Restoring the American Dream in 2015

For over three centuries, America has provided more opportunity to more people than any other country in the history of the world. That great tradition is now in danger.

The economic challenge of our times is not inequality. It is the decline of upward mobility. America has always been a land of rich and poor, but our poor historically have had the opportunity to better their lives and lay the groundwork for their children or grandchildren to enter the middle class. Today there are tens of millions of Americans whose incomes are stagnating, who own little wealth or property, and who see little hope for their families’ future.

Philanthropists can help to restore the American Dream by addressing three great crises in our society.

The first is the crisis in education. One third of American fourth-graders cannot read. Three quarters of twelfth-graders cannot meet world standards for math. In an ever more competitive global economy, this is a recipe for disaster. Americans will be unable to rise and flourish unless we stay ahead of the competition in the knowledge and skills needed for the twenty-first century economy.

The second is the crisis in the labor market. Five years into an economic recovery, 16 percent of men between the ages of 25 and 54 are without a job. Joblessness of this magnitude for men in their prime working years is unprecedented since the Great Depression. Fifteen percent of male veterans aged 25 to 34—a highly employable population—aren’t even in the labor force. They neither have a job nor are looking for one.

The third is the crisis in the family. Businesses rise and fall in a dynamic economy. To sustain hope for the future and to protect people from falling between the cracks during hard times, it is crucially important to have both a public safety net and a resilient civil society of strong families, religious congregations, and communities where neighbors help neighbors. Unfortunately the growth of the public safety net in recent decades has coincided with the disintegration of civil society and the collapse of marriage in white, Latino, and African-American working-class neighborhoods.

It is especially catastrophic that 40 percent of American children today are born out of wedlock. While many single mothers do a heroic job raising their children, the growth of single-parent households is economically, educationally, and emotionally devastating for children. A landmark recent study led by Harvard economist Raj Chetty revealed that the single most important determinant of regional variation in upward mobility rates in America is the percentage of children growing up in two-parent families. As Isabel Sawhill of the Brookings Institution has shown, “for every child lifted out of poverty by a social program, another one is entering poverty as a result of the continued breakdown of the American family.”

The good news is that philanthropists and the social entrepreneurs they support are finding solutions to all these crises.

One of the greatest accomplishments of philanthropy in the past decade is the emergence of multiple charter-school networks where low-income children achieve high academic performance. During the next ten years, philanthropists have the opportunity to build on this record and to fund dramatic breakthroughs in the training of teachers, the advance of personalized digital instruction, and the expansion of school-choice initiatives. Organizations such as Project Lead the Way, Reasoning Mind, and the National Math and Science Initiative show the potential for transforming math, science, and technology education.

To improve the labor market, philanthropists can build on the success of community colleges, apprenticeships, work-study programs, and job-training ventures that focus on teaching skills that businesses look for in employees. Since new firms have been the great engine of job growth in recent decades, the promotion of entrepreneurship is an especially promising philanthropic strategy. Funders can also explore public-policy reforms learning from states such as Texas, which accounted for one third of all America’s net job growth between 2003 and 2013.

First Things First of Chattanooga has reduced divorces by 29 percent, reduced teen out-of-wedlock births by 62 percent, and increased the marriage rate by 16 percent in Hamilton County, Tennessee. Made possible by philanthropy, it offers a national model for reversing the decline of the family and creating a culture in which healthy marriages can thrive.

Inventive donor actions like these can push success and mobility back into American dreams.

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