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A Journal of Nonprofit Policy

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Abstract

A litany of major contemporary policy issues confront nations around the globe, stemming from economic recession; failures of financial systems, longer term environmental, social and economic trends; and political tensions in various world regions. A salient feature of these issues is the prominence of government and business as the principal protagonists in policy deliberations as well as the less visible, more diffuse presence of the third sector as a significant factor in policy change. One reason for the sector's muted role is a dearth of channels through which policy issues and processes involving nonprofit organizations can be rigorously analyzed and discussed. The purpose of *Nonprofit Policy Forum* is to provide such a channel. Several key areas of public policy compose the broad agenda for this journal. These include defining the boundaries and interfaces of the sector with those of government and business; articulating how the third sector can be held accountable for its performance; analyzing how nonprofits can become more effective in advocating for constructive social change; and assessing how the sector can contribute more effectively to economic well-being, the protection of the global environment, the energy needs of citizens' worldwide, the security concerns of citizens in the context of global terrorism and inter-group conflicts, the political development of civil society, the advancement of democratic governance and individual freedom, and the evolution of social justice.

KEYWORDS: policy, journal, issues, process

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When I wrote the first draft of this essay in December of 2008, the world scene was dreary and ominous. The economies in the developed world – North America, Europe, Japan, and Australia - were in a deepening recession, the worst in the U.S. since the great depression of the 1930s. The burgeoning economies of China and India were also slowing down, while many of the poorer countries in Africa, the Caribbean, Asia and Latin America were hardest hit. Some places such as Darfur and Zimbabwe suffered from the twin maladies of the global economic recession and politically repressive regimes that destroyed their capacities even to assure the physical safety of their citizens. Even the petrodollar regimes in Russia and the Middle East were strained, as oil prices, which only recently had reached staggering new peaks, plummeted to a third of their previous value, constraining these countries from pursuing development plans and triggering social unrest.

I was hoping that by the time we began publication of *Nonprofit Policy Forum* that things would be looking up. Indeed, as I revise this final draft in September of 2010, there are signs that the economy in many parts of the world is improving if only slowly. In the U.S., Congress has passed financial reforms designed to head off another economic meltdown, but high unemployment persists, leading the President to propose new spending on infrastructure and tax incentives for small businesses. In Europe, we saw the euro plunge as a result of sovereign debt problems in the Greek economy that threatened to spill over into Portugal, Spain and other members of the Euro zone, yet belt tightening in Germany and the UK seems to have put these countries on more stable ground. Labor strikes in South Africa and France reflected continuing tremors of economic adjustment to the new global economic conditions. Floods that threatened to destabilize Pakistan drew worldwide attention and (perhaps insufficient) assistance to that country. Japan's political leadership continues to undergo rapid turnover as the country tries to cope with a stubborn economic malaise. And even as the global economy stutters, China experiences monstrous traffic jams and increasingly loud calls for economic and political reform and devaluation of its currency.

The underlying thread in much of this instability and tension is globalization of the world's economy. The "Great Recession" was sparked by a housing bubble and credit crisis in the U.S. that set off shock waves around the world, rocking stock markets, widely constricting credit, and requiring governments to bolster their banks and key industries through enormous infusions of cash, guarantees and other measures. This story repeated itself in Europe as the potential insolvency of Greece required a massive financial response by the European Central Bank in order to avoid the interwoven economies of Europe, the U.S. and many other countries from slipping back into recession. Moreover, this pattern of economic interdependency involves not just interlinked crises but also

critical developments that operate over the longer term. For example, technology that enables the employment of lower cost workers in India in various service industries depresses wages for workers in the United States. Agricultural subsidy policies in Europe and the U.S. undermine the opportunities of farmers in developing countries from competing in world markets. Increasing demand for illegal drugs in the U.S. fosters the underground economy in Mexico and spills over into anti-immigrant sentiment in bordering U.S. states. No country is immune from major shocks or secular trends in the economies of numerous others; the world is now interconnected in ways that were unimaginable just a half century ago.

Global interdependencies are political as well as economic. Terrorism nurtured in camps in Pakistan spills over into neighboring Afghanistan and haunts Europe and the U.S. While there is some optimism associated with a new round of peace talks, conflict in the Middle East shows few signs of abating, as the government of Israel and the Palestinian Authority remain at loggerheads over settlements and other issues, helping to maintain the tensions between the Islamic world and the west. Even seemingly isolated troubles such as Robert Mugabe's repression in Zimbabwe, the recent street riots in Bangkok, the military posturing of North Korea, and the pirates off the coast of Somalia, raise international concerns and spark efforts to prevent the dangers from growing out of control.

There is no separating all of this economic and political turmoil from the environmental and energy-related issues that confront the planet. Thus a volcano in Iceland decides to vent, disrupting travel to, from and within Europe over a long and unpredictable time period, putting a dent in an already fragile economy. At least in this case one can appreciate that there was nothing to be done short of planning for unexpected contingencies. But most other issues derive more directly from human sources. For example, growing demands for energy by Western countries, especially the U.S., have shaped a geopolitical landscape in which the environment is put at risk and human rights issues are neglected. Thus an exploding drilling platform despoils the Gulf of Mexico, while the world's appetite for oil empowers petro-dictatorships, and induces western democracies to look the other way at human rights abuses in countries whose resources are coveted. Moreover, efforts to reach global agreements on climate change have been undercut by the competing aspirations of rapidly developing countries such as India, China and Brazil which are asked to curb their appetites before reaching levels of economic parity with the developed world. Even the efforts of western countries to develop alternative sources of energy, like corn-derived ethanol, have undesirable global effects such as the escalation of grain prices that undercut the world's poor from buying the food they need to sustain themselves.

