

To Save Democracy, First Save Society

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Stand Together



early 250 years after the Declaration of Independence, democracy in the United States is showing its age. Extreme polarization is rising.¹ Trust in government is falling.² A majority of people have lost faith in our country's future.³

These challenges are indicative of deeper fissures. Our democracy is a reflection of our overall society and if democracy is stumbling, it is because people are struggling. If our democracy is falling apart, it is because many of our fellow citizens are falling behind.

In looking for a fix, it is tempting for philanthropy to focus on changes to the formal systems that administer our democracy. But progress will require a more comprehensive approach, one that emphasizes the uniquely American ideals of inclusion and empowerment.

The American experiment was unique at the time it was launched. That's because it was predicated on the idea that all people are created equal and that when they are empowered to pursue their vision of happiness in harmony with others' ability to do the same, society as a whole is better off. Underlying this idea is the recognition that all people are born with innate abilities to contribute to the lives of others. And, by implication, when people are empowered to realize their potential, we all benefit.

But even as the ink was drying on our founding document, the violations of these ideals were evident to anyone who cared to look. Two centuries later, the brutal killing of George Floyd by Minneapolis police officers, sworn to uphold those ideals, is a tragic reminder of how far we still have to go to live up to them.

The history of our country is one of continuous struggle to move closer to these ideals—albeit in fits and starts. Each time we have, we experienced progress beyond anything that had ever been achieved. Now, as in the past, a commitment to inclusion and empowerment must guide our actions to improve our democracy.

Our task is urgent. For a growing number of people, the gap between those ideals and the day-to-day reality is getting wider. And as a result, America is sprinting toward a two-tiered society.

To be sure, parts of the country are thriving. These are the vibrant communities where about half of all Americans live, according to a 2019 McKinsey study.⁴ The best opportunities are concentrated in a handful of cities. The people who live there are poised to create and benefit from the next generation of jobs, growth, and progress.

Meanwhile, more than 150 million Americans live in parts of the country that are muddling along or crumbling. These are the one-in-five US ZIP codes where, on average, more than a quarter of residents live in poverty.⁵ In these areas good jobs are harder to find, good schools are few and far between, and families struggle to stay together. According to Stanford University economist Raj Chetty, children born in the 1940s had a 90 percent chance of earning more than their parents. This dropped to a fifty percent chance for the children born in the 1980s.⁶ In the most vulnerable communities, the chances are even lower.

It's as though people are looking out on two different countries, with two very different futures.

These trends predate the coronavirus pandemic, which came as a gut punch to people who were already struggling. Of the tens of millions of people who lost their jobs, workers in lower-paying fields have been disproportionately affected.⁷ According to the University of Chicago, only about 37 percent of people have jobs that can be done from home and these tend to be higher-paying jobs.⁸

In short, millions of people are losing ground. And a growing number are losing their lives.

The suicide rate, which has been rising for more than two decades, is now higher than at any time since World War II.⁹ Drug overdoses are also soaring, claiming 70,000 lives in 2017—quadruple the number of lives lost to overdose in the late 1990s.¹⁰ And alcohol-induced deaths have risen by 50 percent since 1999.¹¹

Economist Anne Case and Nobel Laureate Angus Deaton call these “deaths of despair,” and they help explain why US life expectancy saw a decline in recent years, even before the coronavirus pandemic.¹² In fact, such a sustained multiyear decline hasn't happened since the Spanish flu outbreak of 1918.¹³ Those in communities that are struggling have borne the brunt of this despair.

The Choices We Face

American philanthropy has always helped address challenges like these. The question is not whether we will rise to the occasion, but how we can be most effective in doing so. The way we understand the cause of the problem will determine the approach we take and ultimately whether we succeed.

If we see the current challenge as one caused by the pace and magnitude of change, the solutions will reflect that. If the reason people are falling behind is that they simply can't keep up, then we really only have two choices: slow things down for everyone or make sure those who fall behind are made more comfortable.

But accepting rapid change as the explanation for our current problems leads to actions that fundamentally give up on people. This is at least part of the intuition behind proposals such as universal basic income, for example, an idea embraced by some on both the political left and right. However well intentioned, they concede that some will inevitably be excluded from participating in our country's progress. Acting from this perspective will cause our society to continue to come apart, taking our democracy along with it.

The alternative approach is one based on inclusion and empowerment—the belief that all people can contribute, no matter the pace of change. This requires that we commit to helping empower everyone to realize his or her potential.

And we all need a little help in order to succeed.

For that help, Americans have always relied on the institutions that underpin our society—high-quality education, strong communities, dynamic businesses, and sound government policies. All have a role to play in helping people succeed.

