

# The Space Between

Renewing the American  
Tradition of Civil Society

SCP REPORT NO. 8-19 | DECEMBER 2019

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**social capital project**

A project of the Joint Economic Committee – Republicans | Chairman, Sen. Mike Lee  
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## INTRODUCTION: THE AMERICAN TRADITION OF ASSOCIATION

In the fall of 1727, a dozen young men—most of them tradesmen and artisans—began meeting on Friday evenings at the Indian Head Tavern in Philadelphia. They met to debate philosophy and current events and to exchange information and resources in the name of “mutual improvement.”<sup>1</sup> They called themselves the “Junto Club” and were led by an ambitious, twenty-year-old printer. His name was Benjamin Franklin.

The Junto Club was part of an early response to the end of conventional, European systems of patronage and to the emergence of a dynamic commercial order driven by impersonal markets. Tradesmen increasingly turned to private institutions and to each other for mutual aid and credit.<sup>2</sup> Under Franklin’s leadership, however, the Junto Club would not only support its members. It would go on to establish many of the landmark institutions of colonial Philadelphia: the first subscription-based lending library in British North America, Pennsylvania’s first volunteer fire brigade, the American Philosophical Society, the Academy of Philadelphia (later the University of Pennsylvania), and the nation’s first charity hospital.<sup>3</sup>

The practices that Franklin popularized in colonial Philadelphia not only made the “City of Brotherly Love” worthy of its name. They have continued throughout the history of the United States. For more than two centuries, Americans have organized themselves voluntarily to address their common problems. Many of the most consequential social movements in the United States, from abolition to temperance to civil rights, have been outgrowths of the American instinct to associate. It is one of American society’s most striking qualities.

During his visit to the United States in 1831-2, Alexis de Tocqueville marveled at the associative patterns of American society. In the first volume of *Democracy in America*, he observed that,

Americans of all ages, all conditions, all minds constantly unite. Not only do they have commercial and industrial associations in which all take part, but they also have a thousand other kinds: religious, moral, grave, futile, very general, and very particular, immense and very small; Americans use associations to give fêtes, to found seminaries, to build inns, to raise churches, to distribute books, to send missionaries to the antipodes; in this manner they create hospitals, prisons, schools. Finally, if it is a question of bringing to light a truth or developing a sentiment with the support of a great example, they associate. Everywhere that, at the head of a new undertaking, you see the government in France and a great lord in England, count on it that you perceive an association in the United States.<sup>4</sup>

Instead of patrons, Americans sought peers. In this bottom-up, participatory form of civic action, Tocqueville found that the institutional form of association could “fix a common goal to the efforts of many men.”<sup>5</sup> American associations acted in

lieu of government and private industry; they provided a place for the exercise of freedom, secure against external intrusion and individuals' atomizing tendencies and dedicated to the proposition that a whole could be greater than the sum of its parts. Above all, they instructed citizens in the art of self-government, instilling the democratic habits necessary to maintain the American republic.<sup>6</sup> In sum, associations provided the space between government and markets in which Americans, and the communities they formed, could flourish.

Tocqueville, however, saw associations as not merely useful or beneficial for democracy, but essential to it. Association alone was responsible for the myriad functions of a democratic society: "[T]he progress of all the others depends on the progress of that one."<sup>7</sup>

Even in our twenty-first-century American society, associational life ought to be at the center of thinking about our social order and public policy. As discussed in "[The Wealth of Relations](#)," the Social Capital Project is focused on expanding opportunity by revitalizing families, communities, and civil society.<sup>8</sup> This report is an overview paper for one of the five policy areas identified as a priority: rebuilding civil society. It lays out the nature of our diminished civil society, documents trends in its decline, and charts a path to its renewal.

### *Understanding Civil Society*

What we today call "civil society" is a descendent of the tradition that Franklin modeled and Tocqueville observed. Indeed, many of the institutions that are conventionally thought to compose civil society resemble those very associations that were so important in early America—churches, charities, unions, fraternal organizations, and the like. The instinct to collectively address common problems has not disappeared.

In important respects, however, American civil society has evolved over the last two centuries. Its organizations have become more professionalized and its associations less participatory as administrative responsibilities have shifted from local volunteers to headquartered professionals.<sup>9</sup> The result has been a change in the character of organizations. Their scope of interest often transcends local problems with the rise of international development and transnational non-governmental organizations. Membership less often entails leading a chapter meeting than merely writing a check or skimming a newsletter.<sup>10</sup> The *raison d'être* for civil society may not have changed, but its institutional form has evolved from a site of proximate community into a more tenuous web of communications and transactions.

## *What Is Civil Society?*

To appreciate fully the scope and character of these changes requires a clearer sense of what “civil society” means. It can be a difficult concept to untangle. Though but a single term, it has been imbued with several distinct meanings: some structural, some functional, and some normative.<sup>11</sup>

Structurally, civil society constitutes a kind of “third sector” within society. It exists independently of both government, or the “public sector,” and the market, or “private sector.” This is not to say that the State and industry do not affect civil society. Non-profit organizations secure funding from government agencies and corporations, and they are shaped by public policy and the business cycle. Conceiving of civil society as a structurally independent third sector, however, helps to highlight these interactions with the public and private sectors and emphasize a distinct purpose of civil society: to secure public goods that the market and the State fail to provide.

Structural independence enables civil society to serve a distinct functional role as a set of “mediating institutions.” In *To Empower People*, Peter L. Berger and Richard John Neuhaus described civil society as comprising “those institutions standing between the individual in his private life and the large institutions of public life.”<sup>12</sup> Institutions—the durable social arrangements we create together to achieve common goals in the course of interacting with one another—are “instituted” for a variety of reasons. The mediating institutions “mediate” by securing for the individual a space for participation, membership, and belonging within the broader society. Where it may be impossible for an individual to directly shape, meaningfully participate in, or fully belong to mass society and its larger institutions—say, global commodities markets or the federal government—civil society provides its own institutions—schools, churches, clubs, and charities—to which one may belong and be an active participant. In this way, civil society is thought to prevent individuals’ estrangement and alienation from mass society.

In addition to this functional role, civil society also serves a normative purpose: the transmission of particular habits, values, and norms. As the bipartisan Council on Civil Society has reported, the “essential social task” of the myriad associations that compose civil society is to “foster competence and character in individuals, build social trust, and help children become good people and good citizens.”<sup>13</sup> This is most obviously seen in those institutions with explicitly pedagogical purposes, such as schools and churches. Nearly all associations, however, are organized around a particular vision of the good, and their members—be they volunteers in a charity, elected leaders in a fraternal organization, or congregants in a house of worship—are bound by this shared vision. Through participation and leadership, members of civil society are habituated in observing their shared values, cooperating with their fellow men, and ultimately in practicing self-government.

Each aspect of civil society is integral to its role in society and, in particular, its role in expanding opportunity. Its structural independence as a “third sector” helps

to highlight how the actions of government or the market affect its institutions. Its functional role as a set of mediating institutions underscores how it forms individuals' relationships with the rest of society. Its normative purposes illustrate how it shapes the habits and character of entire communities.

Civil society is both integral for social health and irreplaceable by the market or the State. It comprises institutions that facilitate what we do together beyond the home. Though often formed to provide material support and mutual aid, its principal contributions to society are immaterial. As articulated in the Social Capital Project's inaugural report, "[What We Do Together](#)," civil society holds our common life together by supplying "extended networks of cooperation and social support, norms of reciprocity and mutual obligation, trust, and social cohesion" and by "forming our character and capacities, providing us with meaning and purpose."<sup>14</sup>

### *Civil Society and Opportunity*

While a vibrant civil society may be an essential part of a healthy community, it also has an important role to play in expanding economic opportunity for all Americans. Indeed, civil society has the power to transform low-income neighborhoods into opportunity-rich communities. A burgeoning social science literature has highlighted the relationship between civil society and upward mobility.<sup>15</sup> For instance, economist Raj Chetty and his colleagues at Harvard University's Opportunity Insights have found strong, positive correlations between local community strength and the outcomes of children, especially low-income children, in adulthood. In particular, they found that the presence of civic associations, religious institutions, and non-profit organizations—as captured in social capital indices—is closely associated with higher rates of upward mobility.<sup>16</sup>

Even as research reveals its precise effects on economic opportunity, we understand intuitively the ways in which civil society can shape the lives and outcomes of low-income Americans. Every institution is guided by a statement of purpose: to provide shelter, afterschool care, cultural enrichment, or political activism. This is the means by which the institutions of civil society promote opportunity. Though not all organizations offer services that directly boost economic prospects—such as job training or tutoring—nearly all of their services are designed to meet a need. In that way, civil society as a whole contributes to the expansion of opportunity. Because civil society thrives in places where it meets a material need, it has the largest role to play in places where material needs are greatest.

Beyond the direct provision of material aid, the institutions of civil society act both as bridges to opportunity and as sites of character formation and instruction. These two-fold roles reflect the two different forms of social capital discussed in the academic literature: *bridging* and *bonding* social capital.<sup>17</sup>

In the first sense of *bridging* social capital, institutions help to cultivate relationships between people who may not otherwise meet but for their common

membership in an organization. Indeed, civil society—particularly its most participatory forms—serves as a locus of community life.<sup>18</sup> It increases social relationships and interactions, even across traditional lines of social segregation. Members develop relationships with those alongside whom they worship, compete, serve, learn, and work. Such patterns of social interaction are conducive to exchanging information and building trust, the social ingredients that may open doors to new opportunities, networks, and resources.

In the second sense of *bonding* social capital, institutions form and shape their members. Through formal rules and expectations or through informal peer pressure, active membership cultivates pro-social and pro-opportunity norms—such as honesty and reliability, perseverance and prudence, responsibility and reciprocity—that are difficult to acquire elsewhere. It also prepares individuals for more active participation in other spheres by socializing them and building non-cognitive skills. These qualities redound to a person’s social mobility because our economy and society tend to reward such qualities. Membership in civil society is not a quick fix for opportunity, but rather a future-oriented investment that pays dividends in the long term.

If “the leading object” of the federal government, as Abraham Lincoln maintained, is “to elevate the condition of men” and “to afford all an unfettered start and a fair chance in the race of life,” then the health of civil society ought to be considered a priority of public policy.<sup>19</sup> Civil society is an expansive concept, and its benefits extend beyond the confines of particular institutions, generating positive externalities for the wider community. For the purposes of public policy, however, civil society’s narrower, opportunity-building effects should not be sacrificed for the sake of such broadly shared benefits—the alleviation of material want, the security of membership, the restoration of local authority and control. Civil society may exist for all, but it is especially vital for those individuals and communities with the fewest prospects and the greatest need.