The litany of serious, globalized maladies that now afflict us is much more extensive and nuanced than any brief review can successfully sketch. It is not a

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simple picture and there are no clear or sweeping solutions. Yet, an important piece that seems not to receive sufficient attention in the great debates around these issues is the role of third sector organizations in addressing them, and public policies that might enable and empower organizations in this sector to do so more effectively. One has a sense that nonprofit and nongovernmental organizations do great things in connection with many of these grand issues, but their roles as central players in the drama is often lacking, misunderstood or underappreciated . There are exceptions, of course, as when the Gates Foundation announces a global assault on AIDS or the Carter Center suggests that with some relatively modest additional resources its efforts have a chance to eliminate River Blindness. Organizations such as the International Campaign to Ban Landmines and the Coalition for an International Criminal Court have also played pivotal roles in implementing important, attention-getting policy changes. And there are other areas where the efforts of nonprofits are certainly seen as essential to addressing the issues, such as in relief efforts in Africa or the rescue and rebuilding initiatives following the devastation of the tsunamis in the Indian Ocean or after hurricane Katrina in New Orleans. Even in the latter cases, however, third sector efforts are commonly framed as modest adjuncts to the policy initiatives and programs of government.

Moreover, nonprofits sometimes appear to be on the wrong side of the problem-solving divide, for example by joining queues for government assistance such as funding to bolster sinking pension funds for their employees or claiming shares of bailout funds intended to stimulate the economy. It is perhaps unfortunate that nonprofits sometimes need to ask for help from government to protect their own financial integrity, especially when they are hurting because of factors beyond their control – including cutbacks in government funding for the services they provide. Certainly financially healthy nonprofits are needed as key elements in addressing the severe problems stemming from the fallout of economic, environmental and social crises. For instance, there is merit in considering nonprofits as new sources of employment to stimulate or restructure the economy, as suggested in recent European experiences with social enterprise programs (Borzaga and Defourny, 2001). However, a robust public policy approach to the third sector must involve much more than just conceiving nonprofits as government contractors, funding conduits or employers of last resort. It requires stronger nonprofit voices and partners in the policymaking process as well.

The relative dearth of attention to the third sector in framing and implementing policy solutions seemed most evident in the context of the recent economic crisis. The spotlights have been on government and business – including huge governmental bailout programs and legislation to prop up and restructure the world's financial systems and key industries such as automobile

manufacturing. The emphasis has been on government solutions and incentives for business, including an economic stimulus package and rebuilding of public infrastructure such as roads and bridges, health care and educational systems, investment in green technology and fixes to the housing market. Where is the third sector in this discussion? Certainly there are many third-sector implications of the proposed policies. Nonprofit schools, social agencies, environmental and energy-focused groups, and hospitals, clinics and research institutions, all stand to be affected – in terms of new mandates for service, financial support, regulatory impacts and opportunities to pursue innovation, but they seem not always to be major players or audible voices in the deliberations that are shaping these policies in the first place. They do influence policy-making through their diverse, sometimes conflicting advocacy work and they are often the implementers of policy that requires nonprofits as delivery agents for funded or mandated services. Frequently nonprofits also offer a reactive and defensive voice to policy proposals, especially when attacked or left out of the benefits packages in proposed legislation. But often nonprofits fail to offer a cogent or coherent voice in shaping the debates. Can they? Should they?

In part, the answers to these questions depend on how we define the scope of the nonprofit sector and the stages in the policy process where nonprofits can insert themselves. Political scientists have long studied the role of interest groups in shaping public policy and would generally argue that these groups, representing business, professional and various collective citizen interests, have been tremendously influential in framing and promoting policy change, at least in the American context. Since the 1960s in the U.S. there has been an explosion in the number of such groups (Jenkins, 2006). Berry (1999) argues that, despite the dominance of business and professional interests in the domain of lobbying and advocacy, citizen groups - which are an intrinsic part of the third sector by most definitions - are influential beyond their numbers in framing public policy debates and influencing politics and governmental decisions. Organizations such as Ralph Nader's Public Citizen, the Sierra Club, the National Organization for Women and the National Resources Defense Council can point to many successes in shaping policies in the U.S. over the years.

Similarly, at the international level, global advocacy networks, consisting of loosely linked groups of nonprofit advocacy organizations, social movements, foundations, media, churches, unions, consumer organizations and governmental units, are increasingly prominent in addressing such pervasive issues as human rights and environmental protection (Keck and Sikkink, 1998). These networks are able to address policy issues both at the transnational level through their influence on intergovernmental organizations such as the U.N. and World Trade Organization and at the country level by bringing international pressure to bear on particular national governments that engage in offending practices.

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We intend that the pages of this journal will deepen our understanding of citizen groups and advocacy organizations and networks as important elements of the nonprofit sector's role in public policy development. But we also hope to expand the frame of reference so that lessons from the successes and failures of such entities can be applied to the third sector as whole. In particular, how can public benefit-oriented nonprofit organizations, including traditional charitable nonprofits, nonprofit federations and associations, independent and community foundations, new forms of social enterprise that blur the borders between sectors, public/private partnerships, as well as advocacy organizations and networks per se have a greater beneficial impact on public policy development, and how can public policy better support the role of these organizations in achieving desired social goals?

Addressing these questions not only requires a broader definition of the nonprofit sector but also a more comprehensive view of the policy process. This process can be complex and messy, involving a series of overlapping and intertwined activities such as defining the problem, formulating solutions, organizing constituencies, influencing legislative and administrative agendas, and implementing, funding, evaluating, maintaining and modifying governmental programs (Jones, 1984). In this connection, Jenkins (2006) identifies four broad stages for nonprofit advocacy groups to influence the policy process: getting an issue onto the political agenda; securing favorable decisions; ensuring that these decisions are implemented; and making sure that these activities create favorable social outcomes for specific constituencies. Jenkins's review of studies on nonprofit advocacy organizations suggests successes and challenges in each of these stages and the need for substantially more research in order to discern what factors contribute to achieving political and social change.

