

EPISODE 1453

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FT: So Money is brought to you by CNET, the site that shows how to navigate change all around us. So Money episode 1453, the best of so money 2022, financial equity and closing the racial wealth gap.

[INTRO]

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FT: Welcome to So Money, everybody. I'm Farnoosh Torabi. It is December 26th, 2022. I hope everybody who celebrates Christmas had a great one. Happy Kwanzaa, and I hope you're enjoying what is, hopefully, an easier week, a lighter week, a quieter week. Our family is in San Diego starting tomorrow. Well, we would be reuniting with some family on my side, taking the kids to Lego Land and the zoo and, hopefully, some relaxing time for the parents.

This episode kicks off a week of reflection on So Money, where we had so many fantastic interviews in the year, so many good audience questions from the year. I wanted to dedicate the episodes to holding on to some of the gems that we took away in the year. I wanted to finish the year strong and better than when we started. So for the next several episodes, we'll be sharing some of the best of So Money themed highlights from the year, interviews that stopped us in our tracks. It gave us something new to think about, a perspective, a piece of advice, a story that changed how we think about money for the better.

Today's theme is money and racial equity, and there were three interviews in particular that stood out to me this year, ones that I've been referencing over and over. I've included some of their wisdom and articles and even in my forthcoming book, *A Healthy State of Panic*. So I didn't want to end the year without spotlighting them once more.

First is Christina Blacken. Through her work as the Founder of The New Quo, Christina focuses on leadership development and equity. She answers the question how can business and

companies create a greater sense of equity within their organizations. Coming up, you're going to hear a clip from our interview, where I asked her about her strategy, how she helps companies drive more inclusivity. She says it starts with knowing your own money story and the biases that you may be holding on to. Here's Christina Blacken from episode 1331.

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FT: I would love if we could have you lead us through a workshop right now on how to apply this tool to our financial lives. There's the response – There's the way to change the narrative in the public sphere, right? The way that money is discussed and the discourse that we're having around money, which cannot be inclusive, which can feel alienating to many people, depending on who you are and where you're coming from. But even like the stories we tell ourselves. I just got off of a conference event where I was asked, “Why is money your love language, Farnoosh?” Because I guess I said that at one point, and they made me attest to it.

I said, “Well, it's because of my story. My narrative is that I grew up with immigrant parents, and we talked about money, the good and the bad.” Not to say that I had a very wonderful foray into the world of money. My parents fought about it. But even that I think informed my intelligence around money. Like witnessing that, I learned the importance of being financially independent as a woman to never enter a relationship, feeling dependent, and all of those things. I tell myself these stories, and this is part of the why of why I go about becoming so vigilant about my money and then also sharing that wisdom with others.

I mean, this was my interpretation. Can you talk a little bit about that? We interpret things that maybe we're not interpreting correctly or healthily. So help us. We all come from somewhere. We all have our own money stories rooted in some place in time, and that often dictates so much of how we see the world, the financial lens through which we see the world. Can you help us hone that, and maybe there's some mindset shifts? What is the routine? What is the practice?

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CB: So one tool I talk about a lot is called narrative inquiry, which is just a series of self-reflective questions so that you can get clear on what your dominant narratives even are. I think it's important to also think through what are the narratives that I was raised with. Like you were saying, we all have narratives around money that we were raised with that affect how we relate to and experience money, and then also the stories that you've heard in the media about money.

I think it's important for people to understand that money is just a tool. It's a tool that can be used for really bad things or good things. Once we see it as a tool and not a self-reflection of worth, we can then think about money as an expression of values. If you're clearing your values and getting clear on those stories, then you can make better choices.

So one example of this for myself, when I was reflecting on my stories of money, is in college, I was taking this class. I was studying policy analysis and management. The acronym is PAM, which is very cute. That was my major. In that degree, we essentially had to learn about social policy, and all social policies have specific narratives that are used to get them approved or passed or digested by the public.

