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On Expanding Opportunity by Strengthening Families, Communities, and Civil Society

On the Importance of Social Capital for Public Policymaking

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Chairman Lee, Vice Chair Maloney, Distinguished Members of the Committee, thank you for asking me to testify on the relationship between social capital and opportunity in American public life.

Through several decades of research, we know that social capital positively affects a wide range of things we all desire, such as good work, happy family lives, a good education, safety for our kids, and opportunity for us and others. Yet we do not utilize what we have learned about social capital very effectively in domestic policymaking anymore. I say "anymore" because there was a time when we were better at making communities and social capital central to our policy deliberations.

I will explain what I am referring to in what follows, but first, it is worth highlighting a few important points about social capital from a new survey that my colleagues and I at the American Enterprise Institute have conducted.

Consistent with other research, we found that people who know their neighbors, cooperate with them to solve community problems, and are involved in non-profit and other community organizations are less lonely, happier with the communities in which they live, and happier with their own lives.

The benefits of social capital are especially interesting when we look at how the informal elements of social capital – such talking with and getting together with friends and neighbors – and formal elements – such as volunteering in civic groups – relate to each other. Americans who are both highly civic and highly social typically rate highest on almost any measure we construct or issue we examine.

For instance, 46 percent of people who are both highly civic and highly social rate the communities where they live as excellent, compared to 36 percent of people who are highly social but not civically engaged. Only 24 percent of people who are neither social nor civic say the same. Additionally, people who are both highly civic and highly social are the least likely to say they would move away from their community if they could. This group is also much more likely to talk with their neighbors on regular basis than people who rate high on the social scale but low on the civic scale.

A strong sense of community at the local level is most prevalent among people who are engaged in their communities, not just people who are neighborly. One-third of people who are both civic and social derive a strong sense of community from their neighborhood, compared to 19 percent of highly civic people who are unsocial, and 24 percent of highly social people who are not civic. Perhaps unsurprisingly, civic people of all stripes, including those who are not social, are more likely to say they believe they can have a positive impact in their community than others, including highly social people who are not civic.

When it comes to happiness, 19 percent of highly social but civically unengaged people say they are "very happy," compared to 28 percent of highly social and civic people. Highly civic but unsocial people register at 17 percent. The combination of civic engagement and sociability produces a significant happiness effect. Conversely, civic involvement correlates with lower levels of loneliness, which is a topic of shared concern these days. Unsocial people with high levels of civic involvement are more likely to report "never" feeling lonely than highly social people who are not civically involved. That is, community engagement correlates with less loneliness more than talking frequently with friends.

Highly civic and social people are considerably more optimistic about their personal financial situation in a year relative to the economy as whole compared to other groups. There is not much difference in how people of all stripes expect the economy to be doing a year from now (slightly more than a quarter expect improvement while slightly less than half think it will be about the same), and a greater share of all of them expect to be doing better personally than they expect the nation as a whole to be doing – but not even close to the degree of highly civic and social people.

When it comes to issues of poverty and government's role in addressing it, Americans are pretty unified, regardless of their civic and social standing. Slightly more than half say that poverty is due to circumstances beyond people's control (as opposed to people not doing enough to better their situation) and that the fact that some people get rich while others are poor is a problem that needs addressing.

Civic-minded people, however, show slightly more tolerance for the rich-poor gap in America as an acceptable part of our economic system, and highly civic and social people are the most likely to rate as "extremely important" the government's responsibility to "increase the equality of opportunity for people to get ahead if they want to." It seems that civic-minded people have a greater optimism that efforts of self-betterment together with appropriate government assistance will pay off.

We cannot close out a discussion about civic and social groups without looking at the important role of religion. On average, 29 percent of highly civic people say religion is central to their lives, compared with 15 percent of civically unengaged people. In every civic group (i.e., those with low, moderate, and high social scores) a greater share of people say religion is central to their lives than say "not important." Exactly the opposite is the case for people who are not civically engaged, in which case about twice the share of respondents say religion is unimportant than rather than central to their lives. America's tradition of civic engagement continues to have strong religious underpinnings.

Having more people engaged in solving national problems in their own backyard is good for a number of reasons beyond the immediate problem being solved. Civic-minded Americans have more of almost everything we need more of in our country, so producing more of them and basing our policy decisions on this goal is critical.

