

January 9, 2017

Ford Foundation President Darren Walker and MacArthur Foundation President Julia Stasch discuss Chicagoland's inequality, how the region can create shared prosperity and the role of philanthropy at Metropolitan Planning Council (MPC) Annual Luncheon

Introduction by Terry Mazany, President of Chicago Community Trust

Full Transcript Below.

>> TERRY MAZANY: Thank you, Jesse. The Trust is blessed to have wonderful Board Members. Not only Jesse, but I want to add my congratulations to King Harris who served 10 years as a distinguished leader of the Chicago Community Trust, really the reason for our steadfast focus on the issue of housing. So congratulations, King.

[Applause.]

There's a growing movement to have candid conversations about race and equity and then to do something about it. As foundations, we see our efforts to bring about improvements in the quality of life and opportunity frequently stymied by the persistent but invisible hand of white privilege. The experience of the Obama Administration and the outcome of the election belie any thought that we live in a post-racial America. We know there is a difference when the average life expectancy of African-Americans is 20 years less than whites living in adjacent zip codes only miles apart. We know there is a difference when African-Americans have only six cents of wealth for every \$1 of white wealth and Latinos are only a penny better off with 7 cents of wealth for every \$1.

And the gap is only widening. A study by Ever Growing Gap said over the past 30 years, the average wealth of white families in the United States has grown by 84 percent, 1.2 times the rate of growth for the Latino population, and 3 times the rate of growth for the black population. As a result, it would take the average black family over 150 years to accumulate as much wealth as their white counterparts.

I challenge us to push ourselves further to face inequity head-on. This starts with an honest conversation about the historical roots of current inequity and moving through a process of healing to gain the empathy and understanding required for us to understand the lived realities of those who have experienced the destructive dehumanization of a society predicated on the false narrative of a hierarchy of human value. That is the centerpiece of the W.K. Kellogg Foundation's Truth, Racial Healing and Transformation Movement that is taking off in cities and states across the country.

The benefits go far beyond our repairing the moral fabric of our country, what Jim Wallace of Sojourners calls our "original sin." There are profound economic benefits. If the average incomes of minorities were raised to the average incomes of whites, total U.S. earnings would increase by 12 percent, representing nearly \$1 trillion today. Gross domestic product would increase by 1.9 trillion and translate into 180 billion in additional corporate profits, 290 billion in additional federal tax revenues, and a reduction in the federal deficit of 350 billion, or 2.3 percent of GDP.

When we project out 2030, 2050, the results are even more startling. Right now, minorities make up 37 percent of the working age population but will grow to 46 percent by 2030 and 55 percent by 2050.

Closing the earnings gap by 2030 would increase our GDP by 16 percent, more than 5 trillion a year. By 2050, closing the gap would increase our GDP by 20 percent, roughly the size of the entire U.S. federal budget and a higher percentage than all of U.S. healthcare expenditures.

To improve these outcomes, we must target and address approaches that directly support those most vulnerable and impacted by historic and structural policies and discriminatory and predatory practices that have gotten us to this point. We have to disrupt these practices at their roots. And by building wealth for those most marginalized, we in turn build the wealth of our region and fuel our future growth.

The Chicago Community Trust is pleased to support MPC and the Urban Institute as they look deeply at the cost to all of us of Chicago's segregation. We look forward to partnering on strategies that are based on creating a more equitable region.

To kick off this conversation, I am very pleased to welcome two of our country's most accomplished philanthropic leaders, Julia Stasch and Darren Walker. Thank you.

[Applause.]

>> JULIA STASCH: Well, good afternoon.

>> ALL: Good afternoon.

>> JULIA STASCH: I say that only so I could hear Tony Preckwinkle say good afternoon to me.

[Laughter]

Anyway, this is an incredible opportunity for me to introduce to a Chicago audience my really dear friend and colleague Darren Walker. One of the pleasures of being a Foundation President is knowing my counterpart Presidents across the country, but especially Darren Walker.

