



The Alternative: How to Build a Just Economy — A Book Talk with Nick Romeo (Transcript)

Hosted by the Aspen Institute Economic Opportunities Program, January 24, 2024

Description

As the world continues to confront inhumane levels of poverty, widening inequality, and environmental degradation, a growing number of individuals, including academics, business owners, and policy entrepreneurs, are calling for a new moral economy. These leaders are rejecting the conventional economic myths that free markets are more efficient and that enormous inequalities are unavoidable; instead, they're embracing ethical and socially responsible economic models that prioritize moral action and accountability.

In his new book, "The Alternative: How to Build a Just Economy," author and academic Nick Romeo explores this paradigm shift in economic thinking, challenging prevailing notions perpetuated by some economists and business leaders. He shares compelling stories of these new innovative approaches, including businesses organized as purpose trusts, venture capital funds addressing wealth inequality and climate change, Oslo's successful climate budgeting program, Portugal's democratic budget decisions, worker-owned cooperatives fostering innovation, and public-sector initiatives providing protections for gig workers.

"The Alternative" presents a vision of economies that are more equal, just, and livable, showcasing real-world examples of success. Ultimately, it challenges the prevailing narrative and offers a glimpse into a viable alternative economic system. In this conversation — which took place on January 24, 2024 — we hear Nick Romeo and moderator Maureen Conway (Vice President, The Aspen Institute; Executive Director, Economic Opportunities Program) discuss his new book and invite guests to imagine what a more humane economy could be.

For more information about this event — including video, audio, transcript, speaker bios, and additional resources — visit our website:

<https://www.aspeninstitute.org/events/the-alternative-how-to-build-a-just-economy-a-book-talk-with-nick-romeo/>

Speakers

Nick Romeo

Author and Journalist, The New Yorker

Nick covers policy and ideas for the New Yorker and teaches in the UC Berkeley Graduate School of Journalism. He has also written for the New York Times, the Washington Post, National Geographic, Rolling Stone, the Atlantic, MIT Technology Review, and many other venues.

Maureen Conway

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

Maureen Conway serves as vice president at the Aspen Institute and as executive director of the Institute's Economic Opportunities Program (EOP). EOP works to expand individuals' opportunities to connect to quality work, start businesses, and build economic stability that provides the freedom to pursue opportunity. [View Maureen's full bio.](#)

Summary

In this event, Aspen Institute Vice President Maureen Conway welcomes author Nick Romeo to discuss his new book, "The Alternative: How to Build A Just Economy." They discuss topics such as the role of technology in the workforce, the concept of a living wage, true pricing, job guarantees, and the role of investors in promoting economic justice. Romeo emphasizes the importance of incorporating ethics and values into economic decisions and highlights the need for a shift in our understanding of the economy as a human arena of ethical decisions. He also suggests policy recommendations, such as a federal job guarantee, updating the minimum wage, and promoting employee ownership.

Transcript

Maureen Conway (00:00:00)

All right. Well, good afternoon everyone. I'm Maureen Conway. I'm a vice president at the Aspen Institute and executive director of the Institute's Economic Opportunities Program. And it is my pleasure to welcome you to today's book talk on "The Alternative: How to Build A Just Economy" by Nick Romeo. Saying it right. Awesome.

So really pleased to see folks here today, and I know we have a good online audience as well. This conversation is part of the Economic Opportunities Program's ongoing Opportunity in America discussion series, in which we discuss the landscape of economic opportunity primarily in the United States, although we may venture abroad today, implications for individuals, families and communities across the country and ideas for change. So thanks to everybody for joining us

today. And if this is your first time with us, we do record all of our events and post them on our website. So if you'd like to check any of them out, you can find them at [as.pn/eopevents](https://aspeninstitute.org/eopevents).

And I know we have lots of folks joining us online today. So let me do a quick little review of the technology for them before we begin. So all of our online attendees are muted. We welcome your questions. Please use the Q&A box on your screen. We have a couple colleagues here in the room who will share your questions, so please do submit your questions. We like to get as many audience questions as we can. We also encourage folks to share their views. We know lots of folks in our audience do work in this space, so if you have ideas, examples of things that you're working on or resources to share, please share those in the chat. Let's see what else. We also appreciate feedback. Please take a moment to respond to our quick feedback survey, which will pop up as you leave the session.

You can also email us your thoughts at eop.program@aspeninstitute.org. We also encourage you to post about this conversation on your preferred social media platform. Our hashtag all across the social media verse is [#talkopportunity](https://twitter.com/eop_program). If you have any technical issues during this webinar, you can put a note in the chat or email us. Again, the address is eop.program@aspeninstitute.org. Closed captions are available for the discussion. Please use the CC button at the bottom of the video to activate closed captions. Okay, that ends the technical note.

So I'm so thrilled to welcome Nick today to the Aspen Institute to talk about ideas for building a just economy. So as some of you may know, the mission of The Aspen Institute is to further a more free, more just, and more equitable society. And from the earliest days at The Aspen Institute, one of the ways we've done that is by bringing diverse people together in dialogue to consider what are the values that are guiding society. And one of the methods for doing that was to bring people into text-based dialogues and have them think about some of the texts from Plato and Aristotle and maybe from Martin Luther King and Jane Jacobs to other contemporary authors.

So really across a long span, bringing together different authors and really thinking about some of the philosophical underpinnings that guide us. So it's really a pleasure to welcome somebody who starts his book with quotes from Tolstoy and Aristotle to our stage. So you fit right in. But more importantly, it's great to welcome an author who really does bring a values-based lens to his writing and to our discussions of the economy and to consider the moral and ethical implications of economic decisions.

