Inequality: Can the capitalists fix capitalism?

Hedge-fund billionaire Ray Dalio and JPMorgan Chase CEO Jamie Dimon are among a growing chorus of capitalists questioning the efficacy of capitalism, said **Kate Rooney** in ***CNBC.com***. Dalio, who predicted the 2008 financial crisis, wrote last week that the inequality gap has reached levels unseen since the 1930s. This represents an "existential risk for the U.S." He went even further on CBS's *60 Minutes*, saying that "the American dream is lost." Dalio's critiques echoed Dimon's words in a shareholder letter that capitalism is "leaving people behind." Dalio, who has a personal fortune of $18 billion, said that "he supported raising taxes on the wealthy." These business titans aren't backing socialism. But they are "calling for changes to the system that enabled them to get rich."

Dalio: The American dream is lost.

The business press is eating up Dalio's "little capitalism-bashing media tour" like it's an extra helping of ice cream, said **Charlie Gasparino** in ***FoxBusiness.com***. Of course they are: You can't give liberal reporters enough about the "various evils of capitalism." But Dalio's a strange courier for this message. "He's a billionaire many times over, not from inventing anything special, but as a market speculator." He runs a "cult-like" organization that feels like a police state, where he videotapes and records his employees. And "charging big bucks for investing money" doesn't automatically make Dalio a deep thinker. When taxes go up, billionaires like Dalio will just leave. And the people who will get hammered are the ones who are really trying to achieve that American dream.

Thanks for the feedback, Ray, said **Helaine Olen** in ***The Washington Post***—your idea of creating a "bipartisan commission" to fix things is sure to be a real game changer. Just one question: "Who is going to select the members of the bipartisan commission Dalio thinks can restore mass prosperity to the American people?" Or should we assume that people like Dalio and Dimon believe such a committee can be staffed by business titans like themselves, "the best and the brightest of our time"? These billionaires can see, as the rest of us do, that the system that earned them their wealth and power is breaking down. But let's face it: The plutocrats who are the "biggest beneficiaries of our record-breaking age of inequality are not the people who are going to end it."

Sure, some of the "sentiments may sound a little rich," said the ***Financial Times*** in an editorial. These are "paid-up members of the Davos elite." At least they do see the problems, and their "efforts to consider the growing malaise at the heart of the global economy" are worth applauding. But their proposals will be "inconsequential unless there is a broad rethink of attitudes across business and government."

What the experts say

Selling a piece of your future

Some college students are electing to hand over a cut of their future earnings rather than take out a student loan, said Claire Boston in *Bloomberg Businessweek*. "A new kind of financial instrument called an income-sharing agreement, or ISA," allows students to fund part of the cost of tuition. The loan is repaid with a set percentage of their salary after graduation; the terms vary by major. At Purdue University, an English major who borrowed $10,000 would pay 4.5 percent of income for an English degree for a little under 10 years. A grad with a degree in computer science would pay 2.57 percent for about seven years. "The last big ISA experiment—at Yale University in the 1970s—ended up as a cautionary tale" after many students defaulted and others were left on the hook for far more than they expected. But students will have "more protection under newer plans," which are managed by investment firms, not schools.

What makes a 'super saver'

Housing costs are the biggest difference maker for those who save a lot of money versus those who don't, said Catey Hill in *Market Watch.com*. According to new research from TD Ameritrade, "super savers spent just 14 percent of their incomes on housing, while regular folks dropped 23 percent." It's true that some people pay more for housing to get into a better school district or a safer area. "But there's plenty of room to downsize": New homes "on average have 1,000 more square feet than they did in the 1970s." And you probably don't need that extra space. One family in Colorado downsized from a three-story condo to an 845-square-foot apartment, saving $7,300 a year.

Investors avoid a Millennial fund

An investment fund that focuses specifically on companies that target Millennials has struggled to generate interest despite very strong returns, said Simon Constable in *The Wall Street Journal*. The Global X Millennials Thematic ETF has gained 60 percent since its launch in 2016. The theory is that Millennials' purchasing power will increase over the next few decades, providing a lift for the "companies that cater to them." But assets under management totaled just $35.2 million—"on Wall Street, that's considered paltry"—and one analyst believes the use of the term "Millennial" has limited its appeal. "If we'd called it a 'new consumer fund,' the reaction would have been different," the analyst said.

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Charity of the week

the Ounce INSPIRE MINDS. CHANGE LIVES.™

Founded in 1982, **Ounce of Prevention Fund (theounce.org)** seeks to help children develop in the critical years from birth to age 5. The Prevention Fund implements educational programs to prepare children for kindergarten and provides guidance and resources to low-income, teen, and first-time parents through home visits. The charity also trains doulas, who build expectant first-time mothers' confidence through weekly home visits and continue to support them through labor. By collecting science-based research and rigorously evaluating its own programs, the organization improves its models for childhood development and shares key findings with lawmakers to improve public policy. Every year, the Chicago-based organization serves more than 4,000 children and their families.

Each charity we feature has earned a four-star overall rating from Charity Navigator, which rates not-for-profit organizations on the strength of their finances, their governance practices, and the transparency of their operations. Four stars is the group's highest rating.