One of the narratives around money that came up that was a pretty predominant policy for a long time is the welfare queen, so this idea that there are individuals who just are in the system. They're trying to take advantage of it. They're not working. Many times, the picture of this "welfare queen" was a black woman.

Now, as we unpack the data and the information, it was a made-up story. It wasn't necessarily true. If you look at any kind of social policy, usually it matches the demographics of the community that it's in. Because the majority of the people in this country are white, a majority of people on welfare at that time were white. There's just more of them, and there just happened to be more people in those policies.

But we had really, really strong debates in class about this concept of who deserves money. Who is trying to take advantage of the system? And who is "skating by"? There were so many really negative stereotypes that people had around safety nets for when things happened to people out of their control or this idea of these people don't deserve it because they don't work hard enough.

So those kinds of narratives get ingested really deeply, and they affect how people pay their employees later as leaders. They affect who they're supporting in different causes. That's just one tiny example of a dominant cultural narrative. That is not necessarily true. It's a myth. But it deeply affects how people relate to money, and ultimately how they treat others by their assumptions around what they're doing with money.

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FT: I 100% agree with that. Now, the question is how do we step out of that mindset? If you have been raised with a false narrative around money and you inherit it, it's almost like I was just talking to Ruchika Tulshyan on the podcast on Monday, who does a lot of work around imposter syndrome and the myths about that and how it's been almost exclusively fed as a false syndrome to women. So we grow up thinking, "I'm not good at this. I can't do this. I am less than." What does it take to break through from that? It's almost like you've been gaslit.

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CB: Yeah. That narrative inquiry is really about, well, one, recognizing your narratives because people are really unconscious about it. They might be operating in a way they have no idea. So just listing all of the beliefs you have down about money. Like I believe blank about money, and you could write 10 sentences or 10 examples. Then you can start to try to challenge some of those statements by your experiences in the world and even looking up information about those statements and if they're actually factually true. You'd be surprised by the amount of things that you can challenge. This idea of, "Well, people who are blank can never have money." So if I'm a woman, I will never have money because of X, Y, and Z. There are ways to challenge that.

I think once you figure out the fears that you have around money and which ones are based in complete made-up ideas and which ones do you have some truth to them or barriers, then you can start to make a plan. So the plan could be, "I'm in crippling debt. I don't know if I can ever get out of it." Well, now we have that narrative. Now we can make a plan of, "Actually, you can get out of this debt if we make a few tweaks here and make an actual specific plan."

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FT: Every story is important. We need to examine it. Some stories tell us the truth, and that was Christina Blacken, Founder of The New Quo, episode 1331. If you want to go back and listen to the whole conversation, it's all at somonypodcast.com.

Next, my interview with Rendel Solomon. This year gave me a lot to think about race and financial success and what Rendel calls probability versus possibility, that he himself is not a result of what is probable but what is possible, that when we talk about becoming career and financially successful as a black American, systemic challenges reduce the probability of achieving your goals. Is it possible? Yes. Is it probable? Not as highly, says Rendel. Here's an excerpt from our conversation, episode 1433.

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RS: I think that I'm an example of what's possible. I am not an example of what's probable. That has troubled me in the more recent years. A lot of my time and energy has been spent doing exactly what my late mother and my late father wanted me and my two sisters to do. Go to school. Work hard. Get good grades. I lived by that.

Coming up even here on the west side, the troubled west side of Chicago, which you would have talked about a bit, Xavier and I grew up – We didn't know each other back then. But we actually lived within a few block radius of each other. We just didn't know each other at the time a few years apart. But my journey, which would not have been predicted by any metric, particularly given that, unfortunately, you can kind of determine someone's future by what zip code they're born in here in our city. We hope that changes over the next many years. But right now, you pick the zip code, you can get sort of what the trajectory is for that person.

