Still Broke: Walmart's Remarkable Transformation and the Limits of Socially Conscious Capitalism — Transcript

Hosted by the Aspen Institute Economic Opportunities Program

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Description

Most households in the US primarily support themselves through the income they earn from work. As a result, businesses have a significant influence on the economic security and opportunities for economic advancement available to individuals, families, and communities across the US. Often issues of wages and working conditions experienced by working people are framed in business discussions as a function of market conditions and considered separately from issues of household or community well-being, but in recent years more companies have been exploring the intersection and explicitly considering worker well-being as part of a new approach to business, sometimes termed conscious capitalism. As part of this trend, the Business Roundtable in 2019 overturned the two-decade statement that stated a corporation's principal purpose was to maximize shareholder returns and wrote a new statement that corporations should also deliver value not only to shareholders, but also to customers, communities, and — importantly — their employees, thus resulting in long-term prosperity for both business and society.

In his latest book, "Still Broke: Walmart's Remarkable Transformation and the Limits of Socially Conscious Capitalism," Rick Wartzman considers the experience and history of Walmart moving towards a more conscious capitalism and the recent efforts the company has made to provide higher wages and better benefits and opportunities for their employees. The book raises important questions about how much an individual company can do on its own to improve the quality of jobs and people's ability to earn a living through their work, the degree to which business imperatives encourage companies to improve jobs and when those incentives conflict with that goal, and whether public sector action, either through labor market regulation or the provision of social supports, needs to be strengthened to ensure work in today's economy is contributing to an inclusive economy in which all can thrive.

On March 30, 2023, the Aspen Institute Economic Opportunities Program hosted a book talk that explored these questions and more. Please enjoy this conversation featuring Rick Wartzman (Bendable Labs), Byron Auguste (Opportunity@Work), Julie Gehrki (Walmart), and moderator Maureen Conway (The Aspen Institute). For more information about this event — including speaker bios, video, audio, transcript, and additional resources — visit as.pn/stillbroke.

Speakers

Byron Auguste

CEO and Co-Founder, Opportunity@Work

Byron Auguste is the CEO and co-founder of Opportunity@Work, whose mission is to rewire the labor market so that the 70-plus million STARs –

US workers who are Skilled Through Alternative Routes, rather than through bachelor's degrees – can work, learn, and earn to their full potential.

Prior to co-founding Opportunity@Work, Byron served for two years in the White House as deputy assistant to the president for economic policy and deputy director of the National Economic Council, where his policy portfolio included job creation and labor markets, skills and workforce policies, innovation, investment, infrastructure, transportation, and goods movement.

Until 2013, Byron was a senior partner at McKinsey & Company in Washington DC and in Los Angeles, where he was elected principal in 1999 and director in 2005. Over 20 years at McKinsey, he worked primarily in the fields of technology and communications, information and media, services-based businesses, education, economic development, and innovation, leading McKinsey's High Tech Services sector from 2002 to 2006, and its global Social Sector from 2007 to 2012.

Julie Gehrki

Vice President of Philanthropy, Walmart

Julie leads programs that help create economic opportunity, advance long-term environmental sustainability, strengthen local communities, and accelerate racial equity. In fiscal year 2022, Walmart and the Walmart Foundation awarded more than $1.5 billion in cash and in-kind donations globally.

Walmart and the Walmart Foundation take a shared value approach to their strategy to create significant and lasting improvements in the global and local systems that are relevant for their business. This includes a whole-system, multi stakeholder effort to address the drivers of systemic racism in society and accelerate change through the Walmart.org Center for Racial Equity, established in 2020.

Julie joined Walmart in 2008, and prior to that she worked in the nonprofit community on issues of anti-racism, homelessness, and community revitalization. Internationally, she has done program evaluation in Kenya and Tanzania and taught English in Eastern Europe. Julie has a Bachelor of Arts in Religion from Rhodes College and a Master of Arts in Public Service from the Clinton School of Public Service.She was a Jane Addams-Andrew Carnegie Fellow at Indiana University's School of Philanthropy.

Rick Wartzman

Co-President, Bendable Labs

Rick Wartzman is co-president of Bendable Labs, a technology, consulting, and research firm that builds and tests social innovations in the areas of lifelong learning, workforce development, and job quality.
Rick's five books on the intersection of business and society include his latest, "Still Broke: Walmart's Remarkable Transformation and the Limits of Socially Conscious Capitalism;" "The End of Loyalty: The Rise and Fall of Good Jobs in America," which was a finalist for the Los Angeles Times Book Prize in current interest and named one of the best books of 2017 by strategy+business; "Obscene in the Extreme: The Burning and Banning of John Steinbeck's The Grapes of Wrath," which was a finalist for the Los Angeles Times Book Prize in history and a PEN USA Literary Award; and "The King of California: J.G. Boswell and the Making of a Secret American Empire," co-authored with Mark Arax, which won a California Book Award and the William Saroyan International Prize for Writing.

Before co-founding Bendable Labs in 2023, Rick spent 15 years at the Drucker Institute, where he was the founding executive director. He advised California State Controller Betty Yee on job quality metrics and has spoken about workforce-related topics at the Aspen Institute, Brookings Institution, Harvard University's Trade Union Program, the California Future of Work Commission, and other venues. Rick serves on the boards of the progressive publication "Capital & Main" and the employee benefit corporation California Harvesters, and he is a fellow at the Burning Glass Institute.

Moderator

Maureen Conway

Vice President, The Aspen Institute; Executive Director, Economic Opportunities Program

Maureen Conway serves as vice president at the Aspen Institute and executive director of the Institute's Economic Opportunities Program (EOP), which works to expand individuals' opportunities to connect to quality work, start businesses, and build economic stability that provides the freedom to pursue opportunity. Maureen founded EOP's Workforce Strategies Initiative and has headed up workforce research at the Aspen Institute since 1999. Maureen also curates a public discussion series at the Aspen Institute, Opportunity in America, which brings together voices from business, labor, policy, human services, media, academia, and others to discuss the challenges experienced by many in today's labor markets and new ideas for addressing these challenges. In addition, Maureen oversees EOP's leadership development programs, which connect innovators, both within communities and from across the country, to peers working to help low- and moderate-income Americans access opportunity. Read Maureen's full bio.

About

Opportunity in America

Opportunity in America, an event series hosted by the Economic Opportunities Program, considers the changing landscape of economic opportunity in the US and implications for individuals, families, and communities across the country. The series highlights the ways in which issues of race, gender, and place exacerbate our economic divides, and ideas and innovations with potential to address these challenges and broaden access to quality opportunity. We are grateful to Prudential Financial, Walmart, the Surdna Foundation, the W. K. Kellogg Foundation, Bloomberg, and the Mastercard Center for Inclusive Growth for their support of this series. Learn more at as.pn/opportunityinamerica

Economic Opportunities Program

The Aspen Institute Economic Opportunities Program advances strategies, policies, and ideas to help low- and moderate-income people thrive in a changing economy. Follow us on social media and join our mailing list to stay up-to-date on publications, blog posts, events, and other announcements. Learn more at as.pn/eop

Transcript

Maureen Conway (00:01)

Okay, good afternoon and welcome everyone. I'm Maureen Conway. I'm a vice president at The Aspen Institute, Executive Director of the Economic Opportunities Program. And I'm really thrilled to welcome you all to our conversation today. We're going to have our book talk and conversation about Still Broke: Walmart's Remarkable Transformation and the Limits of Socially Conscious Capitalism. This conversation is part of the Economic Opportunities Program's ongoing Opportunity in America discussion series, in which we explore the state of economic opportunity in the United States - the challenges workers, businesses and communities face, and ideas for change.

And today we're considering some of the ideas raised in Rick Wartzman's most recent book about the history of Walmart and some of the remarkable transformations, actually in practice, the company has made in recent years, and what this experience tells us about the ability of companies, on their own, to address what I have come to call the job quality crisis in America. And just to put it simply, the job quality crisis is really the issue that far too many millions of working people in America find that working hard at a job doesn't necessarily lead to basic economic security, that far too many people feel left out and left behind by the transformations in the US economy over the past several decades, that our American dream ideal is confronting a hard reality of diminished job quality, leading to diminished optimism for the future.

