poor.[95] The increasing importance of the Internet – a means of communication and transaction of business unknown at the time of the Great Depression - for the provision of financial services raises serious questions about access and cost for those of low income and the poor, in general, and minorities, in particular.[96] These changes, and the increasing prevalence of out-of-the mainstream financial businesses who target and may prey on those of low income – among them check cashers, and payday lenders,[97] rent-to-own stores, and predatory lenders[98] - raise concerns about the emergence of a "dual" financial system, one for the rich and one for the poor.

C. The Politics of Ambivalence

The foregoing description certainly suggests that many individuals today, whatever their stage of life, face challenges very different from those confronted by similarly situated individuals some seven decades ago. That would be reason enough to assess the efficacy of policies, the touchstone of which should be economic security and opportunity for all Americans. But, of course, such an assessment is already underway. Indeed, we are in the midst of a later stage of what has been an ongoing debate over the promise of an array of policies, a debate that has been intensified, focused, and colored by the shifts in economic and social context described above. Not surprisingly, the point of reference for that debate is frequently the policy framework established by the New Deal. Given the economic crisis to which it responded, that framework is typically viewed as the model for efforts ostensibly aimed at reducing or even eliminating poverty through a combined federal and state system, primarily one of income support and benefit entitlement. Viewed more broadly, though, it might better be thought of as embodying paradigms by which American society as a whole might prosper and in which all might attain economic well-being.

To be sure, impassioned attacks on and equally impassioned defenses of the New Deal are nothing new. They, of course, started with the New Deal itself, and not infrequently the underlying arguments have been recapitulated in one form or another over the intervening years. That, itself, is testimony to the importance of the New Deal framework. However, it is probably fair to say that especially over the last two decades, the framework has been challenged by an increasingly diverse and powerful array of public and private sector critics. Critics on the left marshal evidence pointing to significant shortcomings and outright failures of policies that, it was claimed, would alleviate poverty, provide for a living wage and security during retirement and in face of disability, and enable other meaningful opportunities for all individuals, families and communities to "make it" in America.[99] Challengers on the right charge that New Deal policies are responsible for a variety of pernicious outcomes, including promoting a "culture" and "narcotic" of "dependency,"[100] fostering "dysfunctional" behavior and the destruction of nuclear families,[101] among others. Alternative policies and approaches to address these concerns have been in development in communities, states, and in policy circles during this period. Indeed, a watershed was reached when, in 1996, passage of the Personal Responsibility and Work Opportunity Reform Act (PROWRA) dramatically transformed a central component of the New Deal framework, welfare policy, with the goal of "ending welfare as we know it."[102] In a number of respects, the emerging discourse over legislative reauthorization of these changes scheduled for consideration in 2002 reproduces the intense debate that led to them in the first place: on one hand, the PROWRA is touted as having had a dramatic impact on welfare rolls and on individual, family, and community expectations for income and other forms of government sponsored assistance; on the other hand, this cross-cutting policy has clearly fallen short of effectively addressing key problems of poverty and opportunity – and may be exacerbating others.[103]

Of course, as suggested above, the critical issue is not the New Deal framework as such. The metric for analysis and judgment is ultimately that of the effectiveness of the chosen means for enabling all Americans to attain economic security and enjoy economic opportunity within the context of overall societal well-being and the likelihood that those means will be embraced by the American polity. Moreover, the better part of wisdom would entail preserving what is of lasting merit in the policies supported by that framework and retaining what is enduring about the shared vision that informed it. Pursuit of that goal requires an exploration of what appear to have been the successes and failures, substantive and political, of policies rooted in the New Deal era, of why they have endured and why they have been limited or even reversed. In turn, that requires taking account of the many significant, even profound changes in the economic, social, and political context that have occurred since the New Deal era, some of which have already been noted. At the same time, though, the exercise may be as much about continuities and commonalities than about discontinuities and differences. That is, both for reasons of substance and politics, the focus should be on shared needs and aspirations – ones broadly embraced by Americans today which, in many respects, were likely equally embraced by Americans not only in the New Deal era, but probably earlier ones as well. The aim, then, would be to understand how earlier policies, thought to meet the needs and fulfill the aspirations of individuals who lived then, may best be adapted to current conditions and how new policies might be fashioned to meet current needs and aspirations.

II. Assets: What They Are And Why They Are Important

A. Why Assets? A Brief Consideration

We argue here that assets are critical to the discussion about the changes that need to be made. Three crude, but suggestive markers point the way. In the first instance, support for the proposition derives from widely shared popular beliefs among Americans about what are the keys to achieving economic well-being – often understood as the "middle class" life to which most aspire. Those keys include: earnings to sustain life during a working lifetime (through employment or self-employment); knowledge and skills to enhance those earnings; pensions for support in retirement; insurance to protect against risks; financial resources (often in the form of equity in a home) to complement and enhance the former three; and a network of connections and support. It is typically the third item on that list, financial resources, that is identified with the word "assets". We shall propose shortly, that assets should be accorded a broader meaning, one that encompasses, but is not limited to a category associated with financial resources. In part, the argument will be made on grounds that are apposite with the popular understanding just noted. But it will also draw upon intellectual, political, and policy reasons that point to the importance of, among other things, what are termed human capital and social capital.

Second, even when the discourse is limited to assets in a sense related to financial resources there is evidence of an increasing awareness of their importance to the policy agenda for families, including those of low income. Such recognition has driven asset-based proposals from politicians from across the political spectrum (perhaps making such proposals especially worthy of attention). For example, while in the United States Senate, centrists Bob Kerrey and Daniel Patrick Moynihan touted asset development as the vehicle to address a growing wealth chasm and argued for the need for everyone to build wealth.[104] Progressive Robert Reich has advocated policies to spread ownership of capital[105] and U.S. Representative Patrick Kennedy has stressed the need for a broad initiative on wealth accumulation and "equity rights".[106] Conservative U.S. Senator Rick Santorum and U.S. Representative Clay Shaw have articulated a concern about growing disparities between the rich and the poor[107] and the need for opportunities for all Americans to build (financial) assets.[108]

Third, individuals in academic and policy research circles have offered similar, but more systematic, fully articulated, and grounded arguments. Ford Foundation Vice President of Asset Building Melvin L. Oliver, co-author with fellow sociologist Thomas M. Shapiro of a field-defining study - *Black Wealth, White Wealth* - has stressed the importance of savings and investment as means to escape poverty and achieve social mobility.[109] Michael Sherraden's book, *Assets and the Poor: A New American Welfare Policy*, offered a path-breaking analysis that suggested that many who are poor can save and build meaningful assets, with the appropriate government support for the endeavor.[110]

These two contributions are, of course, cast in terms of financial resources. But the reasons why assets, thought of only as financial resources, are deemed to be important have broader application. For example, it is recognized that such assets can spur and enable courses of action by which people can change their lives. They may be considered to be "a special kind of resource that an individual organization, or entire community can use," "a `stock' that can be drawn on, built, or developed," "that can be shared or transferred across generations."[111] In this regard, they tend to be associated with the capacity or ability to initiate and carry out new or expanded ventures. Assets are also often identified with a set of virtues associated with ownership. In this or related connections they are seen as a source of power and/or control both in relation to oneself and others. As suggested earlier, these assets may be considered the key to certain outcomes of courses of action, such as attaining a decent standard of living, particularly (but perhaps not only) in a capitalist society. In addition, they may be viewed as a protection against risks, as a means to withstand or even prevent crises, and to cope with transitions and changes, especially in a world fraught with rapid change.

Such assets are also thought of in connection with desirable or favored states of mind. For example, they may be identified with a feeling of control and self-confidence, a "can-do" attitude, and a sense of hope and of an opportunity to achieve or have a variety of things. They are associated with thinking about and investing for the long term and the kinds of different outcomes that can result from such thinking. A lack of such assets may be accompanied by a feeling of difference, subordination, and even exclusion. Conversely, having assets (often but not only when thought of as "property") may be thought to engender a sense of self- and mutual respect and a connection with family and the larger community.

Certainly, these briefly characterized attributes and outcomes related to assets understood in terms of financial resources are clearly highly desirable ones linked to attaining well-being, economic and, perhaps, otherwise. These points suggest a further, more systematic and comprehensive inquiry along asset-based lines to determine what other elements may be similarly connected to such results and the achievement of that larger goal. In sum, we ask two interrelated questions: what are assets and why are they important?

B. Why Assets? A More Considered View

In this section, we argue that assets should be thought of in terms broader and somewhat different from those normally employed in connection with certain kinds of financial resources (while acknowledging that assets understood in the narrower, financial sense, play a significant part in the overall scheme). The arguments proffered point to the larger project which is this essay: to make the case that a policy framework that promotes building assets understood more comprehensively can be the occasion to transform how we think about old problems and to create a new language, especially one of economic opportunity. Key to these arguments is that *assets refer to the capacities and resources that enable individuals to identify, choose, and carry out projects for their* *lives. Through these choices, individuals choose what well-being signifies to them, and by these means are enabled to attain it.* [112]

1. Individual Assets

Perhaps not surprisingly, discussions about assets tend to focus on those that literally belong to the individual or upon which he or she has an individualized claim. And certainly, such "individual assets" are important and can be considered first. Again, not surprisingly, discourse about assets often calls to mind ones that are financial in nature. Indeed, they can be significant and are worthy of attention at the outset.

Financial Assets[113]: Most familiar among individual assets are individual financial assets, such as savings and checking accounts, stocks, and bonds[114]; most broadly, they reflect the valuation, in monetary terms, of an immense variety of things and activities.[115] Typically, they provide a stream of money income[116] and many are also readily convertible to money - a lump some of cash - by sale.[117] It is clear that access to such assets affords people opportunities, it empowers them. [118] At the extreme, access to a sufficiently large amount of such assets provides a substantial source of income that opens up a broad range of opportunities to individuals. Even for the vast majority of people who derive the bulk of their income from employment, financial assets are important, and sometimes even critical. They offer a substitute for or supplement to employment income. They may be enough to supply a stream of income that can be used to support a person in his or her retirement years or when he or she loses a job, can only work less time, or suffers a reduction in pay.

Financial assets can empower people in other ways. Used in a lump sum, they enable a person or his or her family to make a down payment on a home, to pay for education or training that will enable them to move up the job ladder, or to fund the start-up of a new business. Such assets can be used to make a major purchase such as a car, which makes it easier to engage in important personal and work-related activities. Financial assets not only enable people to do things, they may also affect how people feel about themselves and their lives and their ability to change their lives.[119] Financial assets also influence how they feel about and behave toward others (and how those others feel and behave toward them).[120] Financial assets also protect people from being disempowered. When a disaster, emergency, or tragedy strikes and threatens to disrupt or even severely harm the life of an individual or his or her family, financial assets enable them to better survive the crisis.[121] Finally, financial (and perhaps other) assets may also increase individuals' ability to provide support and increase chances for success across generations.[122]

Income Assets: That which provides an assured income stream, we term an income asset. Although financial assets can be an important source of income, for the vast majority having a job is the principal means by which to attain economic well-being. So long as the job is held it provides an assured flow of income. Thus, employment status is itself an asset,[123] an employment income asset.[124] The value of that asset is expressed in significant part by the wage or salary and benefits attached to the job.[125] (The importance of the availability of jobs as such is reflected in a range of government policies from the direct creation of public jobs to meet that need, through the expansion of private sector jobs through Keynesian demand stimulation efforts, to wage subsidies and tax credits to provide incentives to job creation.) On-going enterprises operated by those who are self-employed not only have value to them (one which is typically classified as a financial asset) but also as the source of a stream of income that derives from their own continued efforts.[126] Of course, just as with financial assets, there may be analogous benefits that result from holding an employment income asset that relate to a sense of self, such as self-esteem, dignity, personal efficacy, as well the ability to sustain families and the relationships within it, and a role in the larger community.[127]

The labor market mediates the income stream and other benefits that flow from holding a job.[128] However, the government may regulate the terms and conditions of employment. If it does, the government intervenes in the labor market ostensibly to protect and enhance employment income assets. Minimum wage laws increase the cash income that would otherwise ordinarily flow directly from an employer to an employee. Workers' compensation laws require employers to fund government-administered programs that supply cash income and other benefits to those who lose their employment by reason of workplace injury. Unemployment compensation laws do the same if the employee loses employment for a reason sufficiently unrelated to his or her fault.[129] Other laws enhance the value of employment assets by subsidizing the provision by the employer of in-kind benefits such as health care.

Employment income assets are critical for an additional reason. American society provides those without a current employment status, i.e., those who are not employed, means for sustaining themselves largely on grounds related to their prior employment or their inability to secure employment.[130] When those grounds are present, the government assures to the individual an income stream, either in cash or in kind.[131] Such a government-assured stream of (non-employment) income may be termed a transfer income asset. Arguably, one might distinguish between those transfer income assets that represent a government compelled, additional payment of income or income-in-kind from a present or prior employer and those that correspond to payments made directly by the government (but whose source is from general government revenues).[132]

Human Capital: As noted, most Americans can rely only on employment as the principal means to sustain and enhance their lives. To a considerable degree, the skills, knowledge, and experience an individual gains from formal school or work-based education and training is critical to his or her employment status and opportunities.[133] They constitute an important aspect of what is generally referred to as "human capital," or what we will refer to as human capital assets.[134] They are assets because they enable an individual to engage in certain kinds of work and because they increase the prospects for employment in that work.[135] Access to the means for development and enhancement of human capital are critical not only to initial employment but also to opportunities to move up the economic ladder at the workplace.[136]

2. Non-Individual Assets

Individual assets are not the only conditions or predicates of an individual's life chances and opportunities. Depending upon context, community, social capital, enterprise, and common assets may be as important. Such assets are also critical to economic security and opportunity, often in ways that are apposite with those of individual assets.

Community Assets: The vast majority of individuals live out their lives within a particular geographic community (whether large or small). Their access to or the availability of the community's assets affects, sometimes strongly, their ability to attain well-being. Community assets are those shared by the community as a whole. They may take the form of the physical infrastructure of the community, such as roads or water-sewer systems. The infrastructure afforded by the community need not be physical, but may be equally, if not more importantly, provide key services, such as schools that offer a quality education. Sometimes community assets are provided by private entities but regulated by government, e.g., electric utilities, telecommunications firms, and medical facilities. As noted above, access to financial assets (and the institutions that control them) may be vital to a community, since the availability of such resources for investments and loans is often clearly critical to individual opportunity (to own a home, start-up or expand a business, etc.). Although historically, such assets were most often made available through private entities, that is less true today.[137]

Social Capital: Social capital refers to networks of informal social control, cohesion, and trust.[138] These networks are part of the infrastructure of economic, social, and political opportunity that supports the individual and the larger community, geographic, workplace, or otherwise.[139] There is a corresponding awareness of the essentiality of the ethic of responsibility that sustains such an infrastructure, and the importance of encouraging fulfillment of that responsibility.[140] Mobilizing a geographic community's associational and institutional (as well as individual) assets may be critical to community vitality[141] and the quality of family life.[142] The importance of social capital in these terms may, arguably, be related to the need to remedy both market "failures" as well as state/government "failures."[143]

Enterprise Assets: The owners of assets that have a financial character may enjoy not only the financial benefits that derive from such ownership but also other advantages as well. Such assets are valuable not only because they are convertible into money or are a source of money income, but also because they may represent claims to power over an on-going enterprise as well. They afford their owners control and voice in the making of decisions that can profoundly affect not only their lives but also the lives of others. In many situations, financial assets have a collective character in that ownership of the enterprise is shared among many individuals. So, for example, even though a stock share is individually owned, it represents but a partial claim to the overall income that may flow from the enterprise and a partial claim to a role in exercising power over it. Among other things, that power may be not only one as to how to deploy the physical and other resources of the enterprise but also to command (insofar as the legal systems renders it possible or permissible) the labor of the individuals who participate in the operation of the enterprise. Again, in their financial aspect, land and structures may be a source of income conventionally referred to as rent. In their non-financial aspect they, of course, relate to a physical space and its owner has certain defined power over the space and the conduct of those who might occupy it, e.g., tenants. There are, of course, other variants of shared ownership, such as producers' or workers' cooperatives. Claims to the flow of income and the power with respect to the enterprise will, in turn, differ, depending upon the configuration of enterprise ownership.[144] We term assets in these non-financial respects, enterprise assets.

In an even broader vision of the enterprise, there are "stakeholders" other than those who are employed or who might enjoy financial ownership of that enterprise (for example, suppliers and subcontractors, customers, and neighbors, whose financial and other life opportunities are shaped by its operation).[145] In all of these cases, stakeholders may gain not only financial rewards or increase financial security but also a status and a voice among peers or partners within a larger enterprise that has significance in itself.

Common assets: Some assets we all share or hold in common, both within and across generations. Most important are those assets that are sources of sustainable benefit. Some are found in nature, such as land, water, air, timber, and plants, even the electromagnetic spectrum. Others reflect the work of the human hand on the physical environment, such as the Internet.[146] Access to such assets among the contemporaries of any generation, particularly in the geographic area where those assets may be located, can be critical to the economic[147] and other well-being of those individuals as a source of income. Continued access of subsequent generations to renewable assets or those that were fashioned at common expense, is equally important.

The taxonomy suggested here can serve as a useful means for understanding the roles and importance of assets. However, this is not to suggest that the choice or the number of these categories is the most appropriate one. For example, regardless of their knowledge, skills, and experience, individuals are unable to pursue life projects if they are in ill health or are psychologically impaired, so that enjoyment of good physical and mental health might well be thought to overlap or fall within the ambit of human capital. Certainly, a sense of and the ability to enjoy physical safety – whether within the family or the larger community – is crucial to being able to function successfully in many aspects of life.

Moreover, whatever the categories, they almost certainly are interdependent ones, especially insofar as they are employed as a means for identifying the links between assets and opportunity.

For example, the economic rewards that individuals may gain from employment are keyed to the particular jobs that they can secure. And, surely, which jobs individuals can obtain are governed in not inconsiderable measure by the extent of human capital upon which they can call. However, the availability and quality of jobs which prospective workers might be able to obtain depend upon the geographic and sectoral location of enterprise assets.[148] Moreover, the structure of available jobs and mobility within that structure may vary across economic sub-sectors and among the enterprises of any particular industry. Further, the opportunities to access and the rewards derived from particular jobs may, to varying degrees, not necessarily be determined by the extent of any individual's human capital. They are, of course governed by labor market considerations generally and, correspondingly, by the extent of labor market regulation, for example, the degree of unionization.[149] They may be profoundly influenced by relationships, such as social and other categorizations and hierarchies that have little to do with merit or the ability to achieve.[150] In some measure, such effects might be understood in terms of the availability of social capital, perhaps "internal social capital."[151]

Similarly, the ability to accumulate financial assets is linked to the availability of community assets. The means to manage financial assets and to save depends upon the extent to which access to financial institutions is limited by factors such as geography and cost. Such access is also critical when, as is often the case, the opportunity to accumulate financial assets depends upon having some assets in the first instance, whether literally in hand or through credit. For example, assured employment income and sufficient cash for a down payment on a house is a condition for a mortgage loan or a financial asset that serves as collateral for a business loan. Building financial wealth has been historically and continues to be linked to the relationships of mutual support, especially within immigrant and ethnic enclaves, which reflect the role and importance of social capital.[152] In turn, acquiring human individual capital and financial assets may be closely linked to strengthening social capital and community building.[153]

However valuable the typography of assets used here, there may be other, better ones, and there already is a vocabulary, both technical and popular, of assets and related concepts. But the language of assets here meshes with the meanings captured by that vocabulary. For example, there is considerable similarity between the notion of assets as we understand them, and Amartya Sen's concept of "capabilities."[154] Sen views "capabilities" in relation to "freedom," the latter being thought of both in terms of "processes that allow freedom of actions and decisions, and the actual opportunities that people have, given their personal and social circumstances."[155] Capabilities are "a kind of freedom: the substantive freedom to achieve alternative functioning combinations (or less formally put, the freedom to achieve various lifestyles)."[156] "[T]he object is to concentrate on the individual's real opportunity to pursue her objectives."[157] Such real opportunity must take account "not only of the primary goods the persons respectively hold, but also of the relevant personal characteristics that govern the conversion of primary goods into the person's ability to promote her ends."[158] The ideas of assets and capabilities intersect or overlap in that both focus not only on the resources external to the individual that open opportunities to her but also the internal resources – the skills, attributes, states of being, etc. – that enable or allow her to identify, choose among, and seize those opportunities.[159] However similar they may be, though, the term assets, as we use it is potentially less sweeping than Sen's notion of "capabilities"; moreover, the categories used to explicate and apply the terms differ.[160]

Assets and income in a monetized sense are closely related conceptually. For example, assets can be and are viewed as a source of a flow or stream of income.[161] In these terms, assets can be characterized (particularly by economists) as "capitalized" flows of income. Monetary transfers can be and are thought of as assets or income depending upon whether there is a restriction, whether self- or paternalistically-imposed, on the timing of their use.[162]

Assets and rights, for example, property rights, are also closely related. That is, people who have claims to land, material objects, or intellectual creations, exclusive of others may be deemed to have property rights. Such claims are sought because they have considerable value in use, such as being a source of present or future income. Hence, a person holding property rights is deemed to hold assets. For example, Aage B. Sorenson has fashioned a theory cast in terms of "assets" and primarily concerned with the sources of inequality and exploitation, though he has noted that "rights to the advantage provided by assets or resources need not be legal rights to be effect,"[163] (although, as Hernando de Soto has argued, the "paperizing" of certain assets may be critical to individual well-being and productivity[164]). According to Sorenson's broad view, "economic property rights are properly seen as reflecting an individual's ability to consume a good or asset directly or consume through exchange, that is, to control the use of a good or an asset."[165] However, assets need not only be associated with property rights; they can also be identified with "personal" or "human" rights. That is, they may be "attached to a person due to some characteristic or functional role played by the person," e.g., the asset accrues to the person by virtue of their membership in a community, whether geographic, workplace, or otherwise.[166] The foregoing does not necessarily imply that assets only take the form of private rights whether, property rights or personal rights. Assets may also be public goods.[167]

As suggested above, assets are sometimes associated with long-term thinking and planning and a change in conduct commensurate with realizing the plan. For example, resources, financial or otherwise, are accumulated over a period of time, most often in light of some more or less defined end or goal toward which the resources will be applied.[168] Such an exercise involves two changes in conduct, one ostensibly current and the other arguably future. On one hand, the process of accumulation typically requires a diversion of resources from then current activities and, at least in that sense, entails the "sacrifice" or "pain" of giving up such activities. On the other hand, the diverted and accumulated resources are employed in the service of the activities envisioned in the end or goal. Those activities are likely different, perhaps even dramatically so, from what were then current activities and the change so enabled arguably justifies the sacrifice or pain along the way.[169] Such a view of income is consistent with the relationship (suggested above) between the asset and income aspects of a transfer of money. The self-imposed restrictions that militate against current use (after receipt) would generally be informed by some long-term thinking and planning, and sacrifice of current enjoyment. Note, though, restrictions can be imposed paternalistically as well, but by definition, may not reflect the attitudes or motivations, but do realize benefits somewhat similar to those associated with self-imposed restrictions.

III. The Irony of Current Policy: Asset Development, But Only For Some

A. Disparate Polices

The irony of current policy is that although it emerges from a history of implicit recognition of the importance of asset development, it promotes asset development primarily for the more affluent.

With respect to financial assets, current policy has three aspects. First, it benefits the non-poor and especially the more affluent. It encourages, guides, and supports, especially by institutional mechanisms,[170] wealth accumulation, through employment, family, government, and existing assets. Government tax policies, including, the home mortgage deduction, IRAs, Roth IRAs, 401(k)s, 403(b)s, Educational Savings Accounts,[171] and Medical Savings Accounts[172] have enabled many individuals to acquire assets and achieve, sustain, or enhance economic independence. Tax-favored, private employer-based tax policies that subsidize the provision of medical and other benefits effectively enhance the income flow available for saving.[173] Yet large numbers of Americans either are unable to take advantage of such policies or benefit far less from those policies than do the affluent.[174]

Second, current policy focuses primarily on temporary income supports for those deemed to be the "deserving" poor and typically sustains them far below the poverty level.[175] It not only fails to encourage but also may prevent the poor from accumulating assets.[176]

Third, current policy too readily permits acts of discrimination that deter asset accumulation.[177] But more important, even if by default, it carries forward from one generation to the next the effects of the denial – through slavery, segregation, and a long history of discrimination – of the opportunity for people of color to own and accumulate assets.[178] Analogous challenges face women.[179]

Current policy related to human capital assets is also flawed. Policies at the federal and state level have pressed lowest income individuals into the workforce but at the same time have prevented or discouraged them from acquiring the education and skills necessary for a meaningful opportunity to succeed and advance in the workplace.[180] Moreover, those who are relatively highly educated and work full-time, i.e., those who are less likely to be low-income workers, are more likely to have the opportunity to enhance their education and skills at the workplace.[181] For many of the occupations engaged in by low-income workers, such an opportunity remains limited.[182] Even for those who have the education and skills, policy has failed to sufficiently recognize and help overcome the barriers to opportunity created by the lack of available, accessible, or affordable transportation, childcare, and health care.[183]

Fourth, at the community level, for those who are not poor (and all too frequently, white) and reside outside of urban areas, government policy has provided massive subsidies for home ownership, transportation, and infrastructure. For those who are poor and left behind inside urban centers (often devastated and drained because of the impact of those subsidies) and in many rural areas, government policy has largely provided meager substitutes for income lost due to a lack of economic opportunity (or the tools to secure it), rather than effective means for economic development.[184]

Fifth, at the level of the productive enterprise, the promise of real economic workplace opportunity for all is unfulfilled. The voice of the worker is weaker now and the economic rewards he or she gains at the workplace are, at best, barely more than those earned over a quarter-century ago. At the same time, the disparity of such rewards has further widened the gap between those who are poor and those who are not. The labor share of enterprise income has decreased.[185] Despite some innovative policies to democratize the ownership of enterprise assets,[186] especially among workers, the distribution of income from those assets is highly skewed.

B. Disparate Outcomes

Given the disparities in asset-based policies, it is, perhaps, not surprising that there are sharp differences in outcomes. It is easiest to paint a picture of those differences by considering individual financial assets which, due to their monetary value, are most easily measured.[187]

The picture is one of great disparities. However unequal the distribution of income in the United States – and it is highly unequal - the distribution of wealth is even more disparate. In 1998, the top 0.5 percent, 1 percent and 10 percent of households by net worth held 22.9 percent, 30.1 percent, and 62.8 percent of total assets of all households, respectively.[188] These figures represent an increase in inequality from the time before the 1990s years of "prosperity".[189] In 1998, 20.1 percent of families had less than $5,000 in net worth; 8.0 percent had *negative* net worth.[190] Families with income under $10,000 had median net worth of $3,600[191]; those with income over $100,000 had median net worth of $510,800,[192] a ratio of 1 to 140.

The assets most available to meet immediate needs are represented by financial ones. By far the bulk of assets relating to business, real estate, and a range of financial enterprises are held by the few. In 1998, the richest 1 percent of households (ranked by net worth) held 42.8 percent of all assets in stocks, 43.0 percent in bonds, 51.1 percent in trusts, 64.9 percent of business assets, and 33.4 percent of investment real estate (that is, real estate other than a principal residence). The figures for the richest 10 percent of households were 82.2 percent, 86.8 percent, 89.9 percent, 81.3 percent, and 74.4 percent respectively. For the vast majority of households with assets, by far their principal asset is their house.[193] Families with income under $10,000 had a median value of $1,000 in financial assets;[194] 29.4 percent had no financial assets.[195] About 38.1% had no checking, savings, or other transaction account. [196] About 9.5 percent of all of families had no transaction account. [197] About 25 percent of households were "asset poor" on the most generous measure of net financial worth, and 40 percent on a more stringent measure, that is they did not have enough wealth-type resources to meet their basic needs for a period of three months.[198]

Even more troubling are the disparities in wealth based on race and ethnicity.[199] As great as is the income gap between non-Hispanic black households and Hispanic households, on one hand, and non-Hispanic white households, on the other, "the wealth gap between both of these two groups and non-Hispanic whites [i]s still greater."[200] In 1995, the ratio of mean incomes between non-Hispanic white and non-Hispanic black households was a very low 0.48 and the ratio of median incomes was 0.53. The ratios of average net worth and median wealth holdings were lower, at 0.17 and 0.12, respectively. The ratios of average financial wealth and median financial wealth were still lower, at 0.11 and (roughly) 0.0, respectively.[201] The homeownership rate for black households was 47 percent in 1995, about two thirds the rate among whites, and the percentage of black households with zero or negative net worth stood at 31.3, double the corresponding percentage among whites.[202] Although "[t]he picture is generally brighter for Hispanics,"[203] still the ratios of mean incomes and median incomes of Hispanics to non-Hispanic whites "were 0.65 and 0.69, respectively."[204] "The ratio of mean net worth was 0.21 and the ratio of mean financial wealth was 0.16"[205] and the ratios of median net worth and median financial worth "were 0.08 and 0.0, respectively."[206] These disparities on the basis of race have obvious practical, every-day consequences: "Nearly eight out of ten African American families would not be able to survive on poverty level consumption with their level of net financial assets for 3 months."[207] Indeed, "asset poverty," defined in those terms is experienced among a wide range of American households.[208]

Moreover, although the proposition is not undisputed, there is substantial evidence to suggest that inequalities of financial wealth are passed along from one generation to the next.[209] Further, even though relatively few individuals receive significant inheritances (if any), among those who do, many more are likely to be white and are likely to receive a substantially larger inheritance than those who are black.[210] An estimated "24.1 percent of white households….received an inheritance in 1995, compared to 11.0 percent of black households, and the average bequest among inheritors was 115 thousand dollars (present value in 1995) among the former and only 32 thousand dollars among the latter."[211] Such transfers are significant not only for (disparately) enhancing the long-term economic well-being of individuals and families, but also affording resources that enable them to "buffer….[them] against [short-term] economic hardship."[212]

Also troubling is the fact that the young are becoming wealth poorer. In other words, there is "a clear shifting of asset ownership away from young towards older households."[213] Not surprisingly, measures of mean wealth, financial wealth, and homeownership increase with age.[214] However, between 1983 and 1995, "the wealth of the youngest age group, under 35 years of age, fell in relative terms, from 21 percent of the overall mean to 16 percent, and that of households between 35 and 44 years of age dropped from 71 to 65 percent."[215]

A number of studies point to the connection between financial assets and a range of life outcomes, such as health, educational attainment of children, marital stability, and the likelihood of being self-employed.[216] For example, "investments in education and training have a large and significant impact on the future labor-market outcomes of workers."[217] In 1999, mean total money earnings of males and females, ages 25 to 34, with less than a 9th grade education were $18,128 and $12,765, respectively; for those with a bachelor's degree or more, earnings were $50,164 and $34,195, respectively.[218] The figures were even more disparate for older male workers.[219] In 2000, about 11.4 percent of people, ages 25 to 55, were not high school graduates.[220] In 1998-1999, at least 43.5 percent of adult TANF recipients were not high school graduates.[221] In 1999, 22.5 percent of people who had not graduated from high school and 9.0 percent of individuals who graduated from high school but did not attend college, lived in households with income below the poverty level.[222]

Disparities in such investment may very well lead to even more significant disparities in the future: "It is the more educated who are more likely to receive additional training after they have the formal school system thus creating a virtuous circle of human capital investments."[223] Insofar as the initial disparities appear at an early age, the risk of more disparate consequences over time becomes greater: "[L]earning begets learning. Early investments in learning are effective."[224] "The returns to human capital investments are greatest for the young for two reasons: younger persons have a longer horizon over which to recoup the fruits of their investments and skill begets skill."[225] The intergenerational effects of disparities in education may be significant.[226] For example, the correlation between adverse outcomes in educational attainment during youth and family income and race and ethnicity is clear. In 1999, annual dropout rates for individuals with family incomes less than $20,000 was 9.0% (compared to 2.3% for those with family incomes above $40,000).[227] For White non-Hispanics, the rate was 3.8 percent whereas for Blacks and Hispanics (of any race) it was 56.0 percent and 7.1 percent, respectively.[228] For those aged 25 to 29 who did graduate from high school, there were dramatic differences in the rates according to race and ethnicity.[229]

IV. An Asset-Based Vision for a New Policy Framework

We contend that well-being be must understood in terms of assets, and have detailed the diverse kinds of assets and their importance to attaining well-being. That argument stands in sharp contrast to the facts detailed in the preceding section, that many American households lack many of these assets and are thereby denied the economic security and opportunity enjoyed by other, more affluent Americans who, ironically, have been the beneficiaries of an implicit asset development policy. For the foregoing reasons, we need a broader, universal policy framework for asset-building. But what might that framework look like? Its overall design must be informed by a vision grounded in the importance of asset development. There must be guidelines along which the process of construction might proceed. There must be a sense of the kinds of specific policies that might rest on that framework so that it can be crafted to support or sustain them. Finally, the commitment and effort to erect such a framework can be justified only if the project to do so can be embraced and gain the support of the America people. Those are the issues we now explore.

Asset-building policies must *assure that all Americans are equipped with the individual capacities and resources that are essential to real or meaningful opportunity*. Clearly, such policies are essential for all phases of an individual's life: youth, working adulthood, and old age and retirement. However, they are arguably the most critical with respect to the young. Although individuals are born with different capacities and talents, what they make of their lives depends upon how they define and develop them, especially while they are young. They should have the opportunity to make the most of their capacities and talents. But individuals' opportunities to do so are profoundly affected by the material, educational, social, and other resources upon which they can rely and the capacities that they are enabled to build during childhood.[230] By the time individuals reach the eve of adulthood, they should have had substantially equal opportunities to define themselves and to realize their capacities and their talents. A child's life chances should not drastically differ on the basis of parental wealth and position. At the brink of adulthood they should have the wherewithal to enter with confidence the world of the family, the community, and the market.

But bare opportunity and even the individual means are not sufficient to well-being: opportunities must be seized and pursued. Asset-building policies must *establish the conditions that encourage self-reliance and initiative, and enhance the ability to plan, make choices, and fulfill them*. Certain conditions must be met to encourage the initiative and foster that self-reliance and other attributes that can render opportunity practically meaningful. Such conditions derive from the fact that complex economic, social, and political institutions constitute the framework that gives shape and meaning to opportunity. In turn, those institutions create an environment in which initiative can thrive and self-reliance (properly understood) becomes possible. There is no paradox in the view that individual self-reliance depends upon innumerable acts of trust, collaboration and cooperation, and support as part of a community. Indeed, the very richness of the American experience with civic institutions, both secular and religious, economic and social, attests to the implicit recognition that well-being and self-fulfillment are in no small part realized through participation in those institutions.

Two attitudes are closely related to these ideas. One is that policies should relate to individuals in ways that *do not make judgments about who is "truly needy," but, instead, assure universal access to those assets that enable independence and growth*. All people have needs, the most important of which they share in common. All people – whether those who seek to escape poverty or avoid it - are abetted in greater or lesser measure through government policy. Many have or can develop the capacity to provide for themselves but only under conditions that enable them to successfully do so by individual initiative. Most people - whether they are poor or not - desire to and do engage in individual and socially constructive behavior that is enabled, recognized, and rewarded. Current policy too frequently makes judgments about which individuals are truly needy, i.e. those who are truly unable to provide for themselves. Such policy leads to efforts to change people's behaviors in ways that are inefficient and socially undesirable. A focus on behaviors that are disapproved too often denies people dignity by trying to induce or coerce them into certain activities through paternalistic subsidy and incentive schemes. Such control threatens people's independence, stifles their initiative, and hampers their potential for growth. To the extent that such policy seeks to manage people's behaviors, it risks creating a costly and inefficient bureaucracy to monitor those behaviors.

Another attitude is that policies should *supply remedies to correct deficiencies, but also provide assets to realize individual capacities*. Current policy too often or too easily seeks solutions by identifying people's deficiencies or the problems and crises that are believed to render them incapable of being self-sufficient. To be sure, where appropriate, it properly seeks to correct those deficiencies, assist them in view of their lack of capacities, problems, and crises. But for many who are poor, the problem is not one of personal deficiency or lack of capacity; indeed, they persevere in the face of serious obstacles not of their own making. An asset-based policy acknowledges the confidence and capacity of those who are poor, and seeks to establish the conditions under which that confidence can be fulfilled and that capacity realized. Indeed, it respects people's dignity and honors their efforts to realize their potential for growth by assuring them the means to act on their own initiative.

There is also a critical need to *enhance the infrastructure of opportunity within the family and the larger community.* Lives are lived and find meaning within families and communities. Individuals' opportunities and hence, their well-being, are profoundly influenced by the infrastructure of opportunity provided by the family in which they grow up when young and establish for themselves as adults, and the larger community in which they live. Individuals' emotional, cognitive, social, and spiritual development and capacities are linked to the infrastructure of intimate, nurturing, and supportive relationships that characterize the family of whatever shape or form.[231]

If individual capacities are a critical determinant of opportunity and well-being, then access to community assets - the physical, intellectual, human, social, and financial assets to which the community has access - is important as well. Individual human capital is wasted where the individual's community lacks the transportation assets that enable him or her to get to the job or if there is no job because of a refusal or failure to invest in, or a withdrawal of enterprise assets from the community. The incentive to or even the opportunity to invest in a home in a community may be lost if that community lacks the necessary assets, whether publicly or privately held. Conversely, the kind of infrastructure of opportunity that a community can provide depends upon the assets of its members. If individuals lack income or financial assets, they are unable, as consumers, to sustain enterprises and institutions in the community.[232] If they lack knowledge and skills (human capital assets), they may be unable to provide productive labor to sustain those enterprises. If individuals are unable to own and maintain their own homes they may be less able to stabilize the community and provide a basis for building its economic, social, and political infrastructure.

Another goal should be *enhance the infrastructure of opportunity at the workplace*. Extending ownership and giving a voice[233] to workers can be not only a means for democratizing wealth and the financial benefits that flow from it, but also a basis for a shared and active responsibility for and an enhanced contribution not only to the well being of the workers themselves but of the enterprise as a whole, as well. At the same time, members of the extended community – whether as residents, consumers, or others – may also have a stake in the enterprise, because the operation and success of it may significantly impact the economic, social, and other aspects of their lives.[234]

Some assets we all share or hold in common, both within and across generations. Those found in nature are a source of sustainable development, for which any generation must act as a trustee, to enjoy and benefit from, themselves, in the lifetimes of its members, but to preserve and protect to afford a similar opportunity for ones that follow. Moreover, in their broadest sense, the productive and other assets accumulated by prior generations are "bequeathed" to all of us and members of each new generation, at their birth, should be entitled to or have access to that "inheritance."[235] Such a perspective requires policies to *preserve opportunity within and across generations.* An asset-based policy recognizes that, if properly used and preserved, such common assets are a source not only of material wealth[236] but also non-economic well-being that can and should be shared broadly across the community.[237]

An asset development policy framework is one which, on one hand, focuses on securing to individuals the ability to develop, or have access to, the personal and other means that will enable them to define and make choices about their lives and pursue the courses they have chosen. It implicates a vision which acknowledges the role and contribution of the society - in different ways by the family, the community, enterprise, and government - in making those choices possible and attainable. For that reason it justifiable to *expect a productive contribution to society by individuals commensurate with the capacity and means to make it*. The expectation of fulfilling such responsibilities must apply to everyone, not only to those who may be poor but also to those who are affluent. *But if a contribution is to be made, all citizens must have meaningful access to sufficiently rewarding opportunities from which to choose*. This includes having the wherewithal to aspire to the most rewarding of them and, where they do make their productive contribution - whether at the workplace, in the family, or in the community - being assured of the means to attain a minimally decent standard of well-being.

