



Social Capital  
Campaign.

# A CIVIL SOCIETY

CELEBRATING DIVERSITY  
OF OPINION

• *Chris Bullivant*

# Social Capital Campaign.

## A CIVIL SOCIETY

CELEBRATING DIVERSITY OF OPINION

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# *Acknowledgements*

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The conclusions and recommendations in each essay of this report are solely those of its author and do not reflect the views of any of the institutions, scholars, authors, or Advisory Board members connected to our work.

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# Foreword

Across my career advising the Speaker of the House on welfare policy, running the Temporary Assistance to Needy Families program for the George W. Bush White House, and as Deputy Director of the Office of Family Assistance, I have always been acutely aware of the crucial role that is played by the nonprofit sector and faith groups in providing vital voluntary help to American communities. Without the welfare provided by wider associational life, federal government programs would be swamped with need they could only fail to meet.

Crucial to the health of our country, her people, and our institutions is a strong, robust civil society—those free associations that give so much meaning to life: family, friends, neighbors, houses of worship, and our communities.

Faith groups, nonprofits, societies, clubs, and neighborliness builds trust and rich networks of relationships critical for individuals to experience human flourishing. This is why the decline of such associational life as documented by Putnam and others, and as described in this report, are of such concern.

The bedrock of American life is our care for one another. To see it in decline does not bode well for our future generations.

Addressing polarization, and the funding that fuels it, as described in this report, should help to reverse this decline.

There is good news in the levels of trust in local government, small business, and independent churches. A starting point for the reversal of decline in social capital. And Americans are buoyant, hopeful that trust in our institutions and one another can indeed be rebuilt.

This report, and the recommendations it makes, are a thoughtful contribution to a wider conversation about how we are able to build a more Civil Society.

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Kiki Bradley  
*Senior Fellow, Social Capital Campaign*

# *Introduction*

Our modern democratic societies join individuals from a diverse range of backgrounds—including race, beliefs, sexual orientation, culture and language—into one society. No more so than in the United States, where over 330 million people from some of the most diverse backgrounds in the world, most of whom having never met of course, aim to live alongside each other.

This coexistence has not been achieved by the success of free markets and legal rights alone. Social capital—the rich network of relationships that exist in child development and in adulthood—plays a critical part too. Social capital is developed in private relationships and networks. Social capital does not, therefore, create society-wide trust by eliminating tribe or clan. Rather, collectives of individuals—whether nuclear and extended families, communities, sports teams, political parties, nonprofits, private businesses—are essential to the creation of social capital’s principal dividend: society-wide trust.

If social capital creates society-wide trust, then the reverse is true. If social capital declines, society-wide trusts declines also.

Historically, as societies have evolved, society-wide trust allowed them to grow beyond tribe or clan into a wider association. Later, a society even transcends the cohesive effects of one permitted religious belief. When social capital is in decline, such society-wide transactions breakdown which results in fertile ground for polarization.

Groups that have long lived together are no longer able to co-exist, because the wider environment of confidence and trust has collapsed. This lack of trust can quickly become open hostility.

Exacerbating polarization is powerlessness. Social capital creates belonging, relationships, and meaning. Societies with high social capital see “greater levels of civic engagement and participation in politics.”<sup>1</sup> A decline in belonging, meaning, and



mediating institutions between individual and the state can make authority seem more arbitrary—and practically speaking reduce the resources that help an individual or community to find solutions or to engage with the democratic process.

Social capital is not about creating a compliant population, but rather a robust one. Social capital is, therefore, not only a vital ingredient to the development of trust between citizens, and between citizens and their governing institutions: social capital is a critical ingredient in the consent to be ruled required for successful participatory democracies.

In this paper, we consider in **Part 1**, the growth of power to the federal government and increase of wealth to the rich, which together we describe as “the center”. We look at how this is a run-away problem—an arms race in political and philanthropic funding, increasingly from the mega-wealthy, focused on the federal government.

In **Part 2** we then survey the damage of this centralization with a tour of the decline in both society-wide trust and trust in national institutions. We describe the decline of social capital creating institutions and highlight the encouraging findings of positive levels of trust at the “small” and “local” level.

In **Part 3** we consider polarization as the absence of society-wide trust, and why anti-polarization efforts can fail if they are simply another form of tribalism; specifically, current diversity movements that celebrate a diversity of backgrounds but not of opinions. This leads us to consider the purpose of the separation of church and state, intended to protect a diversity of opinion and beliefs, and to affirm the independence and vitality of civil society.

In **Part 4** we offer policy solutions. Accepting both the large scale of the federal government, and the realistic limits federal government can play in the creation of social capital, we restrict these to proposals refining tax policy related to philanthropic giving and the pluralization of service providers—including faith-based groups—in delivery of welfare, health and human services, through an expanded voucher system.

In total the report will have described the decline of social capital, and explained why these declines must be reversed: a strong, vibrant civil society independent of the state and the elite is critical to the American project, let alone the enjoyment of life. We will have set out modest but effective policy proposals that would help in this effort. Social capital and a robust civil society is the primary antidote to polarization.

Societies with high levels of social capital have the confidence to celebrate not just a diversity of race, faith, and sexuality, but also a diversity of opinions too.



## PART 1

# *“Capitol, Capital” The Growth of Power and Money to the Center*

**Americans of all ages, all conditions, all minds constantly unite... 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.**

- Alexis de Tocqueville, *Democracy in America*

The growth of federal government overreach, and the increased concentration of wealth at the center, has a corrosive effect on social capital.

The growth of federal competencies undermines local, mediating, civil and civic institutions. There is diminished reason for involvement in local political or civic matters if policy decisions are made at the federal level.

Secondly, there is greater incentive for powerful actors, whether philanthropic or political, to direct their efforts to influence policy at a federal level. Further, with the increased wealth accrued to the already wealthy, this problem is amplified.

The amassing of power to federal government and the accrual of wealth to the rich—which together we describe as “the center”—creates a vicious cycle that perpetuates social capital decline.

## 1.1 CENTRALIZATION OF POWER

The government has grown in almost every measure: number of employees, share of the population in receipt of federal benefit, as a percentage of GDP, etc. Growth in federal per capita spending has, adjusting for inflation, increased from \$3,782 in 1965 to \$19,515, according to the Heritage Foundation.<sup>2</sup>

As the Joint Economic Committee Social Capital Project has observed, “A portion of the decline in social capital is likely driven by the growth of government during the same time,” noting, “The explosive growth of the U.S. government through the 1960s and 1970s matches the contemporaneous inflection point and decline of social capital” where, for example, “States with a greater number of regulatory restrictions... tend to have lower levels of social capital.”<sup>3</sup>

## 1.2 CONCENTRATION OF WEALTH

During this same period of social capital decline from the late 1960s onwards, the United States has seen an increased concentration of not just power, but money to the wealthiest.

Income inequality has been reported widely. Comparable to Russia, Brazil, Chile, Saudi Arabia, and Southern African countries, the United States’ top 0.1 percent of the population has more wealth than the bottom 80 percent.<sup>4</sup> As American Compass have described,<sup>5</sup> income inequality, as measured using the Gini coefficient, has been on the increase since the 1970s. The process of growth has not been a tale of all growing wealthy together. Rather, as some have accrued enormous wealth, many others have been left behind so that America’s experience with income inequality is closer to that of Latin America than, say, Canada or Europe.