It is noteworthy that changes in one policy domain can often affect concerns in other domains (for example, phasing out of the estate tax in the United States was not intended by its advocates to undermine incentives for charitable giving but rather to make the tax system more fair and robust in terms of revenue capacity). However, nonprofit advocacy organizations, including citizen groups and networks, tend to be singularly focused on particular issues and impacts. The narrow foci and idiosyncratic organizational cultures of many nonprofits can inhibit them from joining in larger and more effective coalitions for the promotion of policies of common interest. Add to this, the frequent reluctance of government or philanthropic institutions to encourage such coalition building for fear of losing control of particular domains of interest. In sum, the complexity and multifaceted nature of the policy process lies well beyond the capacities of citizens' groups and advocacy organizations and networks alone and is one reason why the broader nonprofit sector is yet to achieve parity with business and government as a factor in public policy determination.

This lack of parity is reflected in theory that social scientists have developed over the past three to four decades, and upon which we heavily rely to understand the role of the nonprofit sector in the policy process. This theory paints a picture largely of a residual sector mostly devoted to provision of services, buffeted by its larger sister sectors – government and business - and having to define itself in terms of the failures and shortcomings of those other sectors (Steinberg, 2006). This perspective in turn tends to frame nonprofits' role as a complementary function rather than as a primary engine of policy development and formulation, and as an implementer rather than architect of public policy. This view seems to color our approach to the various crises that the world now faces: Fixing the credit system requires governments rescuing banks and securities firms. Stimulating the economy and slowing job losses requires saving automobile companies and putting cash or tax incentives into the hands of consumers and businesses. Solving energy and environmental problems requires new government regulation of mileage and effluent standards, incentives for businesses to invest in energy-efficient and cleaner technologies, and carbon cap and trade systems in the commercial sector. Addressing issues of famine, disease, human rights violations and oppression in conflicted and afflicted developing countries is largely determined by governments' willingness to commit resources and take risks to protect vulnerable populations within the constraints of politics and military considerations. To be sure, politically-oriented think tanks like the American Enterprise Institute or the Brookings Institution have been highly influential in shaping the partisan agendas of the political parties in the U.S. and by implication the general shape of the policy agendas of successive administrations. Moreover, nonprofit think tanks and universities, advocacy groups and associations, and other activist organizations such as the Carter Center or Doctors without Borders participate vigorously in the marketplace of ideas that have shaped some of these policies as they work to promote and negotiate solutions. But this motley collection of third sector organizations is too rarely instrumental in influencing the direction and implementation of constructive policy change.

The reasons for the third sector's relatively diffuse and often muted role in policy development are complex. On many important matters, the sector is not able to speak with one voice, nor should it necessarily do so, given its diverse composition of interests representing many different opinions and points of view, although there are common policy issues of sector integrity and effectiveness around which they could coalesce. Often, the term "special interest" is derisively applied to nonprofits promoting a particular public policy viewpoint, even in such matters as environmental conservation or human rights, even though nonprofit advocacy groups emphasize their public purposes so as to distinguish themselves from purely economic interest groups (Jenkins, 2006). In order to impact public

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policy, any one organization or coalition needs to rise above the cacophony in order to be heard and taken seriously in the public arena and in the halls of governmental policy making, but few nonprofit entities have the resources, leadership skills, and focus to do so. Additionally, while the nonprofit sector is a creature of government in many respects, it is not widely perceived as essential to proper functioning of government, despite its extensive interactions and relationships with the public sector. This may be appreciated by comparing the role of nonprofits with the role of the press (media) in shaping policy formulation and debate. The press is commonly referred to as the "fourth estate", a virtual fourth branch of government without whose independence democracy cannot thrive. Ironically, the diminishing independence of the press from big business interests and by extension the political establishment in many countries, especially in view of the secular trends towards consolidation and globalization of news services and broadcasting into huge media conglomerates, puts this essential fourth estate in jeopardy as a mechanism of accountability and independent thought in the policy process. One might ask then, where is the nonprofit sector in all of this? There are few independent nonprofit media organizations, exceptions being public radio and television in some countries and independent bloggers, some of which represent third sector institutions. A case can be made that the third or nonprofit sector, whatever name and form it takes in various countries, is often the one segment of democratic society that does maintain a significant level of autonomy from both commercial and established political influences, hence its potential to independently shape and influence public policy for long term societal benefit. Indeed, as Berry (1999) points out, the successes of many citizen groups are attributable to their media savvy and ability to get their messages heard, even through flawed media institutions. It is important therefore to flesh out why the sector can often be anemic in pursuing its policy role and to consider how it can become more robust and effective.

The irony of this situation may be traced to the origins of the sector in law and policy. In the U.S., for example, the sector did not take formal shape until corporations were recognized as discrete legal entities, autonomous from government, in the Dartmouth College case before the U.S. Supreme Court early in the 19th century (Hall, 1992). Without a defining public policy and legal code, there is no formal third sector, though the sector may exist informally. The parameters of such public policy determine whether third sector organizations operate informally or underground, as controlled extensions of the state, as constrained agents of service delivery without substantial leeway for independent action or voice, or as independent organizational actors in a democratic, civil society that can advocate for policy change and deliver services according to self-conceived missions. This is the highest level at which public policy interfaces

with the nonprofit sector – defining the nature of its existence and the range within which it has freedom of action.