When firing on all cylinders, these institutions empower people to adapt to the dynamic world around them, realize their potential, and contribute to the lives of others. Education helps us discover our gifts, develop them, and learn to apply them; strong communities provide family and fellowship; business helps us express our gifts through employment and entrepreneurship, producing the goods and services that benefit others; and government policies creates a safe and stable environment within which we can succeed. These institutions are the foundation of an inclusive society. They help people adjust and adapt in times of rapid change.

If people are falling behind, it is because the institutions they are relying on are failing them. The evidence of this is extensive.

In education, the one-size-fits-all model that describes most public and private schools means that only 26 percent of students graduate from high school ready to go to college.¹⁴ And by twelfth grade, only a third of students report feeling engaged.¹⁵ Communities no longer act as effective support systems for those who fall on hard times—only one in four people report that they have someone in whom they can confide.¹⁶ And in the poorest communities, basic safety is a real concern.¹⁷

Business also falls short. While we spend most of our waking hours on the job, only a third of us report being engaged by our work.¹⁸ And when it comes to government, over 60 percent of people say that neither political party represents them.¹⁹ Nine out of ten Americans are frustrated with a political system they say caters to special interests more often than serving the public interest.²⁰

Rather than empowering people to succeed, these institutions are holding millions back. Instead of helping people succeed, they are actively erecting barriers that exclude people from our society. Those already struggling are disproportionately affected.

Is it any wonder Americans are also losing faith in our democracy? If we want a healthy democracy, we must first work to build a healthy society.

Fortunately, philanthropy is uniquely situated to help shore up a stronger foundation upon which to build a more vibrant democratic system.

Doing so requires that we take a comprehensive approach to help bring about a more inclusive society. This means investing across all of these institutions, helping to transform them so they empower people to succeed. Neglecting any one of them will cause the effort to improve our democracy to fall short.

A Case Study in the Comprehensive Approach

The criminal justice system is a prime example of how these institutions have worked to exclude rather than empower people. The confluence of failures within education, business, communities, and government policy has made the United States a place that incarcerates more people than any other country—literally locking out over two million people from the chance to contribute and participate in society, and creating barriers for many more who were previously incarcerated.²¹

American justice took a serious turn for the worse in the 1970s and 1980s. Policy makers at both state and federal levels dramatically increased the number of criminal laws and the use of prison time for lesser offenses, which contributed to a massive spike in the prison population.²²

There was a 220 percent jump in state prison population between 1980 and 2010, and with only 5 percent of the world's population, our country now accounts for 20 percent of the world's prison population.²³ Incarcerated individuals are also spending much longer time behind bars, thanks in large part to mandatory minimum sentences. More than half of those incarcerated in federal prisons—about 90,000 people—are serving such sentences.²⁴

The effect, if not the intent, of this system is the partial or wholesale exclusion of huge numbers of people from our society. One in three American adults has a criminal record, and there are at least 44,000 legal restrictions (in such areas as housing and employment, for example) on what formerly incarcerated individuals can do.²⁵ This helps explain why more than half still lack employment one year after leaving prison. Those who do find jobs have an average annual income of just \$10,090.²⁶

Is it any wonder that over 80 percent of those who leave state prisons will be arrested again?²⁷ By creating so many barriers that prevent them from rejoining society, we've created a new cycle of crime and poverty.

Fortunately, many leading philanthropies are committed to doing something about it. In the 1990s and 2000s, some of the biggest foundations and most generous individuals in the country took up the cause. Among others, this included Arnold Ventures, the MacArthur Foundation, the Pew Charitable Trusts, and Stand Together, the philanthropic community founded by Charles Koch that I lead.

Critically, their efforts focused on changes in all the key institutions of society, not just the government policy that constitutes our formal criminal justice system. Different philanthropies worked on different areas—and they still do. Their combined efforts are helping transform how our society thinks about, talks about, and tackles criminal justice.

Some philanthropies have supported improvements in education in places where kids are otherwise prone to get off track. Others have invested in remarkable programs like those run by Hudson Link in New York's Sing Sing prison to help people earn a degree while incarcerated.²⁸ (The recidivism rate for Hudson Link graduates is under 4 percent, compared with a state-wide average

of around 40 percent.)²⁹ Other philanthropies supported university-based research initiatives to identify best practices that more states can adopt.³⁰

Recognizing that getting and keeping a job is the best way to stay out of prison, some philanthropies have focused on urging businesses to “ban the box,” removing the check box on job applications that asks job candidates whether they have a criminal record. This gives people a better chance of making it through a job interview and ultimately getting and keeping a job. Another philanthropic project in partnership with the Society for Human Resource Management works with HR professionals to help develop guides for businesses interested in hiring the formerly incarcerated.³¹

Still others support community-based reentry programs such as the Prison Entrepreneurship Program, which has a recidivism rate of just 7.5 percent.³² Groups like these can be the difference between a person coming home to a warm bed and supportive family or being released from prison with a bus ticket, a twenty-dollar bill, and a head full of doubt.