Writing in *Daedalus*, Brady and Kent argue that economic inequality has played a role in the decline of social trust between people—the top 1 percent’s wealth grew from 25 percent to almost 40 percent of all wealth. Crucially, this gap had followed a period of growing income for everyone—from 1946 to 1980 growth in income was evenly distributed across all income groups, but from “1980 to 2018, growth has been unevenly distributed with low growth for bottom income groups, mediocre growth for the middle class, and explosive growth at the top.”<sup>6</sup>

Even those academics whose research leads them to conclude that the decline of social capital in the United States is not as feared, accept that there has been an overall decline in society-wide trust, and note that income inequality is detrimental to social capital creation. They observe “since young Americans today are coming of age during a time when their fellow citizens are less likely to associate with or trust others, then cohort replacement may soon lead to a decline in social capital.”<sup>7</sup>

## **1.3 SUPER-CHARGING THE CENTER: Political funding and philanthropy**

The centralization of power and money has had something of a run-away effect. If decisions are made at the center, then actors will want to invest in influencing the center. If the wealthy have more wealth than they had before, they have both more money to use to influence the center, and greater vested-interests to protect. This in turn sets off something of an arms race in political and philanthropic funding—as one faction ups the ante for one campaign or set of policy priorities, so another faction has to counter, even if begrudgingly.

Political funding<sup>8</sup> and philanthropy are both core assets to social capital creation, and the health of these two major facets is of concern to all those who wish to see a growth in the health of social capital.

Yet, the reinforcing of the center—and the energy, attention, and cash that it invites—diminishes the capacity for activity at the periphery, which further withers. This is the picture that we have seen in the United States since the 1970s, especially in the nature of political funding and philanthropy.

### **1.3.1 Political funding**

U.S. election expenditure is in a considerable rate of increase. Federal election spending in 2020 was, adjusting for inflation, 50 percent higher than 2016 and double 2018,<sup>9</sup> making it the most expensive election in American history with nearly \$3.3bn from outside spending.<sup>10</sup>

While costs associated with political campaigns have increased substantially, it is notable that small donor numbers have plateaued, so that the increase in political funding has come from an increase in large donations from wealthy individuals or interests.

As Richard Briffault points out, almost 20 percent of 2020 funding came from just 2,635 people or couples, which is to say less than one thousandth of the population, and this for funds that we know about.<sup>11</sup> Super PACs do not need to declare their donation sources—with the lack of transparency earning the moniker “dark money”.

Yet their influence is enormous. According to Open Secrets, in the decade since Citizens United—the Supreme Court ruling to protect unlimited campaign financing from government limits as a free speech issue—“The balance of political power shifted from political parties to outside groups,” where election-related spending from non-party independent groups totaled \$4.5 billion, compared to \$750 million in the twenty years prior. Candidates found themselves outspent by outside groups in 126 races since the court decision, previously a relatively rare occurrence.<sup>12</sup>

This shift toward powerful outside groups also has the effect of making it more expensive to run for political office. This elevates the donor to primary importance to the success of the candidate, perhaps more so than the political party. This shift corrodes the patronage and discipline within a political party, and can hyper-charge more extreme, or more expendable, candidates, especially for Congress.

These big funds depreciate the value of a small donation to a political cause, whether cash or volunteering: when millions are available to be spent on advertising, social media, and television commercials that have more impact than going door-to-door wearing a button.

Such attrition in the value of small-participants in the political process in light of the mega donor further dissolves trust in the political process, and diminishes the purpose and value of civic society, especially at the local and state level: whose institutions are further bypassed by such activity focused at the federal level. By degrading the Party system too, access to political participation is also reduced for voters and the general public, who are not able to interact with anonymous outside funders that seek to sway electoral opinion.

### **1.3.2 Philanthropy super-charging the center**

A similar picture can be seen in American philanthropy: donations made with tax-deductible status. The nature of philanthropy has also changed in recent decades. Cash amounts have increased, yet the rates of giving have declined. As with political donations, we have seen within philanthropy a plateau of smaller donations, with a rise in gifts from larger donors.

The number of households giving to a charitable organization has seen a sizeable drop: from about two-thirds of American households in 2000 to just under half in 2018. The biggest declines were in donations to religious causes, accounting for only 32 percent of gifts in 2016. Yet the amount of money being given to charity keeps growing, in 2021 in excess of \$480 billion.<sup>13</sup> As Putnam states in *Upswing*, “philanthropy among most Americans has fallen steadily since the mid-1960s, only partially and temporarily offset by megagifts from the newly mega-rich.”<sup>14</sup>

This is potentially damaging to social capital as well as demonstrative of that decline. The overall rise of funds given to tax-exempt organizations in the United States perhaps masks a picture of social capital decline.

## PART 2

# *The Decline of Trust and the Civil Society Institutions That Build It*

While there has been a rise in the power of federal government and the increased amassing of wealth of the elite (together, “the center”), there has been a corresponding decline in social capital. We outline that here.

## 2.1 TRUST ISSUES

The Social Capital Campaign works with 3 definitions of social capital, outlined in a causal relationship. One, the rich network of relationships in childhood. These can help with the second, the rich network of relationships, personal and professional, that sustain across the life-course. Third, the byproduct of the first two, a societal-wide trust including trust among each other and our institutions.

In this paper, we are concerned principally with the decline of societal-wide trust, and how these declines can be reversed by an emphasis on all three sources of social capital.

### 2.1.1 Trust in each other

Trust in each other appears to have been on a steady decline. The General Social Survey measuring a decline from 46 percent in 1972 to 31.5 percent in 2018.<sup>15</sup> *The Atlantic* described the findings as a “catastrophic decline” in interpersonal trust.<sup>16</sup> Gallup measures the drop in trust as in excess of 80 percent in the 1970s to 55 percent in 2021.<sup>17</sup> While the measures are unclear, the downward trend is clear, with Pew research showing that “71% think interpersonal confidence has worsened in the past 20 years.”<sup>18</sup>

### 2.1.2 Trust in institutions

Gallup has been measuring and reporting the levels of trust in U.S. institutions for some decades, with the average levels of trust for all the major U.S. institutions in an unmistakable, marked and clear decline.

### 2.1.3 Federal government

Trust and confidence in American institutions is at an all-time low. In all three branches of the federal government: Supreme Court (25 percent), the presidency (23 percent) and Congress (7 percent).<sup>19</sup> This compares with an upward trend of trust in national governments across OECD countries since 2013.<sup>20</sup>

Confidence is low regardless of party affiliation, though with greater skepticism among Republican leaning voters—29 percent of Democrats and Democratic-leaning independents say they trust government just about always or most of the time, compared with 9 percent of Republicans/Republican-leaning voters.

Trust in government varies by racial group and perhaps in response to who occupies the White House: Asian (37 percent), Hispanic (29 percent) and Black (24 percent) adults. The racial group with the least trust in federal government are White adults (16 percent)—down from 77 percent in 1964.<sup>21</sup>

### 2.1.4 Media

In Gallup's continuing survey on how much trust and confidence Americans have in the mass media—newspapers, TV and radio—the decline of the combined score of those who do “a great deal/fair amount” has dropped to 34 percent, while those who have “not very much” or “none at all” has grown to 66 percent.