And this point was most recently underscored by a Wall Street Journal NORC poll some of you may have read about, which found most Americans doubt that their children will do better than they did, and many are growing very skeptical that a college degree will pay off. So for some of those of us, and I know some of you in the room and some of the folks watching online are in this field of economic opportunity and economic mobility and trying to foster it, the idea that most Americans say this strategy of learning, building skills and advancing into a better job does not align with their lived reality, that should give us pause. We've been in a period of tight labor markets and companies struggling to hire. And Pew Research found that people have been quitting their jobs not only because of this issue of low pay, although that was the number one reason, but they're also quitting their jobs because their jobs don't offer them these opportunities for economic mobility.

They don't offer them opportunities to learn, to build wealth, to grow and to get ahead. And the third reason was that they don't feel respected at work. So to be honest, it's a little self-serving for me to cite this research because we recently did some work with the Families and Workers Fund trying to, and we pulled a multi-stakeholder coalition together and all this kind of thing, trying to find a common definition of a good job. And our common definition of a good job is the inverse of why people are quitting their jobs. We found that a good job rests on basically three tent poles. It provides basic economic stability so people feel that they can just keep their lives together.

It provides opportunities for economic mobility, opportunities to learn, grow, to build wealth, to become more. And the jobs they offer, have equity, dignity, and voice, right? Workers feel respected for their work. People are not put in roles based on race, gender, or other kinds of things. That they're really equitable workplaces where people are respected for who they are and what they bring. And yet we find ourselves in a situation where most people say that they don't actually have a good job like that. They don't have a good job like that. So Gallup finds that less than half of Americans report that they have a good job. Some have a mediocre job, and I think 17% said that they definitely had a bad job. We need to ask ourselves why work isn't working for so many and what can be done?

And that's what we're going to do today within the context of this book talk. Obviously these are really difficult questions and we don't have all the answers, but we're excited about having this conversation with you all and hope we're going to be able to bring you into it too. And so here's how we're going to do it. We're going to start with Rick giving us a lightning book talk for 10 minutes, and then we're going to have our panel conversation for about 40 minutes and then we're going to be bringing you all into the conversation and hopefully our online audience too. I want to do a quick review before we start, of our technology. So for those of you joining remotely, all of our online attendees are muted. We welcome your questions. Please use the Q&A button at the bottom of your screen.

You can submit and upload questions. We encourage you to share your perspective. I know we have a really knowledgeable audience so you can share ideas, resources, and experiences related to today's topic in the chat. We always appreciate feedback. I think my colleagues may have put feedback surveys out available for people in the room, but for those of you online it'll pop up at the end. Please do give us feedback on our event, we're always trying to do better. We're thrilled with today's participation and thank you to those of you who submitted questions in advance. We'll try to get to as many questions as we can. We also encourage you to tweet, please use the hashtag #talkopportunity. If you have technical issues, please send a note in the chat or email us at eop.program@aspeninstitute.org. This event is being recorded, will be shared after the event via email. Close captions are available. Please use the CC button at the bottom of the screen. Okay, done with that.

And now I want to give a brief introduction of all of our panelists right now. They're amazing. There's more information on our website, but just briefly, Rick Wartzman is co-president at Bendable Labs, a technology consulting and research firm that aims to improve economic stability, mobility, and opportunity for people across the United States. Rick's a business journalist, I think by trade. He had significant stints at the Wall Street Journal and L.A. Times. The book we're talking about is his 5th, I was corrected, I was giving him seven, but whatever. His 5th book and in addition he's recently added a new position as senior fellow at the Burning Glass Institute while he continues to juggle his work as a writer and co-founder of a startup.

Julie Gehrki is vice President of Philanthropy at Walmart, which is enough of a job in and of itself. She does not need three more. She leads philanthropic investments for Walmart and the Walmart Foundation and focuses on sustainability for people and planet, both in communities across the US and around the globe. Julie joined Walmart in 2008. Prior to Walmart she worked in the non-profit community on issues of anti-racism, homelessness, and community revitalization.

Byron Auguste is the CEO and co-founder of Opportunity@Work, whose mission is to rewire the labor market so that 70 plus million "STARS", US workers who are Skilled Through Alternative Roots, rather than bachelor's degrees, can work, learn, and earn to their full potential. Byron is trained as an economist. (We won't hold that against him. I'm actually married to an economist; that's another story.) And his work is informed by a range of previous experiences from 20 years at McKinsey to serving as Deputy Assistant President for economic policy and deputy director of the National Economic Council to lived experience growing up in Detroit and Phoenix.

In the interest of full transparency, I do want to say that the Aspen Institute's Economic Opportunities Program as well as Bendable Labs and Opportunity@Work, have all benefited from Walmart's philanthropy. And I think all three of us here have also really enjoyed the opportunity to be a learning partner and thought partner to colleagues at Walmart as they went through some of the transitions that Rick describes in his book.

And I want to particularly appreciate Julie for being here today, for her willingness to engage deeply in difficult conversations. And this is the thing that I think I've really truly come to appreciate in partnering with Walmart on all this work, is their willingness to show up and talk about the hard questions and the hard issues. Thank you so much for being here today. Okay. And it is now my great pleasure and privilege to welcome Rick Wartzman to the podium to kick things off. So Rick, I'll turn it over to you. Thank you.

Rick Wartzman (09:00)

Great. Well, thanks so much. Great to be with you all today. First off, a huge thank you to Maureen and The Aspen Institute team for putting this together and a huge thanks as well to Byron and to Julie for being part of this. Byron, I so admire the work you've been doing on mobility. And Julie, just to echo what Maureen said, you're being here I think speaks volumes to one of the things I really truly admire

most about Walmart, and that's a real willingness to engage with your critics and hopefully we can all get a little smarter together. So "Still Broke", this was by far the fastest book I've ever written. It took

about three years from start to finish. That's lightning speed for me! But now I've been asked to do something, as Maureen said, even more lightning speed, boil the whole thing down in about 10 minutes. So what I thought I'd try and do is give you five key insights from the book.

(Let's see, and that's not clicking. Well, let's see. It is, yes, apparently. Hang on one sec. We are getting technology assistance here maybe. All right, there we go.)

The first thing I want to say is that Walmart is not the company it once was. For about a decade and a half, beginning in 2000, Walmart was routinely portrayed as greedy, if not downright evil in much of the media. If you really, we mean really want to scare the locals next Halloween, here's an early costume idea for you or your kids, dress up as Walmart, two commentators wrote in 2008. Tellingly, this zinger didn't come from a pair of union leaders or Bernie Sanders staffers. It was served up by two officials from the normally state Federal Reserve Bank. During this period Walmart was blamed for all sorts of ills. Killing off main street mom and pop businesses, driving US manufacturing overseas and above all mistreating its frontline workers.

I know lots of folks, yes, mostly coastal elites who won't step into a Walmart to this day because of a reputation seared into the public's consciousness 17 or 18 years ago. But the truth is that over the years, Walmart has taken a number of steps that have helped to reform its image. It has become a much greener company, so much so that it is now seen as a corporate and environmental sustainability leader. It has given away billions of pounds of food to food banks, and it has lowered the price of prescription drugs, making essential medicines more accessible for millions of Americans. Walmart has also invested in its hourly employees as it never did before. Beginning in 2015, the company began to increase pay, improve benefits, and invest in training and education for its frontline workers.

Its starting pay has gone from an average of $7.65 an hour to a minimum of $14 an hour, with the latest increase announced just a couple of months ago. The company's average hourly pay now stands at $17.50. Walmart has gone from being seen as a problem to becoming a significant part of the solution. John Streur, the Chief Executive of Calvert Research and Management, which specializes in socially responsible investing has said, and he is hardly alone in lavishing such praise. When Walmart began to raise its starting pay, the company landed on Fortune magazine's Change the World list. It has become in many eyes a paragon of socially conscious capitalism. A second insight, even with all of the progress it has made, Walmart in my view continues to fall short.

