

Ramona Schindelheim, WorkingNation editor-in-chief:

You're listening to Work In Progress. I'm Ramona Schindelheim, editor in chief of WorkingNation. Work in Progress explores the rapidly changing workplace through conversations with innovators, educators and decision makers, people with solutions to today's workforce challenges. Last week in Washington DC, leaders from business, government, philanthropy, and nonprofits gathered for the Global Inclusive Growth Summit hosted by the MasterCard Center for Inclusive Growth and the Aspen Institute.

The discussion centered around an important issue, how do we ensure that everyone has equal access to the opportunities created by economic growth, and how do we make sure that that growth is done responsibly? Ida Rademacher is vice President at the Aspen Institute and the leader of its financial security program and its partnership for an inclusive economy. We started our conversation with her definition of inclusive growth.

Ida Rademacher, Aspen Institute VP:

When I think about inclusive growth, I think about more deeply shared prosperity. Because the whole point of it in economy is in service of its people, just like the government's in service of its people. So I think about what does it look like when people are included? They have voice, they have agency, they have dignity, they have freedom. The places where I get really specific there are around how does a level of financial security enable that choice and dignity and freedom. That really becomes the bedrock for mobility.

I think when more people can be producers, not just consumers in the economy, economy grows faster, it grows more sustainably, and it's in service of the broader ideals of a society. So for me, when you think about shared prosperity, I think if it doesn't show up on a household balance sheet, at the end of the day, if the changes we're trying to make, if the ways that we're trying to make the economy work for more people doesn't show up in actual improvements in household net worth and the ability to manage your everyday life, then it's not, we're not there yet. And it's not that it's going to be a binary, but inclusive growth is the process of having people have not just an experience of wellbeing, but a stake in the future of the economy.

Ramona Schindelheim, WorkingNation editor-in-chief:

Let's talk about education, access to education as a means to prosper. Give me your thoughts on that.

Ida Rademacher, Aspen Institute VP:

Yeah. I think it's one of the fundamental building blocks. It's the equivalent of a public utility. Because when you think about citizens in a country and you think about what does it take to be a full participant in society and democracy, that is the fundamental role of education. What's the level of shared knowledge to navigate the systems in your life? So the basics of education, the principles of education stay the same.

The tools you need for education change. I think that the other thing to think about though when we think about education is what's a baseline of investment we make in the ability for all people to have both the knowledge and the skills to make their own way in life and contribute to society. I also know that unless we address the underlying biases and the ways that we fund education as part of understanding the systems, education doesn't yield equal outcomes for everyone.

And so we know for example, in the US that an African American college graduate has less wealth than a white American who doesn't finish high school on average. So there's a bigger story about when we fix our education systems, what are we really doing to check our intention around design and not just

access, but how are we fully financing equitable outcomes from the same kind of groundwork of education?

Ramona Schindelheim, WorkingNation editor-in-chief:

Do you have thoughts on how that should take place? Is it local government or is it federal government or is it philanthropic?

Ida Rademacher, Aspen Institute VP:

Yeah.

Ramona Schindelheim, WorkingNation editor-in-chief:

How do we bring that equality to the education that we provide to our students here?

Ida Rademacher, Aspen Institute VP:

So I'll answer that in two ways, and it's not meant to bypass the issue. I think the Aspen Institute with our job is to confront the critical challenges facing society, how we educate in a way that advances the ability to have more inclusion and more shared prosperity is amazing, but we are the facilitators of the [inaudible 00:04:44]

We want the big questions being asked, and we want leaders to take them seriously and decide to spend their time and effort answering them. So there's many different kinds of policy prescriptions at the end of the day used to see real drivers of different kinds of investment in different educational systems and people choosing to opt out of public educational systems.

Our first and foremost, our commitment is to making sure that leaders are equipped with the data and the information and the networks and the dialogues that help them push their own thinking about how to solve for this problem and then hold that true North about, yeah, actually this is a solvable problem. Inequitable education that actually exacerbates disparities is a solvable problem.

And rather than for us to bet on one horse in terms of the winning outcome there, I want the most robust, serious debate among leaders, and I want them to roll up their sleeves beyond the conversation to what can we try that's different. Because what we're doing right now, there's a lot of bright lights and certainly the Inclusive Growth Summit looks at some of the bright lights of what's working, but the question's going to be how would you take what's working in pockets and make that the new normal?

Ramona Schindelheim, WorkingNation editor-in-chief:

One of the things we talk about at WorkingNation is the change in the skills that are needed in today's society. There's so many open jobs. The Fed just put out their Beige Book recently again and said, employers are saying, "We can't find the people with the right skills." It doesn't mean people are uneducated or they don't have some talent, but they need some more advanced skills.