And I really appreciate it. In the introduction you write Tolstoy, like Keynes, recognizes the major topics of economics are inescapably, moral, and political. And at the very conclusion of the introduction, you note a fundamental to all these different initiatives is a deeper shift in our very notion of the economy from an impersonal sphere of abstract forces, best governed by technocrats into a human arena of ethical decisions with the highest imaginable stakes. This shift which both Tolstoy and Keynes would understand is perhaps the most basic precondition for creating a more just economy.

So I just loved that because I just loved how you centered the human dimension in this and the human implications. The Institute was founded as The Aspen Institute for humanistic studies and again, it's just a perfect fit. So now that I've said my little bit, maybe you can introduce yourself

and just tell us a little bit about how you came to write this book and what brought you to this topic.

Nick Romeo (00:04:52)

Thank you so much. I appreciate the introduction and the invitation. It's a pleasure to be here. I appreciate everyone coming out today. I'm glad it's not pouring, and thanks to everyone who joined online. In terms of how I came to write the book, I'll give two types of answers. One is just professional. I was lucky enough to have a somewhat long leash from my editor at the New Yorker who let me explore in a series of articles over the past several years, compelling initiatives and ideas from really around the world. I was living overseas for my wife's research. She's an archaeologist who works in the Mediterranean, so it was convenient to be in Europe. I did a lot of the reporting overseas, although there's also a strong American component to the book.

Zooming out one level from the professional, my background is in philosophy and I am very interested in a lot of the texts and authors you cited. One of the key insights that is not original to me but that I advanced in the book, especially in the first chapter, is that economics used to be considered a branch of political philosophy. The older name for the field was political economy and this tradition is not by any means gone, but it is a little bit under the weather, I guess, you could say. And so trying to champion and rehabilitate that older way of thinking about economics where it's not a rejection of quantitative modeling and mathematics, these are very powerful and useful tools, but it's more a recognition of the inescapably moral and political dimensions of all sorts of economic behaviors and even the categories of statistics and measurement. All of these things are hard to really talk about without first discussing values and visions of what we mean by a good life, a fair society, et cetera. Yeah.

Maureen Conway (00:06:47)

Yeah, great. I love that. My own education resembles that, but that's a story for another time. So I would love to dig in a little more on this question of economic frameworks that guide our understanding of the economy and challenge this idea of the economy as this separate thing that's disconnected from our political and moral choices. And one of the things you described is how there's folks trying to change that maybe a little bit in how we learn economics and connecting the pieces a little bit more. So can you describe this, what you were thinking about with the battle for academia? What's happening there that might be changed?

Nick Romeo (00:07:34)

Yeah, absolutely. So the first chapter in the book digs into this ongoing battle for the econ one-on-one class and the textbook itself. What's at stake in the curriculum? How should it be taught? What should be taught? One person I quote in that chapter is Paul Samuelson, who famously remarked, I don't care who writes a nation's laws if I get to write its economics textbooks. So he did get to write the economics textbooks for a lot of the 20th century. His book was the book, it was assigned widely read, it was also controversial. It was a pendulum that swung back and forth. In the '50s, he was accused of communism. There's a campaign to get him off the curriculum at MIT and elsewhere.

By the '70s, he was seen as part of the status quo, very conservative, just an apologist for full-throated capitalism. So I think Samuelson is onto something when he makes that remark. It might strike us as a bit sinister, but there's a lot at stake in shaping cultural common sense. I try to excavate an even older tradition of appealing to natural laws to justify the economic status quo. So there's this rhetorical maneuver whereby you compare the economy to the natural world and then you can naturalize all sorts of things. So David Ricardo, an early political economist in the 19th century scornfully dismissed any attempts to help people with lower incomes and said this was just as naive as opposing the force of gravitation. I mean, I'm paraphrasing, but he said the results are just as certain as if you opposed gravitation. Even that metaphor you can trace. I find someone in the early 20th century saying the same thing, and I'm drawing on a lot of historians who know this subject much better than I do.

But then moving to the 21st century, and you still see this in the popular media. You'll see wealth distribution is inevitably following a decreasing exponential curve. If you oppose this, you're opposing the inevitable. So the gravitation, physical law metaphor lurks in the background and it's a way of presenting as naive and idealistic anyone who would like to see something different. Of course, there's another tradition and a lot of the first chapter is arguing for people who see economics as a branch of political philosophy. They might not phrase it that way.

One is the economist Ha-Joon Chang says, "Economics is just one long political argument." I also quote Keynes. Keynes famously remarked that the master economist has four components. He must be in part mathematician, historian, statesman, and philosopher. So the mathematician thing is very pronounced in the way economists are educated. I quote one person who compares the use of math and the subject today to masturbation in the monastery was his metaphor. He asked not to be named, so you'd be able to find his name in the book. Suffice to say he's a very senior and respected economist, not a particularly heterodox or radical one either, but very frustrated with this abstraction away from both the actual empirics of institutions and human nature. And I think beyond that, there's a frustration there with a disconnect from a lot of the moral and political implications of how economic models get used. So I'll pause there. Yeah.

Maureen Conway (00:11:07)

Yeah. No, I think that's great. I mean, I think that this issue of the technical experts is one I was thinking of when you were talking about some of the arguments. Also there are the religious arguments that the poor will always be with us and that kind of thing. But how do you think we should argue against this fatalistic argument backed up with numbers? Do you have any thoughts about that in terms of how we think about data in numbers versus narrative and story to reframe our understanding of not just, I guess, of economic dynamics, but of our own agency to make change? Do you have any thoughts on that?