My book acknowledges the progress that Walmart has made on many fronts, including the treatment of its frontline hourly employees. The first part of the subtitle of the book, Walmart's Remarkable Transformation, was not something that I composed casually. And yet even with all of the positive steps it has taken, here's the bottom line, the average full-time hourly worker at Walmart still makes less than $33,000 a year. Too many of its associates are on food stamps and Medicaid. This is not to make light of the steps that Walmart has taken. In the context of its own history the company has evolved far more than many others. Its transformation has been real. But this is also real, if you work at Walmart, even after everything the company has done to improve your job, there's more than a fair chance that you still won't make a living wage. Just because things are better doesn't mean they're good.

In my view, Walmart with free cash flow that has averaged about 17 and a half billion dollars over the past five years, can do more and should do more. A third takeaway, Walmart is both a source and a symbol of America's low wage crisis. When you ask Walmart executives why the company doesn't pay more, the answer you get generally is the same. Some version of our wages reflect the local market average for that type of job. Missing from this is any recognition that the market average has been weak for decades and that Walmart as the largest employer in the country, has helped to set the standard. As Alison Omens, the Chief Strategy Officer at JUST Capital told me, it becomes a circular argument that Walmart is at the average, functionally they are the market.

But beyond being a source of low paying work, Walmart is also a symbol of something much bigger, a nation beset by a terrible wage crisis. A 2017 survey of thousands of frontline workers at Disneyland, which builds itself, right? It's the happiest place on earth, found that more than 10% of them had been homeless sometime in the preceding two years. Two-thirds couldn't afford to eat three meals a day. Two-thirds of some 10,000 Kroger supermarket workers surveyed in 2021 said they weren't earning enough to cover their basic expenses each month, with 44% reporting that they couldn't pay their rent and 39% unable to afford groceries. And on and on it goes, so that depending on exactly how you measure it, some 25% to 40% of the US labor force, that's 40 million to 65 million working people have trouble making ends meet.

Insight number four, I have become convinced that Walmart and most big companies will never do enough on their own. I've always been a both/and guy, somebody who has thought that both government and business have a vital role to play in making sure that American workers can earn a decent living. But in my last book, The End of Loyalty: The Rise and Fall of Good Jobs in America, I was more of the school that government was mainly there to set the guardrails and provide a safety net when someone really needed help. It was up to business to carve up the pie broadly and fairly as it had in the three decades after World War II. Washington's prod can alone turn things around, I wrote at the time, corporate executives must step up. It is their companies that must reinstitute a sturdier social contract with their workers.

My deep dive into Walmart has caused me to reconsider. Yes, business can and should do more, but what I've come to believe is that unless there is a government mandate, Walmart and most every other company will never move far enough or fast enough to provide people with a genuine living wage. Sure there are exceptions such as Costco and Bank of America and PayPal and some other high-profile examples, but for most of corporate America, I'm afraid that Washington's prod will be the only way to get there. Which brings me to my final point. We need not just a minimum wage, but a government prescribed living wage. In Still Broke, I call for a series of bold government actions to help workers regain their rightful share of the nation's prosperity, among them reforming labor law and devising a health system that gives every American affordable access to good medical care untethered to the workplace.

More than anything though, we should require that companies pay their workers enough to live on. Specifically I call for a federally mandated living wage of no less than $20 an hour. Why? Because 90% of Americans reside in a county where to support the typical working family, they need to earn at least $20 an hour according to living wage for us. This idea of a family living wage, it should be noted, is based on widely accepted methodology used around the world and is in step with the Biden

administration's push for, quote unquote, "a family sustaining wage". Now, I am not naive. Many are sure to dismiss $20 an hour as radical, but I would suggest that what is truly radical is this, that in the richest country on earth, one in six working people can't come up with the money for their prescription drugs. Even before COVID, about 30% of families with two working adults experienced material hardship such as falling behind on the mortgage or the rent or their medical bills.

That a third of those going to food banks are from a household with at least one member who has been working, that nearly half of Americans have only the slimmest of financial cushions and wouldn't be able to cover their expenses for more than two months if they lost their job. That homelessness is not just a manifestation of mental health issues and addiction, but also of work that doesn't pay sufficiently, with more than half of those in shelters and more than 40% of those on the streets having had some formal employment in the year they were living under such conditions. When it comes to poverty, Princeton sociologist Matthew Desmond has explained a willingness to work is not the problem and work itself is no longer the solution.

As I see it, the problem in the end isn't that companies like Walmart are evil, they're not. The problem is that this is what good in America, or at least good enough has come to look like. It's time I think that we reset the bar. So thanks very much. We're going to dive in.

Maureen Conway (20:24)

Great. Well thank you Rick for that wonderful lightning overview, with your quick takeaways. And Julie, so of course the first word goes to you. You've been with Walmart for about 15 years now, not the full history Rick's book covers certainly, but a significant period of time and you've seen a lot of the transformations he's talking about and what they've accomplished. And so I just wanted you to share a little bit about also what drew you to Walmart and to working there and what stands out to you from the changes that Walmart's undergone in years.

Julie Gehrki (21:05)

Sure. First, thank you for having me. It's good to be back together. We've had these conversations over years but haven't been able to be together in a while. I think a lot about what I came to Walmart for, it was not the expected career. My background is all in nonprofit and I really thought that's where my career would be. But the transformation Rick talked about is really what drew me. I honestly came and interviewed as a practice interview. I was finishing grad school, I was invited to interview. My brother lived nearby, and I was going to come see him, interview and then go get a job I really wanted, and that was the narrative. But over a period of conversations with business leaders primarily, I was interviewing for a job in the foundation, which is where I've been the 15 years. But I was starting to see the inklings of this thinking Rick talks about.

Two years before the company had made a commitment to sustainability and there were three parts to it, to be 100% renewable, zero waste, and to sell items so that people didn't have to choose between affordable and sustainable. That all feels very commonplace now, but in 2008 it was not. And it blew me away. For somebody who had been thinking about how to build change in the world and had been thinking about that through a nonprofit sector to meet business leaders, not fellow foundation colleagues saying we can solve these problems through our core business and not only do that but do it in a way that will strengthen the business. It won't be a side project, it'll be a core business strategy, was really compelling and challenged thinking I've grown up with and had.

And so it was a nice in to say, I'm going to work in the foundation, but I'm going to also have exposure and be at these business tables, thinking about how we use all of our assets to solve problems. And that spirit's only growing, that's what's kept me there, is certainly it started in sustainability, but the opportunity agenda that Rick writes about that started in 2014, really started with the question, what would it mean to come to this different space and bring what we've been doing in sustainability there? Could we create a corporate movement similar to what we see in sustainability working on these issues?

Maureen Conway (23:38)

Okay, great. Thank you. Thank you. Byron, I'm going to pull you in here. You've worked with a bunch of different companies throughout your career, through your time at Opportunity@Work. And so I was thinking you could just share a little bit about what you see in terms of the business practice opportunity in general and what are the issues that are coming up for you that you want to get out on the table here for us?

Byron Auguste (24:03)

Well I think as a starting point, it's worth mentioning, because I work a lot across business, nonprofit, government, et cetera. And there's not a great understanding of the different sectors within a given sector. So for example, say what should business do? Business is an incredibly diverse set of players. Of course there's small businesses and big businesses, but even within big businesses, the economics of a Walmart versus the economics of a Google versus the bank and so forth, they play very different roles. If you look at the workforce for example, there's a lot of roles in Walmart that many other businesses don't have those roles because they outsource those roles. People are still doing those roles. And so there's a lot of factors that I think are worth looking at. And so I guess the way I see it is, to Rick's point, it's very important to have clear laws and that those laws be enforced.

And part of the challenge is there's been an evisceration of the ability of government to actually implement the laws that are already on the books, the enforcement. And I do think that's very important to say. But then it's really important that those be clear and predictable and that businesses can have a basis of competition to innovate and create new demand and so forth, because that's actually where better jobs come from. The single most important thing I think we can do to raise wages. It's not the only thing, but it's an incredibly important thing, is that there'd be growth, that there'd be new markets that businesses are competing for and they're hiring up people to go after them. And by the way that they're not so insulated from competition that they think, wow, we don't even have to do it. Right?

