

# Are You Willing to Give Up Your Privilege?

Philanthropy alone won't save the American dream.

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Credit...Nina Westervelt for The New York Times

**By Darren Walker**

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I have lived on both sides of American inequality. I began life in the bottom 1 percent but found my way to the top. And I know, all too personally, that the distance between the two never has been greater.

Last winter, at a black-tie gala — the kind of event where guests pay \$100,000 for a table — I joined some of New York's wealthiest philanthropists in an opulently decorated ballroom. I had the ominous sense that we were eating lobster on the Titanic.

That evening, a billionaire who made his money in private equity delivered a soliloquy to me about America's dazzling economic growth and record low unemployment among African-Americans in particular. I reminded him that many of these jobs are low-wage and dead-end, and that the proliferation of these very jobs is one reason that inequality is growing worse. He simply looked past me, over my shoulder.

No chief executive, investor or rich person wakes up in the morning, looks in the mirror, and says, "Today, I want to go out and create more inequality in America." And yet, all too often, that is exactly what happens.

Even before the coronavirus, before the lockdowns, and before the murder of George Floyd — during the longest sustained economic expansion in American history — income inequality in America had reached staggering levels. Social mobility, the ability for a person to climb from poverty to security as I did, [had all but disappeared](#).

This contributes to a hopelessness and cynicism that undermines our shared ideals and institutions, pits us against one another, and drives communities further apart. That's why I am worried about our democracy, deeply and for the first time in my life.

I still believe in the American idea and in the values to which we have always aspired. Our nation's generosity of spirit made my life's journey possible. It was expressed through the public schools I attended, and government programs like Head Start and Pell grants that helped me, along with private philanthropy. Without them, I might have been ensnared in poverty or a structurally racist policing and criminal-justice system.

So I feel a profound obligation to state what has become clearer every day: If we are to keep the American dream alive, our democratic values flourishing, and our market system strong, then we must redesign and rebuild the engine that drives them.



“If we, the beneficiaries of a system that perpetuates inequality, are trying reform this system that favors us, we will have to give up something,” Darren Walker writes. Credit...Demetrius Freeman for The New York Times

Inequality in America was not born of the market’s invisible hand. It was not some unavoidable destiny. It was created by the hands and sustained effort of people who engineered benefits for themselves, to the detriment of everyone else. American inequality was decades in the making, one expensive lobbyist and policy change at a time. It will take a concerted effort to reverse all of this, and to remake America in the process.

In recent weeks, I have been invited to join dozens of conversations with many well-intentioned chief executives and generous philanthropists to talk about what they should be doing during an upheaval that feels like 1918, 1932 and 1968 all at once. The irony is not lost on me: Many of those who are eagerly extending Zoom invitations are complicit in a system that desperately needs changing.

I do see progress. I see business leaders like Marc Benioff, Ursula Burns, Ray Dalio, Paul Polman and others acknowledge that we conduct our daily work in a system built on

unfair incentives. This system puts the interests of capital over labor, while it compounds privilege at the expense of opportunity.

The boardroom elite are beginning to recognize that these unfairly structured incentives have grossly distorted our economy. I see an evolving understanding that our twisted economy is an existential threat that has pushed our republic to a breaking point.

This awareness is necessary. But it is not sufficient.

The old playbook — giving back through philanthropy as a way of ameliorating the effects of inequality — cannot heal what ails our nation. It cannot address the root causes of this inequality — what the Rev. Dr. Martin Luther King Jr. called “the circumstances of economic injustice which make philanthropy necessary.”

Instead, those of us with power and privilege must grapple with a more profound question: What are we willing to give up?

If we, the beneficiaries of a system that perpetuates inequality, are trying to reform this system that favors us, we will have to give up something. Here are a few of the special privileges and benefits we should be willing to surrender: the intricate web of tax policies that bolster our wealth; the entrenched system in American colleges of legacy admissions, which gives a leg up to our children; and above all, the expectation that, because of our money, we are entitled to a place at the front of the line.

I spent the first part of my career on Wall Street, and I believe that capitalism is the best means of organizing an economy. But capitalism must be reformed if we are to save our democracy.

This will require rejecting Milton Friedman’s outmoded ideology: the dogma that a company must put shareholder value above all other objectives. It will require that corporations operate, in the words of the Business Roundtable, “for the benefit of all stakeholders — customers, employees, suppliers, communities and shareholders.”

Reforming capitalism also requires policymakers to transform a financial system that favors short-term returns, gives companies incentives to take on huge amounts of debt, and protects the special tax treatment for carried interest, a gift for private equity.

We must further ask: How can we create new policies that advance long-term, sustainable investment? How do we encourage investment in people and their skills, not just in automation and robotics? What does it mean to write a tax code that reduces inequality?

Too often, public policy does just the opposite: In 1982, a Securities and Exchange Commission rule allowed corporations to repurchase their stock. This created an environment in which companies accelerated their use of stock options and equity as forms of executive compensation, especially after the 2008 financial crisis. This has encouraged companies to increase share prices, at the expense of wages and benefits for workers, and created perverse incentives for companies to authorize buybacks. In 2018 alone, American companies spent more than \$1 trillion repurchasing their own stock.

Our economy is unbalanced because conscious choices, in the aggregate, amount to a conscienceless capitalism. These choices erode democracy and foment distrust. We, the people, can make different choices. And we, the wealthy and privileged, should lean in to our discomfort.

This is the most pressing work of our time, and it will be difficult. Our present is deeply rooted in historical inequalities that must methodically be rectified.

But difficulty is not an excuse to allow American capitalism to grow more distorted, corrupt and unjust. It does not relieve us of our duty to strengthen and improve a system that, if rebalanced, could once again make America a beacon for upward mobility.

Without hope, American dreams deferred or denied will continue, as the poet Langston Hughes wrote, to explode. With hope, and through it, we can reimagine the dream and invite many millions more to share in its promise.