### *The “Hollowing Out” of Civil Society*

Despite the scope of civil society, its actual force seems to have diminished. As the Social Capital Project reported in “[What We Do Together](#),” the United States’ associational life and institutional health are in decline across a range of indicators.<sup>20</sup>

Though precise causes of the decline are difficult to delineate, it is at least partially attributable to the expansion of government, which evolved to serve specific needs that civil society used to fulfill. The dynamic occurred as early as the Great Depression when New Deal policies—namely social insurance and welfare—drove down faith-based charitable activities. An estimated 30 percent of charitable spending by churches and other faith-based organizations was “crowded out” by New Deal policies.<sup>21</sup> Empirical study of more recent public policy demonstrates that so-called “crowd-out” effects are a common feature of government spending and

programs.<sup>22</sup> The inverse dynamic also appears, such as increased church activity following a decrease in government expenditures.<sup>23</sup>

Yet government alone is not responsible for displacing civil society. The dynamism and innovation of the free enterprise economy have rendered membership in associations both less necessary and less desirable. As early as the 1930s, fraternal organizations witnessed a decline in membership that was caused, in part, by the emergence of commercialized insurance. Many of the early fraternal organizations, such as the Knights of Columbus, initially formed to provide life insurance to men whose life expectancies, due to dangerous occupations and poor healthcare, were shorter. Despite their discrete, original purpose, fraternal organizations expanded their activities and mission into charity, education, and other forms of mutual aid. Once the essential function was undertaken more cheaply and efficiently by business, however, the fraternal organizations lost their initial purpose and immediate appeal to working men and women.<sup>24</sup> Mutual aid is a product of necessity; once the need is satisfied elsewhere, only interest can keep a person attached.<sup>25</sup>

The crowding out of civil society by expansive government and markets is not entirely bad. It is partly a trade-off of rising American affluence that enables us to “outsource the responsibilities we used to have toward one another” as reported in [“The Wealth of Relations.”](#)<sup>26</sup> The convenience and efficiencies gained have, in many respects, contributed to Americans’ material well-being and sense of happiness; however, they have made the institutions of civil society less immediately important in American life. As sociologist Robert Nisbet observed, institutions “must seem important [...] but to *seem* important, they must *be* important [emphasis in original]” —which is to say, *necessary*.<sup>27</sup>

Such trends portend what might be called a “hollowing out” of civil society. In many cases, the physical structures that house associations—sanctuaries, lodges, meeting halls, and the like—have become literally hollow as membership declines. Meanwhile, as fewer Americans belong to civil society, we risk losing the shared norms and values supplied by it. In this sense, civil society could become figuratively hollow as well, its normative purpose losing cultural resonance. Tocqueville warned against this possibility even as he marveled at the vibrant associational life in America:

The task of the social power will therefore constantly increase, and its very efforts will make it vaster each day. The more it puts itself in place of associations, the more particular persons, losing the idea of associating with each other, will need it to come to their aid: these are causes and effects that generate each other without rest.<sup>28</sup>

The ultimate consequence of the dynamic of crowd-out generating hollowing out was dire. Without associations, Tocqueville maintained, “civilization itself would be in peril.”<sup>29</sup>

## THE STATE OF MEDIATING INSTITUTIONS

The extent to which civil society produces pro-social outcomes depends, of course, on Americans' relation to it. The Social Capital Project envisions at least four mediating institutions that can be renewed and better used either to address problems in lieu of government or to partner with government—especially local government—in the pursuit of common policy goals: neighborhoods, churches, schools, and voluntary associations. The Project also considers philanthropy to be a critical support reflecting the health of these institutions.

This section assesses the health of civil society, using survey data to measure Americans' levels of confidence and participation in its institutions and fundamental support system. In conjunction with relevant social science research, the data reveal how different institutions have evolved through time and how the American experience of associational life varies by demographics. As we endeavor to rebuild civil society, these findings should help us to chart a path forward.

### *Neighborhoods*

In *To Empower People*, Berger and Neuhaus wrote that “[t]he neighborhood should be seen as a key mediating structure in the reordering of our national life.”<sup>30</sup> The neighborhood, as a mediating institution, involves a dimension of togetherness beyond oneself and even one's family. It is where we associate with those one-time strangers who become, in their own way, friends. As the Project has written elsewhere, “[t]he communities to which we belong develop the civic skills and social norms that reinforce reciprocity, trust, and cooperation.”<sup>31</sup>

The cohesion of a neighborhood is an important indicator of a healthy associational life. Of course, not all neighborhoods are alike in this respect. The Project's initial report highlighted the advantages that tend to accrue to residents of healthy neighborhoods as well as the disadvantages—often in the form of residential segregation wrought by a toxic mix of policy and prejudice<sup>32</sup>—that other neighborhoods face.<sup>33</sup> The consequences of such underlying disparities for basic building blocks of associational life, such as trust and social interaction, reveal a troubling portrait of the American neighborhood today.

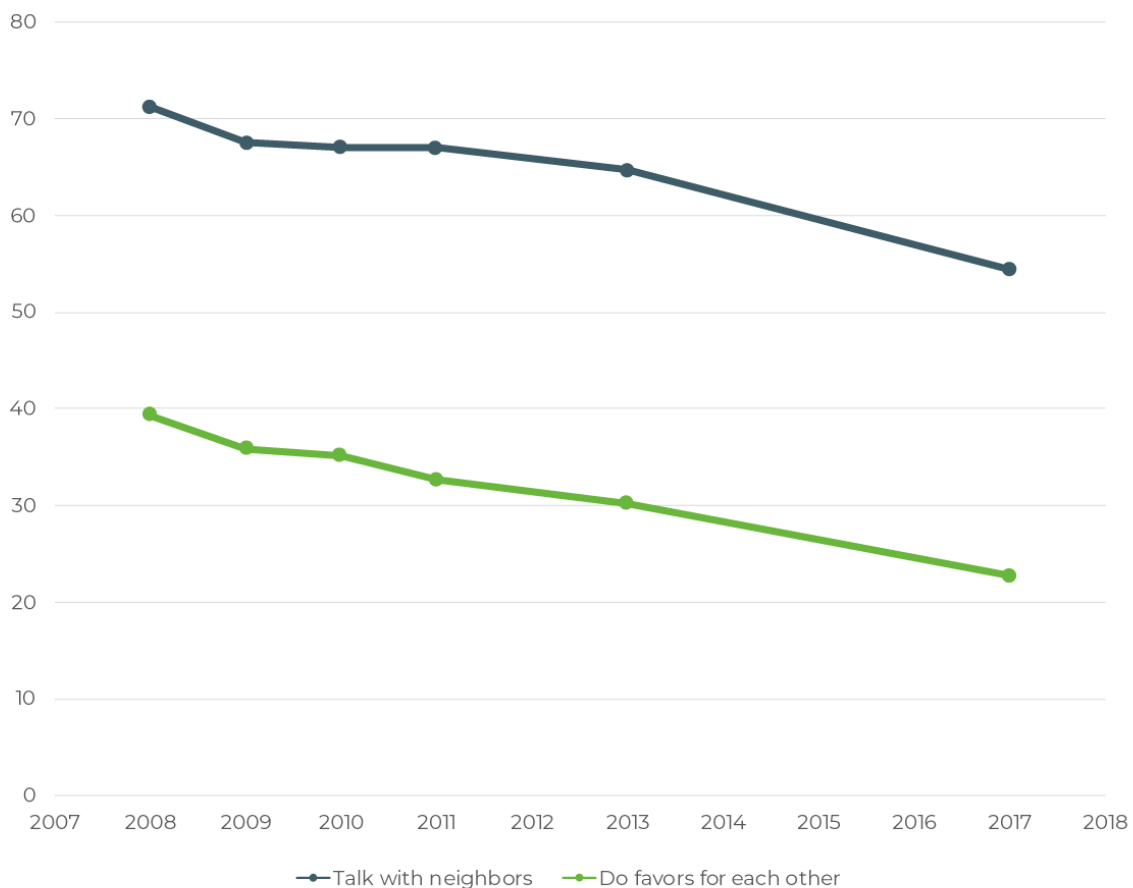
Americans are spending less time with their neighbors than they once did. From 1974 to 2018, the share of adults who reported spending an evening with a neighbor at least several times a month dropped from 44 percent to 29 percent.<sup>34</sup> In addition, since 2008, the Current Population Survey (hereafter, “CPS”) has asked about respondents' informal interactions with neighbors, including how often they talk with their neighbors and how often they and their neighbors do favors for each other, such as watching each other's children or lending house and garden tools. From 2008 to 2017, the share of adults who reported talking with neighbors a few times a month or more fell from 71 to 54 percent, and the share who reported doing favors for their neighbors fell from 39 to 23 percent (Figure



1).<sup>35</sup> While members of certain education and racial groups—college-educated and white adults, for example—are more likely to report having these neighborly interactions, the declines are common to members of *all* of them.<sup>36</sup>

Though there are not comparable data further back in time, a 1948 Gallup poll suggests that neighborly interaction was once much more common.<sup>37</sup> Six in ten adults in that survey reported that they lent to or borrowed things from their neighbors. Seven in ten reported that they had them over to their house, and the same share reported that they accepted their packages or took messages for them. Nearly half reported that they did shopping for them. Four in ten reported that they looked after their children. The relatively high levels of neighborliness that we once enjoyed seem to be features of a bygone America.

Figure 1. Percent of adults who have informal interactions with neighbors a few times a month or more



Source: Social Capital Project analysis of CPS Civic Engagement Supplement, 2008-2011 and 2013; CPS Volunteer & Civic Life Assessment, 2017.

The Social Capital Project's past reports have offered reasons for the gradual disappearance of neighborly interactions. In "[What We Do Together](#)," the Project partially attributed the decline to falling population density associated with suburbanization.<sup>38</sup> Americans have also retreated over time from public amenities and "third places," such as the local bar, as we increasingly prefer the comfort of our own homes.<sup>39</sup> Advances in technology have encouraged social retreat as well. As the Project wrote in "[The Wealth of Relations](#)," technological development "has allowed us to maintain relationships with far-flung friends and family as we de-prioritize getting to know our neighbors better."<sup>40</sup> The rise of social media and other low-cost, in-home entertainment might also explain some of the decline in neighborly interactions over the past decade.

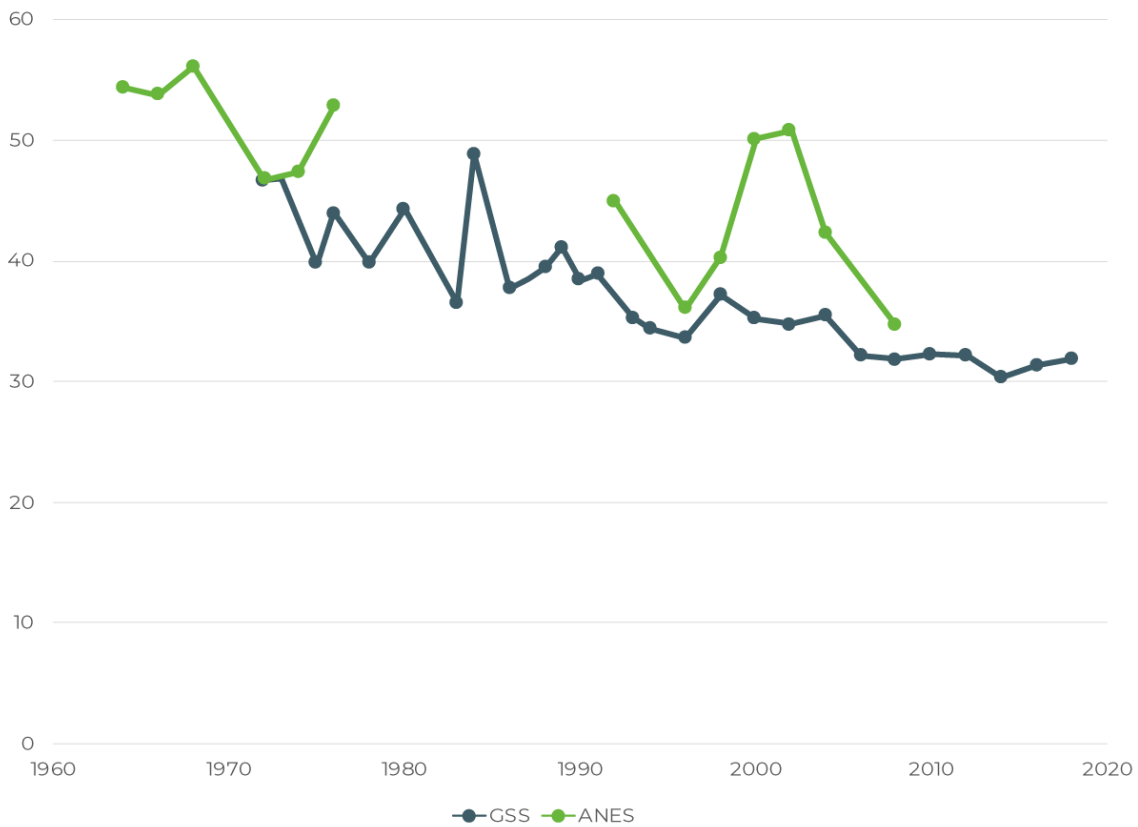
Moreover, we have generally come to rely on our neighbors less as our society has become more affluent and individualistic. Consider the difference between having dinner delivered and planning a dinner with neighbors. Rising affluence has given us greater independence in our everyday lives, but it may have come at a social cost for neighborhoods. Indeed, thinking about how to revitalize neighborhoods as institutions of civil society will require us to confront such trade-offs and reflect on what we value most.