Moreover asset development policies should *meet individual needs in the face of bad luck or misfortune, or even failure at their own hands, but enable individuals to better plan for and meet the challenges of the future*. At various times and under various circumstances, some citizens may not be capable of making a productive contribution to the community. They must be assured of a decent standard of living as well. Asset development policies can enable individuals not so limited to plan for and endure the shocks to life, whether illness, injury, job loss, or marital break-up. Certainly, if they have assets that enable them to act in the future, then they will think about the future and plan for it.[238] But the best plans of some fail or are overtaken by events, often ones not within an individual's control. Even those who inflict misfortune upon themselves, perhaps through poor choices, require the means to sustain themselves and start anew.

An asset-based vision must also be guided by a long-term view. Although it has the aim of *meeting short-term needs,* it must also have the goal of *providing access to assets for long-term needs as well*. Correspondingly, the challenge and success of asset-based policies must be determined according to the proper metric, by *measuring well being not only by income, but also in terms of assets.* Current domestic social policy, as any such policy must, focuses on meeting short-term needs and easing income poverty. For that reason, it quite appropriately assigns lack of income as a measure of individual well being. But it cannot be the sole indicator of well being. An asset-based policy looks to building capacities and resources for the long-term. An asset-based policy recognizes that well-being includes not only income, but also those other assets, among them financial assets and human capital, that are necessary for real opportunity. While it acknowledges that some minimum income is required, it insists that some basic level of assets is necessary as well.

An asset-based policy is aimed at *achieving self-sufficiency, but a self-sufficiency consistent with mutual interdependence in a complex society* - the severe shocks and disruptions to which a dynamic society gives rise cannot wholly be overcome by individual action alone - *as well as enhancing social solidarity as a value in itself.* It manifests an understanding that while government has a central role in assuring real opportunity for all, if the promise of real opportunity for all is to be realized, it requires appropriate (and mutually dependent) roles among the market, the state, and civic institutions and organizations.[239]

V. Asset Development Policies in the Making

Making asset development a reality will, of course, require specific asset-based policies. Particular policies will take shape only after a lengthy process of discussion, debate, conflict, and collaboration. However, such a process has already begun. Specific, forward-looking asset-based policies have already been proposed and in some cases, have been translated into public and private action.

Some initiatives recognize that if financial assets are a key to a good start in life, to move up economically, to navigate the inevitable crises of life, and to enhance economic security, then it is critical that policies build financial assets based on savings, work, and individual endowment.

Encouraging accumulation of financial assets by low income households for home ownership, education and training, business start-up and other pre-retirement purposes: Individual Development Accounts (IDAs) are dedicated savings accounts containing deposits by low-income account holders and matching funds from private sources. Increasing numbers of these accounts are now enabling tens of thousands of holders to save towards the purchase of a first home, post-secondary education or job training, or towards the start or expansion of a small business or microenterprise.[240] Initially spurred by the non-profit sector,[241] such efforts are garnering increased support among the states.[242] The federal government, through the Assets For Independence Act[243], and numerous states, through a variety of programs[244], have supported the establishment of IDA programs to test and refine the IDA idea. Other IDA programs linked to community development are also under consideration.[245] If extended broadly on a national scale, IDA programs might be employer-based and funded by employer contributions supported by federal tax credits.[246] The Earned Income Tax Credit could help sustain employee contributions, especially those of low-income workers. [247]

There have been experiments with other initiatives of a similar kind. At the federal level, the Department of Housing and Urban Development's (HUD) Family Self-Sufficiency (FSS) Program[248] enables families who receive Section 8 vouchers or who live in public housing to divert that portion of any increased earned income that would ordinarily be applied to increased rental charges[249] into an escrow account. Upon successful completion of the five-year program, families receive the escrowed monies without limitation.[250] A further step up the economic ladder toward home ownership is provided by a related HUD program that permits public housing agencies (PHAs) to use Section 8 housing vouchers to assist eligible first-time homeowners with their monthly homeownership expenses instead of with rent.[251] Success in these policies may point the way to an extension of current policies such as the homeowner's mortgage interest tax deduction, providing a refundable tax credit that can enable many low income families to build equity in a home.

Under a somewhat different state program, Massachusetts has authorized the establishment of escrow funds for participating households in state public housing projects. A designated portion of the household's rent (which, in turn, is linked to the level of household earnings) is placed in that account. The household contribution is matched by the state with $1 for every $2 contributed. The escrow funds may be used to enable a transition from subsidized housing to unsubsidized housing, that is, they may be used for down payments, closing costs, first and last months' rent, security deposition, and moving expenses.[252] Also in Massachusetts, employers who hire certain welfare recipients can receive up to a year's wage subsidy. A dollar of the hourly subsidy is designated for deposit into accounts that recipients are free to draw upon at their discretion once they complete their program requirements.[253] A similar up-to-six-month program is operated by the state of Oregon, the accumulated funds being available for education.[254]

Enabling wealth building and saving by low-income households for retirement: Enabling low-income families to build wealth and save for retirement as a supplement to Social Security was the stated goal of President Clinton's proposal, in 1999, for Universal Savings Accounts (USAs). For lower income families, USAs were to be funded by automatic federal annual tax credits and deposits by such families were to have been enhanced by federal tax credits matching those deposits.[255] That legislative recommendation was ultimately withdrawn and a more modest one in a similar vein was offered. An idea similar to USAs, called Retirement Savings Plus was offered by Vice President Gore during the 2000 presidential campaign.[256] It would provide a federal government match for contributions to Retirement Savings Accounts (RSAs) by individuals (with family earnings of more than $5,000), with the amount of matching decreasing with income.[257] The primary purpose of RSAs would be to save for retirement but there would be provision for withdrawals after 5 years for qualified purposes such as paying for medical care, buying a house, or paying for college. In either form, such initiatives point the way to using tax policies to enable low-income families to accumulate financial assets just as such policies have and do support enable affluent families in that endeavor on a grand scale.[258]

Providing a financial stake for all young people at the start of their adulthood: Other legislative proposals implicitly acknowledge the disparity in life opportunities of children according to the wealth of their families and seek to assure all children of some financial "stake" by the time they reach adulthood. One such proposal, KidSave,[259] would establish a $1,000 account for every child at birth and continue to contribute $500 for each of the child's first five years of life. Although this scheme limits the individual's uses of the money accumulated in this account to retirement, others might be considered. For example, it could be applied to the purchase of a home, acquisition of education or training, or to the start-up of a business. Scholars and policy analysts, both here[260] and abroad[261], have suggested variants on this idea. Indeed, a specific legislative proposal for Children's Gateway was recently offered in the United Kingdom[262] and Singapore has already instituted a "Baby Bonus" deposit at birth, plus a Children's Development Account (CDA) for matched savings.[263]

Assuring low-income households' access to financial services that enable savings and asset accumulation: Still other proposals recognize that low income individuals and families are denied economic opportunity because they lack access to those financial institutions and services that enable them to acquire and accumulate assets. They are aimed at leveraging the ongoing conversion of federal and state payments to electronic transactions. The goal is to require financial institutions administering those transfers to give low-income persons access to accounts that not only permit low-cost draws of cash and payment of bills but also enable saving and asset accumulation.[264] Other creative strategies by means of both public policy and private action have been proposed.[265]

Removing barriers to financial asset accumulation by recipients of transitional, food, and other benefits: Eligibility for Supplemental Security Income, food stamp benefits, or Medicaid, generally requires that applicants meet an asset test as well as an income test. There is an increasing recognition that these policies limit economic opportunity for the poor by denying those benefits and discouraging asset accumulation.[266] Moreover, because these tests have not been modified to reflect changing private pension realities, namely the shift from defined benefit to defined contribution plans, they undermine the ability of low-income workers to build financial assets for retirement.[267] In either event, asset limit tests have not been adjusted to take account inflation over the period since they were enacted.[268]

Other endeavors recognize that if human capital assets are means not only to attain minimal economic self-sufficiency but also economic mobility at the workplace through initiative, personal growth, and capacity building, then policies must enable all individuals to attain basic knowledge and skills and upgrade them throughout a working lifetime.

Enabling access to financial and other resources needed to enhance job-related education and training and self-employment opportunities: There are also analogous ideas that recognize the critical importance of human capital assets - more particularly, education and training - to economic opportunity through employment and enterprise.[269] A broad gauge plan has been proposed for so-called Individual Learning Accounts based on individual savings and employer and government contributions.[270] It is expected that pilot projects along these lines will soon be launched to match employee-employer-private third party contributions.[271] A similar, modest experimental program involving state matching money rather than private third party money was tried in the state of Pennsylvania.[272] A version of such an approach - much broader in application but limited in funding - was contained in the federal Workforce Investment Act in the form of so-called Individual Training Accounts.[273] Proposals for similar accounts at the federal[274] and state level[275] have been made. Abroad, there has been extensive activity along these lines with legislation implemented in the United Kingdom.[276]

The importance of access to the financial and other assets that enable individuals to realize the opportunity to start their own businesses is reflected in the extensive and growing microenterprise movement in the United States.[277] This movement may offer an important means of access to entrepreneurial opportunities for ethnic and racial minorities[278] and women.[279]

Other ideas focus on the establishment of new, perhaps union-based or profession-based (guild-like) institutions that could provide not only education and training but also respond to the needs of temporary and part-time workers for portable benefits and job-referrals geared to a ladder of economic opportunity.[280]

Still other efforts reflect the fact that if work is the means by which most are expected to and do sustain themselves, then income asset policies must assure self-sufficiency to those who can, to sustain them as they confront the disruptions and changes of a dynamic economy, and enable them to succeed in the new work they choose.

Enhancing employment income assets that enable economic self-sufficiency: Even within the existing social welfare framework there is an increasingly explicit recognition of the barriers to opportunity that result from a lack of assets. For example, a sufficient Earned Income Tax Credit (EITC)[281] and minimum wage (and perhaps, other income-based asset policies) assure that individuals who make their contribution to society through employment achieve a minimally sufficient standard of living.[282] Extensive proposals have been made to change the unemployment compensation system to reflect the impact of the new economy and the changed relationship between family life and work on the kind, duration, and stability of jobs[283], e.g., coverage of part-time, temporary, and contract workers,[284] accommodation for family leave,[285] adjustments to enable the transition from "welfare to work" (or perhaps more properly, acknowledge how blurry the line is between the "working poor" and the "welfare poor"), etc.[286]

Enabling sustainable employment and economic self-sufficiency by enhancing human and social capital and providing basic income asset supports: An extensive survey of programs geared to bringing recipients of welfare into the mainstream economy stresses that "the operative term of [successful]….strategies is employing recipients, not simply hiring them." [287] It suggests that short-sighted "work-first" strategies[288] do not afford the opportunity to develop either the proper skills or the "social supports, job retention and career advancement" necessary to "sustainable employment and economic self-sufficiency." [289] At the same time it makes clear that assuring "livable wages" is critical to any sustainable transition of individuals from welfare to economic self-sufficiency at work.[290] In some states and localities, innovative policies along these lines have been established.[291]

Removing barriers to securing employment assets by recipients making the transition from "welfare to work": Further, to the extent that the movement into employment and away from receipt of government benefits is warranted, there is increasing awareness of the level of the health benefits and available, accessible, and affordable transportation and child care that are necessary to that transition.[292] With respect to the latter, ten states have led the way by making refundable child care tax credits available to low-income working families.[293] Those efforts were supplemented by the recently enacted federal refundable child care tax credit.[294]

Other initiatives respond to the need to provide or enhance the community, enterprise, and common assets and social capital that are often the conditions for individual well-being.

Increasing access of communities to financial assets that create opportunities for home ownership, jobs, businesses start-ups or growth, or the infrastructure of community assets that supports those opportunities: The past decade has seen the growth of, and some government support for Community Development Financial Institutions (CDFIs), "that serve[] the needs of low-income and disadvantaged people and communities, that connect[] those people and communities to the mainstream economy, and that link[] low-income communities and national capital markets."[295] More particularly, "CDFIs borrow money from investors and lend it to finance the construction and renovation of housing, the start-up and expansion of businesses, and the provision of essential community services." They "make loans in communities that banks ordinarily would not, such as poor urban, rural, and reservation-based communities."[296] Recognition, at the federal level, of the importance of the role of CDFIs led to creation of the Community Development Financial Institutions Fund which "provides capital to CDFIs who then multiply this investment by leveraging private-sector capital for the revitalization of distressed communities and under-served populations."[297] For example, large financial and special intermediaries on a national scale, such as the Local Initiatives Support Corporation, The Enterprise Corporation, and the Neighborhood Reinvestment Corporation, have had major impact in housing and economic development in communities throughout the country.[298] Proposals have been made not only to make them more effective institutions, but also to extend the reach of local CDFIs to the regional level.[299]

A related and important focus of attention has been the Community Reinvestment Act (CRA) that required banks to invest directly or indirectly, in low-income and low-wealth communities.[300] There are continuing issues with respect to sustaining the effectiveness of the CRA as it applies to banking institutions.[301] And new issues have arisen given recently enacted legislation that dismantled barriers between insurance, securities, and banking institutions, i.e., extending CRA-type investment obligations to nonbank financial institutions. For example, at the state level, Massachusetts was the first state to "place[] community investment responsibilities on the insurance industry," "establish[ing] a $200 million community investment program targeting affordable housing, community economic development and community health centers."[302]

Broader proposals have been made to directly link policies that increase the financial assets that families and individuals are enabled to accumulate, with policies for investment of those assets in ways that expand opportunities for low-income families and individuals.[303]

Fostering financial asset accumulation and enhancement of employment income and human capital assets by broadened ownership for employees and other stakeholders at the workplace: There has been extensive interest in broadening ownership at the workplace.[304] Government tax policies have fostered employee ownership of their enterprises since 1975, in the form of Employee Stock Ownership Plans (ESOPs).[305]

Such ownership is not only a means for democratizing wealth (and more equitably distributing ownership income) but may also offer promise for increased employment income, more stable employment, increased investment in human capital, and even more productivity of enterprises.[306] The extension of such ownership opportunities has taken the form of tax favored stock options, often for high wage, high ranking employees and there are efforts to extend such opportunities to a wider range of employees.[307]

Proposals for analogous ownership forms have been proposed and, in some measure, implemented. Related Enterprise Share Ownership Plans (RESOPS) "provide an opportunity for employees of smaller companies to gain an ownership stake in larger, more established companies." Customer Stock Ownership Plans (CSOPs) allow customers to secure an ownership interest in certain enterprises, General Stock Ownership Corporations (GSOCs) would be those "in which ownership is based on geography or citizenship." Depositor Share Ownership Plans (DSOPs) allow bank depositors to participate in ownership of the institution.[308] A state proposal for a program similar to a RESOP recognizes that stakeholders in an enterprise include not just employees but also those who provide sub-contracted or "outsourced" services.[309] Workers' cooperatives not only can help low-income Americans access skilled, entry-level jobs but afford some means to move up the income ladder and also gain the financial and other benefits of the assets of the enterprise in which they are engaged.[310]

Building human capital and protecting and enhancing income assets through new worker and intermediary labor organizations. Other strategies recognize the need to reconfigure labor market institutions to help workers build human capital and protect and enhance income assets to creatively respond to changes in the operation of enterprises and in role of employees in the workplace. One is to transform and broaden the functions of unions, by recruiting members as individuals, not just as employees at a particular workplace; extending unions' base into the community to provide labor market information, benefits, and educational services suited to the needs of workers and their families; and devising new partnerships with employers to spur taking the 'high road," creating higher skilled jobs that are more productive and provide better customer service and fashion family-friendly work policies. Another is to create new labor market intermediaries which can advocate on wage and job access issues, provide training and lifelong learning, and offer means to connect people to jobs. These intermediaries have included community groups, education and training coalition, and other job matching entities.[311]

Enhancing social capital assets and leveraging social capital as a means of increasing access to financial assets and institutions: As noted, there is an increasing awareness of the importance of social capital to economic, social, and political opportunity. Such a recognition highlights the wisdom and desirability of social policy that honors contributions to society other than at the workplace. For example, non-profit programs already exist whereby volunteers can take part in charitable work and be paid in "time dollars".[312] There has already been some willingness to recognize such workplace contributions as a basis for receipt of certain public benefits, e.g., public assistance,[313] and determining public housing rent payments.[314] It has been proposed to allow such work to be used to pay for certain monthly expenses, or to make deposits in IDAs, or to purchase assets and financial services.[315] Other efforts are under way to establish partnerships between community faith-based institutions and traditional financial institutions so as to “not only improve the quality of financial services in low-income communities but….also offer new market opportunities to th[ose] financial partners.”[316]

Building community assets, while enhancing individual assets and social capital: A broad range of strategies have been or are being implemented, the goal of which is “equitable development,” “economic development policies and practices that promote economic and social benefits for all residents of metropolitan areas.” More particularly they employ “tools, collectively known as `community equity mechanisms’ [which] include specific strategies and approaches to ensure that low income/low-wealth residents are direct beneficiaries of economic development at all levels of policy and practice.”[317] These resident-based initiatives not only provide ways to build individual financial assets in connection with creating community-based assets, but also leverage and build social capital linked with those efforts. Among the strategies that have been implemented are community land trusts, limited equity housing cooperatives, and community owned businesses.[318]

Building financial assets, human capital, and social capital as part of an integrated strategy for asset development: For several years, public-housing based pilot programs in several parts of the country have employed a multi-pronged strategy directed at all residents of targeted public housing projects to build assets. The Jobs-Plus Community Revitalization Initiative for Public Housing Families pilot program under the aegis of the Seattle Housing Authority in Washington State, has implemented a rent incentive and escrow policy to enable residents to accumulate financial assets. It has been connected to job-training and pre- and post-job supports to spur employment and increase employment income. In turn, these have been linked at affording residents access to social capital and fostering its development. The overall goal is to gain the benefit of the synergy of these approaches with the context of a “saturation” strategy to reach all employment-age residents, on the premise that it will produce an upward spiral across the community.[319]

Preserving and extending the benefits of common assets: Proposals have also been made for preserving and extending the benefits of particular common assets in the specific context of their “sale,” including “pollution rights” (in relation to carbon dioxide emissions)[320] and the electromagnet spectrum.[321] The Alaska Permanent Fund provides a model by which revenues from state sales of oil have been placed in a permanent fund. Part of the investment income is shared in the form of dividends to citizens of the State and another part is retained to accumulate for future use.[322]

VI. Building an Asset Development Policy Framework

A. Promise

The very description of the policies and programs in the preceding section is an exercise in "naming" relative to asset development. That is to say, it acknowledges what is already true: in diverse, if tacit ways, many individuals have, by their own actions, embraced the concept of asset development and sought by means often writ small, to translate that concept into reality. That, in itself, offers not inconsiderable encouragement for the belief that a full scale framework for asset development policy and policies built on it can gain the support of the American people. But there are other reasons for optimism as well. An asset-based vision is compatible with the rhetoric/values by which American discourse about social welfare is generally framed. Further, there are both strong rhetorical and substantive links between the New Deal policy framework and an asset-based one. Moreover, there are strong connections between asset-based policies and earlier ones that can be traced back as early as the colonial era.

1. Dominant American Political Values

An asset building policy resonates with values articulated in political discourse, which if not necessarily unique to the American context, most certainly appear to be characteristic of the American polity. One such value is that of *opportunity* for all, that all people should have the opportunity to achieve well being and self-fulfillment. This value, properly understood, incorporates that of *choice*, that for any individual, it is important not only to have an array of paths to follow but also have autonomy in selecting the one that the individual deems best to meet his or her needs. In other words, an individual should have the means to make (or to participate in the making of) choices about what is rewarding and fulfilling for that individual's life, and the capacity to realize the choices he or she makes.[323] This value is informed by the further premise that people can and should have the capacity to contribute to their own well being and self-fulfillment. Paired with these values is a strong sense that however different individual strengths and abilities may be, individuals have an *obligation* or *responsibility* to make a concerted effort on behalf of themselves, their families, and the larger community. These, in turn, connect with the notion that each person should summon up the initiative to make use of the opportunities he or she has in a way that is geared toward achieving and maintaining a certain kind of independence often characterized by the term *self-reliance*.[324] In addition, opportunity as a value intersects with and is reinforced by another one, that of *fairness.* Opportunity viewed in terms of fairness means equality of opportunity, properly understood as not being unfairly advantaged or disadvantaged in the pursuit of opportunity.

Co-existing with "starting point" values of this kind are others that are "end point" (or "outcome," or, "reward") values such as "*decency and provision*,"[325] in both an absolute and relative sense. The absolute sense has several aspects. One is the view exemplified by contemporary rhetoric that people who "work hard and play by the rules"

– those who embody the values stated above – should be rewarded for their efforts and do not deserve to fall below a general floor of well-being. This catchphrase, of course, does not suggest how correlated and great - at the high end - the rewards that flow from hard work and right conduct might and ought to be; neither does it specify what – at the low end – minimum standard of provision they should earn. Another aspect embodies a dual recognition: that because "[n]o one can guarantee good outcomes for everybody" (especially in an "economy [and society which] is dynamic and [where] conditions are [subject to] change[, often rapid change,]"[326]) neither those fully capable of seizing opportunities lack them by reason of bad luck or ill-fortune,[327] nor those of limited capacity, for whom the compass of opportunity may be greatly narrowed,[328] should fall below that floor.[329]

End point concerns in a relative sense are typified by a view that there should be a limit to the gap between the top and the bottom. Inequality of opportunity is likely to yield inequalities of income and wealth that may then be reproduced from one generation to the next. Excessive wealth (and luxury) may lead to withdrawal from participation from public life and lack of minimal well-being can prevent it. As a related matter, great economic disparities may be associated with disparities in the experience of freedom and solidarity in private life, e.g., when entering the market, which, in turn may undermine the capacity to participate in public life as well. They are a potential threat to community because they may breed envy and resentment and undermine the sense of a shared common good and the need for mutual support. As a practical matter, at any given level of societal resources, they are more likely to result in real suffering to those with the small portion of resources.[330]

Finally, there is an understanding that the starting point/opportunity and endpoint/reward values are linked, and indeed, that the circle of such of values closes upon itself. On the one hand, if opportunity is linked to initiative, enterprise, and risk-taking, such individual behaviors may well be spurred by the prospect of a meaningful improvement of well being beyond subsistence. On the other hand, willingness to engage in such behaviors is undermined when the starting point is at or below subsistence and reaching for opportunity risks falling yet further. To be sure, the values just described are not sharply defined; they, in some measure, overlap, conflict with, and even reinforce one another.[331] But in the most profound sense they are an expression of America's highest aspirations. Yet if they are, then poverty and hunger in America are among the most extreme and troubling expressions of the failure of those aspirations.

2. The Relation Between An Asset-Based and the New Deal Policy Framework: Continuity and Difference

In many respects, this New Deal vision of well-being, one grounded in "insurance" and "opportunity," was an appropriate one. But the vision of asset development starts from a concept of opportunity that is richer and for that reason, more powerful than that adopted by the New Deal. Moreover, while it retains, it also clarifies the role of insurance and highlights its important relationship to opportunity. More specifically, that new vision reflects the notion that well-being is not only or merely a matter of a particular outcome such as a sufficient income. It is rooted in the premise that well-being is better defined in relation to the capacities that people have and the resources to which they have access, assets that can enable them to envision and choose a personal goal of well-being and better attain it.

Correspondingly, it is a vision that entails a broader and more nuanced view of "poverty". It recognizes that inadequate income is one proper metric of an individual outcome that is termed "poverty," but not the only measure of what it means for an individual to be "poor," more fully understood. It views being poor (and at the extreme, going hungry) in America as the most extreme and troubling expression of the failure of the values articulated above, of the fact that all too many Americans do not enjoy well being and self-fulfillment. And for that reason, the nature of poverty and hunger must be understood in terms of those values. Thus, poverty and hunger are most often and most immediately – and quite properly so – thought of in terms of outcomes, as being about the availability of certain material goods. But, from an asset-based perspective, they are not only about the availability of such goods. They are also about the availability of social and other goods and even, more importantly, about the capability of "individuals….to make effective use of them."[332] The problems of poverty and hunger are, then, ones "not only [about a lack]….of resources, but [also, the lack]….of [real] freedom to achieve."[333]

In addition it recognizes that those who become poor and hungry in America are not a monolithic group – whether in social space or time. While as a group they share the experience of poverty and hunger, they come to it for a variety of reasons, ones that reflect the diverse ways in which America has fallen short of fulfilling the promise of its values, of realizing its highest aspirations. Although at any given time, individuals may be among those who are poor or hungry, the trajectory of their lives may have brought them to that condition for more or less extended times and more than once or not, depending upon the combination and extent of the obstacles, pitfalls, and misfortunes they may have faced in their lives.[334] For example, about 40 million people were poor in 1993 and 1994, but 7.6 million of those who were poor in 1993 became non-poor in 1994 and about 6.9 million who were not poor in 1993 became poor in 1994.[335] The median poverty spell was 4.5 months.[336] Also, the proportion of people who were chronically poor, namely those who were poor for all of both 1993 and 1994 was about 5.3 percent.[337] Substantial numbers of persons experience substantial changes (at least a 5% decline or increase) of income relative to the poverty level year to year.[338] Between 1984 and 1994, between about 36 percent to about 47 percent of persons experienced each year an increase of at least 5 percent from the previous year.[339] These changes were typically associated with beginning to work full-time, year-round, having an increased number of workers in their household, marrying or becoming part of a married family, or there being more adults or fewer children in the family.[340] During the same period, between about 22 percent and 24 percent experienced a decrease of at least 5 percent from the previous year.[341] These changes were generally associated with no longer being married or no longer working full-time, year-round.[342]

For these reasons, while an asset-based vision acknowledges as valid the New Deal view of employment - and the income derived from it - as critical to opportunity and to the attainment of well-being, it also expands that view to incorporate other elements that are also key to opportunity.[343] Moreover, because an asset-based vision recognizes the context-specific character of opportunity and risk, it takes account of the changes in economic, social, and other circumstances that give them a meaning in a number of ways different from that of the New Deal era.

For example, many key New Deal policies might be viewed as asset-based policies in the sense that jobs were the "resources," access to which was understood to be the primary means to enjoy opportunity. The income gained from employment was the outcome of job opportunity successfully seized and was, in turn, the basis for and principal measure or indicator of economic well-being. This view was sustained by certain premises about social and economic life in the New Deal era, such as the following: that only temporary income support would be required to remedy dislocations at the workplace and in the traditional family; that workers, when laid off, would return to the same job or one in the same industry; and an expectation that while employed, workers would be full-time.[344] As noted, it took for granted that women's role was largely confined to that of unpaid domestic and family caretaker, and, indeed, in certain ways reinforced that role.[345] While it did not overtly acknowledge the fact, the New Deal laid its foundation across the fault line of race,[346] in considerable measure responding to significant economic as well as political and social differences among regions of the country, particularly between the South and the rest of the nation. Although, as noted, a number of those differences have been effaced, for many Americans of color, the legacy of discriminatory barriers continues to reduce opportunity and limit economic security.

More generally, as the discussion in Part I.B. has suggested, there have been dramatic changes since the New Deal. A dynamic and internationalized economy, a broadened array of alternatives about relationships, within and outside the "traditional family," and often rapid and sometimes profound alterations in the means for preserving and improving health, extending and creating human life, and overcoming the limitations (and perceptions) of disability have altered the calculus of opportunity and risk:

- Much more than ever before, the young must start adulthood not only with a healthy body and mind, but also with an array of intellectual skills, the capacity to enter into and access to relationships, and the financial wherewithal to successfully engage a complex and dynamic society and economy with hope and confidence. In other words, if the promise of real opportunity is to be kept, *all* must enter adulthood equipped with individual capacities, connected with social and other networks, and have access to sufficient financial and other resources to make that opportunity real.

- Much more than ever before, many adults, during their working lives, can expect to have several careers and multiple relationships with enterprises[347] and employers. Adults are faced with changing and increased demands to enhance their skills. They must reconcile their life at the workplace not only with rapidly shifting economic circumstances but also more complex familial relationships of care and support, within and across generations. They must engage new and shifting patterns of economic and other relationships outside the family[348], relationships that extend well beyond the immediate geographic community.[349] At the same time, they face the challenge of sustaining the vitality of that immediate community. If *all* adults should have the opportunity to successfully navigate the shifting currents and the unseen, but inevitable storms and disruptions that will mark their working lives, they must have the capacities and resources to chart their own courses.

- People are living much longer than ever before.[350] Longer life expectancy has helped to expand the choices for and has blurred the boundary between active life at the workplace and in other venues.[351] It has changed the landscape of relationships, economic, familial, and otherwise, across generations. If *all* mature adults during these years are to have the opportunity to enjoy the rewards that their particular choices of life afford, they must have accumulated the financial or other means to do so.[352]

3. The Important Connection of Asset Development To Other Policies, Past and Present

Not only are there close conceptual and rhetorical links between a would-be asset development policy framework and that of the New Deal, but also other past and current policies have taken account of assets and their importance to opportunity and well-being.

Early in its post-colonial history, America dismantled the asset barriers to full citizenship in its political sense, to political opportunity, that is to participation in the making of the larger, societal decisions that both enable and place limits on individual choices of life projects.[353] That effort continues to this day, though perhaps less in terms of overcoming obstacles and more as a means of assuring affirmative access to the political process.[354] However, there was a recognition, as well, that citizenship in an economic sense, economic opportunity, was crucial, not only as a means for political opportunity, but also as an end in itself.[355] In post-colonial America and well into the nineteenth century, the most important assets may still have been land and the means to farm it or artisans' skills and the tools to ply a trade. In the Homestead Act of 1862 (and in the earlier Pre-emption Act of 1841), the federal government acted on that recognition, awarding property rights in formerly federally-owned land to those who had settled on and worked or improved that land for a sufficient period of time.[356] Although the rallying cry of African Americans in the Reconstruction area, "forty acres and a mule," was stilled by political failure to meet the challenges posed by race and fear of overturning unfair institutions of power in the post-Civil War South, it highlighted the importance of access to an asset that was critical to real economic citizenship for the former slaves and the role government might have played in enabling them to attain it.[357]

The importance of education was recognized at least from the days of the founding of the Massachusetts Bay Colony, though more as a matter of private provision. However, by the mid- to late-nineteenth century, there was a clear recognition of the need for the government to directly support education both as a means to enhance individual opportunity and well-being as well as to advance the interests of society as a whole. The movement for universal provision of public school education pressed for it not only as a way to enhance political opportunity (and social integration)[358] but also as the condition of economic and other opportunity.[359] Legislation to establish land grant colleges was geared to creating an infrastructure that built human capital and improved overall economic and social well-being.[360]

By the 20th-century, the most important assets for increasing numbers of Americans were a job - and as the century progressed, the additional education or training that was necessary to secure it[361] - a home, and a business. Through the Servicemen's Readjustment Act of 1944, the "GI Bill," the federal government acted on that recognition,[362] providing not only interim income support for returning veterans but what, in the long run, was arguably even more important, funding for education and home mortgages. In the former respect, then, the access to higher education afforded by the G.I. Bill was a simple, albeit extremely important, though implicit recognition of the importance of human capital to opportunity. A raft of limited and halting efforts at building human capital had their origins in Johnson-era War on Poverty programs that more explicitly acknowledged the importance of "`building individual earning power.'"[363]

Moreover, in certain respects, New Deal policies relative to housing were precursors of dual policies that persist to this today: income/income-in-kind programs for the poor and asset development for the more affluent.[364] The New Deal's efforts relative to public housing were, for the most part, tentative and limited,[365] in part a reflection of Roosevelt's and certain New Dealers' preference for homeownership policies (as a goal in itself as well as a means for pumping up the economy through increased construction).[366] (By contrast, the Housing Act of 1949, enacted during the Truman administration, marked an ostensibly more vigorous commitment to decent home and shelter and the declaration of aspirations for federally enacted and administered programs for the production of public housing which received their most substantial support between 1949 and 1973.[367]) So, by contrast, the New Deal established policies that were key to asset building for home ownership and had a major impact. On the "defensive" side, The Home Owners' Loan Corporation was created during the early days of the New Deal, which offered credit to home owners at risk of foreclosure.[368] On the "affirmative" side, the Federal Housing Administration, established in 1934 was to become "the foundation for the nation's system of housing finance"[369] and "set the standard of government-insured, long-term low-interest mortgages that would become the norm in both the public and private sector after the war."[370] However, as with many of the New Deal policies, this one, too, had a racial cast, the legacy of which continues to this day.[371] (Moreover, it has been suggested that the FHA program was or became tilted toward higher income prospective homeowners.[372]) To these policies there was added the creation of the Federal National Mortgage Association ("Fannie Mae") - an effort to boost the housing market in the face of the serious economic setback of 1938 - aimed at broadly expanding access to credit for home ownership.[373] Similar, credit based and other policies were especially geared to building the structure of community assets that helped make home ownership possible and economically feasible (while boosting the housing and consumer product market as well).[374]

Those assets are still important, but the dynamic economy of America at the opening of the 21st century requires a new policy framework to assure to all access to and accumulation of such assets. As described in Part III, Section 1, current policy fails to do so.

4. The Political Prospects for Asset Development Policies

Appropriately fashioned asset development policies certainly offer to make a real difference in the lives of low income families and individuals. Moreover they can attain a stature similar to what Theda Skocpol has identified as the finest and most successful of American's social policy achievements. She includes among them: access to public education, the provision of disability and old-age pensions, job opportunities to Civil War veterans and their survivors, programs developed in the 1910s and 1920s to help mothers and fathers and children, the Social Security Act of 1935 (as amended and extended in the form of Medicare), and the GI Bill of 1944.[375]

According to Skocpol, in the United States, successful social programs such as these satisfy four key criteria. First, they "have never been understood either as poor relief or as mere personal `entitlements.' Socially provided benefits have been morally justified as a return for service to the community, or else as preparation for individuals who would subsequently contribute to the community."[376] For example, the system of disability and old-age pensions and other opportunities and services afforded to veterans and their survivors that emerged in the post Civil War era and burgeoned in the late decades of the nineteenth and the early decades of the twentieth century was justified in terms of the service and sacrifices of those who fought (on the Union side) during the conflict.[377] Franklin Roosevelt argued for the GI Bill in similar terms as well as for the reason that by their service, veterans were denied the opportunity to develop, through education and training, the capacities by which they would not only be able to improve their own lives but also to contribute to the welfare of the nation as a whole.[378] Although the argument for supporting public schools these days may more likely be made by many in terms of its importance to the individual economic future of the children attending those schools, early advocates for public education stressed the importance of schooling in preparing them for societal roles as citizens, workers, and family members.[379] Regardless of the realities, i.e., that first, Social Security and then, later, Medicare, have operated on a pay-as-you-go-basis, support for both programs is deeply rooted in the perception that recipients have "earned" those benefits by reason of their payroll tax contributions to those systems.[380] However constraining and sexist it may have been, the vision of women as risking and sacrificing to become mothers and serving to bring up their children as citizens and workers, informed efforts in the early decades of the twentieth century to enact "maternalist" programs[381] (which were the precursors of the federal ADC program).

Second, according to Skocpol, these programs "have built bridges between more and less privileged Americans, bringing people together – as worthy beneficiaries and contributing citizens – across lines of class, race, and region."[382] Third, successful programs "have been nurtured by partnerships between government and popularly rooted voluntary associations,"[383] i.e., "[t]here has been no zero-sum trade-off between state and society, and no simple opposition of national government to individual initiatives or local community efforts."[384] Finally, for such programs, "[there] has been access to secure and growing sources of public funding"[385] (made possible by "[b]oth popular support and larger developments in the affairs of government"[386]).

With regard to the first criterion, the asset development policy framework described herein, the initiatives already taken to fashion it, and the kinds of interest and support these initiatives have already engendered offer great promise that there will be successful achievement of further asset development policies of a similar scale and import. Asset development policies are not handouts or entitlements. They are geared to enabling individuals, through initiative and self-reliance, to achieve and contribute both to their own and to the larger community's well being – and are firmly grounded in American values of opportunity and fairness.

With respect to the second criterion, policies based on appeal to these values have the capacity to unite constituencies with disparate perspectives. The concept of asset development can overcome the long-standing dichotomy between "welfare" policies for the extremely poor and hungry and "investment" policies for the broad mass of individuals who consider themselves "middle class." Asset development policy treats poverty and hunger as but symptoms of the failure to realize shared values and goals that apply to all American households – and to address the common factors that everyone needs to attain economic well being.

Asset based policies can bridge the political gap between the left and the right in a number of important ways. Policies that the former are willing to support because they are committed to investing in people and building their capacities may gain the concurrence of the latter, who may be willing to dedicate what they see as scarce public resources to increase productivity and enhance economic growth.[387] Indeed, some with that perspective have identified a significant opening for asset-based policies that can simultaneously sustain egalitarian and efficiency goals. [388]

In this respect, the history of increasing support for Individual Development Accounts offers a case in point. During 1989-90, discussions about IDAs were initiated with and gained support from New Democrats, including then Senator Bill Bradley (D-NJ), who introduced IDA legislation which was a progenitor of the Assets for Independence Act (see below). In 1991-92, Republican Jack Kemp, Secretary of Housing and Urban Development under the first President Bush - who had launched the Family Self-Sufficiency Program which permitted residents of federal subsidized housing to build financial assets in special escrow accounts - expressed and actively pursued interest in the idea. President Clinton supported IDAs in his 1992 campaign and included them in his 1994 "welfare reform" proposal. They were included as a state option in the 1996 federal welfare reform legislation. The Assets for Independence Act (AFI) - which authorized the U.S. Department of Health and Human Services to establish and administer a 5-year, $125 million demonstration of IDAs – passed Congress in 1998 with bipartisan support, including sponsorship by liberal Tony Hall (D-OH) and conservative John Kasich (R-OH) in the House and conservative Dan Coats (R-IN) and moderate liberal Tom Harkin (D-IA) in the Senate.[389] In fiscal years 1999 and 2000, Congress appropriated only $10 million of the possible $25 million authorized by AFIA, but there was sufficient support for the maximum allowable $25 million in support for fiscal year 2001. Pending in Congress at this writing is The Savings for Working Families Act of 2001, a multi-billion dollar extension of support for IDAs, lead co-sponsors of which are centrist Senator Joseph Lieberman (D-CT) and conservative Senator Rick Santorum (R-PA). Note that liberal Senator Edward M. Kennedy (D-MA) and liberal Representative Barney Frank (D-MA) were among the co-sponsors of the predecessor Savings for Working Families Act of 2000.[390] At the state level "over 29 states and the District of Columbia have passed laws to support IDAs, 32 states have included IDAs in their welfare reform plans, and 7 states have created state-supported IDA initiatives by administrative action."[391]

For those to the left of center, "democratizing capital" means enabling low income families to build significant financial assets in several ways: it affords individuals greater resources to meet everyday needs, provides means to improve their economic mobility, connects them with mainstream financial and other institutions, and potentially facilitates their having a greater voice at their workplace and in their community. For those on the right, ownership gained through financial asset building policies may be viewed as encouraging valued personal qualities such as long-term planning through self-investment, particularly if policies require positive efforts from those aided by those policies[392] Moreover, to some conservatives, broadening ownership of financial assets, particular shares in enterprises, may be seen as encouraging a "worker capitalism" that may promote labor peace, improve labor productivity, heighten worker identification with enterprise goals; and expand awareness and knowledge of and interest in the operation of enterprises and more generally, business.[393]

For those of a more liberal persuasion, policies to build human capital are the means to enable low income individuals to gain jobs, improve the earnings and other benefits that they derive from employment, and enjoy the dignity and pride that succeeding at work can bring. For those to the right of center, there is a recognition of a critical and expanding need for a well-educated and trained workforce to maintain competitiveness and spur economic growth. And there is a corresponding awareness that human capital is more likely to be built through the family, community, and government rather than through enterprises and the mechanisms of the market.[394]

Many asset-based initiatives may also have appeal across the political spectrum by virtue of the way they focus both on the individual as well as his or her relationship to the larger community and to the state. The emphasis on building individual strengths and capacities, and expecting a concomitant self-reliance and sense of responsibility, has cross-political appeal. The emphasis on individual choices does as well. On one hand, the suitability of market-like approaches to individual asset development may engage the support of some otherwise skeptical liberals. On the other hand, strategies, some comprehensive in nature, that are linked to and leverage the role of grass-roots community-based organizations may gain the support of some otherwise doubting conservatives. Moreover, such an approach leaves space to find common ground between conservative concerns about an overbearing federalism and liberal/left concerns for local initiative and control.

