



Plenary remarks of

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Thank you Andrea, Kim, Bob and others at CFED, I am honored to be here. I also was very fortunate to have learned so much from CFED over the years, including the nearly six years I served as CFED's policy director.

These are, of course, my own views, not those of the St. Louis Federal Reserve or the Board of Governors of the Federal Reserve System.

Look at this room: 1,200 people! I'm very impressed with the growth of the field and these conferences. Back in the early years of the assets movement, we would have a hard time recruiting big names to speak in our plenary sessions. We were the little guys with a big idea. But now we have Gloria Steinem, Eldar Shafir and Cory Booker headlining our events. Congratulations!

And that big idea – of building assets, not just income, for America's struggling families – remains just as powerful but even more necessary than ever before. You just heard Chair Yellen recite the most recent Fed data on family wealth, as well as Andrea's sobering statistics from yesterday, so there is no reason for me to repeat them here.

But couldn't a critic, looking at these exact same numbers, say that we have exactly the *wrong* idea? Hasn't building wealth turned out to be a pretty bad idea for the people we care most about over the last 20 years? In fact, the Great Recession has now officially wiped out all of the wealth created in the 1990s and 2000s – that is, in the 20-plus years since we have been advocating building wealth, all the wealth built has been destroyed. While a declining share of the population has gained wealth and a growing share of the population has lost wealth over the last two decades, we are, overall, precisely back to where we were in 1989, measured by

the median net worth of families in real terms. We have a truly shared experience of vulnerability, as Citi's Bob Annibale perceptively observes.

Combine this stunning loss of family wealth with the Great Recession also wiping out all the income gains of the last two decades; with soaring budget deficits; with political paralysis; and with Andrea's disquieting trio of "inequality, immobility, and insecurity" defining this moment, it is easy to say that our horizons are diminishing – that the sky is falling right along with the wealth levels of disadvantaged Americans.

But I would rather think that our horizons are expanding – because we have been willing to listen, learn, be humbled, and innovate. Over the last couple of decades:

- * We've learned that it's not just about saving for longer-term assets, but about meeting a family's day-to-day and emergency savings needs as well. Liquidity matters.

- * We've learned that it's not just about building wealth, but *how* we build wealth. Diversification matters, as Chair Yellen noted, as do the right products and the right supports at the right moments in life. Hats off to the Ford Foundation and its many partners behind the success of the Community Advantage Program which taught us this important lesson.

- * We've learned that it's not just about building savings and assets, but also about debts, which at excessive levels brought millions of families and the economy down. The entire balance sheet matters.

- * And we've learned that, indeed, it is not just about building wealth or stronger balance sheets. Ultimately, as we heard yesterday, it's financial health and financial well-being that matter.

Our horizon is expanding through the brilliant "scarcity" perspective of Eldar Shafir and Sendhil Mullainathan. I once wrote in *The New York Times*, "Lack of income means you don't get by; lack of assets means you don't get ahead." Today, I would add "lack of bandwidth" means you don't get ahead as well.

Our horizon is expanding because we have a Federal Reserve Chair who, as you just heard, totally understands what we are trying to achieve, and a Federal Reserve System that enthusiastically enabled me to launch a research center on family wealth. In fact, the Board of Governors and Federal Reserve Banks across the country have embraced this idea, including through research, analysis, convenings, and partnerships over many years with CFED, the Assets Funders Network, New America, the Florida Prosperity Partnership and many others in this room.

Our horizon is expanding because history has taught us that periods of great economic disruption lead to periods of great social and economic reform. In my 2009 book with Phil

Longman, *The Next Progressive Era*, we observe that the convergence of political, economic, demographic, technological and social changes of the late 19th century made possible the remarkable achievements of America's Progressive Era of the early 20th century. The parallels to our own time are striking; and while history may not repeat itself, it often rhymes, as Mark Twain has observed.

Our horizon is expanding because we have pioneered – because all of you in this room are pioneering – an idea that truly could define social policy for the 21st century, just as income support defined social policy for the 20th. Assets could be – indeed, should be – central to the next Progressive Era. I do not agree with Thomas Piketty that the returns on labor and the returns on capital *inevitably* diverge – not if we broaden or “democratize” capital ownership, not if we “imagine assets” as Michael Sherraden wisely recommends.

Our horizon is expanding because we have excellent public sector champions, like those speaking in just a minute. They, more than anyone, refute the idea that government cannot do anything. They already are doing a lot.

And finally, and most importantly, our horizon is expanding because, despite the odds and economic forces stacked against them, struggling individuals and families continue to work, sacrifice, save, and build wealth because, as Bob Friedman has observed, it's the price of hope.

Thank you.