This is quite at odds with Democrat voters, where 70 percent have a “great deal/fair amount” of trust in traditional media. While Republicans are at 17 percent and Independents at 27 percent. The partisan gulf between Republican/Independents versus Democrats trust in the media opened widest from 2016 on, when Democrat trust in the media was at 76 percent in 2018—comparable to the level of trust Americans in general had in the media in the 1970s.<sup>22</sup>



### 2.1.5 Big business

There has been a continued decline in trust in big business, with only 14 percent of Americans having a Great Deal/Quite a Lot of trust in them, including big tech at 26 percent.<sup>23</sup>

### 2.1.6 Scientists/Experts

Trust in scientists and experts is down: confidence they'll act in the public's best interest down from 39 percent pre-pandemic to 29 percent, with declines in supporters of both political parties,<sup>24</sup> though skepticism remains highest with Republicans. Interestingly, however, trust in hospitals and medical centers remains relatively high with 80 percent thinking they were managing the pandemic well, down from 88 percent in 2020.<sup>25</sup>

### 2.1.7 Nonprofits

The Independent Sector “Trust in Civil Society” report in 2022 highlights findings related to the decline in trust in nonprofits and philanthropy.<sup>26</sup> While trust in nonprofits and philanthropy is higher than for the government, there is still a story of decline. The Edelman Annual Trust Barometer findings are similar, with only 45 percent of Americans surveyed trusting NGOs, compared to 55 percent in 2005.<sup>27</sup> Independent Sector make a distinction between nonprofits and philanthropy. Nonprofits can include “churches and religious organizations, historic societies and museums, health and human services organizations, animal or environmental groups, and groups that help veterans.” While philanthropy includes, “corporate philanthropy, private foundations, or high net worth individuals engaged in philanthropic efforts.” Trust in nonprofits is much higher at 56 percent than it is for philanthropy at 34 percent.

## 2.2 CIVIL SOCIETY DECLINE

We suggest that the decline in trust in these institutions is a result of the decline in social capital creating institutions across the United States.

We have outlined in our “Family Stability” and “Family Affordability” reports the challenges to the fundamental unit of society, the family, with policy recommendations for its strengthening. In our “Work” paper we outlined the demise of friendships, romantic partnerships, and the rise of people living alone at all stages of life.

Other institutions that create social capital include civil society groups such as houses of worship, nonprofit organizations, philanthropy, and volunteering. The data shows that all of these social capital creating institutions are in decline.

### **2.2.1 Houses of Worship**

In 1999, 70 percent of Americans said they attended a house of worship. In 2020, that figure was for the first time below half at 47 percent. Church membership rates had maintained consistently at about 70 percent from the 1930s throughout the twentieth century.

A lack of religious affiliation is the main driver, but attendance is down even for those who identify with a religious belief. Decline in rates of attendance increases with younger generations with the sharpest declines in church attendance among Hispanics (from 68 percent to 45 percent since 2000) and Democrats (from 71 percent to 48 percent, compared to 77 percent to 69 percent among Republicans).

Membership of synagogue among Jewish Americans has remained steady (50 percent), as have Mormon attendance (90 percent).<sup>28</sup> It is estimated that thousands of U.S. churches are closing each year,<sup>29</sup> while the number of mosques in the U.S. are reported to have grown by 31 percent in the decade from 2010.<sup>30</sup> So that the decline in house of worship attendance is mostly accounted for among Christian churches, with the steepest decline in the Catholic Church, (from 76 percent to 63 percent over the past two decades).<sup>31</sup>

This decline is not inconsequential. As Ryan Streeter observes, “We also found, consistent with Putnam, that people who regularly participate in the services and activities of religious organizations are more likely to work with neighbors to fix community problems and to feel in tune with the people around them.” A decline in attendance at houses of worship contributes to a wider decline in social capital creating activity.

### 2.2.2 Societies and Clubs

Putnam has described the decline of societies in *Bowling Alone* and *Upswing*. In the latter, he notes how twentieth century memberships were rife among chapter-based organizations, such as the Knights of Columbus, the Elks Club, the PTA, the Scouts, and women’s clubs pre-war. Post World War II there was a boom in membership of “sports clubs, charitable groups, unions and professional groups, neighborhood associations, hobby groups, parent groups, book clubs, youth groups, fraternal organizations and veterans organizations” when “our national rate of civic involvement was at or near the top of the world rankings.” This peaked by 1969.<sup>32</sup> The only counter to the decline of growth of nonprofit organizations since was a growth of national associations based in Washington D.C.—a shift from grassroots membership organizations based in local communities to memberless organizations focused on federal policy and regulation.

### 2.2.3 Volunteering

The Do Good Institute at the University of Maryland published research in 2018 to show that while overall volunteering hours are up, the rate of volunteers—the share of the population volunteering—was on the decline. From 28.8 percent in 2005 to 24.9 percent in 2015.<sup>33</sup>

## 2.3 LOCAL TRUST

However, while there is a large-scale decline, including historic lows, at the national picture, the “local” picture is different and perhaps cause for less pessimism.

Levels of trust and confidence at the local level are significantly higher, even if in decline. For example, there is low societal trust but, by some measures, neighborhood trust remains buoyant. The same picture applies for government, media, big business, religion, and scientists/experts: their local counterparts all enjoy higher levels of trust.

### 2.3.1 Trust in each other

Falls in social trust follow a sad downward trend. However, the percentage of people who trust others “a lot” or “some” in their neighborhood remains relatively high. At 84.1 percent in the United States, according to Our World in Data. This is lower than comparable countries in the Anglosphere, like Australia (85.4 percent), Canada (84.2

percent), Ireland (87.2 percent), New Zealand (88.9 percent), or the United Kingdom (87.1 percent), but higher than much of Western or Southern Europe.<sup>34</sup> So that while social trust as an abstract concept may be down, trust in neighbors remains high,<sup>35</sup> even if this trust doesn't translate to socializing or being friends with your neighbors.<sup>36</sup>

### **2.3.2 Government**

While confidence in federal government is at an all time low, trust and confidence is higher the more local government gets. Confidence in state government is at 57 percent, while local government is at 66 percent. While all sets of government have seen a decline in trust over the decades, it is noteworthy that local and state government remains higher in the esteem of Americans.<sup>37</sup>

### **2.3.3 Religion**

In a summary of a report on decline in church attendance, Gallup consider one of the possible drivers of decline is a general suspicion with “bigness”. Small, independent, non-denominational and locally-based congregations by contrast, for example, are experiencing growth.<sup>38</sup>

### **2.3.4 Local media**

While 50 percent of Americans feel national news organizations intend to mislead, misinform or persuade the public, only 25 percent feel the same about local media,<sup>39</sup> even if trust in local media is also in decline.<sup>40</sup>

With trust in local media being higher than for national media, it is then a concern, as the Civic Health Index 2021 reports, that the US has lost almost a quarter of its newspapers since 2004 (2,100 outlets),<sup>41</sup> while 2000 counties, 64 percent, are without a daily newspaper at all,<sup>42</sup> and between 1,300 and 1,400 communities that had newspapers of their own in 2004 now have no news coverage at all.<sup>43</sup>

Rather, consolidation means that by 2020 the largest 25 newspaper chains owned a third of all newspapers in the United States, an increase from one fifth in 2004.<sup>44</sup>

### **2.3.5 Political giving and participation**

The Civic Health Report 2021, however, applauds the increase in political participation after 2016, with higher election turn outs, and citing the BLM protests as positive social-capital-creating political participation.<sup>45</sup>

Similarly, the proportion of small donors that had been flatlining in the 2016 cycle<sup>46</sup> accounted for 23 percent of total fundraising in the 2020 cycle, up from 15 percent in 2016.<sup>47</sup>

However, it is unclear whether this activity is a rise in social-capital-building political participation or a consequence of polarization. If small donors are on the increase, this challenges the primacy of outside funding in PACs and Super PACS and could be perceived as a revitalization of civic participation. Alternatively, it could be a symptom of society-wide trust collapse, with polarization of groups drawing further funding into a super charged center.