Even with respect to traditional income-based policies, a shared political understanding of the asset based approach is reflected in policies like the EITC and the refundable child care tax credit which join a liberal endorsement of income supports that enable low income families to attain a sufficient minimum standard of well-being with conservative willingness to do so when the policies are linked to recipients making an accepted and acceptable contribution to society.[395]

With reference to the third criterion, many of the instances of promising asset development initiatives already involve a broad range of non-profit organizations, some membership based, and others not. These include community action agencies, community development corporations, faith-based and other, secular grass-roots community organizations, with the support of charitable agencies and foundations (often in collaborative relationships between state and local government agencies and/or enterprises). The role these organizations play not only fulfills and justifies their mission but also spurs their advocacy for, and efforts to mobilize others in support of, expanding and enhancing such asset-building policies. Many of these organizations, such as community action agencies and community development corporations, have a history of action, engagement, and learning over a period of more than thirty years.[396] And traditional labor organizations have an opportunity here as well. They could potentially reverse years of declining membership of and relative political (and economic) power of unions by their engaging and linking up with community-based organizations to become stronger partners in coalitions in support of a range of asset based policies. By serving a broader role as labor intermediaries they could re-invent themselves both at the workplace and outside of it.[397]

The fourth criterion is a more challenging one. Most certainly, the current period of ostensible budgetary surplus at the federal and, in many cases, at the state level, is a propitious one for public funding of carefully fashioned asset development policies. To be sure, bright prospects in this general regard may be dimmed by both economic and political events. Most certainly, strategies on the tax side of the ledger have proven successful and may be especially justified in light of the large, tax-based benefits that, as has been noted, have played a significant role in individual asset building for more affluent households. For example, both at the federal and the state level, the EITC in the form of a refundable tax credit for low income families has garnered broad support for sustaining individual employment-based income assets. A similar and properly fashioned one for individual financial asset-building for retirement or to enhance opportunity during a working life might gain similar support. The related strategy of leveraging others' tax liabilities to gain tax credits in support of individual saving by low income households (see below) has promise as well. Most certainly, linking these tax-based strategies to existing structures and large-scale programs, including the social security, private pension, and unemployment compensation systems, may also prove fruitful, especially if policy with a large scale impact is envisioned. These, along with the emerging system for workforce development, typified by the passage of the Workforce Investment Act of 1998,[398], all require "modernization" in light of changed realities.

B. Identifying and Avoiding Pitfalls

However propitious the political environment for asset development policies, if they are to mature to the point that they can gain broad public support, much remains to be done. First, careful thought must be given to anticipate and respond to likely criticisms of an asset development framework. Second, even within the guidelines suggested above for such a framework, criteria must be fashioned to guide the process of designing specific policy innovations

We have argued that asset-building policy is a construct with which many to the left of center and many even to its right may agree. This, however, does not mean that as the framework is fleshed out and specific policies within it are detailed, there will not be differences. And as such policies become more central to discourse, fault lines – ideological and otherwise - will be exposed and criticism will follow.

Among the concerns likely to be manifest from the left, for example, is that asset policy may help to alleviate poverty for some but might not be a sound poverty remedy in general. (Further, there may be a fear that asset policies, if narrowly limited to ones related to financial assets, will be used as an excuse to sacrifice traditional income-oriented ones as well as those that enhance human capital.) Moreover, for some on the left, the issue is also one of inequality. While they may be attracted to policies that seek to change the background distribution of opportunity that leads to inequality of outcomes, they may worry about how narrowly or broadly disadvantage and limited opportunity will be defined.[399] These fears may be mirrored by conservative ones about asset-based policies being just a more subtle form of government redistribution of capital aimed at social engineering, especially if the goal is not just to level the playing field but also to ensure that final outcomes are equal. As a related matter, while the link of asset-based, opportunity oriented policies to meritocratic values may make those policies attractive to conservatives, they may cause disquiet to liberals and progressives, depending how hard they are pressed. Similarly, linking asset-building, opportunity enhancing policies to the requirement that beneficiaries of such policies demonstrate corresponding responsibilities has appeal - to conservatives because of the insistence on individual responsibility and to liberals because responsibility is justified only in relation to the overcoming inadequacies in assets and concomitant opportunities – the precise nature and extent of the relationship may be a source of conflict.

Other issues may arise over whether asset-building policies could become too individualistic, at the expense of collective or structural remedies. The former concern arises in part from potentially different views about the extent to which disadvantages or lack of opportunities are thought to arise from bad choices (or the need to afford a fresh start in the face of bad choices) or from circumstances beyond individual control. In part, it results from different views about the nature of risks that individuals face in their lives and the extent of the need for and kind of insurance required in face of these risks, that is whether it should be provided on an individual or social basis. The latter has several aspects. One involves skepticism, starting on the left, that asset building alone (or viewed narrowly) – no matter how noble promoting assets among low-income households may seem - does not fully address the power relationships that stem from and reflect inequality. So, for example, despite a facial similarity among the rhetoric of "democratizing capitalism" and creating a "workers' capitalism" and even that associated with views further left on the political spectrum, there are potentially sharp differences about issues of power, control, and voice insofar as a broadening ownership is implicated. Other and related issues emerge if asset-based programs become widespread, substantial accumulations of new money will be in play and struggles may result over these pools of capital: how, where, and for whose benefit they are to be invested, posing challenges both for those on the right [400] as well as those on the left.[401]

The fact that there are such concerns does not mean that they cannot be addressed. For example, it is a mistake to juxtapose and see as being in conflict, policies to build assets in conventional (financial asset) terms and with those aimed at assuring receipt of some minimal income. To be sure, the American political consensus may be potentially broad and deep enough to sustain policies that will assure by means of employment or otherwise a meaningful "minimum" or "living" or "self-sufficiency" wage (or its equivalent), one above the current, unrealistic measure of income poverty. But, certainly there are limits to achieving that consensus. At the same time, we have argued that there is an additional, potential consensus to which asset policies can appeal that does not conflict with and may even enhance the other, policies that point the way to social mobility beyond minima. Moreover, as suggested above, basic income and other, opportunity-focused policies can be mutually sustaining: the more individuals are threatened by falling below adequate levels of subsistence, the less willing and able they will be to take the risks that are inherent in the practice of seizing and realizing opportunities. In addition, support for certain income-based policies may be viewed as a means for providing "asset protection" to low-income families.[402] To be sure, there is a risk of possible tradeoffs between asset and income policies as they relate to limits to demands on the public purse or the resources generated in the market sectors of the economy. But that contention standing alone proves too much since there are always such tradeoffs between policy alternatives of whatever stripe and, as has been suggested, a broader range of arguments may support a more expansive range of policies.

Again, a narrowly conceived view of assets in terms of property, and even more narrowly in terms of financial assets as a source of income would fail to address the issue of power relationships grounded in or linked to property rights. But the relationship between assets and well-being and self-fulfillment articulated here implicates not only what opportunities in a substantive sense an individual is capable of realizing but also the choices among the myriad of such opportunities he or she has available to pursue. Depending upon the context, that necessarily entails questions of power and governance. Similarly, from a narrow view of assets, there may be a tension between assets and a concern for empowerment. That is, if assets are thought of only as resources external to the individual, even though they may afford a means for empowerment, they can also disempower by crowding out the self-reliance that leads to the realization of potential. In part that may be a question of design of asset policies, that is, how the process of acquisition of assets is engendered and sustained may be as important as the fact of the acquisition itself. But if the issue is one of meaningful opportunity, then there is also at least equal concern about individual attributes, skills, and, more generally (in the language of Amartya Sen) capabilities.

The specific policy context in which fault lines will be exposed will no doubt vary from proposal to proposal. For example, disagreements may arise over whether the "stake" in stakeholder accounts for children should be granted universally or targeted on the basis of household need. Debate might also occur over whether Individual Learning Accounts and similar mechanisms can be sufficient in the absence of labor-market reform. Experts already express different opinions about the potential of IDAs. Some see them as a key vehicle for creating financial assets among low-income households, especially when matched by public or private sources. Others see their promise as marginal at best, whether because of the perceived low savings capacity of people who must use current income to live or because IDAs arguably can do little to rectify structural problems such as shabby career ladders. Still others doubt that public support for and acceptance of IDAs will ever be wide enough to make them an effective tool for elevating poor families nationwide (although it will be remembered that similar doubts once existed about the EITC). But even if IDAs themselves ultimately prove insufficient, they still may serve as an important stepping-stone in bringing poor households into the realm of asset development.[403]

These examples aside, the lines will be most sharply drawn over the balance between individual and collective methods for building and funding assets. For example, the 2000 political campaign debate over Social Security typified this divide. George W. Bush sought to fund individual accounts by diverting existing payroll tax revenues from the current social insurance program, while Al Gore proposed to seed the accounts from other sources, such as general revenues. Similar conflicts over funding may arise with respect to asset-building proposals, including whether financial support should be derived from tax deductions and credit or from refundable tax credits. Clearly, such differences are important, and resolving them may pose serious challenges. Yet a consensus on the basic importance of asset-development policy may serve as the bridge to do so.

To be sure, the argument for caution with respect to asset policies seems especially warranted when we focus on the poverty of children. The failure to assure some basic level of well-being to children is morally indefensible, and, arguably, can most directly be achieved by providing them with a basic income. But, historically, the delivery of resources and other supports for children has been effected through parents. It would appear highly unlikely that this will change. If so, then the operation of policies that concern the well being of children will, in turn, be closely tied to the well being of their parents. The prior discussion about the relative importance of asset-based policies in relation to more traditional income-based ones remains largely the same.

Again, a crabbed understanding of assets may be driven by a view of work as simply an unpleasant means of earning an income from employment. Income from financial assets may be seen as a means for averting that experience. Some may consider asset policies to be no different in this regard from guaranteed minimum income approaches. However, as suggested above, assets in their broadest sense are concerned with the capacities and resources that open opportunities that individuals may choose to pursue. If so, then an asset-based approach necessarily implicates a vision of work not only as a means for securing an income but also as one context in which people can experience a higher quality of life.

Further, if the issue is assuring access to employment that assures a minimally sufficient flow of employment income, it may be feared that insofar as an asset-based approach focuses simply on acquiring or developing human capital that may enable the individual to successful perform a job, it fails to attend to creating jobs for those who don't have them. To the extent that for the vast majority of people, material well-being and, more particularly, a monetary income is tied to having a job, then surely that job is an asset itself. Whatever the means, such as public or publicly provided jobs, there must be the opportunity to achieve that end. It may also be argued that asset strategies are a possible diversion of energy away from other, important, specific agendas, e.g., ones that respond to the realities of the contemporary family structure in the form of employment support for caretakers (most often, but not exclusively women) such as the provision of child care and family care. But if the concern is about competing demands on resources, then, as already noted, the choice is always posed, regardless of what the competing policies are.

Some nascent financial asset policies, such as IDAs, may be thought to be paternalistic, because they are geared and limited to government-specified accumulation goals. But asset policies are no more inherently paternalistic than any other policy.[404] For example, the extensive use of the tax system to support asset accumulation for the affluent is no less paternalistic in its affording of targeted tax credits and deductions that reward specific forms of behavior, typically, maintenance of home ownership, investment for business, saving for retirement, acquisition of higher education. Of course, the concern about paternalism is fed by a history of government ascertaining and monitoring people who might be deemed to be "truly needy." It also reflects the unfortunate reality that because income subsidies to the poor have typically been so scarce, there has been a perceived need to monitor and "means test" the poor to keep from wasting them. However, as suggested above, the argument for asset policies is less about who is needy and more about who lacks meaningful opportunity. Precisely because it is a question of such opportunity, as a matter of concept asset policies can be viewed as being potentially more inclusive in character and certainly, as a matter of design, should be made to be so.

Adoption of an asset development policy framework also depends upon the development and acceptance of criteria by which to evaluate particular policies. The most important criteria are that the policies be inclusive[405] and progressive. The former means that comparable asset-building opportunities are open to all and broadens the base for political support. The latter signifies that access to meaningful opportunities will be afforded to those currently without them. Further, policies should provide for portability and flexibility to respond to the more fluid relationships of individuals with the workplace and in non-workplace contexts. Programs should be based on (or complement) existing programs or systems, both to increase the prospects for enacting legislation and to promote administrative efficiency. They should operate in a way so as to be easy to use and understand to maximize the promise of universal access. Where they involve mechanisms of individual choice, participants should have the support and guidance that are necessary to making their choices meaningful ones. Programs need to be funded and managed in a way so as to be sustainable in the long-term. In addition, no prejudgments should be made about the respective roles of governmental (federal and state), market, and civic institutions in executing these policies.[406] At the same time, to the extent that policies, by individualizing choice, are implemented through market-like mechanisms, care must be exercised in their design to be sure that those mechanisms can function well and that individuals have the support and guidance that are necessary to make their choices meaningful ones.[407] Also, attention must also be given to the design of place- and sector-based policies and institutions for economic development which affect the availability, range and quality of jobs, housing, and transportation that are critical to the success of individual asset development policies.

Summary and Conclusions

The economic, social and other realities of the 21st century have overtaken many aspects of the policy framework that has served as a keystone since the New Deal. A new policy framework is required, but one which can, in a number of respects, be viewed as extending the vision and expanding the means that were adopted in the New Deal era. To succeed, that new policy framework must be compatible with broadly held American values. Those values must serve as a guide in setting the goals that the new framework embodies. Assets are critically important to those goals. Assets are of various kinds, both individual and collective, and serve in diverse ways to afford families and individuals economic security and opportunity. In certain respects, asset policies are not novel but, ironically, those that exist largely benefit the more affluent. The great disparities in outcomes measured in terms of assets, especially financial assets, reflect how skewed or inadequate such policies are. An asset development policy framework necessarily requires new ways of thinking and kinds of questions that must be answered in making choices about policies. If the effort to devise this new framework is guided by such thinking, there is a real prospect for political success in achieving such a significant policy change. This is true even though such change faces challenges, because there are cogent responses to overcome those challenges. Moreover, asset-based policies increasingly engage the interest and energy of important, active, and organized constituencies. Those efforts have already yielded concrete initiatives that illustrate the specific forms that those policies may take and point to how their promise can be more fully realized.

In sum, an asset development policy framework offers a serious prospect of assuring real opportunity and economic security to all. Our goal must be to fully realize the promise of an asset-based policy for the United States. The challenge is, by thought and action, to achieve it.

Notes

[1] Table C.1- GDP and Other Major NIPA Aggregates, *Survey of Current Business*, Bureau of Economic Analysis, U.S. Department of Commerce, June 1001, D-40. Online. Available at http://www.bea.doc.gov/bea/ARTICLES/2001/06June/Dpages/0601DpgC.pdf.

[2] See, for example, "Economic Growth and Performance," *OECD in Figures 2001*, Organization for Economic Co-operation and Development, Paris, France, July 2001, p. 24. Online. Available at http://www.oecd.org/std/nahome.htm.

[3] See "Labor Force Statistics from the Current Population Survey," Bureau of Labor Statistics, U.S. Department of Labor. Online. Available at http://146.142.4.24/cgi-bin/surveymost.

[4] See Larry R. Moran and Clinton P. McCully, "Trends in Consumer Spending, 1959-2000," *Survey of Current Business*, March 2001, Bureau of Economic Analysis, U.S. Department of Commerce, p. 15. On line. Available at http://www.bea.doc.gov/bea/articles/national/nipa/2001/0301pce.pdf. See also, "Personal Income Tax Liabilities and Payments, 1959-98," *Survey of Current Business*, December 2000, Bureau of Economic Analysis, U.S. Department of Commerce, p. 16. Online. Available at http://www.bea.doc.gov/bea/ARTICLES/NATIONAL/NIPAREL/2000/1200fpit.pdf.

[5] The Dow-Jones and Co., Inc. Industrial and NASDAQ composite indexes stood at 2,633.7 and 373.8, respectively, at the end of December, 1990; in the spring of 2001, they hovered in the range of 10,500.0 and 2,000.0, respectively. No. 931. Stock Prices and Yields, "Frequently Requested Tables from the Statistical Abstract of the United States," U.S. Census Bureau. Online. Available at http://www.census.gov/statab/freq/00s0831.txt.

[6] See "The Budget and Economic Outlook: Fiscal Years 2002-2011," Congressional Budget Office, U.S. Congress, January 2001. Online. Available at http://www.cbo.gov/showdoc.cfm?index=2727&sequence=0&from=7.

[7] Table A. People and Families in Poverty by Selected Characteristics: 1998 and 1999, Poverty in the United States, 1999, *Current Population Reports*, Consumer Income, P60-210, Issued September 2000, U.S. Census Bureau, vi. Online. Available at http://www.census.gov/prod/2000pubs/p60-210.pdf.

[8] Table D. Ratio of Family Income to Poverty Threshold for People by Selected Characteristics: 1999, Poverty in the United States, 1999, *Current Population Reports*, Consumer Income, P60-210, Issued September 2000, U.S. Census Bureau, xv. Online. Available at http://www.census.gov/prod/2000pubs/p60-210.pdf.

[9] Ibid.

[10] Ibid.

[11] Ibid.

[12] Ibid.

[13] Ibid.

[14] Ibid.

[15] Table F. Experimental Poverty Measures by Selected Characteristics: Poverty in the United States, 1999, *Current Population Reports*, Consumer Income, P60-210, Issued September 2000, U.S. Census Bureau, xvi. Online. Available at http://www.census.gov/prod/2000pubs/p60-210.pdf. See also p. xv.

[16] "[A] `full-time working family' is defined as one where the aggregate number of hours worked by family members is greater or equal to 1,750 hours over the previous year. The 1,750 figure is equivalent to a work effort of 35 hours a week for 50 weeks." John Iceland, "Poverty Among Working Families: Findings From Experimental Poverty Measures, 1998," *Current Population Reports*, Special Studies, P23-203, U.S. Census Bureau, Issued September, 2000, 1. Online. Available at http://www.census.gov/prod/2000pubs/p23-203.pdf.

[17] Table 2. Effect of Various Elements on Poverty Rates of People in Full-Time Working Families With Children by Measure: 1998, John Iceland, "Poverty Among Working Families: Findings From Experimental Poverty Measures, 1998" *Current Population Reports*, Special Studies, P23-203, U.S. Census Bureau, Issued September 2000, 4. Online. Available at http://www.census.gov/prod/2000pubs/p23-203.pdf.

[18] Ibid.

[19] Sandra H. Venner, Ashley F. Sullivan, and Dorie Seavey, "Paradox of Our Times; Hunger in a Strong Economy," Center on Hunger and Poverty, Brandeis University, Heller Graduate School, January 2000, 3. "Food insecurity occurs whenever the availability of nutritionally adequate and safe food, or the ability to

acquire acceptable foods in socially acceptable ways, is limited or uncertain. Hunger is defined as the uneasy or painful sensation caused by a recurrent or involuntary lack of food and is a potential, although not necessary, consequence of food insecurity. Over time, hunger may result in malnutrition." Ibid.. 3, note 2.

[20] *Food Security Institute Bulletin*, September 2000, Food Security Institute, Center on Hunger and Poverty, Heller Graduate School, Brandeis University.

[21] Table C. Selected Measures of Household Income Dispersion: 1967 to 1999, "Money Income in the United States, 1999," *Current Population Reports*, Consumer Income, P60-209, Issued September, 2000, U.S. Census Bureau, xii. Online. Available at http://www.census.gov/prod/2000pubs/p60-209.pdf.

[22] Ibid.

[23] Arthur F. Jones, Jr. and Daniel H. Weinberg, "The Changing Shape of the Nation's Income Distribution, 1947-1998," *Current Population Reports*, Consumer Income, P60-204, Issued June 2000, pp. 1 and 2.

[24] Ibid., Change in Share of Aggregate Income for Households, Figure 3C. 5. Online. Available at http://www.census/gov/prod/2000pubs/p60-204.pdf.

[25] Ibid.

[26] Ibid., "Gini Coefficients for Pre-tax and Post-tax Household Income: 1993-1998," Figure 7, 8.,

[27] Ibid. Table 1. Median Income of Households by Selected Characteristics, Race, and Hispanic Origin of Householder: 1999, 1998, and 1997, "Money Income in the United States, 1999," *Current Population Reports*, Consumer Income, P60-209, Issued September 2000, U.S. Census Bureau, 1-3. Online. Available at http://www.census.gov/prod/2000pubs/p60-209.pdf.

[28] Ibid., "Selected Characteristics – Households by Total Money Income in 1999," Table 2, 6-7.

[29] The fact that there was such an "expectation" does not mean that the expectation itself was not shaped by implicit and explicit policy decisions that discriminated against and narrowed the role of women. For example, the various New Deal public works programs "inaugurated federally funded projects that hired millions of the unemployed. These jobs were the best source of public aid, both because the wages were higher than public assistance stipends and because so many people preferred the greater dignity of working for a wage," Linda Gordon, *Pitied But Not Entitled, Single Mothers and the History of Welfare*, Harvard University Press, Cambridge, Massachusetts, 1994, 193. However, women were largely excluded from such programs. In part, this was due to "a masculinist vision of useful labor, and therefore of what public works should be, " e.g., construction that entailed "male" work, rather than teaching, nursing, and child care that involved "female" work. Ibid. It was also associated "with the view that women were not entitled to jobs as men were, so women's unemployment did not really count as a problem." Ibid. Finally, it was the result of an official view that women "were not accustomed to real jobs and/or were accustomed to low wages and poor working conditions." Ibid. 193-194.

[30] Insofar as the creation of public jobs was a significant New Deal strategy to meet the need to supply jobs, the advent of World War II greatly expanded the demand for labor, and after the war, the strategy was largely abandoned. See Theodore R. Marmor, Jerry L. Mashaw, and Philip L. Harvey, *America's Misunderstood Welfare State: Persistent Myths, Enduring Realities*, Basic Books, 1990, 34-35. For a detailed review of the limited and wavering commitment to public job creation as a strategy both during the New Deal and after, see Gertrude Schaffner Goldberg, 'The Missing Entitlement and the Lost Entitlement: Work and Welfare, 1935 – Present," , paper presented at the Interdisciplinary Workshop on Public Service Employment, Center for Full Employment and Price Stability, Web-Site, University of Missouri - Kansas City, Department of Economics l, Kansas City, Missouri 64110,
http://www.cfeps.org/public/GoldbergWP10.htm.

[31] There were also other reasons for the provision of unemployment compensation, e.g., its counter-cyclical economic effects.

[32] Note that unemployment benefits were time limited and not tied to some pre-defined minimum standard of well-being. Rather, they were tied to the level of prior earnings over a specified period of time, up to a maximum amount.

[33] The obligation was at least two-fold: that the individual's previous connection with the work be sufficient (typically defined in terms of earnings during a specified period prior to loss of employment) and that the individual's loss of employment not be the result of certain kinds of conduct on his or her part, e.g., that the individual did not voluntarily separate from work without good cause. (Note that even if an individual otherwise qualifies for benefits, he or she generally can continue to receive them only if the individual is "able and available for work."

[34] "The 1935 Social Security Act provided monthly benefits to retired workers age 65 and over and a lump-sum death benefit to the estate of these workers." *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*, WMCP 103-27, July 15, 1994, 2000 (15th edition) (The "1994 Green Book"), p. 6.

[35] Theda Skocpol, *The Missing Middle*, by W.W. Norton & Company, New York, 2000, 29.

[36] Under the Old-Age Assistance and Aid to the Blind program, "Federal matching funds were offered to the States to enable them to give cash relief, `as far as practicable' in each State, to eligible persons whom the States deemed needy. The States set benefit levels and administered these programs." U.S. House of Representatives, *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*, WMCP 106-14, October 6, 2000 (17th edition) (The "2000 Green Book"). Section 3. ("Supplemental Security Income (SSI)"), p. 213. Online. Available at http://frwebgate.access.gpo.gov/cgi-bin/multidb.cgi.

[37] In describing the program that would become ADC, the Committee on Economic Security contended that mother's aid or mother's pension laws that had been enacted in various states over the preceding two decades should not be understood "as primarily aids to mothers, but [rather] defense measures for children." Theodore R. Marmor, Jerry L. Mashaw, and Philip L. Harvey, *America's Misunderstood Welfare State*, Basic Book, 1990 (quoting *50th Anniversary Edition of the Report of the Committee on Economic Security*, p. 56), 39.

[38] More particularly, according to the Committee on Economic Security, the soon-to-be-partially federalized mother's aid or mother's pension laws were "designed to release from the wage earning role the person whose natural function is to give her children the physical and affectionate guardianship necessary not alone to keep them from falling into social misfortune, but more affirmatively to rear them into citizens capable of contributing to society." Theodore R. Marmor, Jerry L. Mashaw, and Philip L. Harvey, op. cit., 39-40.

[39] The Roosevelt administration bill had "required that state plans 'furnish assistance at least great enough to provide, when added to the income of the family, a reasonable subsistence compatible with decency and health.'" *Pitied But Not Entitled, Single Mothers and the History of Welfare*, by Linda Gordon, Harvard University Press, Cambridge, Massachusetts, 1994, p. 277. However, the provision "that assistance ought to create decency and health" was eliminated, and the maximums in benefits "eighteen dollars for the first child and twelve dollars for reach additional" were out of line with "the pensions of $30 per month to individual old people" provided for in the Social Security bill. Ibid., 277-278.

[40] *America's Misunderstood Welfare State*, by Theodore R. Marmor, Jerry L. Mashaw, and Philip L. Harvey, Basic Books, 1990, p. 123.

[41] Only in 1939, were benefits extended "to dependents of retired workers (wives aged 65 and over and children under age 16); and to survivors of deceased workers (widows aged 65 and over, mothers caring for an eligible child, children under 16, and dependent parents.) U.S. House of Representatives, *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*, WMCP 106-14, October 6, 2000 (17th edition) (The "2000 Green Book"). Section 1 ("Social Security: The Old-Age, Survivors, and Disability Insurance (OASDI) Programs"), 2. Online. Available at http://frwebgate.access.gpo.gov/cgi-bin/multidb.cgi.

[42] ""[T]he initial ADC provisions included no aid for the dependent child's mother. A federal matching grant for the mother was added in 1950, fifteen years after the program's inception – only after states pressured the federal government to relieve them of the costs of aiding the ADC caretaker. Aid for the mother ceased, however, when her youngest child reached age sixteen…" *Regulating the Lives of Women, Social Welfare Policy From Colonial times to the Present*, by Mimi Abramavitz, South End Press, Boston, MA 1988, p. 316. (Abramavitz associates that age cut-off with the time that a women's "reproductive and caretaking functions ended." Ibid.) Note that this change was made in the context of intense hostility to the ADC program. See ibid.,326-331.

[43] See Mimi Abramavitz, ibid., 331. Note that as part of legislation making this change, Congress also extended for five years a program enacted during the 1961 recession, AFDC-UP, which allowed states to extend benefits to two-parent families with an unemployed parent. Ibid., 331.

[44] For example, in 1996, federal outlays for income support for the elderly linked to employer and employee contributions was $374.4 billion, dwarfing all other social welfare expenditures except Medicare, outlays for which were $313.7 billion that year. The third largest outlay was $92.0 billion for the needs-

based Medicaid program. By comparison outlays for ADC were $17.6 billion. Susan E. Mayer, "Why Welfare Caseloads Fluctuate: A review of Research on AFDC, SSI, and the Food Stamps Program," Treasury Working Paper 00/7, New Zealand Treasury, p. 10. Online. Available at http://www.treasury.govt.nz/workingpapers/2000/00-7.asp.

[45] Among the changes were the following: in 1939, benefits for dependents of retired workers and surviving dependents of deceased workers; during the 1950s, coverage was broadened to cover many jobs that previously had been excluded; in 1956, benefits were provided for severely disabled workers aged 50 or older and for adult disabled children of deceased or retired workers; in 1958, similar coverage for dependents of disabled workers was included; in 1960, the age 50 requirement for disabled worker; in 1967, disability benefits for widows and widowers aged 50 or older were added; and in 1972, automatic increases in benefits were tied to the Consumer Price Index (CPI); in 1983, coverage was made compulsory for Federal civilian employees and for employees of nonprofit and organizations and State and local governments were prohibited from opting out of the system once they had joined. U.S. House of Representatives, *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*, WMCP 106-14, October 6, 2000 (17th edition) (The "2000 Green Book"). Section 1. ("Social Security: The Old-Age, Survivors, and Disability Insurance (OASDI) Programs"), 2-3. Online. Available at http://frwebgate.access.gpo.gov/cgi-bin/multidb.cgi.

[46] "The SSI Program replaced the Federal-State Programs of Old-Age Assistance and Aid to the Blind established by the original Social Security Act of 1935 as well as the Program of Aid to the Permanently and totally Disabled established by the Social Security Amendments of 1950." U.S. House of Representatives, *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*, WMCP 106-14, October 6, 2000 (17th edition) (The "2000 Green Book"). Section 3. ("Supplemental Security Income"), 212. Online. Available at http://frwebgate.access.gpo.gov/cgi-bin/multidb.cgi. The state-run programs had been supported by federal matching grants whereas SSI is run by the Social Security Administration but is sustained entirely by federal general revenues. Ibid., 212. However, "States have the option of supplementing the basic Federal SSI payment. Ibid., 213. In some cases, State supplementary payments are administered by the SSA instead of SSI. Ibid. Note that individuals who qualify for Social Security benefits may be poor enough, i.e., may have low enough countable income, to be eligible for SSI benefits as well, so long as they otherwise meet the SSI program requirements.

[47] The original intention was that the New Deal social insurance scheme would cover the risks of ill health. That intention was quickly abandoned in the face of anticipated serious opposition. See Theda Skocpol, *Social Policy in the United States, Future Possibilities in Historical Perspective*, Princeton University Press, Princeton, New Jersey, 1995, 280.

[48] Inpatient hospital services, in the form of Medicare (Part A), were afforded to the elderly by means of what amounted to extension of the institutions and funding of the pre-existing social insurance cash income coverage. Medicare Part B, covers physicians' services, durable medical equipment, and laboratory, outpatient hospital, and other medical services. It is funded by premiums from participants and federal general revenues.

Analogous benefits, in the form of Medicaid, were designated for the "categorically needy," i.e., welfare-related beneficiaries, and the "medically needy," i.e., those qualifying under special Medicaid rules.

A fascinating and illuminating description of the legislative process from which the first major federal foray into broad-based medical care took this "three-layer cake" form is given by Theodore R. Marmor in *The Politics of Medicare*, Aldine Publishing Company, Chicago, 1973. In this regard, he contrasts "[t]he persistent effort to provide Medicare benefits as a matter of `earned right' [which] had prompted…focus on social security and, as a result, on the aged," with "[t]he Medicaid program [which]….owed much to the past debates, growing as it did out of the welfare public assistance approach to social problems," especially in light of the latter being viewed by those hostile to Medicare in the first instance as "yet another means of `building a fence' around Medicare, by undercutting future demands to expand the social security insurance program to cover all income groups." Ibid., 79.

[49] Strictly speaking, the Food Stamp Program of today's scale and nature was not a product of the Johnson Great Society era. Even though "the Food Stamp Act of 1964 authorized the federal government to provide coupons for the purchase of food to low income individuals and families," the Food Stamp Program "did not become important until 1972, when [President Nixon's Family Assistance Plan (FAP), a form of negative income tax,]….went down to defeat." Susan E. Mayer, "Why Welfare Caseloads Fluctuate: A review of Research on AFDC, SSI, and the Food Stamps Program," Treasury Working Paper 00/7, New Zealand Treasury, p. 10. Online. Available at http://www.treasury.govt.nz/workingpapers/2000/00-7.asp. Note as well, that the SSI program, referred to in the main text, was not a product of that era. It was enacted during President Nixon's first term. Ibid.

[50] "Participating households are expected to devote 30 percent of their counted monthly cash income to food purchases." U.S. House of Representatives, *Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*, WMCP 106-14, October 6, 2000 (17th edition) (*The "2000 Green Book").* Section 3. ("Section 15. Other Programs"). Online. Available at http://aspe.hhs.gov/2000gb/index.htm. "Food stamp benefits then make up the difference between the household's expected contribution to its food costs and an amount judged to be sufficient to buy an adequate low-cost diet. This amount, the maximum food stamp benefit, is set at the level of the U.S. Department of Agriculture's lowest cost food plan (the Thrifty Food Plan or TFP), varied by household size, and adjusted annually for inflation. Thus, a participating household with no counted cash income receives the maximum monthly allotment for its household size while a household with some counted income receives a lesser allotment, normally reduced from the maximum at the rate of 30 cents for each dollar of counted income." Ibid. This program is almost entirely funded from federal general revenues. Ibid.

[51] Theodore R. Marmor, Jerry L. Mashaw, and Philip L. Harvey, *America's Misunderstood Welfare State: Persistent Myths, Enduring Realities*, Basic Books, 1990, 31 (citing *50th Anniversary Edition of the Report of the Committee on Economic Security*, 21).

[52] The New Deal, of course, did not address the distinctive and explicit barriers to opportunity faced by racial and other minorities in the form of discrimination in employment (and other areas). Significant success on that score at the federal level it was only achieved by passage of the Civil Rights Act of 1964.

[53] Those who were the recipients of the means-tested, rather than work-related programs, were at least temporarily out of that cycle and under a variety of circumstances, often not within their control, they were at risk of being kept outside of it. Note the suggestion that "means-tested programs were generally expected, by the Committee on Economic Security, to wither away as social insurance became universally available." See Theodore R. Marmor, Jerry L. Mashaw, and Philip L. Harvey, *America's Misunderstood Welfare State: Persistent Myths, Enduring Realities*, Basic Books, 1990, 40. The authors note that "several things happened to prevent welfare's complete disappearance," among them, "the abandonment of the work assurance part of the New Deal," the failure to enact "some basic programs of social insurance, such as universal medical coverage," the change in the welfare population from widows with children who would have qualified for work-related, social security benefits to "families headed primarily by divorced or never married women," and "the absence of any non-Social Security income" that would have helped elderly Social Security recipients avoid the need to apply for means-tested benefits. Ibid., 40-41.

[54] See Charles L. Schultze, "Downsized & Out?, Job Security and American Workers," *Brookings Review*, Fall 1999, 9-13. Online. Available at http://www.brookings.edu/press/review/oldtoc.htm; and Lawrence Mishel, Jared Bernstein, and John Schmitt, *The State of Working America 2000/2001*, Economic Policy Institute Book, Washington, D.C., 2000. Online. Available at http://www.epinet.org/.

[55] See Lawrence Mishel, Jared Bernstein, and John Schmitt, *The State of Working America 1998-99*, Economic Policy Institute Book, Executive Summary. Online. Available at http://epinet.org/books/swa.html#anchor980993.

[56] Ibid.
"Displaced workers face difficulties finding new employment (more than one-third were out of work when interviewed one to three years after their displacement)."

[57] See, e.g., Ken Hudson, "NO SHORTAGE OF `NONSTANDARD' JOBS, Nearly 30% of workers employed in part-time, temping, and other alternative arrangements," by Economic Policy Institute, Briefing Paper, December 1999, http://www.epinet.org/briefingpaper/hudson/hudson.html and, generally, *The State of Working America 2000/2001*, Economic Policy Institute Book, by Lawrence Mishel, Jared

Bernstein, and John Schmitt, Washington, D.C., 2000. (Online. The Introduction and Executive Summary are available at http://www.epinet.org/).

[58] For a general overview see, e.g., "The New Economy Index, Understanding America's Economic Transformation," Public Policy Institute, November, 1998. Online. Available at http://www.neweconomyindex.org/. For some, this change reflects a personal choice, a desire for a particular work "life-style." For most, though, part-time or temporary work is the result of a lack of choice in face of employer needs and desires for more "flexible" work arrangements. On this point see, e.g., Ken Hudson, "No Shortage of `Nonstandard Jobs," Economic Policy Institute, Briefing Paper, December 1999, 10. Online. Available at http://www.epinet.org/briefingpapers/hudson/hudson.html. Arguably, an especially adverse impact of such changes on young workers is suggested by Helene J. Jorgenson, "When Good Jobs Go Bad, Young Adults and Temporary Work in the New Economy," 2030 Center. Online. Available at http://www.2030.org/2030full.pdf. For a somewhat less recent, but comprehensive overview, see Chris Tilly, *Half a Job, Bad and Good Part-Time Jobs in a Changing Labor Market,* Temple University Press, Philadelphia, 1996.

[59] "Futurework: Trends and Challenges for Work in the 21st Century, Chapter 7 – implications of workplace change," U.S. Department of Labor. Online. Available at http://www.dol.gov/dol/asp/public/futurework/report/chapter7/main2.htm. To acknowledge this change is not to suggest that it is either inevitable or necessarily desirable. Indeed, with respect to the former, for example, it has been suggested "[o]ne of the most important trends at the end of the 1990s is the return of [the kind of] arm's-length, market-mediated employment relationships" that were typical of firms of the 1800s, a form of relationship that began to give way to more market-insulated relationships in the late nineteenth century; the latter being predominant in the post-World War II era. Peter Capelli, "Market–Mediated Employment: The Historical Context,", in Margaret M. Blair and Thomas A. Kochan, Editors, *The New Relationship, Human Capital in the American Corporation*, Brookings Institution Press, Washington, D.C., 2000, 88 and generally, 69–87.