Parenthetically, it is interesting that the chronological connection between nonprofits and government is sometimes reversed, with nonprofits preceding the formation of government. For example, the Israeli government derived from NGOs that existed under British rule when the state was formed in 1948. Along the same lines, (formal and informal) NGOs were substantially responsible for achieving regime change and democratization in Central Europe and Latin America in the late twentieth century. This is yet another area where additional knowledge and research would enhance our understanding of nonprofits in the policy process.

Just under the level of sector defining statutes are laws and policies that regulate the sector and restrain or enhance its resources and its ability to formulate and voice its policy positions and concerns. In the U.S. and countries across the globe, the nonprofit sector operates within important constraints that define its room for engagement in policy debate. Charitable status that allows a nonprofit to enjoy enhanced tax benefits such as the deductibility of charitable contributions from personal or corporate income taxes or exemption from property or sales taxes, is often coupled with inhibitions on political activity or explicit engagement in the promotion of partisan agendas. More subtly, nonprofits that are well funded by government programs are often understandably cautious in undertaking policy initiatives so as not to jeopardize their support, even where these initiatives would enhance their mission effectiveness and no matter that they take the trouble to organize their policy-related efforts under separate legal structures to insulate advocacy from service delivery. Even where nonprofit institutions are relatively fearless in mobilizing around common causes and promotion of policy change, they can put themselves in jeopardy. In the U.S., churches constitute an obvious example. The long term efforts of the Catholic Church in the U.S. to oppose the use of public resources for programs involving birth control or abortion, at home and abroad, have probably undermined membership support by U.S. Catholics over the long term. More dramatically, the recent case of the Mormon Church's support of Proposition 8 in California opposing gay marriage brought scathing criticism upon that institution.

The oil and water mix of nonprofit involvement in politics has of course been even more problematic for countries recently emerging from autocratic government to democracy, the countries of eastern and central Europe being principal cases in point since the fall of the Berlin Wall in 1990. These and other countries have struggled to find the line between political parties and nonprofit organizations that would allow emergence of a strong third sector without unduly threatening governmental authority. The work of the International Center for Nonprofit Law and other groups helping such countries write their nonprofit-

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related laws have largely focused on defining that line. By implication, nonprofits in these countries have been understandably chary of crossing it through overly vigorous participation in the policy process. In some countries, such as Russia, the retreat of democracy has been accompanied by significant clipping of the wings of third sector organizations in recent years. Even where nonprofits operate relatively freely, for example, transnational organizations such as Doctors without Borders, Transparency International or the International Rescue Committee, the constraints on policy-development and political initiative are apparent. Such organizations have the flexibility to develop, articulate and promote policy positions but they are relatively impotent to move them forward towards implementation. This must largely be done through national governments or through governmental compacts such as the United Nations, the World Trade Association or the World Bank, or by building public opinion to influence these entities indirectly. A Robert Mugabe can still keep them from influencing policy or even delivering relief in Zimbabwe and, until recently, even in democratic South Africa public officials could prevent third sector organizations from influencing and transforming an ill conceived policy on AIDS. In any case, a nongovernmental organization with a social mission can put its program, and even its people, in great jeopardy by challenging entrenched and authoritarian political regimes in areas where it wants to do its service work.

So here is the dilemma. Countries around the world, and indeed international society as whole, face grave economic, social, environmental and political problems. Policymaking regimes as currently constituted often revolve around the notion that governments need to solve the problems, perhaps in partnership with the business community and less often in collaboration with nonprofit groups. (The notion that business can solve societal problems is a premise recently challenged by Michael Edwards (2010) in his monograph on "philanthrocapitalism".) Certainly the argument can be made that government and business are substantially responsible for these grave problems as much as they represent the source of potential solutions. Meanwhile, the third sector, despite its potential for developing creative and path breaking solutions, has too often been a rare and ineffective influence on the policy process, for reasons cited above. Commonly, the third sector is treated as a vehicle of policy implementation, sometimes as a feared or respected watchdog over governmental and business affairs, but just as often as a nuisance or a threat to the formal policymaking establishment, and too rarely as a means for conceiving and promoting policy change. This pattern varies widely of course, among countries and across fields of concern. Government is more likely to work with nonprofits on social programs for vulnerable populations than on fixes for the economy, and the policy effectiveness of nonprofits in some countries such as in Scandinavia may be stronger than those elsewhere because advocacy is considered a prime

function of the third sector in those countries. Clearly we have much to learn about such patterns and what can be done to exploit the potential of the third sector for addressing societal problems more effectively in places where that is needed.

As with professional and scholarly journals and books in other applied fields that seek to make a difference in people's lives, *Nonprofit Policy Forum* is premised on the notion that knowledge is power. More specifically, we argue that nonprofits have not fully exploited their potential for convincing argument in the policy process. This failing stems from a variety of factors including the lack of sector cohesion and the competing interests within the sector, risk-averse attitudes towards offending the political establishment or key constituent groups and defensiveness and resistance to policy initiatives that threaten the status quo. But it is also attributable in part to the intrinsic predilection of the organizations in the sector to favor social action and consensus building, and political defensiveness, over rigorous analysis and sharp articulation of policy positions. Two examples from the U.S. are illustrative. Both involve experiences of the Independent Sector, an umbrella organization constituted to promote the third sector and represent its interests at the national level (Young, 2010). Since the early 1990s, the U.S. Congress and the Internal Revenue Service have had on their agendas proposed reductions in the estate tax that would limit or eliminate tax liabilities of personal estates. The debate over these proposals paralyzed Independent Sector because it pitted the interests of rich donors who favored such tax reductions against the interests of philanthropy-dependent operating nonprofits that understood that the changes could very well reduce incentives for philanthropic giving. Research on the subject supported the latter view but was by no means robust. Further research could have enhanced the debate and brought clarity to the issue and might have stiffened Independent Sector's ability to support a position that might have been unpopular with one or another of its valued constituencies. But there was no *New England Journal of Medicine* for nonprofits where partisans in this debate could turn for definitive and convincing results. The debate petered out and policy was implemented that is probably detrimental to the ability of nonprofits to mobilize the resources it now needs to help address the gathering storm of social and economic problems.