Nick Romeo (00:11:48)

Yeah, absolutely. There's a quick anecdote in the book where a student at University College London is in a discussion section and they are interested in the question of equality and inequality. And so they ask the teaching assistant, "What is the data telling us about the ideal Gini coefficient?" Which was just an index of inequality. And to the credit of the TA, their answer

was, "That's not something the data can answer. It's a normative question. We have to have an ethical conversation." Now, I think some people hear that and automatically they leap to the other extreme. They say, "Well, anything that's ethical or normative is just inherently subjective and imponderable." And they think about people strumming guitars and smoking pot and just the stereotype of the college philosophy major.

One economist I quote who has helped to triple the number of humanities courses that econ students in Chile are taking at his university. He was very clear in rejecting this. He's like, "It's not that we're getting rid of math, we're actually just saying you need math and you need history and you need philosophy, and you need ethics, and we're going to try to arrive at compelling answers. It's actually a way of increasing the complexity and increasing the subtlety."

I'm not sure I quite answered your question, which I do have some thoughts on the rhetorical strategy of data versus narrative. I mean, in a sense that was on my mind throughout writing the book, right? And I'm very sensitive to the fact that the plural of anecdote is not data as the old saying goes, right? You can't just kind of cherry-pick a few good stories. At the same time, to push back on that anecdotes and stories are processed psychologically very different than data, and it's very easy to drift into a dehumanized mindset if you're only looking at data and you have no sense of what it means to humans who are struggling to pay the rent, et cetera, et cetera. So a lot of the book is my attempt to find a balance where both of these things matter.

Maureen Conway (00:13:50)

Yeah, great. So that takes us nicely to digging into a particular term that's been bandied about a lot, which is the idea of a living wage, which I think has got a lot of math to it, but also a lot of moral judgment to it. So talk a little bit about how you think about the term and how it's been used and what your thoughts are and how it could be used.

Nick Romeo (00:14:12)

Sure. So in the chapter on living wages, I try to champion a perspective that is nicely exemplified by some of the early 20th century progressive leaders, Theodore Roosevelt, Samuel Gompers, the Catholic priest who coins or at least popularized the term in America, John Ryan, and the components of living, like you mentioned, and the student in London realize are not something that you're going to just get out of a data set. It's going to depend on what we mean by living. Should people earning a living wage get to eat in restaurants, go on vacation, save for retirement, have a little bit put aside for a rainy day fund for accidents?

I think intuitively, if you ask people about living, a lot of people would think that yes, living involves those things. It involves occasional nice things. You get to have ice cream with your kid, maybe you get to send your kid to a summer camp, maybe you get to go on vacation. Since that time period over a century ago, I think we've had a constriction of our moral imagination. We've had a wonderful increase in our skill to gather real-time data about cost of living, segmented by location, by family composition, and there are multiple tools that let people look at that and calculate a living wage.

But there's a prior question about what we mean by living, and so I argue for the revival of this older conception, a more generous conception that encompasses, I think, education,

retirement savings for a rainy day and more leisure activities. So that's going to be a much higher figure even than what is currently called a living wage. And that figure is much, much higher than what is mostly paid in millions and millions of jobs throughout our economy in every state, so yeah.

Maureen Conway (00:16:06)

Yeah, I was going to say because I do think you take my friend Amy Glassmeyer a little bit to task on her definition of living, but I think it is, this is a question, right? As we are trying to think about how we move more people to this standard, it's where we're starting and where we're trying to get people to go. The gulf is just enormous. So yeah, I guess I'm just somewhat sympathetic to how the living wage has been defined, I guess, in that sense in terms of trying to encourage people to start raising wages and maybe make it less daunting.

But I guess what I wanted to ask about that is because as you know she has made changes in terms of expanding what it means. So how do you think about striking that balance between having the expansive definition that you want versus having something that seems like somebody could make progress towards that, so start to encourage Jackson? So I'm trying to get this balance between theory and actually getting somebody to do something.

Nick Romeo (00:17:19)

Yeah. I mean, I'm certainly sensitive to the challenges of getting people to do things. I think that's a fair point, and I guess part of my intervention is a matter of nomenclature. I think if you call something living and what it really means is just not quite dying, barely subsisting, that's misleading. You're not actually enabled to live in a standard understanding of the term. Amy herself admits this on some of the hidden documentation with if you poke through her website or if you chat with her, she'll say this, and she did recently expand the categories somewhat to include this civic engagement.

It's still so far from what was a standard plank of many progressive leaders a century ago. Part of it's a question of framing. If your comparison is to the federal minimum wage, then it can look pretty good. If your comparison is to what we mean when we say someone has a decent living wage, I think it's very far away. One other thought on this same topic is that for folks who actually are paying what you might call a true living wage, something well above what her and other calculators would generate, it's a little hard for them to distinguish themselves, right? It's the greenwashing challenge where if we have no way to signal who within a category is actually exemplifying the best of that category, then you're letting a lot of other people free ride and call themselves living wage employers when that's debatable at best.

Maureen Conway (00:19:06)

Okay. So all right, then we'll just move right on in terms of this signaling, what are you doing kind of thing because then you go on to true prices, and this is interesting. I didn't really know a lot about true prices and I don't know how many folks here are familiar with true prices and the true price movement. So maybe you could just describe that and how that might lift up some of

these kinds of costs that are hidden in terms of low wages and things like that in terms of the goods we buy.