In turn, it has also been suggested that "[t]heir decline and the subsequent rise of internalized practices were not necessarily driven by inherent problems with the older system but by changes in the governance structure of firms and, most important, in production techniques that created a new set of demands on the employment relationship." Ibid. 68. It may very well be "that the trajectory of employment structures will be towards some mix of employment relations rather than asymptotically towards some exclusive model of free agent subcontracting." "Meandering Comments by Erik Olin Wright on ASSET DEVELOPMENT POLICY: BEYOND THE NEW DEAL DEVOLUTION," March, 2000, submitted in connection with "A New, Asset-Based Social Policy Framework," held by the Asset Development Institute, Center on Hunger and Poverty, March 23, 2000. Some support for this prediction is found in the observation that while "in many firms, internalized labor markets that once protected jobs from outside market pressures are shifting to practices that place a much higher degree of risk onto workers," "[t]his new corporate culture gives rise to a fundamental paradox: downsizing has weakened the traditional ties of job security and loyalty that bind employees to firms, at the same time decentralized decision making and cross-functional teams increase firms' dependence on human capital. Specifically, companies have lower incentives to invest in long-term employee development, yet the new organizational practices depend more heavily than ever on a well-trained workforce." "Understanding Intangible Sources of Value, Human Capital Sub-Group Report," The Brookings Institution, Online. Available at http://www.brookings.edu/es/research/projects/intangibles/doc/sub_hcap.htm.

Moreover, with respect to the latter, normative issues, "[i]n a highly productive economy producing vast wealth," the goal might be "to shift from a competitive labor-market centered understanding of `work' to a meaningful activity centered understanding of work." Ibid. In certain respects, there may be no tension between certain labor-market driven developments at the workplace noted above and the desire for meaningful work. For example, some evidence suggests "that the increased demand for skilled labor is related to a particular *cluster* of technological change involving not only increased use of IT [information technology] but also changes in workplace organization and changes in product and service quality." See Timothy E. Bresnahan, Erik Brynjolfsson, and Lorin M. Hitt, "Technology, Organization, and the Demand for Skilled Labor," in, Margaret M. Blair and Thomas A. Kochan, Editors, *The New Relationship, Human Capital in the American Corporation,* Brookings Institution Press, Washington, D.C., 2000, 184. For instance, information technology use appears to be "correlated with a pattern of work organization involving more decentralized decisionmaking and greater use of teams." Ibid., 184. Such a pattern might be viewed as affording a more meaningful work environment. At the same time, even if it is true that "IT use is correlated with increases in the demand for various indicators of human capital and work force skills," (Ibid.,184) it does not necessarily follow that subjecting individuals to an unconstrained drive to incessantly upgrade skills to sustain employment is desirable. Neither is subjecting them to the demands of too frequent or uncertain job transitions.

[60] See, for example, Steven Hipple, "Contingent work in the late-1990s," Marisa DiNatale, "Characteristics of. and preference for alternative work arrangements, 1999," Online. Available, respectively at Online. Available at http://www.bls.gov/opub/mlr/2001/03/art1full.pdf and http://www.bls.gov/opub/mlr/2001/03/art2full.pdf, *Monthly Labor Review*, March 2001, Bureau of Labor Statistics, U.S. Department of Labor. See also, H. Frazis, M. Gittleman, M. Horrigan, and M. Joyce "Results from the 1995 Survey of Employer-Provided Training," *Monthly Labor Review*, June 1998, Bureau of Labor Statistics, U.S. Department of Labor. Online. Available at http://www.bls.gov/opub/mlr/1998/06/art1full.pdf.

[61] *Blueprint,* Vol. 3, No. 1 April 2001, The Research and Policy Newsletter of the Task Force on Reconstructing America's Labor Market Institutions, MIT Sloan School of Management, Cambridge, Massachusetts, 2 and 3. Online. Available at http://mitsloan.mit.edu/iwer/.

[62] See "Futurework: Trends and Challenges for Work in the 21st Century, Chapter 7 – implications of workplace change," U.S. Department of Labor. Online. Available at http://www.dol.gov/dol/asp/public/futurework/report/chapter7/main2.htm. For a general overview see "The New Economy Index, Understanding America's Economic Transformation," Public Policy Institute, November, 1998, "Trade is an Increasing Share of the New Economy," noting that "U.S. exports and imports have increased from 11 percent of GDP in 1970 to 25 percent in 1997"; that "the United States is increasingly specializing in more complex, higher value-added goods and services [for trade,]" and that generally, "the value of the world economy that is `globally contestable,'" is increasing dramatically. Online. Available at http://www.neweconomyindex.org/section1_page03.html.

[63] The number of immigrant aliens admitted for permanent residence was at a century's low of 528,432, during the period of 1931 to 1940. During the decade of the 1970s and 1980s, the numbers were 4,449,314 and 7,338,062, respectively. During the first eight years of the 1990s the number as even higher, 7,338,0602. Table 1. Immigration to the United States: Fiscal Years 1820-1998, *1998 Statistical Yearbook of the Immigration and Naturalization Service*, U.S. Department of Justice, Immigration and Naturalization Service. Online. Available at http://www.ins.usdoj.gov/graphics/aboutins/statistics/1998yb.pdf. (Of course, these figures do not include large numbers of other legal and illegal migrants.) "Immigration has increased significantly since 1965, particularly among less-skilled workers with lower education levels, causing greater competition for unskilled jobs and lower wages for unskilled workers." Ibid., "Futurework: Trends and Challenges for Work in the 21st ,Century, Chapter 2, U.S. Department of Labor. Online. Available at http://www.dol.gov/asp/public/futurework/report/chapter2/main2.htm, See also Jared Bernstein, Elizabeth C. McNichol, Lawrence Mishel, and Robert Zahradnik, "Pulling Apart, A State-by-State Analysis of Income Trends," Center on Budget and Policy Priorities and Economic Policy Institute, January 2000, 37 (citing Andrew B. Bernard and S. Bradford Jensen*, Understanding Increasing and Decreasing Wage Inequality*," April, 1998). Online. Available at http://www.cbpp.org/1-18-00sfp.pdf. Note also, Robert I. Lerman and Stefanie R. Schmidt, "An Overview of Economic, Social, and Demographic Trends Affecting the U.S. Labor Market," The Urban Institute, Washington, D.C., 6-7. Online. Available at http://www.urban.org/employment/dol_fr/dol_finalreport.pdf (asserting that "immigrants will account for as much as half of net population growth over the next decades," that "[o]f the nearly 15 million worker increase in the 1996-2006 period, about 7 million will be Hispanic or Asians," and contending that "Hispanic workers have the lowest educational attainment of any major ethnic group….[U]nless Hispanic youth and immigrants raise their educational attainment, their growing presence in the job market will lower the educational base of the labor force at the very time when the demand for skills is continuing to increase.")

[64] It is important to note, though, that even by 1947, service producing industries yielded about 55 percent of national output and 28 percent of all hours of employment, and goods producing industries (mining, construction, and manufacturing) made up about 36 percent of that output and 35 percent of that employment. The remaining 9 and 12 percent, respectively, came from agriculture*.* Frank Levy, *The New*

Dollars and Dreams, American Incomes and Economic Change, The Russell Sage Foundation, New York, 2000, 11.

65 See, e.g., Charles L. Schultze, "Downsized & Out?, Job Security and American Workers," *Brookings Review*, Fall 1999, 10. Online. Available at http://www.brookings.edu/press/review/fall99/Schultze.pdf, (noting that "as overall employment has been growing rapidly, employment in manufacturing has been falling, especially in the largest, most visible, firms" and observing that "large firms, especially in manufacturing, often have above-average wages," adding that "[w]orkers from such firms who lose jobs often suffer especially large wage losses even when reemployed, because many of them do not find new jobs in firms paying similar wages.").

66 See, e.g., Robert E. Scott, "NAFTA PAIN DEEPENS, Job Destruction accelerates in 1999 with losses in every state," Economic Policy Institute, November 1999 Briefing Paper. Online. Available at http://www.epinet.org/briefingpaper/nafta99/nafta99.html. Even though workers in manufacturing industries may have received higher wages, they were not necessarily (very) highly skilled workers and, in general, ""[l]ower-skilled workers increasingly compete with low-wage production workers in developing countries." See Sheldon Danziger and Deborah Reed, "Winners and Losers, The Era of Inequality Continues," *Brookings Review*, Fall 1999, 15. http://www.brookings.edu/press/review/fall99/danziger.pdf.

67 Ibid. ("Global competition has increased worldwide demand for the goods and services produced by skilled workers in high-tech industries and financial services"). Online. Available at http://www.brookings.edu/press/review/oldtoc.htm.

68 "Occupations requiring an associate degree or higher education, which accounted for 25 percent of all jobs in 1998, will account for 40 percent of job growth from 1998 to 2008. In contrast, large numbers of new jobs will require no education and training beyond high school, other than short-term on-the-job training. This category will account for 57 percent of job growth in the 1998-2008 period." Charles Bowman, "BLS projections to 2008: a summary," *Monthly Labor Review*, November 1999, U.S. Department of Labor, 3. See also "1998-99 Occupational Outlook Handbook," Bureau of Labor Statistics, U.S. Department of Labor, Tables 1 and 2. Online Available at http://www/bls.gov/new.release/ooh.table1.htm and http://www.bls.gov/new.release/ooh.table2.htm, These low skill jobs, not surprisingly, are also low wage jobs. See "Employment Projections, 1997 National Occupational Employment and Wage Estimates," Bureau of Labor Statistics, U.S. Department of Labor. Online. Available at http://www.bls.gov/emphome.htm.

Note, though, that the wage gap between relatively high skill and relatively low skill jobs may not necessarily be attributable to the overall stagnation of the skill level of the working population: "[T]here has been a continuous growth in the education and skills of the workforce…A recent analysis found that the overall impact of technology on the wage and employment structure was no greater in the 1980s than in earlier periods when inequality was not growing, suggesting that the role of technological change in increasing wage inequality has been small," Jared Bernstein, Elizabeth C. McNichol, Lawrence Mishel, and Robert Zahradnik, "Pulling Apart, A State-by-State Analysis of Income Trends," Center on Budget and Policy Priorities and Economic Policy Institute, January 2000. The authors suggest that immigration might may have had only a small impact on increasing wage inequality, although acknowledging that "the impact of immigration will differ depending on the region of the country," e.g., "immigration explains between 17 percent and 40 percent of the rise in male wage inequality in [California]….since the 1960s." Ibid., 37.

69 See "Complex Egalitarianism: a review of Alex Callinicos, *Equality*, Erik Olin Wright and Harry Brighouse, .5. Online. Available at http://www.sssc.wisc.edu/~wright/Callin-rev.PDF. For fuller and broader discussion of changes in the job structure, see Erik Olin Wright and Rachel Dwyer, "The American Jobs Machine: patterns of job growth in the 1960s and the 1990s," *Boston Review*, December 2000/January 2001, 21. Online. Available at http://bostonreview.mit.edu/BR25.6/wright.html.

70 See Laura Dresser and Joel Rogers, "Rebuilding Job Access and Career Advancement Systems in the New Economy," Center on Wisconsin Strategy Briefing Paper, Center on Wisconsin Strategy, December 1997, (arguing that the "rational labor market….most closely approximated in post-WWII manufacturing" whereby "[y]oung workers could `go down to the factory and sign up' with reasonable expectation of increasing skill, wages and seniority over the years" is disappearing), 2. More particularly, the authors argue that (1) "internal labor markets" have been weakened by the reduction of the total number of job descriptions "and firms have "cross-functionally defined those that remain" and "outsource[d] many of the

entry-level jobs that once provided a route toward the core position"; (2) while the service sector is growing, workers in it "never participate in the kind of orderly advancement provided by the manufacturing sector" and while firm size is falling, that "limit[s] the development of career ladders; and (3) the "two key institutions that supported upward mobility and well-ordered advancement system for large portions of the workforce – public sector employment and union contracts – are also in decline." Ibid., 2.

[71] See, e.g., FALLING THROUGH THE NET: DEFINING THE DIGITAL DIVIDE," November 1999, National Telecommunications & Information Administration, U.S. Department of Commerce. Online. Available at http://www.digitaldividenetwork.org/frameset.adp?url=http%3a%2f%2fwww%2edigitaldivide%2egov%2f. For a broad overview, see "Culture, Class, and Cyberspace," The Digital Divide Network, The Benton Foundation in association with the National Urban League. Online. Available at http://www.digitaldividenetwork.org/frameset.adp?url=http%3a%2f%2fwww%2eigc%2eorg%2famcgee%2fe%2drace%2ehtml&title=Culture%2c%20Class%20and%20Cyberspace.

[72] We refer to the *vision* of the traditional family because even though popular and political perceptions of the family have presupposed the prevalence, stability, and effective functioning of families in which children lived with both parents, an employed father and a domestic housekeeper and caretaker mother, reality was often at variance with that vision. See, e.g., Stephanie Koontz, *The Way We Never Were, American Families and the Nostalgia Trap*, Basic Books, New York, 1992.

[73] "In 1940, 28 percent of American women were in the workforce…This rose to….60 percent in 1998." "Futurework, Trends and Challenges for Work in the 21st Century," U.S. Department of Labor, 28. Online. Available at http://www.dol.gov/dol/asp/public/futurework/report.htm, "In 1940, one in four workers was a woman; by 1998, almost one in two works." Ibid.. It is important to note, however, that "[u]nlike white women, black women had always worked in large numbers. In 1946 their labor force participation rate average 50 percent across all age groups (compared with 31 percent for white women), and they were less likely than white women to leave the labor force when they married and had children." Frank Levy, *The New Dollars and Dreams, American Incomes and Economic Change*, The Russell Sage Foundation, New York, 2000, 17.

[74] "Today, husbands are the sole worker in fewer than one-quarter of married-couple families." "Futurework: Trends and Challenges for Work in the 21st Century, Chapter 3 – work and family," U.S. Department of Labor, 28. Online. Available at http://www.dol.gov/asp/futurework/report/chapter3/main.htm#1b.

[75] "By 1998, two-thirds of all mothers in married-couple families were employed. Ibid., 30.

[76] "The number of single-parent families, especially those headed by women, has increased significantly since the 1960s…." Ibid. In 1998, they constituted "27 percent of family households with children." Ibid.. In 1996, there were an estimated 18.2 million children living with only one unmarried parent. (About 16.4 million of these children lived with their mother). Jason Fields, "Living Arrangements of Children, 1996," *Current Population Reports*, Household Economic Studies, P70-74, U.S. Census Bureau, Issued April 2001, 2. Online. Available at http://www.census.gov/prod/2001pubs/p70-74.pdf.

[77] Ibid., 15. The divorce (and annulment) rate relative to overall population increased from 2.0 per 1000 in 1940 to 4.3 per 1000 in 1947, dropped back in subsequent years to 2.1 per 1000 in 1958 and then rose continuously to 5.3 per thousand in 1991, falling back to 4.7 per 1000 in 1990. The divorce (and annulment) rate for married women over the age of 15 followed the same pattern, peaking at 22.6 per thousand in 1990. Monthly Vital Statistics Report, Vol., No. 9(S), March 22, 1995. National Center for Health Statistics, U.S. Department of Health and Human Services. Provisional data for 1998 indicated a 4.2 per 1000 divorce (and annulment) rate for the overall population in 1998, Monthly Vital Statistics Report, Vol. 47, No. 21, Online. Available at http://www.cdc.gov/nchs/fastats/pdf/43-9s-t1.pdf

[78] About 8 percent of first births were premarital in the early 1930s. In the early 1990s, the figure was 41 percent. Amara Bachu, "Trends in Premarital Childbearing, 1930 to 1994," Current Population Reports, Special Studies, P23-197, Issued October 1999, U.S. Census Bureau, 3. Online. Available at http://www.census.gov/prod/99pubs/p23-197.pdf.

[79] About 28 percent of first births were either premaritally born or premaritally conceived to women 15 to 19 years of age in the early 1930s. In the early 1990s, the figure was 89 percent. Ibid., 5.

[80] In 1996, an estimated 11.8 million children lived in blended families, 4.9 million living with at least one step parent. Jason Fields, "Living Arrangements of Children, 1996," *Current Population Reports*,

Household Economic Studies, P70-74, U.S. Census Bureau, Issued April 2001, 2. Online. Available at http://www.census.gov/prod/2001pubs/p70-74.pdf.

[81] In 1970, 2.2 million children under the age of 18 lived in grandparent-maintained households. In 1997 there were 3.9 million, 5.5 percent of all children under 18. More recently, the great growth has occurred among grandchildren living with grandparents with no parent present. Ken Bryson and Lynne M.Casper, "Coresident Grandparents and Grandchildren," Current Population Reports, Special Studies, P23-198, Issued May 1999, U.S. Census Bureau, 1. Online. Available at http://www.census.gov/prod/99pubs/p23-198.pdf.

[82] "[A]lmost three-quarters of current caregivers are women…." "Futurework: Trends and Challenges for Work in the 21st Century, Chapter 3 – work and family," U.S. Department of Labor, 31. Online. Available at http://www.dol.gov/asp/futurework/report/chapter3/main.htm#1b.

[83] For example, while it is suggested that "[t]he continued rise in women's labor force participation and earnings will improve the financial status of many older women in the years ahead," "high levels of poverty for elderly women could persist nonetheless." Theresa J. Devine, "Social Security Options for Reducing Poverty Among Older Women," Technical paper Series, No. 2000-2, Congressional Budget Office, Washington, D.C. May 2000, 14. This is attributable to the facts that "a large minority of women have little or no attachment to the labor market at any given point of time" (arguably, because they are caretakers), Ibid., 14., or work part time, see Ibid.,14-15, "[w]omen with young children continue to work less for pay, on average, than women their age without children."

[84] See Miriam Wasserman, "Beating the Clock, So Much to Do, So Little Time," *Regional Review*, Q3, 1999, Federal Reserve Bank of Boston. Online. Available at http://www.bos.frb.org/economic/nerr/wass99_3.htm. (After noting that "[f]amilies are spending more total hours on market work than ever before" and that "[s]ingle-parent families also face significantly increased time pressure," The author suggests that, "[f]amilies that can afford them resort to market-provided services," from "child care providers through restaurants, precooked meals, and gardeners" while "[l]ower-income persons….are more likely to depend on other family members for help" "[o]r may suffer alternating shifts in order to take care of the children.")

[85] Even in 1947, "the northern tilt of population was reinforced by a similar tilt in incomes," i.e., "[t]he Southeast and East-South-Central regions….was dominated by low-wage agriculture," and "the South was an economically depressed region." Frank Levy, *The New Dollars and Dreams, American Incomes and Economic Change*, The Russell Sage Foundation, New York, 2000, 11-12.

[86] "At the close of the 20th century, the South has lost much of the distinctiveness that once isolated it from the American mainstream. After World War II, the region's political, social, and economic character was transformed by large-scale Federal investments in defense and highways, farm mechanization, technological advances in manufacturing, and the civil rights movement…The South is no longer `the Nation's number one economic problem,' as Franklin Roosevelt once proclaimed." Robert Gibbs, "New South, Old Challenges," *Rural America*, Volume 15, Issue 4, February 2001, 2. "Like other measures of well-being, per capita income in the South is slowly converging with the rest of the Nation's" Ibid., 3. This is true with respect to income, housing, and educational attainment as well. Ibid., 2. Note though, the suggestion that "its legacy of economic and social insularity has left behind concentrations of high poverty, low levels of human capital, and limited opportunities to move up career and wage ladders." Ibid., 2.

[87] In 1947, "economic activity took place in a set of separate geographic areas without competition from neighboring areas, much less foreign countries, toll-free telephone numbers, or web sites" Ibid., 13.

[88] In 1947, "central cities were economically viable," i.e., "contained one-third of the nation's population," "20 percent of all [manufacturing]….jobs in the country." Ibid. Even in 1959, "median family income among central-city families….was only 12 percent less than median family income in the suburbs, and $2,300 [in 1997 dollars] above the national average for all families." Ibid., 13-14.

[89] See Frank Levy, *The New Dollars and Dreams, American Incomes and Economic Change*, The Russell Sage Foundation, New York, 2000, 126-136.

[90] "Over time,….regional differences in family incomes [have] narrowed as southern incomes gained substantial parity with those in the rest of the country." Ibid., 127.

[91] "Now the biggest income distinctions [a]re within regions as central cities increasingly lag[] behind suburbs." Ibid.

[92] See by Bruce Katz and Jennifer Bradley, "Divided We Sprawl," *The Atlantic Monthly*, December, 1999. Online. Available at http://www.theatlantic.com/issues/99dec/9912katz.htm. (The authors suggest the need

to distinguish between relatively poorer "inner suburbs" (with greater numbers of working class and minority residents) and more affluent "outer suburbs.") Katz and Bradley write: "We can no longer talk about `the suburbs' as an undifferentiated band of prosperous, safe, and white communities. There are two kinds of suburbs: those that are declining and those that are growing. Declining suburbs, which are usually older and frequently either adjacent to the city or clustered in one unfortunate corner of the metropolitan area, are starting to look more and more like central cities: they have crumbling tax bases, increasing numbers of poor children in their schools, deserted commercial districts, and fewer and fewer jobs." Ibid.

[93] See, e.g., Michael A. Stegman, *Savings for the Poor*, *The Hidden Benefits of Electronic Banking*, Brookings Institution Press, Washington, D.C. 1999, 3-5, generally describing the "upheaval in the financial services industry," , and detailing specific changes in that industry and their adverse aspect low-income families, Ibid. 14-83. For another assessment of the transformation of financial markets and its effects, particularly as it relates to workers' pension assets, see, by Schlesinger and Regina Markey, "America's Restructured Financial System, The Role of Workers' Savings and Impediments to Long-Term Investing in Jobs," presented at the Industrial Heartland Labor Investment Forum, "Our Money, Our Jobs: Worker Savings Funds and Long-Term Investing in Manufacturing," June 14 -15, 1996, Pittsburgh, Pennsylvania, United Steelworkers of America, AFL-CIO/CLC, AFL-CIO Industrial Union Department, AFL-CIO Public Employee Department, Steel Valley Authority. Online. Available at http://www.uswa.org/heartland/3restrt.htm. The authors state that just between 1983 and 1995 "pension and mutual fund assets rose from just over one-fifth to 34 percent of total household financial assets" while "the share of total household assets invested in depository institutions and life insurance companies dropped from 27 percent to 17 percent." Ibid., 2. More recent data confirms these developments:

"Largely continuing earlier trends, the composition of families' financial assets shifted from 1995 to 1998….The share of financial assets held in transaction accounts and certificates of deposit fell sharply, to 15.7 percent in 1998 – down from 19.7 percent in 1995 and 29.3 percent in 1989. The shares of savings bonds, other bonds, and the 1other' category of financial assets have also fallen since 19898. Growth over the nine-year period was concentrated among stocks, mutual funds, tax deferred retirement accounts, and other managed assets; together these asset accounted from 48.4 percent of financial assets in 1989 and 71.3 percent in 1998." Arthur B. Kennickell, et al, *Recent Changes in U.S. Family Finances: Results from the 1998 Survey of Consumer Finances*, by Federal Reserve Board, Washington D.C., 8. Online. Available at http://www.federalreserve.gov/pubs/oss/oss2/98/bull0100.pdf.

Among other things, Schlesinger and Markey, supra, contend that the U.S. capital market "is increasingly in the hands of a shrinking number of institutions with limited accountability to pension plan participants"; that "changes in the market have been accompanied by increased speculation: churning of assets, fewer productive investments, greater reliance on exotic securities," resulting in concomitant "increase[d] market volatility"; and that "[b]anks have moved away from industrial and commercial lending, into real estate lending, trust services, and fee generating., off balance sheet activities" and moved to lending for shorter periods which "limits capital availability for small and medium sized businesses." Ibid., 9.

[94] "The upheaval in the financial services industry has important[adverse] implications for individual low-income customers who are being charged more for basic services and low-income communities, traditionally denied access to credit and capital needed for healthy development*."* Michael A. Stegman, *Savings for the Poor, The Hidden Benefits of Electronic Banking*, Brookings Institution Press, Washington, D.C. 1999, 3-4.

[95] See, e.g., "Triumph of the Suits," FOM Alert, Vol. 2 Issue-8 December 21, 1999, Financial Markets Center. Online. Available at http://www.fmcenter.org/pdg/dec99.pdf (describing the effect of the Gramm-Leach-Bliley Act in repealing the New Deal "Glass-Steagall Act's barriers to banking, insurance, and securities combinations" and suggesting, among other things, that might weaken the effect of "the Community Reinvestment Act, a 1977 law that requires banks to make credit available in all areas of the community they serve.")

[96] There are, for example, serious questions of access to the Internet, see e.g., *Losing Ground Bit by Bit: Low-Income Communities in the Information Age*, Benton Foundation, Washington, D.C., 1998. Online. Available at http://www.benton.org/Library/Low-Income/. But even if access is available there still are

posed potentially serious problems of the ability of low-income, especially minority, populations to engage in e-transactions for lack of credit cards, pre-existing access to financial institutions, etc.

[97] See, for example," The Role of Banks and Nonbanks in serving Low- and Moderate Income Communities," Session One: The Unbanked and the Alternative Financial Sector, Changing Financial Markets and Community Development, The Federal Reserve System's Second Community Affairs Research Conference, sponsored by Washington, D.C., April 5-6, 2001. Online. Available at http://www.chicagofed.org/cedric/2001/session/paper2.pdf.

[98] See, for example, "The Law and Economics of Remedies for Predatory Lending," Session Two: New Industry Development, The Federal Reserve System's Second Community Affairs Research Conference, sponsored by Washington, D.C., April 5-6, 2001, http://www.chicagofed.org/cedric/2001/session/paper2.pdf.

[99] See, for example, Robert L. Borosage and Roger Hickey, Editors, *The Next Agenda, A Blueprint for a New Progressive Movement*, Westview Press, Boulder, Colorado, 2001.

[100] William A. Niskanen, "Welfare and the Culture of Poverty," The Cato Journal, Vol. 16, No. 1, p. 1. Online. Available at http://www.cato.org/pubs/journal/cj16n1-1.html.

[101] Charles Murray, "Reducing Poverty and Reducing the Underclass, Different Problems, Different Solutions," in *Reducing Poverty in America, Views and Approaches*, edited by Michael R. Darby, Sage Publications, Thousand Oaks, California, 1996.

[102] See R. Kent Weaver, "Ending Welfare As We Know It," in Margaret Weir, Editor, *The Social Divide: Political Parties and the Future of Activist Government* , The Brookings Institution, Washington, D.C., 1998 (referring to "President Clinton's campaign pledge "to end welfare as we know it"), 379. Online. Available at http://brookings.nap.edu/books/0815792875/html/379.html#page_top.

[103] See, for example, "A Brookings Forum, Debating Welfare Reform: What's Happened? What's Next?" The Brookings Institution, Washington, D.C., February 20, 2001. Online. Available at: http://www.brookings.org/comm/transcripts/20010220.htm.

[104] See Daniel Patrick Moynihan, "Building Wealth for Everyone," by Op Ed piece, *New York Times*, May 30, 2000 and Bob Kerrey, "The Forgotten Tax," *The Washington Post*, April 15, 1997, A19.

[105] "Robert B. Reich, "To Lift All Boats, We don't all start from the same place. But we can make the going easier," The Washington Post, B1 and *The American Prospect*, May 16, 1999. Online. Available at http://www.prospect.org/webfeatures/1999/05/reich-r-05-16.html. See also *The Washington Post*, Sunday, May 16, 1999.

[106] "[W]hile meaningful savings are required to attain the American Dream, as many as two out of three Americans are shut out from this opportunity.

"One way to make the American Dream more accessible is to increase wages and assure livable incomes…But this will get us only part of the way.

"I strongly believe that we need to pass an equity and asset rights act that is modeled after the Full Employment Act of 1946. After World War II, Congress understood that we need to create the national opportunity for all Americans to have a decent job. As we head into the 21st century, we need to understand the importance of savings – so that all Americans can have a stake in the earning power of America's future economic growth." Rep. Patrick Kennedy, "The American Dream and the Creation of a `Shareholder Society," Opinion Editorial, Save the Dream Web-site, http://www.savethedream.org/sd/editorials/pkennedy.html.

[107] "Success in today's new economy is defined less and less by how much you earn and more and more by how much you own – your asset base. This is great news for the millions of middle-class homeowners who are tapped into America's economic success, but it is bad news for those who are simply tapped out – those with no assets and little hope of accumulating the means for upward mobility and real financial security." "Strengthening our communities, The Savings Opportunity and Charitable Giving Act of 2001," Senator Rick Santorum, March 21, 2001. Online. Available at http://www/senate.gov/~santorum/charstatement.html.

[108] "Opening the opportunity for all Americans to save and build financial assets will be an essential policy cornerstone as we head into the 21st century." Draft, National Policy Commission Report on Wealth Accumulation, June, 2001.

[109] Melvin L. Oliver Thomas M. Shapiro*, Black Wealth, White Wealth: A New Perspective on Racial Inequality*, Routledge Press, 1997. Dr. Oliver, an influential exponent of asset development notes, with respect to the Ford Foundation's work on urban and rural poverty, that "the most successful work, and the work most needed, is that which empowers the poor to acquire key human, social, financial, and natural resource assts. Those so empowered, we believe, also acquire a stronger basis from which they can, in turn, reduce or prevent injustice." Sheldon Danziger and Jane Waldfogel, Editors, *Securing the Future, Investing in Children from Birth to College*, Russell Sage Foundation, New York, N.Y. 2000, xi.

[110]Michael Sherraden, *Assets and the poor: a new American welfare policy*, M.E. Sharpe, Armonk, N.Y. 1991.

[111] Melvin L. Oliver, "Foreword," in Sheldon Danziger and Jane Waldfogel, editors, *Securing the Future: Investing in Children from Birth to College*, Russell Sage Foundation, New York, N.Y., 2000, xii.

[112] Assets serve as conditions or predicates of an individual's life opportunities and life chances.

[113] The discussion in this section reflects, in a number of respects, the argument set forth in Michael Sherraden, *Assets and the poor: a new American welfare policy*, M.E. Sharpe, Armonk, N.Y., 1991.

[114] Financial assets may be defined variously, although in all cases, the definition refers to values of assets in money terms. For example, according to economist Edward N. Wolff, a household's *marketable wealth* (exclusive of liabilities) includes "(1) the gross value of owner-occupied housing; (2) other real estate owned by the household; (3) cash and demand deposits; (4) times and savings deposits, certificates of deposit, and money market accounts; (5) government bonds, corporate bonds, foreign bonds, and other financial securities; (6) the cash surrender value of life insurance plans; (7) the cash surrender value of pension plans, including IRAs and Keogh plans; (8) corporate stock, including mutual funds; (9) net equity in unincorporated businesses; and (10) equity in trust funds." Edward N. Wolff, *Top Heavy, The Increasing Inequality of Wealth in America and What Can Be Done About It*, The New Press, New York, 1995, 75, Appendix "Defining and Measuring Wealth.". According to Wolff, such a measure focuses on wealth "as a store of value and therefore a source of potential consumption" and, hence, includes "only assets that can be readily converted into cash," Ibid., 75.

He notes that such a measure could be expanded to include "consumer durables," i.e., items such as "automobiles, televisions, furniture, household appliances, and the like," Ibid., though *their monetary value*, the amount of money that might be realized upon their sale, "typically far understates *the value of their consumption services* to the household." Ibid., 76.

Wolff further observes that the measure of wealth might include "some valuation of pension rights, from both public and private sources," Ibid. That is, "[p]ension wealth is defined as the present value of discounted future pension benefits" and "[s]ocial security wealth is defined as the present value of the discounted stream of future Social Security benefits." Ibid.

With respect to the narrowest measure of wealth, The 1992 Survey of Consumer Finances indicates the following overall composition of household wealth: (a) owner-occupied housing (28.7%); (2) investment real estate (i.e., household owned real estate other than an owner-occupied home) (34.9%); (3) liquid assets (i.e., bank deposits, money market funds, cash surrender value of insurance and pension accounts) (18.7%); and (4) corporate stock, financial securities, personal trusts, and other assets (17.7%). Ibid., 62.

[115]The range of such "things and activities" is reflected in the definition(s) proffered in the preceding endnote. So, for example, from the perspective of starting or operating an enterprise, say, to make a particular product, there is required "physical capital"- the tools, machines, devices, and raw materials necessary to the production process and the structures that house it. Also required is "intellectual capital" in the form of the ideas and plans that specify the processes of production and how to carry it out. In addition, monetary resources are required to sustain the effort. A financial asset perspective is a different one, it abstracts from that concrete activity, placing a monetary valuation on it. The "price" that may be put on it reflects an assessment of the "market value" of the enterprise as a well, but a value that reflects not only the underlying physical capital and other resources marshaled by the enterprise, but also, among other things, the efficacy of the enterprise as an ongoing endeavor.

[116] They have associated with them a stream of money income. Interest on deposits in savings and checking accounts, bonds, and other financial securities or instruments are commonly thought of examples

of such sources. The stream of income may be more or less assured. Stocks are generally included in this category as well. They are typically a source of income in the form of dividends.

[117] The money derived from the sale of the asset less its cost of purchase is typically (in a tax context) deemed capital gains income. The net amount of money gained from the purchase of the asset is properly termed income. However, it is income derived from a one-time event associated with the asset. By contrast, the flow of income referred to in the preceding paragraph is, one that accompanies continued ownership of the asset. The income derived from sale of an asset reflects changing perceptions as to the monetary value of the asset. It arises at a single time, out of a single event, i.e., sale of the asset.

[118] The owners of assets that have a financial character may enjoy not only the financial benefits that derive from such ownership but also other advantages as well. Such assets are valuable not only because they are convertible into money or are a source of money income, but also because they may represent claims to power over the enterprise. They afford their owners the power to make certain kinds of decisions that can profoundly affect not only their lives but also the lives of others. For example, ownership of a share of stock represents not only a potential claim to dividend income (and accumulated non-distributed earnings), but also a claim to power with respect to the enterprise - an endeavor geared to some form of production - that is owned. Among other things, that power extends not just to how the physical and other resources of the enterprise are deployed, but to command (insofar as the legal systems renders it possible or permissible) over the labor of the individuals who enter into an employment relationship with the enterprise. Again, in their financial aspect, land and structures, e.g., buildings, may be a source of income conventionally referred to as rent. In their non-financial aspect they are, of course, a source of a physical space and the owner of that physical space has certain defined power with respect to that space and others, e.g., over tenants, with regard to its use.

In sum, although certain assets are important because of their financial aspect, and in that aspect, we term them financial assets, they also have another aspect, and in that other aspect, we refer to them as enterprise assets.

[119] Financial assets can give people a sense of independence, because they control resources that allow them to make their own decisions. They provide people with a sense of security, because they are means that will help them survive many unseen but inevitable crises and disruptions that will occur in their lives. Financial assets can afford people a sense of control over their lives, not only now, but also in the future, because they know that they can make plans to change or improve their lives and that they will have the resources that will enable them to carry out those plans.

[120] People who feel more secure about themselves, who have a sense of control of who they are, who have the chance and opportunity to plan their lives, may be more likely to gain the respect, cooperation, and support of others. For the same reasons, they are more able to work with and give themselves to others, whether in family, social, community, or political life. See, e.g., Deborah Page-Adams and Michael Sherraden, "What We Know About Effects of Asset Holding; Implications For Research On Asset-Based Anti-Poverty Initiatives," Working Paper No. 96-1, 1996, Center for Social Development, Washington University in St. Louis, George Warren Brown School of Social Work (summarizing the findings of 25 studies addressing the social and political effects of asset holding and arguing that one group of studies "cumulatively suggest positive effects on life satisfaction and self-efficacy and negative effects on depression and problematic alcohol use," associating assets "with being self-directed, intellectually flexible, and future-oriented"; citing other studies relating to women associating assets "with higher levels of social status in the home and in the larger community, increased contraceptive use, and improved material conditions of families" and "lower levels of marital violence"; and relying on additional studies to find a positive relationship between parental assets and children's well-being, i.e., "[higher] self-esteem among adolescents," "saying in school, avoiding early pregnancy, and facilitating saving among teens" as well as "reduce[d] vulnerability to poverty in white and African-American female-headed households".)

Other studies along similar lines include, Esther Yin-Nei Cho, "The Effects of Assets on the Economic Well-being of Women After Marital Disruption," Working Paper no. 99-6 (1999); Edward Scanlon "The Impact of Homeownership on the Life Satisfaction of African-Americans," (1999), Working Paper no. 99-4; Deborah Page-Adams and Nancy Vosler, "Homeownership and Well-Being Among Blue-Collar Workers," Working paper 97-5 (1997); Gautam Yadama and Michael Sherraden, "Effects of Assets on Attitudes and Behaviors: Advance Test of a Social Policy Proposal," by . Working Paper No. 95-2

(1995), Center for Social Development, Washington University in St Louis. Online. Available at http://gwbweb.wustl.edu/users/csd/workingpapers/workingpapers.html.

[121] A sudden, major illness or injury not covered by insurance, a fire or other unexpected damage to a home or apartment not covered by insurance, the unanticipated shut-own of a business – all create a crisis that may severely threaten the individual's or family's ability to function normally. The disruption may be so extreme that it undermines or harms the individual's or family's way of life, not only at the moment of the crisis, but perhaps for a long time thereafter. Financial assets available in such instances can go a long way to ameliorate the harm to individuals and their families.

[122] See, e.g., Li-Chen Cheng and Deborah Page-Adams, "Education, Assets and Intergenerational Well-Being: The Case of Female Headed Families," Working Paper 96-3 (1996), Center for Social Development, Washington University in St Louis. Online. Available at http://gwbweb.wustl.edu/users/csd/workingpapers/workingpapers.html.

[123] The idea of a job as an asset has been the subject of scholarly exploration, especially in the context of proposals for a government afforded basic income. For example, Phillipe Van Parijs "suggests [that there are] scare external assets and, putting inequalities and talents and handicaps to one side, each citizen in principle has a right to an equal (tradeable) share of these assets…[] Van Parijs would also include in th[e list of assets] what he terms `job assets' on the grounds that in a society with involuntary employment (or underemployment) jobs are also a kind of scarce external resource. The value of job assets is given by the size of the employment rents attached to jobs…." Stuart White, "Social Rights and the Social Contract: Political Theory and the New Welfare Politics," Jesus College, Oxford University, 23-24, (citing Phillippe Van Parijs, *Real Freedom for All: What (If Anything) Can Justify Capitalism?*, by Oxford University Press, 1995, 89-132).

[124] Of course, whether the individual does enjoy those benefits depends upon the use he or she makes of it. For example, the individual may not show up for the job, may do the work incompletely, may not do enough of the work, etc. In each instance, the individual may lose the employment status. The individual will have wasted the opportunity, wasted the employment asset, so to say.

Although the importance of employment as means of income, and thereby attaining economic security, is stressed here, this is not to deny the significance of a connection to the workplace: work may also serve "as a means to mix and interact with others, to gain a sense of belonging in the community, and to have a sense of contributing [to] something" as well as for individual development. "Subsidize Wages," by Edmund S. Phelps, *Boston Review*, Vol. 25, October/November 2000, p. 14. This aspect of having access to employment is linked to some of the concerns that are implicit in the concept of enterprise assets, discussed below. , Apart from the employment and financial asset rewards that flow from being part of an enterprise, there are other, non-monetary rewards that arise from participating in the enterprise itself. The benefits of participation may be enhanced when that participation extends to a role in governance and control of the enterprise.