It's really, really important because the labor market is a bilateral market. The labor market isn't just for businesses to pick and choose. They're like, I'll take one of these, one of these, no. It's for people to find

their path, not just to earnings but to learning and all the rest of it. I just think we just have a starting point problem with the way we think about the job market. I think in many kinds of rooms like this, there's an assumption that people are problems to solve, but actually people are problem solvers. And I think there's a lot more that can be unlocked on the business side. I'll say a little bit more about what I think Walmart might be able to do more than it's doing, but I would start there. If you start with people thinking about people as talent, as assets, as gifted, as skilled, which they are, you get to very different answers than if you start in a different place.

Rick Wartzman (26:54)

Maureen, can I jump in and add one thing?

Maureen Conway (26:56)

Sure.

Rick Wartzman (26:57)

I completely agree, Byron, with you, that obviously businesses need growth and the economy needs to grow if everyone's going to be lifted up there, there's no doubt about that. But I think we should also recognize the economy has grown immensely since say the 1970s. And what's changed is the way the pie has carved up, and frontline workers are not getting the share of that economic growth that has happened or productivity growth, any way you want to cut it. They are not getting the share that they did. So something else has fundamentally shifted. It's not like, if only we had growth, this could sort out. And we have to persuade business that growth will come if they do these things. We've had growth and the problem's gotten worse and worse.

And so what I suggest is that something that has changed, and Maureen, you and I were talking about this, is culture, our larger culture, corporate culture, our norms, our expectations. I think that's not all of it, but that's also got to change. We shouldn't have to work so hard to persuade business why this should happen. This is how the world used to be more of, and I think we got to get back to some of that sharing of prosperity.

Maureen Conway (28:24)

I just wanted to say what I appreciated about what you had to say is the way you framed the starting point of our labor market being I think too flat. And the other thing we were talking about it's dehumanizing people, thinking of people as widgets rather than people as people.

Byron Auguste (28:40)

The only thing I want to say is I don't think it is so much a matter of persuading business, it is more a matter of structure. So in other words, I don't think it's about saying it's nice to be nice to the nice, I think it's about having a market structure that's competitive enough for example, that you have to invest and hire people in order to go after new opportunities that you can't just stand past. It's more structure and I

think it has a lot to do with policy, but it's not just to do with wage policy. But from the standpoint of setting the floor, I do think that's the government. I think if you're not having governments set the floor and so that everyone has to compete on that basis, then I don't think business will get there by itself.

Maureen Conway (29:22)

I did tell them ahead of time, they didn't actually have to answer the question I asked them. So apparently, they took me on my word there. Anyway, I did want to say that I did appreciate how you framed that, but also on this question of growth, and I would ask, this is going to transition me to my next question about defining our terms. I think one of the problems is that we do have good measures for

growth, but we have fewer measures for human wellbeing and that kind of thing. And I think part of the issue is, so I defined at the opening what we think of as good jobs and if you want to read more in that definition, as.pn/goodjobs, you can find it.

But we spent some time really defining it, because I think a lot of people talk about good jobs, but we don't really establish what does that mean and how do we see whether we're really me meeting it? And so Rick, I'm going to come to you to maybe reflect a little bit more on what you saw with Walmart, but unpack a little bit, what do we mean by socially conscious capitalism? How would you impute that from what you were talking about with Walmart?

Rick Wartzman (30:36)

I think different companies talk about it in different ways. Walmart often refers to this concept of shared value, of doing things that are good for the business, that also are good for society. This concept that comes from Michael Porter and Mark Kramer, their framework. Others obviously talk about stakeholder capitalism and the business round table right now already back to 2019, with nearly 200 CEOs at that time. I think it's over that now, who signed this statement to not specifically endorse which their previous purpose of a corporation statement did, said that the interests of all stakeholders were derivative of the interests of shareholders. That was their term, derivative of. And now they say, no, it should be the purpose of business is to create value for all stakeholders. I think there are different definitions that all run around the same thing.

I think in general, my sense in having been at this for quite a while now, is that some of it is real and there's been progress, even having the conversation is an incredible change over, I don't know, 15 years ago. Some of us are old enough to remember when "greed is good" was the watch word of business. I don't think you'd find CEOs saying that today. I think words are important and I think the whole movement has been important. I would say that the rhetoric has greatly outpaced reality from what I can see. And I'd say particularly on, if you think of it in ESG context, on the S part, on the social, on the human, the worker part, I think the environmental leg of it has moved faster. Companies at least like Walmart have been at it longer and have made real progress. Again, still the climate change numbers are not running in the right direction either, but I think there's been more progress there. I think that we can talk about why if you want, but I think they've been slower to move on the worker wellbeing, job quality front.

Maureen Conway (32:52)

Great. Thank you. Julie, I'm going to come to you next because a part of the work you do with Walmart is around strengthening communities as well. And I know that you in the work of the philanthropy in particular, but at Walmart in general, you've thought a lot about what does equity mean in terms of our workplace as well as in the work that you support. I'm wondering how you think about that and maybe even if you have, to my question, like how do we define things in ways that we can track and see if we're making progress? If you have a framework and way of thinking about equity that has been useful in the work you do?

Julie Gehrki (33:31)

It's a hard question. You started with community and anytime somebody starts with community, I like immediately, it's such a visceral word. I go back to where I grew up, which is a small town in southwest Arkansas. And this work happened to have come alive in that town. When we started the work on the opportunity agenda, wasn't long after I got a call from my dad, who's a rural physician in the area and he said, I need you to explain what Walmart Academy is. And I was like, we don't really talk about work. So I'm like, why is my dad calling me about this? And he was like, a patient today, I spent 10 minutes looking at pictures of her graduation from Walmart Academy. And she was talking about how she'd never graduated and her whole family came and she was now enrolling in our GED and community college.

And really it was, what it is, is we built 200 learning facilities. Several of you I think have been to them around the country where it's a combination of on the floor learning and digital learning and a number of things that you can get up to 22 college credits in it. But it takes a workforce and really upscales it and invests and that has impact on community. All of this happens in real place. And the story that my dad was unpacking with me felt so emblematic of at least the philosophy that Walmart tries to do, which is we want to be an access employer. People like this woman who he was talking to didn't have a college degree, got a first job. There are a lot of diversity of jobs at a Walmart, so auto center, pharmacy tech, optical, truck driver, which starts at $110,000 a year.

So come get exposed to a broad set of careers, think about what it is. And increasingly what we've invested in is the upskilling and training to get there. A lot of that is on the job, but also if you want to attend Live Better U, which has two four year degrees, short-term credentials, it's 100% paid for. And so how do we create this pathway for people, particularly people who may not have had success in traditional education and make that very real so that story's not an anecdote, but rather more pretty normative. 80% of our jobs beyond the frontline are filled internally, which I think is an important cultural piece. We were talking about culture, really recognizing the talent that is internal and seeing that as your first place to turn when you have promotions. That's been the history of the company, but gotten stronger. 75% of store managers started as hourly associates.

So it's really on my team, in the home office, it's common, it's a badge of honor to work in the stores and to have worked your way up. And so how we do that in a way that is equitable and really, really inclusive, which we're working on and we're really proud of the progress we're making and build stronger communities.

Maureen Conway (36:56)

Great. Thank you. Byron, I want you to probably build on that a little bit. I think that's a good segue into a lot of the things that you think about in terms of this skills and particularly skills built on the job and how do you think about that with respect to job quality, but also this challenge of economic mobility and how we should think about it. I think there is a way of thinking about it within a firm, but then if we look at within our labor markets overall, it's really not that high. So I'm just wondering if you could comment on business practices and what you're seeing and what you're working on and how that relates to addressing this challenge, that kind of mobility.

Byron Auguste (37:38)

Well first to the problem of economic mobility writ large in the United States, Rick talked about productivity and of course productivity has been rising and wages haven't been rising in tandem with them from median workers. So there's this big divergence between how much economic value, if you will, workers are generating and how much they are being paid. There is a wedge and some of that is the rising cost of healthcare, which creates a wedge. But some of that is very clearly there's a different cut of the pie and more of it is going to profits and actually more of it is going to rents and housing, the cost of housing is almost as big a factor in this wedge as our rising corporate profits and people don't always recognize that. So those are the big macro contours. And then in the sense of how people move through the market, Opportunity@Work is particularly focused on 70 million Americans who are very much working all the time.

