Introduction

From the perspective of political theory, associations and organizations are problematic as well as potent. Incorporated or not, associations are sites and resources for political activity outside of legitimate political institutions. Whether or not they are operated for profit, corporations are political creations. These creations are endowed with rights—of legal existence and property-holding—but are not strictly accountable to the sovereigns or legislatures that bestow these rights.¹ Such organizations are political constructions but are not part of the formal political system. Consequently, analyses of voluntary associations and nonprofit organizations frequently develop at the margins of political theory and are deeply colored by the core concerns of those theories. Rather than “a political theory of nonprofits,” different theories of politics lead to widely varying questions and claims about nonprofit organizations and associations.

To date, one theory of politics has claimed pride of place as the political theory of nonprofit organizations: a market model of democracy (following Buchanan and Tullock 1962; Dahl 1982; Olsen 1971). As articulated by James Douglas in the first edition of The Research Handbook (1987), this theory built on an image of individual citizens holding distinctive preferences for public services as well as votes (or opinions in polls) with which to express those preferences. Public services or goods that gain support from a majority of constituents will be provided by public agencies; those which are more controversial or preferred by only a minority will be provided by nonprofits (albeit often subsidized by public funds; see Smith & Lipsky

¹On sovereignty versus subsidiary concepts of nonprofit organizations, see Brody and Cordex (1999).
This approach has been developed to explain patterns of public-private partnership; its core logic is consistent with both economic models of nonprofit organizations (e.g. Weisbrod 1987) and demographic or “entrepreneurial” models (e.g. James 1987). These arguments use the traits and preferences of citizens to explain the development of nonprofit sectors and the distribution of activities across states, markets, households, and the variously defined “third sector.”

Market models of democracy, however, do not exhaust the field of political theory. A range of political theories and theories of state development make important claims about the role of nonprofit organizations and associations, although their terminology may diverge from the conventions of nonprofit research. Theories of political culture or socialization conceptualize associations as “schools of citizenship,” locations where preferences are formed rather than organizations whose existence reflects some prior distribution of citizen preferences (Putnam 2000; Verba, Schlozman, & Brady 1995). Theories of class and conflict attend to associations as vehicles for the formation and mobilization of group identity—such conflicting interests are implicit even in the more benign language of pluralism. For example, research on American history presents foundations and benevolent associations as instruments for the extension of elite power (Hall 1992); over the same period, popular voluntary associations appear as vehicles for the mobilization of disadvantaged and disgruntled constituencies (Clemens 1997). Theories of state development and economic change emphasize how the presence (or absence) of networks linking public agencies and private associations can generate industrial innovation (Evans 1995), policy change (Pierson 1994), or expand state capacities (Ullman 1998).

The proliferation of claims for the political salience of voluntary associations or nonprofit organizations underscores how ambiguity about organizational forms pervades research and theorizing on nonprofit entities (see the editors’ introduction). For the majority of these claims, the “not-for-profit” status of organizations is less relevant than other traits assumed to be linked to this status: participatory governance and voluntarism; control by a delimited social group and some autonomy from formal political institutions; connections to broader social networks and
orientation to particular values; or flexibility and diversity. Given the potential for confusion
generated by these diverse claims, an assessment of the political salience of nonprofits must
avoid attributing traits or consequences to nonprofit organizations simply by virtue of their
formal organizational status or auspice.

Rather than diving immediately into the literature on nonprofits, this essay begins by
considering the broader theoretical arguments about why entities such as voluntary associations
or not-for-profit organizations are politically significant. Three basic claims are made:
associations are arenas of political socialization; they are vehicles of group conflict or for the
expression of interests; and they are potential partners with formal political institutions. Only the
last of these—the division of labor between government and nonprofit organizations—was
explicitly addressed by Douglas.