[125] The value associated with a job may, of course, extend by the particular economic benefits that may flow from it. For example, the quality of work life may be may be an important part on an individual's definition of what well-being means to them.

[126] The ongoing enterprise of a sole entrepreneur might be termed a *self-employment income asset.*

[127] Access to and retention of an employment status may also affect how people feel about themselves and their lives and their ability to change their lives; how they feel about and behave toward others (and how those others feel and behave toward them). It may also enable them to sustain themselves through certain life crises; and may have an impact on the opportunities and chance for success of their children. Especially in the American context, work may be seen as "the core of a moral life, useful to oneself, one's family, and one's community." The discipline of work may bethought to "build[] character." Herbert Applebaum, *The American Work Ethic and the Changing Work Force, An Historical Perspective*, Greenwood Press, Westport, Connecticut, 1998, xiv. It may be recognized as being "inherently pleasing," as well as linked to "challenge, growth, and accomplishment." Ibid., xv. While it is viewed as both a "pragmatic means to make a living.' It also may serve "as a precondition for social acceptance and self-respect." Ibid., xvi. ""I would argue….that Jefferson's concern about capital ownership [in land] was not simply a concern about entrepreneurship, but rather a desire for family formation. That is, it was necessary in order to get married in this period to have your own household, `to go to housekeeping' as it was called

Then children could be produced. A very big concern in the early republic was that there was so much land but so few people. High fertility rates were important to control of the land.

"If Jefferson was around today, I would strongly suspect that, rather than being concerned about capital ownership, he might be concerned about employment, because most of us get capital, this investment we use, by having good, solid jobs that give us benefits." Carole Shammas, Panelist, Roundtable I: Be an Owner: The History and Finance of Capital Access, "Democratizing Capital in U.S., History, Business, and Public Policy, Transcripts, Milken Institute, Santa Monica, California, June 1-2, 1998. Online. Available at http://www.milken-inst.org/poe.cfm?point=pub03.

[128] Of course, there is implicit government regulation in the form of the legal rules that define and regulate the employment relationship.

[129] In effect, the government, by requiring these kinds of benefits, increases the cash income or income-in-kind that flows from holding the employment status. The role of the government is largely to compel employer payment of those additional benefits. (Of course, the government incurs various expenses in administering such programs and assuring compliance with their requirements.)

[130] Those grounds primarily include: (a) the individual's inability to engage in employment, e.g., by reason of physical or other disability (workers' compensation); (b) their exclusion from the opportunity to engage in employment, e.g., by lack of any offer of employment (unemployment compensation); (c) the individual's otherwise justifiable lack of participation in the labor market, e.g., by reason of parenting responsibilities (previously AFDC, currently TANF); and (d) his or her past employment (social security). The connection-to-employment rationale is implicitly applicable to children: American society typically either deems them incapable of working or views it as unacceptable to demand that they be employed. Society further assumes that children's parents have the obligation to enable children's life opportunities, in part, by affording them the necessary financial support. Most parents must secure from employment the wherewithal to provide financial support.

[131] The income is in cash when the government periodically supplies money that is typically a partial substitute for the money that would otherwise have come from employment. The income is in kind when the government assures receipt by individuals of certain goods or services that otherwise likely would have been purchased with income from employment. The government can do this in a variety of ways. It can literally supply the goods and services, e.g., provide food stamps or housing vouchers. Alternatively, it can arrange for the provision of such goods and services by third parties and pay those third parties for the goods and services supplied, e.g., Medicaid and Medicare payments.

[132] So, for example, recipients' employers nominally pay unemployment compensation and workers' compensation benefits. It would appear that employers actually bear the cost of at least the former. It has been argued that "unlike flat-rate wage taxes, which generally are thought to be passed on to employees, the unemployment tax is experience-rated. Employers who make more charges on the system pay higher taxes, and there is evidence that both labor and product markets are sufficiently competitive to prevent a significant portion of these experience-rated taxes from being passed on to either workers or consumers." Michael J. Graetz and Jerry L. Mashaw, *True Security, Rethinking American Social Insurance*, Yale University Press, New Haven & London, 2000, 198.

Social security and Medicare benefits are nominally paid by government compelled contributions from individual recipients and their employers during their working lifetime. (Note that since Social Security and Medicare, Part A, operate on largely a pay-as-you-go basis, payments by current workers and their employers sustain benefits currently received by retired employee beneficiaries. There remains the possibility that, in the event of a current shortfall of funds, the difference might be made up from general government revenues.) By contrast, TANF (the successor of AFDC) and Medicare benefits are paid for only by general federal and state government revenues.

The federal Earned Income Tax Credit (EITC) (and any cognate state earned income tax credit) is an analogous transfer, but in the form of a refundable tax credit based on income earned from work, graduated downward according to earned income (and, ultimately, to zero at a designated earned income maximum).

[133] In this essay, we largely focus on issues of education and training during adulthood although education and training during pre-adulthood is equally, if not more, important. The opportunities for and efficacy of such early experiences in learning are closely linked to the later ones. See, for example, Cathleen Stasz and

James Chiesda, "Education and the New Economy, Views from a Policy Planning Exercise," Issue Paper, Rand Corporation. Online. Available at http://www.rand.org/publications/IP/IP170/index.html (suggesting that "[t]here are really two education systems in the United States today….: `the first-chance' K-12 system and the `second chance' system of adult education and training and welfare-to-work programs;" and suggesting that "America's young people will always be struggling to catch up through the second-chance system if the first isn't good enough, and if the first is good enough, the second might not be needed as much.")

[134] The term "human capital" is widely but variously used. For purposes of this essay, in principle, it encompasses not only the skills and training necessary to perform a particular task at a workplace, but also the ability to enter into and sustain a range of interpersonal relationships at the workplace. For some, the latter capacity might be viewed as a form of "social capital," an individual asset that may be critical to opportunity at the workplace.

As an example, one commentator has referred to "social capital" as an "[a]bility to work in teams, provide customer satisfaction, and cooperate to solve problems within horizontally-organized work culture enterprises, and to form occupational networks, connections and `reputation' with others outside the enterprise. These are sometimes known as the `soft skills.'" Remarks by David Jessup, Executive Director of the New Economy Information Service, "Organizing Unions in the New Economy," New Economy Information Service, July 29, 1999. Online. Available at http://www.newecon.org/newecon7-29-99.html. (Note that most aspects of what the same commentator refers to as "intellectual capital" we would include within the meaning of the phrase "human capital: "Continuous upgrades, lifelong learning, certifications, setting professional standards, developing an occupational ethos, increasing….capacity for innovation and problem solving, [and] becoming entrepreneurial in [one's] approach to work." Ibid.)

We have chosen to reserve the phrase "social capital" for the networks of relationships, associations, and institutions that may be extremely important to a person's chances. We later refer to it as a non-individual asset. Alternatively, we could have referred to the ability to enter into and sustain relationships as "individual" social capital and the networks, associations, etc., into which an individual might enter into as "collective" social capital. In any event, the underlying concepts are clearly more important than the terminology used to express them.

Note, also, that it can be argued that "health and other measures also reflect investment in human capital, Nancy Birdsall, "Education: the People's Asset," Center on Social and Economic Dynamics, Working Paper No. 5, September 1999, The Brookings Institution (Executive Summary), footnote 1. However plausible and important these assets are for policy as a whole, we do not canvas these kinds of "human capital" asset issues here.

Similarly, it has been suggested that "[a] broadened definition of human capital – one that allows for the direct and indirect impact of variables such as family health and caretaking arrangements for dependents on the work effort and productivity of mothers – is more applicable to the lives of poor single mothers. Under such an expanded definition, the expanded cost/benefit calculus of a poor single mother considering whether or not and how much to invest[] in her education and training will include the cost of replacing that domestic and childrearing labor, costs which are not considered relevant to the human capital investment decisions of the `ideal worker.'" See Dorothy K. Seavey, *Back To Basics: Women's Poverty and Welfare Reform*, Special Report, Center for Research on Women, Wellesley College, 1996, 117-118. Although the point is well taken, we do not include resources necessary for domestic and childrearing labor within the meaning of our term "human capital." However, such resources clearly represent an important, if not critical, asset that is a condition of opportunity to participate in the labor market. See discussion of these and other resources necessary for such an opportunity, *infra*.

[135] Not surprisingly, there is a literature that discusses the expected "return" on human capital, i.e., the increase in the flow of income that results from an enhancement of work-related knowledge and skills. Clearly, in such a context, the quantum of knowledge and skills gained is equated, in monetary terms, to a financial investment. For a discussion of "education" as a form of "human capital" deemed to be not only a valuable "asset" but also one access to which can be a means for assuring greater economic equality, see Nancy Birdsall, "Education: the People's Asset," Center on Social and Economic Dynamics, Working

Paper No. 5, September 1999, The Brookings Institution (Executive Summary) contending that "[e]ducation, the most easily measured form of human capital, is, like land and other forms of wealth, an asset. In today's global markets, it is a scarce asset, and can therefore, generate income for its owners. It is a special asset in two respects. First, once acquired, it cannot be stolen or sold -- it cannot be alienated from its owner. Second, as the amount of education increases, other assets such as land and physical capital decline as a proportion of total wealth in an economy; since the ownership of these latter assets is usually more concentrated than that of education, the overall concentration of all assets declines. Thus, an increase in education is likely to have an equalizing effect as long as it is broadly distributed."

[136] See, e.g., Brandon Roberts and Jeffrey D. Brandon, "Welfare to Wages, Strategies to Assist the Private Sector to Employ Welfare Recipients," prepared for Charles Stuart Mott Foundation, August 1998, 6. Online. Available at http://www.mott.org/publications/welfv1.pdf, (taking note of employers who recognized "that many entry-level positions do not offer sufficient wages to support a family" and who, therefore "advocate for continuing education after placement.")

[137] Community development credit unions (CDCUs) and a range of community development financial institutions (CDFIs) are examples of such geographically or quasi-geographically based institutions.

[138] Note the discussion of other possible meanings of "social capital," *supra*, at footnote 137.

[139] The meaning and significance of the phrase "social capital" are not uncontested. See, for example, Steven N. Durlauf, "The case `against' social capital, and Samuel Bowles, "`Social Capital' and community governance," " in Focus, Volume 20 Number 3, Fall, 1999, University of Wisconsin – Madison Institute for Research on Poverty, at pp. 1-5 and 6-10, respectively. Online. Available at http://www.ssc.wisc.edu/irp/focus.htm.

One scholar has framed the issue, in part, in terms of market as compared to non-market production, stressing the importance of gathering data on the latter so as paint a more accurate "picture of economic and social well-being." Timothy M. Smeeding, "Time and Public Policy: Why Do We Care and What Instruments are Needed?", (Third Draft), November 17, 1997, prepared for the Conference "Time Use, Non-Market Work and Family Well-being," Washington, DC., November 20-21 1997. Online. Available at http://www.olin.wustl.edu/macarthur/working%20papers/wp-smeeding3.pdf (Working Papers of the Network on Family and the Economy, MacArthur Research Networks, MacArthur Foundation). Among other things, the author's framework encompasses both household non-market work, i.e. care giving provided to individuals' own children and children of others , the informed, aged, and the disabled as well as non-household, non-market work, i.e., community voluntarism and the concomitant building of community social capital.

[140] See, e.g., E.J. Dionne, Editor, *Community Works: The Revival of Civil Society in America*, Washington, D.C., Brookings Institution Press, Washington, D.C. 1998.

[141] For example, it has been argued that instead of "focusing on a community's needs, deficiencies and problems," it is better to "discover[] a community's capacities and assets." More particularly, it is essential to recognize that "[e]ach community boasts a unique combination of assets upon which to build its future" which include not only "the gifts and skills of individuals, and of households and families," but also "citizens' associations" and "formal institutions." The "mapping" of such assets is seen as the first step. The second, is "to mobilize them for development purposes." John P. Kretzmann and John L. McKnight, *Building Communities from the Inside Out: A Path Toward Finding and Mobilizing a Community's Assets*, p, Institute for Policy Research, Evanston, Illinois 1993, 1-11. Online. Available at http://www.nwu.edu/IPR/publications/Introd.building.html. See, more generally, the work of The Asset-Based Community Development Institute, Institute for Policy Research, Northwestern University Online. Available at http://www.nwu.edu/IPR/abcd.html.

For an approach that, in the context of defining "healthy communities," stresses the importance of "three measures of assets and infrastructure: (1) the physical; (2) those that create income and value; and (3) those that support cultural, community and support services," see DeWitt Jones (President, Boston Community Capital), "Growing to Scale: Creating a Comprehensive Community Development Financial Institution that Connects Low-Income Communities to Capital Markets," Business Plan 1999-2004, 11. More specifically, in this view, the first category is associated with good housing and commercial space, public infrastructure (such as transportation, civic buildings, and community facilities, and the environment); the second, with what we would term employment income, welfare income, and financial assets; and the third, with public safety, educational, health care, social, and cultural services, and civic events. See ibid., 11. The last category appears to correspond in certain ways to what we would term "social capital" and some of what Kretzmann and McKnight view as community assets (that are other than individual, household, or family assets.

[142] See, e.g., Mitchell Sviridoff and William Ryan, "Prospects and Strategies for Community-Centered Family Service," prepared for Family Service America, Inc., Milwaukee, Wisconsin January 1996 (stating the importance of "community building strategies" in terms of "connect[ing] residents to one another as resources for one another;" taking note of the movement of the family service field "from the perspective of traditional client-centered approaches toward a new appreciation of engaged citizens as the ultimate resources for families.")

[143] It has been argued that community "better captures the aspects that explain social capital's popularity, as it focuses on what *groups do* rather than on *what individuals have*. By community I mean a group of people who interact directly, frequently and in multi-faceted ways. People who work together are usually communities in this sense, as are some neighborhoods, groups of friends professional and business networks, gangs and sports leagues. The list suggests that connection, not affection, is the defining characteristic of a community. Communities are part of good governance because they sometimes address problems that cannot be solved either by individuals acting alone or by markets and governments." Samuel Bowles, "`Social Capital' and Community Governance," by Department of Economics, University of Massachusetts at Amherst, July 31, 1999 (italics in original). Online. Available at http://www-unix.oit.umass.edu/~bowles/papers/Socap.PDF. Note, though, that there may also be community governance "failure" if communities' capacities' to solve problems are "impeded by hierarchical division and economic inequality among its members." Ibid., 10.

There is no necessary conflict between the foregoing characterization and that set forth in the main text. Social capital does not have to be "owned" by an individual in order for it to serve as an enabler of opportunity.

[144] A substantial role in the American economy is played by not-for-profit enterprises. See, e.g., Elizabeth T. Boris, "Myths about the Nonprofit Sector," Charting Civil Society, No. 4, Center on Nonprofits and Philanthropy, The Urban Institute, Washington, D.C., July 1998. Online. Available at http://www.urban.org/periodcl/cnp/cnp_4.PDF. With respect to them, the question of stock ownership is irrelevant. Nonetheless, for employees of the broad array of non-profit enterprises, they and other individuals are stakeholders in such enterprises and have concerns similar in many respects to those of stakeholders in for-profit enterprises. Analogous issues are posed for employees and others who have a "stake" in government-owned enterprises. In all instances, though, the core issue is the allocation of power within the enterprise..

[145] For an extensive survey a range of stakeholder ideas, especially in the American context, see Jeff Gates, *The Ownership Solution, Toward a Shared Capitalism for the Twenty-First Century*, Addison-Wesley, Reading, Massachusetts, 1999. For a view from the United Kingdom on these ideas, see Andrew Gamble and Gavin Kelly, "Stakeholder Capitalism: Limits and Opportunities. "Online. Available at http://netnexus.org/library/papers/gamkel.htm. and Andrew Gamble and Tony Wright, eds., *The New Social Democracy*, Blackwell Publishers, Oxford, UK, 1999, particularly the chapter "Ownership and Social Democracy," by Gerald Holtham.

[146] For a comprehensive discussion of issues relating to common assets, see David Bollier, "Public Assets, Private Profits, Reclaiming the American Commons in an Age of Market Enclosure," New American Foundation, Washington, D.C., March 2001. Online. Available at
http://www.newamerica.net/frames/fr_econ_2k.html.

[147] For example, the assets may be a source of one-time income when they are sold for consumption. (See discussion of the Alaska Permanent fund, *infra.*) If renewable, the assets may be a source of continuing income. (See, e.g., the discussion of the sale of environmental pollution "rights" by Peter Barnes, "The Pollution Dividend," *The American Prospect*, May-June 1999. Online. Available at http://www.epn.org/prospect/44/44barnes.html. For a general discussion of these issues, see "Common Assets," Center For Enterprise Development, Washington DC. Online. Available at http://www.cfed.org/commAssets.

[148] See, e.g., Robert E. Lang, "Office Sprawl: The Evolving Geography of business," Center on Urban & Metropolitan Policy, The Brookings Institute, Washington, D.C. 2000, 1 and 2. Online. Available at http://www.brookings.edu/es/urban/officesprawl/lang.pdf (describing a "remarkable change in the location of office employment," i.e., the emergence of the suburbs with "near parity" with central cities for the location of office buildings; noting that "offices are where a large percentage of job growth occurs;" also noting that "the distribution of new office space can help determine the extent to which there is a jobs/housing mismatch in a region" and "can also influence the spatial mismatch between economic opportunity and minority households).

[149] For example, in the context of discussing the pattern of white male worker skills and wages, Levy takes note of Richard Freeman's studies to the effect that because "[t]he surge in supply increased job competition among college graduates and exerted downward pressure on their wages" in the early 1970s, and, conversely, "macroeconomic events were driving up the wages of high school graduates." Ibid. at 83, the educational earnings gap between the two decreased dramatically. See Frank Levy, *The New Dollars and Dreams*, by The Russell Sage Foundation, New York, 1998, 83. Moreover, even an increasing "skill premium" does not necessarily imply a significant increase in wages for the more highly skilled but rather may mean only that the wages of skilled to less-skilled workers may reflect a decrease in wages of the latter. See Lawrence Mishel, Jared Bernstein, and John Schmitt, *The State of Working America 2000-01*, Cornell University Press, Ithaca, 2000 (describing that phenomenon in the period between the late 1970s and the late 1990s).

[150] For example, it has been strongly contended that "[h]uman-capital theory offers a[n]….individualistic account of inequality, with the additional twist of radical depersonalization. In strict human-capital terms, neither the worker's nor the worker's effort earns the rewards of work; instead, previous investments in the quality of workers command current returns….[S]uch analyses rule out ties among workers or between bosses and workers as independent causes of inequality. They rely on an almost magical belief in the market's ability to sort out capacities for work." Charles Tilly, *Durable Inequality*, University of California Press, Berkeley, 1999, 33. Tilly argues that "[t]hese analyses fail….to the extent that essential causal business takes place not inside individual heads but within social relations among persons and sets of persons. That extent is, I claim, very large." Ibid.

[151] For example, Tilly, see note 153, *supra*, argues that "[i]n most settings,….any individual's performance – indeed, any individual's apparent skill – depends subtly on communication and collaboration with co-workers, including supervisors" and that "[i]f (as is often the case in professions) workers commonly enhance their performance by relying on off-the-job mentoring and information giving, then previously established networks likewise affect job performance." Ibid., 101. More generally, he contends that "[t]he conventional distinction between human-capital effects and discrimination effects captures part of the process [of generating inequality] but understates its complexity. Human capital (and, for that matter, social capital) consists largely of categorical experience compounded and transmitted." Ibid.

[152] "Many immigrant groups, including blacks, established their own market-related institutions as a means to rise into the American mainstream. `Our country has a long history of the successful development of `immigrant banks' that served ethnic neighborhoods and helped transform them for low-income to middle-income communities,' observed researchers of the Jerome levy Economics Institute. David Stoesz, " *A Poverty of Imagination, Bootstrap Capitalism, Sequel to Welfare Reform*, University of Wisconsin Press, Madison, Wisconsin, 2000, 149 (citing Dimitri Papdimitriou, Ronnie Philips, and L. Randall Way, "Community Development Banking," Jerome Levy Economics Institute, Annandale-on-Hudson, 1993). Stoesz notes the important role played by community savings and loans, mutual assistance funds, and businesses that distributed goods and services, in enabling individuals in those communities to prosper. Ibid. See also, "Democratizing Capital in U.S., History, Business, and Public Policy, Transcripts, Milken Institute, Santa Monica, California, June 1-2, 1998. Online. Available at http://www.milken-inst.org/poe.cfm?point=pub03, especially, Roundtable I: Be an Owner: The History and Finance of Capital Access.

[153] See G. Thomas Kingsley, Joseph B. McNeely, and James O. Gibson, "Community Building Coming of Age," Urban Institute, Washington D.C. Online. Available at http://www.urban.org/community/combuild.htm.

[154] See generally, Amartya Sen, *Development as Freedom*, Alfred A. Knopf, New York, 1999.

[155] Ibid., 17 (emphasis in original). For a discussion that focuses on the importance of assets and its connection with Sen's ideas see "Draft World Development Report 2000/1, *Attacking Poverty*," prepared for the World Bank, s. 1.4. Online. Available at
http://www.worldbank.org/poverty/wdrpoverty/drafts/chapter1.pdf. Note that the report argues that "the material well-being of the poor can be seen as a product of their assets and the level and variability of returns to these assets." Ibid., s. 7.1. More particularly, it states that "[a]ssets can be privately owned and operated or publicly supplied. The returns to private assets will depend on the markets in which their services are traded, the availability of other assets, and macro-level policies." Ibid. The report uses a categorization of assets that is different from the one used here, but many of the underlying elements in those categories are substantially the same:

"A wide range of assets matter for the poor – human, natural, physical, financial, and social. The capacity for labor is perhaps the most basic asset any of us has. This capacity can be enhanced through training and education and by maintaining good health. Thus education and health are often treated as assets. Physical assets include plant and machinery and infrastructure like roads or telecommunications – these can be privately owned or publicly supplied. Natural assets can be privately owned, such as farm land, or owned and operated as a common property resource, like woodlots, grazing pastures, or rivers. Financial assets include savings and credit instruments. Social assets encompass a range of reciprocal norms and obligations that can be drawn upon in times of need or that facilitate and enforce collective action." Ibid., s. 7.2.

[156] Amartya Sen, *Development as Freedom*, Alfred A. Knopf, New York, 1999, 75. The term "functionings" refers to the various [particular] things a person may value doing or being." Ibid. Functionings can range from "being adequately nourished and being free from avoidable disease, to….being able to take part in the life of the community and have self-respect." Ibid.

[157] Ibid., 74.

[158] Ibid.

[159] Some people may read the word "capabilities" as referring to personal internal resources, but that is not Sen's meaning. Conversely, some people may read the word "assets" as referring to external resources, but, as we indicate, that is not what we mean.

[160] For example, according to Sen, certain freedoms are instrumental in that they "contribute, directly or indirectly, to the overall freedom people have to live the way they would like to live," i.e., they directly enhance the capabilities of people." Ibid., 40. They include "(1) political freedoms, (2) economic facilities, (3) social opportunities, (4) transparency guarantees and (5) protective security." Ibid., 38 (emphasis omitted). For Sen, political freedoms include a role in governance and rights of political expression. Ibid. Economic facilities mean "the opportunities that individuals respectively enjoy to utilize economic resources for the purpose of consumption, production, or exchange," Ibid., including "economic entitlements" to "resources owned or available for use as well as….conditions of exchange" and "[t]he availability and access to finance." Ibid., 39. Social opportunities refer to "the arrangements that society makes for education, health care, and so on, which influence the individual's substantive freedom to live better." Ibid. Transparency guarantees relate to "the need for openness that people can expect; the freedom to deal with one another under conditions of disclosure and lucidity." Ibid. Finally, according to Sen, protective security corresponds to "a social safety net for preventing the affected population from being reduced to abject misery, and in some cases even starvation and death," Ibid. For example, it includes. "*fixed institutional* arrangements such as unemployment benefits and statutory income supplements to the indigent as well as *ad hoc* arrangements such as famine relief or emergence public employment to generate income for destitutes." Ibid. (emphasis in original).

[161] "To an economist, a stock of capital is the same as the flows of income derived from it; two different ways of looking at the same thing. Thus an asset is the same as the flow or stream of services yielded by that asset. The asset `yields' the flow of income (monetized services) and the stream of income is "capitalized" back to get the `capital value' of the asset…Of course, every income stream has a capitalized present value. However, `income' is not an asset just as a flow is not a stock but the (discounted) sum of flows is a stock (value)." Comment by David Ellerman, submitted in connection with Conference on A New, Asset-Based Social Policy Framework, March 23, 1999, Asset Development Institute, Center on Hunger and Poverty.

[162] "[T]ransferring $X of income to a person is identical to transferring an asset valued at $X, except for restrictions imposed on when the recipient can dispose of the transfer. Transferring $1,000 which the recipient may consume immediately is an *income* transfer. Transferring $1,000 which the recipient cannot use for, say, ten years is an *asset* transfer. Apart from this restriction on the timing of use, *there is no difference between an income transfer and an asset transfer*. [Either an income or an asset transfer can be restricted as to use For example, income transfers can take the form of food stamps or section 8 housing vouchers and asset transfers can be restricted for later use for education, starting a business, or buying a home.]

Thus, a program that transferred $1,000 to newborns and $500 during each of the first five years of life is an income transfer, if it can be used at any time. It is an asset transfer if the funds cannot be used for a certain period, say until retirement. In plain English, assets are income that has not been spent. And asset transfers are transfers of income that cannot be spent when distributed. To put matters another way, asset transfers are income transfers with paternalistic restrictions." Henry J. Aaron, "Thinking Straight About Asset Creation," comments submitted in connection with the Conference on A New, Asset-Based Social Policy Framework, April 28, 1999, Asset Development Institute, Center on Hunger and Poverty.

[163] Aage B. Sorenson, "A Neo-Ricardian Framework of Class Analysis," Chapter 5 in *Alternative Foundations of Class Analysis*, edited by Erik Olin Wright p. 142. Online. Available at http://www.ssc.wisc.edu/~wright/Found-c5.PDF.

[164] See Matthew Miller, "The Poor Man's Capitalist: Hernando de Soto," *The New York Times*, July 1, 2001 (recounting de Soto's view that "where assets are not "paperized" in the formal documents and legal structures common in the West," such as when people operate "extralegal" businesses or invest in "extralegal homes" the assets can't function productively as capital.)

[165] Sorenson argues that "[t]he total wealth controlled by actors defines their class situation with respect to *class* as *life conditions*. The asset controlled will determine their incomes and the variability of their incomes," wage, employment opportunities, and "shape opportunities for transactions with other actors." Aage B. Sorenson, "A Neo-Ricardian Framework of Class Analysis," Chapter 5 in *Alternative Foundations of Class Analysis*, edited by Erik Olin Wright p. 142. Online. Available at http://www.ssc.wisc.edu/~wright/Found-c5.PDF. He adds: "By shaping welfare and well-being, as well as economic opportunities and the investments that maximize these opportunities, the total wealth and the composition create the behavioral dispositions that are accountable for the inoculation and socialization mechanisms associated with class as life conditions…." Idem at 145. Note, though, that his essay, Sorenson's focus is largely on the role and importance of "economic rents," that is, the advantages "gained from effectively being able to control the supply of assets". Idem at 145.

[166] Comment by David Ellerman, submitted in connection with Conference on A New, Asset-Based Social Policy Framework, March 23, 1999.

[167] Because they may be public goods, as a matter of policy, they may be dealt with differently than assets that are associated with individual private rights. Ibid.

[168] Think of a person saving money from her paycheck to pay for her education or for a down payment on a house.

[169] The different activity may be a productive endeavor, e.g., the start up of a new business or the development of additional skills for sale in the market for labor. But the individual will enjoy a level of consumption higher or different from that which he or she might otherwise have been had if he or she had not accumulated.

[170] It has been strongly argued that financial asset accumulation is not only a matter of having a *source* of money, e.g., derived from some income flow, that, as a matter of individual preference, might be diverted for saving, but also the *means and mechanisms* that facilitate such saving. So, for example, the procedure for payroll deductions by which government and employers helps employees to put money in 401(k)s or similar accounts, establishes for the more affluent a presumptive behavior of saving and a regular, simple, and easy method for effecting it. See Sondra Beverly and Michael Sherraden, "Institutional Determinants of Saving: Implications for Low-Income Households*," Journal of Socio-Economics* ….. For an earlier discussion of this point see Sondra Beverly, "How Can the Poor Save?, Theory And Evidence On Saving In Low-Income Households," Working Paper No. 97-3, Center for Social Development, George Warren Brown School of Social Work, Washington University in St. Louis, 1997. Online. Available at http://gwbweb.wustl.edu/users/csd/workingpapers/wp97-3.pdf.

[171] The recently enacted Economic Growth and Tax Relief Reconciliation Act of 2001 modified laws relating to IRAs, 401(k)s, 4013(b)s, so-called 529 education savings plans, and other financial assets building policies in ways that skew even more in favor of affluent families. See James Lange, Esq., CPA, The Economic Growth and Tax Relief Reconciliation Act of 2001, Roth IRA Advisor. Online. Available at http://www.rothira-advisor.com/economicgrowth.htm.

[172] "In 1996, Congress created a demonstration project permitting small employers and the self-employed to establish tax-free Medical Savings Accounts (MSAs)…[] MSAs are personal savings accounts that must be combined with high-deductible health insurance. Account holders typically use their MSA funds to pay small and routine health care bills, while relying on health insurance to pay more costly ones. Money not spent during the year may be left in the account to grow tax free. In addition to medical expenses, MSA funds may be used to pay health insurance premiums when people are between jobs." "Making Medical Savings Accounts Better," Brief Analysis No. 295, Friday, June 11, 1999, National Center for Policy Analysis. Online. Available at http://www.ncpa.org/ba/ba295.html. Further, "under the demonstration project…., certain individuals or their employers may make annual tax-deductible MSA contributions of up to 65 percent of the policy's deductible in the case of individual coverage and 75 percent of the deducible for family coverage." Ibid.

[173] The converse side of this argument is that for those households that lack adequate health coverage, the expense incurred can have devastating consequences. For example, "[a]….national study published in May,[2000] co-authored by Harvard Law professor Elizabeth Warren, found the lack of adequate insurance and other health-related reasons account for an astounding 46 percent of personal bankruptcy filings in 1999, affecting approximately 500,000 families, according to estimates based on first-quarter filings at selected federal bankruptcy courts." Dolores Kong, "Seeking a safety net," by *The Boston Sunday Globe*, July 16, 2000, p. H4. "In fact, 80 percent of the families who cited health-related reasons for bankruptcy actually had insurance but not enough, and had high deductibles, uncovered expenses, and loss of income, according to Harvard's Warren." Ibid. For a recent and comprehensive discussion of employment, marital, and other reasons related to filing of bankruptcies, see Teresa A. Sullivan, Elizabeth Warren, and Jay Lawrence Westbrook, *The Fragile Middle Class, Americans in Debt*, Yale University, New Haven, 2000.

[174] The subsidy of homeownership for the affluent is effected through federal income tax deductions for home mortgage interest and (state) real estate taxes. In 1999, the federal home mortgage deduction was estimated to afford almost $53.4 billion of tax benefits. Over $37.8 billion of those benefits went to the class of those filing returns with an annual income in excess of $75,000. *Estimates of Federal Tax Expenditures For Fiscal Years 2000-2004*, Prepared by the Committee on Ways and Means and the Committee on Finance, December 22, 1999, U.S. Government Printing Office, Washington, D.C. 1999, Table 3, p. 30. Online. Available at http://www.house.gov/jct/s-13-99.pdf. The benefit of about $13.3 billion of an estimated $18.4 billion in federal real estate tax deductions went to the same group of individuals. Ibid.,26. (Note that the "income" used in the referenced tables was not adjusted gross income (AGI) as employed for personal federal income tax purposes, but includes as well, estimates of various kinds of unreported and underreported income.) Other housing-related tax benefits skewed to the more affluent include the non-taxation of capital gains from the sale of homes and non-taxation of the return on home equity. For a recent discussion of the skewing of the distribution of certain of these tax benefits in favor of outlying areas over central cities, certain states over others, and high income owners over others, see Joseph Gyourko and Todd Sinai, "The Spatial Distribution of Housing-Related Tax Benefits in the United States," The Brookings Institution Center on Urban and Metropolitan Policy, July 2001. Online. Available at http://www.brookings.edu/es/urban/publications/gyourko.pdf.

[175] For example, the average yearly AFDC family benefit increased from $2,136 per year in 1970 to $4,888 in 1996 while the average poverty threshold for a family of four increased from $3,968 to $16,036 in 1996. See *Poverty in the United States, 1998*, Current Population Reports, Consumer Income, U.S. Census Bureau, September 1998, Table A-1, Page A-3 and *1998 Green Book*, Committee on Ways and Means, U.S. House of Representatives, May 19, 1998, U.S. Government Printing Office, Washington, D.C. 1998, Table 7-6, p. 413.

[176] "Although income support programs have provided much needed cash, health care, food assistance, and support services, the same programs generally force people to deplete their assets before qualifying for assistance and deny recipients the ability to accumulate the very assets they may need to achieve economic independence." Sandra H. Venner and J. Larry Brown, "State Investments in Income and Asset Development for Poor Families," Center on Hunger and Poverty, January 1999, 10. For a discussion of

the adverse impact of such requirements on savings by low income beneficiaries of these programs, see Peter R. Orszag, "Asset Tests and Low Saving Rates Among Lower-Income Families," Center on Budget and Policy Priorities," April 13, 2001. Online. Available at http://www.cbpp.org/4-13-01wel.htm.

[177] See, e.g., "ONE STEP FORWARD, TWO STEPS BACK , An Analysis of Racial Disparities in Home Purchase and Refinance Mortgage Lending in Forty-one Cities from 1995 to1998," Association of Community Organization for Reform Now (ACORN), 1999. Online. Available at http://www.acorn.org/ACORNarchives/studies/onestepforward/index.html.

[178] For an extensive analysis of the evidence supporting this point, see Melvin Oliver and Thomas Shapiro, Routledge, *Black Wealth/White Wealth: A New Perspective on Racial Inequality,* Routledge Press, New York, 1995. More recently, in Dalton Conley, *Being Black, Living in the Red, Race, Wealth, and Social Policy in America*, University of California Press, Berkeley, 1999, the author writes: "While the impact of race varies depending upon which outcome we examine, in almost all instances presented in this book socioeconomic variables have a much greater impact in predicting outcomes than does skin color or racial identity for ….young males who have grown up since the landmark civil rights legislation of the 1960s….These findings represent both good and bad news for policymakers since, on the one hand, money is a lot more transferable than race. On the other hand, the important racial gap in wealth that stems from generations of black-white inequality is not easily remediable because it largely results from past dynamics rather than from a dearth of `equal opportunity' in the post-1960s world." Ibid., 134.

For a description of how the failure to attend to the legacy of racial discrimination can produce racial inequality in access to capital for small business see Michael Harrington and Glenn Yago, "Mainstreaming Minority Business: Financing Domestic Emerging Markets," Milken Institute. Online. Available at http://www.mijcf.org/poe.html?pub05. For example, they cite "a comparative study of black- and white-owned business enterprises, [to the effect that] the[] three outcomes of limited capital access—discouraged entrepreneurs, small firms, and small business closures—reinforce a pattern of circular causation that effectively strangles prospects for small business parity between minority- and white-owned businesses. This disparity across groups is evident in data on the supply and demand for startup capital. 1992 Economic Census survey data of business owners shows that 66.5 percent of black owners and 58.6 percent of Hispanic owners used less than $5,000 of startup capital versus 53.9 percent for non-minority males. In contrast, 10.1 percent of non-minority males used $50,000 or more of startup capital, while only 6.7 percent of Hispanics and 2.9 percent of blacks used more than $50,000….." For an even broader discussion of the problem of access of minority businesses to capital, see Glenn Yago and Aaron Pankratz, "The Minority Business Challenge, Democratizing Capital for Emerging Domestic, Markets,' Milken Institute and U.S. Department of Commerce, Minority Business Development Agency, September 25, 2000, http://www/milkeninstitute.org/poe.cfm?point=pub05.

[179] For a discussion of contemporary problems as they relate to women in business, see e.g., Glenn Yago, Rebecca L. Ford, and Judith Gordon, "Economic Prosperity, Women and Access to Credit, Best Financial Practices in Credit Markets" Milken Institute and National Business Women's Council, October 4, 2000. Online. Available at http://www.milkeninstitute.org/poe.cfm?point=pub14.

[180] See, e.g., Brandon Roberts and Jeffrey D. Brandon, "Welfare to Wages, Strategies to Assist the Private Sector to Employ Welfare Recipients," prepared for Charles Stuart Mott Foundation, August 1998, 2. Online. Available at http://www.mott.org/publications/welfv1.pdf, (arguing that "the emphasis on `work first,' or immediate labor market attachment" has not served the needs of business because individuals who are hired do not yet have the skills and training that are required for success at the workplace, but also suggesting, by implication, that such an emphasis sets those individuals up for failure.)

The relation between low-wage, low-skill employment and the denial of economic opportunity may be a lifetime one. See, Dorothy K. Seavey, "*Back to Basics*: Women's Poverty and Welfare Reform," Special Report CRW 13, Wellesley College Center for Research on Women (1996), 109-110 (casting doubt on the premise that low-wage employment "can serve as a stepping stone into the world of work and a bridge to higher-waged employment," e.g., citing "indirect evidence that job promotion and mobility opportunities for less-skilled workers have declined over time" and "general evidence suggesting that job ladders with firms have become attenuated, particularly for unskilled manufacturing workers"; and "evidence that improving one's earnings by experience alone is becoming increasingly difficult as educational credentials become more important in determining one's employment status")

[181] "Most of the investment in post-school adult education is being made by workers who already have higher levels of formal educational attainment. From 1990 to 1991, nearly 80 percent of young workers with some college education had participated in post-school education and training since leaving full-time schooling. Fewer than half of young workers with a high school degree but no college, and only 22 percent of young workers with no high-school degree, had participated in post-school training." "Futurework, Trends and Challenges for Work in the 21st Century," Chapter 7, "Implications of Workplace Change," 79. Online. Available at http://www.dol.gov/dol/asp/public/futurework/report/chapter7/main1.htm. See also, Robert I. Lerman and Stefanie R. Schmidt, "An Overview of Economic, Social, and Demographic Trends Affecting the U.S. Labor Market," The Urban Institute, Washington, D.C. (1999), 9. Online. Available at http://www.urban.org/employment/dol_fr/dol_finalreport.pdf, (arguing that "the U.S. is distinctive in that training peaks in the 45- to 54-year-old years and drops off only moderately among the 55-64 year-olds," that "U.S. firms are less likely to finance training for younger workers than firms in other countries," and suggesting that "[s]ince firms generally do not train less educated workers, the growing number of older, less-educated workers are likely to place an added strain on the public training system.")