More recently, Independent Sector has taken a lead role in mobilizing the sector in response to threats from the U.S. Congress to impose stricter accountability regulations on nonprofit organizations. These threats stemmed from various sources including public dissatisfaction with the performance of prominent U.S. nonprofits after 9/11 and in connection with natural disasters such as Katrina, and various other issues including rising costs in health care and higher education, the accumulation of large endowments, fraud and financial scandals in the sector, and eye-popping salaries of some top nonprofit executives.

The questioning of the performance, leadership and governance of nonprofits has also occurred in the context of massive corporate failures in the for-profit sector such as those at the Enron Corporation and WorldCom (and more recently Bear Stearns and Lehman Brothers). The popular thinking was that nonprofits are not much different than for-profits and thus reforms in corporate governance imposed by the Sarbanes-Oxley legislation that held top executives directly responsible for the financial performance of their institutions should be extended to the nonprofit sector. Whatever the merits of the arguments for or against such an initiative, it is notable how Independent Sector responded to this issue. IS's strategy was certainly politically savvy, involving the building of a close relationship with the U.S. Senate Finance Committee and its then chairman Senator Grassley, gathering a consensus of opinion from leading philanthropists, nonprofit sector leaders and some academics, and synthesizing and promulgating a set of guidelines for "self-regulation of the sector" presumably pre-empting harsher government oversight that might have resulted from federal legislation. While this was undoubtedly politically ingenious it was based on practically no rigorous analysis of the issues and problems that precipitated the crisis or the solutions proposed by different parties to the debate. Overall, the situation remains in limbo, with no clear way forward towards responsible accountability policy for nonprofits in the United States. Our argument here is that a policy-focused journal that could have brought to the table rigorous analysis and debate would have been valuable, and perhaps would have allowed Independent Sector to take a stronger leadership position on specific policy proposals without excessive political exposure. One could make similar arguments for other nonprofit associations and organizations that engage in the policy advocacy process. In principle, positions taken in the sector should be based on more rigorous and objective analysis, given the public trust that underlies the privilege of operating in nonprofit form. Such organizations ideally should be able to support policy research units that rise above the political fray. However, recognizing the extant political pressure, a viable and perhaps preferable alternative is to have a respected, independent policy journal that can objectively referee the research and scholarly arguments brought to bear on important public policy issues affecting nonprofit organizations and the fields of action and service in which they engaged. That is what we argue here. This journal can aspire to bridge scholarly analysis and the practice of policy formulation, implementation and evaluation. In doing so, we must welcome contributions to these pages by policy makers, nonprofit leaders as well as scholars per se, and aspire to present the writings here in an accessible and jargon-free way that encourages communication among scholars, nonprofit executives and policymakers..

Having made this argument for a strong, rigorous, independent policy journal for third sector-related issues, what is the policy agenda to which this journal should address itself? Clearly there is no static answer to this question; hence, the journal should be limber in adapting to the times as circumstances change. But there are certain universals that seem to carry across eras and international boundaries. Moreover, the present urgencies in solving the world's economic, political, environmental and social crises are unfortunately not ephemeral and will be with us for some time to come. The question is how this journal can insert itself into these urgent deliberations in a manner that elevates the role that the third sector can play in contributing to effective solutions, either directly or by seeking improvements in government or business. More broadly, we should encourage discussion of different schools of thought on the roles of the state, civil society and business in shaping public policy and addressing social problems.

In the spirit of constructive inquiry, let me suggest the following general areas of analysis and discussion where the journal can potentially make an important mark. These areas reflect two categories of interest – policy issues that involve the third sector as a whole, and policy issues that focus on particular areas of social or economic activity where nonprofit organizations are integrally involved. In the following list of issues to be briefly discussed, this distinction is sometimes hard to make, and I will not offer a sharp separation. Certain policy areas such as energy and environment, security and inter-group conflict and social justice fall more in the domain of certain segments of the third sector, while others, such as sector boundaries and sector accountability are more universal.

Here is my list. *Nonprofit Policy* Forum will welcome scholarly analysis on all of the following topics and others as may interest our readers and contributing scholars: (a) policy that defines the boundaries and interfaces of the sector with those of government and business; (b) policy that articulates the ways in which the third sector itself is held to a high level of responsibility for its performance in addressing its social obligations; (c) policy that allows the sector to contribute more effectively to the economic well-being of citizens in various countries and regions around the world; (d) policy that allows the sector to contribute more effectively to the protection of the global environment and to the energy needs of citizens' worldwide; (e) policy that allows the sector to help address the security concerns of citizens in the context of global terrorism and inter-group conflicts in their various forms and contexts; (f) policy that helps the sector contribute to the political development of civil society, democratic governance and individual freedom in various countries and regions and to the wider discourse on global civil society; (g) policy that facilitates the evolution of social justice within and among alternative ethnic, religious, and other social groups in countries and regions around the globe; and (h) policy and process that

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allows the sector to be more effective in its advocacy function in achieving constructive social change at the local, national and transnational levels. This is a very large agenda, liable to be relevant over an indefinite period as the journal evolves over time. Some illustrative topics that we hope to see discussed in these pages in the future, within the above categories and relating in various ways to the multiple policy issues facing societies worldwide, are considered next.

