

THE NONPROFIT SECTOR: VANGUARD FOR SOCIAL CHANGE

The secret to the reform of eastern Europe is to be found in the principle of voluntary action.

The events of the past two years in eastern Europe and the Soviet Union confounded all the received wisdom of the analysts and experts. It suddenly became apparent that some legitimate form of democracy might be established in a part of the world that had been force-fed a false democracy for more than half -a-century. New political parties emerged overnight, bringing together new coalitions whose common value seemed to be rejection of Marxist-Leninist oppression. Orthodox Marxist economics fell in the same crumpled heap as Marxist politics. Entrepreneurs are now fueled by venture capital; testing the system at every point, encouraged by eager capitalist investors from other parts of the world.

Why did all this happen, happen so suddenly, and happen without terrible bloodshed? What finally triggered the wave of reform? Reform followed decades of futile protest of the failures of the system. Although we romanticize the roles of courageous protestors, for years their voices were not heard or attended to -- not until frustration over economic stagnation and the lack of consumer goods had reached a boiling point. Cynicism about the suffocating bureaucracy and the corruption of the so-called "vanguard" made political life a bad and bitter joke. That is, government was seen as the problem, not as the solution; the only effective marketplace was illegal. Eastern Europe was a cluster of state-dominated societies in advanced states of moral and functional disrepair.

To speak of voluntary associations as "vanguards of social change" in eastern Europe is an ironic reminder of the official use of the word "vanguard" in Marxist-Leninist countries. A 1980 official Soviet publication asserted that "The CPSU [Communist Party of the Soviet Union] unites in its ranks, on voluntary principles, the advanced and most conscientious part of the country's working class, collective- farm peasantry, and intelligentsia." A Hungarian dissenting voice of the same period expressed concern "that the party would develop into an elite vanguard in whose activities the broad masses of the working class would be unable or unwilling to participate." Twenty years earlier, in an official and anonymous History of the Communist Party of the Soviet Union, the official position of the vanguard was made clear:

The basic mistake in the Mensheviks' views on the Party was that they confused party and class. By demanding that every striker be allowed to call himself a member of the Party, the Mensheviks were obliterating every distinction between the advanced elements and the remaining mass of workers. That would have meant converting the Party into an organization which would be dragging at the tail of unprogressive moods among the least advanced strata, instead of elevating the entire working class to the level of class consciousness of its most advanced detachment. That would inevitably have led to the Party losing its vanguard role.

Protest is effective only when there is widespread agreement that things are not going well. Authoritarian systems work only when they are efficient enough to offset cruelty with creature comforts. However, even the worst governments do not fall of their own weight or meekly turn over the keys of power to more principled successors because they suddenly have come to appreciate their shortcomings. Voices of protest must be heard (as Gorbachev has heard them). What begins as a local and perhaps even individual voice grows slowly into a chorus. The words of protest become symbols; the details of protest are elaborated; voices are linked across official and cultural barriers; there is gradual consolidation around a core of issues and problems.

Two students of social movements have argued that they share certain common characteristics:

- social movements are segmented -- that is, several organizations bring the cause forward;
- they are led by individuals -- there is not one dominant leader able to speak for everyone;
- they make up a communication network; and
- they are ideologically bound together; whatever their differences they are together in facing a common enemy or opposition.

Where did the voices come from in eastern Europe? First, of course, from those suffering religious and ethnic oppression. Their voices were never effectively silenced. Fortunately, the voices also included some of the most talented writers, scientists, and intellectuals. Ways were found over decades to make their work available to others willing to risk reading it; organizations illegally printed and distributed a vast literature of protest, satire, and hope.

A second great wave of protest and reform appeared in Poland under the banner of Solidarity, a "labor union" that combined the features of political organization, pressure group, and moral advocate. The combination of Solidarity and a newly-invigorated leadership of a Polish Pope of the Roman Catholic Church revealed a broader popular base by far than any the government could claim.

A third great wave of reform grew out of international efforts to unite against the threat of nuclear war. These initiatives sprouted in officially atheist East Germany under a scorned and marginalized religious leadership.

The combination of personal courage, organizational savvy, and a new and inspiring mission of democracy suddenly became powerful enough to face down the tyrants. The tyrants, with one or two exceptions, proved to be cowardly as well as confused. They fell quickly. The new era of democracy began.