[182] "Simply put, most jobs do not provide training of any kind, and individuals without post secondary training don't get jobs that do." See, Anthony P. Carnevale, "Beyond Consensus, Much Ado About Job Training" *Brookings Review*, Fall 1999, 43. Carnevale argues that "[d]espite the rhetorical emphasis on training,….money for federal training programs declined during the 1980s – form 0.12 percent to 0.09 percent of GDP. And the trend continued. Federal training dollars fell from $24 billion in 1978 to $7 billion in 1999." Ibid., 40.

[183] See, e.g., "State Investments to Make Work Feasible, Child Care, Health Care, and Transportation Policies for Low Income Families," Center on Hunger and Poverty, Tufts University, April, 1999.

[184] "[G]overnment works at cross-purposes in its treatment of poor places. Small-scale interventions are intended to revive depressed communities while large-scale public policies undermine their very ability to survive. [During the post World War II era,] central cities….were targeted for limited amounts of assistance and renewal beginning in the late 1940s even as more substantial federal subsidies for home mortgages, commercial development, and highway building were drawing industry, middle-class residents, and much needed tax revenues out to the suburban fringe…[F]ederal aid for local readjustment [in rural farm communities] paled in comparison with support for large-scale mechanization, commercialization, and industrialization that transformed the agricultural economy." See, O'Connor, Alice, "Swimming Against the Tide: A Brief History of Federal Policy in Poor Communities," in Ronald F. Ferguson and William T. Dickens, Editors, *Urban Problems and Community Development*, Brookings Institution Press, Washington, D.C. 1998, 79.

More recently, "economic policy….has favored flexible, deregulated labor markets and left communities with little recourse against wage deterioration and industrial flight. Public policy was similarly instrumental in the intensification of racial segregation in residential life by encouraging redlining practices in mortgage lending agencies, maintaining segregationist norms in public housing projects and by uneven commitment to the enforcement of federal antidiscrimination laws." Ibid. 79. For an extensive discussion of the racial legacy of the Housing Act of 1949 and low-income housing policy more generally from that time until the recent present, see Housing Policy Debate, volume 11 Issue 2, Fannie Mae Foundation, Online. Available at http://www.fanniemaefoundation.org/home.htm

For a similar view of current policy, see Bruce Katz and Jennifer Bradley, "Divided We Sprawl," *The Atlantic Monthly*, December, 1999. Online. Available at http://www.theatlantic.com/issues/99dec/9912katz.htm ("Federal mortgage-interest and property-tax deductions give people a subtle incentive to buy bigger houses on bigger lots, which almost by definition are found in the suburbs. States also spend more money building new roads -- which make new housing developments and strip malls not only accessible but also financially feasible – than they do repairing existing roads. Environmental regulations make building offices and factories on abandoned urban industrial sites complicated and time-consuming, and thus render untouched suburban land particularly appealing."). For exploration of four future scenarios in which the relationship among sprawl, "smart group," and social equity is explored, see Lance Freedman, "Scenario Planning for a Fair Growth Agenda," presented at the "Fair Growth" Conference sponsored by the Fannie Mae Foundation and the Association of Collegiate Schools of Planning, http://www.fanniemaefoundation.org.

For a detailing of the disappearance of work and the devastating consequences of that disappearance for life in the ghetto of the central city, see William Julius Wilson, *When Work Disappears, The World of the New Urban Poor*, Alfred A. Knopf, New York 1996.

[185] "For the first time in the postwar period, the division of total corporate income between income paid to workers and income paid to owners of capital shifted strongly in favor of owners of capital during the 1990s. In 1999, owners of capital received 20.5% of the income paid out by the corporate sector, up from 18.2% in 1989. This 2.3 percentage-point rise in the "profit share" was more than four times larger than the 0.5 percentage-point increase between 1979 and 1989." Lawrence Mishel, Jared Bernstein, and John Schmitt, *The State of Working America 2000/2001*, Cornell University Press, January 2001. Online. Available at http://www.epinet.org/.

See also, James K. Galbraith, *Created Unequal, The Crisis in American Pay*, The Free Press, New York (1998), 82-86 and Figure 5.6 (detailing the "squeeze on wages," i.e., the decreasing share in national personal income of wages and salaries from the 1940s (64.2%) to the 1990s (58.6%)). Note Galbraith's discussion of the connection between financial asset equality and personal income inequality, i.e., pointing to an increasing share in personal income (as presented in federal national accounts statistics) of interest payments from the 1940s (3.97%) to the 1990s (13.29%), Ibid., 85 and Figure 5.6, and noting that "[i]nterest is earned in significant quantities by significant numbers of moderately wealthy – say, the top 10 percent rather than the very top percentile" and, while acknowledging that many individuals have debts themselves, stressing that "as one moves up the wealth ladder, the payment of interest represents a net flow from middle-income debtors and from the government itself (that is, from taxpayers) to creditors among the comparatively well-to-do." Ibid. 14. In this context it should be stressed that the particular personal income statistics in question do not include personal net capital gains income which, although smaller than personal interest income, largely goes to the wealthiest families. See Ibid., 14.

[186] As noted below, see p. 21, the according of stock options is arguably a means to "workers ownership" of enterprises at which they are employed, and the practice is tax favored.

[187] See the Web site of the Center for Social Development, Washington University in St. Louis for a series of studies suggesting causal relationships between assets and various measures of individual, family, and community well being. Online. Available at http://gwbweb.wustl.edu/Users/csd/workingpapers/workingpapers.html (including the following titles: Cho, Esther Yin-Nei (1999). "The Effects of Assets on the Economic Well-being of Women After Marital Disruption," working paper no. 99-6;. Scanlon, Edward (1999), "The Impact of Homeownership on the Life Satisfaction of African-Americans," working paper no. 99-4; Page-Adams, Deborah & Vosler, Nancy (1997), "Homeownership and Well-Being Among Blue-Collar Workers," working paper 97-5; Cheng, Li-Chen & Page-Adams, Deborah (1996), "Education, assets and Intergenerational well-being: The case of female headed families," working paper no. 96-3; Scanlon, Edward (1996), "Homeownership and Its Impacts: Implications for Housing Policy for Low-Income Families," working paper no. 96-2; Page-Adams, Deborah & Sherraden, Michael (1996), "What We Know About Effects of Asset Holding: Implications for Research on Asset-Based Anti-Poverty Initiatives, "working paper no. 96-1; Yadama, Gautam & Sherraden, Michael (1995), Effects of Assets on Attitudes and Behaviors: Advance Test of a Social Policy Proposal," working paper no. 95-2). For a recent discussion of issues of economic equality and health see *New Democracy Forum: Is Equality Good Medicine*?, *Boston Review*, February/March 2000. Online. Available at http://bostonreview.mit.edu/BR25.1/.

[188] Table 6d: Holdings and distribution of assets, debts, and income (in billions of 1998 dollars), by percentiles of net worth, 1998. "An examination of Changes in the Distribution of Wealth From 1989 to 1998: Evidence from the Survey of Consumer Finances," by Arthur B. Kennickell, prepared for the Conference on Saving, Intergenerational Transfers, and the Distribution of Wealth, Jerome Levy Economics Institute, Bard College, June 7-9, 2000, March 29, 2001 (Corrected). Online. Available at http://www.federalreserve.gov/probs/oss/oss2/papers/wdist98.pdf. Note that the data are based on the Federal Reserve's 1998 Survey of Consumer Finance.

[189] The figures for 1989 were 21.3%, 27.8%, and 62.7%, respectively. Table 6a: Holdings and distribution of assets, debts, and income (in billions of 1998 dollars), by percentiles of net worth, 1989. "An examination of Changes in the Distribution of Wealth From 1989 to 1998: Evidence from the Survey of Consumer Finances," by Arthur B. Kennickell, prepared for the Conference on Saving, Intergenerational

Transfers, and the Distribution of Wealth, Jerome Levy Economics Institute, Bard College, June 7-9, 2000, March 29, 2001 (Corrected). Online. Available at http://www.federalreserve.gov/probs/oss/oss2/papers/wdist98.pdf. Note that the data are based on the Federal Reserve's 1998 Survey of Consumer Finance. See also ibid., 11.

[190] Table 2: Percentage distribution of families over constant-dollar wealth groups; 1989, 1992, 1995 and 1998 SCF, "An Examination of Changes in the Distribution of Wealth From 1989 to 1998: Evidence from the Survey of Consumer Finances," by Arthur B. Kennickell, prepared for the Conference on saving, Intergenerational Transfers, and the Distribution of Wealth, Jerome Levy Economics Institute, Bard College, June 7-9,2000, March 29, 2001 (Corrected version), 8. Online. Available at http://www.federalreserve.gov/pubs/oss/oss2/papers/wdist98.pdf.

[191] Table 3. Family net worth, by selected characteristics of families, 1989, 1992, 1995, and 1998 surveys, "Recent Changes in U.S. Family Finances; Results from the 1998 Survey of Consumer Finances," by Arthur B. Kennickell, et al, Division of Research and Statistics, Federal Reserve Board, Washington D.C., 7. Online. Available at http://www.federalreserve.gov/pubs/oss/oss2/98/bull0100.pdf.

[192]Ibid.

[193] Edward N. Wolff, "Recent Trends in Wealth Ownership," prepared for *the Conference on Benefits and Mechanisms for Spreading Asset Ownership in the United States*, New York University, December 10-12, 1998, Table 4, p.39.

[194] Table 5. Family holdings of financial assets, by selected characteristics of families and type of asset, 1995 and 1998 surveys, "Recent Changes in U.S. Family Finances; Results from the 1998 Survey of Consumer Finances," by Arthur B. Kennickell, et al, Division of Research and Statistics, Federal Reserve Board, Washington D.C., p. 11. Online. Available at http://www.federalreserve.gov/pubs/oss/oss2/98/bull0100.pdf.

[195] Ibid.

[196] Ibid.

[197] Ibid.

[198] "Who Are the Asset Poor? Levels, Trends, and Composition, 1983-1998,"by Robert Haveman and Edward N. Wolff, Institute for Research on Poverty, Discussion Paper no. 1227-01, University of Wisconsin, Madison, 9. Online. Available at http://www.ssc.wisc.edu/irp/pubs/dp122701.pdf.

[199] For comprehensive and detailed analyses as they relate to African-Americans, see Melvin L. Oliver and Thomas M. Shapiro, *Black Wealth/White Wealth; A New Perspective on Racial Inequality*, by Routledge, New York and London, 1995; Dalton Conley, *Being Black, Living in the Red, Race Wealth, and Social Policy in America*, University of California Press, Berkeley, 1999.

[200] Edward N. Wolff, Recent Trends in Wealth Ownership," prepared for *The Conference on Benefits and Mechanisms for Spreading Asset Ownership in the United States*, New York University, December 10-12, 1998, 17.

[201] Ibid., 15-16. A recent study suggests that notwithstanding the booming economy, "the entire 1999 [household net worth distribution for African-Americans] is virtually coincident with the 1994 distribution." See Joseph Lupton and Frank Stafford, "Five Years Older: Much richer or Deeper in Debt?," Institute for Social Research, Department of Economics, University of Michigan, Working paper for presentation at the Allied Social Science meetings, Boston, Massachusetts, January 7-9, 2000, 5. Online. Available at http://www.isr.umich.edu/src/psid/FiveYearsOlder.pdf. The authors' conclusions are based on analysis of families from the National Science Foundation sponsored Panel Study on Income Dynamics (PSID)." Ibid., 1.

[202] See Edward N. Wolff, "Recent Trends in Wealth Ownership," prepared for *the Conference on Benefits and Mechanisms for Spreading Asset Ownership in the United States*, New York University, December 10-12, 1998, 15.

[203] Ibid., 16.

[204] Ibid.

[205] Ibid.

[206] Ibid.

[207] Thomas M. Shapiro, "The Importance of Assets," prepared for *the Conference on Benefits and Mechanisms for Spreading Asset Ownership in the United States*, New York University, December 10-12, 1998, 14. More generally, it has been suggested with respect to all American families, that ones "with median or lower earnings, on average, have financial reserves sufficient to cover little more than one

month's worth of expenses". "A Plan for Increasing Personal Savings," IDEA brief No. 3, March 2000, The Century Foundation, Ideas for a New Century. Online. Available at http://www.tcf.org/ideas2000/Issues/Retirement/Personal_Savings.pdf (see Table 1, citing calculations for 1995 by Edward N. Wolff, "based on data for householders aged 25 to 54 from U.S. Department of Commerce, Survey of Consumer Finances and consumer Expenditure Survey.")

[208] See Robert Haveman and Edward N. Wolff, "Who are the Asset Poor?: Levels, Trends and Composition, 1983-1998," Institute for Research on Poverty, Discussion Paper no. 1227-01, University of Wisconsin-Madison, Madison WI 53706-1393, April 2001. Online. Available at http://www.ssc.edu/irp/dp122701.pdf.

[209] "The Importance of Assets," by Thomas M. Shapiro, prepared for *the Conference on Benefits and Mechanisms for Spreading Asset Ownership in the United States*, New York University, December 10-12, 1998, 30 (noting disagreements about the proposition and citing studies suggesting that "intergenerational transfers were responsible for a majority (between 52 and 80 percent) of accumulated wealth" and that "21 percent of wealth comes from inter vivo gifts and 31 percent from bequests," and offering a "reading of the effects suggest[ing] that intergenerational transfers account for a very substantial share of total wealth.)

[210] One study suggests that "[j]ust about one in four white families say they leave an inheritance of $10,000 or more and 13.4 percent say they will bequeath more than $1000,000 to their heirs" whereas "less than one in ten [black] families expect to leave an inheritance of $10,000 or more and only 3.1 percent say their financial bequest will be $100,000 or more." by Thomas M. Shapiro, "The Importance of Assets," prepared for *the Conference on Benefits and Mechanisms for Spreading Asset Ownership in the United States*, New York University, December 10-12, 1998, 31. That study also suggests that 5.3 percent of white families but only 1.6 percent of black families, had an inheritance of $10,000 or more during the five preceding years and that "[a]mong whites who received them the mean inheritance amounted to nearly $75,000 compared to $33,400 among blacks." Ibid., 31-32.

[211] Edward N. Wolff, Recent Trends in Wealth Ownership," prepared for *the Conference on Benefits and Mechanisms for Spreading Asset Ownership in the United States*, New York University, December 10-12, 1998, 17-18.

[212] Kathleen McGarry and Robert Shoeni, "Solving the Family-Support Puzzle," Research Brief, Labor and Population Program, December 1995, Rand Corporation. Online. Available at http://www.rand.org/publications/RB/RB5010/RB5010.html (after noting that "[O]one of the most important forms of support [middle-aged Americans] provide is `coresidence' or shared housing," adding that "[c]ash assistance is another important form of support the middle generation provides"; that "[t]hirty percent of the middle generation's coresident adult children received transfers of $500 of more per year from their middle-aged parents," the mean value of the transfers for those receiving one being "$4,979 in 1992 dollars"; that "[f]ourteen percent of the middle generation's non-coresident children received transfers of $500 or more per year," the mean value of the transfers for those receiving one being "$3,061 [in 1992 dollars]"; *but* that "parents who give are more able to do so," i.e., "[p]arents making transfer of $500 or more are better off financially," "are also likely to be white, to be educated and to have fewer children.")

[213] Edward N. Wolff, "Recent Trends in Wealth Ownership," prepared for *the Conference on Benefits and Mechanisms for Spreading Asset Ownership in the United States*, New York University, December 10-12, 1998, 19.

[214] Ibid. 18.

[215] Ibid. "Results for financial wealth are very similar, with the financial wealth of the youngest age group falling from 17 to 14 percent of the overall mean and that of the oldest rising from 19 percent above to 26 above the mean." Ibid., 18-19. Rates of homeownership mirror these trends. See ibid., 19.

[216] See the sources cited in Gavin Kelly and Rachel Lissauer, *Ownership For All*, Institute for Public Policy Research, London, UK, 2000, 9-10. A recent analysis of longitudinal data collected in the United Kingdom suggests that a number of outcomes, including "[l]abour market experience and health appeared to be strongly asset dependent, with especially unemployment being resisted by those who had savings," noting, though, that it "appeared to be the presence or absence of the asset at a relatively low level that mattered rather than its monetary value." John Bynner and Sofia Despotidou, "Effect of Assets on Life Chances," Centre for Longitudinal Studies, Institute of Education, November 7, 2000 (unpublished).

[217] Lisa M. Lynch, "Trends in and Consequences of Investments in Children," *Securing the Future: Investing in Children from Birth to College*, Sheldon Danziger and Jane Waldfogel, editors, Russell Sage Foundation, 2000, 19.

[218] Table 9. Educational Attainment – Total Money Earnings in 1999 of People 18 Years Old and Over by Age, Work Experience in 1999, and Sex, "Money Income in the United States, 1999," *Current Population Reports*, Consumer Income, P60-209, Issued September, 2000, 36 and 38. Online. Available at http://www.census.gov/prod/2000pubs/p60-209.pdf.

[219] Table 9 Educational Attainment – Total Money Earnings in 1999 of People 18 Years Old and Over by Race, Hispanic Origin, and Work Experience in 1999, and Sex, "Money Income in the United States, 1999," *Current Population Reports*, Consumer Income, P60-209, Issued September, 2000, pp. 36 and 38,http://www.census.gov/prod/2000pubs/p60-209.pdf.

[220] Table 1a. Percent of High school and College Graduates of the Population 15 Years and Over, by Age, Sex, Race, and Hispanic Origin: March 2000, Bureau of the Census. Online. Available at http://www.census.gov/population/socdemo/education/p20-536/tab01a.pdf.

[221] Table 10:17. Percent Distribution of TANF Adult Recipients by Educational Level October, 1998 – September, 1999, Third Annual Report to Congress, August 2000, U.S. Department of Health and Human Services, 138. Online. Available at http://www.acf.dhhs.gov/programs/opre/annual3.pdf.

[222] Table 7. Years of School Completed by People 25 Years and Over, by Age, Race, Household Relationship, and Poverty Status: 1999, *Annual Demographic Survey*, Current Population Survey, March 1999. Online. Available at http://ferret.bls.census.gov/macro/032000/pov/new07_002.htm.

[223] Lisa M. Lynch, "Trends in and Consequences of Investments in Children," in Sheldon Danziger and Jane Waldfogel, editors, *Securing the Future: Investing in Children from Birth to College*, Russell Sage Foundation, 2000, 43.

[224] James M Heckman and Lance Lochner, "Remaking Education and Training Policy: Understanding the Sources of Skill formation in a Modern Economy," in Sheldon Danziger and Jane Waldfogel, eds., *Securing the Future: Investing in Children from Birth to College*, Russell Sage Foundation, 2000, 78.

[225] Ibid. Based on his and other, related conclusions, the authors suggest "[f]or those who have difficulties acquiring the skills required by the modern economy, a policy that subsidizes private training for younger workers and employment for older workers is most efficient." Ibid., 79.

[226] "Rather than reflecting income difference alone, post-secondary schooling also seems to be heavily influenced by parental education." David E. Ellwood and Thomas J. Kane, "Who is Getting a College Education?," in Sheldon Danziger and Jane Waldfogel, editors, Op. Cit.,313. They add: "[T]he educational advantages received by students with higher-income parents are being multiplied along with the returns to school. [B]ecause the rising returns also seem to have the effect of increasing the connection between parental education and income, students from more educationally advantaged homes are also more advantaged in income. The joint effect of these forces is to push up enrollments most for those from the most advantaged homes." Ibid., 313. See also Gavin Kelly and Rachel Lissauer, "Ownership for All," Institute for Public Policy Research, London, UK, 2000 (citing "[r]ecent US evidence based on the Panel study on Income Dynamics (PSID) and the National Longitudinal Study on Youth (NLDY) [having] demonstrated that investment and inheritance income explained variance in educational attainment and outcomes better than income measures," (citing S. Mayer, *What money can't buy: Family income and children's life chances*, Harvard University Press, Cambridge, 1997) and that "[p]arental income from assets was found to impact on the education of adult children, when controlling for other factors (citing M. Hill and G. Duncan, "Parental family income and the socio-economic attainment of children," *Social Science Research 16*, pp. 39-73)), 9.

[227] Amie Jamieson, Andrea Curry, and Gladys Martinez, "School Enrollment in the United States – Social and Economic Characteristics of Students, October 1999," Table C. Annual High School Dropout Rates by Sex, Race, Hispanic Origin, Family Income, and Grade Level: October 1999, by *Current Population Reports*, Population Statistics, Issued March 2001, 6. Online. Available at http://www,census.gov/prod/2001pubs/p20-533.pdf.

[228] Ibid.

[229] In 1999, among people aged 25 to 29 who completed high school, 35 percent of White non-Hispanics, 17 percent of Blacks, and 14 percent of Hispanics completed a bachelor's degree or higher." Eric C. Newburger and Andrea Curry, "Educational Attainment in the United States, March 1999" Figure 2. Educational Attainment by Race, Hispanic Origin, and Age March 1999, *Current Population Reports*,

Population Statistics, P20-528, Issued August 2000, 3. Online. Available at http://www.census.gov/prod/2000pubs/p20-528.pdf

[230] There are profound and, not surprisingly, difficult, philosophical and practical issues posed with respect to the treatment of individuals who are born with capacities and talents far disparate from the norm (and arguably, even those who experience a dramatic loss of such capacities and talents during their lifetime). The fact that we largely do not canvas them here is not an indication of the critical importance of those issues to the individuals affected and the society at large.

[231] See, for example, Jack P. Shonkoff and Deborah A. Phillips, Editors, "From Neurons to Neighborhoods, The Science of Early Childhood Development," Committee on Integrating the Science of Early Childhood Development, Board on Children, Youth, and Families, National Research Council and Institute of Medicine, National Academy Press, Washington, D.C., 2001.

[232] The vitality of a community does not necessarily depend upon enterprises that provide jobs being located in that community. It requires, at least, that residents have reasonable access to those jobs, whether they are to be found within or outside the geographic area of the community.

[233] As noted earlier, even though, stock ownership is not a relevant concept for employees of the broad array of non-profit enterprises, they and other individuals are stakeholders in such enterprises and have concerns similar in many respects to those of stakeholders in for-profit enterprises. Analogous issues are posed for employees and others who have a "stake" in government-owned enterprises. In all instances, though, the core issue is the allocation of the power within the enterprise.

[234] For a general survey of normative arguments advanced in favor of a shift from a shareholder to a stakeholder approach to corporate governance, see Amitai Etzioni, The Monochrome Society, Princeton University Press, Princeton, N.J., 2001, pp. 246-260. The extent to which "democratizing wealth" should entail broader sharing of e the economic benefits that flow from the enterprise and the degree to which it should extend to broader forms of power sharing, implicate concerns about the bearing of those choices on economic efficiency and economic fairness. For example, it has been argued that "[t]he `stakeholding' solution imposes social constraints upon the market by giving organized constituencies – workers, consumer groups, and local communities – voices and vetoes in the management decisions of established firms. The result risks paralysis while also threatening to reinforce existing divisions between economic insiders and outsider." Roberto Mangabeira Unger, *Democracy Realized, The Progressive Alternative*, by Verso Press, London and New York, 1998, 210. By contrast, Unger proposes the creation of "independent economic agents – funds and support centers – standing between government and private producers," Ibid. 210, sustained in part by monies from mandatory private saving for pensions, which, in his view would result in "different styles of association", e.g., different relationships of ownership and management. Such alternatives, according to Unger, would "make the market economy more pluralistic in its institutional forms and more inclusive in its social beneficiaries." Ibid., 211.

[235] Such an argument would, of course, sustain proposals for assuring all young people a financial or other "stake" at young adulthood typified by proposals such as those for Children's Savings Accounts. See discussion, *infra*. The reference in the main text, though, is essentially to what are literally publicly owned assets, natural and otherwise.

[236] The issue is posed most starkly in the case of common assets being held by the government and sold for private use. See, e.g., Harold J. Krent and Nicholas S. Zeppos, "Monitoring Government Disposition of Assets: Fashioning Regulatory Substitutes for Market Controls," *Vanderbilt Law Review*, 1999. In their abstract, the authors state: "From the taxpayer's perspective, however, government disposition schemes have failed miserably. The government has donated valuable resources to preferred claimants, and sold both public land and oil rights resources by lottery, and sold both public land and rights to minerals beneath to private parties at a fraction of the market price. The government has also sold timber without any apparent cost-benefit justification, and awarded rights to use electromagnetic spectrum worth billions of dollars to communications giants at a substantial discount."

"Each year the government sells or leases assets worth billions of dollars. The impact on the economy is staggering. FCC auctions allocate rights to electromagnetic spectrum generated well over twenty billion dollars in the last three years. Proceeds from mineral leases, timber sales, and disposition of real estate from defaulting thrifts have generated another several billion dollars annually. "From the taxpayer's perspective, however, government disposition schemes have failed miserably. The government has donated valuable resources to preferred claimants, and sold both public land and oil rights resources by lottery, and sold both public land and rights to minerals beneath to private parties at a fraction of the market price. The government has also sold timber without any apparent cost-benefit justification, and awarded rights to use electromagnetic spectrum worth billions of dollars to communications giants at a substantial discount.".

[237] For example, one study has characterized what is termed "sustainable development" in the following way:

"We know that `needs' are relative to time, place, and person. Even fulfilling basic needs in one community raises huge equity and redistributional issues of existing resources.

"These equity and social justice issues underlie sustainability. Sustaining ecological systems requires sustaining human systems; the two go hand in hand. The distribution of both financial and natural resources affects where people and communities can meet their basic physical needs (food, shelter, clothing, education, health). People who are unable to meet their basic needs are unlikely to focus on preserving their environment, even if it is in their long-term interest to do so. Sustainable development expands the concept of equity by forcing us to consider development that is compatible across nations, generations, and even species." Carla Dickstein, Diane Branscomb, John Piotti, and Elizabeth Sheehan, Coastal Enterprises, Inc., Wiscasset, Maine, *Sustainable Development in Practice: A Case Study Analysis of Coastal Enterprises, Inc.'s Experience*, Online. Available at
http://www.ceimaine.org/pdf/sustainabledevelopment.pdf. (Note that the authors stress that there are two other key elements of sustainable development, i.e., creating institutions and public policies over the long run and encouraging broad participation of people in those institutions and policy decisions that affect their lives." Ibid. (italics omitted).)

[238] The discussion in the main text largely focuses on increasing economic well being. However, social and psychological well being are not only important in and of themselves, but also are intertwined with economic well being. The skills of caring, planning, and acting for one's economic future may carry over into other spheres of life (and conversely). The ability to respond positively and creatively to change and the confidence to take the risks that such a response entails may extend beyond the experience of the marketplace. The resources that enable one to overcome helplessness and vulnerability in economic relationships may extend to other relationships as well. The confidence and self-respect that may flow from the opportunity to master, in some measure, one's own fate, may also better earn one the respect of others. Rather than a sense of powerlessness and self-contempt that may spawn anger and resentment toward others, that same confidence and self-respect may breed greater respect for others.

[239] For example, an asset-based policy does not view markets as an untrammeled good. Some of the goods that are necessary for opportunity are not best provided by the market. Even where goods might appropriately be provided through markets, those markets may produce a variety of ills, among them, inequality and instability. Moreover, markets presuppose political and social norms for their very operation, so the notion of "pure" market-based provision of goods or services is misleading at best. More generally, there are risks of "failure" not only of the market, but also of the state, and community-based organizations, account of which must be taken in the choice of particular policies. See "`Social Capital' and Community Governance," by Samuel Bowles, Department of Economics, University of Massachusetts at Amherst, July 31, 1999 (italics in original). Online. Available at
http://www-unix.oit.umass.edu/~bowles/papers/Socap.PDF. For a detailed analysis of domestic policy issues framed in terms of "risks" to economic security (within the context of present structure of market and other institutions) and the bearing of uncertainty, covariance of risks, adverse selection, and moral hazard on the choice of market or other bases for insuring against such risks, see *True Security, Rethinking American Social Insurance*, by Michael J. Graetz and Jerry L. Mashaw, Yale University Press, New Haven & London, 2000.

[240] Depending upon the program, funds from public and/or private sources the account holder's deposits. The match generally ranges from 1:2 to as much as 1:9. Programs place limits on the amount that will be matched each year. After a specified period of time, usual a few years, the account holder is allowed to use his or her accumulated assets toward the designated goal. Generally speaking, account holders receive credit counseling, help with budgeting, and economic literacy training.

[241] The largest privately funded endeavor of this sort is the American Dream Policy Demonstration, conceived by the Corporation for Enterprise Development and carried our in conjunction with the Center

for Social Development, and funded by the Ford, Charles Stewart Mott, and other foundations. The most recent assessment of the working of that 14 site, 2000 person demonstration project is provided by Mark Schreiner, et al, *Savings and Asset Accumulation in Individual Development Accounts Downpayments on the American Dream Policy Demonstration, A National Demonstration of Individual Development Accounts,* Center for Social Development, George Warren Brown School of Social Work, Washington University in St. Louis, February 2001. Online. Available at http://gwbweb.wustl.edu/Users/csd/add/ADDreport2001/contents.html. For another review, in this case of 16 IDA programs in 7 states, though one not included detailed numerical and statistical analysis of savings related outcomes, see Gregory Mills, et al, *Evaluation of Asset Accumulation Initiatives, Final Report,* Abt Associates, Cambridge, Massachusetts, February 29, 2000. Online. Available at http://www.abtassoc.com/reports/welfare-download/9031.pdf.

[242] For a broad overview of state efforts, see "State IDA Policy Profiles," Center for Social Development, Washington University in St. Louis. Online. Available at http://gwbweb.wustl.edu/csd/statepolicy/.

[243] P.L.105-285. The program is administered by the Office of Community Services of the Department of Health and Human Services.

[244] These include a direct appropriation for matching and, perhaps, for administration or technical assistance; a tax credits or deductions for private contributions to eligible IDA programs; use of TANF funds; use of Community Block Grant funds; and provision a refundable tax credit on savings placed in an IDA.

[245] See generally "From the Bottom Up: DSNI's Economic Power Strategy," November 1997, and more specifically, THE DUDLEY VILLAGE COMMUNITY DEVELOPMENT ACCOUNT. Online. Available at http://www.dsni.org/economic_power.htm and http://www.dsni.org/community_development_acco.htm, respectively.

[246] At least one pilot project, involving six sites, for (a privately supported) employer-based IDAs is in development. As currently conceived, the participation would be limited to employees below a specified income level. Employee contributions would be matched by both the employer, the match being enhanced by a third-party, non-profit organization. Private communication, Scott Martin, Northland Institute, Minnesota, February 29, 2000. Two there two other IDA-like programs that are employer-related but are different in that only third parties match employees' contributions. The Childspace Cooperative IDA in Philadelphia, Pennsylvania, uses a sector strategy, focusing only on participants who work or are self-employed in the child care industry; however, the locus of the IDA-related activity is not the workplace. The Worker Incentive Security Program (WISP), in Los Angeles, California, targets employees of small manufacturers in the Los Angeles area for IDA participation which, to some degree occurs in connection with the workplace. For a detailed discussion of these three programs, see Larry W. Beeferman and Sandra H. Venner, "Promising State Asset Development Policies: Promoting Economic Well-Being Among Low-Income Households, A Resource Guide for Policymakers and the Public," Asset Development Institute, Center on Hunger and Poverty, Heller Graduate School, Brandeis University, IV-21 to IV-27, http://www.centeronhunger.org/pubs/promising.pdf.

[247] For a discussion of the EITC and its potential relation to IDAS see ibid. II-10 to II-15, http://www.centeronhunger.org/pubs/promising.pdf.

[248] Established pursuant to Section 554 of the National Affordable Housing Act of 1992.

[249] Ordinarily, as the individual's net income or earned income increases, his or her rental charge rises by an amount equal to 30 percent of that increase.

[250] Receipt of the escrowed monies is, among other things, contingent upon participants agreeing to and carrying out individual training and service plans which have goals such as obtaining a job promotion or some form of job training, seek and maintain employment, and "become independent of `welfare assistance' and remain independent for at least the last twelve months of the FSS contract." "Family Self-Sufficiency Program," by Barbara Sard and Jeff Lubell, Center on Budget and Policy Priorities, September 1999, http://www.cbpp.org/5-5-99hous.htm. Participants are provided with a case manager who may enable them to access such services "child care, transportation, credit and money counseling, and educational programs." Ibid.

For an overview of the FSS program and a detailed description of the operation of one, see Larry W. Beeferman and Sandra H. Venner, "Promising State Asset Development Policies: Promoting Economic Well-Being Among Low-Income Households, A Resource Guide for Policymakers and the Public," Asset

Development Institute, Center on Hunger and Poverty, Heller Graduate School, Brandeis University, pp. IV-47 to IV-498. Online. Available at http://www.centeronhunger.org/pubs/promising.pdf. For another, more elaborate overview, see "The Family Self-Sufficiency Program: HUD's Best Kept Secret for Promoting Employment and Asset Growth," by Barbara Sard, Revised May 4, 2001, Center on Budget and Policy Priorities, Washington D.C. Online. Available at http://www.cbpp.org/4-12-01hous.pdf.

[251] See Section 8 Homeownership Program; Final Rule, Department of Housing and Urban Development, 24 CFR Parts 5, 903 and 982, Federal Register, Tuesday, September 12, 2000, http://www.hudclips.org/sub_nonhud/cgi/pdf/22829a.pdf. For a discussion about a promising implementation of this approach, see Larry W. Beeferman and Sandra H. Venner, "Promising State Asset Development Policies: Promoting Economic Well-Being Among Low-Income Households, A Resource Guide for Policymakers and the Public," Asset Development Institute, Center on Hunger and Poverty, Heller Graduate School, Brandeis University, IV-55 to IV-58. Online. Available at http://www.centeronhunger.org/pubs/promising.pdf.

[252] See Massachusetts Department of Housing and Community Development, Regulation 760 CMR 15.00, Pilot Program to Enable Households in State-aided Public Housing to Transition to Unsubsidized Private Housing Options, authorized pursuant to Chapter 194 of the Acts of 1998, Effective February 12, 1999. The effort was originally made in the form of a pilot programs run by five Massachusetts public housing authorities; however, in 2000 legislation was enacted to allow the program to be offered by all public housing authorities in the state. For a discussion of this program, see Larry W. Beeferman and Sandra H. Venner, "Promising State Asset Development Policies: Promoting Economic Well-Being Among Low-Income Households, A Resource Guide for Policymakers and the Public," Asset Development Institute, Center on Hunger and Poverty, Heller Graduate School, Brandeis University, IV-43 to IV-46, http://www.centeronhunger.org/pubs/promising.pdf.

[253] In Massachusetts, the Full Employment Program is managed by the Employment Services Program of the Department of Transitional Assistance. For a discussion of this program, see ibid., IV-37 to IV-38, http://www.centeronhunger.org/pubs/promising.pdf.

[254] The AFS JOBS Plus Program in Oregon is managed by the Department of Human Services' Adult and Family Services Division and Employment Division. A similar program was to have been operation by the state of Mississippi, but it lasted for only a brief time, involved few participants, and was replaced by a program of milestone "bonus" payments conditioned upon continued employment after being income-disqualified from receipt of receipt of welfare payments. For a discussion of this program, see ibid., http://www.centeronhunger.org/pubs/promising.pdf.

[255] Somewhat similar legislative proposals were contained in the proposed Bipartisan Social Security Reform Act of 1999 (S. 1383) and the 21st Century Retirement Act (H.R. 1793). See, e.g., "Matching Private Saving with Federal Dollars: USA Accounts and Other Subsidies for Saving," by Pamela Perun, Urban Institute, Brief Series, No. 8, November 1999, http://www.urban.org/retirement/briefs/8/brief8.html. Another variant on these ideas, one for "Universal Voluntary Accounts," has recently been proposed. See "Pensions for the 21st Century," by Dean Baker, Preamble Center, October 26, 1999, prepared for The Century Foundation, New York , http://www.socsecur.org/21stCentury.pdg.

[256] "Gore Offers `Retirement Savings Plus'." Albert Gore 2000 Web site, June 20, 2000 ("Gore's "Retirement Savings Plus" would "create tax-free savings accounts…The federal government would match individual contributions with tax credits, with the hardest-pressed working families getting the largest tax credits. For a married couple making up to $30,000 annually, each spouse could contribute $500 annually to his or her own account. The refundable tax credit would add another $1,500, providing a total account of $2,000 per person. Couples making between $30,000 and $60,000 would receive a $1000 marching credit, and couples earning up to $100,000 would receive a $500 matching tax credit.")

[257] The contributions would be tax-deductible, the accounts would grow-tax free, and withdrawals would be taxable.

[258] Among the most far-reaching of proposals of this sort, has been proposed by Roberto Mangabeira Unger, in *Democracy Realized*", Verso Press 1998. He writes evocatively of "social inheritance" and "social endowments" which encompass and in certain respects, go beyond some of the proposals discussed above. A precursor of both entails "rights to both original and continuing education – to permanent reskilling," what in effect, is a human capital idea. He then argues that "[t]he strengthening of rights to education should be seed of a more ambitious idea: the idea of social inheritance, according to which people inherit primarily from society rather than from their parents. The primary tool of social inheritance

is the social-endowment account." In particular, "[e]ach individual have a social-endowment account consisting in funds freely cashable at certain life turning points, the funds whose sue would be conditioned upon the agreement of family or community trustees, and claims for the provision of public services. The account would vary upward according to the two countervailing criteria of compensation for a special vulnerability or disability and reward for competitively demonstrated capacity."

[259] See, e.g., "Summary of Kerrey-Moynihan Kidsave Proposal: `Giving Every Child a Short at the American Dream," http://www.senate.gov/~kerrey/legis/KIDSave/summary.html. For the proposed legislation itself, see the "Social Security KidSave Account Act," S. 2184. Online. Available at http://thomas.loc.gov/cgik-bin/bdquery/z?d105:SN02184@@@L.

[260] See, e.g., *Assets and the poor: a new American welfare policy*, by Michael Sherraden, M.E. Sharpe, Armonk,. N.Y. 1991; *The Stakeholder Society*, by Bruce Ackerman and Anne Alstott, Yale University Press, New Haven, 1999*; The future of American progressivism: an initiative for political and economic reform*, by Roberto Mangabeira Unger and Cornell West, Beacon Press, Boston 1998; and Richard Freeman, in *Solving the New Inequality*, by Richard Freeman, *Boston Review* December/January 1996-97 Vol. XXI No. 6. Online. Available at http://bostonreview.mit.edu/BR21.6/freeman.html.

[261] For example, "Ownership For All," by Gavin Kelly and Rachel Lissauer, Institute for Public Policy Research, London (2000), pp. 20-21 (proposing the establishment of Opportunity Funds for young adults that would involve "a modest universal capital endowment, for everyone at a specified age"; "a means-tested matched savings formula for those on low incomes subject to a maximum"; "universal preferential tax-treatment for all contributions regardless of income (up to a maximum)"; "contributions [that] could be received from families or other third parties"; and the proceeds of which could be used for "life-long learning and training, entrepreneurship and (first time) homeownership"). See also, The *New Statesman* Essay - A birthday gift for every teenager, by Julian Le Grand and David Nissanon, October 4, 1999. Online. Available at
http://www.consider.net/library.php3?Action=Record&searchStart=11&searchRange=10&searchWriter=&searchContent=assets&searchSection=&searchDayFrom=&searchMonthFrom=&searchYearFrom=&searchDayTo=&searchMonthTo=&searchYearTo=&URN=199910040018.