So this post-secondary education is as important as K through 12, I think. And not everybody needs to go to college to have that financial security. So I don't know if there is just me riffing on this is, I just, I don't know if that is something that you've addressed, this whole post-secondary idea. You don't have to go to college, but you need credentials or you need...

Ida Rademacher, Aspen Institute VP:

Yeah.

Ramona Schindelheim, WorkingNation editor-in-chief:

Some kind of signal to employers, "hire me."

Ida Rademacher, Aspen Institute VP:

Yeah. I would say at Aspen there's a couple of incredible programs that are really grappling with us day-to-day. Our career pathways work is very substantive in thinking hard about that. There's certainly a lot of renaissance around apprenticeships and the role they can play in a bigger way.

The higher education initiative at Aspen and the American Talent Initiative is very much that we support and work on is very much around thinking about how do you create the right incentives and peer groups within institutions so that you can accelerate learning and so that everybody can be focusing on the outcomes in terms of how are you equipping students today, no matter if they're K through 12 or in higher education, with the, both the hard skills and the soft skills to navigate a changing labor market.

Ramona Schindelheim, WorkingNation editor-in-chief:

One other thought I had about that too was that if you don't have that bedrock financial security, which you're talking about, you can't even explore some of these careers and some of these options. You can't say, "I'm going to go and take this class because maybe I don't have childcare if I'm older." So that whole idea of financial security came up earlier too, which I thought was interesting when Melinda Gates was talking about it in women and a safe place for their children, so.

Ida Rademacher, Aspen Institute VP:

Yeah, certainly in the financial security program, the whole issue of financial stability, you see this in housing too, stability first is a growing understanding of how that actually fits in as the foundation for mobility. I often like to say it's really hard for somebody to swing a baseball bat when they're standing in a canoe.

And so the ability to even have a more forward-looking time horizon about the choices you're making comes from having some part of your day-to-day life feel manageable, feel understandable. So people are dealing with huge amounts of financial shocks in their lives, lots of income volatility.

We've talked a lot about the kinds of skills for jobs. But certainly my friends and colleagues in the Economic Opportunity Program, other parts who have been real champions for the quality of jobs. That's got to be there as well. And the quality of job isn't just the wage and a very thoughtfully informed bundle of benefits, it's peoples schedules.

So somebody's limitations for being able to pursue night school or the changing demographic of who is a college student, it's just, it's radically different. But they might not be able to take classes because they work shift work or they're trying to juggle two jobs or they can't figure out the different ways to do that.

Online certainly changes some of that, but the other part of what currently facilitates mobility and career pathways is networks, and we still haven't figured out a way to fully digitize those opportunities. So you actually do need to have that broad set of understanding about financial stability and full information and connectivity so that people can have choices around their educational.

Ramona Schindelheim, WorkingNation editor-in-chief:

Well, that access to the connectivity and technology kind of go hand in hand. Which reminds me of the idea that there's a digital divide still in our country. And while a lot of people think it's the rural areas, it really is a lot of the urban areas.

And we saw that during COVID where kids would pull up into the parking lot with their parents, sit in the car so they could use a library wifi system because they didn't have it. So Brad Smith brought up this idea of maybe the government's subsidizing connectivity like they do electricity. Have you given that much thought or?

Ida Rademacher, Aspen Institute VP:

I thought that was a really important point to hear from a CEO about how far markets take us in driving inclusivity and where there is a need for government to take the role. So we do, I think about infrastructure changing in this country, what we think of as the infrastructure needed. It's not just railroad tracks, it's not just roads and bridges.

The digital infrastructure for inclusion in a next generation economy means that we do need to start thinking about broadband connectivity as a public utility. What it means to be a public utility can change over time with technology. Just like what needs to be regulated and what can be informed by technology, these shifts between what government needs to do and what markets can do is always in flux as technology advances.

That's why the conversations are so important across sectors. That's what we really try to do at Aspen a lot. But I do think that it is becoming as important. He was talking about electricity, you could say running water, you could say sanitation. There are certain things that governments make decisions to do because it does help them create an economy that more and more people can participate in. Other countries have made those choices around healthcare, around full universal retirement savings, even around universal basic incomes.

But at the core of infrastructure, you're thinking about broadband connectivity. And I think one of the other things we've talked about in this work and how financial inclusion connects with all of the things that you're talking about, even digital identity is going to be an important way that we are facilitating how do you make it easier for people to be a participant in the economy? Where is all the friction and what tools do we have at our disposal now to remove some of that friction?