In an [earlier report](#), the Project warned that "[i]f we are connecting less with communities and people who are different than us, we could be more likely to see adversaries among those in whom we might otherwise find a neighbor."<sup>41</sup> There are limited survey data on the degree to which Americans trust their neighbors. The CPS shows that in 2013, 56 percent of adult respondents reported that they trust all or most of the people in their neighborhood. However, neighborhood trust levels vary by demographic group. For example, blacks and Hispanics, younger adults, and lower-income households reported less trust in their neighbors than whites, older adults, or higher-income households.<sup>42</sup> Newer survey data, such as the American Enterprise Institute's Survey on Community and Society, show similar disparities.<sup>43</sup>

We can gain more purchase on the state of trust by looking at trends in "social trust"—measured in survey data as the extent to which people agree that "most people can be trusted." While such measures are not specific to feelings about neighbors, it is likely that feelings of social trust are influenced by how trustworthy neighbors are perceived to be. These survey data show a clear correlation between social trust and self-reported happiness.<sup>44</sup> Research has also linked higher levels of social trust to community-wide benefits such as lower crime rates and greater entrepreneurship.<sup>45</sup> The benefits of social trust for individuals and communities help to explain why the Council on Civil Society argued that building social trust is an "essential social task of civil society."<sup>46</sup>

American civil society seems to be struggling in this regard. Social trust has eroded over the past several decades. In the 1960s, more than half of American adults agreed that "most people can be trusted," but that share had fallen to one-third by 2018 (Figure 2).<sup>47</sup> The decline occurred after social trust probably increased in the decades prior to 1960.<sup>48</sup>

Figure 2. Percent of U.S. adults who agree that “most people can be trusted”

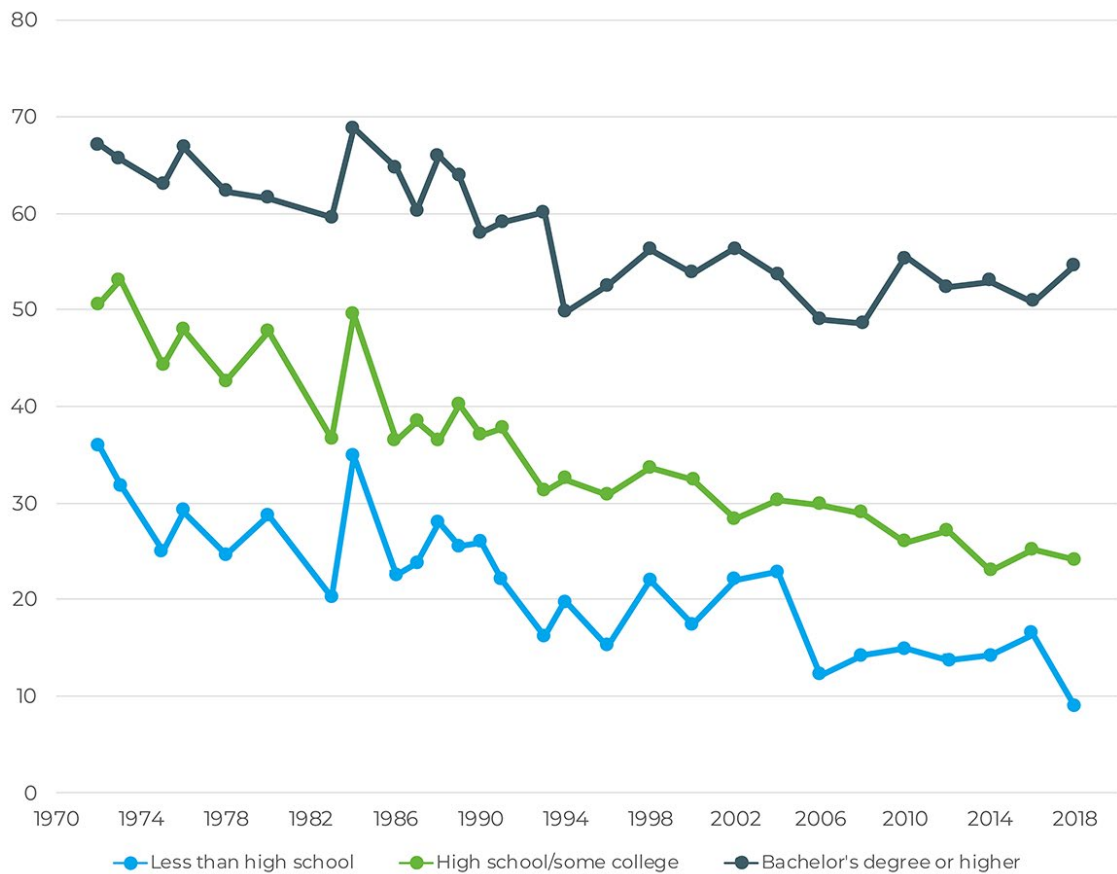


Source: Social Capital Project analysis of American National Election Studies, 1964-1976 and 1992-2008; General Social Survey, 1972-2018.

Because the General Social Survey (hereafter, “GSS”) does not contain a continuous measure of household income, educational attainment must serve as a rough proxy and illustrates that levels of social trust vary widely by class. Since 1972, Americans with at least a college degree have reported significantly higher levels of social trust than those with a high school diploma or some college education and those without a high school diploma (Figure 3).

This educational “trust gap” has also widened over time. Although social trust among higher-educated adults has fallen from its 1972 level, it has remained relatively steady since the mid-1990s at around 50 percent or higher. Meanwhile, social trust continues to decline for less-educated adults. From 1972 to 2018, the percentage of adults agreeing that “most people can be trusted” declined by more than half for adults with a high school diploma or some college education, and plummeted from 36 percent to nine percent for those without a high school diploma. Over the same period, the gap in social trust between the college-educated and high school dropouts increased from 31 percentage points to 46 percentage points, or nearly a 50 percent increase.

Figure 3. Percent of adults who agree that “most people can be trusted,” by educational attainment



Source: Social Capital Project analysis of General Social Survey, 1972-2018.

One possible reason for the growing disparity in social trust along class lines could be Americans’ geographic sorting.<sup>49</sup> One aspect of the problem is “[brain drain](#)”: the selective migration of the highest-educated residents of some states to a relatively small number of other states.<sup>50</sup> Another is increasing residential segregation within metropolitan areas that leaves the well-educated increasingly clustered in relatively tight-knit, affluent neighborhoods.<sup>51</sup> In other words, the relationship between education and trust could be tied to the social contexts in which people associate.

There also exists a disparity in social trust along racial lines.<sup>52</sup> In recent years, the level of social trust among white adults (39 percent) has been more than twice as high as that among black adults (17 percent) and Hispanic adults (16 percent).<sup>53</sup> These differences are not altogether surprising given America’s history of race relations.

The future of civil society seems all the more harrowing in light of our weakened neighborhood ties. The informal networks of support and socialization among households were once a mainstay of American life, their value perhaps only appreciated now in their virtual absence in some places. The proximity of local and state governments, however, may point to a promising avenue for reform. Where trust between individuals is low, local solutions could build more cohesive and vibrant neighborhoods. In some places, that may mean lifting or reforming barriers to development, such as zoning codes, or private activity, such as licensing and registration laws. In others, it may mean directly partnering with neighborhoods to address a common problem as modeled by community policing policies. Regardless of the specific solution, the importance ought to be clear: if we cannot trust or help our neighbors, can we reasonably expect to enjoy fully our associational life?

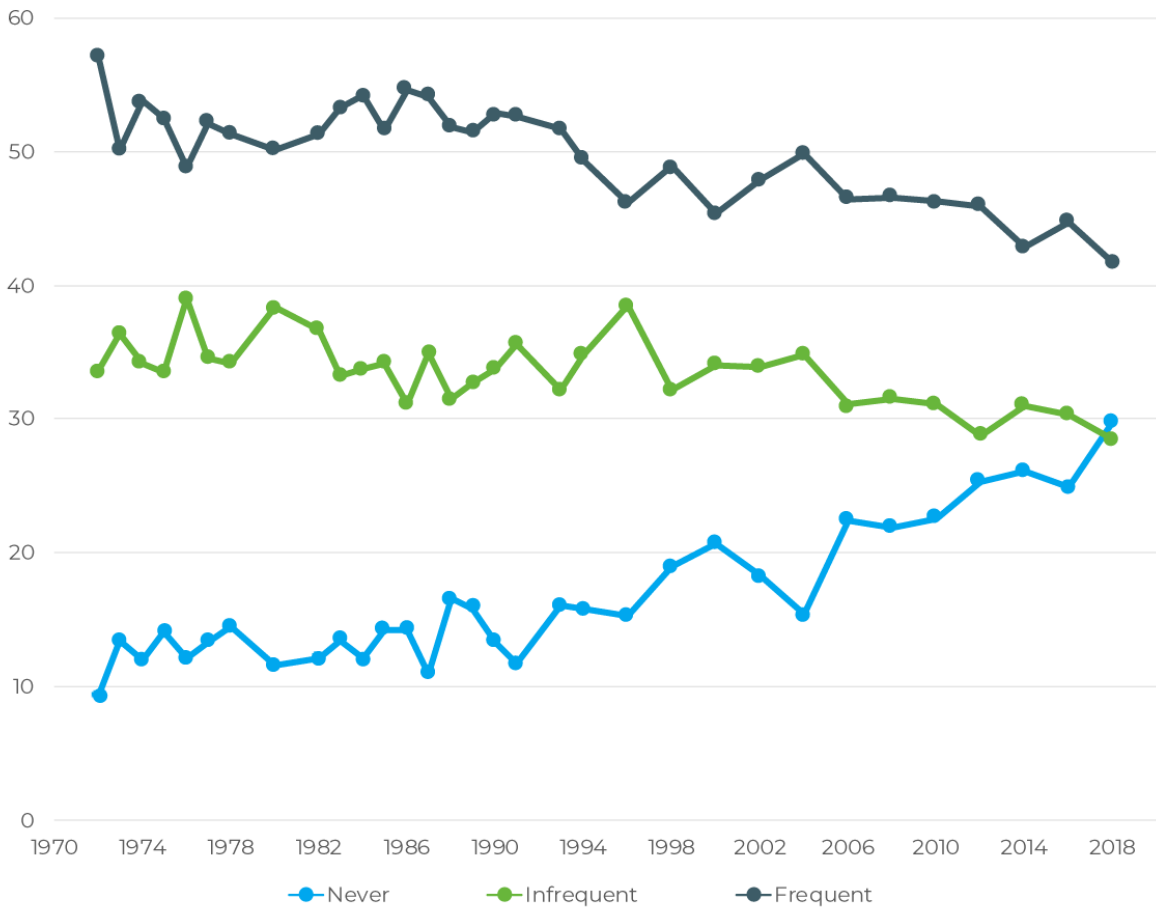
### *Churches*<sup>54</sup>

Churches are perhaps America's most prominent and active mediating institutions. Tocqueville described Americans' religion as "the first of their political institutions."<sup>55</sup> Compared to the rest of the Western world, America continues to be defined and shaped by a relatively robust religious life.<sup>56</sup> Americans who frequently attend religious services tend to be happier, healthier, and better spouses and parents and are more likely to engage in pro-social and community-building activities.<sup>57</sup> They also exhibit higher levels of volunteering, charitable giving, and participation in voluntary organizations than Americans who are less religiously involved.<sup>58</sup>

While much of the research suggests only correlation between active religiosity and positive outcomes, other work has suggested a causal relationship. For example, one study using GSS data finds that living in an area where more people share a particular faith leads to higher levels of religious participation as well as better economic and family outcomes.<sup>59</sup> The benefits of church membership appear to redound not only to attendees but to the larger community. For example, one study found a "halo effect" by which historic sacred places on average generate roughly \$1.7 million for their local economies and estimated that 87 percent of the beneficiaries of such places' community programs were not themselves parishioners.<sup>60</sup>

Nevertheless, attachment to religious institutions has eroded over time. From 1972 to 2018, the share of adults who reported attending religious services once a month or more dropped from 57 to 42 percent (Figure 4). Over the same period, the share of adults who reported *never* having attended religious services tripled. If present trends continue, the share of never-attenders will overtake the share of frequent-attenders by 2032.<sup>61</sup>

Figure 4. Religious attendance among U.S. adults



Source: Social Capital Project analysis of General Social Survey, 1972-2018. "Frequent" attendance is defined as self-reported attendance at religious services at least once per month. "Infrequent" attendance is defined as self-reported attendance at religious services less than once per month.