What strikes me most forcibly about all this is that the reform of eastern Europe and the Soviet Union is largely unexplainable in conventional terms of economic and political self-interest. Reform cannot be expected of oppressive and corrupt governments; bad government is the problem. There was no free marketplace, no powerful legion of business interests demanding economic freedom. In other words, there was a corrupt and lethargic and inept first sector of government; there simply was no second sector of the private marketplace of any consequence; the "third sector," as we know it, the vast and disorderly arena of voluntary associations doing the public's business as they see it, was illegal and underground.

Even so, the fragile, illegal, under-funded, and isolated voluntary action organizations -- "the nonprofits," as we unimaginatively call them -- still proved to be powerful enough to bring down the tyranny without bloodshed.

The goal of these efforts political parties, to form new even new countries. The societies - free, open, associations led the way to freedom. is not simply to create new coalitions and alliances or goal is to create new democratic societies--free, open, democratic societies. Voluntary associations led the way to freedom. What is their role in new democracies? What need do new democracies have for them? The powerless have become empowered, rich in new opportunities and ambitions. The new governments aspire to be democratic in terms that the rest of the world can accept. The economies are opening up to free trade and markets and foreign investment--to what is well called democratic capitalism.

Two related questions:

-Why, given such dramatic progress, should there be need for a third sector in these new democracies?

-As the writers of the new eastern European constitutions sit down to work, what advice have we to give them?

Addressing the second question first: Most prominent and intense is our urging for them to become free market capitalistic economies. The next lesson we preach is that of multiparty politics. Much less visibly and intensively we are providing advice on how to form and sustain and manage nonprofit organizations, even how to establish and manage foundations. (I don't know whether anyone is urging them to establish national endowments for the arts.)

Alongside the new business interests flowing from the west into the east there have been representatives of philanthropic foundations. Alongside scientific and technological information visitors have provided instruction in the nuts and bolts of how to set up a foundation and manage it. For several years discussions have been underway throughout eastern Europe to develop nonprofit organizations with the financial and technical help of Americans and western Europeans more skilled and experienced in such matters. Meetings are planned to bring together Soviet "social assistance" specialists and

Americans steeped in community action and the devices of charitable endeavor. With little attention from the media -- which continues to focus on the clumsy relations between governments and the narrow self-interest of business enterprise -- preliminary efforts to strengthen the third sector are under way.

Now the first question: Why should there be nonprofit organizations in the new democracies? Why not let the new political parties form the government and the new economic interests build the economy? What is the need for a third sector at this point?

The first answer -- the easiest and most familiar answer -- is that the political parties and the governments they form will fall well short of addressing the full array of problems left behind by a misguided and incompetent state socialism. The first sector in eastern Europe has a long and honored tradition of trained bureaucratic incompetence to overcome. Not all the old bureaucrats will have fled the scene; many will have to be driven out. There will be no bright and eager cadres of well-trained new bureaucrats ready to replace them. The free markets of the second sector do not develop in some smoothly expanding process but entail all sorts of disruption and dislocation. There will be sharp increases in unemployment in some areas and new crowds of homeless and ill-fed. Entrepreneurship is a beneficial weed, as someone once said; the free market is not a pretty place but a rose garden with a thorn for every petal. The imposed disciplines of authoritarian organization is well known in eastern Europe; what has to be learned is the self-discipline of responsible professionalism. The new virtues of the free market and of democratic government will not come quickly or easily.

Why a third sector? In view of what has just been said, the most common rationale for the third sector is the failure of the other two. Voluntary associations are often formed simply because the government and the market fail to provide all the things that people want, fail to protect all the people who have a claim to be protected. Governments fail when their only answer to ethnic minorities or voices of protest and dissent is oppression. Governments fail when bureaucracy operates for the benefit of bureaucrats. Economies fail when they fail to produce the goods and services that people need and can afford to buy. Economies fail when large numbers of people are excluded from the benefits of economic activity or when small numbers of people keep a large share of the benefits for themselves.

As Albert O. Hirschman pointed out so succinctly in Exit, Voice, and Loyalty twenty years ago, governments and other organizations go bankrupt when they fail to hear or to heed voices of dissatisfaction. As John Gall summarized it, governments and other organizations fail when bureaucrats believe that INTRASYSTEM GOALS COME FIRST.