### **2.3.6 Philanthropy from the periphery**

While there is a decline in small giving to registered nonprofits, the state of giving in the U.S. may not be all bad. In part, it may be explained by a rise in more informal, gray philanthropic economy: mutual aid and person-to-person giving, bypassing nonprofits. This is in part generational where 57 percent of Gen Z believing giving directly, say through a GoFundMe page, has more impact than giving to nonprofits<sup>48</sup> with such gifts not registered. 93 percent of Americans say giving is important to them, which may explain Giving Tuesday's findings, assessing that only 10 percent of "giving" in the U.S. in 2022 was money to registered nonprofits, and only 28 percent of giving was the giving of money—perhaps the giving of material items and time outside of registered nonprofits remains strong.<sup>49</sup>

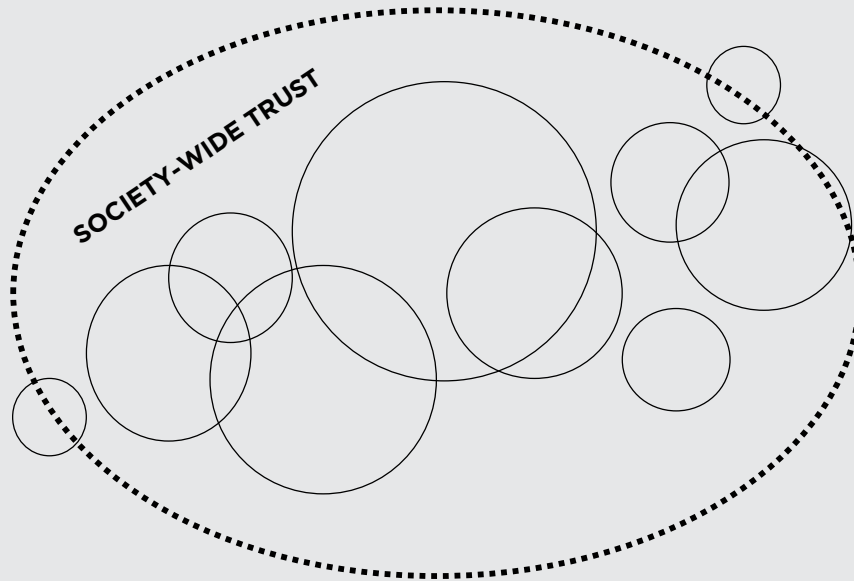
### **2.3.7 Volunteering**

A similar dynamic is visible in the rates of volunteering. While the rate of volunteers is down, the rate of Americans informally helping others remained stable between 2019 and 2021. Nearly 51 percent of Americans or 124.7 million people informally helped their neighbors between September 2020 and 2021.<sup>50</sup>

## PART 3

# *Polarization, or, Diversity Without Trust*

## 3.1 DIVERSITY WITHOUT TRUST

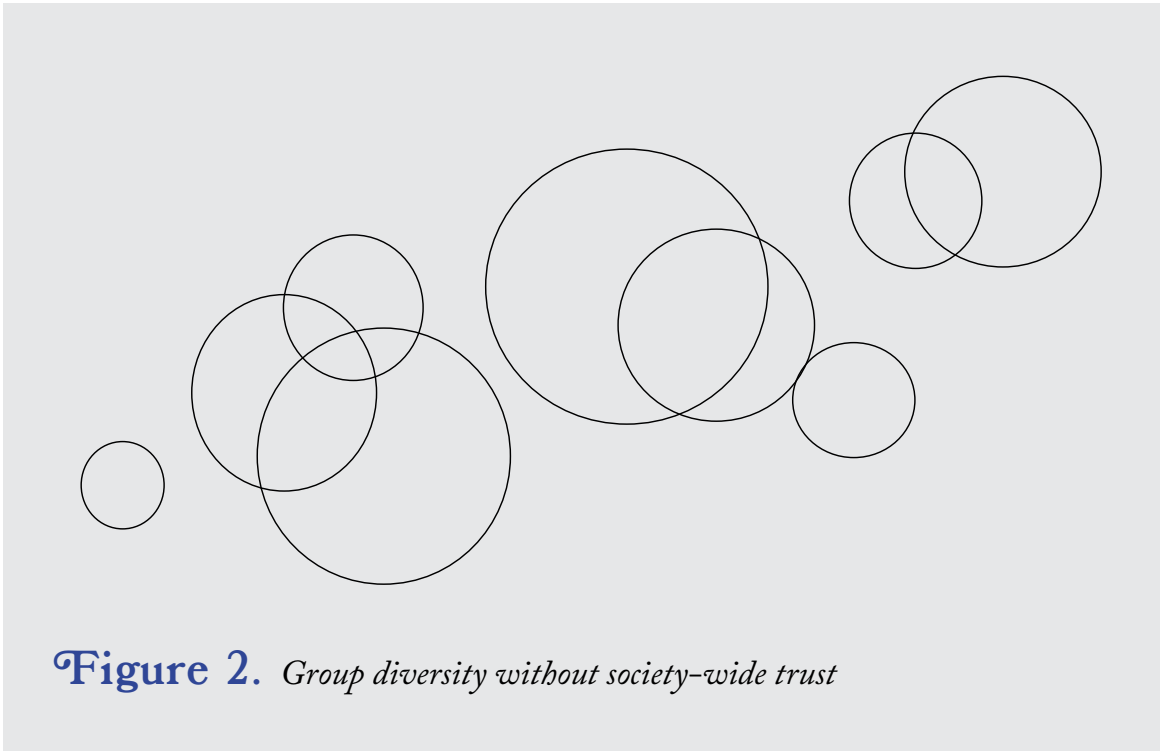


**Figure 1.** *The role of societal-wide trust on groups and polarization.*

The United States 330 million strong population forms many groups. This associational life is a cultural distinctive of the country, observed early on in the eighteenth century by de Tocqueville, and recognized too in the research by Putnam, cited above, that saw America as a leading country for its strength of civil society. Groups, such as defined by political party, hobbies, interests, income brackets, faith, race, geography, age cohort, sports teams, provide an almost limitless combination of affiliations.

This has helped to explain American innovation. A modern society like America's contrasts with rigid, traditional societies precisely because they "consist of a large number of overlapping social groups that permit multiple memberships and identities."<sup>51</sup> This creates bonding social capital, or what Fukuyama calls "weak ties", but the opportunities for the sharing of information and ideas that beget new ones.<sup>52</sup>

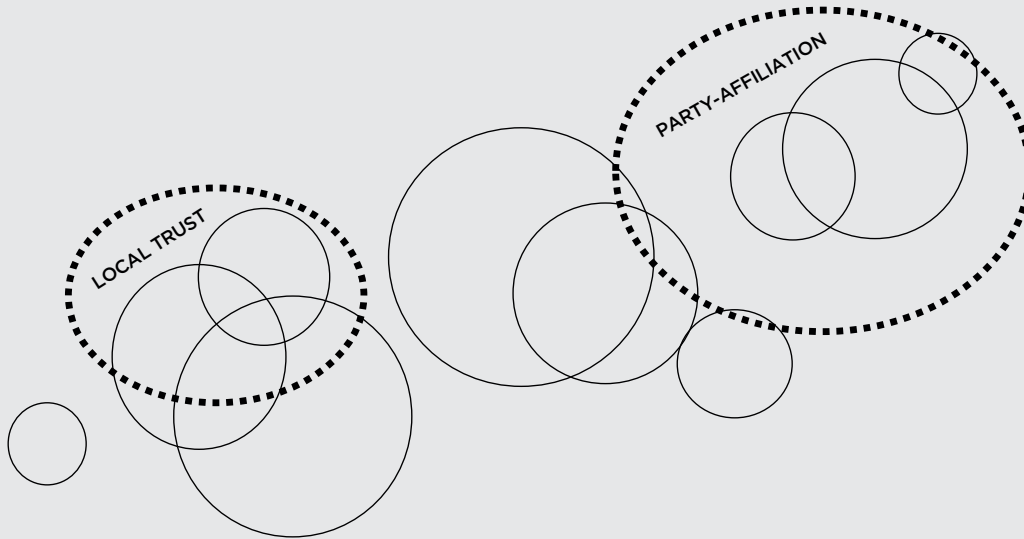
In Figure 1 we illustrate how these diverse groups might look. Some are smaller than others. Many overlap. Many do not. These groups co-exist because they are bound together by society-wide trust. This figure affirms the reality and social value of group diversity—tribes—within the generosity of society-wide trust. We also observe “fringe” groups, who have moved outside the norms of social trust.