Nick Romeo (00:19:39)

Sure. Yeah. So I have a chapter in the book on true prices. True pricing is sometimes assimilated to a broader family of accounting techniques. True cost accounting might be more familiar. It's quite popular in Amsterdam and in Europe more broadly. The basic idea, if you think about a product, it really could be any product, but grocery stores are easy to think with. So if you think about something you buy, we could call it an apple, maybe the apple's organic, but this gives you no visibility into carbon footprint, right? It could have been flowing halfway around the world depending on the season and where you are. Okay, so let's say then you have some way to signal carbon footprint, that's good. But then that would still give you no visibility into how the workers are treated. Did they have the right to unionize? Did they have bathroom breaks? Were they sexually harassed? Did they earn a living wage?

So if you think about all of these patchwork of labels, many of which are heavily influenced by industry lobbying, largely self-policed, self-reported. The idea of true pricing is to say, what if all of those things could be indicated through a single number, the true price of a product? So it's this kind of wildly ambitious but also highly econometric goal. Like let's actually use the price mechanism to take what are normally called externalities, the unpriced costs of economic transactions. Let's internalize them. Multiple ways You could do that. You could have a consumer-facing iteration where people are asked to pay more. There are grocery stores now in Amsterdam where you can do this. You could also have it as a kind of internal auditing tool.

One company I write about in the book is Tony's Chocolate Company. They have used true pricing basically to improve human rights, but also environmental impacts throughout their supply chain. Chocolate often involves, if not human slavery, a lot of forced labor. So that's a really valuable initiative. A third way, and maybe the most promising is that it can shape legislation. So things like supply chain due diligence laws where these are being considered at a European Union level such that if you actually find within your supply chain or someone can show that within your supply chain there are certain human rights violations, you could be materially liable.

The broadest most philosophical framing for that chapter is just when we say externality, what do we mean by that? So I am currently based in Berkeley, California. There's a popular bumper sticker, which is something to the effect of when you throw something away, what do you mean by away, right? And I think even if you're not from Berkeley, you can appreciate the intuition. When we say external, we're really usually talking about humans somewhere far away, maybe humans in the future, maybe the natural world, but is it reasonable and fair to externalize these costs? True pricing proposes a mechanism for internalizing more of those.

Maureen Conway (00:22:42)

Yeah, yeah. Cool. So I'm wondering just with that, so the trooper and you get to this with the regulations, so there's I guess two things. One, you didn't mention too much about consumer just awareness of these costs and what role you think that might play in this, and also for the stores

that we're trying to use true prices to lift up consumer awareness and maybe give them the choice to pay at the true cost. How did that influence consumer behavior?

Nick Romeo (00:23:16)

Yeah, that's a really interesting question and I have some information and data on that in the chapter. There's a few scenarios you can imagine. One is that people are just not willing to pay the higher prices. So if you had a side-by-side option, people would differentially not pay the true price. It doesn't seem like that's necessarily the case. There was a consciousness raising campaign by a German supermarket where they were not actually charging the true prices, they were just showing them side by side. So they would do this for meat, for dairy, for vegetables, and there can be wildly different markups, like a true price premium can be much, much higher for some things than others. And then they collected surveys on willingness to pay versus in what scenario would you be willing to pay the higher price versus in what scenario would you just shift your consumption.

Either way, this could be helpful. I mean, if people pay a higher true price and then you have some targeted remediation mechanism such that the markup for every additional dollar that's charged is going to hopefully a very empirically proven climate solution, hopefully to wage augmentation for those workers who actually grew the product. Then if people pay the higher price, you're generating funds to solve the problems involved in creating the product, but you're also creating an incentive for companies to try to change their practices, right? Invest in more efficient transportation. You're motivating farmers to husband resources more carefully, especially water toxic chemicals. If all of these things are just going to make your products enormously more expensive, decrease your market share, most people would change the way they're producing. I think that's the hope. Yeah.

Maureen Conway (00:25:03)

Yeah. And I was also wondering what effect it might have in terms of people's behavior and support for certain kinds of legislation, right?

Nick Romeo (00:25:13)

Yeah.

Maureen Conway (00:25:13)

I mean, because of some of the things, right? And you write about this, do we really want to put a price on child slavery? Do we really want to put these things or do we want to just say no, right? But to just say no, you have to have legislation and you have to have enforcement mechanisms that actually work and that you invest in.

Nick Romeo (00:25:32)

Absolutely. Absolutely. Yeah.

Maureen Conway (00:25:35)

So any connection on that front? Do you see any connection with that?

Nick Romeo (00:25:39)

Yeah, no, it is a great question and I should be very clear that the founders of the True Price Organization in Amsterdam are pretty unambiguously opposed to a cost benefit analysis in which you can put on one side of an equation like the utility that consumers derive from cheap chocolate bars, and then on the other side, you can say the downside of human slavery and you make up numbers on both sides of the equation and somehow say, "Okay, it's fine, no worries. We can just continue with this. Maybe they cost a little more than the chocolate bars." Right? The human rights framework disallows on principle certain violations, namely those that are enshrined in universal conventions and statements of human rights. That being said, the way to enforce that is legislative, right? It's not through a consumer facing market-friendly solution in which you just hope for the best and rely on nudges and incentives. You need a categorical binding legislation. So I think they'd be fully on board with that claim as would I. Yeah.

Maureen Conway (00:26:41)

Okay, great. So I want to go on to one of the next things you talk about. I thought this was really interesting. I did this project a few years ago with a bunch of colleagues and one of my colleagues wrote a paper on the value of a job guarantee. So I was glad to see you looking at the idea of a job guarantee, but you weren't looking in the US, you were in Austria. And I thought it was interesting how you framed this because you started with sort of like what does work mean for people. And I hear people in the US talk about the dignity of work, but they don't go where you went with it. So maybe you could talk about what you learned there in terms of both the value of work for humans and also the potential of a job guarantee.