[262] See "Blair promises cash gift to invest in every baby's future," by Roland Watson and Melissa Kite, The Times, Thursday, April 26, 2001. Online. Available at
http://www.ippr.org.uk/nes/inthenews.php?mediaid=95. See also, "Saving Grave," by Sue Regan, *The Guardian*, Wednesday, March 7, 2001. Online. Available at
http://www.ippr.org.uk/news/inthenews.php?mediaid=60.

[263] See "Singapore Announces "Baby Bonus" and Children's Development Accounts," by Michael Sherraden, April 2001, Center for Social Development Washington University in St. Louis. Online. Available at
http://gwbweb.wustl.edu/Users/csd/singaporeCDA.html. Note, though, that "[t]he policy applies only to second and third children. Ibid.

[264] See, for example, *Savings for the Poor, The Hidden Benefits of Electronic Banking*, by Michael A. Stegman, Brookings Institution Press, Washington, D.C. 1999. Further, recent discussion on the subject is found in "Banking Relationships of Lower-Income Families and the Governmental Trend toward Electronic Payment," by Jeanne M. Hogarth and Kevin H. O'Donnell, Federal Reserve Board, July 1999. Online. Available at http://www.federalreserve.gov/pubs/bulletin/1999/0799lead.pdf.

[265] See, for example, "Reaching Out to the Unbanked," by John P. Caskey, presented at Session One: The Unbanked and the Alternative Financial Sector, Changing Financial Markets and Community Development, The Federal Reserve System's Second Community Affairs esearch Conference, Washington, D.C., April 5-6, 2001. Online. Available at http://www.chicagofed.org/cedric/2001/session1paper3.pdf.

[266] See, e.g., "State Investments in Income and Asset Development for Poor Families," Center on Hunger and Poverty, Heller Graduate School, Brandeis University, January, 1999. For a recent discussion of this issue, see "Asset Tests And Low Saving Rates Among Lower-Income Families," by Peter R. Orszag, Center on Budget and Policy Priorities, Washington, D.C. April 13, 2001. Online. Available at http://www.cbpp.org/4-13-01wel.pdf.

For a discussion of a policy designed in aid of fostering race and class equality but excluding the asset affluent *see Being Black, Living in the Red, Race, Wealth, and Social Policy in America*, by Dalton Conley, University of California Press, Berkeley, California 1999, pp. 137-138 (arguing that "[g]iven the mountain of evidence documenting the importance of wealth in the conception of social class and its particular relevance to issues of racial inequality, any policy that is designed to address the issue of social class must not rely only on the traditional measures of socioeconomic status (income, occupation, and education) but must take assets into account In fact, a composite of income and wealth cold be construed by `annuitizing' family net worth (converting it from a stock to an income flow using a specific formula involving the interest rate). By adding this future to annual parental income, for instance, institutions might be able to construct an appropriate measure on which to judge the resources a student brings to college.")

[267] Assets in defined benefit plans – which were quite common in the 1970s when asset-based criteria were established – are not counted in asset limit tests but those in defined contribution plans - which are predominant today - are. This means, that in an economic downturn, if low-wage workers are recipients of means-tested programs will be forced to expend savings they have accumulated in their defined contribution plans. Written comments submitted by Robert Greenstein, Executive Director, Center on Budget and Policy Priorities, Washington, D.C., submitted in connection with discussions of National Policy Commission on Wealth Accumulation, April 27, 2001.

[268] Assets in defined benefit plans – which were quite common in the 1970s when asset-based criteria were established – are not counted in asset limit tests but those in defined contribution plans - which are predominant today - are. This means, that in an economic downturn, if low-wage workers are recipients of means-tested programs will be forced to expend savings they have accumulated in their defined contribution plans. Written comments submitted by Robert Greenstein, Executive Director, Center on Budget and Policy Priorities, Washington, D.C., submitted in connection with discussions of National Policy Commission on Wealth Accumulation, April 27, 2001.

[269] Human capital asset strategies can, of course, involve other than accounts upon which individuals draw to fund education at training at their sole discretion, e.g., they may entail skill-based apprenticeship programs and employment-based training. In the welfare to work context, see, e.g., "State Investments in Work Participation, meeting the Promise of Welfare-to-Work," Center on Hunger and Poverty, Tufts University, August, 1998.

[270] See, e.g., "Who Pays For Lifelong Learning," by Sam Leiken, Director of Policy and Public Relations, Center for Adult and Experiential Learning. Online. Available at http://www.cael.org/index2.html.

[271] Private communications, Sam Leiken, Director of Policy and Public Relations, Center for Adult and Experiential Learning, and Kristin Wolff, Chief Opportunity Navigator, worksystems inc.

[272] See, e.g., [Cite] "Ridge Administration Unveils High-Tech Job-Training Pilot Program, New Individual Learning Accounts first of kind in the nation," Technology 21 Press Release, April 30, 1998, and "ILA Pilot Program Handbook," April, 1998. Online. Available at
http://www.dced.state.pa.us/PA_Exec/DCED/tech21/t-press5.htm and
http://www.edc.org/CWD/ilahnbk.pdf, respectively.

[273] Under the WIA, training services are to "be provided through the use of individual training accounts to eligible individuals through the `one stop' delivery system…State and local workforce boards are to establish performance-based criteria for certification of training providers…An individual….may, in consultation with a case manager, select a training provider form the list of eligible providers of training services…Payment for training services will be arranged through….Individual Training Accounts. …ITAs could take a variety of forms; they may include a voucher, purchase order, ATM-style debit card, a checkbook style ledger or an invoice. The Act does not prescribe a limit on the amount that may be provided to assist an individual in obtaining training. State and local workforce investment boards establish such limits." "Workforce Investment Act Fact Sheets, 13C. Individual Training Accounts," Working for America Institute, http://www.workingforamerica.org/documents/Factsheets/factsht13C.htm. See also, "Key Implementation Decisions Affecting Low-Income Adults Under the Workforce Investment Act," by Steve Savner, Center for Law and Social Policy, August, 1999, http://www.clasp.org/pubs/jobseducation/kellwia2.htm, and "Individual Training Accounts, Old Wine in New Bottles, or a New Vintage?" by Sam Leiken, http://www.cael.org/index2.html.

Accounts of that sort presuppose the existence of a viable market for the relevant services. For example, in advocating for a restructuring of the current employment and training system, Osterman argues that the solution requires "creat[ion] of a market for training." It would be a "consumer-driven, perhaps even a voucher, system emphasizing competition among providers." He stresses, though, that operation of such a system require "[s]etting standards for training programs and making performance data accessible to the public". However, he cautions that such a model "is not suitable for in-school youth programs " and does "not obviate the need for assessment and counseling services for many disadvantaged adults in labor market trouble." "Reforming Employment and Training Policy," by Paul Osterman, Number 4 in Series, "The Future of the Public Sector," The Urban Institute, p. 2. Online. Available at http://www.urb.org/PERIODCL/pubsect/Osterman.htm.

For a critical assessment of the potential efficacy of Individual Training Accounts within the existing statutory and funding scheme of the Workforce Investment Act, see *Opportunity Knocks: Training the Commonwealth's Workers for the New Economy,* prepared by John D. Donahue, Lisa M. Lynch, and Ralph Whitehead, Jr., MassInc, Boston, Massachusetts, March 2000, Chapter 3, "A Window of Opportunity for Workforce System Reform," especially pp. 15-16. Online. Available at http://www.massinc.org/pages/Reports/Opportunity%20Knocks/section3.pdf. For an evaluation of ITA, voucher-like initiatives, see *Surviving, and maybe Thriving on Vouchers*, by Sheila Maguire, Working Ventures, Public Private Ventures, New York, 2000. Online. Available at http://www.ppv.org/indexfiles/pubsindex.html.

274 Lester C. Thurow points to the critical importance of post-secondary education for the non-college bound, but contends that "[t]here simply is no system [for it]….in the United States." He proposes that "[a]ll Americans could be endowed at birth with a Social Security $15,000 training and earmarked for their purchase of post-secondary training from their employers or colleges. The costs would be underwritten by a payroll tax, the same way that pensions and elderly health care costs are covered." "Education and Failing Wages," by Lester Thurow, *New England Journal of Public Policy*. Online. Available at http://www.mccormack.umb.edu/NEJOPP/docs/Edu_FallingWages.html. Thurow makes this proposal in the context of his view that "[t]here simply is no system of post-secondary education for the non-college bound in the United States." *Ibid.* He notes by contrast that "the German apprenticeship system is better than the Germany university systems" and that "[t]he French have their one percent of sales system: every French firm must by law contribute one percent of its sales to a training fund, which will be taken away from them if they do not use it to train their own workforce." Ibid.

275 See, e.g., *Walking on the Lifelong Tightrope, Negotiating Work in the New Economy, A Status Report on Social and Economic Well-Being in the State of California*, by Chris Benner, Bob Brownstein, and Amy B. Dean, Joint Publication of Working Partnerships USA and Economic Policy Institute (proposing a California Lifelong Learning Fund funded by "regular payments….by all businesses operating in the State of California" to which "[a]ll residents of the state would have access….to support education of their choice" with distributions potentially being "designed to disproportionately help lower-income residents," e.g., though a "stage matching contribution system" where "low-income residents might get a $10 match for ever $1 that they spend on education (up to a maximum amount) but the higher-income residents would only receive a #1 match for each $1 they spend.")

276 Those who are 19 or over may open an ILA account but there are restrictions on participation by those whose learning is already funded by the state. Those among the first million to open up an ILA "get a contribution of up to L150 discount off the cost of [their] learning, when they put in L25 of their own money"; after the has been spent, "20% off the cost of a wide range of courses"; "80% off the costs of some kinds of courses," i.e., "courses to help….learn important new skills like using computers"; and, "under certain circumstances, [their] employer can contribute to [their] account." The money may by used "for course registration, teaching and exam fees, or books and materials if they are part of the course fees." However, ILAs can't be used for "a course in secondary education or full-time higher education," "learning that [the individual] already get[s] government help for," or "some kinds of leisure or sports courses". ILA funding cannot "be used to subsidise the cost of training that….[t]he employer would normally pay for". Also, "the money does not cover childcare, travel costs, or books and learning materials which are not included in the course fees." It free, provided that they contribute to those of the lowest paid employees on similar terms. If [the] employer contributes, that money will be tax free if it is used from agreed learning." "Individual Learning Account," Department for Education and Employment, Online. Available at http://www.dfee.gov.uk/ila/front.pdf and "ILAs," Academ, Bristol, England, http://acadecom.co.uk/ila.htm , appears that starting in 2000, employers would "be able to contribute to individual learning accounts tax. Online. Available at http://www.acadecom.co.uk/ila.htm. For an extensive overview of Individual Learning Accounts in the United Kingdom, see *Paying for Learning, the*

future of individual learning accounts, edited by Tony Millns, assistant editor, Wendy Piatt, Institute for Public Policy Research, London, UK, 2000.

[277] See generally, *Bootstrap Capital, Microenterprises and the American Poor*, by Lisa J. Servon, Brookings Institution Press, Washington, D.C. 1999. More particularly, note the experience in the United States of ACCION International and Working Capital. See the Web-sites http://www.accion.org and http://www.workingcapital.org/, respectively. For a discussion of microenterprise within the context of PROWRA, see Lisa Plimpton and Mark Greenberg, "Key State TANF Policies Affecting Microenterprise," Center for Law and Social Policy, December, 1999,Lisa Plimpton and Mark Greenberg, "ANF Policies in Nine States: Implications for Microenterprise Initiatives, Center for Law and Social Policy," by Lisa Plimpton and Mark Greenberg, Center for Law and Social Policy, December, 1999 and Mark Greenberg, "Developing Policies to Support Microenterprise in the TANF Structure: A Guide To The Law," Center for Law and Social Policy, November, 1999. Online. Available at
http://www.clasp.org/pubs/jobseducation/casestud.pdf,
http://www.clasp.org/pubs/jobseducation/microenterprises.PDF,
and http://www.clasp.org/pubs/jobseducation/clasp.pdf, respectively.

[278] See, e.g., *Working Capital, Building the Grass Roots Economy of Low Income Communities, Part 1: membership Characteristics and Program Impact*, by Jeffrey Ashe and Michael MacIntyre, Working Capital, Cambridge, Massachusetts, April, 2000. See also *Microfinance in the United States, The Working Capital Experience, Ten Years of Lending and Learning*, by Jeffrey Ashe, Senior Fellow, Institute for Sustainable Development, Brandeis University, October 2000.

[279] See, e.g. "Women's Work," by Angela Bonavoglia, *Ford Foundation Report*, Winter 2000. Online. Available at http://www.fordfound.org/ (describing the microenterprise movement as it has related to women and noting that while most microenterprise "[m]ost originally set out to show that self-employment by itself was a route to self-sufficiency for low-income people" a recent study of low-income microentrepreneurs by the Aspen Institute " found that among the 53 percent who moved out of poverty, many derived their income not from a microbusiness alone, but from a combination of self-employment and wages. Even in a booming economy, the study reported, many were locked into low-wage jobs and required more than one source of income to meet family needs. Others look to self-employment to achieve flexible hours in order to tend to their families. Nonetheless, for those whose businesses survived the full five years of the study, the main source of increased income was from self-employment.") More generally see "State Venture Policy: Investing in Women Entrepreneurs," Center for Policy Alternatives, Washington, D.C.. Online. Available at
http://www/stateaction.org/issues/entrepreneurship/entreprpt2000.pdf.

[280] See, e.g., " Remarks by David Jessup, Executive Director of the New Economy Information Service, "Organizing Unions in the New Economy," the New Economy Information Service, July 29, 1999. Online. Available at http://www.newecon.org/newecon7-29-99.html (describing "union involvement in training programs in order to provide a reliable and ever-improving pool of responsible and skilled labor to employers who must increasingly compete for this in order to make money; "extending the building trades model of apprenticeship programs and hiring hall services to other sectors of the workforce"; and pointing to "brand new forms of worker organizations, such as Working Today and union acquisition or creation of temp agencies."

[281] Proposals have been made to strengthen the federal EITC, among them, by expanding the maximum credit for working families with three or more children, expanding the credit for married, two-earner families, and lowering the rate at which the EITC benefit is phased out. In addition, there is a proposal aimed at facilitating low-income workers' accumulating financial assets for retirement, by excluding contributions to 401(k)s from the income used to calculate the phase-out of the EITC benefit. For a discussion of recently enacted changes in the federal EITC, among them ones to reduce so-called "marriage penalties," see Robert Greenstein, "The Changes the New Tax Law Makes in Refundable Tax Credits for Low-Income Working, Families, Center on Budget and Policy Priorities, Washington, D.C., June 18, 2001. Online. Available at http://www.cbpp.org/6-14-01tax.htm. In addition, efforts are being made to expand existing and establish new refundable state earned income tax credits that are based on the federal EITC. See "Windows of Opportunity, Strategies to Support Families Receiving Welfare and Other Low-Income Families in the Next Stage of Welfare Reform," by Eileen Sweeney, et al, Center on Budget and Policy Priorities, January 2000, pp. 9-10. Online. Available at http://www.cbpp.org/1-12-00wel.pdf. The importance of both federal and state EITCs in lifting working poor families out of poverty is detailed in "A

Hand Up, How State Earned Income Tax Credits Help Working Families Escape Poverty," 1999 Edition, by Nicholas Johnson, Center on Budget and Policy Priorities, November 1999. Online. Available at http://www.cbpp.org/11-12-99sfp-sum.htm

[282] Note that the EITC may be viewed not only as a means for enhancing income flow but also as a vehicle by which low-income families an accumulate financial and other assets. See, e.g., "The Economic Impact of the Earned Income Tax Credit (EITC), DRAFT," by Timothy M. Smeeding, Katherine E. Ross, Michael O'Connor, and Michael Simon, p. 59. Online. Available at http://www.jcpr.org/wpfiles/Smeeding_WP.pdf (arguing that "the EITC helps meet most current consumption needs and also offers avenues for upward mobility," i.e., "[m]ore than one-half of all beneficiaries [in the sample population studied] had at least one mobility related use for the EITC," and that "[s]uch findings suggest that increased incentives for savings, greater access to credit markets and federal programs to match law-income savings for specified purposes (e.g., home purchases or school), could lead to greater savings and work effort on behalf of the low income, low wage population, and hence to greater levels of self-insurance and self-sufficiency.)

Note, in this regard, a recent Clinton administration proposal to eliminate nontaxable earned income from the calculation of the EITC, i.e., it would not count low income workers' contributions to 401(k) pension plans in calculating the EITC benefit their families' would receive and hence, would encourage savings on their part. "President Clinton Proposes to Expand the Earned Income Tax Credit in Order to Increase the Reward for Work and Family," The White House, ES TO Office of the Press Secretary, January 12, 2000.

[283] For a general overview on the need to "update" unemployment compensation see "Promising State Asset Development Policies: Promoting Economic Well-Being Among Low-Income Households, A Resource Guide for Policymakers and the Public," by Larry W. Beeferman and Sandra H. Venner, Asset Development Institute, Center on Hunger and Poverty, Heller Graduate School, Brandeis University, pp. II-8 and II-19 to II-22. Online. Available at http://www.centeronhunger.org/pubs/promising.pdf.

[284] "Strengthening the unemployment insurance compensation system includes, first and foremost, expanding coverage to include the part-time, temporary, and contract workers who are largely excluded, either because their income is below the threshold or because, if they refuse assignments to another temporary jobs [sic], they can lose their eligibility. Second, unemployment benefits should be available of a full year (or at least 39 weeks) instead of the current limit of 26 weeks. This would accommodate workers who need to develop new skills and change occupations or industries." *Walking the Lifelong Tightrope, Negotiating Work in the New Economy, A Status Report on Social and Economic Well-Being in the State of California*, by Chris Benner, Bob Brownstein, and Amy T. Dean, A Joint Publication of Working Partnerships USA and Economic Policy Institute, p. 69. (Note, the authors also suggest that "the state should provide funds to replace at least half of an unemployed workers' wages." Ibid. at 69.) For further recommendations for strengthening the unemployment compensation system at the federal and state level, see, "Pulling Apart, A State-by-State Analysis of Income Trends," by Jared Bernstein, Elizabeth C. McNichol, Lawrence Mishel, and Robert Zahradnik, Center on Budget and Policy Priorities and Economic Policy Institute, January 2000, at 41-43. Online. Available at http://www.cbpp.org/1-18-00sfp.pdf.

[285] The federal Family and Medical Leave Act of 1993 enables workers employed by companies with 50 or more employees who work at least 1,250 hours during the past 12 months to receive up to 12 weeks of leave by reason of a non-work related illness or injury, the need to care for a family member with a serious medical condition, or childbirth, adoption, or placement of a foster children. However, there is no provision for replacement of the wages lost by the employee taking the leave. In late 1999, the Clinton Administration issued proposed regulations that would allow states to revise their unemployment insurance laws to provide paid leave to workers caring for newborn or newly adopted children. An alternative (though still an insurance based) approach for wage replacement for family and medical leave outside of the unemployment insurance system has been proposed. See, e.g., "Making Family Leave More Affordable in Massachusetts: The Temporary Disability Insurance Model," by Jillian P. Dickert, The John W. McCormack Institute of Public Affairs, University of Massachusetts Boston, Center for Women in Politics and Public Policy, August 1999. Online. Available at http://www.mccormack.umb.edu/polBrief/policybook2.pdf.

[286] See, e.g., "Temporary Assistance For Low-Wage Workers; Evolving Relationships Among Work, Welfare, and Unemployment Insurance," by Richard A. Hobbie, David C. Wittenburg, and Michael E.

Fishman, National Governors Association, June 1999,; "Issues and Options for States in Creating a Work-Centered Safety Net for Working Poor Families: Overview," by Barry Van Lare, National Governors Association, June 1999,*; Unemployment Insurance for Low-Income Families; New Challenges for Child Advocates*, by Constance Crystal Foster, Issue Brief, July, 1998, National Association of Child Advocates. Online. Available at http://www.nga.org/Workforce/June1999Hobbie.htm, http://www.nga.org/Workforce/June1999VanLare.htm, and http://ww.childadvocacy.org/unemply.htm, respectively.

[287] "Welfare to Wages, Strategies to Assist the Private Sector to Employ Welfare Recipients," by Brandon Roberts and Jeffrey D. Brandon, prepared for Charles Stuart Mott Foundation, August 1998, p. 5. Online. Available at http://www.mott.org/publications/welfv1.pdf. More particularly, the authorities argue that "the most salient programmatic issues that should be considered in any welfare-to-work initiative" are pre-employment preparation, short-term preparation and skills training, addressing personal barriers (such as child care and transportation. Ibid., 5.

[288] "Integral to welfare-to-work efforts is the distinction between simply finding employment and truly becoming economically self-sufficient. Preparing for and finding a job is a critical step into the labor market, but only the first step. Retaining employment and achieving upward mobility are essential…. [F]ar too many welfare-to-work programs are focusing on only one element of the labor market – immediate job placement – are giving little, if any, attention to labor market concerns about job retention and upward mobility." *Welfare to Wages, Strategies to Assist the Private Sector to Employ Welfare Recipients*, by Brandon Roberts and Jeffrey D. Brandon, prepared for Charles Stuart Mott Foundation, August 1998, p.5. Online. Available at http://www.mott.org/publications/welfv1.pdf. For a recent discussion of this issue see, for example, Carol Cylmer, Brandon Roberts, and Julie Strawn, "States of Change, Policies and Programs to Promote Low-Wage Workers' Steady Employment and Advancement," Field Report Series, Public/Private Ventures, May 2001. Online. Available at http://www.ppv.org/pdffiles/statesofchange.pdf.

[289] "Welfare to Wages, Strategies to Assist the Private Sector to Employ Welfare Recipients," by Brandon Roberts and Jeffrey D. Brandon, prepared for Charles Stuart Mott Foundation, August 1998, p. 5. Online. Available at http://www.mott.org/publications/welfv1.pdf. More particularly, the authorities argue that "the most salient programmatic issues that should be considered in any welfare-to-work initiative" are pre-employment preparation, short-term preparation and skills training, addressing personal barriers (such as child care and transportation. Ibid.

[290] Even private employers participating in the programs being assessed "agreed that families needed more than a minimum wage to survive. They understood that the wages they were able to pay were often not enough to move families out of poverty." "Welfare to Wages, Strategies to Assist the Private Sector to Employ Welfare Recipients," by Brandon Roberts and Jeffrey D. Brandon, prepared for Charles Stuart Mott Foundation, August 1998, pp. 33-34. Online. Available at http://www.mott.org/publications/welfv1.pdf. Note that despite this view "[m]ost [of the employers]…. believed….that this was a national policy issue and not one that could be addressed by individual firms per se," although "[s]ome suggested that, as an interim approach, policy-makers should explore longer-term support services, such as child car and transportation, as a means of supplementing income from private-sector jobs." Ibid., at 34.

[291] See "Promising State Asset Development Policies: Promoting Economic Well-Being Among Low-Income Households, A Resource Guide for Policymakers and the Public," by Larry W. Beeferman and Sandra H. Venner, Asset Development Institute, Center on Hunger and Poverty, Heller Graduate School, Brandeis University, pp. III-1 and II-32 for an overview on these issues as well as detailed discussion of specific program initiatives relating to building human capital, job and pre- and post-employment supports. Online. Available at http://www.centeronhunger.org/pubs/promising.pdf. For a discussion of "living wage" issues, see ibid., II-4 and II-5.

[292] See, e.g., "State Investments to Make Work Feasible, Child Care, Health Care, and Transportation Policies for Low Income Families," Center on Hunger and Poverty, Brandeis University, April, 1999. Online. Available at http:///www.centeronhunger.org.

[293] Ed Lazare, Shawn Fremstad, and Heidi Goldberg, "States and Counties are Taking Steps to Help Low-Income Working Families Make Ends Meet and Move Up the Economic Ladder," Center on Budget and Policy Priorities, Washington, D.C., May 18, 2001, 4-5. Online. Available at http://www.centeronbudget.org/5-18-01wel.pdf.

[294] Robert Greenstein, "The Changes the New Tax Law Makes in Refundable Tax Credits for Low-Income Working Families," Center on Budget and Policy Priorities, Washington, D.C., June 18, 2001 Online. Available at http://www.cbpp.org/6-14-01tax.htm.

[295] "Growing to Scale: Creating a Comprehensive Community Development Financial Institution that Connects Low-Income Communities to Capital Markets," by DeWitt Jones, President, Boston Community Capital, Business Plan 1999-2004, p. 14.

[296] See National Community Capital Association Web-site, http://www.communitycapital.org. More particularly, "CDFIs make loans that generally are unbankable by conventional industry standards. They linked financing to other development activities." "Many businesses and people in the communities that most need financing cannot obtain it. Without financing, businesses cannot start or expand, people cannot buy, sell, or repair their homes, and local communities cannot offer economic opportunity to the people who live in them. Ignored or abandoned by conventional financial institutions, many communities have suffered long term disinvestment and decline." CDFIs make loans to "[n]onprofit community development corporations, housing developers, worker-owned cooperatives, natural food stores, home health care cooperatives, child care centers, community-based businesses, and entrepreneurs." Ibid.

[297] National Community Capital Association Website, http://www.communitycapital.org/public_policy.html.

[298] See "Community Development Intermediary Systems in the United States: Origins, Evolution, and Functions," by Y. Thomas Liou and Robert C. Stroh, *Housing Policy Debate*, Volume 9, Issue 3, 1998, Fannie Mae Foundation, Washington, D.C., p. 575. Online. Available at http://www.fanniemaefoundation.org/programs/hpd/pdf/hpd-0903-liou.pdf (describing in detail three major intermediary organizations, the Local Initiatives Support Corporation, The Enterprise Corporation, and the Neighborhood Reinvestment Corporation, as well as describing others).

[299] Jeremy Nowak, "Capital Xchange, Civic Lesson: How CDFIs Can Apply Market Realities To Poverty Alleviation," The Brookings Institution, Washington D.C., March 2001. Online. Available at http://www.brook.edu/urban/capitalxchange/article1.htm. See also, Nancy Andrew, "Capital Xchange, Equity with a Twist: The Changing Capital Needs of the Community Development Field." The Brookings Institution, Washington D.C., April 2001. Online. Available at http://www.brook.edu/urban/capitalxchange/article2.htm.

[300] "CRA began in 1977 as a little-known bank law, responding to reports of redlining and other credit market distortions. Based on the charters of savings and loan associations, which required them to meet the convenience and needs of the communities they serve, the CRA encourages these institutions to serve the credit needs of low- and moderate-income borrowers in their communities. The financial regulatory agencies grade institutions on their CRA performance, the grades are made public, and CRA records must be considered by regulators in assessing proposed mergers or acquisitions." "A policy in Lampman's tradition: The Community Reinvestment Act," Remarks by Governor Edward M. Gramlich, Second Annual Robert J. Lampman Memorial Lecture, University of Wisconsin, Madison, Wisconsin, June 16, 1999, Federal Reserve Board. Online. Available at http://www.bog.frb.fed.us/boarddocs/speeches/1999/19990616.htm. Gramlich suggests that in 1997, as much as $58 billion of home mortgage loans to low- and moderate-income or to those living in low- and moderate-income Census tracts; about $41 billion in loans for small businesses and farms, and $18 billion in community development loans, were made under the CRA. Ibid.

[301] For a recent discussion of the impact of the CRA and the proposals for improving it and devising other policies to increase income families' access to financial services, see Michael Barr, "Capital Xchange, Access to Financial Services in the 21st Century: Five Opportunities for the Bush Administration in the 107th Congress," The Brookings Institution, Washington D.C., June 2001. Online. Available at http://www.brook.edu/urban/capitalxchange/article4.htm.

[302] Massachusetts Association of Community Development Corporations, MACDC, Annual Report 1999. The legislation, enacted in 1998 was entitled Insurance Industry Community Investment Initiative in 1998. It creates "two new investment pools: the Massachusetts Life Insurance Community Investment Initiative (Life Initiative) and the Massachusetts Property & Casualty Community Investment Initiative (P&C Initiative). Both initiatives [are to be]….financed through the collection of `proportionate shares' of funds deposed by each company wishing to benefit from certain tax cuts that will be phased in over a five year period." "Insurance Industry Reinvestment: The Massachusetts Experience," by Joel Kriesberg and Andrea Caliz Luquetta, Communities and Banking, Federal Reserve Bank of Boston, Winter, 1999, p. 5. Online.

Available at http://www.std.com/frbbos/pdf/winter99.pdf. The Act "specifically requires the two initiatives to invest funds in such prudent and sound activities" such as affordable housing development, small, minority, or women-owned businesses, ·job-generating community economic development projects, and community health centers." Ibid. at 6. See also, "Insuring the Future of Our Communities: The First Progress Report on the Massachusetts Insurance Investment Initiatives," by Andrea Luquetta and Tunua Thrash, Massachusetts Association of Community Development Corporations, Boston, Massachusetts, 1999.

[303] For example, two scholars have urged the creation of compulsory pension funds which for lower income families and individuals would be funded in a manner similar to USAs or RSAs, but which would be invested in ways that support what they term the "economic rearguard":

"The money would be paid into a broad range of independently managed and competitive funds – not just conventional mutual funds, investing in the established equity and bond markets, but mixed public-private venture-capital funds, investing in new business. Many of these venture-capital funds would be chartered to invest in a diversified mix of start-up funds, and some would get matching or contributory funds, or credit enhancements, from government to invest in the small and medium-sized business of the economic rearguard." *The Future of American Progressivism*, by Roberto Mangabeira Unger and Cornell West , Beacon Press, Boston, 1998, 65.

[304] For a broad overview, see *The Ownership Solution, Toward a Shared Capitalism for the Twenty-First Century*, by Jeff Gates, Addison-Wesley, Reading, Massachusetts, 1999.

[305] See ibid., Chapter 5.

[306] See, e.g., "Worker Capitalists?, Giving Employees and Ownership Stake," by Margaret M. Blair and Douglas L. Kruse, *Brookings Review*, Fall 1999, pp. 23-26. Online. Available at http://brook.edu/press/review/fall99/blair.pdf.

[307] See, e.g., "Bill Introduced to Encourage Broad-Based Stock Options," by Corey Rosen, Employee Ownership Update, December 10, 1999 (describing legislation that "would combine the personal tax treatment of incentive stock option plans with the corporate tax treatment of nonqualified stock options for companies that provide options to at least 50% of their non-highly compensated full-time workers who have worked for the company for at least two years"). Online. Available at http://www.nceo.org/columns/cr76.html.

[308] See *The Ownership Solution, Toward a Shared Capitalism for the Twenty-First Century*, by Jeff Gates, Addison-Wesley, Reading, Massachusetts, 1999, Chapter 6. CSOPs have been given a boost by the Internet. For example, it was reported that "a Web site called www.stockback.com is letting people combine shopping at 85 online retailers with buying shares in a mutual fund investing in those and other stocks….Cash rebates on purchases made through stockback,com's retail partners are deposited into [the purchaser's] account, which [the customer] can then use to buy mutual fund shares." "Would you like stock with your pleated-front khakis?," by Dolores Kong, *The Boston Sunday Globe*, August 6, 2000, p. H6. "Among the companies with an online presence that have already signed up for the program, which will offer up to 20 percent cash rebates convertible into stockback fund shares; Eddie Bauer, Land's End, Barnes & Noble, Sharper Image, and Toys "R" Us." Ibid.

[309] "Although stock ownership programs are generally limited to direct employees of a firm, given the extensive use of sub-contracting networks and outsourcing in the new economy, indirect workers should be made eligible for stock options." *Walking the Lifelong Tightrope, Negotiating Work in the New Economy, A Status Report on Social and Economic Well-Being in the State of California*, by Chris Benner, Bob Brownstein, and Amy T. Dean, A Joint Publication of Working Partnerships USA and Economic Policy Institute, p. 67.

[310] See "Start-Ups and Replication," by Steven L. Dawson, Chapter 7*, Jobs & Economic Development, Strategies and Practice*, Sage Publications, Thousand Oaks 1998 (describing and assessing the efforts to establish home health care worker cooperatives). For the barriers raised by "welfare reform" to the success of such efforts, see "Welfare to Work after `Welfare Reform': New Barriers encountered by the Cooperative Healthcare Network, by Andy Van Kleunen, Paraprofessional Health Care Institute, New York July 1998

[311] *Blueprint,* Vol. 3, No. 1 April 2001, The Research and Policy Newsletter of the Task Force on Reconstructing America's Labor Market Institutions, MIT Sloan School of Management, Cambridge, Massachusetts, pp. 5 and 6. Online. Available at http://mitsloan.mit.edu/iwer/. For a detailed discussion

see, for example, "New Labor Market Intermediaries: What's Driving them? Where Are They Headed? A Background Paper," by Richard Kazia, Task Force Working Paper #WP03, prepared for the Task Force on Reconstructing America's Labor Market Institutions, November 1, 1998, MIT Sloan School of Management, Cambridge, Massachusetts. Ibid.

[312] For example, Time Dollars is a program whereby those who serve as a volunteer earn credits for the time they spend helping other members. "One hour of service earns…..one credit - a service credit (or a Time Dollar)." With that credit, the individual "`buy[s]' an hour of a particular service" that he or she needs. If the individual does not need all the credits that he or she earns, the individual " can save them up" or "give them back to the `bank,' so that he people who run the program can make sure the members with the severest needs get all the help they require. Unlike traditional volunteer programs, Time Dollar programs recognize that people that the people who run the program can make sure the members with the severest needs get all the help they require." See http://www.timedollar.org/faq/what.html. Not only are there many such programs operating throughout the United States, but also ones in England and Japan as well. See http://www.timedollar.org/programs/programs.html. More generally, with respect to England, see "The *New Statesman* Essay – Time is a great social healer," by David Boyle, *New Statesman*, 23rd August, 1999. Online. Available at http://www.consider.net/library.php3?Action=Search&searchStart=1&searchRange=10&searchContent=assets&x=3&y=6.

[313] "The Fresno County Economic Development Office….has decided that providing services to neighbors and volunteer organizations is in fact work and should be taken into consideration when determining eligibility for public assistance. Under CALWORKS regulations, individuals are eligible for two years of assistance while they seek work-two years for their entire lives. Time spent in community involvement can qualify someone for assistance." Online. Available at http://www.timedollar.org/.

[314] As part of the Seattle Housing Authority's Jobs-Plus program for Rainier Vista residents, there was established a "Community Shares" program, "based on a model promoted by the Time Dollar Institute, which allows participants to receive credit for contributing services to others (for example, child care, home repair, transportation, tutoring). In exchange for credits accumulated, participants can request services form others…In addition to service exchange, Community Share credits can be exchanged for a $50 reduction in rent or for material resources. For example, the project director has arranged for several surplus housing authority personal computers to be awarded to residents who have volunteered a minimum of 70 hours of service." "Jobs-Plus Site-by-Site: An Early Look at Program Implementation," Edited by Susan Philipson Bloom with Susan Blank, A Jobs-Plus Working Paper, Manpower Demonstration Research Corporation, October 2000, p. 141. Online. Available at http://www.mrdc.org/Reports2000/Jobs-Plus/Jobs-PlusSBS.pdf.

[315] "Time Dollars – Enhancing Your IDA Program By Enhancing Social Capital," *Assets*, Spring 1999, pp. 14-15, Corporation for Enterprise Development, 777 North Capitol Street, NE, Suite 410, Washington, DC 20002.. A broad-ranging proposal not only for use of Time Dollars in conjunction with Individual Development Accounts, but also Neighborhood Development Accounts, wee "Integrating time Dollars and Individual Development Accounts: building Social and Financial Capital in Low-Income Communities," by Edgar S. Cahn. Online. Available at http://www.timedollar.org/press/articles/integrate.html.

[316] "Collaborating With Congregations, Opportunities for Financial Services in the Inner City," by Larry Fondation, Peter Tufano, and Patricia Walker, *Harvard Business Review*, July-August 1999, pp. 57-68, 59. (arguing that social institutions such as churches can serve to overcome two principal barriers that prevent access of low-income communities to the services of financial institutions, i.e., the cost of "pool[ing] many small accounts to provide payment services or savings products" and "gathering reliable information about potential customers in order to offer credit or insurance products"). The authors contend "that strong economic capital can strengthen the social capital that binds the community together. Strong social intermediaries, strengthened by serving the economic needs of their communities, can educate children, create a strong workforce to support business, and support he values that strengthen families and the community.") Ibid. 68.

[317] Heather McCulloch, and Lisa Robinson, PolicyLink, "Resident Ownership Mechanisms, National Research Project," Oakland, California, April 2001 (draft), p. 1.

[318] Ibid.

[319] See Larry W. Beeferman and op. cit., IV-51 to IV-54..

[320] See, e.g.. "Common Assets," Sky Trust Initiative, Corporation for Enterprise Development, and "The Pollution Dividend," by Peter Barnes, *The American Prospect*, May-June 1999. Online. Available at http://www.cfed.org/commAssets/acafund.htm and http://www.epn.org/prospect/44/44barnes.html, respectively. For a more recent and extended discussion on the topic see *Pie in the Sky, The Battle for Atmospheric Scarcity Rent*, by Peter Barnes and Rafe Pomerance, Corporation for Enterprise Development, Washington, D.C. 2000. Online. Available at http://www.cfed.org.

[321] See David Bollier, "Public Assets, Private Profits, Reclaiming the American Commons in an Age of Market Enclosure," New American Foundation, Washington, D.C., 2001. Online. Available at http://www.newamerica.net/frames/fr_econ_2k.html.

[322] See Peter Barnes, "The Pollution Dividend," *The American Prospect*, May-June 1999, (describing how "[a] fiscally prudent Republican, [Governor Jay]Hammond" fought to assure that the benefits of Alaska's "fortuitous inheritance" of enormous publicly-owned oil wealth be fairly distributed both in the short run ("through annual cash dividends") and the long run (by "invest[ment of a portion]….in a portfolio of stocks and bonds, so that dividends will continue after the oil runs out.")). Online. Available at http://www.epn.org/prospect/44/44barnes.html. For a description of the operation of the Alaska Permanent Fund see the Web-site http://www.apfc.org/.

[323] Of course, choice may be exercised in a collective context, whether as a citizen, a member of a union or civic organization, or otherwise. If so, choice entails meaningful participation in the process of shared decision-making.

[324] The oft-used term "self-sufficiency" corresponds in some respects to "self-reliance" described in terms of "outcome" or "endpoint" values detailed in the main text.

[325] Bruce Ackerman and Anne Alstott, *The Stakeholder Society*, , Yale University Press, New Haven & London, 1999, 8.

[326] Paul Osterman, *Securing Prosperity, The American Labor Market: How It Has Changed and What To Do About It*, by Princeton University Press, Princeton, New Jersey, 1999, 185.

[327] Arguably, this value extends to some degree to the case even of misfortune that may have been wrought by the individual's own hand.