Each of these theoretical claims has considerable empirical support, but none appears
sufficient as the political theory of nonprofit organizations. Organizational studies document
patterns of association between particular types of nonprofits and the plausibility of particular
claims for their political role. Historical and institutional analyses of public policy identify the
moments and mechanisms at work in transforming the political role of nonprofit organizations
(Kendall 2000; Smith and Lipsky 1993; Ullman 1998). Yet, at base, the protean or polyvalent
character of nonprofit organizations and other voluntary associations resists theoretical closure.

The Political Significance of Associations

In political theory, associations are linked to diverse consequences including the
health of democracy, policy content, and the scale of public provision. Upon closer
inspection, these competing claims about the consequences of associations rest on
different imageries of the relationship between associations and the state: congruence, conflict,
and collaboration.²

²Focusing on the relation of nonprofits to government, Young (2000) has characterized three
modes: complementarity, supplementarity, or adversarial relationships.
The “congruence” position argues that associations are, or should be, embodiments of the constitutional forms, organizational skills, and political virtues required by a liberal democracy. Eagerly appropriating the mantle of Tocqueville, such arguments contend that a wide range of formal and informal association socializes citizens for democratic participation (Fleischacker 1998; Putnam 1993; Wuthnow 1991, 1998) or that this capacity for democratic socialization should guide the legal regulation of associations (for a critical discussion, see Rosenblum 1998). Empirical studies lend support to the connection between internal democracy and individual commitment to associations (Knoke & Wood 1981; Verba, Schlozman, & Brady 1995). Through this commitment to internal democratic governance, such associations ideally sustain a sphere of relative equality decoupled from the structures of privilege that organize other social domains (Walzer 1983).

An alternative theoretical imagery emphasizes the political, oppositional function of associations, building on debates over “civil society,” grounded in Hegelian philosophy, and typically inflected through the work of Habermas ([1962] 1989). From this perspective, congruence threatens the capacity of associations to sustain political capacity independent of the state. This position also claims a Tocquevillian lineage, albeit informed by the darker sensibilities of *The Old Regime and the French Revolution* (1955). It joins a concern for how civil society “buffers” society from the expansion of the state to a sort of pluralist argument in which associations articulate and promote social interests (on U.S. political history, see Clemens 1997; Kauffman 1999; Orloff 1993; Skocpol 1992).

Although policies may induce feedback processes that strengthen associations (Rothstein 1992; Skocpol 1992), from the congruence perspective ties to the state are also dangerous. Policies that require either congruence or extensive reporting of associational activities represent mechanisms for state control (Scott 1998) that undermine the political autonomy of these organizations. These arguments suggest that the critical legal features of state-association relationship involve the capacity to organize (e.g. incorporation and registration requirements), regulation of potentially oppositional activities (e.g. strikes, boycotts), and the linkage of
organizational capacities to political influence (e.g. campaign finance, lobbying, direct democracy). Within the literature on nonprofit organizations, the assumption of inherent conflict between the state and voluntary organizations has generated a pair of ideologically-opposed arguments: a conservative claim that the expansion of the welfare state endangers voluntary efforts and an argument from the left that the inadequacy of voluntary efforts necessitates the expansion of public programs (for reviews, see Gidron et al. 1992: 6-8; Wolch 1990: 5-8).

A third line of argument emphasizes the potential for cooperation between state and associations (Gidron et al. 1992; Salamon 1987). Lacking the concern for the formal congruence between liberal democracy and the internal politics of associations, these analyses explore the division of labor between governments and private or not-for-profit organizations (NPOs). These systems of cooperation are addressed as accommodations to social heterogeneity (Douglas 1987; James 1987), as techniques for decentralizing governance (Ullman 1998) or managing problems of trust (Hansmann 1987; Weisbrod 1988), and as reflections of the specific institutional histories of different nations (Kramer 1984; Salamon & Anheier 1998; Wolfe 1989, 1998; Wuthnow 1991). Here, the critical aspects of association-state relationships center on delegation of authority, public subsidies or contracts, and formalized arrangements for consultation or policy formation.