Now, we knew each other when we weren't Presidents. We were, I guess the phrase is "young, scrappy and hungry."

[Laughter]

But now that we are Presidents, one of the things that we really like to do is we like to confer and collaborate and conspire. And we do that -- I love it when I get an email from him saying "want to talk Saturday?" and I always do. Because what we do is we say what should we work on? But more importantly what should we work on together?

And so we often talk. And this is an opportunity, I think, to share some aspects of that conversation with you.

Now, I wrote down a quote that I thought would be helpful to kick off the conversation. I'm going to read it. Martin Luther King said, "philanthropy is commendable, but it must not cause the philanthropist to overlook the circumstances of economic injustice that make philanthropy necessary."

So, Darren, to kick it off, under your leadership, inequality has become the singular focus of the Ford Foundation. Tell us why, why now, and how do you get at the structures that actually drive and perpetuate inequality?

>> DARREN WALKER: Thank you, Julie. It's really great to be in Chicago on what is a

typical Chicago winter day.

[Laughter]

And I arrived last night from Washington where it snowed a light blanket of snow. And the stores were all closing and the restaurants were closing.

[Laughter]

And it was amazing to me.

And then I arrive in Chicago, and it is arctic, and people are just out and about like it's a normal day. That's resilience if nothing else.

But it's always great to be with you. So thanks for reminding me of why I had to be here today.

So, I'm here and I would love to respond. Because Dr. King's statement about philanthropy, as you know, was the centerpiece of my first annual letter as President. And the reason I use it is because we in philanthropy, whether we work at places like MacArthur or Ford or whether individuals who are philanthropists are very privileged. And there is a sort of belief that by giving back, we are doing enough.

And I think what Dr. King was doing was challenging philanthropy and philanthropists, challenging our privilege, challenging our arrogance, challenging our ignorance, and challenging us to move from generosity to justice. And there's a big difference.

At the end of the year, we all write checks. And we feel really good about ourselves. And so we feel generous. But do we really, fundamentally interrogate why the problem that we're writing the check, why it exists in the first place?

So it's not enough to feel good and put money in the Salvation Army bucket. We have to ask ourselves: Why, in the richest country in the world, do we have this chronic crisis of homelessness?

And we could look across all of the areas where we have problems as a society, and we privileged people are in some ways not willing to get uncomfortable enough to really interrogate and understand what it will take to solve these problems. And that is what Dr. King was demanding of us.

>> JULIA STASCH: So talk a little bit about how that imperative is reflected in your choices today about the Ford Foundation.

>> DARREN WALKER: Well, I think it is in part why we are focused on inequality so centrally and why we believe that growing inequality is among the greatest challenges we face as a nation and as a world. And particularly in the United States, we have this challenge. And we focus on it at Ford through our work, whether it's on housing or the Internet or the arts, we focus on the challenge of how do we build hope?

I like to say we're in the business of hope at the Ford Foundation because at the center of the American narrative is that very simple idea. And I firmly believe that the greatest challenge to our democracy is not terrorism or a pandemic. The greatest challenge to our democracy is hopelessness. Because the idea of aspiration and opportunity are at the center of who we are as a people. And when those things disappear in our culture, they become harmful to our politics, harmful to our social fabric, and ultimately harmful to our democracy.

>> JULIA STASCH: So you've introduced the notion of interrogation, sort of self-interrogation. Your focus at the Ford Foundation is on inequality. And the flip side of that is hopefulness about solutions.

We come at these issues I think at the MacArthur Foundation the same issues, with a slightly different vocabulary and a slightly different sense of interrogation. It reminds us that when we think about our mission, the MacArthur Foundation's mission is a world that is more just, verdant and peaceful.

And so you mentioned our annual letters. Foundation Presidents do have this conceit. Every year we issue an annual letter in the hope that others find it useful.

>> DARREN WALKER: And most people don't because most of them are not interesting.