My late mom was focused on us getting a good education, which in her 47 years with us, she got that accomplished. I'm the first in the family to graduate college from Tulane in engineering. Both my younger sisters attended University of Illinois in Urbana-Champaign. I also went on to get my MBA at Columbia Business School. Again, fairly unprecedented for our family, given the

resources or lack thereof in our family to have that level of accomplishment academically. Then we've each have gone on in our own ways to have professional success.

But what I found as I began to move and grow professionally, I realized that effort to put towards education and hard work, I no longer believed that formulaically that was going to be the solution. It may be part of it, but I decided I wanted to focus on other areas, namely, the systemic pressures that even when you have the education and the resource and the network, there are certain people who are still not allowed to attain certain levels of success.

So let me pause there, and we can dive deeper into that. But that's the big picture, as I think about what does my success mean as it relates to my family and those who come from communities like mine.

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FT: What were the hard truths that you experienced? You talk about this gap between what's possible and what's probable, and you are an example of what is possible. Not everything is probable. So there's a friction there. You lived it. You made it on the other side. You succeeded. You are like the definition of capital S Success. You made your mom proud. You did all the hard things. You went to school. You went to graduate school. You climbed your career. So you made things possible.

But in a world where the odds were stacked against you, what was the tension that you experienced? Maybe it was one example that illustrates a bigger issue or even smaller examples. I want to kind of drive home this like sort of day-to-day, what it was like for you.

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RS: Yeah. Off the top of my head, let's think about – I'm going to give you a couple of personal examples that a lot of folks don't know about because I haven't talked about it publicly, and this is particularly relevant coming on two years plus of George Floyd being murdered and sadly amongst others, who have had interactions with law enforcement or others who have wanted to

take the law in their own hand arguably primarily because they saw a black person who was a threat to them.

One story is from – This is the basic one, right, the idea of DWB, driving while black. So when I'm behind the wheel of my vehicle, which was not a particularly impressive vehicle at the time, by the way, I believe I was driving a 1999 Grand Am at the time. I just really liked that car, by the way, Farnoosh. I've owned three cars in my life, and two of them have been the exact same make and model. My first car was a 2000 Infiniti when I graduated from Tulane. I should not have bought that car, a car that was way too high, and I was not making as much money at Procter and Gamble as I thought I was.

The second and third car were both 1999 Grand Ams, red. One was four-door. One was two-door. I just really liked that car. But I'm driving around in that car. I get pulled over by the police. And like every other black man in the United States, there is a deep sense of fear and dread when those sirens come on behind you. Because in that moment, I'm not Rendel Solomon, the Columbia Business School graduate working in private equity with an engineering degree, who went to one of the most prestigious, prestigious high schools in Chicago, the Latin School. I'm a black man behind the wheel of a car.

Sadly, I have to now put myself in that context and think about behaviors and actions and my words and how do I move and how do I turn my head and where do I put my hand. That was the middle of the day, and they pulled me over, claiming that my tail light wasn't working, which that was not true. They just pull you over, hoping to find something. I got out of that one unscathed. No incident.

Another time, something similar, the police officer claiming that I didn't have my seatbelt on. I refuse to get in the car without my seatbelt passenger or driver. I won't even take off in my car if my passenger doesn't have their seatbelt on. So I know he was making that up. Then it was an experience back at Tulane, where me and a few buddies were leaving a Wendy's or a Rally's. I can't recall. We're leaving the restaurant, and this unmarked police car pulls up behind us, and men jump out and point guns directly into our vehicle, putting them at the head of my classmates.

Now, I was sitting – I won't use the word, but I was sitting in the backseat middle of the car. So the gun was not directly on my head. But the four gentlemen, the passenger, driver, and the two by the window had guns pointed at their head. We were told to get out of the car, and they checked us. Apparently, we learned that – Also, no one was shot, got away unscathed, again. Apparently, they were tailing some other young men, maybe around our age, and they're suspected to be drug dealers. Because we happen to be in the Wendy's or a restaurant at the same time, they assumed that we had done a drug deal with them. We had our backpacks. They have had backpacks, right?

