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>>Economic Security

How Should We Take Charge of Our Future?

We've been through the wringer over the last couple of years. Americans lost \$8 trillion in home values and savings, the national unemployment rate hit 10 percent and, in some areas, went even higher. Many Americans are justifiably angry at the irresponsibility and greed exhibited by Wall Street speculators, yet at the same time, people are troubled by the willingness of their neighbors to buy houses they couldn't afford and run up massive debts.

It's easy to feel powerless in the face of such large forces. Yet we, as individuals, are largely responsible for decisions about our economic security and the future of our families—

decisions about where we work and live, how we spend and save our money, and when we retire. And, just as important, we make collective judgments about the direction of our nation and the economy.

As the nation slowly recovers from its worst recession in decades, it is a good time to ask how we can best take charge of the future so families can feel reasonably secure, parents can help their children prosper, and everyone can move toward a financially stable retirement. This issue map summarizes three options for gaining economic security, suggesting what could be done and what could happen as a result.

Act More Responsibly with Our Money

The recent deep recession occurred in part because too many people—from homeowners to bankers to policymakers—didn't think about the long-term consequences of their financial decisions. Personal and public debt have reached all-time highs. Option One holds that we have no choice but to rein in risky speculation at all levels and take a more disciplined view of our personal and public spending habits. By making better choices about how we spend our money, we can make better use of what we have and set aside more for future needs. For many, this will involve hard choices. For others, it will mean learning and practicing new skills.



EXAMPLES OF WHAT MIGHT BE DONE

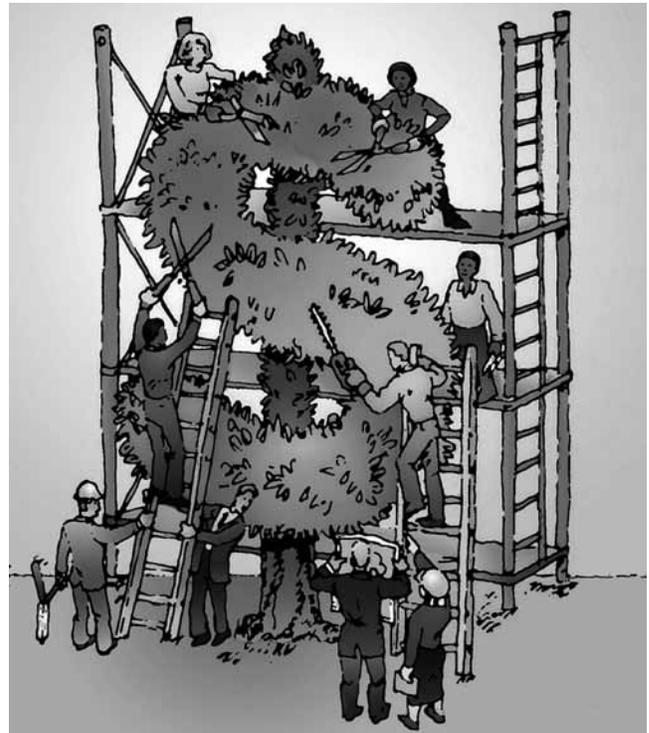
- Each of us can draw up and stick to a household budget, keep track of our income and spending, and make more prudent use of credit.
- Community groups and high schools can educate people on how to track expenses and live within a budget.
- Businesses can renegotiate pension agreements so as to make them more affordable to individual firms.
- Legislators at state and federal levels can address entitlement deficits by raising the retirement age and reducing benefits.
- Congress can more strictly regulate financial speculation, especially the creation of new, potentially risky financial instruments.

SOME CONSEQUENCES AND TRADE-OFFS TO CONSIDER

- When consumers become more cautious about spending their money, it slows down the economy.
- Adding budgeting and financial literacy to high school classes would take away time that could be used for the core curriculum.
- Workers who have already suffered from work slow-downs, as well as pay and benefit cuts, will once more be asked to make sacrifices.
- If Americans work longer there will likely be fewer jobs available for young people entering the workforce. Reducing benefits may drive more seniors into poverty.
- Innovation and speculation help drive the economy. Putting more controls in place could make the economy less dynamic and diminish opportunity.

Look Out for Each Other

In this view, the most reliable place to find strength and economic security is with each other. For families, that may mean combining households and cutting costs. For communities, it means pulling together to help everyone make a decent living or at least see to it that people have access to the basic necessities. All of us lose if our neighbors fail to prosper, and all of us pay in the form of public support. Our long-term recovery depends on the participation of as many people as possible. The effects of the recession will linger far longer than necessary if large numbers of Americans continue to founder.



EXAMPLES OF WHAT MIGHT BE DONE

- We can take in members of our extended family or combine households to save money. Couples can make more effort to work out problems instead of deciding to separate.
- Local governments and zoning commissions can minimize sprawl by encouraging in-fill development, which strengthens community ties.
- Communities can institute “buy local” campaigns to keep money in the community.
- Businesses, community groups, and faith-based organizations can provide more child-care options for working parents.
- Congress can increase the federal minimum wage sufficiently to keep families above the poverty line.

SOME CONSEQUENCES AND TRADE-OFFS TO CONSIDER

- Combined households would require all its members to give up “personal space.” Close quarters and marital conflict may increase stress on family members, particularly children.
- Strict zoning laws can work against the building of new housing developments and shopping malls, which offer a community opportunities for economic growth.
- In many cases, local prices will be higher than those charged by large “box” stores. People are likely to choose family needs over community needs.
- This will add real costs to businesses. Many community groups are stretched too thin already and may not be able to provide such services.
- This can result in lowering employment opportunities if employers cut back on personnel.

Grow Our Way Out

At a time like this, we should be seeking opportunity and growth rather than circling the wagons. America remains an economic powerhouse and there are new opportunities all around us. This approach focuses on the ability of Americans to take small advantages and multiply them into successes through hard work. We can encourage growth by targeting the human potential in our society—the entrepreneurs, ambitious workers, and college students of all ages who are taking risks in order to get ahead. We won't achieve economic security by waiting for someone else to solve the problem. We have the power to get the economy moving again.



EXAMPLES OF WHAT MIGHT BE DONE

- Each of us can be more self-reliant and flexible—turning a hobby into a part-time business, going back to school to learn a new trade, or moving to take advantage of better job opportunities.
- We can encourage innovation and responsible risk-taking in the corporate world.
- Local school systems and state governments can direct more money to vocational schools and community colleges.
- State and federal legislators can cut red tape for small businesses and entrepreneurs.
- Government could push hard for “buy American” policies, where appropriate, and move aggressively to negotiate advantageous trade agreements.

SOME CONSEQUENCES AND TRADE-OFFS TO CONSIDER

- We hope to be rewarded for taking such initiatives but we must also accept the risks. If we fail, we may have to manage difficult consequences.
- Encouraging risk could lead to poor decisions and overreaching, part of what led to the recession we are struggling to climb out of.
- Just getting a degree does not guarantee a job. If too many people go back to school in some fields, new graduates will be a glut on the market.
- If we loosen regulations, more people may be hurt by unscrupulous business operators.
- Large-scale economic moves may benefit large companies but won't necessarily help individual families in the foreseeable future.