Calls for “democratic experimentalism” represent an important hybrid of the associational independence of the oppositional imagery with programs of state-association cooperation (Dorf & Sabel 1998); this combination promises both innovation and collective learning (see also Douglas 1983, 1987; Ostrom 1997; Rothstein 1998: 87-92). Cooperation may entail varying combinations of associational autonomy and program heterogeneity (Dorf & Sabel 1998; Rothstein 1998: 171-87). The normative debate opposes claims that devolution and local control enhance democratic participation to concerns that such co-operation will result in cooptation, undermining the capacity of associations to articulate independent political positions. The stakes in this debate are high and of immediate practical consequence. As the retrenchment of welfare states proceeds, will the shift of public funding to nonprofit organizations coopt
advocates or empower local opposition (Wolch 1992: ch. 6)? Can international NGOs and national governments design programs that simultaneously inculcate democratic capacities (Brown 1998; Ostrom 1997) or will such civic participation fuel oppositional movements (Fox 1997)?

Although sketched in broad strokes, this trio of competing claims illuminates the difficulty of aligning nonprofit research with political theory. On the one hand, nonprofit scholars have been easily tempted to assume that nonprofit organizations are, by definition, the sort of associations that promote democratic socialization; the benefits of that Tocquevillian mantle are considerable. On the other, the literature on nonprofits has been far less anxious to grapple with the implications of the second theoretical position with its contention that associations matter for politics as vehicles of conflict and domination as opposed to competitors with government in the provision of services.¹

The rapidly growing literatures on voluntary associations and nonprofit organizations provide evidence for and against each of these basic imageries of their political significance: congruence, conflict, and collaboration. To move beyond this welter of competing theoretical claims, the discussion that follows abjures the pursuit of a general political theory of nonprofits in order to trace the political salience of particular organizational characteristics across a range of possible contexts.

**Congruence: Associations as Sites of Political Socialization**

Whereas the literature on *nonprofit organizations* has tended to treat voluntary associations as complements to states and markets, many political theorists claim a more

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¹For exceptions, see Hall (1984) on nonprofit organizations as instruments of elite class formation and Wolch (1990) on the support of local nonprofits by the left-wing Greater London Council in opposition to the Thatcher administration.
fundamental and generative role for *associations* in democratic polities. For such latter-day Tocquevillians, associations are foundational to democracy insofar as they are sites for the cultivation of democratic values and skills. This contention is captured by the argument’s theoretical imagery: associations are “schools of citizenship.”

Although discussions sometimes equate nonprofit organizations with voluntary associations, a closer consideration of this line of research identifies key organizational features that are generative of democratic skills and a propensity to participate. The effects attributed to participatory associations cannot be assumed for nonprofit organizations in general.

The role of associations in political socialization is amply documented—and still more frequently asserted—in historical research on the United States, beginning with Tocqueville’s own *Democracy in America* (1969). A burgeoning literature amply documents the “golden age of associationalism” during the nineteenth century, when fraternal lodges and voluntary associations multiplied in cities and towns throughout the nation (Clawson 1989; Dumenil 1984; Gamm & Putnam 1999; Skocpol 1997; Skocpol et al. 2000). In addition to providing arenas for political socialization which could then be expressed through parties and elections, these associations actively collaborated in the provision of public goods (Baker 1983; Beito 2000) and served as vehicles for political mobilization outside of the parties themselves (Clemens 1997).

The capacity of associations to generate political socialization appropriate for a democratic policy depended on a series of organizational features. Organizational constitutions often required democratic practices such as the election of officers; as associations were increasingly incorporated and regulated by state governments, these political arrangements were required for all but religious associations (on the “corporation sole,” see Dane 1998) and benevolent corporations governed by appointed or self-perpetuating trustees. In most cases, low budgets, low reserves, and little or no professional staff forestalled the logic of Michels’ “iron law of oligarchy.” Instead, membership served as a political apprenticeship instilling mastery of
skills such as public speaking and the intricacies of Robert’s Rules of Order (Doyle 1977).