Nick Romeo (00:27:32)

Yeah, absolutely. So I have a chapter in the book that focuses on a really interesting job guarantee pilot in a small town outside of Vienna, Austria. It's actually the site of a really famous study in the 1930s where some sociologists looked at how unemployment affected people, and a lot of what they found is that it's pretty devastating, even if you are able to maintain a basic standard of material sustenance, right? Like the psychological impacts, the social impacts, the way you view yourself, all of these impacts were I think in a really deep way, not well understood before this study and much better understood. Of course, there's similar research in America during the Great Depression.

In the new trial, basically, they go back to the same town and they say, "What if anyone who wants a job can have one, and yet no one is forced to take it?" So it's important to distinguish it from a workfare policy where you're compelled to take whatever comes along. Everyone in the program who's been unemployed for a certain period of time is eligible to join, but no one has to. It was an interesting design feature. And then if you do join, you actually design the work in collaboration with social workers and with thinking both about the needs of the community, but

also about your own needs and interests. So there's an effort to marry what has to get done in a certain place with what people want to do and what they feel like they're good at doing.

So it was fascinating to spend some time with both the participants in this job guarantee and the economists who are studying it, and I think it speaks again to a broadened conception of economics where if you care about psychological outcomes and impacts, it's a little hard to see what's not likable about a program, especially because this program in Austria was explicitly designed to cost no more than what employment benefits cost anyway. So you're preempting the objection, "Oh, we can't afford it." It's like, well, we would've been spending this anyway, but now we're actually seeing all of these rich indications of time, structure, self-esteem, community, all of these things, at least as reported by folks in the study, are much, much higher.

Maureen Conway (00:29:55)

Yeah. I thought it was so interesting that most people choose to have a job, right?

Nick Romeo (00:30:01)

Yeah.

Maureen Conway (00:30:02)

Given the truth. Again, contravenes the standard economic assumption that if you'll just give me the money and I don't have to work, then I'll take that rather than actually doing something, but that wasn't what they found.

Nick Romeo (00:30:12)

Absolutely. Yeah.

Maureen Conway (00:30:14)

Yeah, that was super interesting. Okay. I can't go through every chapter here, but you go through a lot of different ideas. You talk about this effort out in Long Beach to regularize gig work and make that work more something you can count on, more stable and pathways to advancement if you want them and have a gig work platform as a public utility, which is interesting. You look at the issue of public budgeting and public engagement and budgeting, and how that can be an influence. You dig in on ownership, which is something we've thought about here a lot, and look at various kinds of ways people can participate in ownership of companies, ESOPs co-ops, employee ownership trusts.

You look at perpetual purpose trusts and some of the things that they can do. So there's lots of stuff that you covered. There's lots of stuff he covers in this book. So I'm just wondering if you want to share, and I'm going to come to folks for questions, so just start getting ready. I'm just wondering if you want to share a couple of stories or a couple of people that were just really meaningful to you and that continue to resonate with you when you think about it.

Nick Romeo (00:31:33)

Sure. So two come right to mind, one with a DC connection. So there's a cleaning company in this area called Well-Paid Maids that I write about in the living wage chapter.

Okay. So the founder of this is a millennial named Aaron Seyedian, and I found chatting with him and also with some of his staff, very compelling. I mean, he started the company almost as an explicit intervention into these living wage debates. So as a living refutation of the idea that paying living wages renders a business non-competitive, he has year after year growth, huge numbers of people on waiting lists. It's a real success story, and he also promotes internally, so he'll have people starting out cleaning and then within a few years maybe making 60, \$70,000 running operations. Very impressed by his work.

One other who actually is an alum of an Aspen program is a retiring CEO of a optics firm in Upstate New York called Optimax, Rick Plympton. So I actually started the book with a story from Tolstoy called How Much Land Does a Man Need? Which is this beautiful, powerful moral fable about acquisitiveness and morality. So just chatting with Rick, it was wonderful to hear an echo of this in conversation with him. He was thinking about what to do when he retired. He'd seen offshoring in Rochester take places like companies like Kodak overseas, and very much wanted to keep good jobs in Rochester. He has a very generous profit sharing plan with employees, and was concerned that if he just sold to the highest probably private equity bidder, who knows what happens in five, 10 years, right?

So his comment though I thought was fascinating, he said something to the effect of, if I took the highest possible bid, which would probably have been well over 100,000 million, I would've spent my retirement basically just doing money management. Whereas if I took a more gradual payout, he actually ended up transitioning to an ownership trust. He'll still have more than enough money. This truly internalized sense of, well, how much land does a man need? We're not talking about land, we're talking about equity shares in a company, but it's like enough is enough. I want to do other things in my retirement. So I thought that was a very nice pro-social remark.

Maureen Conway (00:31:50)

Yeah, it was. So Rick Plympton actually was a job quality fellow with us and as somebody we've done a lot of work with, and what's interesting about it too is after he did the whole conversion to an employee ownership trust and told his business customers and this kind of thing, it's actually led to greater growth because they have more confidence that Optimax is going to be there and going to be there for the long haul as they're doing their business. So it's worked out well for the business as well. So one of those nice examples.

Great. So I have actually, I will say, a list of questions that people submitted ahead of time, which I can refer to, but looking around the room, just checking to see if we have some questions in the room first, so I see a gentleman over here and then in the back. Yeah.

Jay Hayes (00:35:03)

Hi. My name is Jay Hayes, a research engineer, and I'm just curious, I look forward to reading your book, and I think as a person who has gone through the K-12 to higher education and additional training in the STEM fields, I've seen how technology took me in a certain path, and it's now transformed to a tech economy. I did a TED Talk about the difference between technology and tech, but I'm curious about your thoughts about how you think people will show up in what is the unregulated AI world now. It seems like we have the opportunity to hit a lot of these features of your book, but then there's still some workforce development issues trying to get people excited about wanting to even participate with the emerging technologies.