In Figure 2, we see these same groups but without society-wide trust. Here the diverse groups are distinct, with nothing to join them together. They perhaps gravitate to form clusters of groups, as like attracts like. Here, a broader range of individuals is a threat. Such groups may now describe polarization: the existence of diverse factions and opinions in a country, where, without society-wide trust, co-existence is not possible.

Instead, as in Figure 3, we see that there are different forces that may keep disparate groups together. Trust is needed to bind different individuals together into groups, for the sake of a primitive sense of safety in numbers. If a society-wide trust cannot be found, groups will find another source of trust, or what Fukuyama describes as a “radius of trust”.<sup>53</sup> Opposition to another group may help to be an identifier to such binding.





**Figure 3.** *Diverse groups seek other sources of binding trust*

This is important when considering polarization. Tribal groupings of people are not, in and of themselves, a bad thing. It is actually a good thing—a social good that generates society-wide trust. However, when society-wide trust goes into decline, and there is not enough of it to contain all imagined groups at a national level, we experience polarization. Different groups become hostile to each other. Different opinions are perceived as a threat.

### **3.2 E PLURIBUM UNUM: Ending Polarization Doesn't Mean Ending Differences**

Often, efforts to end polarization only contribute to this polarization. In the absence of society-wide trust, calls to end polarization often become calls to join a single group's way of thinking. This bias is seen operationally too where, as Chris Stackaruk notes in *The Philanthropy Chronicle*, "Most pluralism nonprofits have progressive leanings and are normally hesitant to hire staff who do not share all their values."<sup>54</sup>

On the Left, this call to share the same beliefs is expressed as a call to join a diversity of backgrounds sharing the same opinion. A failure to adhere to this one particular set of opinions puts you on the "outside", perhaps even as a hate-group. From this point

of view parents can be labelled domestic terrorists for taking an interest in their local school boards, White people can be considered racist for existing, socially conservative religious beliefs are considered hate speech.

On the Right, such intolerance can be summed up in the car bumper sticker, “F\*ck your feelings”, an unwillingness to engage with the wider citizenry.

Neither of these responses celebrates a diversity of opinions, which can only be afforded by the generosity of society-wide trust.

As previously stated, in more primitive societies a singular religious belief system has historically been one way of providing trust to combine clans. For the Left, a low religious attendance with high trust in federal government and national media, means secular state-centric solutions win their trust, especially for the protection of characteristics against attacks from their fellow citizen. These efforts to promote a new pluralism, or to tackle polarization, often make the fundamental mistake of forgetting that celebrating diversity means celebrating difference of opinion, not eradicating it.

On the Right, a strong faith affiliation and skepticism of federal government and national media can tend toward populism delivered by a Strong Man. Andrés Velasco, reflecting on the rise of populism in Latin America and elsewhere, suggests declines in trust are key to the rise of populism, because, “Populism is an approach to politics which denies the complexity of the world. As a result it tends to disqualify the legitimacy of other people’s opinions. Because if the world is simple, I’m right and others are wrong, which pretty soon leads to an erosion of democratic checks and balances.”<sup>55</sup>

Bridge-building projects are useful too in helping individuals from a variety of backgrounds to meet, to dialogue, and to improve their understanding of a shared humanity. And yet this may not be enough to build society-wide trust. In-person facilitation perhaps works to build “seen” trust, but 330 million people cannot be facilitated into a discussion. What needs to be built is society-wide trust, which is fostered by supporting associational life and individual, community and local social capital and civic organizations that allow communities to access political and democratic apparatus at the local level. Critical to this is the need to de-escalate the arms race in political and philanthropic funds associated with the centralization of power and wealth.

However, these anti-polarization efforts can themselves be perhaps part of the problem. Usually funded by wealthy donors or a multinational corporation's foundation, they are a source of super-charging the center.

Yuval Levin recommends a shift in emphasis for foundations to consider a “we the people” approach that assumes “the problems our society faces as problems for us all”. Sadly, this is an approach that “may not come naturally to the philanthropic sector in the United States. But they are the essential measures of civic engagement, social responsibility, and political renewal for the coming years.”<sup>56</sup> Instead, a foundation's attempts to monitor and evaluate free individuals and grassroots community groups into compliance with elite and usually left-of-center views, run the risk of further alienating communities who are living with the decline of social capital created by a super-charged center.

### **3.3 THE SEPARATION OF CHURCH AND STATE**

It is precisely to protect diversity of opinion that the Constitution allows for the separation of church and state.

This separation is often misapplied by some to assume the dominance of a secular state to which religion must be subjugated to. Yet what it expressly does not mean, as Tim Carney has pointed out, is “that government ought to discriminate against religious institutions” as the Supreme Court Justices believed in dissenting the ruling to award public dollars for funding of all schools, including religious ones, in Maine.<sup>57</sup>

Yet, freedoms of conscience, assembly, speech, and religion were all established in order for the United States to allow for a diversity of sects and beliefs. Not just Protestant ones. Thomas Jefferson enacting a freedom of religion statute in Virginia was glad to see legislators acknowledge that the point of it was to protect “the Jew and the Gentile, the Christian and Mahometan, the Hindoo, and Infidel of every denomination.”<sup>58</sup>

So that the provision of separation was for two main priorities, as they relate to this report. Firstly, that there should not be one orthodoxy fused with the power, application, and adjudication of the state. Secondly, to separate church from the state, precisely in recognition of the need for a vibrant civil society to exist outside of the control of the state.

Separating church from state meant that America was, and continues to be, able to avoid the role of the state as “priesthood.” Having a fixed belief system, and one

orthodoxy aligned with the state, creates a powerful role for those who interpret the application of this orthodoxy. While this mechanism worked for smaller societies, it is America's ability to move beyond monochromatic belief and priesthood, to celebrate a diversity of beliefs and opinion outside of the control of the state from its founding, that has allowed it to become the country it is today.

Any group that seeks to use the power of the state to establish one true faith and orthodoxy policed by true believers or priesthood has violated the separation of church and state. A priesthood can, after all, be a group of academics, public health scientists, journalists, or the aristocracy of our time—celebrities—who guard right thinking and its application, excommunicating apostates in “cancel culture” as it relates to a new state religion of diversity. Likewise, it can just as easily be said of true believers in a President who wish to cancel apostates by calling them RINOs (Republicans in Name Only).

The separation of church and state is meant to avoid such ideological dominance, but rather to allow for a plurality of ideas. Therefore, there is room for groups of every persuasion to be involved in America's civil, civic, and public life, and for this range of participants to inform policy discussion.