Fueled by recent claims about the contributions of social capital to democracy (Putnam 1993, 1995, 2000; for a critical review, see Portes 1998), a new wave of research is addressing the role of associations in political socialization (also see Putnam and Campbell in this volume). Comparisons of participation across religious organizations demonstrate the importance of denomination for organizational processes. Mainline protestant, evangelical and Catholic associations differ consistently in the extent to which religious participation is associated with political participation and skills (also see Wuthnow and Cadge in this volume). Protestantism of either variety is more likely to be associated with increased skills and participation, but only mainline Protestantism is linked with increased participation in nonreligious associations (Verba, Schlozman and Brady 1995; Wuthnow 1999). Among adolescents, participation in extracurricular activities is associated with increased political involvement during adulthood (Jennings 1981; Glanville 1999).

In important respects, this literature extends a long-standing concern in comparative politics for the cultural foundations of democracy. Classic works such as Almond and Verba’s Civic Culture (1963) addressed the importance of adult socialization in generating the values and practices that sustain democratic polities; associations, not surprisingly, are important sites of socialization. In an analysis of comparative political stability, Eckstein (1966) argued that congruence between the forms of authority that prevailed within families or associations and the system of formal political authority was critical. The closer the fit, the more stable the regime. More recently, Putnam (1993) contributed to the revival of interest in the social foundations of democratic governance–and economic development–in his collaborative study of regional government in Italy.

For nonprofit scholars, the key question is whether the “associations” featured in these political analyses are equivalent–and in what way–to nonprofit organizations. Current changes
in the levels of participation pose at least two distinctive questions for nonprofits scholarship. The first concerns claims for the political consequences of nonprofit organizations: Given that nonprofits and other voluntary associations are often assumed to be generative of political skills, how can we explain the concurrent expansion of the nonprofit sector and decline of civic participation? The second addresses potential causes of this decline in civic participation: Have changes in the character of associations contributed to a decrease in either the propensity to participate or the political consequences of participation? Here, research on the links between religious participation and political socialization is intriguing. Recall that involvement in Catholic associations has weaker political effects than participation in Protestant organizations; this difference, it is argued, reflects the more hierarchical character of Catholic associations and the likelihood that clergy rather than laypeople will be in charge (find precise citation). By extension, one might predict that as nonprofits become more “Catholic”–more hierarchical, less likely to engage in participatory governance–they will become less powerful sources of democratic political socialization.

Evidence of such a connection can be found throughout the research literature on nonprofit organizations. As nonprofits become more dependent on external funding, they tend to become more bureaucratic and professionalized (Smith and Lipsky 1993: 100-108; Grønbjerg 1993: 169-98); recent calls for new models of outcomes-based assessment evince a hope that this connection can be broken (Frumkin 2000; Salamon 1987: 113-15; Schorr 1997: ch. 4).

In a study of advocacy organizations in the peace movement, Edwards (1994: 317) found that larger organizations were “more likely than small to be formally organized, have higher levels of procedural formality, prefer to elect their leaders, and have more centralized financial decision making.” Smaller peace organizations were “more likely than large to have higher rates

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2For an extended discussion of local or grassroots associations, see Smith (2000).
of member participation, to prefer to operate without formally designated leaders, and make decisions by consensus.” Among small organizations, the likelihood of formal organization increased with the amount of money handled (1994: 327). In a study of nonprofit incorporation among organizations of the homeless, Cress (1997) found that adoption of the form was associated with either increases in resources or concerns for organizational legitimacy. However rather than leading to a consistent moderation of political activity as assumed by much of the literature (get citations), only those homeless organizations that incorporated in order to manage increased resources moderated their political activity.