Ramona Schindelheim, WorkingNation editor-in-chief:

And that makes me think about if you go to apply for a job today, if you're just applying in your neighborhood, that's one thing. You could walk into the store. But if you're applying is somewhere bigger, most of it's online now, just like everything else. Yeah.

Ida Rademacher, Aspen Institute VP:

It brings up, that for me brings up a different point, which is we do need to understand that we are in an increasingly digitally native space where a lot of our abilities to have opportunity in the economy are mediated online through algorithms. But our data is a huge asset, but can also be a wall if we're not careful about how utilization of that information is being applied in right ways.

So one of the other things that would happen when you're applying online, or one of the things that just becomes a default because the data's available is if you're applying for a new job or if you're applying, putting in an application for an apartment, somebody's going to look at your credit report as indicative of whether you're going to be a good employee or a good person on rent.

And yet what goes into a credit score these days is there's asymmetries in how that data actually could tell whether you're going to be a reliable employee or a person who's going to be able to prioritize on-time rent payment. And so right now there's places where we have data, but how we're applying its use

is actually creating even greater disparities. And we need to be intentional about thinking about the ways to overcome those problems.

Ramona Schindelheim, WorkingNation editor-in-chief:

And not everybody applies the same criteria to...

Ida Rademacher, Aspen Institute VP:

That's right.

Ramona Schindelheim, WorkingNation editor-in-chief:

That. So when they look at your data, they may see something that somebody else doesn't see. In the few minutes that we have left, I want to talk a little bit about access to capital because that was an important conversation that you've been having today, which is, it's not equitable either.

It's like white, I can't remember the number because I just done something. It was almost two to one that if you were a white small business owner and applying for capital, your chances of getting that money were two to one times greater than if you were Latino or black. So that access to capital is a very important part of your conversation.

Ida Rademacher, Aspen Institute VP:

Yeah, I think entrepreneurship in general and small businesses starting, growing, thriving, creating jobs, creating communities is important. It's interesting when you actually look at small businesses that build wealth over time. The secret need that is that you, most businesses that thrive, those people are coming into starting those businesses with some level of their own friends and family financial resources that then translates into that.

So their ability to access credit is enhanced because of their starting point of having some means, and it also ensures a greater outcome. There's certainly a lot of pipelines opening and a lot of the intermediaries in the CDFI industry. Our business ownership initiative at Aspen looks deeply at what we need to be doing to scale these community development financial institutions in ways that find the gaps in the capital stack, and how do you actually unlock access to credit for more and more businesses.

For us, we often, when we look at the smallest businesses, look at the ways that they balance sheet between your identity as a self-employed individual who's starting a business and your identity as a consumer who needs financial. Your financial life is blended. And so those issues around financial stability, around what kind of alternative credit underwriting happens, there's just a lot of ways that, again, technology and real listening in the community are going to help to inform a next generation of solutions around access to capital.

But increasingly, I think it should be about understanding the full suite of financial services. We often get stuck on just thinking about you need a bank account, and that's called financial inclusion. You need access to capital, and that's the whole secret of entrepreneurship. People need insurance, they need credit, they need savings, they need a better way to facilitate payments.

And those go back to some of those infrastructure pieces before. So I think that part of the next generation of solutions is going to be to try to break down the silos between thinking about credit and thinking about the other parts of facilitating small business or a household's financial world so that it makes sense to them and that they can succeed in their goals, whether they'll be starting a business or sending their kid to college.

Ramona Schindelheim, WorkingNation editor-in-chief:

You spent the day in yesterday talking to people about this issue. Are you hopeful that we are headed towards solutions maybe in a collaborative way by pulling everybody together?

Ida Rademacher, Aspen Institute VP:

Yes. I think you have to be hopeful about the future, but I don't think you can take it for granted. Somebody from the outside looking in might say, "Wow, this is yet another conversation. We hear it all before." I would say there really is a historic, coming out of COVID coming out of the way that our country witnessed George Floyd and so many other ways that it shook us.

And there was a little bit of a line in the sand that was crossed saying, "We have to do better." And there were a lot of commitments made, and we can't afford for the window to close on how intimate that problem felt. And all of us felt the need to solve it. So at Aspen, it is very much in our DNA to try to figure out what are the most consequential conversations we can facilitate so that the need and the opportunity to solve these problems is front and center for people as they go forward.

Ramona Schindelheim, WorkingNation editor-in-chief:

Thank you very much.

Ida Rademacher, Aspen Institute VP:

Thank you.

Ramona Schindelheim, WorkingNation editor-in-chief:

That was my conversation with Ida Rademacher of the Aspen Institute at the 2023 Global Inclusive Growth Summit. I'm Ramona Schindelheim, editor in chief of WorkingNation. Thanks for listening.