What the separation of church and state perhaps did not account for was a loss in religious belief or affiliation. While plural faith beliefs are accommodated for in the founding of America, today's current decline in religious belief and faith affiliation is a new phenomenon. According to Our World In Data, interpersonal trust is so strongly correlated with religious affiliation, even after controlling for other characteristics, that religion is used a proxy for trust.<sup>59</sup> In the absence of religious affiliation it is not clear if similar trust can readily be created by secular alternatives. Tim Carney argues, therefore, that, “The various assaults on religious liberty aimed at driving religion into solely the private sphere—out of the civic square, out of the marketplace, out of politics—need to end if we hope for civil society in American to have a chance.”<sup>60</sup>

It does not, therefore, transgress this separation for a faith-group to be in receipt of public funds to provide welfare, public services, or schooling. As long as the state does not co-opt the “church” by making it an extension of the public sector forcing its adherents to defy freedom of conscience, and vice-versa, this is legitimate activity.

But what primarily needs to be borne in mind, is that the danger, the felt-need in separating church from state, was as much as to protect the vitality of civil society as it

was the ability for the state to remain detached from it, even while benefiting from it. The pumping of federal or philanthropic grants to nonprofits should, therefore, not be used to disenfranchise faith-based groups.

When it comes to the limits of policy in the creation of social capital, we do well to remind ourselves of Fukuyama's observation that national governments "do not have many obvious levers for creating many forms of social capital. Social capital is frequently a byproduct of religion, tradition, shared historical experience, and other factors that lie outside the control of any government." Further, to heed his warning that governments "can have a serious negative impact on social capital when they start to undertake activities that are better left to the private sector or to civil society. The ability to cooperate is based on habit and practice; if the state gets into the business of organizing everything, people will become dependent on it and lose their spontaneous ability to work with one another."<sup>61</sup>

It is this lack of spontaneous ability to work with one another that is so clearly described above in the decline of society-wide trust. The growth of federal government, the growth of very unequal wealth accumulation (together, the center) and the supercharging of philanthropy and political funding to the center, have all worked to undermine the vitality of civil society. Collapse in society-wide trust and polarization, is the result.

In this light, the seemingly positive traits of higher rates of trust at the "small" and "local" level may in fact be a further dynamic in polarization. After all, 30 percent of Americans want their state to secede the Union<sup>62</sup> at the same time only 38 percent of Americans value patriotism.<sup>63</sup>

However, if the periphery is where the stocks of trust are, it is the starting point for America's social capital recovery. The problem has described the solution, to which we now turn.

## PART 4

# *Policy Solutions - Cooling the Center*

The good news is that while social capital as society-wide trust and confidence in America's institutions is at record lows, this is not to be equated with despair. Substantial majorities of Americans believe the situation can improve. 84 percent believe trust in the federal government can be improved, and 86 percent that the confidence Americans have in each other can also be improved.<sup>64</sup>

The direction of policy solutions is therefore clear, even if complex in the delivery: to rebuild civil society starting with its high levels of trust at the periphery, and to ensure that federal policy involvement does not metastasize civil society further.

### **4.1 DE-ESCALATING THE ARMS RACE**

What is necessary is to de-escalate the arms race around political and philanthropic funding. These are funds and activity that would be better spend focused on community level issues, divorced from federal or national policy objectives. This is difficult. As with any arms race it takes the courage of one side to step down, and yet investing in the periphery is critical if we are to build society-wide trust.

It is beyond the scope of this paper to consider political finance reform, no matter how urgently it is needed, on account of the decades of failure to successfully downgrade the colossal expenses involved in American political campaigning and lobbying.

Additionally, we accept that the large scale of the federal government overreach is unlikely to be turned around overnight. But because federal government can only play a very limited role in the creation of social capital we limit these proposals to refining tax policy related to nonprofit and philanthropic giving and expanding vouchers for diversifying service delivery for federal welfare, health and human services programs.

### **4.2 SMALL NONPROFITS**

But first a note on nonprofits. Of America's 1.3m nonprofits, 9.7 percent are private foundations. Of the remainder, 92 percent operate on a budget of less than \$1million. According to the National Council of Nonprofits, human services and public and society benefit/community improvement nonprofits account for 34 percent<sup>65</sup> of

all nonprofits but only receive 19 percent of charitable donations.<sup>66</sup> Higher Education nonprofits account for 5 percent of all nonprofits<sup>67</sup> and yet received close to 11 percent of all charitable donations made in 2022.<sup>68</sup> This charitable mismatch is part of a centralization problem that supercharges the center and depletes social capital at the periphery.

Small, independent, community-based nonprofits are however the lifeblood of local charity and social capital building. They are usually founded by an entrepreneurial figure, often motivated by faith, who responds to a local problem, draws in some volunteers, and then finds they are managing a nonprofit. Such groups often defy the wisdom of central policy and are ground in “common sense”. Such groups rehabilitate drug addicts to a substance-free future, help homeless people into work and housing, reintegrate biological families separated by the care system (by equipping parents with budgeting, meal prep, and parenting skills), interrupt the conveyor belt from educational failure to the criminal justice system, or provide care-leavers with alternative family through youth clubs and mentoring on ageing out.

These groups are usually “amateur”, learn-as-they-go, and made up of highly motivated individuals. As Chris Drayson et al write in the University of Cambridge *Journal of Social Policy*, drawing from the experience of groups in the United Kingdom, such groups are often effective because they are “embedded in local geographic communities, informal familial organisational cultures and [have] a person-centred ethic of care”.<sup>69</sup> While they will often have clear governance structures and apply high professional standards in their work, they also benefit from being flexible and can-do, resulting in “greater institutional sensitivity to and knowledge about service users’ needs”.

Such groups are difficult to scale up. Their vision is often caught up in the founder, and the managerial capacity needed to expand in staff or geography can feel counterproductive to the organizational culture that has been successful to-date. This is because small nonprofits are characterized as having “high levels of trust”, “dense local networks”, where “everyone knows one another.”<sup>70</sup> It is this intimacy of relationships, its proximity and human scale, that contributes to a nonprofit’s effectiveness. Service users of such work may say how this work changed their lives, turned their lives around, or even saved them—and yet a grantee coming in to define metrics for how a coffee and a conversation in a converted strip mall managed to do this for a homeless person will remain perplexed as to how. It is difficult to put “love” on a spreadsheet, or to codify it for others to follow the recipe.



Grant-making foundations should be cautioned against overly professionalizing or standardizing such groups. Similarly, small independent community groups should also be wary of receiving too much grant or public money that comes with deadening conditions attached.

The spark that makes these groups effective is their voluntary and independent nature, with funds and resources drawn heavily from local networks.

While these groups are often far more effective than their public sector counterparts, or large-scale national nonprofits focused on D.C., it is precisely these sorts of groups that miss out from funding that otherwise goes to the center.

This is for a number of reasons. First, with budgets at often well below \$1m, they can be too time-consuming for large foundations to consider funding, especially if they have tens of millions of dollars that have to be cleared out by year's end. It is easier to give to large, national scale nonprofits, and less hazardous on the reputation of the foundation to give to arts, museums, universities, and advocacy campaigns, than to anything that could be considered high-risk, like abstinence-based addiction recovery.

Second, it can often be beyond the wheelhouse or time available for staff or volunteers at a nonprofit to begin foundation fundraising. The urgency and proximity of care makes it difficult to spend the hours necessary in identifying and applying to foundations that are unlikely to fund a new group, beyond the familiar group of grantees they already fund.

Thirdly, such groups take a view of the human condition that can often be at odds with fashionable thinking among grant makers. For example, if a small nonprofit works on the basis that substance addiction, personal debt, or a victim mentality are not helpful for the individual they are working with, they will help them to manage or rehabilitate from their addiction, assist with personal debt through work and budgeting, and help an individual overcome victimhood through meta-cognition and goal setting. While many of these "common sense" approaches are effective, the zeitgeist for funding victimhood, systemic solutions, or judgement-free harm reduction only approaches to drug treatment leaves them in the dark.