These findings do not necessarily suggest that the most actively religious Americans are becoming detached from religious institutions. Rather, the decline in religious attendance has been concentrated among those with only a nominal attachment to organized religion.<sup>62</sup> GSS and Gallup data suggest that regular, weekly attendance has not changed significantly since the early 1970s, especially among Catholics and mainline Protestants. In fact, frequent attendance has increased among evangelicals.<sup>63</sup> In 2018, however, the share of Americans adults saying they have no religion surpassed both the share of evangelicals and the share of Catholics for the first time.<sup>64</sup>

Growing irreligiosity and deinstitutionalization have affected virtually all demographic groups. In 2014, the Pew Research Center found that

[r]eligious commitment—as measured by respondents' self-assessments of religion's importance in their lives, frequency of prayer and religious attendance—has declined among men and women, college graduates and those with less education, married and unmarried respondents, people in every region of the country and people with various racial and ethnic backgrounds.<sup>65</sup>

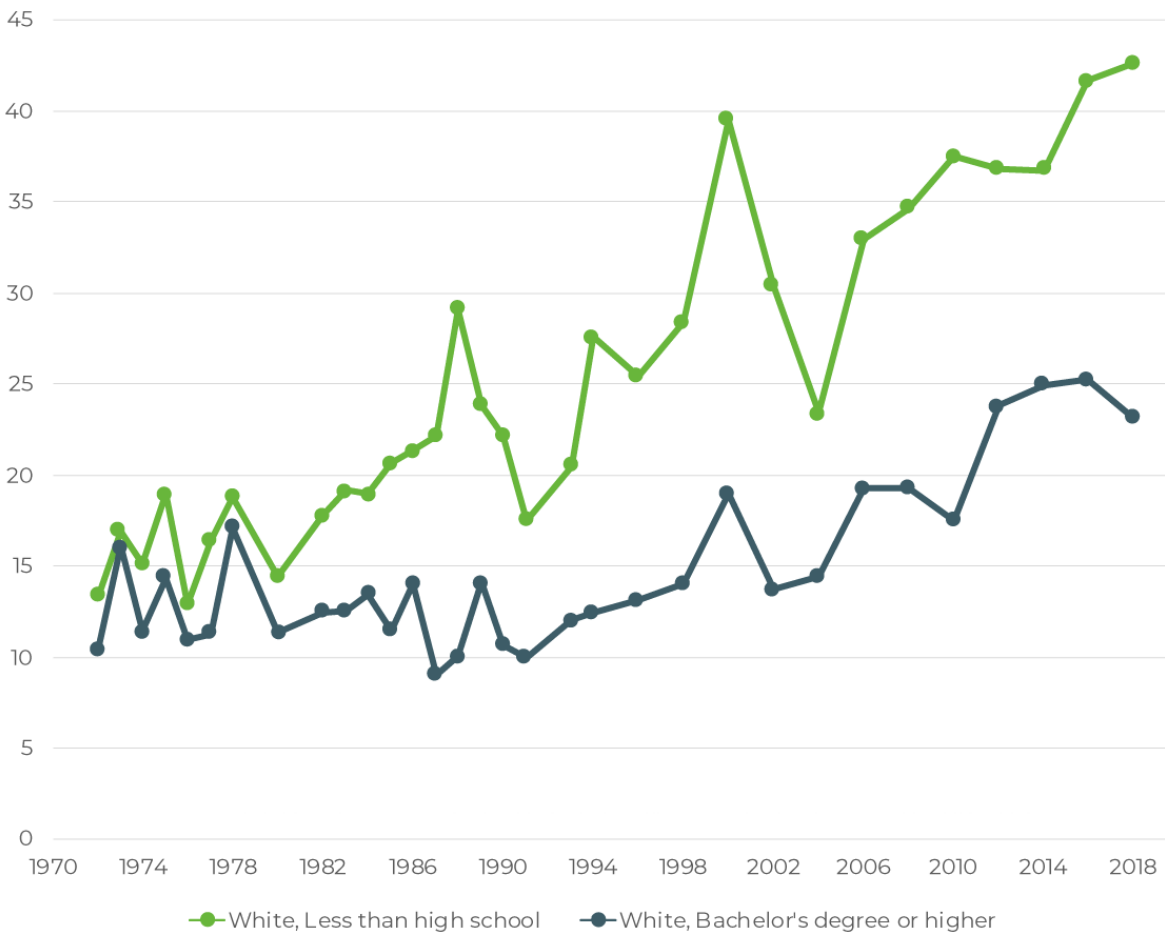
Still, certain groups report greater attachment to religious institutions. For example, monthly religious attendance among blacks (59 percent) and Hispanics (50 percent) has been higher than that of whites (40 percent) in recent years.<sup>66</sup> Historically, religious institutions have played a vital role in the black community especially. Black churches served as hubs for volunteering and fundraising during the civil rights movement; indeed, the movement was infused with the language and traditions of black Christianity.<sup>67</sup> Black Protestants are also more likely than evangelicals or mainline Protestants to be involved in their churches beyond mere attendance—whether that be through participation in small groups or service in formal leadership or volunteer roles.<sup>68</sup>

In *American Grace*, Robert Putnam and David Campbell observe that, unlike white adults, black and Hispanic adults exhibit a strong relationship between their ethnic identity and religiosity, which tends to mute any effect on religiosity by education or class.<sup>69</sup> Likewise, sociologist W. Bradford Wilcox and his colleagues note that

black and Latino religiosity is less likely to be stratified by class, given that churches have been an important vehicle for solidarity, community action, and political activity for blacks and Latinos of varying class backgrounds.<sup>70</sup>

Among white adults, however, there is substantial variation in religious attendance by educational attainment. Differences in the shares of white adults who say they *never* attend religious services demonstrate this most clearly (Figure 5). Among whites in 1972, the gap between the college-educated and high school dropouts who never attended religious services was only three percentage points. By 2018, the gap was nearly 20 percentage points—more than a six-fold increase. Growing religious deinstitutionalization among less-educated whites bodes poorly for their sense of belonging.

Figure 5. Percent of white adults who never attend religious services, by educational attainment



Source: Social Capital Project analysis of General Social Survey, 1972-2018.

While religious attendance is declining for both sexes, women have consistently reported a higher rate of attendance. Meanwhile, there is a paucity of men in the pews for all major U.S. religious groups.<sup>71</sup> Marriage, however, may affect attendance for men. While single men are least likely to report at least monthly attendance at religious services, married men are more likely to report attendance, at levels similar to single and married women.<sup>72</sup>

The focus on religious attendance in this section, as opposed to religiosity per se, is deliberate. It is meant to highlight how churches have declined in their role *as institutions of civil society*. This suggests that churches are operating less as the caches of community and social capital formation than they used to. Moreover, as Americans of all stripes have become more deinstitutionalized



from religion, public confidence in organized religion has waned. Public trust of clergy has fallen considerably,<sup>73</sup> and the share of adults reporting “a great deal” of confidence in organized religion has fallen across all levels of religious attendance since the early 1970s.<sup>74</sup>

There are multiple reasons for declining trust and participation in organized religion. For instance, cultural changes—including the sexual revolution and a greater emphasis on individualism—may have placed evolving values at odds with traditional church teachings.<sup>75</sup> However, the steady breakdown of religious institutions could be attributed to a failure of the institutions themselves, including such self-inflicted wounds as abuse scandals, political polarization, and enculturation.<sup>76</sup> Along the same lines, American churches may have accelerated the move toward secularization, as columnist Ross Douthat has argued, by favoring a more individualist, less community-oriented approach to participation.<sup>77</sup>

The trend of religious deinstitutionalization makes it less likely that individuals and families receive the benefits of membership. Given the complex nature of our society’s religious commitments, deinstitutionalization might seem far beyond policymakers’ jurisdiction. Of course, public policy cannot fix churches’ internal problems. But policy influences the landscape within which churches and faith-based organizations operate, and it often does so in ways that prevent them from participating fully in civil society. Instead, policy should leverage these institutions wherever possible to achieve common goals. If we are concerned about how best to meet human needs, we must not ignore or downplay the role of churches or faith-based organizations in that collective effort.

### *Schools*

For many towns and neighborhoods in America, schools serve as the loci of community life. They often provide the physical places, or “social infrastructure,” where people vote, hold community gatherings, or convene for sporting events.<sup>78</sup> In particular, schools that provide social services and other goods beyond the classroom are rightly thought of as “community hubs.”<sup>79</sup>

School-related activities facilitate civic engagement and volunteerism that benefit an entire community. Regular school-based community service can improve students’ civic skills,<sup>80</sup> and membership in school-based organizations can increase political participation in adulthood.<sup>81</sup> In addition, one study has shown that higher levels of, or increases in, “school social capital”—defined as a sense of belonging, comfort, and happiness in one’s school—positively predict civic involvement in adulthood.<sup>82</sup>

Parents also experience civic benefits through involvement in their children’s schools. In *Bowling Alone*, Putnam documented how parent volunteers in the U.S. kindergarten movement of the late nineteenth and early twentieth

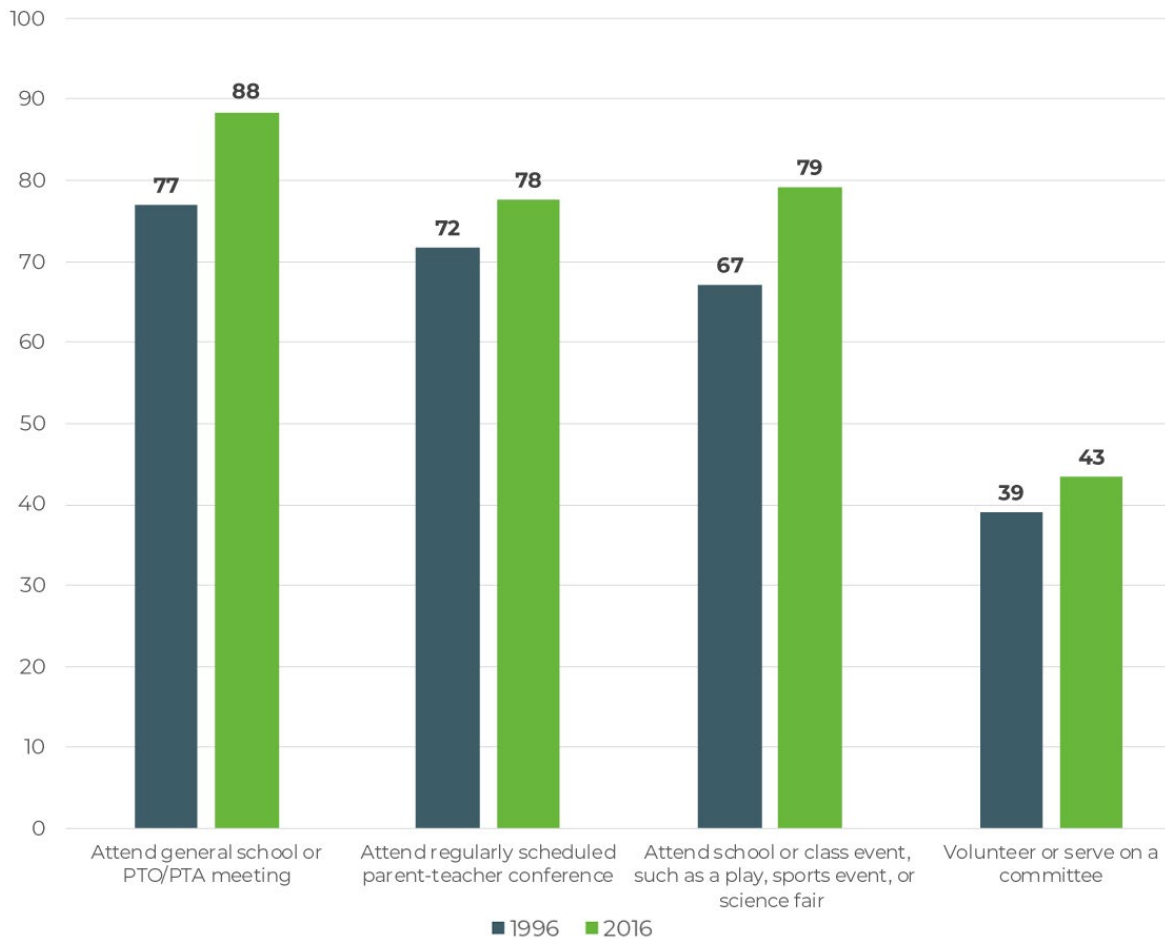
centuries created “an array of new forms of adult connectedness [around the kindergartens]—mothers’ clubs, sewing clubs, and so on.”<sup>83</sup> He described how a hypothetical couple starting a Parent Teacher Association (PTA) chapter at their child’s school can build civic skills and create social ties:

People who might never have designed a project, given a presentation, lobbied a public official, or even spoken up at a meeting are pressed to do so... [Participation] also allows for the deepening of interpersonal bonds and “we-ness” between families and educators. On a more personal note, the PTA meetings are bound to establish, or strengthen, the norms of reciprocity and mutual concern among parents. These connections will almost certainly pay off in myriad unexpected ways in the future.<sup>84</sup>

Schools with more involved parents tend to have higher school quality, and children there generally have better educational and social outcomes.<sup>85</sup> Catholic schools, in particular, perform better precisely *because* of the embedded parental networks, rather than teacher or student characteristics.<sup>86</sup> Some researchers have suggested that Catholic school closures help to explain why social trust has fallen and crime rates risen in some inner-city communities.<sup>87</sup> Half of all Catholic schools in America have shuttered since 1960.<sup>88</sup>

However, there is reason for optimism. The National Center for Education Statistics has fielded the Parent and Family Involvement in Education (PFI) Survey since the 1990s.<sup>89</sup> The survey data—nationally representative of K-12 students and their parents—show that parents and guardians have become more actively involved in the life of schools over the last two decades (Figure 6).<sup>90</sup> Though parental involvement in some activities has only modestly increased from 1996 to 2016, the findings are still notable because they reflect *greater*, not less, participation in schools.

Figure 6. Percent of parents or guardians reporting participation in select school activities



Source: Social Capital Project analysis of Parent and Family Involvement in Education Survey, 1996 and 2016.

Though participation generally has risen over time across all subgroups, there remains considerable variation between subgroups. Parents of children who attend private schools are more involved than those whose children attend public schools; married parents are more involved than unmarried parents; parents of white children are more involved than parents of black or Hispanic children; and college-educated parents are generally more involved than less-educated parents. It may be the case that many parents wish to participate more in their children's schools but cannot because of inflexible work schedules, demanding time constraints, or other work and family circumstances.<sup>91</sup>

Nevertheless, for parents and their children, schools are increasingly becoming institutions around which associational life is based. Considering the negative trends in other institutions of civil society, the positive trends in parental

involvement are cause for at least some optimism. Enabling more parents to be involved in their children's schools and supporting schools in their many social roles could be ways of strengthening schools' place in civil society. For example, policies giving parents more workplace flexibility could allow greater participation in school functions, while local programs supporting extracurricular activities could bolster schools' function as centers of community life.

### *Voluntary Associations*

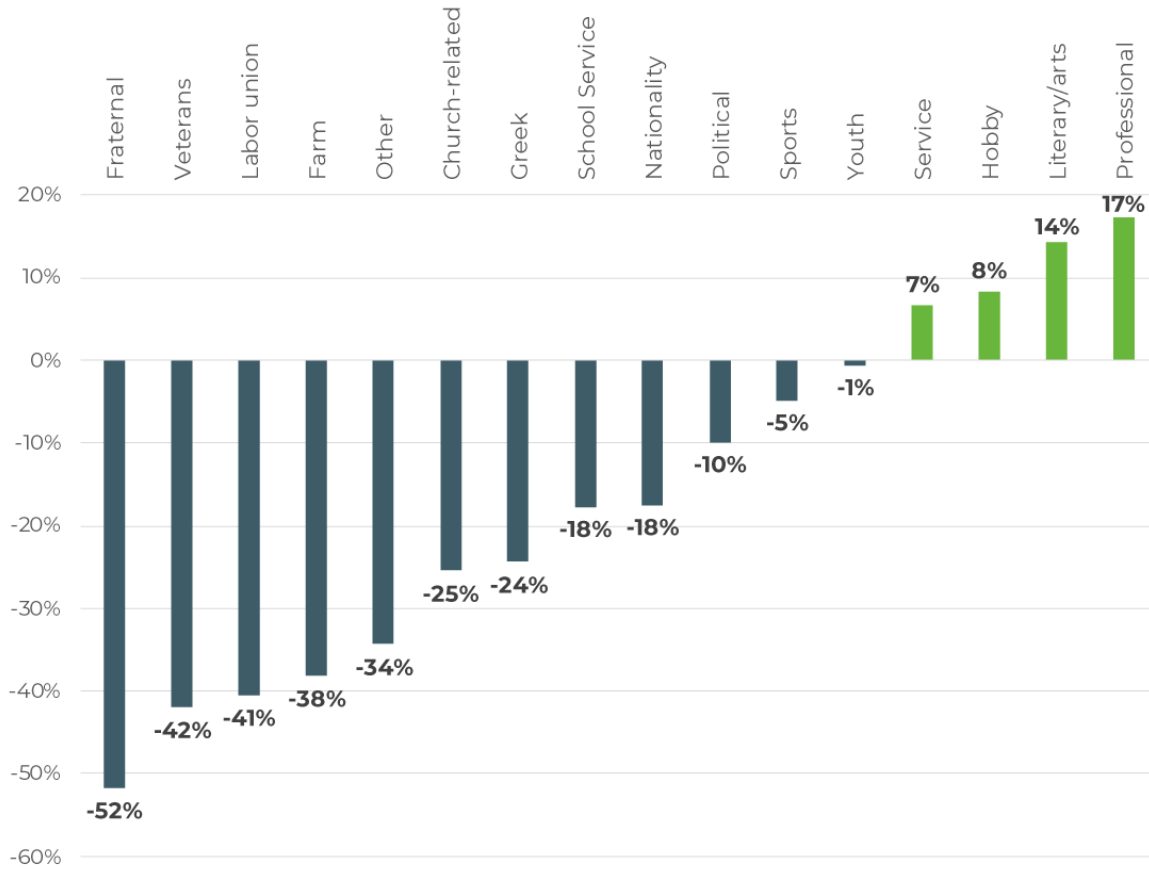
Any portrait of American civil society would be incomplete without a diversity of voluntary associations. These local groups can have wildly different functions and flavors, ranging from Rotary Club to Little League to the Knights of Columbus. A voluntary association is defined by the activity it facilitates: individuals freely meeting and interacting with one another. In *Bowling Alone*, Putnam distinguished voluntary associations from the "new associationism," noting that

[t]he proliferating new organizations are professionally staffed advocacy organizations, not member-centered, locally based associations. The newer groups focus on expressing policy views in the national political debate, not on providing regular connection among individuals at the grass roots.<sup>92</sup>

Along with broader communal benefits, voluntary associations provide more tangible benefits even to those not directly involved. For example, from 2007 to 2011, fraternal organizations created an average of over \$3.8 billion in benefits to the economy through their charitable and voluntary activities, and provided an average of roughly \$500 million in charitable and community assistance.<sup>93</sup>

Voluntary associations, which often comprise local chapters within a larger organization, have been losing ground to national, professionally run organizations. While national nonprofit groups have multiplied over time, membership rates in national chapter-based associations, after increasing for most of the twentieth century, have fallen since the 1960s.<sup>94</sup> Likewise, formal membership in at least one of sixteen types of voluntary associations fell from 75 percent to 62 percent from 1974 to 2004, the most recent year of available data.<sup>95</sup> The decline has been especially pronounced among fraternal organizations, veterans groups, and labor unions (Figure 7).<sup>96</sup>

Figure 7. Percent change in membership rates for select organizational types, 1974-2004

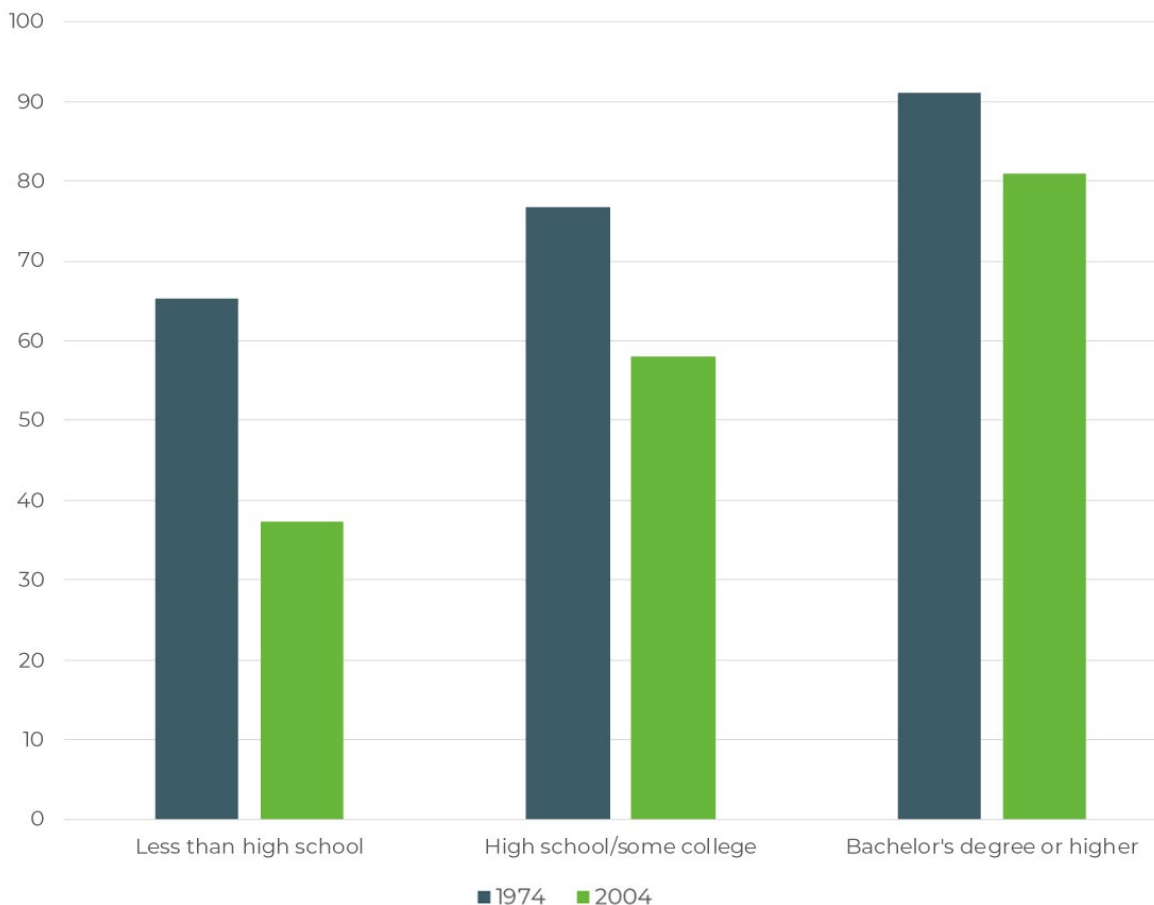


Source: Social Capital Project analysis of General Social Survey, 1974 and 2004. Note that the chart displays percent changes in membership *rates*—that is, the percent of adults who were members of an organization in a given year—and not absolute membership *numbers*.