Nick Romeo (00:35:55)

Absolutely. I mean, I think that's an important point, and in terms of AI, I guess a lot of people predict widespread unemployment, just an acceleration of deindustrialization that we've already seen more offshoring. I was just at a conference where some economists were arguing that this has been pretty overstated, that AI could create a lot of jobs. I think my sense is that the verdict is still out, but to your point on training and excitement, I mean, I absolutely think that's important, and I guess the thing that comes closest from within the book to addressing that would be something like a federal version of a job guarantee where if you have a set of needs that for whatever reason we're not going to turn over to AI, a lot of this has to do with care work, right? For young people, maybe for old people. It just doesn't feel the same to have a machine staring into the eyes of your toddler, right?

I think these sorts of care work things that already private markets are not doing a very good job of marshaling the requisite number of humans and treating those humans well enough to do this work. I think a federal job guarantee is a compelling example of how it could, one, just meet some pretty fundamental needs, but two, it could also put real upward pressure on private sector employers. If I know I have an outside option making \$30 an hour co-designing engaging work, then maybe we might see an even more dramatic version of the great resignation where it's like private and sector employers really do have to make the jobs more meaningful and better paid. And this could very quickly get us to something more like a real living wage, I think. Yeah, thank you. Yeah.

Jeffrey Barber (00:37:57)

I'm Jeffrey Barber from Integrative Strategies Forum, the NGO here. We've been following the global plastics treaty negotiations. And in that language, the trade unions made sure to bring in the concept of just transition, which is also there in the Paris agreements. And since that's a transition, there's this question of transition to what? And the UN Environment Program has said, "Oh, transition to a circular economy." Whereas there's other definitions or other ideas of where we're going, which is like a post-fossil fuel economy. So there's a lot of conflict there, and I'm wondering how you're thinking about the just economy fits or clashes with any of this discourse that's going on in this particular policy realm of just transitions.

Nick Romeo (00:38:55)

Yeah, thank you for that. There are a lot of these terms and labels and many of them become books and TED talks, and it can be hard to know what people mean. I think there's a lot of agreement on, like you mentioned, the circular economy just transitioning. I think a lot of these things are all broadly speaking, pushing and pulling in the same direction. The true price material has a pretty direct implication for some of the planetary boundary and climate issues. I think if what we're currently just not pricing into global supply chains, we're just letting these costs accrue for future generations or just for current generations somewhere else, and increasingly even here, right? If those remain unpriced, I think that's the opposite of what we want to get to a just transition.

Now, true pricing alone is probably not adequate, certainly not without legislation to get us to that transition. And then what it looks like beyond that, people like to pit job guarantee versus universal basic income or guaranteed income sometimes as rival claimants to the title of ideal post-transition safety net. I think they work in concert, they solve for slightly different things. I mean, like Maureen mentioned, there's this rich set of psychological benefits that seem to be observable when people get to participate in designing meaningful work.

That being said, I mean, there are other people who would argue that that just reflects the previous socialization whereby we're taught to think that everyone needs a job and that with a sufficiently capacious vision of what a good life is, people would actually be fine with a UBI doing exactly what they want all day every day. I don't have a strong view on that, except that I think both of them are probably worth studying more, and both are important parts of a post-transition economy.

Maureen Conway (00:41:25)

Yeah. I'll just add on that point, we did also have a question about guaranteed income that was sent ahead of time, and I'm going to be welcoming Natalie Foster here in May to talk about her new book, *The Guarantee*, so come back for that if you're interested in that question. Cindy, do you have some questions from our online audience?

EOP Staff Member (00:41:25)

Yes, I have a few questions from our online audience. Our first question, does the full price concept take profit into consideration? What's the reasonable profit margin that is acceptable? Similar question about CEO pay.

Nick Romeo (00:43:36)

Yeah. So I don't think they have a categorical definition of X percent is reasonable and beyond that it's profiteering or gouging. I think broadly there's an interesting reframing that actually dates back to some of the people who are first writing about living wages, where just the definition of a successful company is one in which you are treating humans in the environment decently. That's the floor. If you're not doing that, you're not succeeding, you're just successfully cheating, right? You're externalizing costs to other people, places, times, and you can do that in the current economy, and it's often lauded as success included by large parts of the media

unfortunately. But it's a conceptual shift where this is just a new standard for success. If you're abiding by those standards, then profit for a company, compensation for a CEO, I think they're a little agnostic on that. I could be wrong.

I mean, one other thing that I talk a lot about in the book is the Mondragon Cooperatives in Northern Spain where they actually have quite explicitly and by design a cap of highest to lowest paid worker pay. So it's six to one within the co-ops. Many of them have an even lower ratio, so I'm happy to talk more about how that works for them, the justification, but that also actually matches with international psychological research that if you ask people what they think the ideal pay ratios should be, like if you just take a universal human intuition about what's a fair ratio, it's pretty close to the six to seven to one. There is variation across cultures, which is interesting, but a lot converges on that figure. So I think Mondragon is interesting because this place where what people want is actually what exists, right?

Maureen Conway (00:43:42)

Yeah, imagine. Yeah, I think there's a question right here.

Ken Meyercord (00:44:02)

Hi, I'm Ken Meyercord. Is faith in continuous economic growth? A question of economics or philosophy, and philosophy in the widest sense, including morality, even religion?