[328] Paul Osterman op. cit. 185.

[329] There is a concern not only for the bad-luck or misfortune that the average person may experience, but also for the ill-fortune of those individuals who are born with capacities and talents far disparate from the norm (and arguably, even those who experience a dramatic loss of such capacities and talents during their lifetime).

[330] See in this regard, Anthony Giddens, *The Third Way and its Critics*, Polity Press, Cambridge, United Kingdom, 2000, p. 53, and Erik Olin Wright, "Real Utopian Proposals for reducing Income and Wealth Inequality," , Final Draft, October, 1999. Online. Available at http://www.ssc.wisc.edu/~wright/Inc-equal.pdf (scheduled to appear in *Contemporary Sociology*, January 2000), p. 4; and Jerold Waltman, *The Politics of the Minimum Wage*, University of Illinois Press, Urbana and Chicago, 2000, 143. For example, Rothschild argues that among the concerns of traditional advocates of free-market political economy was "that all members of society should be fairly enlightened, in the sense of having had at least some education, of not being intimidated by political oppression, and of being disposed, at least occasionally, to question established privileges and prejudices. These circumstances were extremely unlikely to obtain, it was believed, in a society of such inequality that some individuals were insecure even with respect to their basic subsistence." "Security and Laissez-faire," Emma Rothschild, *Boston Review*, Vol. 25, October/November 2000, 11.

[331] Insofar as the rhetoric of opportunity is identified with notions of individual enterprise and free-market political economy, it has been argued that that one traditional "preoccupation [of the latter] was with the causes of individual enterprise…To take risks, to move jobs, to thin of new ways of making money – these were the dispositions of an enterprising society, and they were unlikely to flourish if individuals were exposed to very large and very sudden losses, such that even their subsistence was at risk." Emma Rothschild, "Security and Laissez-faire," *Boston Review*, Vol. 25, October/November 2000, 11. Along similar lines, but ones not tied to market values, is the contention that "[w]hat we owe [to our fellow citizens] are not the means to generic freedom but the social conditions of the particular, concrete freedoms that are instrumental to life in relations of equality with others We owe each other the rights, institutions, social norms, public goods, and private resources that people need to avoid oppression (social exclusion, violence, exploitation, and so forth) and to exercise the capabilities necessary for functioning as equal

citizens in a democratic state, Elizabeth Anderson, "Optional Freedoms," *Boston Review*, Vol. 25, October/November 2000, 16.

Along the same lines, but even more basically, it has been argued that "`subsistence'….must be redefined for each society, so as to include the diet, amenities, and access to services that are widely thought to be necessary to `get along.' It should also provide the material conditions for participation in the social and political life of the community." Brian Barry, "UBI and the Work Ethic, *Boston Review*, Vol. 25, October/November 2000, 14.

[332] Anthony Giddens, *The Third Way and its Critics*, Polity Press, Cambridge, United Kingdom, 2000, 88.

[333] Ibid.

[334] In their concluding observations, the authors of an extensive comparative study of the social welfare systems of the United States, the Netherlands, and Germany, state that "[a]cross virtually the entire range of indicators we have been examining, social distress tends to wane over time. Those who are poor in one year will, not, by and large, remain poor for long." Robert E. Goodin, Bruce Headley, Ruud Muffels, and Henk Jan Dirven, *The Real Worlds of Welfare Capitalism*, , Cambridge University Press, Cambridge, United Kingdom, 199, 262. However, they are quick to add, though, that "it would be an irresponsible exaggeration to say that `time cures all,' in any literal sense." Ibid., 262. "[W]hile the passage of time certainly does ameliorate most problems for most people, even at the end of fully ten years a certain (even if sometimes small) number of people continue to experience distress across virtually all the sorts of problems and across all three of the countries we have studied." Ibid. .

[335] Mary Naifeh, "Trap Door? Revolving Door? Or Both?," Dynamics of Economic Well-Being, Poverty 1993-94*; Current Population Reports*, Household Economic Studies, P70-63, U.S. Census Bureau, Issued July 1998, pp. 2 and 3. Online. Available at http://www.census.gov/prod/2/98pubs/p70-63.pdf. The exit and entry rates were 23.8 percent and 3.2 percent, respectively. The author used data from the 1993 Survey of Income and Program Participation (SIPP) panel to examine poverty from October 1992 through December 1995.

[336] Ibid., 5. The median duration of poverty during 1992 and 1993 was 4.9 months. The proportion of people who were poor for all both 1992 and 1993 was reported to be 4.8 percent. T.J. Eiler, "Who Stays Poor? Who Doesn't?," Dynamics of Economic Well-being: Poverty, 1992-1993, *Current Population Reports*, Household Economic Studies, P70-55, U.S. Census Bureau, Issued June 1996, p. 3. Online. Available at http://www.census.org/2/pop/p70/p70-55.pdf , p. 3. The author uses data from the 1991 and 1992 SIPP panels to examine poverty from October 1991 through April 1994.

[337] Mary Naifeh, op.cit., 2. A much higher fraction of the chronically poor were children, blacks and Hispanics, female householder and (to a lesser degree) unrelated individuals. Ibid., 4. The proportion of people who were poor for all both 1992 and 1993 was reported to be 4.8 percent. T.J. Eiler, op.cit., 1.

[338] Wilfred T. Masumara, "Moving Up and Down the Income Ladder," Dynamics of Economic Well Being:, 1993 to 1994, *Current Population Reports*, Household Economic Series, P70-65, U.S. Census Bureau, Issued July 1998, p. 1. Online. Available at http://www.census.gov/prod/3/98pubs/p70-65.pdf. The author appears to have used data from the 1993 Longitudinal Panel File. Ibid., 3.

[339] Ibid., 1.

[340] Ibid., 2.

[341] Ibid., 1.

[342] Ibid., 2.

[343] David Stoesz has noted that "[w]ithin a few years of the 1988 federal welfare reform act, poverty analysts were beginning to appreciate the heterogeneity of welfare families. Such families varied significantly with respect to the problems that led them to public assistance, including separation or divorce, a child's illness or disability; low education, unemployment, teen pregnancy, intergenerational dependency, and the like. It followed that approaches for helping welfare families reflected the diversity of families' circumstances, as opposed to presuming they were all the same." David Stoesz, *A Poverty of Imagination, Bootstrap Capitalism, Sequel to Welfare Reform*, University of Wisconsin Press, Madison, Wisconsin, 2000, 145.

[344] For example, because it assumed that while employed, workers would be full-time, it made full-time earnings a measure of the contribution to the workplace that warranted compensation when unemployed.

[345] See, e.g., Mimi Abramavitz, *Regulating the lives of women: social welfare policy from colonial times to the present* (rev. ed.), South End Press, Boston, 1996.

[346] "The core social insurance programs established by the New Deal….did not reach most American blacks. The agricultural and service occupations open to most blacks at that time were simply excluded from social insurance taxes and coverage…Likewise, the Social Security Act's institutionalization of federally subsidized public assistance programs gave free rein to state-level variations in benefits and eligibility, and allowed state and local officials to exercise administrative discretion. This meant that blacks in the South could be deprived of adequate welfare assistance." *See* Theda Skocpol, *Social Policy in the United States, Future Possibilities in Historical Perspective*, by Theda Skocpol, Princeton University Press, Princeton, New Jersey, 1995, 218-219.

[347] That is, the relationship with the enterprise may be as a part- or full-time employee, as a temporary or contract employee, as an independent contractor, etc.

[348] These relationships are ones that extend beyond the family in its contemporary broadened sense.

[349] Indeed, the community may not be one of physical place, i.e., it may be a community "located" in "cyberspace."

[350] "[S]ocietal changes….have altered the relative attractiveness of work and leisure later in life. Mandatory retirement has been outlawed for most American workers. Social Security has become more age-neutral, no longer penalizing the average worker who wants to continue working after age 65. An increasing proportion of employer pension coverage has been in defined contribution plans, which do not contain the age-specific retirement incentives that many defined benefit plans do. The composition of jobs has shifted from manufacturing to service occupations. Americans are living longer and healthier lives, and many look forward to years of productive activity after age 65." "Retirement Patterns and Bridge Jobs in the 1990s," EBRI Issue Brief No. 206, Executive Summary, Employee Benefit Research Institute. Online. Available at http://www.ebri.org/ibex/ib206.htm.

[351] For example, it has been argued that "[m]any older Americans leave the labor force gradually, utilizing `bridge jobs' between employment on a full-time career job and complete labor force withdrawal. These bridge jobs are often part-time, often in a new line of work, and sometimes involve a switch from wage and salary work to self-employment. Estimates suggest that between one-third and one-half of older Americans will work on a bridge job before retiring completely, and for these workers retirement is bet viewed as a process, not as a single event." Ibid. See also, Robert I. Lerman and Stefanie R. Schmidt, "An Overview of Economic, Social, and Demographic Trends Affecting the U.S. Labor Market," by The Urban Institute, Washington, D.C., , 5. Online. Available at http://www.urban.org/employment/dol_fr/dol_finalreport.pdf. (citing a Hudson Institute report predicting "substantial increases in the labor force participation rates of the 55-and-older population," that "half of 65- to 70-year-old men would work," and pointing to polling data that support a claim "that most baby boomers expect to work beyond 65.").

[352] The argument made in this and the two preceding paragraphs in the main text reflects, in a number of respects, that set forth in Michael Sherraden, "Social Security in the 21st Century," Center for Social Development, George Warren Brown School of Social Work, Washington University in St. Louis, 1996. Online. Available at http://gwbweb.wustl.edu/users/csd/workingpapers/socialsec.pdf (arguing that because the 21st century will be characterized by (1) weakened influence of nation states, (2) less mass employment, (3) less stable employment, (4) even greater skill requirements, (5) greater geographic mobility of workers, (6) workers engaging in a more entrepreneurial role in offering their skills, (7) household income being derived from more diverse sources, (8) work life being less constrained by location, hours, or period in the life span, (8) more diverse living arrangements for individuals and households, (9) lives that are longer, health, and more capable, and (10) "retirement" years less sharply differentiated from "pre-retirement" years," that requires a shift toward asset-based policies).

[353] "In colonial America,….suffrage and office-holding were often restricted to those with substantial property. But during the nineteenth century, a serious effort was made to reverse the linkage." Bruce Ackerman and Anne Alstott, *The Stakeholder Society*, Yale University Press, New Haven & London, 1999, p. 13. Certain formal vestiges of such restrictions were only eliminated by judicial decision, see *Harper v. Virginia Board of Elections*, 383 U.S. 663 (1966)(holding unconstitutional poll tax in relation to state election), and by constitutional amendment. See U.S. Constitution, Amendment XXV (barring use of poll or any other tax to bar right of citizens to vote for elected federal officials in primary or other elections).

[354] For example, there are no longer formal financial asset or property qualifications that deny to individuals the right to vote or to run for political office. But great disparities in the capacity of individuals and organizations to marshal financial resources in support of their own or others' political candidates and

particular political issues profoundly shape the outcomes of political campaigns and political debate and outcomes over particular policies and legislation. Of course full political citizenship was not according to women until enactment of the 19th Amendment to the United States Constitutions and it took enactment of the 15th Amendment to extend to former slaves and others political citizenship following upon their being accorded formal citizenship in the 13th Amendment and were accorded a broad range of non-civil rights associated with citizenship by the 14th Amendment.

[355] "Radical Republications led a spirited campaign to couple the Fourteenth Amendment's grant of citizenship to black Americans with a stake carved out of rebel property." *The Stakeholder Society*, Bruce Ackerman and Anne Alstott, Yale University Press, New Haven & London, 1999, 13.

[356] See *Time Passages, Genealogy of the Dakotas, Homestead Documents and other Land Patent Records, The Homestead Act.* Online. Available at http://time-passages.com/dakota-homestead-records.html. By such legislation, the government recognized the importance of access to common assets (in that context, vast publicly owned lands) and in that case, allocated them in a way that would enable individual economic opportunity. "[T]he Homestead Act refused to offer up America's vast resources to the highest bidders, but encouraged citizens to stake their claims for a fair share of the common wealth*."* Bruce Ackerman and Anne Alstott, op.cit. (Note, though, that whatever egalitarian, opportunity-facilitating values informed the Homestead Act, as a practical matter, the practical conditions and means for realizing those values may not have been present:

"In truth, most of the fertile land was by then already in private hands and no longer a part of the public domain. Many tracts were in remote areas and no provision was made for even elementary agricultural training. By 1890 only one of every three homesteaders had occupied his land long enough to obtain the deed to it. Much of the homesteaded land fell into the hands of large estate owners." Jeff Gates, *The Ownership Solution, Toward a Shared Capitalism for the Twenty-First Century*, Addison-Wesley, Reading, Massachusetts, 1998, 325, n.25.

[357] "After three centuries of working on commodity production for others, freed African Americans continually displayed a desire to raise food and make products for themselves" Mark J. Stern, "The Un(credit)worthy poor: Historical Perspectives on Policies to Expand Assets and Credit," Chapter 8, 273, in Thomas M. Shapiro and Edward N. Wolff, Editors *Assets for the Poor, The Benefits of Spreading Asset Ownership*, Russell Sage Foundation, New York, 2001.

[358] Skocpol cautions that although contemporary Americans typically view schools "as mechanisms for teaching skills and ensuring a bright economic future for individuals," advocates for public education argued that it would "give all pupils the disciplined character traits necessary for virtuous civic participation as well as for responsible contributions to workplace and families." Theda Skocpol, *The Missing Middle, Working Families and the Future of American Social Policy*, A Century Foundation book, W.W. Norton & Company, New York and London, 2000, 28.

[359] We use the word "universal" guardedly given the exclusion of African-Americans from education during generations of slavery and the gross disparities in public education afforded them during the post-Reconstruction era, whether under the regime of "separate-but-equal" or otherwise.

[360] "The development of a set of land-grant colleges established a system of education directed at the improvement of the economic and social conditions of the population, and the universities that were founded as a result of this act became one foundation for the increase of the population's human capital during the twentieth century." Mark J. Stern, op.cit., 272.

[361] In this respect, then, the access to higher education afforded by the G.I. Bill was a simple, albeit extremely important, extension of the recognition of the importance of human capital to opportunity.

[362] Through the G.I. Bill, "some $14.5 billion federal dollars were spend between 1944 and 1956 to help just over half of the returning World War II veterans (some 7.8 million people) obtain vocational training or higher education, preparing them for occupations ranging from skilled industrial trades to engineering, medicine, law, and business." Theda Skocpol, "Delivering for Young Families: The Resonance of the GI Bill," *The American Prospect,* No. 28, September-October 1996. Online. Available at http://www.prospect.org/cgi-bin/printable.cgi. "The GI Bill authorized tuition for up to $500 per year, which was at that time sufficient to pay for even prestigious private colleges. Individuals could choose from among the best kinds of training or education to which they could gain admission. Nearly two and a quarter million World War II veterans – many of whom would not have been able or motivated to pursue higher education – attended colleges and universities courtesy of the GI Bill." Ibid.

However, the benefits of the GI Bill were not limited to enhancing human capital: "In addition to educational benefits, GI families were provided modest allowances while vets pursued their studies, as well as loans for purchasing homes or farms or setting up new businesses. GI loans helped some 4.3 million vets purchase residences in the decade after World War II. Under the 1944 GI Bill and its successor, some one-fifth of postwar mortgages for single-family homes came to be subsidized by the Veterans Administration, and practices in the long-term mortgage market were changed in ways that opened up loans to many loans to many nonveterans as well." Ibid. In sum, "the GI Bill authorized massive federal investments in young men right at the start of their lives as workers and providers for families." Ibid. Most certainly, "[t]he GI Bill represented the payment of a debt for the sacrifices our soldiers made during the war." Bruce Ackerman and Anne Alstott. op.cit, 13. In certain respects it was recognition of the contribution of the young who fought to preserve the older who could or did not. But if so, certainly the contributions of the younger in our generation, in the workplace or otherwise, whether in the military or otherwise, arguably give rise to an analogous debt and justify an analogous government policy of opportunity.

For a short, but sweeping overview describing a range of federal government policies which the author suggests belies the notions of "self-reliant" families and supports the contention that such policies have been critical to opportunity, see Stephanie Koontz, "We Always Stood on Our Own Two Feet: Self-reliance and the American Family," Chapter 4 in *The Way We never Were, American Families and the Nostalgia Trap*, Basic Books, New York 1992.

[363] According to President Johnson's report to Congress in 1964 on his plans for a war on poverty, "[t]he key to reducing poverty….was `building individual earning power.'" Susan E. Mayer, "Why Welfare Caseloads Fluctuate: A review of Research on AFDC, SSI, and the Food Stamps Program," Treasury Working Paper 00/7, New Zealand Treasury, 6. Online. Available at http://www.treasury.govt.nz/workingpapers/2000/00-7.asp. "At the elementary and secondary level, the idea was to equalize the amount spent on schools serving the rich and poor children. At the post-secondary level the goal was to provide scholarships and loans to students from low-income families, so that they could compete on equal terms with students whose families were paying their college bills." Idem 8. With respect to the latter, "the most important programs, at least in terms of cost, were those providing grants and subsidized loans to needy college students. For those who did not attend college, the Economic Opportunity Act established a variety of job training programs for the poor, such as the Job Corps and later Comprehensive Employment and Training Act (CETA). Idem. 8-9.

[364] "The housing laws passed during the Roosevelt administration created what Radford calls a two-tiered federal housing policy. At the higher tier, the government provided help to private industry to develop housing for the middle classes, at first primarily by insuring mortgages and organizing a mortgage market as authorized by the Hosing Act of 1934. These programs encouraged building at the periphery, thus helping to drain the urban core of the middle classes. At the lower tier, the government built hosing for low-income people. But, as Catherine Bauer pointed out, as long as public housing was known as a poor people's program, it would never be popular or have strong political support…." Alexander von Hoffman, "A Study in Contradictions: The Origins and Legacy of the Housing Act of 1949,", Housing Policy Debate, Volume 11, Issue 2, Fannie Mae Foundation, Washington D.C, 2000, 302-303. Online. Available at http://www.fanniemaefoundation.org/programs/hpd/pdf/hpd-1102-hoffman.pdf.

[365] "The main drive for a federal housing act did not come from the White House….Franklin Roosevelt thought of his housing program less as a way to aid slum dwellers than as a way to revive a sick industry – nearly a third of the jobless were in the building trades – and one which would have incalculable effects on other industries form cement to electrical appliances. He had far less faith in public housing than in government encouragement of private ventures." *Franklin D. Roosevelt and the New Deal, 1932-1940*, Harper Torchbooks, Harper & Row Publishers, New York, 1963, p. 134. Indeed, it has been suggested that "New Dealers viewed public housing as a temporary ways station for the unfortunate members of society who need shelter while they weathered the calamities of the Great Depression." Roger Biles, "FDR, The New Deal, and Public Housing," in Byron W. Daynes, William W. Daynes, William D. Persson, and Michael P. Riccards, editors, *The New Deal and Public Policy*, St. Martin's Press, New York, 1998, 172.

[366] "Roosevelt preferred federal mortgage insurance stipends that would allow the poor to acquire their own detached dwellings." Roger Biles, op.cit, 174.
[367] See Charles J. Orlebeke,"The Evolution of Low-Income Housing Policy, 1949 to 1999," , *Housing Policy Debate*, Volume 11, Issue 2, Fannie Mae Foundation, Washington D.C., 2000,489-490. Online. Available at http://www.fanniemaefoundation.org/programs/hpd/pdf/hpd-1102-orlebeke.pdf.
[368] The role of the HOLC and related early New Deal policies related to home ownership has been described as follows:

"Roosevelt had a passionate interest in home ownership as essential to the kind of democratic capitalism he favored. By early 1933, more than 40 percent of the country's home mortgages were in default. As part of the first 100 days, Roosevelt signed into law the Homeowners Loan Corporation. Under this program, HOLC bonds would be traded for mortgages and changed into a single first mortgage. It could also redeem properties lost by foreclosure after January 1, 1930.

"The interest rate was an unusually low 5 percent, amortized over 15 years. This in itself was nearly revolutionary. In the 1920s, most mortgages had terms of five years or less. The Federal Housing Administration linked the amortization period to 20 years. The result was lower payments for individuals and considerably increased home construction and ownership. This ownership was also helped by tax laws that allowed the federal deduction of interest in real estate tax payments.

"The Federal Savings and Loan Corporation insured billions of dollars worth of loans and dramatically reduced the need for second and third mortgages on homes. By the summer of 1934, the New Deal credit establishment was firmly in place and had significantly restored liquidity to the money markets." Verne Newton, Panelist, Roundtable IV: The New Deal and the Reagan Era: Comparisons and Contrasts in Economic Policies for Recovery and Growth, "Democratizing Capital in U.S., History, Business, and Public Policy, Transcripts, Milken Institute, Santa Monica, California, June 1-2, 1998. Online. Available at http://www.milken-inst.org/poe.cfm?point=pub03.
[369] Sylvia C. Martinez, "The Housing Act of 1949: Its Place in the Realization of the American Dream of Homeownership," by Housing Policy debate, Volume 11, Issue 2, 2000, Fannie Mae Foundation, Washington D.C., 467. Online. Available at http://www.fanniemaefoudnation.org/programs/hpd/pdf/hpd-1102-martinez.pdf. "FHA's market share of housing starts average around 31 percent from 1936 to 1940 and increased to 43 percent during World War II. Its contribution to housing finance, however, exceeded both its market share and its role as a mortgage insurer…The FHA….set the stage for the formation of a secondary market." Ibid. 471.
[370] Mark J. Stern, op.cit. 288.
[371] "FHA achievements in elevating the quality of the nation's housing stock came at a societal price. The very underwriting standards that increased the quality of housing steered FHA financing away from properties and neighborhoods that did not meet those standards. Moreover, given the influence of FHA standards on the conventional lending industry, the deleterious effects of these policies probably extended beyond their immediate reach FHA policies and practices favored new home construction in the suburbs and bypassed the central cities. The net result was the outmigration of white families to the suburbs, thus contributing to the decline of the cities Most egregiously, not only did FHA policies implicitly favor white homeowners, but FHA underwriting standards had also been explicitly discriminatory. Until 1950, the FHA recommended the use of racially restrictive covenant…." Sylvia C. Martinez, op. cit., 471. These practices "were reinforced by other federal policies. White families were able to afford new suburban homes through Veteran's Administration and FHA insurance and generous mortgage interest deductions. In the meantime, housing and urban renewal policies as they applied to lower-income households, many of which were minorities, promoted racially segregated public housing and inner-city rental housing." Ibid.
[372] Carliner notes that "[i]nitially, the maximum single-family mortgage eligible for FHA insurance was set at $16,000, far above the median home price of the day." He adds that on one hand, "[t]he focus of the FHA program gradually came to be less risk averse and more oriented toward providing homeownership opportunities for lower-income households," but that "[d]espite steps to make the FHA program accessible to home buyers of more modest means, it continued, at least for the first two decades, to be oriented toward new construction and to account for a relatively small share of loans for lower-priced properties and higher-risk borrowers." Michael S. Carliner, "Development of Federal Homeownership Policy," by Michael S.

Carliner, *Housing Policy Debate*, Volume 9, Issue 2, Fannie Mae Foundation, Washington, D.C., 1998, 306. Online. Available at http://www.fanniemaefoundation.org/programs/hpd/pdf/hpd_0902_carliner.pdf. However, there ultimately was a shift so that "[b]y 1970[,] the prices of homes with FHA-insured loans, and the incomes of the homeowners with those loans w ere below the overall medians…." Ibid., 307.

[373] In 1936, "Roosevelt started eliminating New Deal programs such as the Homeowners Loan Corporation. It had been so successful that when it stopped making new loans in June of 1936, it had refinanced more than 20 percent of mortgaged homes in the United States…[But b,]y the winter of 1938, the dream of free market prosperity was shattered. Industrial production fell more than a third, durable goods production more than half, and business profits more than three-quarters. With the economy reeling and unemployment back up to 19 percent, FDR was finally convinced to adopt a Keynesian program of expanded spending to stimulate aggregate demand.

"To kick-start the housing and construction market,….[sought] to establish a national mortgage association to purchase FHA mortgages on new homes. As a result,….the Federal National Mortgage Association, Fannie Mae, [was created,] which bought FHA mortgages, thereby acting as a secondary market. Verne Newton, Panelist, Roundtable IV: The New Deal and the Reagan Era: Comparisons and Contrasts in Economic Policies for Recovery and Growth, "Democratizing Capital in U.S., History, Business, and Public Policy, Transcripts, Milken Institute, Santa Monica, California, June 1-2, 1998. Online. Available at http://www.milken-inst.org/poe.cfm?point=pub03.

In 1970, Congress chartered the stockholder-owned Federal Home Loan Mortgage Corporation (Freddie Mac) was chartered by Congress to funds to provide funds to mortgage lenders in support of homeownership and rental housing by purchasing mortgages from lenders and packaging them into securities that are sold to investors. In this respect it has a mission similar to that of Fannie Mae. Freddie Mac reported that in 2000 it purchased $207 Billion of single-family (1-4 unit) mortgages and 1,464,110 single-family mortgages and has having financed homeownership for more than 26 million families since 1970. See Freddie Mac Web-site, "Freddie Mac Mortgage Facts," http://www.freddiemac.com/news/corp_stats.html.

[374] "The New Deal credit revolution not only made more feasible the purchase of a home, but Roosevelt also created the Rural Electrification Administration to finance cheap power for the home and farm. The REA provided low-interest loans to local cooperatives to build electric transmission lines. This facilitated the buying of appliances and the consumption of electricity which powered those appliances." Verne Newton, "Democratizing Capital in U.S., History, Business, and Public Policy, Transcripts, Roundtable IV: The New Deal and the Reagan Era: Comparisons and Contrasts in Economic Policies for Recovery and Growth, Milken Institute, Santa Monica, California, June 1-2, 1998. Online. Available at http://www.milken-inst.org/poe.cfm?point=pub03.

[375] See Theda Skocpol, *The Missing Middle*, W.W. Norton & Company, New York, 2000, 26-27.

[376] Ibid., 27(italics omitted).

[377] Ibid., 26.

[378] Ibid., 28.

[379] Ibid., 28 (Such advocates "held that community schools would give all pupils the disciplined character traits necessary for virtuous civic participation as well as for responsible contributions to workplaces and families.").

[380] Ibid., 29. That same reality belies a related notion that Social Security has operated as a system by which individuals have "saved" for their retirement, and that their benefits should be thought of in terms of a "return" on their investment.

[381] Ibid., 28-29.

[382] Ibid., 29 (italics omitted).

[383] Ibid., 32 (italics omitted).

[384] Ibid. (italics omitted).

[385] Ibid., 38 (italics omitted).

[386] Ibid., 32 (italics omitted).

[387] A strong argument along these lines (though with a cautionary conclusion) from a progressive perspective, has been made James Midgley: "Rather than seeking to defend unworkable distributive

conception of social welfare, social policy advocates should consider the merits of the social development approach that calls for harmonizing social policy and economic development and offers a conception of redistribution based on investments in people and communities. This approach is not antithetical to traditional social welfare values and ideals but, rather reframes them in ways that fit current economic, social, and political realities. Social development enhances social rights by increasing in economic participation and, by promoting economic participation, it reduces the wide disparities that exist between those who participate in the productive economy and those who do not." James Midgley, "Growth, Redistribution, and Welfare: Toward Social Investment," *Social Service Review*, March, 1999, 16.

The bipartisan support which has, to date, been garnered for Individual Development Accounts (IDAs) appears to reflect the kind of broad ideological appeal referred to in the main text. At least one specific effort has been made to justify that particular policy in terms of the connection between support for savings by low-income individuals and a range of economic benefits. See Ray Boshara, Edward Scanlon, and Deborah Page-Adams, *Building Assets for Stronger Families, Better Neighborhoods and Realizing the American Dream*, Corporation for Enterprise Development, Washington, D.C., 1998, 46 (referring to an analysis which "assumes a national demonstration of 1000,000 IDA for low-income families (earning $25,0000 per year or less), with a federal investment of $105 million to match the $186 in resources from the savings of low-income families, private sources, and state and local governments" and "calculates that this $291 million investment would produce net returns to the nation of $1.63 billion" in the form of new businesses, additional employment and earnings, new and rehabilitated homes, increased savings, increased participation in vocational and college educational programs, etc.).

[388] For example, in Samuel Bowles and Herb Gintis, editors, *Recasting Egalitarianism*, Verso Press, 1999, the authors start from the premise that policies to effect more broadly shared ownership of assets is consistent with such goals. Among other things, they explore the effect of broader ownership of assets in enterprises, as they relate to schooling, and in connection with public housing. They suggest that within such a context, appropriate use of market-based approaches and private property ownership can the basis for expanded, meaningful democracy.

[389] This summary is based on a description of the evolution of political support for IDAs in Michael Sherraden, "Asset Building Policy and Programs for the Poor," Policy Report, Center for Social Development, George Warrant Brown School of Social Work, Washington University in St. Louis, 2000. Online. Available at http://gwbweb.wustl.edu/Users/csd/workingpapers/policyreportsherraden.pdf.

[390] Advocacy Packet, 2001 IDA National Learning Conference, Corporation for Enterprise Development, Washington, D.C., 2001.

[391] This sketch of the support for AFIA and related legislation is based on information from the Corporation of Enterprise Development Web-site, IDA Network, Exchanging Information About Individual Development Accounts. Online. Available at http://www.cfed.org/. This summary is based on a description of the evolution of support for IDAs given by Michael Sherraden, "Asset Building Policy and Programs for the Poor," Policy Report, Center for Social Development, George Warrant Brown School of Social Work, Washington University in St. Louis, 2000. Online. Available at http://gwbweb.wustl.edu/Users/csd/workingpapers/policyreportsherraden.pdf.

[391] Advocacy Packet, 2001 IDA National Learning Conference, Corporation for Enterprise Development, Washington, D.C., 2001.

[391] This sketch of the support for AFIA and related legislation is based on information from the Corporation of Enterprise Development Web-site, IDA Network, Exchanging Information About Individual Development Accounts. Online. Available at http://www.cfed.org/.

[392] See Richard Nadler, "The Rise of Worker Capitalism," Policy Analysis 359, Cato Institute, November 1, 1999.

[393] Ibid.

[394] This argument is even stronger if human capital is thought of not only in terms of education and skills, but more broadly in terms of a sense of identity, the ability to enter into and navigate relationships, etc. The latter capacities are even yet more likely built within and by strong families and communities and building them is a shared concern of many liberals and social conservatives alike. With regard to the question of "market failure," see Michael Prowse, "Mind the Gap," Prospect, January, 2000 (recounting conservative economist Milton Friedman's book *Capitalism and Freedom* and its discussion of the possibility of "market failure," i.e., that "the free market leads to "underinvestment in human capital"

because "banks are happier to lend against the security of a fixed asset than against the higher future earnings which vocational training or education make possible" and Friedman's proposal "[t]o remedy this defect and prevent access to training and higher education remaining dependent on family wealth" by government investing in individuals by means of loans to them "with repayments calculated as a percentage of their future earnings"). Online. Available at
http://www.prospect-magazine.co.uk/highlights/mind_gap/index.html.

395 In the context of the EITC and the refundable child care tax credit, the expected contribution is a sufficient earned income from employment.

396 "Community Action Agencies (CAAs) are nonprofit private and public organizations established under the Economic Opportunity Act of 1964 to fight America's War on Poverty. Community Action Agencies help people to help themselves in achieving self-sufficiency. Today there are approximately 1,000 Community Action Agencies in the United States." National Association of Community Action Agencies Website, http://www.nacaa.org/caaprofile.htm. For a series of essays on the establishment, evolution and impact of community development corporations see Ronald F. Ferguson and William T. Dickens, Editors, *Urban Problems and Community Development*, Brookings Institution Press, Washington, D.C., 1998.

397 In particular contexts, other constituencies may give additional and, perhaps, key support. For example, support for Individual Development Accounts, Children's Saving or Opportunity Accounts, and other broad-scale financial asset-building programs for low-income families are not only ideologically apposite with the goals of the financial services sector in promoting savings and spurring investment – goals arguably embraced by the American public more generally - but also, clearly provide innumerable business opportunities for that sector. In this respect, there are similarities to the politics of the markedly more successful Medicaid, food stamp, and housing subsidy programs as compared the AFDC/TANF program. "[T]hey reassure skeptical taxpayers that the money is mostly going for things they favor, like better food, housing, and medical care, and not for things they oppose, like drugs, alcohol, tobacco, and fancy clothes…[Also,] by focussing on food, housing and medical care, these non-cash programs help mobilize support from prospective providers. Hospitals fight for Medicaid, because otherwise their bills for uncompensated care would be higher. Farm state representatives support food stamps, on the (somewhat problematic) grounds that they drive up food consumption. Builders favor some forms of low-income housing, because they can make money creating it." Susan E. Mayer, "Why Welfare Caseloads Fluctuate: A review of Research on AFDC, SSI, and the Food Stamps Program," Treasury Working Paper 00/7, New Zealand Treasury, p. 11. Online. Available at
http://www.treasury.govt.nz/workingpapers/2000/00-7.asp.

398 For a brief description of the WIA, see Larry W. Beeferman and Sandra H. Venner, op. cit., III-2.

399 The argument in this and the subsequent paragraph draws upon Stuart White, "Asset-based Egalitarianism: forms, strengths and limitations," in Sue Regan, ed., *Assets and Progressive Welfare*, London, 2001 and "The Ambiguities of the Third Way," by Stuart White, in *New Labour: the Progressive Future?*, ed. by Stuart White, Palgrave Publishers Limited, Basingstoke Hampshire UK 2001. As White notes in the former essay, a distinction can be drawn between disadvantage which is the result of "bad luck" and that which is a consequence of "bad choices," so-called "undeserved" and "deserved" inequality. See p. 9.

400 The controversy over the investment of large federal government surpluses in stocks and bonds in connection with changing or enhancing the social security retirement program is a case in point. See, e.g., "The Greenspan Concern Over Public ownership of Private Assets: Can the Social Security Trust Fund Safely Own Such Assets," by Peter Orszag and Robert Greenstein, Center on Budget and Policy Priorities, February 16,2001. Online. Available at http://www.cbpp.org/2-26-01tax3.htm.

401 On one hand, the enormous growth in the size of pension funds affords an opportunity to leverage control of those funds – particularly public sector-based pension funds by means of the political process – to promote "socially responsible" conduct on the part of the firms whose shares are part of the funds' portfolios. On the other hand, the employee beneficiaries of such funds have, not surprisingly, an interest in increasing the financial returns generated by the funds so as to enhance their pension income, an interest which result in seeking out firms who maximize returns by moving capital abroad and engaging in labor practices that may be harmful to their own workers. See, for example, "Democratic Voters and Democratic Investors," by Robert B. Reich, *The American Prospect*, Vol. 11 No. 20, September 11, 2000. Online, Available at http://www.prospect.org/egi-bin/printable.cgi.

[402] It is has been argued that there is a need for "asset protection" policies in addition to asset building policies, that is "protections afforded to families to prevent catastrophic events from depleting financial resources," and that in some cases, private insurance is not readily adequate to that task, such as in the case of long-term care for infirm elderly persons. In this regard "the federal government's Medicaid program can be viewed as an inheritance protection scheme." "Wrap-Up with Rapporteurs, Seymour Spilerman, Some Observations on Asset Ownership, Living Standards, and Poor Families, in Thomas M. Shapiro and Edward N. Wolff, editors, *Assets for the Poor, The Benefits of Spreading Asset Ownership*, Russell Sage Foundation, New York, New York, 2002, 375-376.

[403] Of course, the extent to which any policy embodied in proposed legislation may fulfill the promise of asset development policies will depend upon the presence of ideological fault lines and the circumstances under which they might be bridged. For example, during the 2000 session of the 106th Congress, a version was seriously considered of what was originally The Savings for Working Families Act of 2000 (S.2023/H.R. 4106). The legislation would have expanded funding support for IDAs through 90% federal tax credits to financial institutions for contributions to IDA programs for matching funds (only to match earned income) and a 50% credit for contributions for financial education, monitoring, and administrative costs. Eligible IDA recipient programs may serve households at 80% of the national median income (NMI) or below, although one-third of the accounts are provided to those at 50% of the NMI or below. An additional 50% credit would be available to any individual or corporate taxpayer for direct investments in qualified non-profits administering IDA programs, with at least 70% used for matches. Most certainly, the proposal as fashioned may well reflect a fair estimate of what the political calculus established by the present Congress will permit. However, the limit on matches to earned income and the reliance on tax credits rather than refundable tax credits raises questions about universality and progressivity. Further, the fact that the NMI is nearly $41,000 per year - so that use of the 80% of NMI criterion might, in some jurisdictions, allow the benefit to go to many far above the poverty level - poses related concerns. The relatively greater reliance on and functional control by financial institutions over a significant funding stream may pose issues regarding fairness and sustainability of the administration of the scheme. The proposal, if approved, might run into several billions in tax expenditures. But at their present scale, IDA demonstration programs have a relatively high ratio of administrative and support costs. Of course, if per participant expenses are sharply reduced at a larger scale of operation or if the non-monetary benefits gained by participants are high, then the cost-benefit ratio would be altered.

[404] An argument along these lines has been applied more broadly with respect to the choice (at any given level of government expenditures) between financial support to low-income households in the form of assets rather than income. See Mike Brewer and Matthew Wakefield, "Election 2001, Labour's Proposals," Briefing Notes, The Institute of Fiscal Studies, London, May 2001, 7. Online. http://www.ifs.org.uk/election/ebn9.pdf. (suggesting that "[i]n a world where individuals rationally distribute lifetime income between consumption in each period, and in which everyone has access to credit markets, it is hard to see any advantage of asset-based welfare over income supplements" and that the justification of an asset-based policy must rest on "some feature of the [real] world….[that] is not adequately captured by this idealized situation, e.g., disparate opportunities to save or borrow with respect to which the benefits of the policy outweigh the costs.)

[405] Note, though, that whatever the formal design, whether a particular policy can, at the practical level be inclusive may depend on cultural factors. For example, insofar as a policy (like IDAs) may be grounded in the importance of savings, it may confront different understandings of what assets are and how they are built. For example, among some ethnic or other groups, savings may be more group- than individually oriented.

[406] In this regard see the argument for "structural pluralism" in Anthony Giddens*, The Third Way and its Critics*," Polity Press, Cambridge, UK, 2000 (noting the strengths and weakness of assigning power to state-, market- and community-based institutions), 55-84.

[407] For example, the creation of individual training or learning accounts with resources for education and training that may be expended according to the account holder's choice, expands existing or creates a new market for those services, ones which are not necessarily (or at all) supplied by the state. But without the requisite supply of service providers, information about their performance, and guidance to inform account holders' choices about services in light of their career goals and current skills, among other things, the promise of such an account-based approach may not be fulfilled. Some of these issues are dealt with in the design of Individual Training Accounts under the Workforce Investment Act. Note has been taken of the

problems identified here in the implementation of Individual Learning Accounts in the United Kingdom. Also, on the "supply" side of the issue with respect to ITAs, there are challenging policy questions about the impact of program design on community-based job-training providers.