National chapter-based veterans' organizations, such as the American Legion and Veterans of Foreign Wars (VFW), have waned significantly over the past few decades. For these organizations, the number of posts and members in their local chapters have dropped precipitously since the early 1990s.<sup>97</sup> As fraternal organizations' material functions have become less necessary and individualized alternatives to associational life—often involving technology—have proliferated, their social importance in Americans' daily lives has diminished.

Over time, membership levels have come to be associated with class.<sup>98</sup> Highly educated adults are most likely to report membership in voluntary associations, while membership has eroded among the least educated (Figure 8). A Public Religion Research Institute survey from 2016 found that working-class whites were less involved in voluntary associations than their college-educated peers.<sup>99</sup>

Figure 8. Percent of adults who are members of at least one voluntary association, by educational attainment



Source: Social Capital Project analysis of General Social Survey, 1974 and 2004.

Membership declines are also reflected in falling levels of active participation in voluntary associations. In *Bowling Alone*, Putnam documented several declines in measures of participation through the late 1990s.<sup>100</sup> For example, he found a 50 percent decline in the share of adults who served as an officer or committee member for a local club or organization from 1973 to 1994. From the mid-1970s to 1999, the number of club meetings the average American attended each year fell from twelve to five, and the share of adults who attended at least one club meeting in the previous year fell from 64 percent to 38 percent.<sup>101</sup>

Recent data suggest that these trends have either remained constant since the 1990s or worsened. The Civic Engagement Supplement to the CPS indicates that Americans were slightly more likely between 2008 and 2013 to serve as officers or be on a committee than in 1994, but that was less likely than in the 1970s or early 1980s.<sup>102</sup> Furthermore, just 24 percent of adults in 2008 reported attending a meeting of any group or organization in the previous year.<sup>103</sup> This suggests that,

from the late 1990s to late 2000s, the share of American adults who *never* attended club meetings rose even further—from two-thirds to three-fourths.

As noted above, some reasons for the declines in group membership and participation include crowding out by government programs or commercialized products and services, professionalization of large organizations, and rising individualism. We can see evidence of individualism even in the ways in which people engage. As Putnam notes, “cooperative forms of behavior, like serving on committees, have declined more rapidly than ‘expressive’ forms of behavior, like writing letters.”<sup>104</sup> For his part, Putnam attributed the decline in civic engagement to work-life pressures, suburban sprawl, electronic entertainment, and generational change.<sup>105</sup>

The trend of voluntary associations fading from civil society should worry those who appreciate the inherent value of membership in such social-capital-building entities. Given the variety of causes for this decline, strengthening our voluntary associations, especially among the less-educated, will require a variety of solutions. Policies that reverse crowd-out could ensure that government is at least doing no further harm to these institutions. Other policies that prioritize local ties and expertise, or that encourage participation in voluntary associations, might also help to renew these mainstays of American associational life.

### *Philanthropy*

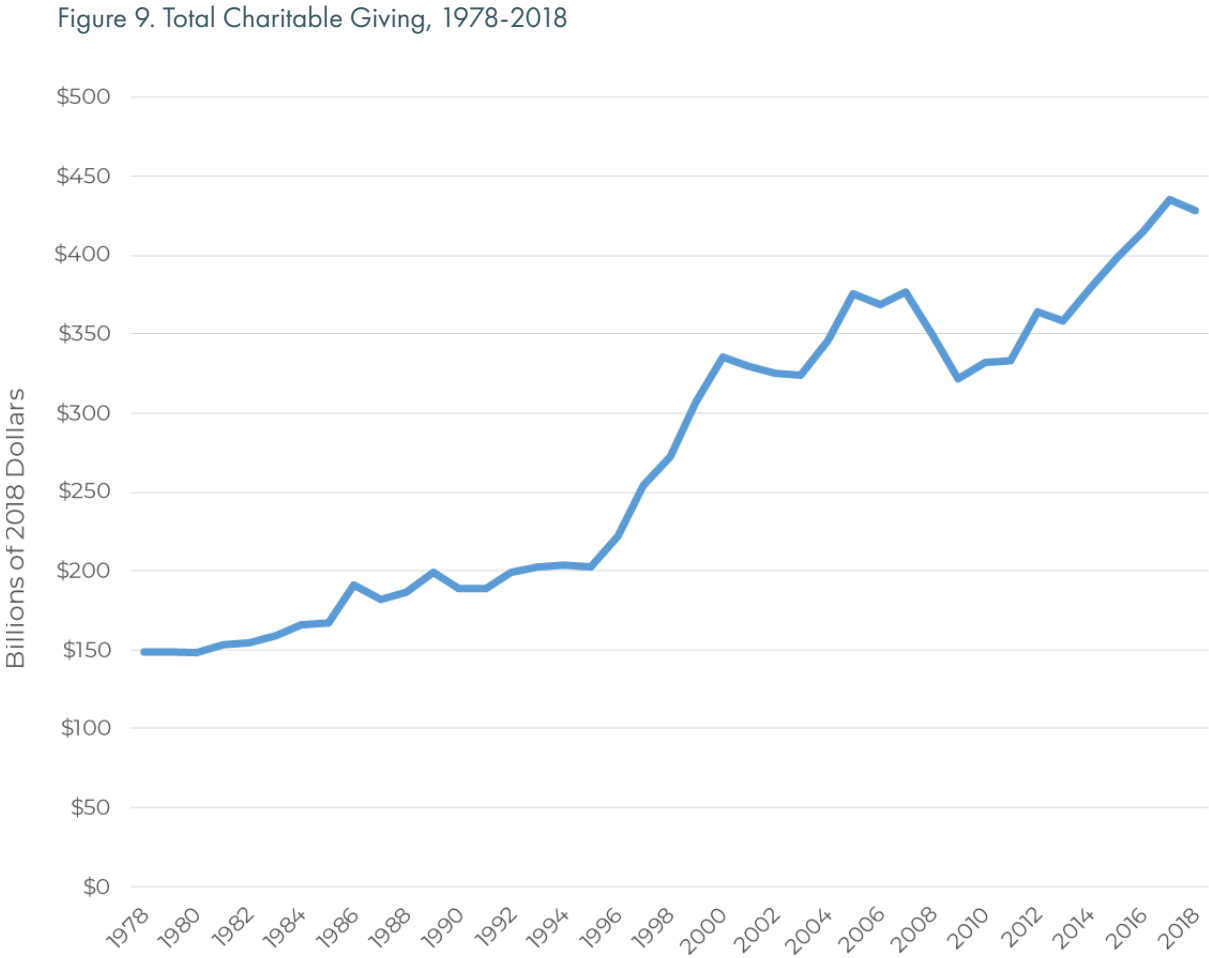
Charitable giving is generally not considered to be a mediating institution like churches or schools. Nevertheless, it is closely related to civil society, as both a diagnostic indicator and a stimulus, and therefore belongs in any complete portrait of American civil society.

Because networks of interdependence tend to encourage charitable giving, philanthropy provides an additional lens through which to diagnose the health of civil society.<sup>106</sup> “Altruism,” Putnam writes, “is an important diagnostic sign of social capital”—a thriving philanthropic sector, in other words, suggests that civil society is thriving as well.<sup>107</sup>

Philanthropy also serves as a stimulus, as it supports the institutions that create valuable social capital. Philanthropy funds civil society, providing direct financial support to social-capital-building organizations. Such support is particularly important when government is the only alternative funding source. When people support philanthropic causes themselves, government has less reason to do so, reducing the risk of crowd-out. Moreover, a vibrant philanthropic culture can strengthen norms and behaviors that tend to promote a healthier associational life, such as volunteering and cooperating. As Katherine Toran summarizes, “The consensus of empirical study seems to be that [donations of time and money] are complements: those who give more monetarily are also more likely to volunteer their time, and when the tax price of donations falls, gifts of time increase

alongside gifts of money.”<sup>108</sup> Financial support of civil society may thus also bolster more conventional, non-financial means of support.

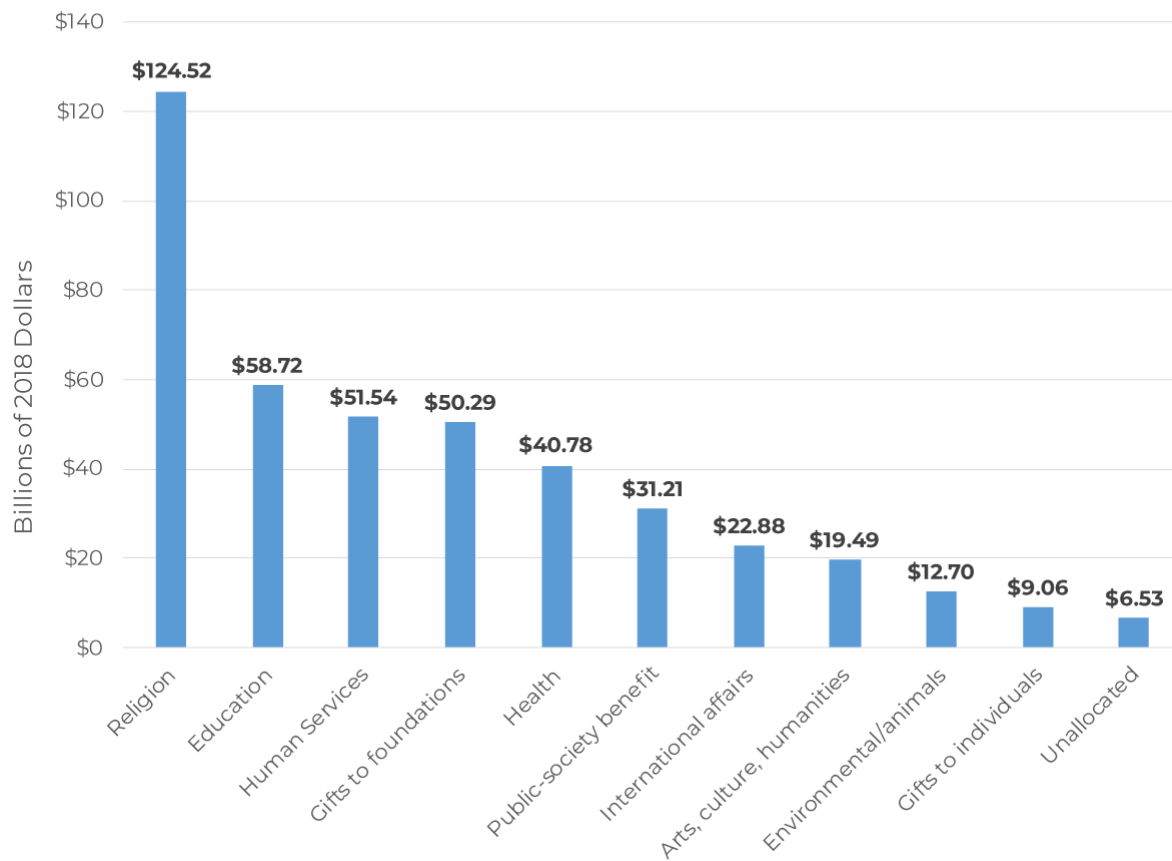
In some respects, philanthropy appears to be doing relatively well. Charitable giving has risen over time, reaching \$428 billion in 2018, and the variety of missions it supports reflects the pluralism still present in civil society.<sup>109</sup>



Source: Social Capital project analysis of Giving USA.