>> JULIA STASCH: I know. I discovered that, too.

>> DARREN WALKER: It's true. Most of them are not interesting. Yours was remarkable in your candor and in your willingness to take risk, which is something that is often missing from the messages of foundation leaders.

>> JULIA STASCH: I think the risk that we want to take is that we actually want to interrogate our every action and our decision to see if that first and foremost imperative of our mission, "just," to see if every action enhances the conditions that increase the likelihood of justice. We ask that. And if we find that, that's terrific. But we may also find that a decision or an action reinforces an often unjust status quo. Or at the worst it may diminish the likelihood of a just outcome.

So what I have done, as I've said at the Foundation, we are going to begin the practice of saying across every one of our activities: Our recruiting, our hiring, our purposing, our engaging of experts, our internal input into decisions, who represents the Foundation, every one of our program strategies, be it criminal justice or climate or journalism or what we're doing here in Chicago, we're going to say: Are we living the first imperative of our mission?

And so when I think about that, it makes me then ask you: Within the context of the Ford Foundation, what are the specific manifestations of inequality or injustice that are your current areas of focus?

>> DARREN WALKER: Well, I think the first thing we have to do as foundations is interrogate our own practices. Because if you look, we are enormously privileged institutions. And we are, as a sector, not very diverse. And so even within our own institutions, when we look at the leadership team, our boards, our program officers, our investment office, all of the apparatus of a large foundation like MacArthur or Ford, there are many opportunities.

So what I am doing is we have taken an effort to audit our own practices. And even the good old left wing Ford Foundation has found that when we actually look at our hiring practices, we don't have any recognition of the need to hire people with disabilities, for example.

When we look at our vendor relationships, there is no commitment to diversity, no commitment to excellence, actually. There is just a kind of passed on from every generation to the next doing things the way we always have.

So I think the bigger -- at Ford we're doing that internally, we're doing it of our grantees. So we now ask our grantees to tell us about their own efforts around inclusion and equity. And, in fact, we -- a prominent national organization that we funded for many years, three years ago we put them on notice and said: Your board is not diverse. Your staff is not diverse. You've got to do better at this. Not because we want to be the diversity PC police, but we think you will be a more effective organization.

They were unable or unwilling, after three years of conversations, to make any

movement. And we just notified them that they received their last grant from us.

That was really hard because this is a big deal organization that everybody else funds. And so -- but we felt it was important to signal that we mean business. And that if you aren't able to demonstrate these values in your own practices, we really can't support you. And so we're having to make really hard choices like that.

>> JULIA STASCH: What you're talking about, it seems to me, is another topic of my infamous annual letter, and that was the notion that actually we're in -- this country is in a crisis of legitimacy.

And as a matter of fact, the degree of trust that institutions have enjoyed historically is really on the wane. And I'm talking about institutions of government, of the media, of the church, universities, data, all of these things, the legitimacy is questioned and trust is crumbling in them.

So one of the steps that I think we need to take and we're starting to is: What do we need to do to remain relevant and legitimate in the context of efforts to improve the human condition?

So we -- MacArthur was recently the subject of some criticism. We were put on notice that we had not been paying enough attention to Chicago communities, and we had taken our eye off of issues of racial injustice and inequity here in Chicago.

Now, with 1.1 billion invested in more than 1300 organizations and individuals, we've addressed inequities and community and economic development in the all essential issue of housing, injustice and access to capital. So those are the facts.

But the reality is that what we've done in the past may not be what we need to do in the future. So what we're doing is we're listening more. And as a matter of fact, that listening is candidly making us uncomfortable in some times. We're being told truths about who we are, what we are, and what we do. But my personal philosophy is you take lessons wherever you get them.

We are paying more attention to local leaders. Not just as grantees but as partners. And a new element of how we're thinking is that we want to actually be promoting their leadership. Because the leadership of Chicago needs to reflect the communities of Chicago if the city is going to thrive in the future.

