INSTITUTE ON ASSETS AND SOCIAL POLICY

Monthly Perspective

Youth and Financial Assets

Andrew Hahn - May 2005

Capitalism doesn't worship the young for nothing. The teenage buying market is huge, with kids spending $9.5 billion on personal care products alone. Any parent knows this without looking it up: just peek into the bathroom of teens and marvel at the sea of products.

The Bush administration uses the term 'ownership society' to describe a core domestic policy goal. One suspects, when it comes to youth, that implicit in the phrase 'ownership society' is the aspiration to develop young consumers who have enough financial assets to spend and save on their way to the ownership society.

Many youth advocates from the progressive side of the political spectrum, on the other hand, express ambivalence about thinking of their work as solely preparing future consumers and owners. These progressives think the "assets" young people should acquire and "own" require a range of program interventions, from mentoring to community service to entrepreneurship training to preventive drug and crime strategies. All of these interventions are focused on preparing engaged and connected youth who in turn can influence the design of asset-building strategies through active youth participation and leadership opportunities.

Youth workers need to consider these visions from the Republican and Democrat sides and even develop their own vision and alternatives.

The Institute for Assets and Social Policy, a Brandeis University think tank and home to the Center for Youth and Communities, has been researching and synthesizing work in the asset development field. The IASP believes that it is time for a new compelling public vision that reaches out to different political perspectives and rehabilitates the idea of social investment in children, youth and families.

So where are the fault lines that youth workers need to understand between conservative and progressive visions of asset development?

Actually, the differences are greatest with respect to use of the tax code for new universal policies.

Historically, government policy has sought to strengthen schools, ameliorate the impacts of early school leaving, teen unemployment, substance abuse, and criminal activity. At the same time, government policy under both Democrats and Republicans has sought to strengthen opportunities for learning in the non-school hours by extending pre-teen programs like Head Start and adding summer and after-school programming. Both parties have done this by building up an important but often inadequate safety net of programs and policies, some with their origins in the War on Poverty in the 1960s and some new ones under the faith-based movement.

Asset development proponents on both sides harbor concerns about these approaches. Some of these analysts would like to see targeted anti-poverty approaches designed to address specific needs of youth replaced with new universal approaches connected to the tax system. For example, the "old" way is to champion a national job-training program with disproportionate resources aimed at the poor (e.g., the Workforce Investment Act) through partnerships with states and cities. The new asset development approach might favor a universal tax-deferred Individual Development or Training Account, funded voluntarily by families with help from financial institutions or government and used for such things as further skill training. Everyone would be eligible, reducing stigma, but its greatest impact might be bringing youth traditionally left at the margins into the educational and economic mainstream.

Institute on Assets and Social Policy
The Heller School for Social Policy and Management
Brandeis University, Mailstop 077 | Waltham, MA 02454-9110
Tel: 781-736-8685 | Fax: 781-736-3925
assetinstitute@brandeis.edu | http://www.assetinstitute.org

Asset advocates love using the tax system as a tool of social policy. The basis for their enthusiasm is the dramatic impact of the homeowners' mortgage interest deduction. This tax-related benefit lifted the poor and non-poor alike, and sent a policy signal across the land that was stigma-free and nicely connected to the virtues of hard work. Some Democrats and many Republicans find this kind of approach preferable. They like using the efficient tax system –rather than government contracts to groups enrolling targeted populations –and they sense that political will is cultivated by supporting universal programs that aren't painted with the stigma of income testing for eligibility.

The youth field already has many financial asset-building strategies, including micro-credit, youth entrepreneurship, youth financial literacy, youth credit bureaus and many employment/training programs. In fact, almost any youth program can be seen as a barrier-busting opportunity to help young people develop human capital (education and training), build financial assets, and become effective citizens. This is the world of many youth programs, including Junior Achievement, the National Foundation for Teaching Entrepreneurship, YouthBuild, school-based businesses and financial literacy courses.

The Center for Youth and Communities is working with an evolving framework that discusses youth asset building as creating and preserving assets through effective policies, strengthening human capacities, and building and securing asset wealth.

The question is whether new asset policies, with their focus on investments and the tax code, will supplement the War on Poverty orientation still dominant in much of our work, or seek to replace it with a broader approach?

I would hope that some kind of marriage could be arranged with the best of proven targeted supports and new progressive thinking that uses the tax code for all Americans. This could create a paradigm shift of enormous importance.

Youth workers need to keep their eyes on the emerging proposals and become active players in the evolving debate. The debate over what kind of "ownership society" we want to have is one that has great import for the youth of our nation.

-- Andrew Hahn is professor at the Heller School for Social Policy and Management at Brandeis University. An earlier version of this opinion article appeared in Youth Today, the newspaper for youth workers. (ahahn@brandeis.edu)