They are skilled through alternative routes, they're stars, they don't have bachelor's degrees, they absolutely have skills and very valuable skills that are undervalued in the market. And just to give you a sense of, it's been true for as long as we've had statistics that someone with a college degree would make more as a starting salary than someone without. But for the first time in our history it takes 30 years for a star to reach the level of the starting salary of a median college graduate, 30 years. And no one can tell me that 30 years of work experience is less valuable than a college degree. That can't possibly be true. It's absolutely not true. But that is a big element of this wage compression. And it relates to somewhere along the line we decided that if you didn't have a college degree, well, we're not going to really think about you as talent. It's more like commodity work.

And that's not limited to any one company. That is a very economy-wide problem. That's a lot of what we're working on. And part of it, we think every company should be removing those degree requirements for the career path jobs. And we could show you that 30 million STARS already have skills for jobs that pay 50% more than the ones they're in. So far doing that is a win-win for business. But I think to take it beyond that, because of course that wouldn't get us to a solution at the level that you're talking about, Rick, I think it's really important to understand what business can do well and what government can do well, because they really are different. So government is particularly well suited when you think everybody should get something or everybody in subcategory should get something or pay something, right?

It's good at saying this is the way it works, period. So if you want to set a floor, that's why a minimum wage. Businesses are much less well suited for everybody gets something because of course there's no business that employs everybody and they all look a little different. Whereas business is much better at, hey, systematically you have a goal, you're trying to get more of something or less of something in the most cost-effective way. That's what business does. I think the big difference on sustainability versus the social part, is the key moment was when you started to measure, you started to measure carbon emissions abated and then you saw what Walmart did, because Walmart is a very operational company, extremely operational and extremely scaled. And so when they could have a target and work not only within their company but in their whole supply chain to say, no, we are going to reduce emissions, that's our goal.

And you have something Project Gigaton, right? Trying to remove a gigaton of carbon emissions based on your supply chain. Well there's never been something like that for income and wage growth and economic opportunity, and there needs to be, and there could be. Because in fact if you want to say what would be the measurable social value of business above and beyond making profits, one of the biggest things is actually developing people's skills, building it in the way that they could. Because we all learn most on the job and so that they can actually earn more. And if Walmart did that, not only within its business, which it's done a lot of, but what's the Project Gigaton equivalent in your supply chain? With all the suppliers you have, why couldn't you set the norms of inclusive hiring, skills based hiring and actually shape the whole market, which by the way would also take care of the problem if you set that standard that it includes your suppliers, well that should include people's outsourcers.

So businesses should be doing this. I think a lot of businesses who have mainly high wage workers, so they look good in that dimension, but they have a lot of low wage workers working on their campuses, working in their businesses, they're just outsourced. You should be able to set that standard there too. I think that is something that you could do, Walmart could do, I think would be in Walmart's competitive interest broadly. But at the end of the day, if you want to make sure everyone gets a standard, I really do think it has to be, rules, it has to be government.

Maureen Conway (42:38)

Thank you. Well, I appreciate that. I think Julie, the first thing that we had a conversation around was a paper that I wrote that was called "Raise the Floor and Build Ladders". So really about how do we have a set of standards that form this floor. And I think one of the points that we were talking about was that, is that by having a basic standard that's sufficient for everybody, that it makes it much more possible for people to climb those ladders, so that those things are really a complimentary strategies, not either or strategies. I'm going to now ask you about complimentary strategies that you're working on because you talked about how both with the business but also your role in philanthropy, you have this opportunity to think about those strategies, how they complement each other, and I was just wondering if you could talk about that, how you partner with the social sector on certain things and where that works well and whether you see also where there might be frictions in that work.

Julie Gehrki (43:41)

Sure. I think a lot of what we're talking about here is systems level change and no one actor does that. It really is done in all sectors working together, lots of actors working together. As Byron talked about, there is how do we work with our suppliers? How do we work, the work he's talking about of building a skills based system we're doing as part of the business round table with a number of companies to try to set that standard. But it also makes me think about meeting Rick, you were talking about our first conversation about your article. You also brought together a group of us, it was probably seven or eight years ago, to talk about these issues. And Rick was presenting about a case study about American Airlines who had invested in wages and their stock price dropped dramatically. And I came up and I said, hey, that feels real familiar. That just happened at Walmart.

When we came and talked about our investment in this transformation we're about to go through. And that word was used very intentionally because we didn't think we could just reuse wages, we needed to change lots of things. It's all very complicated to get it working in a way that's super productive. The market also did not respond positively. And so this really is a system we have to think about how we approach it. And several of the words Rick defined in his conversation about conscientious capitalism or how we think about it. It is a long term view on the health of the company and it is believing that shared value that solves social and environmental problems that are relevant to the business and create business value in the long term will build a stronger company. And the depth which with that is felt at Walmart is very real.

It's then also believing that we can do this while investing in multiple stakeholders, that we can invest in associate wages, associate growth, all of these things. We can invest in price for customers, things like keeping inflation. We just announced that the Easter meal, will be the same cost as last year. So those kinds of things that are very real to consumers and shareholders can get a meaningful return. And that takes a lot of thoughtful work to make it happen. And it's really how the business works. And we lead and feel like that's the biggest model for change. But it can't solve everything. And there are market failures, there are just issues that aren't suited to it, yet. And that's where we bring in our philanthropy, is to say, given we sit in the business and think about this, what are we seeing that the business just can't quite figure out yet?

And what are the societal ways we can invest in NGOs and thought leaders to really get at the root cause of that so that over time the market will work that way? And how do we engage others in that? Coalitions, other businesses, NGOs, our list of partners is probably thousands long, it's hard to even comprehend. But that is how we think about change. It doesn't solve it all. We're absolutely on a journey. These problems are hard, but I think it's a way to think about change and increasingly companies are coming to us and saying, how do you do that? And how might we think about it that way too?

Maureen Conway (47:20)

Great. Thank you. And, I love that investing in thought leaders who are trying to think about ways that markets can work differently. So Byron, I come to you, trying to rewire the labor market. I think also this issue of system level thing, and I think this is one of the things that's always, how do we match up that system level thinking that we're trying to get to with what are individual actors within that system doing? And I was wondering if you could comment on it from this perspective of what businesses are doing, what you see as opportunities. I think you and I have both had this experience with businesses where it's like you were saying, how 30 years of lived experience doesn't earn and you're trying to point out to them this should be a value to you - keep them, it should be of value to you to reduce your turnover or improve your vacancy rates, et cetera.

It's like it's just not matching up in those systems that they use. So I was wondering if you could comment on what do you see as some of the opportunities, but what are some of the frictions also, the challenges that keep businesses from doing the things we're trying to make markets work for them to do?

Byron Auguste (48:33)

Right. Well, if you think about systems change, you can see your current state is a certain type of equilibrium, which is to say if one business changes everything it does and nobody else changes anything, that business's initiatives might not be successful, whereas multiple things change, they might very well be very successful. So the question is both where are you trying to get to, but also how do you get there? And so look, I think we're, for us at Opportunity@Work we want to get to a world where if you can do the job, you can get the job. And we don't say half the people are talent, the other half are something other than that. And where if you actually learn something valuable, if you can contribute, you actually get paid more, you actually can earn more based on that learning on the job. And finally that if a pathway that got you there and whatever supports got you there is successful, there should be resources flowing behind that so others can do it too.

And that's something we haven't talked about much. It doesn't really happen. You could do a great job, and in the nonprofit sector that doesn't really get you anything in terms of additional resources. It's just like, okay, great, pat on the back. And fundamentally I agree with you that it's the conversation here, that having a higher floor where people were not at risk of falling off the edge every minute of every day would make it much easier for people to invest in themselves, to be more entrepreneurial. We know this and we saw it during COVID too when you had some public support for people, how much they were able to move in different directions. We've seen it with our own eyes that it could make a difference. And so I think that's really important to note.

We've also seen, by the way, with thorough eyes, essential workers, frontline workers, not just heroic but extremely skilled in reconfiguring supply chain safety protocols, all of that. All of the things that businesses say they want, we saw that in frontline workers - that they're not taken seriously in these pathways. So all of that is true, but I think when we say at Opportunity@Work, we focus, remove the degree requirements for example, build these pathways, have an alternative route strategy. That's not the totality of the change, but that is something that businesses could do now and actually benefit immediately. And if you had multiple businesses doing it, you could create a different market dynamic with more poll, more alternatives for people. But ultimately then to get the full picture, Rick, once you do absolutely have to have public policy, and I would say coordinating institutions.