[Applause.]

And so but another message and one we've taken to heart is that we've got to get to know and see the value in smaller organizations that are closer to the ground.

[Applause.]

And so it seems to me that that's our lesson for Chicago. Maybe that's a lesson to share with others.

You've had some experiences in Detroit that have been lessons for you, as well.

>> DARREN WALKER: Absolutely. I mean, I think -- one of the reasons why I admire what you're doing, Julie, here, is that it really is demanding of MacArthur in ways that you haven't demanded of yourself in the past. And I think that that's the only way you're going to make sustained and real progress.

I think for the Ford Foundation in Detroit, I mean, I think it is no secret that we have had a very difficult history. So how shall I put it?

[Laughter]

Let's just say that we were founded in Detroit, as you know. And in all honesty, the Ford Foundation exists today in large part because Edsel Ford died so young. And the Ford family was presented with a very big tax bill. And the family wanted, because the company was a privately held company then, to ensure that the family controlled the Ford Motor Company as it went forward and would ultimately become a public company. And so by transferring most of Edsel's wealth to the Ford Foundation, they were able to not pay taxes on his estate.

And because Henry Ford II, Edsel's son, was going to be Chairman of the Ford Motor Company, he would also chair the Ford Foundation. And between the Ford family and the Ford Foundation, we would control most of the Ford family stock.

So that's in large part why we are who we are today in terms of our endowment.

But in terms of our programming, when Henry Ford II quite famously left the Ford Foundation board in 1976, in some protest for the direction of our work, particularly our work around women and Civil Rights, he said that the family and we were splitting, and that the family really wanted nothing to do with us.

And I think my predecessors took him seriously at his word. And so we really had very little engagement with the family. And our work in Detroit over the years did, in fact, I think, wane to a point where we were doing very little grantmaking in Detroit.

When I became President, I felt that it was very important to reach out to the Ford family. In addition to the work we were doing around the Detroit bankruptcy settlement, it was just, to my mind, it made sense for us to be engaged in Detroit and to be engaged with the Ford family.

And so it is in many ways the issues in Detroit are the issues in Chicago. The issue of race, which nobody wants to talk about, is at the center of everything in Detroit. And the dichotomized geography and social stratification and economic stratification in Detroit is the result of intentional, purposeful policies that rendered this outcome. And so we have to own that. And it will take a long time to change it. But in order to make progress, we have to change it.

And people in Gross Point have to get uncomfortable in conversations about regional equity. And people in the city have to get comfortable in terms of sharing the sort of notion that, well, the City of Detroit is "ours," meaning if you're black, that is the mantra, it's "ours." And you whites, you own the suburbs.

Well, that kind of dichotomized understanding of both governance and society and economy just is harmful. And so on both sides, we've got work to do.

>> JULIA STASCH: So it seems to me that some work you might do is to commission the kind of study that is underway here under the auspices of MPC and the Urban Institute. Because I'm confident that the findings will show that there's a cost to everyone of racial and economic segregation. I mean, early findings are even pointing to things that would be devastating for us as a region.

As a matter of fact, one of the early findings is that when segregation goes up in a decade, median income goes down in the following decade. Think about the consequences for that for commerce. Think about for housing stability.

And the study also shows in early findings that highly segregated areas have higher murder rates. All of these are consequences that there are actions that we can take to

address.

And so -- but of course our stories are about cities. And as a matter of fact, what we learned in the last presidential election, that maybe the focus on cities was too narrow. You and I talked about this. But what's your biggest take-away from the election?

>> DARREN WALKER: Well, one of the reasons I rearticulated Ford's work through the lens of inequality, our work has traditionally been through a lens of race and poverty. And what we came to understand through our analysis around the trends around inequality was that who was vulnerable in America has changed.

Our notions of vulnerability and living on the margins, which for the most part in the United States has been a narrative around urban blacks, a narrative around people in places like Appalachia, that those narratives remained true. And yet there was more to what was happening in this country as we looked at the growing vulnerability and indicators of both household and community well-being.