What makes that story, just to add a humorous anecdote to it, my buddy had stolen all of the ketchup packets at the restaurant.

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FT: Oh, my gosh.

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RS: We're poor college students.

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FT: Poor guy.

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RS: No one wanted to go to the grocery store to buy a bottle of ketchup. That was expensive, and so he took a handful of all the ketchup. So we figured this is a little excessive for some ketchup packet. So that's on the personal side. Back to your question around what are some of the hard truth is that I am a black man first in most of society's eyes, and I have to come out and prove "that I am worthy of the conversation or worthy of them not being afraid." So that's a hard truth right there.

Fast forward all the way to my time in private equity, where I spent the vast majority of my career, I realized along the way not only the lack of capital that has been invested in black-led businesses and other diverse-led businesses and other black and diverse-lead investment shops. I realized that through no fault of our own, because there's education there, there's talent there, there is access to deals, there's all the requisite things that you need in order to be an effective investment manager are there.

What's not there is the investment from the institutions that control the capital; pension funds, foundations, endowments, and corporations. So I know we're going to talk about my transition out of private equity, but that was my hard truth. I began to realize that the individual's hard work effort, back to my education and going to school and getting the good grades, I believe that those efforts can only affect the possibility of success.

Just in my own working theory right now, Farnoosh. I'm not saying that's the law. It's my working theory. I believe that to change probabilities, the institutions that are in power right now are the ones who need the lessons and who need to be taught. I decided that I wanted to spend more time speaking on that in a way that I couldn't do, if I were going to stay in the industry in the same way that I was at my prior firm.

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FT: Rendel is a self-described recovering engineer, reformed private equity investor, and an aspiring anti-capitalist dedicated to spreading financial literacy and the importance of investing in black youth in America. More of our conversation in episode 1433.

How I actually became connected to Rendel was through my next guest we're going to reflect on, Xavier Ramey. Now, this episode ran on Juneteenth, which is a day to honor human freedom, reflect on the devastating and ongoing legacy of slavery. As the White House says, Juneteenth is a moment to dedicate ourselves to rooting out the systemic racism that continues to plague our society, rooting it out.

Xavier has a lot of ideas around how we go about doing this. He is an award-winning social strategist. He's a public speaker, conflict mediator, and CEO of Justice Informed. His company

helps clients, including many Fortune 500 companies, catalyze strategies for inclusion, philanthropy, corporate social responsibility. I actually first met Xavier in the spring of this year. We were both invited to an event called Disruptive Discourse. This was a series of panels, talks, and roundtable discussions encircling workplace diversity, equity, and inclusion. I moderated a panel, and then Xavier gave what was an incredibly powerful keynote on the state of racial inequality through his eyes, as well as his ideas for moving that needle forward.

The first clip I want to play here is the one from the event, actually, where he's talking about the need to address the racial wealth barrier with greater urgency and how his upbringing actually shaped his ideologies.

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XR: The pace of racial change in America can no longer move at the pace of white fragility. Hard stop. You see, the fragilities of those who have privilege, who often set the pace for progress, that is fundamentally the challenge of power. This is why it is important for everyone to recognize their own power, to recognize their own privileges. Some of these powers and privileges are ones that we are born with. Some of them are assumed over time.

I was born in the North Lawndale neighborhood in Chicago. If you've ever read Tallahassee Coates's *The Case for Reparations*, that is the neighborhood I grew up in. It was the one that stimulated him to offer such a piece, to talk about what is the claim for reparations in America. It is defined by this experience even.

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FT: The cost of racism, by some estimates, is \$70 trillion. That's according to Shawn Rochester, author of *The Black Tax*. In his book, he calculated that racism in the United States, since the start of slavery, has left a toll of 70 trillion. Here's an excerpt from my conversation with Xavier, where he talks specifically about being from Chicago, the missing sense of community that contributes to the racial divide, and how we can foster more equity within our communities.