For years, philanthropy toiled away while others dismissed efforts to reform the system as politically impossible. Ever since the infamous Willy Horton political ad helped George H. W. Bush peg Michael Dukakis as “soft on crime,” conventional wisdom had it that politics would prevent any meaningful changes to the criminal justice system.

But by taking a comprehensive approach that tackled the issue through each institution in society, and by building bridges with unlikely allies, these philanthropic efforts began to bear fruit. As a result, public policies have started to better reflect these deeper societal efforts.

From the mid-2000s to the mid-2010s, thirty-five states passed criminal justice reforms, from slashing long sentences to expanding judicial discretion to increasing the use of prerelease programs that help incarcerated individuals prepare for life on the outside.³³ And in 2018, after years of failed attempts, Congress overwhelmingly passed the First Step Act, the most significant criminal justice reform in decades.

It was an achievement that many thought impossible, right up until the moment it happened. Today the movement responsible for this success is charging forward toward additional reforms—including changes to the formal rules that govern our democracy, such as the restoration of voting rights to those who have served their time.

At every stage, philanthropy played a critical role. It helped transform the way the institutions of society enable those caught up in the criminal justice system to realize their potential—working to empower people who have long been excluded.

Taking Risks

Building an inclusive society is no easy task. Just as with mass incarceration, the exclusion ethos is a primary contributor to many of the other problems in our society. Philanthropy's role in criminal justice reform provides insights for how we might tackle other issues that hold people back and, in doing so, help to shore up our democracy for another 250 years.

In addition to taking a comprehensive approach, this will require taking more risks and bringing together people with different perspectives.

The comprehensive approach is distinct from a narrower focus on fixing the formal systems that make up our democracy. There's no shortage of proposals and plans that call for changes to how we vote, the rules that govern legislatures and elections, and how government should function at every level.

The details differ, but the common assumption is that if we get the system design right, we'll be back on track. While these improvements are important, we should be wary of proposals that promise progress without giving due attention to the institutional environment within which our democracy operates.

As my former colleague economist Peter Boettke, puts it, "constitutions aren't can openers." While a can opener will work as intended in any environment, the same cannot be said for a constitution. The performance of formal governance systems depends on the underlying institutions that shape the ways in which individuals behave and interact with one another. Just look to the numerous countries that have adopted constitutions and legal codes that closely resemble ours, *de jure*. Their *de facto* governance varies wildly.

As Tocqueville noted, what distinguished American democracy from the start was not only its formal systems, but the spirit of community and cooperation that formed the bedrock upon which those systems were built, one characterized by mutual obligation and mutual benefit.³⁴ While getting the system design right has merit, if our underlying institutions are lacking, we will be building on a faulty foundation.

Embracing this comprehensive approach can be daunting. And, to be sure, it will require more than just philanthropy. Government policy and business investment play crucial roles. But philanthropy is uniquely situated to take risks that push the frontiers of progress in ways that other players do not.

Government actors face strong incentives to play it safe. They own the blame for bad decisions but are rarely rewarded for good ones. As for business, incentives are typically focused on meeting short-term goals. With rare exceptions, businesses tend not to make the kind of bets against seemingly impossible odds like those that helped seed the ground for criminal justice reform. That is where philanthropy excels.

We would also do well to risk working outside of our comfort zone, helping to unify groups that

are otherwise divided, as the movement for criminal justice reform has.

One of the biggest myths of our time is that Americans don't agree on anything. But there are plenty of areas of broad agreement; they are just getting drowned out by the political and ideological extremes. The Hidden Tribes project crunched the numbers and found that only 14 percent of Americans can be described as "progressive activists" or "devoted conservatives."³⁵ Between these two camps is the "exhausted majority," people who are motivated to do the right thing on the issues that matter most.

Philanthropies can help move past the divisiveness and polarization that prevent so many good things from happening—modeling good behavior and encouraging others to come along. Experience shows that those who look for common ground usually find it.

Working with unlikely allies can also help to spread the risk and stiffen the resolve of philanthropies that are willing to push the frontier of what's possible. And for those who do, there is strength in numbers and the diversity of perspectives that come with them.

The problems in our democracy are real, but they are not insurmountable. Building a more inclusive society that empowers everyone is the most important thing we can do to invigorate and energize our democracy for generations to come. This requires a renewed commitment to those core American ideals and a recognition that the way to address our country's weaknesses is to build on its strengths.

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