Figure 10. Composition of Charitable Giving by Sector, 2018



Source: Social Capital Project analysis of Giving USA.

As the Social Capital Project reported in [“Reforming the Charitable Deduction,”](#) however, two trends should qualify too rosy a picture.<sup>110</sup> First, fewer Americans are giving to charity. From 2000 to 2014, the share of Americans giving to charity fell from 66 percent to 56 percent.<sup>111</sup> Such a pattern suggests that Americans, on the whole, may be less committed to civil society or may value it less than before. Second, individual giving has fallen in relative importance. Individuals’ share of total giving has decreased from 83 percent in 1978 to 68 percent in 2018, with corporations, bequests, and especially foundations becoming more important.<sup>112</sup> While institutions are central to civil society’s flourishing, foundations and corporations, no matter how generous, cannot replicate the individual’s sense of belonging and membership that result from participation in, or support of, a cause.

Philanthropy may be in better condition than some of the institutions it funds, but the decline in widespread commitment to charity and the falling relative importance of individual giving provide further evidence of the erosion of civil society.<sup>113</sup>

### *Summary: Institutions in Decline*

Taken together, the above diagnoses suggest that our mediating institutions are ailing – each in its own way and some more than others – but all contributing to an impoverished associational life. The task of concerned policymakers and citizens alike must now be to discern what can be done, not merely to shore up civil society against further decay, but to renew these institutions that were once so central to American life—and that could be again.

## **PUBLIC POLICY: PRINCIPLES & RECOMMENDATIONS**

The complex nature of civil society, and of its erosion, calls for a multifaceted response, one that engages matters often neglected by policymakers. While the task of rebuilding civil society may, at times, require new or unconventional policy approaches, it must nevertheless be grounded in older principles of governance that once enabled mediating institutions to flourish. To begin, policymakers must grapple with a nationwide decline in trust.

### *Where Trust Resides*

As the role of the federal government expanded and the State assumed more of civil society's responsibilities, trust in the federal government eroded. From 1964 to 2018, the share of Americans who reported that they “trust the government in Washington always or most of the time” fell 59 percentage points—from 77 to 18 percent.<sup>114</sup> Several factors contributed to declining trust in the federal government, including political scandal, policy decisions, and party polarization. The contrast with local and state government, however, is striking. The share of Americans with a “great deal” or “fair amount” of trust in state government was at the same level in 2018 as it was in 1973 – 63 percent, albeit with variation over time. Americans' trust in local government, meanwhile, *increased* by 9 percentage points—from 63 to 72 percent—over the 45 years between 1973 and 2018.<sup>115</sup>

It is possible that the growing divergence between trust in national versus local government is due to a lack of knowledge or interest in the latter. With increased political polarization, the rise of a 24-hour news cycle, and the growing size and scope of the federal government, Americans likely pay more attention to national politics today. Or it could be that the divergence is just one part of a larger “optimism gap” between Americans' relatively positive views of their own lives and particular institutions and relatively negative views of more distant institutions and the country as a whole.<sup>116</sup> For instance, while a majority of Americans think that most Congressmen are corrupt, out of touch, and focused on the needs of special interests, they are much less likely to hold such views about their own member of Congress.<sup>117</sup> Regardless, it is still the case that state and local governments are closer and more accountable to the communities they serve.

## *Recovering the Principle of Subsidiarity*

The lessons of crowd-out and declining trust in national institutions recommend a different way of thinking about public policy. A new approach should seek to decentralize policymaking and restore responsibilities to civil society, recognize the strengths of localism while acknowledging its weaknesses, see participatory bodies as the best sites for decision-making, and value membership as a good in itself. In other words, policy should recommit itself to the principle of subsidiarity.

Subsidiarity is a concept from Catholic social teaching affirming respect for the proper authority vested in local communities and governing bodies. It recommends that power and authority be devolved to the lowest appropriate level.<sup>118</sup> It calls for important administrative and policy decisions to be made nearest to interpersonal community and association, barring strong arguments to the contrary.<sup>119</sup> As a matter of public policy, the principle supplies a simple blueprint: policy should be decentralized and should delegate state functions to more local authorities.<sup>120</sup> The principle of subsidiarity does not apply exclusively to state power; it can also encompass non-governmental institutions. A national organization, for instance, may leave fundraising responsibilities to its local chapters. Nor must subsidiarity distinguish between state and non-state power. As the lessons of crowd-out reveal, many of the responsibilities assumed by government once belonged—and may rightly belong—to civil society. Subsidiarity supplies a basis on which those responsibilities might be restored.

As a principle for policymaking, subsidiarity offers many practical benefits. It leverages local networks and expertise, giving greater discretion to those more likely to have community-specific knowledge. This, in turn, enables tailored rather than one-size-fits-all policies, addressing diverse contexts with diverse solutions. In doing so, subsidiarity promotes experimentation, permitting each community, as Justice Louis Brandeis said of federalism, to “serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country.”<sup>121</sup>

Yet the greatest advantages of subsidiarity are not immediately practical. By vesting greater authority in local government, subsidiarity works against the polarizing tendencies of national politics, reducing the friction between regional factions, ideological camps, and cultural allegiances. Subsidiarity reorients individuals toward local associations and government, securing opportunities for membership, granting individuals greater responsibility, and empowering them to govern themselves. With this reorientation come the common goods associated with a vibrant associational life: norms of reciprocity and trust, thick social networks, and a sense of solidarity.

Though a twentieth-century Catholic concept, subsidiarity has been a *de facto* operating principle of American politics and society for much of our nation’s history. Our federal system of government was designed to preserve a balance of authority between central and local powers. The Tenth Amendment expresses the principle matter-of-factly, ensuring that the federal government possesses only the powers delegated to it by the Constitution and that remaining powers are “reserved to the

States respectively, or to the people.” Indeed, while the distribution of power across federal, state, and local government has evolved over time, American politics nevertheless adheres to a framework that protects regional autonomy within a national system. Moreover, local associations once filled important functions now assumed by government or the market—providing education, offering insurance, granting credit, and disbursing charity. In many areas of life, civil society was implicitly deemed the lowest appropriate level for action.

Subsidiarity could again be an operating principle of American life and a guide for public policy. The legal framework of federalism still exists, and despite its diminished health, civil society still supplies the very structures within which to pursue a policy of subsidiarity: mediating institutions. Policymakers could see these institutions as “alternative mechanisms” for delivering the goods and services that government already provides.<sup>122</sup> Where it does not delegate subsidiary functions to more local governments, the State could entrust them to mediating institutions.

### *Implications for Policymakers*

An approach to policymaking that appreciates the complex topography of our mediating institutions would delegate authority and responsibility to the most proximate, competent institutions—be they governmental or non-governmental—and aim toward a two-fold goal. First, it would seek to leave space for mediating institutions, removing policies and barriers that undermine them. Second, it should attempt, wherever possible and appropriate, to utilize mediating institutions for the delivery of public services and the realization of social goals.<sup>123</sup> It should actively seek to incorporate civil society into public policy, not circumvent it.

Such a policy agenda does not fall neatly into a universal formula. It requires a careful analysis of local contexts. Indeed, as the lessons of crowd-out suggest, policymaking aimed at rebuilding civil society ought to be as much about striking the appropriate balance of responsibility as it is about carefully designing, efficiently implementing, and rigorously assessing programs. At the same time, policymakers should be careful that, in partnering with and incorporating civil society, they do not transform the character of the mediating institutions or expand the scope of government.<sup>124</sup>

Much like a gardener cultivating a plot of ground, the policymaker tending to civil society must account for a panoply of environmental factors.<sup>125</sup> A rocky, weed-ridden plot requires deliberate gardening to be fertile again, but tilling and weeding alone may not yield growth. Time, irrigation, and added nutrients may be required. Different ecosystems are hospitable to different plants, and different plants require different methods of cultivation—some require trellises, others grafts. *Thus*, the one-size-fits-all solution is often an invasive species like Kudzu or a cheap imitation like AstroTurf.

As with a gardener's efforts to cultivate a particular kind of environment, the work of policymakers hardly guarantees success in the task of rebuilding civil society. Too many factors simply lie beyond their control. But guided by the appropriate principles, policymakers can nevertheless cultivate the environment in which the diverse fruits of civil society are most likely to grow.

### *Applications to Public Policy*

With such principles in mind, the Project envisions four areas in which public policy might aid in the renewal of civil society: addressing crowd-out, spurring local innovation, empowering local decision-making, and rebuilding mediating institutions. More thought and consideration must be given to specific policies at all levels of government. Likewise, policymakers should not accept any proposal—regardless of its merits—without careful scrutiny and revision. The cause is the work of prudential policymaking, and it is a task of generations, not of a single moment in time. An early discussion about options that *could* be explored is the place to begin.

#### Addressing Crowd-Out

Policymakers should address the effects of crowd-out wrought by government. This crowd-out comes in two forms: direct and indirect.

Direct crowd-out stems from laws and regulations that inadvertently prohibit or limit the work of civil society. Institutions or even private individuals may seek to provide aid or services to those in need but find regulatory burdens too much to bear. Wherever possible, policymakers should repeal or reform such laws, in a way that preserves public safety while promoting the public good.<sup>126</sup>

Indirect crowd-out stems from public programs and services which assume functions otherwise performed by non-governmental organizations and do so more generously or efficiently. These effects can be more difficult to identify and to address for a number of reasons—some administrative, others political. Public programs exist to fill a purpose, and removing programs alone is unlikely to be sufficient for restoring the former workings of civil society. For example, some studies estimate that government spending only partially crowds out private charity, at a rate of less than one-to-one, suggesting that if government spending decreased, private charity would increase, but not by an equal amount.<sup>127</sup> Instead, policymakers should consider the unintended consequences of crowd-out when expanding existing or creating new programs.

## Spurring Local Innovation

Though federal policymakers may not be qualified to design programs, they may be positioned to assist local efforts addressing social problems. In too many cases, the challenge is not to implement a solution, but to find one. As part of an effort to encourage experimentation, the federal government might consider new funding mechanisms or tools that lower the costs of innovation.

**Place-based, Tax-advantaged Investment.** Place-based investment programs seek to revive economically distressed areas by offering preferential tax treatment on certain new investments. The Tax Cuts and Jobs Act, for example, created Opportunity Zones, which use reduced capital gains taxes to encourage investment in roughly 9,000 low-income Census tracts.<sup>128</sup> Based on investment totals, Opportunity Zones constitute the largest federal community investment program in the modern era.<sup>129</sup> Research on past place-based investment schemes indicates that such programs have been generally ineffective in promoting economic opportunity.<sup>130</sup> To the extent that Opportunity Zones and other place-based programs correct their predecessors' deficiencies, they might have the potential to revitalize neighborhoods and expand opportunity. Future programs might consider incorporating social capital-oriented metrics into eligibility requirements or encouraging investments in social ventures, not merely conventional development projects.

