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Economic Security From an Asset Perspective

By William Elliott III

This Perspective presents remarks delivered by Dr. William Elliott III in an address given during “What Economic Security Looks Like and How to Get There,” May 18, 2022. The event was organized by the Ewing Marion Kauffman Foundation, the University of Michigan School of Social Work, the Grand Challenges for Social Work Network to Reduce Extreme Economic Inequality, the Center for Social Development, and the Institute for Economic and Racial Equity at Brandeis University.

In talking about the New Deal, President Franklin Roosevelt provided us a simple but powerful definition of what economic security should look like in America when he said: *“Liberty requires opportunity to make a living decent according to the standard of the time, a living that gives man not only enough to live by, but something to live for.”* Without this opportunity, he continued, *“life was no longer free; liberty no longer real; men could no longer follow the pursuit of happiness.”*¹

From my perspective, when Roosevelt talks about “a living decent according to the standard of the time,” he is foretelling what income policies are designed to do: establish what the standard of living is within a society. In describing income, in *Assets and the Poor*, Michael Sherraden said, “Income refers to the flow of resources in a household, a concept associated with consumption of goods and services and standard of living.”² While vital, income policies by themselves will never address the root cause of poverty even if they temporarily eliminate the negative symptoms, such as starvation or homelessness, associated with being poor. Pause for a second and just picture starving, homeless kids. You can see why policymakers, researchers, media, and the public feel compelled to focus their attention on income and choose to wait on assets.

To free our minds and come to a different way of combating poverty, we must understand that how the “standard of our time” is defined is a moving target. Income approaches importantly address inequitable conditions, helping level the playing field so everyone has the same foundation from which to catapult themselves into the future. But if social policy does a good job of providing everyone with the same income foundation, at the same time they are reducing hunger, they are changing the standard of the time, making, for example, \$15 per hour the new poverty wage as markets

adjust and prices increase.³ And so, new income policies will always be needed, and thus conditions for pursuing asset policies are unlikely to arise under the narrative *Income first, wait on assets*.

Another narrative is that poverty is essentially a problem that people lack income. Thus, solving poverty is as simple as increasing income. But as Sherraden said, “Very few people manage to spend their way out of poverty.”⁴ The idea that poverty is an income problem is reflected in U.S. poverty thresholds and guidelines. When establishing poverty thresholds and guidelines, the U.S. government uses dollar amounts to indicate the *least* amount of income a family needs to meet basic needs. The concept *least* is very important because this helps shape public conversations about poverty and is reflective of America’s perspective on the purpose of a social safety net: only enough to live by. We go a step further in America by denying people enough income to build assets and prevent families receiving public assistance from building new assets. We do not stop there, however; we also require these families to get rid of most all their existing assets, making it more likely they will fall back into poverty if they are even able to exit it.⁵ No wonder poverty is cyclical. And because of this narrative that poverty is solely an income problem, legislation like the War on Poverty is doomed to fail.

Like the narrative that poverty is an income problem, the Income first narrative is also doomed to fail. It is not that income approaches are not important or needed—quite the contrary. It is that they are insufficient by themselves for solving poverty. To end poverty, asset researchers suggest that income approaches must be augmented by asset approaches. While income provides the foundation from which to catapult families out of poverty, assets are the inertia that empowers them with the capability to not only move out of poverty, but pursue happiness. This too is a change in

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narrative from the focus of social policy on moving people out of poverty to positioning people to pursue happiness.

What the last 200 years have shown us is that if we take the approach of doing income first, we will never get to passing asset policies for the poor. We should end that narrative today. It is delusional. It is not how our politics works and only helps shape a narrative that income is needed and assets are a nice extra. Assets are the epitome of giving families something to live for. Squirrels store up acorns in the tree for the long winter season. Assets are stored up income. While income can alleviate poverty conditions (cure the symptoms of poverty), it does not attack the root cause of poverty in America, the inability for some people to build assets. When families have assets and a flat tire occurs or a washer breaks down, it does not mean falling into poverty. They simply draw on their squirrelled away assets.

Equally important, having a store of assets gives people the means to begin defining what their future will look like, what I call “tangible hope.” It is tangible and thus a determinate of behavior and not wishful. Tangible hope is determinant of behavior because people pay attention to and act on things that they perceive can make a difference in their lives. Assets give people a stake in the future; that is, the power to purchase a piece of the future today. Another way to say this is that assets allow people to clearly see how they will be able, for example, to pay for college, buy a home, retire comfortably. Assets are real money stored away today for future purchases, making the future tangible as though I can touch it, experience it—even own a piece of the future today. In this sense, assets allow us to purchase stock in our future selves.⁶ When we begin to understand this, we understand that future orientation is not innate, but something we purchase. Asset ownership makes us feel secure enough to begin to plan for our futures today.