Nick Romeo (00:46:14)

Thank you. That's a wonderful question. I mean, I think it is a question for philosophy, and given my concept of economics, I think it's also a question for economics, which is a subfield of political philosophy. The degrowth versus green growth relative versus absolute decoupling debates, I don't go particularly into those in the book. I think they're very interesting. I'm happy to speak off the cuff on those, but I don't have a strong... I don't know. It's also a question of the plausibility of a certain futurism, right? Where the standard objection to green growth is like you're being technologically utopian. You're just saying that we're going to engineer our way out of it. We're going to have miraculous advances such that we don't actually need to change our consumption habits. We can preserve the planet, consume just as much as we currently are, and the way that will happen is through unleashing innovation, and it's hard to disprove a claim about the future until we get there, but it could also be very much too late if that claim turns out to be wrong.

On the other hand, right? The critics of the degrowth, right? The champions of green growth, they say, "Well, look, you're accusing us of technological utopianism, but you guys are being politically utopian." You're never going to sell a movement called degrowth, right? Paul Samuelson has his teeth too far into the psyche of not just Americans, but people around the world. People associate degrowth with depression, declining living standards to what extent this can be solved through different rhetorical framings. That's an interesting question. I mean, people have written about that circular economy, doughnut economics. There are, I think, other framings available to people who are concerned about planetary boundaries and perhaps a

little skeptical of strong versions of green growth. But I don't go too deep into that in the book, so yeah.

Maureen Conway (00:46:53)

Yeah, I think that's also interesting, and we had a session a few years ago looking at how we measure growth and what actually counts as contributing to economic growth versus what should count. If you think about pollution and then cleaning it up, and that both counts as growth, right? Problems with that as well as growth, we always say it'll lead to rising living standards, and yet the distribution of the gains of growth is so difficult. Anyway, we had an interesting conversation with Heather Boucher before she was at the Council of Economic Advisor, so I think that's an interesting question. So Finney back to you and then we'll come over here.

Finny (00:47:19) (00:47:31)

Great. So I'm going to ask a few online questions just all at once. So one question we have is actually from Natalie Foster who asked what was the best part and the hardest part of writing the book? Another question is, what is the role of investors? What recommendations do you have for them? And question three, what are three things to teach in an undergrad macroeconomics course?

Nick Romeo (00:47:33)

Okay. Thanks for those questions, Natalie. Let's see if I can remember them. So best and hardest things in reporting. The book was the first one.

Maureen Conway (00:48:31)

Writing the book. Yeah.

Nick Romeo (00:48:36)

I'd say the best thing was spending time in the basque country of Northern Spain with the Mondragon folks, naturally beautiful, culturally compelling, highly recommended. The hardest thing, it's hard to strike some of these rhetorical balances that we were talking about at the beginning between data and narrative, right? I mean, the goal of the book is to give a lot of people a way in. So you want to speak to people who have a very quantitative, analytical mindset. You also want to speak to people who just have a very strong and accurate sense that the economy is really not working, and how could it? So that was a challenge. I mean, I think I worked a lot with a lot of skillful editors, a lot of skillful readers to try to find the right balance there. That's a challenge though. What was the second question, sorry, from Natalie?

Speaker 6 (00:50:04)

The question was what is the role of investors? What recommendations do you have for investors?

Nick Romeo (00:50:04)

Yeah, so that's actually an entire chapter in the book. It's the last chapter of the book. I talk a lot about investment strategies that are trying to decrease wealth inequalities. Broadly speaking, the strategy involves getting a lot of capital, buying businesses at the point of transition, and then converting them into some worker ownership model. So you can have different focuses, different funds have a lot of different approaches. Everyone I spoke to for that chapter, people raising a lot of money, all of them said, "Oh, yeah, if our fund was 10 times as large, we could execute on it tomorrow." There are a huge number of businesses that are on the point of transition in America. If all of those businesses were giving workers equity, you could actually go quite away towards creating a more robust middle class.

I mean, I think a lot of people have observed that wage growth alone, however important and necessary it is to have a more expansive living wage definition, it's unlikely to get people the \$300,000, \$400,000 chunks of capital that would enable home ownership funding a lot of education for kids, et cetera. Worker equity can accumulate those kinds of major intergenerational wealth building chunks of capital. That would be my advice for investors is to pursue those strategies. A lot of great funds do that, but they could use a lot more money. What was the third question? Sorry.

Finny (00:50:04)

Our final online question is what are three things to teach in an undergrad macroeconomics course?

Nick Romeo (00:50:11)

Yeah, I think you need four at least. I like that list from John Maynard Keynes where he says mathematician, historian, statesman, and philosopher. For each of those things, you can imagine, I tell a little anecdote in the book, which struck me as very revealing, where someone who gets a PhD at a very prestigious school recalls an incredibly technically proficient and brilliant colleague who has never heard of Adam Smith, Karl Marx, John Stuart Mill, any of the major figures in the history of economic thought.

I think teaching economics in a way that ignores that tends to align with defending the status quo and like what Julie Nelson has written about, where she talks about the physics imitating mode of economics. So I think taking those Keynes elements seriously and building a curriculum around those would be a great way to start. And I should mention that the core econ curriculum, which I've written about in both the book and for the New Yorker, I think they're going some distance in that direction, and I'm pretty sympathetic to the textbook that they're promoting now. Yeah.

Maureen Conway (00:51:35)

The gentleman right here in the green shirt.

Speaker 8 (00:51:41)

Sure. Thanks so much for being with us today. Just a quick question, similar to the investor one and then policy. I'm curious if there's a few examples you could provide on actionable steps that either businesses can take or folks who don't have access to large sums of capital. I think a lot of the recommendations I've historically heard have to do with policy or with raising a ton of capital and investing in more sustainable or equitable businesses or funds. What other things that aren't so massive at scale like policy or investment funds would you provide?