II

The startling and inspiring promise of democracy in eastern Europe provides us with an extraordinary opportunity. We can use the experience now unfolding there to reflect on how our own system works. You may believe, as I do, that on balance and on the average

the United States is a "free and open and democratic society," a good society in some serious sense despite its failures. You may even share my sense of urgency that the underlying values and principles that make American society free and open become part of the working knowledge of the generations that will soon succeed us. It will be important for us to know the reasons why we are so fortunate in these matters, in contrast to those who are Hungarians or Albanians or Lithuanians.

My own search for the values and principles of democracy has focused on the third sector. It seems empirically demonstrable that the United States has the largest, most comprehensive, and most vigorous third sector of all the so-called great nations of the world. I have argued elsewhere that voluntary action for the public good is in fact America's most distinctive virtue. If those convictions are roughly true, then there must be some link between American philanthropic values and American democracy.

My search has pulled me in two directions: first, toward the religious traditions and practices of charity and philanthropy in western civilization, and second, toward the secular roots of democracy in modern western liberalism and rationality. Religion is important in this quest not only because of the values and principles to be found in religious philanthropy but in its magnitude. Religion is by far the largest category of voluntary giving and voluntary service. It is the category least deflected in its purposes by aberrations of the economy and of tax policy. Most of the religious tradition that still dominates our third sector is "Judeo-Christian." The parable of the Good Samaritan is but one of the powerful stories that shape our philanthropic attitudes. The principle of stewardship as articulated by Calvin and Wesley showed up in the behavior of the nonreligious philanthropy of Andrew Carnegie.

Research also seems to confirm that people who go to church frequently play a disproportionately important role in all areas of voluntary action, not simply the religious. Religious values permeate our public lives, even when we are being scrupulously observant of the separation of church and state. The arts and the environment, both dominated by secular values, are sustained by philanthropic values borrowed from religion. Education itself, public and now determinedly secular, expresses the religious value of serial reciprocity.

Balancing the religious and the secular is clearly one of the vital arts of our form of democracy. Arguments about the place of religion in democracy have persisted throughout our history. We can see in the futile efforts to eradicate religion in eastern Europe and the Soviet Union that religion lie entrepreneurship is also a beneficial weed and probably ineradicable.

Because religious organizations are usually thought of as voluntary associations, and because freedom of conscience and of worship are so widely valued, the religious as well as the political must be accommodated. Because power is vested in the political, government must provide the protections for the practice of religion. That government might also provide the economic resources to sustain religion is a tradition of western Europe and of many Muslim societies but not an American tradition. Quite the opposite.

In the United States, religion must fend for itself economically. Because of that hands-off tradition we have as much religion as we are willing to pay for -- which is a lot -- but not as much as someone in government decides that we need.

We turn not to Jerusalem but to Athens for the secular tradition that led to modern liberalism and democracy. For me the search for the secular roots of the philanthropic tradition has drawn me to the writings of those who created the American Constitution.

There are two sources of reflection on the relationship of philanthropy to the Constitution. The first is the Federalist papers; the second is Alexis de Tocqueville's Democracy in America. The central issue is the tension or conflict between the rights of the individual and the rights of the state. The rights of the individual are discussed in terms of self-interest, especially the forms of organized self-interest that James Madison and other called "faction." The rights of the state are discussed in terms of the need for unity and community: How can we organize our lives so that our self-interested behavior doesn't fragment and weaken and ultimately destroy us? How can we achieve some sense of community that is voluntary and not coercive, respectful of the dignity of the individual and yet sensitive to the collective requirements of political security and economic prosperity? On the one hand, Madison and his contemporaries perceived, there was the treat of faction; on the other hand there was the threat of the tyranny of the majority.

The American answer to the trade-off between the claims of self-interest and the claims of community is to be found in the First Amendment. Better to live with the risks of faction than to allow a majoritarian lowest common denominator to crush diversity.

These are, I believe, the essential arguments facing those now drafting and revising the new constitutions of eastern Europe. "Faction" there appears in its crudest and cruelest form: ethnic conflict. If voluntary association is the secret of the reform movement in eastern Europe, it is also likely to be the bearer of the most insidious enemy of democracy. Ethnic conflict--in its various linguistic, racial, and religious forms -- is war waged by voluntary associations of restricted membership against similar voluntary associations of different membership. These are voluntary associations that equate the "public good" with their own interests. From the perspective of Adam Smith's "impartial spectator," ethnic conflict disregards national and other political boundaries; ethnic conflict scorns economic rationality. Lebanon is our most poignant example of ethnicity as the ultimate value. Compared to ethnic faction, economic self-interest -- greed -- is a feeble emotion.