Similarly, many such groups often locate the issues as originating in family breakdown, echoing the clarity of the HRH The Princess of Wales in her landmark speech for

the Royal Foundation Early Childhood Center, when she said, “experiences such as homelessness, addiction, and poor mental health are often grounded in a difficult childhood”.<sup>71</sup> Additionally, such “common sense” approaches usually fail to satisfy the grant manager’s appetite for the “innovative”.

This is a pity, as it is such local, community groups that have the capacity to build social capital. That is because trust is so critical to the success of a nonprofit, with 78 percent of Independent Sector respondents saying that trust had to be earned if they were to give to a nonprofit. Distrust or neutral trust in nonprofits, by contrast, is caused by the perception of “an inappropriate political agenda” amongst other factors.<sup>72</sup>

Philanthropy, on the other hand, earns even lower trust than nonprofits, because too “many times they focus on areas important to the wealthy philanthropist, which may not help society as a whole.” In general, people feel that nonprofits and philanthropy should not be political, or at least transparent about their affiliations or ideology, should be of benefit to people and communities locally, and should be focused on practical solutions. It is perhaps a failure to do so that means more than half of Americans (53 percent) believe it is better to bypass the nonprofit and to give directly to the individual.

## **4.3 POLICIES**

### **4.3.1 State Poverty and Relief Community Chest (SPARCC) and a 501(c)3P**

We have seen that philanthropy would do well to move away from investing in the center and, instead, to ensure it is working to promote and build the vitality of bottom-up, grassroots, and community-based organizations. Yet, it would be better for this grant making to be done in a less controlling manner: in other words, to not achieve a policy goal set by established experts who are usually elite-adjacent.

One measure that could help would be for policy makers to consider the creation of a new IRS code that allowed donors to specifically give to poverty fighting community groups. The IRS could designate a new “501c3P” code. This would be for those nonprofits that specifically provide human services to address poverty in the community, such as homeless shelters, foodbanks, outreach to low-income elderly, foster care, women’s shelters, and disaster relief.

At state level, a “State Poverty and Relief Community Chest”, SPARCC, would then have a list of the 501c3P nonprofits that are registered in only their state.

Donors of any variety could give into the SPARCC where the funds would be distributed as a community dividend to those registered nonprofits.

In particular, billionaire donors and large foundations, could be encouraged toward a truer philanthropy that simply gives funds to the SPARCC without central control over how it is spent.

This proposal, explored, could allow for the creation of a fund that shifts philanthropic power from the center, affirms community-based solutions, sees their growth, and all at lower overheads.

This should be attractive to those foundations who struggle to dispense their 5 percent each year, or who are concerned that they are giving funds to the same known grantees.

To further encourage billionaire philanthropists to give to the SPARCC, it could come with a fractionally higher tax deduction than if they were to spend through their own grants. This would bring billionaire philanthropists in line with other smaller donors who, once they have given the gift, surrender control over how it works. This generosity of “giving away” not just of funds but also control of how they are spent has a social capital building effect. It may work to improve the level of trust the American public have in philanthropy too.

As with any new form of funding there will be dynamic effects, with individuals, recipients, and even donors gaming the system to their advantage. But the proposal allows for a light touch response, a role for the federal government, an affirmation of trust at state level, and for the irrigation of a multitude of smaller organizations in the community. The SPARCC itself need not do anything more other than to transfer funds to registered organizations, as it would with a Federal or State tax refund.

#### **4.3.2 Expanding the existing charitable tax deduction to low-income**

Additionally, as Abby McCloskey wrote in her report “Building Social Capital at Home”, half of the population has no income-tax liability, and thus does not benefit from the existing charitable tax deduction. An above-the-line deduction, would allow all households to deduct charitable giving even if they do not itemize their deductions.

This is likely to have the effect of increasing giving to local organizations addressing poverty and childhood. That's because while wealthier households tend to donate to art- and education-related nonprofits, middle- and low-income households (currently excluded from the charitable tax deduction) are significantly more likely to give to faith-based and poverty efforts.<sup>73</sup> This could be combined with the SPARCC proposal so that inclusion of those with no-income tax liability affirms giving to poverty relief programs.

### **4.3.3 Expanding Vouchers**

There is an increased appetite for school choice vouchers, where public funds allocated to an individual for the public school system can “follow the student”, and be spent instead at private, charter, extra-curricular, or home-schooling options. This puts the power of choice in education with parents and opens up greater equality of opportunity for children of diverse backgrounds. Voucher systems that give public money in personalized budgets to individuals include the federal child care program for use in daycare for low-income families, or in helping diversify choice for those living in Section 8 housing.

Such a voucher system can be applied to a number of areas where state or federal funds are involved in the supply of public service delivery, especially in the areas of health and welfare.

Restoring the role of voluntary, charitable, and faith-based providers, as well as private, for-profit entities, in the delivery of public welfare should actively include faith-based groups.

We recommend a renewal of an Independent Voucher Commission under Congressional direction that could identify and implement an expansion of the use of vouchers to involve a diversity of suppliers in public welfare, and one that affirms the role of faith-based groups. In the same way school vouchers support a variety of educational options, vouchers for payment for welfare provision should also inspire variety of forms of service delivery that support the diversity and creativity of the voluntary sector. For example, a group may combine vouchers from different federal or state agencies to ensure holistic service provision that defies conventional siloes. Vouchers should not be conditioned on providing services in the same manner as federal or public agencies, while regulation would ensure standards of protection for vulnerable service users.

Such vouchers could be used for:

- **Child care including in-family care**
- **Pre-school**
- **Family support hubs**
- **Foster care**
- **Addiction treatment**
- **Recidivism programs**
- **Housing**
- **Welfare to work**

These modest policy proposals should help to build social capital at the periphery where trust remains strongest. They should also help to affirm local, mediating institutions. Together these are attempts to pull funds and energy away from the center—that combination of federal overreach and elite wealth inequality which has done so much to corrode society-wide trust—and rebuild a vibrant civil society at the periphery.

## Conclusion

Society-wide trust and trust in our big institutions are at historic lows. This has come about after decades of growth in federal government and elite wealth accumulation, (together, the center) matched with a slow demise of social capital creating institutions elsewhere (the periphery).

The problem is worsening, with an increase of both political and philanthropic funding from new mega-wealthy donors acting to supercharge the center. In political funding of parties, campaigns, and lobbying, funds focus on federal policy and bypass local institutions. If attention is paid to local institutions, it is to achieve federal policy goals. In philanthropy, foundation grant-making has moved into a hirer-contractor relationship, with funds used to achieve policy goals imposed on the periphery from the center in an excess of control that diminishes relationship and trust.

The demise of society-wide trust at the national level is a problem. It is the cause and description of polarization. Without society-wide trust, the tribes, groups, and affiliations that co-exist within American society are no longer able to do so with ease. Instead, other sources of trust are looked for, in particular partisan affiliation, whether other groups, and diverse opinions, are seen as a threat.

This presents two main issues. One, in response to concerns about polarization, some seek to “fix” it by inviting all groups to join their tribe. This is seen in, paradoxically, anti-polarization efforts that seek to suppress diversity of opinion as the mean by which to achieve a non-polarized society. This, however, is to further exert the control of the center, federal government and the wealthy, over the periphery and is counterproductive as it further destroys society-wide trust. Second, is the threat to the separation of church and state, which comes in two forms. Firstly, to wrongly perceive such separation as the need for a secular state to be purged of all influence of religion in the public, civic, and civil sphere. Secondly, to exercise the force of the state to educate and adjudicate on a new belief system. This is a threat to diversity of opinion, and seeks to eradicate tribe, and group, which is again counterproductive to the growth of social capital and society-wide trust.

