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Abstract

As the articles in this special issue demonstrate, the emergence of government-voluntary sector compacts around the world is intimately linked to comprehensive transformations the welfare state is undergoing in many countries. The fact that the first compact was developed in England is significant; since the early 20th century, the development of the welfare state in many societies has been significantly influenced by the ideas coming from policymakers, scholars and advocates in the United Kingdom.

KEYWORDS: government, civil society, nonprofit organizations, agreements, policy, politics

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As the articles in this special issue demonstrate, the emergence of government-voluntary sector compacts around the world is intimately linked to comprehensive transformations the welfare state is undergoing in many countries. The fact that the first compact was developed in England is significant; since the early 20th century, the development of the welfare state in many societies has been significantly influenced by the ideas coming from policymakers, scholars and advocates in the United Kingdom.

At the beginning of the last century, Beatrice and Sidney Webb argued forcefully for the creation of government-supported social assistance and care. Albert Beveridge was a forceful advocate for the post-World War II expansion of the British welfare state including the establishment of the National Health Service (NHS) and extensive personal social services provided by local government. Beveridge was also a supporter of the voluntary sector, but believed it had important limitations in its capacity to provide universal and effective social and health care, which was increasingly seen as a hallmark of an advanced welfare state. This Beveridge vision of the welfare state was very influential in the UK but also elsewhere, as the welfare state grew during the ensuing decades even in countries with much different governmental structures, institutional legacies, and historical antecedents.

In the last 25 years, Beveridge's vision of a welfare state has undergone a major transformation. The New Public Management (NPM) movement that encouraged the implementation of market-based policy reforms has included – but not been limited to – contracting for public services with voluntary and for-profit organizations, extensive public-private partnerships, greater emphasis on outcomes and performance, and vouchers for social care. At the same time, widespread interest existed in social capital building, community engagement, community service, and voluntarism, leading to numerous public policy initiatives reliant on voluntary organizations at the local level. The resultant growth of voluntary organizations supported with government funds means that the voluntary sector is now on the front lines of the welfare state in important and consequential ways. Also the social rights noted by the British sociologist T.H. Marshall as another hallmark of the welfare state, are now contingent on the performance of voluntary agencies.

The intertwined relationship between government and the voluntary sector is today marked by increasing organizational and political complexity. Governments face ongoing pressure and responsibility for the adequate accountability and performance of voluntary agencies, and more generally to meaningfully address urgent social and health problems. In many countries the social service system is more fragmented, in part due to increased contracting and

the parallel expansion of the voluntary sector and private enterprises. For their part, voluntary agencies face more intensive regulatory oversight and funding constraints. Competition for public and private resources has escalated markedly. Especially in policy fields such as community care and workforce development in the United States, but also in other countries in fields such as primary education and health care.

Given these developments, there is strong incentive for the voluntary sector and government to work together to resolve issues of mutual concern. In some countries, such as Germany and the Netherlands, government and the voluntary sector have longstanding corporatist bargaining relationships that involve large peak associations representing the voluntary sector and government policymakers. In the UK, the growth of the voluntary sector led to a more prominent and vigorous role for intermediary organizations representing the voluntary sector including the National Council of Voluntary Organisations (NCVO). With support of the Blair government, the UK Compact between government and the voluntary sector was officially launched in 1998 as a strategy to promote a closer working partnership between government and the voluntary sector. The Compact has subsequently attracted attention from many countries around the world. Formal adoption of compacts has occurred in Australia while other countries including the United States have tried to develop other forms of more structured working arrangements with specific norms and expectations between government and the voluntary or nonprofit sector.

Compacts are attractive to policymakers and the staff and volunteers of voluntary sector organizations. They employ a deliberative problem-solving process to resolve important issues with government, especially regarding pertinent regulations and funding levels and priorities. Further, compacts offer government officials an opportunity to “manage” the increasingly diverse and complex universe of voluntary agencies in a way that the voluntary sector voice supports government policies and programs. Compacts also provide intermediary associations, such as the English NCVO, with legitimacy and respectability which can be helpful with member recruitment and retention as well as the attainment of key goals such as favorable regulatory and funding policies. Consequently, compacts may help NCVO and similar organizations to uphold greater “autonomy” for the voluntary sector from intrusive government regulations. The compact may offer symbolic benefits to government and the voluntary sector, fostering a broadening political support for joint initiatives.

Despite the widespread appeal of compacts, direct replication has often been difficult. In the United States, many states work closely with nonprofit agencies and their associations. Some states and localities have even appointed official liaisons to the nonprofit sector. Yet, formal compacts similar to the UK model have not developed, due in part to a very fragmented nonprofit sector and

the decentralized political structure of the U.S. In Canada, concerted efforts to establish a compact were eventually unsuccessful.

Despite the political challenges facing compacts the UK Compact remains in force. Countries such as Australia and Sweden, as noted in this special issue, have also created compacts between government and the voluntary sector. Nonetheless, trends in public policy and the welfare state challenge the relevance and influence of compacts. Compacts strive to place the voluntary sector at the center of public policy development and implementation, particularly when it pertains to key public services such as social and health care. However, for-profit firms active in social and health care are growing in prominence in many countries, including the UK, Australia, Sweden, Germany, and the U.S. The more competitive environment for government contracts and private resources tends to lessen the relevance of the compact since the government has more options for service delivery, reducing the incentive for the government to resolve issues within the context of the compact. Also, the recent fiscal crisis reduced government resources, thus making it more difficult for governments to support compact goals, such as adequate funding of contracts with the voluntary sector. Increasingly, voluntary agencies seek to diversify their revenues through earned income and corporate partnerships, which reduces their reliance on government funding. Consequently, voluntary agencies may be less committed to the structured process of the compact. The widespread emphasis within welfare state policy on client choice, evident in the greater use of vouchers and the personalization of care, also undermines the importance of the direct government-voluntary agency relationship.

Given these trends in the welfare state, the future of compacts is highly uncertain. Government and voluntary agencies remain in a complex and interwoven relationship, creating powerful incentives for a more structured forum for problem solving on issues of mutual interest. National agreements such as the UK Compact may be less workable and sustainable than regional agreements that take advantage of local professional and personal networks. Regional compacts also tend to focus on a more manageable set of issues than national compacts. Regardless of the setting, though, compacts are unlikely – at least in the more Anglo-Saxon cultural contexts as discussed in this special issue – to forestall the continued challenges to the centrality and autonomy of voluntary agencies within the context of the welfare state. As a result, the staff and volunteers of voluntary agencies would be well served by active efforts to mobilize community and political support on behalf of their agencies, working with intermediary agencies to represent their interests. Associations representing voluntary agencies may also benefit by alliances with major public and private institutions in support of their policy priorities.

In sum, the UK Compact was a highly visible acknowledgement of the transformation of the earlier version of the welfare state and the government-voluntary sector relationship. The subsequent difficulties encountered by compacts around the world are also an indicator of ongoing developments in the welfare state that continue to affect the voluntary agencies and their communities. Voluntary agencies and their supporters need to develop a political strategy to influence these welfare state developments to effectively serve their communities and the local citizenry.