I have often heard people argue that Americans are not poor like other people are poor, given the higher standard of living in America than in other countries.⁷ This is usually a rationale for providing less basic income support. But what Roosevelt was telling us is that in America, poverty is not to be defined by whether you have enough to make it through the day. In contrast, in America, poverty is to be measured by whether a person has something to live for. Poverty in America is defined by our inalienable right to the

pursuit of happiness, the right to be able to pursue a better future for ourselves and our kids. Similarly, it means that economic security is not only limited to whether you can pay your bills today. No economic security is measured by our capacity to plan for our future selves. The future is the domain of assets; today is the domain of income. It is the richness of our country and its institutions that allowed us to set a different standard for what it means to be economically secure.

As a child, I grew up poor, evicted often, living in hotels, homeless at other times, while eating seemed optional, not mandatory, for survival in our house. I ended up dropping out of high school, as many kids like me do. Being poor in America is hard. It is a mistake to downplay that reality, and the supports income provides are not to be replaced by asset strategies. But the hardest thing I found about being poor is *not being hungry*. What is almost always overlooked in today’s poverty conversations, though it seems most quintessentially American in spirit and capitalistic in nature, is the desperate feeling when you’re poor—the feeling that you have no tangible hope, no future to plan for.

What has made the United States of America a destination is not that you will not experience hardship, but that even in the mist of hardship, you are given the right to have a better future if you but work for it.⁸ It is the opportunity to bet on yourself that leads people to America. In fact, when immigrants set out for America, they understand that they will have to suffer untold risks and hardships. However, these risks and hardships pale in comparison to attaining the tangible possibility of a better future. And while it might be vogue to downplay the importance of the American dream nowadays, it is our belief in this dream that has carried us through our toughest times as a people. This is not a dream about making it through the day. It is a promise that we can have a better tomorrow.

In closing, the inertia that has catapulted Americans forward comes from more than having enough money to pay the bills each week. It comes from their inalienable right to the pursuit of happiness which in a capitalist society is inseparably tied to a person’s or family’s ability to accumulate assets. *Economic security in America requires both income (enough to live by) and assets (something to live for)*. However, to enact significant social welfare policies—let alone policies that combine both income and assets—will require us to free our minds from what is considered

possible in the current political landscape and create a coalition big enough and strong enough to demand change to better reflect our ideals. We should no longer settle for political victories when families need tangible victories to change life in ways that matter to them. This is not possible if advocates of income and asset approaches do not join and understand that change will not come without a willingness to fight those who guard the status quo.

Notes

¹ Roosevelt (1938, p. 233).

² Sherraden (1991, p. 5).

³ I will note here that I think income programs like guaranteed income can have a different effect on markets. This is because they supplement income made at Walmart, Kroger, or McDonalds, for example, and do not require low price stores to pay more for labor, thus having to raise prices, which can also adversely affect low-income families that disproportionately buy products from these stores. That is not to say they cannot pay more, but there is a tipping point. And so, there is a role for government to play which is only likely to increase as automation advances and human labor becomes more desired than needed or efficient. Lastly on this point, guaranteed income also might help move income from being seen solely as being what is required to survive the day to asset building. That is, we can think about what is living wage in America as not only what we need to meet basic needs but what is needed for families to be able to squirrel away some money for those cold and rainy days.

⁴ Sherraden (1991, p. 7).

⁵ This is referring to asset limits. For more information, see the 2016 Urban Institute report *Asset Limits, SNAP Participation, and Financial Stability*, by Ratcliffe, McKernan, Wheaton, Kalish, Ruggles, Armstrong, and Oberlin.

⁶ For information on the concept of future selves or possible selves, see [Daphna Oyserman](#) and her colleagues' work.

⁷ For example, see Worstall (2014).

⁸ I fully understand that this is the ideal we strive for, not what we have achieved in the sense of equal opportunity for all. Without equal opportunity, effort and ability are no longer the deciding factors. This does not mean that the ideal is not still worth striving for, but it does mean that more work is needed to make it a reality. Finally, it is also important to understand that when we cast aside things like the American dream, we alienate ourselves from a whole segment of people in America who believe it and whom we need to bring real change about. We might be better served by helping them understand how this vision of America fits into their value system (i.e., changing the narrative)—that leveling the playing field, rather than weakening this Dream they believe in so passionately, strengthens it.

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Video of this address and of the May 18, 2022, event "What Economic Security Looks Like and How to Get There" can be accessed at https://youtu.be/zl4ESQ_lUi4.

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