And so what we saw really for the first time through work that we'd supported were data telling us that something was happening in white communities, that something was happening to white people in this country that had not been happening, and not happened since really the 1930s, that for the first time we had populations like working class white women who since the last census, the only demographic whose life expectancy has declined is working class white women.

We started to see levels of addiction in rural communities and in peri-urban areas that we've never seen before in rural America. The rural America narrative was really Appalachia. That narrative remains, but there's another narrative.

And I do think that it is true that one of the effects, manifestations of inequality, is that more people become vulnerable in unequal societies. And when more people become vulnerable, more people become disenchanting, angry, and disaffected. And the impact of that sense of dispossession and anger absolutely manifests politically.

>> JULIA STASCH: So it seems to me that the call to action not only from the just recent presidential election but from everything we're learning today and we see in our cities is that we ignore inattention and inequality in isolation anywhere at our own national, metropolitan and local peril.

So I think the thing to say, really, is what can each of us do?

So the number one thing I think that each of us can do is to absolutely avoid cynicism at all costs because cynicism robs people of the sense that they actually can make a difference, that there actually are solutions.

So at the bottom line for philanthropy is we can't be in philanthropy if we're not an optimist. So one sentence from you, Darrn, on why you think solutions are possible.

>> DARREN WALKER: We know solutions are possible. The question is: Do we have the will?

I actually don't need another research paper to tell me what we need to do in America. [Applause.]

We know what we need to do. The question is: Do we have the will?

So we must demand of our leaders that we have leaders who do not divide us, but who help us rise to our common humanity and understand while we may have differences, those differences are not so fatal to make it impossible for us to be -- the whole idea of e pluribus

unum. It remains at the heart of who we are as a people. And so we need our leaders to help us get to that place.

>> JULIA STASCH: So thank you for letting us share our conversation with you. And we appreciate the Metropolitan Planning Council for all that it does. Thank you.

[Applause.]

>> MARY SUE BARRETT: Darren and Julia, thank you so much for sharing your inspiring thoughts. I think sometimes when you're sitting up here, it's hard to get a sense of the quiet and the pin drop element in the room. There was a lot of rapt attention here both about your introspection about the nature of philanthropy, a challenge to those of us here in Chicago and the Chicago region about what we must do and, really, about the spotlight that is on us from around the country that we cannot squander, that we must bend that trajectory.

So I'm grateful for you for making us think about our pathways to opportunity. I'm grateful to Terry Mazany, Jesse Ruiz, Kathy Schneider, King Harris, Jacques Gordon, Scott Swanson, all of you who were part of the program today and all of the folks that were represented in the audience. You do inspire us. You motivate us to take our mission further.

Deep thanks to our event committee, MPC's Board of Governors, the many MPC volunteers who make this possible.

I have an incredibly talented and dedicated staff that I get to work alongside every day, so I'm grateful to them for making today's event such a success but for the work that you do every day, along with our volunteers.

And thanks to the folks at Pat Hurly Associates and here at the Sheraton for such a lovely and successful event.

We will be in touch with you about the final results. You've already helped us raise a million dollars. Thank you. And we'll give you the grand total. But we'll also be in touch with you, more importantly, about how you can stay engaged.

It's at times like this that our city and nation, while we are exhibiting deep distrust, as you said, Julie, when people are hurting, it's important for us to come together as a community more than ever.

There were a few times today where I teared up. I was a bit overwhelmed at the enormity of the issues that challenge us. At the same time, I'm freshly inspired by the stories I heard today, those that are shared, the leadership, the commitment that I heard voiced, all of you who are making it a priority to be part of the change.

This city and the region we love needs us to be bold now more than ever. So thanks for being my inspiration today. And I hope that you take some of what you heard today and bring it back to your organizations and to your neighborhoods and let's bend this trajectory towards justice. Thank you.

[Applause.]