Defining Sector Boundaries

All countries struggle with defining and delineating the parameters of the third sector. In terms of its interface with government, what is the sector's leeway in engaging in political advocacy and partisan activity? How do constrictions on such activity correspond with the level of tax-related and other privileges afforded to organizations in the sector? Where is the borderline between free speech and the right to associate on the one hand, and the security needs of a democratic regime on the other? In terms of interface with markets and profit-making business, what should third sector organizations be allowed to do or not do in the commercial sphere and in supporting themselves through the generation of financial surpluses? Indeed, what legal forms of enterprise can third sector organizations take and still retain tax privileges and other advantages over business? Is strict interpretation of a non-distribution of profits constraint desirable or do cooperative and limited profit forms work just as well? Relatedly, how should third sector organizations be governed – can the structure of governing boards and governmental regulations ensure that third sector organizations act in the public interest without imposing severe constraints on financial surplus distribution?

Clearly different countries answer these questions in different ways but there is insufficient comparative research to know what works best in different circumstances. In particular, what arrangements encourage the most robust sector and position it to address pressing social problems with the greatest vigor and effectiveness?

Accountability Policies and Practices

Nations vary widely in the degree to which they hold third sector organizations to account for their behavior, performance and integrity. In some countries, nonprofits are basically extensions of government and subject to the bureaucratic reporting requirements of government agencies. In others there is more of an arms-length relationship involving limited reporting and muted incentives to perform and behave according to stipulated standards. Often the machinery of accountability is quite complex, involving a mix of government regulation,

requirements to qualify and maintain nonprofit and tax exempt status, and voluntary oversight through accrediting organizations, watch dog agencies, governing boards and other institutional arrangements. Nor is the machinery of accountability likely to be homogeneous even within countries. In nations with a federal structure, such as the U.S., Canada or Australia, requirements differ among states and provinces. And indeed, requirements vary widely by field of activity, perhaps the most dramatic example of which is religious organizations in the U.S., which because of the 1st amendment to the U.S. constitution, are not required to register or file tax forms ordinarily required of other nonprofits, and which are often criticized for pushing the boundaries between nonprofit exempt status and political activism.

Another accountability issue has to do with the distinctions that are made in law and policy among different categories of nonprofit organization. For example, in the U.S., private foundations are held to different standards than charitable organizations which can demonstrate broader public support. And advocacy organizations are not afforded the same tax benefits as charitable service-producing nonprofits, while the latter are held to stricter rules about lobbying and political activity. The efficacy of these distinctions is subject to debate, especially the chilling effects on advocacy that may derive from threatened loss of tax benefits.

The variation in third sector accountability structures among nations is enormous – certainly suitable for comparative research despite the many factors that influence the efficacy of the third sector within any given country. Moreover, the knowledge gained from comparing a variety of countries over time can be quite informative to the world community. The experiences of countries with charity commissions, for example, or the impacts of creating new categories of nonprofits to respond more freely to societal exigencies as in Japan recently, no doubt contain valuable lessons for structuring effective accountability reforms elsewhere.

Finally, the role of third sector organizations as active agents in the processes for holding government and business accountable for their behavior and performance is sometimes overlooked. For example, research on how watchdog organizations are effectively woven into the fabric of democracy and the marketplace can be an important contribution to policy addressing the balance of power in a democratic, free enterprise society. Indeed in some countries, the state explicitly funds advocacy organizations as part of the state's responsibility to protect democracy and safeguard civil society.

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Contributing to Economic Well-Being

To date, the nonprofit sector has generally been an incidental part of debate on macro-economic policies. As noted, most of the debate has been framed in terms of government policies to stimulate recovery by fixing the world system of credit and rescuing failing businesses and industries. However, a more robust viewpoint would recognize that the sector is integral to economic wellbeing in regions, countries and localities at every level of economic development, and that public policy must support the sector's role in this realm. An obvious manifestation of this is the economic impact that a major nonprofit institution such as a university, hospital or arts center can have on its local community. More broadly, policy debates and developments in Europe over the role of the social economy in addressing marginalized and underemployed segments of the population are explicitly concerned with the role of nonprofits and related forms of enterprise in providing alternative employment and volunteer opportunities as a response to unemployment (Borzaga and Defourney, 2001).

Perhaps the greater part of the sector's contributions to economic wellbeing lies in the building of social and human capital. The works of Putnam (2000), Fukuyama (1995) and others have long recognized that national and local economies develop more vigorously if they are founded on strong networks of social relationships. Hence, an important component of public policy may relate to ways in which these relationships may be strengthened through initiatives that encourage individual mobility and communication, social interaction and civic engagement through third sector institutions. Research that relates public policy to the building of social capital can be an important contribution to the pages of this journal and to the wider debate over economic reconstruction.

Similarly, the third sector is widely recognized as emblematic if not instrumental to the growth of the service economy, the part of advanced economies that has grown fastest in recent decades and promises to be the engine for future economic progress. Critical to service sector growth is the productivity of individuals, as determined in part by their mental and physical health, educational attainment and proficiency, and social and emotional capacities. Here too, the third sector has a critical part to play in economic prosperity via investment in human capital through third sector service providing institutions. Finally, the capitalist system itself contains intrinsic tensions between productivity and human welfare, leaving all too many people at the bottom of the ladder in numerous countries even, or especially, in the developed world. This too is a matter not only of morality and social justice but of economic welfare for the entire citizenry of nations around the world. Poverty-related ills not only deny the economy the human talent that can potentially enhance productivity and innovation, but it also costs substantial resources to maintain the poor at

subsistence levels and to ensure that the pathologies of poverty do not spill over into society at large, through violence, criminal activity and other social dysfunction. Here too, the third sector has an important role to play in developing human capital and alleviating and controlling the inevitable downside consequences of economic growth or dislocation. Thus it is no coincidence that new social enterprises in Europe address themselves to such services as child, care, transitional employment, rehabilitation of people with disabilities, and community and neighborhood development (Borzaga and Defourney, 2001). Research can inform us as to what public policies are most likely to exploit the strengths of nonprofits as contributors to economic welfare and the amelioration of economic inequalities and well-being, in the short run and over time.