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XR: So Chicago has 77 communities, and Chicago is very much – Well, it used to be, I think, a neighborhood-based city.

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FT: That's where you're from. Let's –

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XR: Yeah. I'm from and based in Chicago. Increasingly, it is not. It's interesting to see how the pandemic and people settling and moving different places and such has really changed the fabric of the city. I don't think that Chicago is going to be a neighborhood city for much long in the way that it was. I don't think that we're going to have ethnic enclaves. I don't think we're have cultural hubs. Everything that is cultural is eventually bought up by people who can afford it, and then diluted down out of all of its cultural power, and then sold off to people who are coming in and think it's fascinating, rather than important and holy.

I look at that, and I say, “Okay, so this is the gentrification thing.” But it's also the choice thing, right? Why build an entirely new neighborhood, an entirely new neighborhood, right next to downtown Chicago? Because the rivers there, and we'll get all this money, and people can afford \$4,000 a month apartments. We have 70-plus neighborhoods that are struggling. We have generational lack of investment, predominantly on the south and west side of the city that are predominantly black and Latino.

When you look at that, and you look at the everyday person who's buying a condo or renting an apartment in, let's say, the West Loop or in River North or downtown, these are like very affluent, predominantly white neighborhoods. Mostly, for the most part, these are all millennials doing this type of stuff, who are going into these spaces without any lens on how it affects everyone else. As a lifelong three generation Chicagoan, I see and feel it every time these skyscrapers go up. I see that we're prioritizing this and not that.

People who come into communities, they don't ask, "How can I be a neighbor?" They ask, "What are the amenities?" They don't ask, "How am I a part of us?" They say, "What's in it for me?" They don't ask, "How do I ensure that I live my life in such a way that there is safety for everyone around me?" Instead, they say, "What is the security like in this neighborhood," right? They're asking all the individual weaponizable questions because it's about them.

So when we're talking about creating wealth, the first thing we have to understand is underneath the systemic injustices are the individual opportunities for piracy. When you have individuals who are saying, "Hey, I want to make so much money that I can give back," rather than thinking about, "I want to live in such a way where I'm not taking first," you're fundamentally going to have an issue. You're going to have downstream issues. When you have people who look at it as – For instance, they'll look at it as real estate, rather than land.

I talk with indigenous tribes all the time. They're not talking about real estate. They're talking about land. This is the thing that supports life, not a thing you buy and sell and hope to flip. This is life-giving. This is a question of human rights. Two nights ago, one of my friends, she couldn't find a bathroom in downtown Chicago, and that's because you can't. You can't find bathrooms in downtown Chicago, where you don't have to pay something to just deal with something that is a bodily issue for everyone. This is because we've now commodified a human right to dignity and body in this way, right?

When I was at University of Chicago, and I would teach students, we would do a downtown scavenger, social justice scavenger hunt. One of the questions I'd ask them is, "Hey, you got 45 minutes. You got to find a bathroom. Two things have to be true. One, you can't pay any money. And two, you can't feel any shame." They never could find it, and that's because there's only three locations in all of downtown Chicago where that's possible; the Cultural Center, Millennium Park. Down in the basement, they have bathrooms. Then in the Harold Washington Library.

We bought and sold everything that could have been humane because we're talking about how it can uplift humans, when it fundamentally doesn't reinforce the importance of a collective society. It doesn't reinforce the importance of interdependence, and it only further propagates the challenges of hyper capitalist mentality, both as cities, as communities, and as individuals.

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FT: To learn more about Xavier's work, please go to justiceinformed.com. Stay tuned for Wednesday's episode where we will be talking about money and mental wellbeing. That was a huge theme this year, how to reconcile with fear and anxiety in our financial lives. There was a whole lot of that in 2022, and I think it's going to linger into the New Year. So important that we revisit this. I'll see you then. Until then, I hope your day is So Money.

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