Every place in the world has done a decent job at this. A lot of them in Northern Europe, I think Australia's done a pretty good job. They have institutions that are very market responsive, but they're not profit maximizing. It's very important, because profit maximizing means you skim, right? It's like even if the return on training someone is the same as coaching, the cost of coaching is less, right? So you get these collective action problems. On the minimum wage for example, Australia has an independent commission that sets the minimum wage, and it goes up and businesses and different industries and the government and everybody puts in their thoughts on unions and they make these decisions and it's very transparent and it's predictable and it's countrywide.

So businesses can adapt to different rules if it's predictable and it's gradual. So right now at current exchange rates, the Australian minimum wage is a little bit under $15 an hour, but it goes up in ways that businesses can adjust to. And so Australian businesses have to raise their productivity as they go, and it's gradual. Anyway, so that's an example of the kind of institution that could make a massive difference. But in such a complex economy you can't set aside the value of a market, but you need to have workers as customers of the labor market, not as just commodities in the labor market. That's the key.

Maureen Conway (52:45)

Thank you. And I think that's going to get me to Rick in a question, but I want to alert people that I'm going to come to the audience for questions soon. So be ready. So Rick, I think this is really interesting, this idea of the institutions and systems, but one of the institutions that I think we struggle with is our financial markets, and particularly this shareholder holder pressure. But also I think maybe a little bit the way that the narratives of the financial markets dominate our thinking a little bit. And I'm just wondering if you wanted to comment a little bit on these kinds of shareholder pressures, the Walmart and other companies face, and how you think about the way that intersects with the challenges of improving conditions and pay for workers. How is that limited progress from your perspective?

Rick Wartzman (53:42)

Look, I think shareholder primacy still reigns despite moves toward a stakeholder orientation by many businesses. I think it's just the facts. I happen to know the numbers from Walmart, I don't think they're unique. So that the time period I looked at when the company began to raise wages in 2015 through the end of 2021 when I stopped my reporting. And again, there's been another raise since. The investment was five to $6 billion in their workers. A lot in higher pay, also in training improved benefits. They've moved much more to their credit, to full-time workers from part-time workers. So lots of progress, lots of good things. Five to $6 billion is real money, obviously that's a lot of money. Over that same period the company bought back 43 billion dollars worth of their stock. And look, I haven't talked to Julie directly about this, I've heard from some of her colleagues who say, I'm way oversimplifying things.

If you think you can just take money for share buybacks and apply it to workers, and I'm not a finance guy, maybe I'm oversimplifying things, I tend to think they're overcomplicating things, that money is fungible at some point. And again, this is a company with a lot of free cash flow. And again, I'm not picking on them. This is a broader problem. It's interesting listening, on some level, look, first of all I completely agree it's complicated and there are many moving parts. And again, the work that Byron is doing in terms of moving to recognizing skills over credentials is so important and a really important partof this multifaceted solution. I run a company, Bendable Labs, that is a lifelong learning and workforce development company. Our product is a digital platform in those areas.

And so I completely agree that if you learn new things or if you have skills, you should be recognized for them. But again, as a society, we can't make it so that it's your next job that if you only got to that next one, you learn something new and you got to the next one. Or if you showed the skills and you got to the next one, then you'll be okay. And this is the raise the floor part of it. And I think, again, companies have, again, by and large, across corporate America, are overindexed on the training and education side now, right? And underinvesting in the raise the floor side.

Maureen Conway (56:10)

I would agree with that and I admit that. I have more questions, but we're limited in our time and I really do want to come to the audience and also if there's any folks online, I again, encourage them to ask questions. And the last thing I want to mention is that keep your hands up. I'm going to take a bunch of you at once I see. Is that we will be having a book signing after this for those of you in the room, so please don't rush away. Okay. I am going to go Mark, Molly, the gentleman in the front. I'll take this side and then I'll come to this side.

Mark Popovich (56:47)

Hi. Julie, good to see you again; good to see all of you. Mark Popovich, retired from EOP. A nerd question because I know you're a nerd and it's around metrics measures, and benchmarks related to all of this issue. Because I know you guys as a corporation were very precise in knowing company-wide division, line of business store, even down to the shelf level how things are performing or not performing. I suspect that what you did in sustainability, which was metric driven, has been driven here. And I know some of those metrics. But I was just going to ask you two questions. The second one's in two parts.

Julie Gehrki (57:28)

Winner to nerd.

Maureen Conway (57:30)

Oh wait, you already quit. Damn it.

Mark Popovich (57:36)

Don't listen to her. So have you learned something about what to measure and what to benchmark as a corporation that you'd like to share with us? And then how does this resonate or that example, how did that resonate within the corporate and board leadership? And then lastly, does that have to connect to making the case within Walmart to improve job quality for associates? Or how independent is that decision from that kind of information? Thanks.

Maureen Conway (58:08)

Okay, I'm going to ask you to hold that question. I like to take three at once and-

Mark Popovich (58:12)

I'll remember it all.

Rick Wartzman (58:14)

Sub part B.

Molly Kinder (58:17)

Hi, I'm Molly Kinder, I'm a fellow at the Brookings Institution. And I just wanted to first say I absolutely love this event. I found it so refreshing. Julie, it's wonderful to have you in the room. I've really admired your philanthropy over the years, but it's just great that you're here for this discussion and I want to commend you for that. Rick's book if you haven't read, it is fantastic. I read it so quickly because I loved it so much. Rick knows, I think it's fabulous work. It's important work. It's really thorough. I think it's very fair. But Rick is very brave in the book, but this is what I want to service in my question. It's really rare in our public thinker world of think tanks and scholars talking about job quality or economic opportunity to actually spell out when a company doesn't meet the bar.

And Maureen's work was fantastic with partners defining what job quality is and part of that definition is a family sustaining or living wage, that's very easy to measure. There's a lot of measures out there. And Rick has pointed out in his book that Walmart like many other retail companies, on average doesn't meet the bar for job quality. And I think there's incredible value in saying that and also pulling in the contact that it's not Walmart alone, it's the incentives, it's the short-term nature of capitalism. It's the lack of regulations. But it's important that it's set. It's not just that we talk in platitudes or generalities that we have a low wage crisis, but it was said that the biggest employer in the country is not meeting the bar that Maureen has pointed out. And my question is, as someone who comes from the think tank world, Rick talks in his introduction about the fact that a lot of us receive funding from corporations.

And so my question is, should there be more of an explicit conversation between wonderful philanthropists like yourself, Julie, and those of us who pursue this funding to say, how can we take this funding and do amazing work, but stay open to saying the things that have to be said and shouldn't we make that more explicit? Shouldn't we talk about that and say, when we take this money, I don't think Julie's trying to silence us, but maybe without thinking about it, we do. I love this panel and I want to see more of this in Washington and so I'm wondering if there's a conversation that needs to be had about how we do more of this.

Maureen Conway (01:00:27)

Okay, great. One last one before we go to Meredith. Right here.

Michael (01:00:39)

Hi, my name is Michael Lesh. It seems like you're leaving the working people out of this equation. You're saying these corporations, these NGOs, you relatively well off people should decide how that workers, what share of the social wealth that's created they should get. And I think historically that doesn't work out too well for people at the bottom. The rich get richer and the poor stay relatively poor. So the whole idea historically was that we have a labor movement to try and set a standard of wages and benefits for workers. And that's been under attack the last 40 or 50 years. And Walmart, Starbucks, Amazon are leading that attack and there's no indication that they're willing to back off from that. I don't see a future of greater equality based on what they decide to do. I see them continue to make more profits and I continue to see a lot of poor workers.

Maureen Conway (01:01:33)

Okay, great. So we have questions on metrics and measures. We have questions on this corporate philanthropy and how we communicate about these issues and we have questions about the labor movement. So you probably all have thoughts on all of these. Julie, do you want to start?