Finally, third sector organizations are uniquely capable of mobilizing certain kinds of resources for the pursuit of social missions and addressing public problems – most prominently volunteer time and charitable contributions, but also redirection of in-kind goods and services of various types. Public policies – including tax codes - affect both the development of these resources and their targeting to specific uses. The impact of these resources can be substantial. For example, the value of volunteer time used by nonprofits in the U.S. is estimated to be roughly equal to the value of paid labor in the sector (Wing, Pollak and Blackwood, 2008). Yet the U.S. tax code (and that of most other countries as well) provides little incentive for volunteering while encouraging financial gifts. Further analysis of public policies influencing resource mobilization and targeting through the third sector would be a welcome addition to knowledge of the policy impacts of nonprofit organizations.

Energy and Environment

Certainly nonprofits have spearheaded advocacy efforts to promote clean, renewable energy and address climate change and environmental pollution. How can they be more effective in this process? Research on social movements suggests that advocacy groups can be more effective if they collaborate more closely with one another and share a common strategy (Jenkins, 2006). Some environmental NGOs are best at confrontation with government and multinational corporations to stir up public awareness while others are more effective behind the scenes, working out agreements acceptable to corporate and other political interests while advancing towards goals of energy efficiency, conservation and reduction of carbon emissions. Other nonprofits can produce the objective, rigorous research to support arguments for policy change and give advocacy organizations greater leverage in the policy process. Research that advances understanding of the policymaking process in this arena, or which clarifies the merits and costs of particular legislative or regulatory policies advocated by

alternative interest groups, would be welcome additions to this journal and would advance our understanding of nonprofits and public policy. Finally, as a tenth of the economy in many countries, nonprofits themselves could become more energy and environmentally responsible. Nonprofits operate in such areas as health care, scientific research and disaster management where their practices have direct and significant environmental impacts. What mandates or incentives could be attached to public policy benefits that would encourage nonprofits to reduce environmental damage, promote renewal and encourage other segments of society to be more eco-friendly?

Security and Human Rights

If we have learned anything from the changes in public policy in the post 9/11 world it is that more vigorous pursuit of information to prevent terrorism or pursue its perpetrators often comes at the expense of personal convenience, privacy, fairness, freedom of expression and even personal liberty. Many nonprofits skate on a thin edge trying to protect victims of aggressive immigration, criminal justice, and national security policies that can trample, inadvertently or not, on human rights for the presumed greater good of public safety and security. Thus, churches find themselves harboring undocumented workers from intrusions by the state, legal aid organizations offer representation to accused or presumed terrorists, and advocacy organizations call out for cessation of abuses by authorities such as torture or extraordinary rendition. Charities and religious organizations associated with Islamic and other religious and ethnic groups find themselves to be particularly vulnerable as government tries to sort out legitimate and law-abiding organizations from those which might be directly or indirectly abetting terrorism. How does public policy deal with this knotty problem and what are the implications of tighter security policy on the ability of nonprofits to function freely and effectively as integral parts of the democratic process? A better understanding of these issues through research would be a welcome contribution to the public policy debate as it relates to the nonprofit sector in many countries around the world.

Developing Civil Society

The past three decades have witnessed a significant trend towards democratization in nations in almost every part of the globe, with some exceptions and important instances of forward progress followed by regression towards authoritarian governance, Russia being a prime contemporary example of the latter. A major watershed was the fall of the Berlin Wall and the dissolution of the Soviet Union in the early 1990s, liberating the countries of Eastern and Central Europe to

democratize. Other regions including Latin America and parts of Africa and Asia have also made visible progress towards democratic reform. It is also clear that history and culture matter and strategies for building civil society necessarily differ from one context to another. Helmut Anheier and Lester Salamon (2006) recognized this in their "social origins" theory of nonprofit sector development which acknowledges nations starting with different traditions, levels of economic and social development, and institutional arrangements will likely evolve towards different solutions. That is, the particular character of civil society in a given country is necessarily "path dependent". Thus, the nature of the third sectors in Japan, Canada, France, South Africa and Israel exhibit some sharp differences despite common aspirations of reformers and activists in these various countries.

For social scientists and policy analysts, the variations in civil society development around the world constitute a "natural experiment" ripe for incisive comparative analysis that can potentially illuminate what strategies and structures work best in different circumstances. For example, many countries rely heavily on cooperative and associational structures to carry out third sector activity, with governing bodies broadly representative of stakeholders, and emphasis on social, recreational and advocacy work, supported largely by volunteer effort and membership fees, leaving mainstream public service delivery largely to government. This is more or less the Scandinavian model (Pestoff, 2004). Other countries rely on a mix of association and corporate forms, favoring independent nonprofit corporations governed by self-appointed boards, policed by a strict non-distribution of profits constraint, and invested heavily in service delivery financed by a mix of private contributions, government support and earned income. This is roughly the American model. Still other countries feature a closer working partnership between government and the third sector, primarily financed by government funds and invested in service delivery through contractual relationships, and relying on formal governmental structures to influence public policies and services. The Netherlands, Israel and Japan lean in this direction. Finally, the "third way" political philosophy nurtured in the United Kingdom under Tony Blair featuring more of a power-sharing partnership between government and the third sector wherein nonprofits have become both mainstream service providers and major participants in policy negotiations, reflects still another approach, one which has led to the concept of formal "compacts" between government and the third sector (about which we will have more to say in subsequent issues of this journal.) What do the civil society structures in these various instances have in common, what makes each appropriate to its own context, and how well does each function? We hope that research reported in this journal can provide insight into such questions to inform future policy development, especially in countries whose civil society structures are still early

in their evolution, as they are in many parts of the developing world and countries of the former Soviet Union.