It seems that when civically minded community leaders in and out of government are asked to solve problems, they accept the challenge – which brings me back to the topic with which I opened my remarks.

To think about the future of social capital in public policy, it is worth taking a look at the past. Oddly, we know so much more about the benefits of social capital today than we did in the mid-1990s, and yet we use incorporate it less when designing policy solutions. When Harvard's Robert Putnam was kicking off a large research project on the topic that spawned a social capital research cottage industry in the late 1990s, it came on the heels of a wave of policy reforms rooted in an understanding of the importance of local communities and networks.

For example, from 1991 to 1996, we saw four major domestic policy reforms at the federal and state levels that all presupposed the indispensable value of basic units of civil society – family, neighborhood, community – in their policy design. Each was in its own way a reaction against shortcomings of Great-Society-legacy programs that had concentrated too much authority for problem-solving in bureaucracies far from the communities they were – however well-intentioned – trying to serve.

The first reform was in school policy, which began at the state and local level, and rippled across the country. The first school voucher program began in Milwaukee in 1990, and the first public charter school law was passed in Minnesota in 1991. The premise of the school reform movement was to empower parents and families to either form their schools in cooperation with community leaders, or have the ultimate choice in where their kids went to school. The movement to expand charters and vouchers over the past 30 years reflects a Tocquevillian understanding of American civic life in which families, local officials, nonprofit organizations, and local foundations work together to achieve a public benefit. The research on the effects is mixed, but it does seem clear that the competitive pressures new entrants place on incumbent schools generally tends to produce improvement, and a diversity of options, in local school districts.

The second reform concerns public housing, which in city after city had become a symbol of a failed model, riddled with crime, drugs, and persistent poverty. HOPE VI, created by Congress in 1992, made the neighborhood rather than simple units of housing, the central focus of public housing assistance. Housing projects were torn down and replaced with mixed-income, sometimes mixed-use, developments that gave families in public housing a greater stake in their neighborhood. Over time, the program has produced about as many units of subsidized housing as were demolished. I should also mention that the Moving to Opportunity demonstration program, from which we have learned so much in the research of Nathaniel Hendren, Raj Chetty, and their colleagues, was created concurrently in 1992 to test whether helping low-income families move to different neighborhoods would generate better outcomes.

The third reform is community policing, which has a history predating the 1990s. But it was a 1994 federal law aimed at helping cities implement community policing that effectively made it a nationwide practice. In the ten years after the law passed, the share of municipal police departments practicing community policing grew from about 20 percent to 68 percent. Today, more than 80 percent of police departments practice community policing. Instead of the top-down, crime-response practices of a previous era, community policing focuses on forming partnerships with neighborhoods and communities with a focus on preventing crime, rather than just responding to it.

Fourth, and perhaps best-known, is welfare reform, which was created in 1996 amidst quite a bit of public debate. Most of the debate then, as now, was focused on the merits of work requirements and time limits on welfare recipients. Less-debated, but just as important in my view, was the fact that states and municipalities had to take responsibility for ensuring that welfare recipients successfully moved into the labor market. States that practiced second-order devolution – that is, devolved the responsibility for employment outcomes to counties and municipalities – typically saw better labor market outcomes among former welfare recipients. Reliance on local networks through chambers of commerce, vocational schools' employer partnerships, and so on, was a way of situating social capital at the heart of the policy objective to move people from welfare into work.

The idea that communities and the relationships that exist within them should be central to policymaking was "in the air" in the 1990s. Even the party platforms in 1996 reflected this reality. I have documented this phenomenon in a recent National Affairs essay and will not recount it here, but suffice it to say that both parties in 1996 saw families, neighborhoods, and communities as important elements in combatting domestic policy problems; and in 2016, that language is almost entirely absent.

If we hope to continue to make progress in serving individuals and families who are on the outside of American prosperity staring in, we should pull a few pages from the 1990s playbook and make community relationships central again. It is well and good to have debates about policies such as expanded wage subsidies and retooled safety net programs that help people make progress in the labor market. But if we fail to recognize the important role that networks play at the local and regional levels in people's upward mobility prospects, our national debates about these former types of policy will achieve limited impact. Our workforce development systems at the state and local levels, for starters, could benefit greatly from a renewed focus on how networks and relationships at the community level could help low-income aspiring workers fare far better in the labor market than they currently are.

Thank you.