Despite the extraordinary success of the United States as an ethnic refuge, melting pot, and salad bowl, the United States did not eliminate ethnic conflict. Slavery and racism and other forms of ethnic persecution have flourished here on a scale to rival any other nation in the world. The United States long tolerated the subjugation of its black population. The United States all but exterminated the American Indian. (The long wars against the native Americans has to be our historical equivalent of the Holocaust.) Even in its treatment of groups more closely related -- southern Europeans, for example -- the

matter of establishing American culture was resolved more by conquest than by reason. The English victories over its French and the Spanish rivals for hegemony in the new world left us with the most widely shared resource we have: a single language.

We delude ourselves, perhaps, but no one else, if we imagine a past without those terrible realities, or if we impute a greater wisdom to Madison and company than they had. Great genius is enough; perfection isn't necessary. A conscious awareness of the Holocaust, the Soviet purges, the unceasing mutual hatred of ethnic groups in all parts of the world; of the vast and uncontrolled diversity of language and culture; of struggles for religious freedom that lead to religious oppression -- such awareness should caution us in our optimism that the new democracies will find a short and direct path to the free, open, and democratic ideal.

Madison and Hamilton and others of the founding fathers came to the profound insight that "the greatest of all reflections on human nature is government itself." Madison joined that insight to a view of human nature that gave full weight to the virtuous as to the vicious. Virtue in its more admirable forms provided the basis for hope that the destructive aspects of faction might be restrained and even countered.

Voluntary associations might also reveal a concern for the well-being of the community and not simply for the agenda of each association. The voluntary associations that Tocqueville celebrated provided community where there was no government and charity where there was neither tax nor tithe. Churches and denominations proliferated, ethnic groups arrived from every corner of the world (often seeking refuge from ethnic conflict). Voluntary associations were created to meet new opportunities and to attack persistent injustices. The common weapon available to every battler for justice or angel of mercy was the right to persuade others to come together around a cause, to form an organization, to raise the funds to advance the cause, to influence and cajole and often harass the political and economic establishment.

The genius of the system, if "system" it may be called, is captured in the First Amendment. Although most of us equate the First Amendment with the notion of a free press -- because the press continually proclaims its own importance the hidden power of the First Amendment is in the right of voluntary associations to intrude themselves into the public's business with no public mandate. One person acting alone cannot have much impact on public policy, and so organization is necessary; one person cannot command allies to join in, and so allies must be persuaded and recruited as volunteers. Once brought together, the members of an organization cannot be effective without resources, and so the right to raise money in the form of voluntary gifts is also essential to voluntary action.

To repeat the earlier caveat: voluntary association can be used for evil ends as well as good ones. By intent as well as by accident or inadvertence, voluntary action can be an instrument of the most antidemocratic sedition. (As a colleague likes to remind me, the Ku Klux Klan is also a voluntary association.) In a time of the abortion wars we should not need to be reminded that the single-mindedness of true believers in voluntary

associations could burn down the house (as their counterparts have been doing in places as remote and different as northern Ireland, Lebanon, and Sri Lanka).

III

The philanthropic tradition is, indeed, "the social history of the moral imagination." It is the moral imagination that has made us free and that has given us insight into the good society and the good life. It is the moral imagination disciplined and advanced by voluntary associations engaged in good works that has persuaded us to place higher value on new virtues of tolerance and cooperation and openness and community.

There is nothing guaranteed, however, that voluntary associations will behave in enlightened and humane ways. The realistic assessment of human nature offers caution and hope at the same time. The framers of the American Constitution wagered their future and ours on the hope that divisive faction would become a unifying pluralism.

I have often thought in recent months about those charged with writing the new constitutions of eastern Europe. What is their view of human nature? What is the source of their wisdom about the trade-off between faction and the tyranny of the majority. If all we offer is a sanitized and idealized version of our own history and experience, we will not help them very much. We will also throw put blinders on our own eyes.

Unless we ourselves engage in serious and candid exploration of the awesome power and flexibility of voluntary action we will be like children playing with an expensive and dangerous toy. Unless we think of philanthropy as a First Amendment right, and understand voluntary association as the indispensable organization of modern democracy, we will not remain a more favored nation. Worse, we will have abandoned our children in the wilderness.