In a real sense, the third sector is the basic repository and promulgator of cultural and social values that undergird democratic society, with freedoms of speech and association as the essential touchstones. Public policies as they impact not only on political parties and interest group associations, but also arts, cultural, religious, educational, human rights and other mainstream third sector organizations, can in the long run define whether a nation ever achieves a well-functioning civil society and whether it is able to maintain it. We hope that these policies are scrutinized by research published in the pages of this journal.

Social Justice

One paradox of the third sector is that it has the potential both to fragment and to bring together disparate groups in a society. By construction any given third sector organization is shaped around a designated mission that serves and is supported by a particular set or mix of stakeholders. Such organizations can be enormously powerful in addressing the needs and grievances of oppressed or underserved groups ranging from victims of AIDS, to racial, ethnic or religious minorities, to children or challenged populations poorly served by health, education or social service systems in their communities. Often third sector organizations form to address policies entrenched in law such as prohibitions against gay marriage or limitations on the rights of women. Moreover, third sector organizations frequently form on opposing sides of an issue, such as pro-choice vs. right to life groups in the abortion debate, whose constituents have very different views of what indeed constitutes fairness and social justice. Sometimes organizations on the "dark side" of the third sector actually form for the purpose of fomenting conflict and doing harm to others, rather than trying to achieve mutually acceptable and beneficial solutions. It is important to recognize as well, that nonprofits are subject to the same human frailties and organizational maladies as other kinds of institutions. Hence policies that hold nonprofits to account for the humaneness and fairness of their own programming, personnel and environmental practices constitute a legitimate and important domain for study in this journal.

Alternatively, third sector organizations often form to bridge the divides in a society that are at the root of social injustices. For example, third sector organizations were instrumental in resolving the conflict between Catholics and Protestants in Northern Ireland and they are active in trying to bringing Israelis and Palestinians together in the Middle East.

The relevant policy questions that can be addressed by rigorous research and scholarship embrace the full spectrum of these manifestations of third sector involvement in addressing social justice. On the one hand, what factors allow a given third sector organization to be especially effective in its advocacy and reconciliation work and how does such an organization successfully navigate the policymaking process in order to achieve its results? We know precious little about how this process really works and how it differs from one national context to another, or at the global level where nonprofits are active in influencing multinational corporations and multilateral governmental institutions such as the World Bank, the U.N. or the World Trade Association, in trying to achieve fairness in global trade, alleviation of world poverty, improvements in opportunities for economic development, control of disease, and elimination of oppression and genocide.

On the other hand, how can third sector organizations be effective in bringing constituencies on different sides of an issue together in order to address serious problems of social justice? How can governments support bridging organizations or utilize them effectively in extending their own diplomatic efforts? Indeed, how do third sector organizations manage to function even in lawless territories where weak or corrupt indigenous governments are impotent to address issues within their own jurisdictions and other national governments or multilateral institutions are politically hamstrung and impotent to act? What multilateral policies or compacts might facilitate and protect the social justice work of third sector organizations in such contexts? We hope that the pages of this journal will offer some new insights into these critical questions.

Achieving Social Change

At their root, a large proportion of third sector organizations are in the business of achieving some kind of social change. For advocacy organizations focused on a particular cause, such as global warming or educational reform, this proposition is clear. But even most service-providing nonprofits are intrinsically driven by social change – for example, improving prospects for disadvantaged populations through education, health care, social services, or local economic development; or influencing thinking about social issues through arts and cultural expression in museums, theaters and concert halls. If public policy is to effectively support constructive social change, we must know how nonprofit agents of social change work. What theories and models of change drive their programs? What kinds of models work and which are ineffective? For example, is an environmental movement consisting of a coordinated ensemble of advocacy organizations employing different tactics – some confrontational and some collaborative - more effective in winning policy battles than more singular and homogeneous

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approaches? If so, what are the implications for such movements in other fields, and how should governments prepare themselves to engage constructively with multiple versus singular advocacy organizations?

Similarly, what can we learn about the effectiveness of alternative service delivery models that seek to change the behavior of particular target groups? For example, are market-oriented programs that create social enterprises to employ challenged workers and impart work habits and skills to them actually more effective in lifting certain populations out of poverty than more traditional educational and income support programs? If so, how can public policies be designed to support this kind of innovation as an alternative to traditional contracting for service delivery?

Social change is, of course, largely about politics, and so this journal hopes to inquire about how nonprofits can become effective political actors to achieve social change, without jeopardizing their status and legitimacy as independent, nonpartisan institutions in a robust and well-functioning civil society. This is a question of both theory and practice – what is the theory of change by which politically effective third sector organizations operate, and how is this theory effectively implemented? And how does it work under different configurations of relationships between government and third sector organizations as they vary from one country to another?

A Final Word

To those in the rough and tumble of the policy making process, talk of research and theory can sound esoteric and irrelevant. It should not be. The philosophy of this journal will be to speak clearly and simply to decision makers on important policy issues in order to convey what we know and don't know, and on what grounds policy change is most constructively formulated and implemented.

To those in the world of research, talk of practical and policy implications can sound like research for dummies, without sufficient legitimacy to be recognized as good science deserving of academic recognition and advancement. It should not. We will try to call on the best thinkers and researchers in these pages to give us their considered assessments of the way forward in a world of inevitably incomplete knowledge. By acknowledging both the limits and strengths of their research, scholars are in the best position to advise policy makers and policy advocates on productive avenues of solution to the knotty social issues that confront societies around the globe and constrain nonprofit organizations from making the most of their scarce resources. In these pages, we hope to create a constructive dialogue that will mutually benefit the nonprofit, policymaking and scholarly communities in an effort to address our common challenges worldwide.

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