Julie Gehrki (01:01:49)

Sure. I'm happy to. I'll start with Mark's question. I think it's a complicated question and it's one you've done a lot of work on; we've learned from you and others. And why it's complicated and a little bit different than sustainability is sustainability tends to be very logical. You do this, it reduces GHG. And it tends to be a one-to-one measure. The labor market doesn't work that way. I think Zeynap Ton's work is really influential on how I think about this. It's all rewired, and you got to cross-train, you've got to redesign the operations and all of these things to make it all work. And the labor market is dynamic and it's changing things in the process. And so that kind of, you relay it out how you load a truck and therefore you drove fewer miles is not so simple in the labor market.

But that doesn't mean we don't need to be measuring things, it just means we need to be cautious of saying, because we did this, this happened, because normally it's 17 things you did that drove that outcome. And so things we look at are turnover rates, time to promotion, which is right now seven months on average, the ability to fill roles and really how many people are able to be hired from internal, how fast we're able to innovate, whether we're getting good ideas from associates and they're part of the solution. It's a broad range of metrics that we're thinking about, because the diversity of the labor force is there too. We have people who are intentionally part-time, as Rick said, our workforce is now over 70% full-time, but they're pretty young. When you have a workforce from 16 to 99 or maybe even broader, what I want, what you want, what is all different. And so those metrics that matter for each person are different.

So that's an insufficient but starting answer for you. And I think when you asked about how we talk about it, I think internally people understand that. And so anybody who comes in and says, I am going to do this and therefore this will happen, they're skepticism, but I'm going to do these four things and I think together they'll do this, I think starts to be heard in thoughtful ways. And then it's how are we going to iterate to make sure we get that outcome, because we may not have gotten it right just in our first look. Coming to Molly. I think this is something literally my team spends a lot of time talking about. We talk a lot about how we both work with people we disagree with. We fund projects, we make sure that the power dynamics are as minimal as possible, which is really hard in funders.

I think hopefully all the people on the panel can attest, who have been funded by us, to say we've had tough conversations. I happen to work at a company that embraces that and that says, I've been asked in my annual evaluation, how many critics did you listen to? How much time did you spend listening to divergent voices? That's rare. I don't think many of my fellow funders are encouraged to do that. So it really matters the culture of the funder you're working with. It's also part of why I stay at Walmart, is that I'm not pressured to make our grantees fall in line but rather be part of a place where we're working on a system where we want the same outcome, but we may agree on what we're funding but not other pieces.

Maureen Conway (01:05:45)

Okay, great. Other comments on this or on the labor movement question, which I think probably [inaudible 01:05:52].

Rick Wartzman (01:05:53)

I'll pick up that, but first just on measurement. Just one note I think that's really important. I think there's another place we need more rules. I think we need more rules mandating that companies are transparent about job quality. I think it's really hard for people to figure out is this a decent employer to go work for? Is this a good frontline job? You can look on Glassdoor, you can look on PayScale, there's some crowdsourcing things. But in terms of a consistent, clear, relatively simple way that companies are required to report on what people make, what their benefits are like, how safe is it? What's equity look like within the company? What are the opportunities for advancement? Some basic stuff. It's a black box and I can tell you it's really hard to move the needle.

I spent two years working with the state controller in California on a bill to try and get employers in California with a thousand or more California employees to have to disclose a real basic set of information like that. The whole idea was it was supposed to look like a nutrition label of job quality at a company. These will only be big employers. We were shot down by the California Chamber of Commerce. We were on their job killer list for two years. I don't know how disclosing information about job quality kills jobs. The only thing they said too was that it would be a great administrative burden. And I thought, well then we're creating jobs. So now I'm [inaudible 01:07:18]. So anyway, lot of resistance and I think we need a lot more transparency in that area.

Last thing I'll say is I couldn't agree more. We need to pass the PRO Act. We need hopefully this fast-food bill in California will survive the attacks from industry and some sectoral bargaining can emerge as well. I think there are opportunities to bring companies in like Walmart that have resisted unionization very hard over a long time with sectoral bargaining. I think that's a real opportunity to bring them to the table. So I couldn't agree more. That's a huge, huge important part of the solution. And if you read Matthew Desmond's new book, Poverty, by America, it points to the decline in unionization as a huge factor in the problems we're seeing.

Byron Auguste (01:08:08)

Very quickly, I'm quoted several times in Rick's book having hard conversations on topics like minimum wage and so forth. And one of those conversations was with Julie a while ago be, before Walmart had really leaned into raising minimum wage, I said, what you're doing on training and what you're thinking about doing is really good, but no one's going to listen to you until you start raising minimum wage. And in my view, advocate for it. Because frankly nobody cares what you say until they see what you do. There's that. On measurement I will say, measurement of, there's been much more damage from measurement of people by companies. And it relates to your point sir, top-down measurement. It captures very poorly and initially it captured mainly people's costs and not anything about them is value, far less anything about them is creating long-term value.

And so the measurement is part of the damage frankly that's been done by having only short-term measures, only cost side measures and people's value has been massively underestimated to the detriment of people certainly, but to the detriment of business and industry and the talent pool and all the rest of it that we're now trying to undo. Right? It's like if you offshore all your entry level jobs for example, you really shouldn't be surprised when there's no experienced workers in five years because they're right. I actually think it's not that measurement doesn't matter, and I said earlier that if a business can't measure something, it's definitely not going to do it for real. But we need far better measures, different measures that are really more holistic. And then on the point of unions, I do think that's a very important point. And if you look internationally, the idea that a strong union movement is inconsistent with economic growth and company dynamism - it's not true - but it's the question of how the sectors work together.

Even in the United States, in the sectors that have high union density like the trades for example in construction, unions play a critical role in the whole apprenticeship network and so forth. They're an example in a way of private sector unions being very market sensitive, but not profit maximizing. And then I think there is something, we haven't talked a lot about power in this conversation, an economist, (sorry, I apologize), thinks about power a lot in terms of opportunity costs. So for me it is, and I think this is very true, when there's a lot of demand, when frontline workers have a lot of options, it does matter. It does put wages up, it does push wages up. But the union movement matters because it's aggregations of power matter. And one thing I will say about the union movement that's quite striking, and economist were not predicted, the union movement in this country has historically been a very important part of coalition to say increased benefits for everyone, whether you're in a union or not.

If you were totally self-interested, you would say, hey, that's a reason to join a union. But it's like there's so many things. I do think it's very important. It's also complicated how do we get from where we are now in the private sector union density is so low and its very sector specific. I don't think it makes sense to depend on that strategy as a single strategy for raising wages and the like, but I think there's a lot of evidence that it can be constructive. How we get from here to there is a different question.

Maureen Conway (01:11:52)

And just to add quickly on that union point, I do think, one, yes, we're at a historic high in terms of the popularity of unions among people and polling would shape lots of people want a union and at a historic low in terms of coverage of union representation. We actually are doing some work (so back to not maligning economists, I mentioned I'm married to one), I actually started a PhD in economics myself, whatever, I have an MBA. And what I'll say from all of my various economics training over the years is that business leaders are really trained to have a lot of antipathy towards unions. This is the business culture that we've built.

And so one of the things that we're doing within the Economic Opportunities Program is trying to have off the record pilot conversations with business leaders who are interested in just basically learning more about unions and how they operate and how to think about them and try to think about can we start building a little bit more constructive culture around how we talk with maybe an organized workforce, whether it's organized capital labor or what have you, but how to really think in maybe a little bit different way about that.

Rick Wartzman (01:13:07)

And our friend Roy Bahat.

Maureen Conway (01:13:09)

Our friend Roy Bahat.

Rick Wartzman (01:13:10)

Business school, teaching our class MBA on that subject as well, which is great.

Maureen Conway (01:13:14)

Exactly.

Rick Wartzman (01:13:14)

Important.

Maureen Conway (01:13:14)

So anyway, so stay tuned I guess. Right here and right here. And then those will be our last two questions. Thank you.

Raj (01:13:28)

Hi, I'm Raj Oblier, a DC resident. Thank you to the author for writing this book. This is a fantastic conversation. Hope there will be more conversations of this nature. I have two questions. One is probably the author knows the wage gap between a CEO and the employee at the bottom of the ladder, how it was for roughly three decades after the second World War, versus from 1980 onwards, the gap increased. So hypothetically speaking, if we were to go back to how it was from 1950s to maybe

late 70s, how the situation would be? My other question is, corporations that do not take care of their employees well, it makes me wonder why they have a foundation. I would like to know what your take on that is, because it doesn't make sense to me at all.