Nick Romeo (00:52:19)

Yeah, that's a great question. So for folks who are not pulling the levers of policy or enormous institutional capital, for most of us, I think two models come right to mind. I write about participatory budgeting. This is something that is pretty well established in Europe, although there's a lot of variation in how it's executed. But the basic concept is a direct democratic process where citizens have considerable say over how, again, a considerable chunk of the municipal budget is spent every year. Wouldn't have to be municipal, it could be state or even national. I talk about a case study outside of Lisbon and Portugal where these are pretty major projects, hundreds of thousands of dollars, but anyone can vote on them, right? Including middle schoolers. The high schoolers can lobby their friends for a skate park. The senior citizens can lobby for a new senior center.

It's interesting also because the mayor of this town is a center-right politician, and yet he's found that it's wildly popular. It keeps him in office. It has better turnout than elective democracies. Participatory democracy is very popular if you let people do it. In America, there are these superficial versions of PB in a lot of places, but they tend to spend very, very small amounts of money in very, very restricted ways. I think leaning on people in your town, mayor, city council, to implement robust PB. That's one thing.

I think as much as I hate to present this as a complete solution, I do think there is some value in supporting businesses that pay living wages, like real living wages, supporting businesses that are worker-owned, supporting businesses that are doing the right thing. I don't think the consumer model of reforming capitalism is sufficient, but I do think it's not a bad idea, and it is unfortunately one of the few things that we, all of us do make these decisions every day, right? About what to buy. So I hope that helps a little. Yeah.

Maureen Conway (00:54:36)

Yeah. Great. So last question for you. I mentioned, and this is a nice segue into it. A lot of folks in our audience work on these issues. They do lots of things in different communities across the country, whether they're doing workforce development or community development finance or whatever they might be doing. We have lots of doers of various types who care deeply about these issues of economic justice. So any final words of advice, encouragement for them as they think about that work?

Nick Romeo (00:55:07)

Yeah, absolutely. So I mean, maybe on the assumption that these are more of the folks making policy and major capital allocation decisions-

Maureen Conway (00:55:17)

Some of them.

Nick Romeo (00:55:19)

... I guess a few things come to mind. On the policy front, I find the prospect of a federal job guarantee very compelling, and could seem far-fetched. Then again, if you think back even six years, I think a lot of the major legislative acts of the Biden administration would've seemed pretty implausible. And especially with AI, as one of our other questions mentioned, it's just a little hard to say. I think a federal job guarantee is one policy thing. Another policy thing that comes to mind would be just updating the minimum wage, the federal minimum wage in America. I mean, I think at a minimum, right? What's now called the living wage could shift to the minimum wage, which would then open up a new space for a real living wage, right?

In the UK, it's a pretty acute verbal arms race because they call the minimum wage a living wage. So then people wanting to increase it have to say the real or the true living wage, and then people who say, "No, no, it doesn't go far enough." It's like the real, real living wage. It gets absurd, right? How do you puncture through that? But I think that's a reasonable policy objective. A final thing, which is a little wonky but very impactful is both state and federal legislation to make employee ownership more widespread. Employee ownership is a bipartisan issue. The Work Act was sponsored by Republican and Democratic lawmakers alike. The California Employee Ownership Act in 2022 had a very big tent coalition behind it. So there are a lot of people who can get on board with employee ownership, and it really can lead to substantial capital accumulation.

That being said, the details matter. It's important to get more capital to finance those transitions so that the people on the point of retiring are not necessarily taking a lower-than-market offer, right? If there's more capital that's made available and there's some national legislation pending to this effect that would unleash funds from the SBA, SBIC, that seems like a very compelling capital goal. And then I guess the fourth thing, which is not so much policy, is just what to do with money if you have a lot of it. It gets back to the investment question from earlier.

Every single fund manager I spoke to who has a fund and is going around converting businesses into worker ownership models, all of them need more money. Now, there are challenges. There are fiduciary obligations that pension fund managers take very seriously. I mean, there are challenges, but I think making your thesis as like a fund manager, the decrease of wealth inequality is pretty compelling, right? We typically think of private equities. Those are the people who are increasing wealth inequality. And for that not to be manipulated is important. I get into all this more in the book, but those are some quick suggestions.

Maureen Conway (00:59:11)

Yeah. Great. Well, thank you so much. Really appreciate you being here today. For those of you who know our work, I did not pay him to go on about employee ownership, but we are having our second employee ownership ideas forum April 9th and 10th. If you're interested in that topic, I hope you'll be able to join us. Then also, I had a question submitted online about how food systems can play a role in a just economy, and just wanted to mention that we're going to be doing a three-part series looking at food systems work, and our next event will be job quality in the fields, improving farm work in the US on February 28th. So hope you all can join us for that.

Thank you all so much for your questions and for being here today. I really very much want to thank Nick for joining us. I want to thank my colleagues who do such a fabulous job organizing these events. Matt Helmer, Tony Mastria, Nora Heffernan, Amanda Fins, Merrit Stüven, Maya Smith, Frances Almodovar, Bryn Morgan, Maxwell Johnson, Sinan Young, Colleen Cunningham. There's a lot of them working on this, so they deserve a big round of applause. And also thanks to our Aspen Institute AV colleagues and building services teams for helping us. You're sticking around to sign books, so books are for sale. We can also have book signing, so hope you'll join us for that as well. Thank you all so much.

Nick Romeo (00:59:50)

Thank you. Thank you.