We consider then the role of the small nonprofit organizations that work within rich local networks at the community level, especially those aiming to tackle causes and consequences of poverty, and make four main policy proposals to assist them:

1. The creation of a new 501c3P category that identifies registered nonprofits that have an exclusive focus on poverty relief
2. The creation of a State Poverty and Relief Community Chest (SPARCC) that can receive donations from individuals and foundations that are distributed to 501c3P nonprofits in their state without the need for a grant application
3. To include those on lower income without income tax liability in the charitable deduction, as they are more likely frequent donors to local and faith-based groups
4. An Independent Voucher Commission established with Congressional direction to explore expanding the role of personalized budgets and vouchers that provide service users with choice of where to receive welfare, social services, health and human services. This program would allow for not just an expansion of the suppliers of service delivery, including faith-based groups, but should also allow for a diversity in approaches taken.

Together, these policy initiatives are meant to be a modest but achievable approach to changing course. The funding arms race that is supercharging the center and crippling the periphery must be de-escalated. Encouraging billionaire philanthropists in particular to direct their attention at no-control, no strings attached gift giving to community-based organizations should help not just revitalize local social capital but may also boost America's dim view of philanthropy in general.

The majority of Americans believe trust in national institutions and each other can be restored. We trust the above measures would help to achieve this. A United States of America with strong stocks of social capital will achieve renewed society-wide trust, and the confidence to celebrate diversity of opinion. It will take courage from the federal government, law makers, and the wealthy elite to back-down from their polarizing arms race to do it.

# About the Social Capital Campaign

The Social Capital Campaign promotes social capital and the institutions that create it to leading policy and opinion formers, particularly in Washington, D.C.

## A DEFINITION OF SOCIAL CAPITAL

There are three main elements to social capital that we campaign on:

- **First**, social capital as the rich network of trusted relationships required for child development and formation through to adulthood
- **Second**, social capital as the rich network of relationships that sustain individuals throughout adulthood, both professionally and personally
- **Third**, social capital as the by-product of the first two: trust between citizens who have never met

## FIVE FOCUS AREAS

We draw our six policy focus areas from framework created by the Joint Economic Committee Social Capital Project, and we are grateful for the input and guidance of Dr. Scott Winship as we develop the campaign: **Family stability, Family affordability, Work, Youth investment, Civil society.**

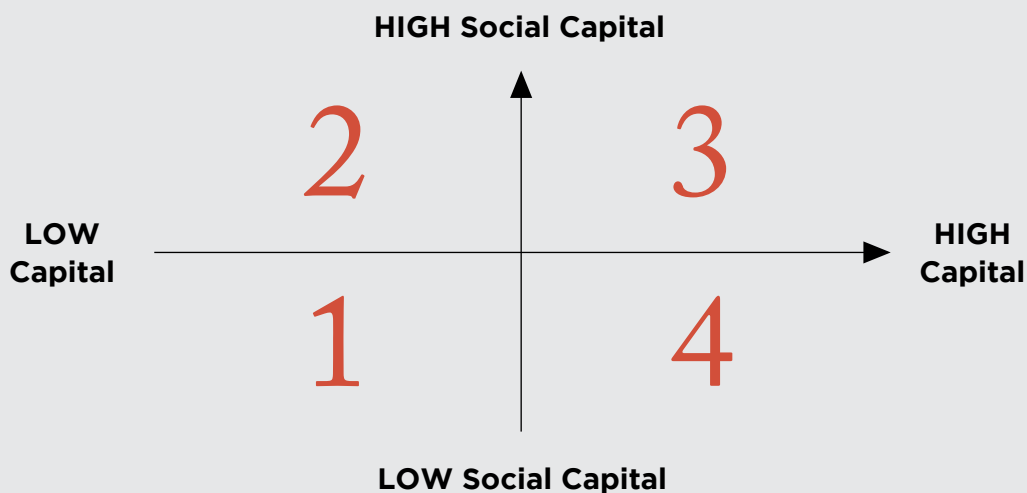
## THE FOUR QUADRANTS

### **The relationship between social capital and capital**

All Americans should be able to accumulate both social capital and capital to achieve the American Dream. We use a simple chart to illustrate the relationship between capital and social capital to achieve that dream.



**Figure.** *The Four Quadrants of Social Capital and Capital*



**Quadrant 1. The bottom left: low social capital, low capital**

**CONTEXT:** People in the bottom left quadrant have low levels of both social capital and capital.

**CHALLENGE:** An individual who finds themselves here is in a significant environment of distress—likely trapped in intergenerational poverty, surrounded by and perpetuating higher than normal levels of antisocial behavior or dysfunction, with few opportunities, or resources required to escape poverty. Aspirations for stable family life and affluence are significantly difficult to achieve.

**POLICY SOLUTIONS** here must have as much emphasis on supporting the creation of social capital as well as capital resources.

**Quadrant 2. The top left: high social capital, low capital**

**CONTEXT:** People in the top left quadrant are low in capital but high in social capital.

**CHALLENGE:** An individual in this quadrant is likely to be low income but well placed to achieve the American Dream. Being part of relatively well functioning

extended family and wider community, such as a faith group, their social capital assets help them to access better paid jobs or opportunities.

**POLICY SOLUTIONS** here need to ensure strong social capital assets are not eroded, which would push the individual into Quadrant 1.

### **Quadrant 3. The top right: high social capital, high capital**

**CONTEXT:** In the above table, people who are in the top right quadrant are high in social capital and high in capital.

**CHALLENGE:** Those in this quadrant embody the American Dream of a middle to upper middle-class life. Problems here relate to social capital collapse through breakdown of relationships, capital loss through job loss, or federal policy that penalizes them.

**POLICY SOLUTIONS:** Federal policy needs to support and reward pro-social capital assets. Policy solutions intended to help others should not unfairly impede the sustainability of their experience.

### **QUADRANT 4. The bottom right: low social capital, high capital**

**CONTEXT:** Individuals in the bottom right quadrant are low in social capital but high in capital.

**CHALLENGE:** Such individuals may be few, but their capital assets maybe significant enough to compensate for a lack of social capital.

**POLICY SOLUTIONS** here are to help those with high levels of capital to benefit those with low levels of capital through philanthropy and job creation, in a manner that also supports social capital creation.

## **SOCIAL CAPITAL CREATION AT ITS BEST**

Families, churches, schools, employers, societies, clubs, philanthropic endeavors, electoral processes—these are the institutions that create social capital. As we promote these institutions, we imagine them at their best: Families as positive, nurturing environments for raising children and enjoying long term relationships. Houses of worship as the best of collective action inspired by faith that benefits individual members and the wider community. Schools providing scaffolding and skills preparation that equip a child for adulthood. Employers providing opportunities that value profit, work, and positive employee experiences while benefiting their customers. Societies, clubs, and philanthropy that elevate the human condition and raise quality of life. Political campaigns that allow diverse opinion, organized around a fair and transparent democratic process to represent the interests of the people.

Yet all of these institutions can have their negatives. Families can be abusive, faith groups controlling, schools incompetent, employers exploitative, societies exclusive, philanthropies self-enriching, and political activism corrupt or silencing of diverse opinion.

The existence of negative forms of social-capital-creating institutions does not negate the need for these institutions. Rather they add to the urgency of our campaign to promote social capital creating institutions, and at their best.

**[SOCIALCAPITALCAMPAIGN.COM](http://SOCIALCAPITALCAMPAIGN.COM)**

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