On one hand you are not taking care of your employees, they're on food stamps, they're on Medicaid, that means the state is subsidizing. On another hand you say you have a foundation for what purpose is, is it about a publicity campaign? I don't understand. I would like to know your take on that. Thank you.

Rick Wartzman (01:14:35)

Do you want Julie to take the second and I'll take-

Maureen Conway (01:14:38)

Let's take this question here and then we'll...

Pascal (01:14:40)

Thank you.

Rick Wartzman (01:14:42)

Go ahead, sorry. Yep.

Pascal (01:14:43)

Thank you so much. My name is Pascal, I'm with the Council for Inclusive Capitalism. I want to bring this back to a values level for a moment. And per your view, what are the key guiding principles that form the moral imperative to spur the business case to transform the capital markets? Again, those key guiding principles, and I know that there's not one size fits all, but per your experiences, what are those transformations to create the laws and the rules that are necessary?

Julie Gehrki (01:15:17)

I can start with a couple of things if you want.

Maureen Conway (01:15:19)

Julie, I'm going to let you start with a couple things but also I want to say, throw in your final closing remark.

Julie Gehrki (01:15:24)

Okay. So on the foundation question, I want to somewhat disagree with the premise. I've always struggled with this idea that a workforce on benefits is a bad thing. We hire people who are on benefits, there are work requirements for benefits. And so getting that job, building skills and moving off benefits is hopefully a role of the private sector. As a large employer with a big front line who hires people who are on benefits with work requirements, we have a large group we're trying to move them off through work and growth. But the piece of the foundation is also really important for the reason we talked about, it's another tool to make change. And so how are we really investing in multiple ways? Just like stakeholder capitalism, it's not a one or, it's all of the above.

And then quickly on the principles question, Byron said something that I think is really important to underline. This view of labor as an asset and a value creator versus a cost is really important and it's cultural, it ties to unionization, it ties to lots of things. And so how you really lean in and build culture and principles that start with the idea the entire workforce creates value, has skills and is worthy of investment versus cost. And even that frame of investment versus cost is really important.

Maureen Conway (01:16:56)

Okay, Byron, I'm going to go to you next and let Rick have the last word

Byron Auguste (01:17:06)

Okay, sure. Rick will address the first question too, I assume. But on the question of values, I think the starting point is markets are not golden orbs descended from heaven. Markets are human institutions, governments are human institutions. Everything we're talking about here is built by people in civilizations and it's for people. Markets are for people. People aren't for markets, markets are for people. The purpose of a market is to allow people to flourish. And the labor market specifically, and again economists are going to have to take the wrap for this. Economists modeled the labor market as: supply is people. We don't do that at Opportunity@Work by the way. Our supply side is as talent developers. But economists say supply of labor is people and demand for labor is companies. And they model it such that, and this is inherent in all our policy systems, is if nobody would work, nobody would want to do anything, create anything or whatever if they weren't paid to do it.

Its leisure preference is a nice technical term. It's ridiculous, because of all the psychological evidence, we have massive amounts of evidence that long periods of unemployment are devastating for people's self-concept. The learning of the community, the mastery, all of these things that are part of work, in addition of course to earning a living wage and all the rest of it. So in other words you could just as easily model the demand side of the labor market as people and the supply side as companies and employers competing with offers to supply that to them. And whenever you see a tightness in the labor market, great resignation, you've heard that term recently, it starts to look like that. It starts to look like companies competing with offers for people. And for some people it looks like that for their whole careers, the MBAs and all the rest of that, well it should look like that for more people.

And I think if we thought about those institutions, government too, but I'm talking markets for a moment because you asked about it from a capitalism standpoint, it would be really great if our institutions reflected that. Even our accounting code, FASB accounting, treats machines and software as fundamentally more valuable than people. That's why it's amplified for the tax code and all the rest of it. But it's really the accounting system that does that. You are more profitable if you solve the same problem, same cash in - same cash out, if you solve it with people cross-trained, all of that, you will look less profitable in FASB accounting than if you solve it with machines and software. It's literally an anti-people accounting code. That's how deep the systemic problems go.

I think if you really took the heuristic, that said all of our institutions are for people and you reformed accordingly, we could get a long way, but part of that would have to move government politics out of the zero-sum thing where right now we're hurting other people. That's a big part of it. We haven't talked much about it, but that's the fundamental principle. All of this is for people. People aren't fodder for any of this. People are meant to be the beneficiaries and that's how we have to think about it and reform our systems.

Maureen Conway (01:20:35)

Great, thank you. Rick.

Rick Wartzman (01:20:38)

Just a couple last quick points. We went from, what? 25 to one, something like that. And the mid 60s as CEO to worker pay and we're at 300, whatever, to one now and in some cases it's way higher than that. Over a thousand to one. I think it's a symptom of a bigger issue, which again is a symptom of why shareholder primacy is so hard to root out. We turn CEOs into key shareholders themselves and most of their compensation is now based on stock. And so they're incentivized to look at the world in a lot of the ways that Byron was just talking about and to be more short term oriented in many cases and to look at labor as a cost constantly as opposed to something adding value over the long term. So again, all the incentives are wrong.

I think the other thing that is done though, it has created a distance that I don't think existed as much in the 60s or 70s. Leo Strine, who some of you may know was the head judge in Delaware where a lot of business laws litigated. He said to me, in the 60s the CEO lived in the biggest house in town, but they didn't live in a whole different world. And I think that there is a gap now, as much as good CEOs like the Walmart CEO, Doug McMillan, are out in the stores and talking to people. But it's hard to not have an empathy gap, a lived experience gap when you make $25 million a year and your average worker is making 17.50 an hour. I think it's just really hard to relate. And I think that that gap is actually part of the problem. It's created this social distance between the C-suite and the front lines.

The last thing I'll say is, and maybe this goes to the moral question. I like to use that word, because I think there is morality about this. There's just right and wrong. I've said this in many forms as I've talked about the book. I don't want to live in a society where people get up, go to work and then have to make terrible trade-offs at the end of the month between paying their rent or buying medicine, being able to afford medicine or putting enough food on the table for their kids. Again, even with this gap between lived experience, I don't think most people in the C-suite want to live in that world either. I think we've seen CEOs who've actually, when they've gone out, (and we need a TV show to do this - Undercover Boss!), but when real CEOs have gone out and actually gotten in touch with their frontline workers and done surveys and have learned, right.

Dan Schulman of PayPal's a good example. They came to, from what I understand as really a genuine living wage sort system and made huge investments so that their employees could have affordable healthcare, gave them stock in the company, made everyone owners, did all this stuff. Why? Because he went out and surveyed and found out, oh my God, we have all these people on food stamps and Medicaid and struggling to get by and somehow he had missed that and was like, well, you were paying them, whatever, 12 bucks an hour, what did you think was happening? But once he did realize that I think these are good people. And so I think there is a moral case to be made here. I don't think anybody wants to live in a society like that. And so I think actually an open, honest conversation about that can hopefully go toward, towards some of the solutions.

Maureen Conway (01:24:17)

Well, thank you both very much. Thank you, Rick, Julie, Byron. As you can see, this is why these are some of my favorite people to chat with. So I want to give you guys a huge round.

Rick Wartzman (01:24:28)

Thank you all.

Julie Gehrki (01:24:29)

Thank you.

Maureen Conway (01:24:30)

I also want to thank my colleagues, Colleen Cunningham, Amanda Finns, Matt Helmer, who's sitting in the back there. Tony Mastra, who is online somewhere. Merritt Stüven, Maxwell Johnson, Victoria Prince, and Sinin Young. I have such amazing colleagues and our Aspen AV team - we have amazing colleagues, and they do fabulous work. I'm going to give them a round of applause too. Thanks to everybody who joined us and on social media for tweeting about it. We are using the hashtag #talkopportunity. It's always great to hear what you think. Please, do fill out our feedback survey. Thank you for joining us and sharing your questions. You can also send us an email at eop.program@aspeninstitute.org. Let us know what you think. Please join us for our little book signing after this. And thank you all so much for being here today. Really appreciate it