**Social Entrepreneurship.** Policymakers might also encourage social entrepreneurship by replicating the funding models of successful philanthropies. Private philanthropists and institutional investors have adopted alternatives to the traditional grant-making process in recent years. One approach, "venture philanthropy," builds on a more results-oriented philosophy, seeking greater upfront research and partnership.<sup>131</sup> Compared to conventional philanthropy, the funding commitments are larger and longer-term, more oriented toward organizational growth and capacity, and conditional on intermediate results. The investor takes a more active role in managing the organization and activities it funds. For example, LIFT Philanthropy Partners in Vancouver, Canada, invested in KidSport Canada to expand its efforts to help poor children pay for registration fees and equipment for organized sports.<sup>132</sup> Another example is the Obama-era Social Innovation Fund, which gave money not directly to social-service organizations, but to venture philanthropy funds with established track records, according to specific performance criteria. It also included a private matching-funds requirement, to ensure that it was supporting what were truly public-private partnerships.<sup>133</sup>

Another model, known as "impact investing," supports start-up ventures that include a focus on social impact, often through a "microfinance" approach that targets smaller entrepreneurs lacking access to conventional credit channels.<sup>134</sup> Benefit Chicago, for example, is a program that combines funds from the MacArthur Foundation, the Chicago Community Trust, and individuals

and institutions investing through Calvert Impact Capital to seed a variety of commercial enterprises addressing unmet needs and social problems in the city.<sup>135</sup>

**Social Impact Bonds.** Social impact bonds (SIBs) are a pay-for-success investment tool that replicates equity investment in the non-profit sector. Private investors provide funds to a government agency or non-profit organization to fund a capital-intensive project addressing a social problem. They receive returns only if targeted outcomes are achieved, in which case the public agency passes on part of the savings realized by the intervention. An example of such a SIB is the Utah High Quality Preschool Program, an intervention that has successfully reduced the need for special education among an initial group of low-income preschoolers.<sup>136</sup> Policymakers could seek to replace conventional grant-writing with similar public-private funding options that reward success and innovation in the delivery of social services.

**Information sharing.** States, localities, and private actors should have access to public information about the success of programs and policies that receive public funding. Policymakers might consider the creation of a new clearinghouse or the expansion of an existing one, such as the Institute of Education Sciences' What Works Clearinghouse, which compiles and summarizes scientific research on education and human services programs, practices, and policies.<sup>137</sup>

**Evaluating Success.** Private organizations made eligible to administer programs should also be regularly evaluated for success through rigorous data-collection and empirical return-on-investment requirements. The incorporation of randomized controlled trials and other forms of "evidence-based policymaking" could help policymakers determine which organizations and practices deserve continued support and which do not.<sup>138</sup> Policymakers, however, must be careful not to use such studies merely as post facto support of predetermined policy conclusions.<sup>139</sup>

## Empowering Local Decision-Making

Alongside increased experimentation, federal policymakers can strengthen civil society and local initiatives by maximizing the flexibility of existing programs. Restoring greater autonomy to state and local governments, private organizations, and citizens ought to be a principal goal for a policy agenda committed to subsidiarity. In an effort to strike the appropriate balance between self-government, local accountability, and oversight, federal policymakers could consider a number of reforms to the ways that programs are currently funded and administered.

**Indirect Funding.** Unlike a funding structure in which government provides funds directly to an organization, indirect funding essentially enables government funds to flow through an individual beneficiary. Indirect funding options include, but are not limited to, vouchers, certificates, tax credits, and reimbursements for co-paid services. Vouchers, in particular, received considerable attention during

the George W. Bush administration. The Access to Recovery voucher program, for example, was one effort to expand the range of organizations available to addicts seeking drug treatment services.<sup>140</sup> In addition, educational voucher and tax credit programs are widely used across all levels of government. Such programs would be encouraged under a model of “[educational pluralism](#).”<sup>141</sup>

Indirect funding helps facilitate greater participation from faith-based organizations in the provision of public services. Because funding results from the “genuinely independent choice” of individual beneficiaries, the Supreme Court has ruled that indirect aid programs do not violate the Establishment Clause, even if the organizations receiving indirect funding offer services that include religious content.<sup>142</sup> In this way, the indirect approach enables faith-based organizations to retain the very features that make them effective in the first place.<sup>143</sup> A renewed emphasis on indirect funding as a model for public policy would expand the role of civil society in providing social services.

**Deregulation.** Eligibility requirements for organizations to receive public funding and even administer services can be onerous and exclusionary to the least professionalized and centralized organizations. Excessive regulations cause these organizations either to drown in a sea of red tape or to face greater operating costs, both of which make it difficult to compete with larger and better-funded organizations. An approach that reduces barriers to entry for private, faith-based, and other smaller community-based organizations would help to circumvent “the credentialism of public service bureaucracies” that limits the involvement of civil society.<sup>144</sup> As Stuart Butler wrote in *To Empower People*, “[t]he deregulation of mediating structures may well be much more important to these institutions than finding new ways to fund them.”<sup>145</sup> To that end, policymakers might consider reevaluating existing eligibility and licensing requirements and focusing on more outcome-oriented qualifications.

**Local Administration.** Wherever practical, local institutions and populations should be used to administer health, education, and welfare programs. Federal and state governments could apply a “ZIP code test” to grantees—an official preference for organizations headquartered in or near their target populations’ communities.<sup>146</sup> They might also institute “policy councils” of service providers and former beneficiaries to guide a local program, as is the case with Head Start.

**Fiscal Federalism.** “Fiscal federalism” refers to the system of revenue-generating and spending responsibilities across federal and state governments. In general, advocates of fiscal federalism have supported block grants as vehicles of reform. Block grants involve collecting revenues at the federal level and redistributing them—with varying levels of strings attached—to state governments. For example, the 1996 welfare reform converted the nation’s largest cash entitlement program into a block grant with strong federal work-based performance standards; it has been widely credited with helping to reduce poverty, especially among children.<sup>147</sup> Similarly, in 2016, then-House Budget Committee Chairman Paul Ryan proposed “Opportunity Grants,” which would have consolidated several



existing federal welfare programs into a more individually tailored block grant with certain requirements, such as time limits and work engagement.<sup>148</sup>

While intended to give states greater flexibility, block grants with few or no strings attached may misalign incentives. Some have argued that such grants represent “pseudo-federalism” because revenue collection and spending occur at different levels of government.<sup>149</sup> Instead, true fiscal federalism would see state governments fund and run their own programs.<sup>150</sup> One alternative approach could be to provide limited “equalization grants” only to states with below-average fiscal capacity and thereby potentially sidestep problems associated with traditional block grants.<sup>151</sup> Overall, any fiscal federalism approach should accord with the principle of subsidiarity while taking care to align existing incentives.

### Rebuilding the Mediating Institutions

In addition to reforms focusing on specific dimensions of civil society that cut across institutions, policymakers could explore measures aimed at the particular challenges of neighborhoods, churches, schools, and voluntary associations. Successful measures would stem from a recognition of the strengths, weaknesses, and functions of each.

**Neighborhoods.** Poor zoning and land-use regulations can create obstacles to a vibrant neighborhood. For example, single-use zoning, in which areas are designated for only one purpose, obstructs the diversity of functions that neighborhoods naturally develop. They can reduce aggregate economic output<sup>152</sup> and economic opportunity by raising housing costs, trapping low-skill workers in job deserts.<sup>153</sup> Land-use regulations also create a legal barrier to population density, forcing people to live farther from their neighbors than they otherwise would.<sup>154</sup> Promoting mixed-use zoning, and eliminating laws or regulations obstructing it, could improve cities’ walkability and remove artificial barriers to neighborhood ties. Moreover, as the Social Capital Project noted in a [recent report](#), zoning reform could expand educational opportunity.<sup>155</sup>

Policymakers might also consider creating tax credits or deductions to support innovative uses of neighborhood spaces. For example, former Senator Dan Coats and former Congressman John Kasich have proposed a “Compassion Credit” for people who open their homes to help those in need, including battered women, abused mothers, the homeless, hospice patients, and unmarried pregnant women. To ensure participants’ safety, those wishing to open their homes would need referrals from non-profit organizations working in the same space.<sup>156</sup>

At the same time, policymakers could eliminate existing tax programs that create perverse incentives or harmful unintended consequences for neighborhoods. For example, the mortgage interest deduction, instead of encouraging homeownership, may simply encourage people to buy more expensive homes.<sup>157</sup> As the average new home size has increased by roughly 1,000 square feet from

1982 to 2015, neighbors have effectively been encouraged to live farther apart than they otherwise would.<sup>158</sup> Ending the deduction would be one way to ensure that policies are not unintentionally incentivizing a retreat from our neighbors.

**Churches and Faith-Based Organizations.** American churches are constitutionally protected from state interference, so the range of reforms available to policymakers is appropriately limited. However, some might consider building upon George W. Bush-era “charitable choice” policies, which expanded the eligibility of faith-based organizations for federal funding.<sup>159</sup> Agencies could be directed to identify barriers to faith-based organizations seeking public funding, including regulatory burdens and administrative capabilities, and potentially establish an explicit goal of funding parity between faith-based and secular organizations that achieve similar results.

**Schools.** While policy debates around education rightly focus on curricula, funding, and the degree of choice, policymakers concerned with schools as *mediating institutions* ought to direct their focus to ways of increasing parental investment and expanding students’ opportunities beyond the classroom. For example, school systems might prioritize funding extracurricular activities—such as sports, service, and arts programs—that are expressly pro-social and involve parents and community partners, not merely school employees. School officials might explore models for publicly funded, school-based mentorship programs—particularly for at-risk youth—that recruit local volunteers. As a means of increasing parental investment and oversight, policymakers might also consider ways to reform committee and board structures, leveraging existing or nascent parental networks to have greater influence in locally controlled schools.<sup>160</sup>

**Voluntary Associations.** Some costs associated with volunteering can be tax deductible, such as the cost of traveling to a volunteering site or the cost of a uniform to volunteer at a particular charity.<sup>161</sup> Some states also offer tax credits or rebates for volunteers to specific causes.<sup>162</sup> States could consider expanding the range of volunteering causes subject to such credits in order to support activities that are considered primarily in the domain of civil society, rather than government.

Government regulations were the top challenge for nonprofits in 2018, according to one survey.<sup>163</sup> In some cases, laws may be preventing activities that nonprofits could otherwise perform. For example, a 2014 report found that 21 cities had restricted food-sharing with the homeless.<sup>164</sup> States or localities could create taskforces to identify laws or regulations obstructing activity in the nonprofit sector, akin to the Texas Sunset Advisory Commission, but with a more specific focus.<sup>165</sup> Such efforts, however, must be careful not to enable fraudulent organizations or remove necessary guardrails against nonprofits’ activities.<sup>166</sup>

**Philanthropy.** The federal tax code’s charitable deduction allows itemizers to deduct the value of charitable contributions to qualifying tax-exempt organizations. The deduction, however, applies only to itemizers—as opposed

to those who take the standard deduction—making it effectively unavailable to most taxpayers, especially lower-income taxpayers. As the Project has written in a [previous report](#), reforms to make the deduction universally applicable would ensure that all taxpayers’ donations are protected from taxation and reduce the risk of government crowding out philanthropy.<sup>167</sup>

## **CONCLUSION: RESTORING THE SPACE BETWEEN**

Renewing the American tradition of civil society will require a change in both disposition and focus. Policymakers must approach the task with a sense of epistemic humility, recognizing the limits of our knowledge and the particularity of each case—namely the place, scale, purpose, and ability of our mediating institutions. What succeeds in one setting may fail in another. Policymakers must therefore study the unique challenges and opportunities of particular institutions.<sup>168</sup> They must beware the “pretence of knowledge” by which one presumes to know more about a given institution than its own members.<sup>169</sup> And they must recognize that no amount of policy experimentation can replace citizens dedicated to their own communities.

As a matter of focus, renewing civil society will also require an expanded notion of what opportunity means. As the Project has argued elsewhere, opportunity encompasses more than upward mobility. It also involves the full person’s participation in community and the many relationships that make such participation possible.<sup>170</sup> Too narrow an understanding of opportunity has too often led to policies that, whatever the intentions, have rendered our mediating institutions impotent or redundant. To rebuild civil society, policymakers must recognize a fuller meaning of opportunity, one that includes the ability to form and maintain the relationships and communities constituting the American Dream. It is this opportunity rightly understood, to modify a Tocquevillian phrase, that policymakers must seek to expand.

With the right approach and principles, perhaps we will achieve a widespread recommitment to our mediating institutions and a restoration of the space between individuals and the institutions of mass society. It is that space that has defined and enriched the American experiment in self-government. But Americans cannot simply wait for a new, doubtless very different, Benjamin Franklin, to renew our tradition of civil society for us. It is rather for us to be dedicated to the work that he and his peers advanced: the flourishing of our associational life and the institutions that secure it.

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