The central role of participation in accounting for the contribution of associations to political socialization has been underscored by a growing body of literature on democratization projects in the developing world and the former socialist nations. Funded by both foundations and governments, civic education projects have sought to cultivate the practices and attitudes central to theories of democratic socialization. Evaluations of these programs demonstrate the importance of participatory practices–role playing, mock elections, and so forth–to subsequent political participation; in the absence of such exercises, the inculcation of values and information about political institutions has less impact (Finkel 2000; Bratton 1999). Research on the role of associations in development projects leads to similar conclusions, at both the individual and the organizational level. Brown (1998; Brown and Tandon 1993) argues that nongovernmental organizations may serve as “bridges” among parties with varying power and distinctive interests. By establishing ties with different parties prior to initiating interorganizational collaboration, such NGOs may foster the “experience of cooperation among organizations from different sectors, especially organizations that are unequal in power, status, and resources, [which] is rare in many of these settings, and participation in cooperative problem solving that persists over time and produces outcomes in the interest of all the parties may have effects on attitudes, practices, and institutions that reverberate beyond the immediate problem solutions” (Brown 1998: 236).
Note, however, that these outcomes are not necessary consequences of the “nongovernmental” status of the organizations but reflect particular features of program design.

Despite the tremendous allure of political socialization for advocates of the nonprofit sector, these studies suggest that this claim cannot be easily and automatically appropriated for all nonprofits or voluntary associations. To the extent that nonprofit organizations are highly professionalized, have large budgets and staffs, or work within the constraints of government programs, they are far less likely to promote the kind of adult political socialization long attributed to participation in voluntary associations.

If organizational structure has an indirect effect on the contribution of associations to political socialization, this connection is also shaped by the direct regulation of political participation. Many arguments for the contribution of associationalism to democracy presume that the skills and values cultivated in associations are easily transposed to formal politics, yet the legal decoupling of “charitable” nonprofits from significant political engagement disrupts this presumed connection (Wolch 1990: 62-74). In combination with the particularism that characterizes many sites of association, these observations demand caveats to claims that participation and membership per se generate democratic skills and values.

**Conflict: The Significance of Associations for Political Contestation and Pluralism**

If at least some voluntary associations or nonprofit organizations are sites for democratic socialization and mobilization, such organizations are not necessarily equally available to all social groups. Throughout history, rulers have been wary of “privately held public power.” The long history of restrictions on association reminds us that voluntary organizations may be potent

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3For example, Wuthnow (1999: 341-46) demonstrates that the effect of church attendance on participation in nonreligious organizations is consistently significant only for mainline Protestants when compared to Catholics and evangelical Protestants.
forces of change (whether or not current elites like the direction) of that change.

In addressing these issues, research has bifurcated between associations of the elites (charities, foundations and philanthropies) which are generally recognized as core concerns for nonprofit research and voluntary associations of the less-advantaged (labor unions, mutual benefit associations, etc.) that are more frequently relegated to other research literatures. And, in general, the political–or advocacy or representational–activities of nonprofit organizations are treated with care insofar as “politics” has been held to invalidate nonprofit standing in the context of U.S. politics (Wolch 1992: 62-76). Although Douglas’ chapter in the first edition included a discussion of mutual benefit associations and pressure groups (1987: 51-53), much of the literature on nonprofits has focused on the “charitable” nonprofits and human service delivery organizations. This division of labor has made it difficult to think comparatively about the ways in which nonprofit organizations serve as vehicles for either elite control or the mobilization of social or ideological minorities.

In a very fundamental sense, the lineage of the nonprofit organization may be traced to efforts by elites to craft a means to extend their wishes in time (beyond the limits of their own mortal existence) and in scale (beyond the capacities of single individuals). As laid out in the Elizabethan Statute of 1601, the law of charities enabled durable and/or collective forms of activity beyond the bounds of the state, so long as that activity was dedicated to purposes approved by the state. These efforts were initially viewed with suspicion; indeed, many states

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4The study of social movement philanthropy (Jenkins 1998; Ostrander 1995) represents an important exception to this generalization. For example, in the post-Reconstruction South, money from the Rosenwald Fund aided disenfranchised blacks in “leveraging the state” to expand public education for black children (Strong et al. 2000).

5The complex taxonomies of organizational form also plague efforts to integrate research on social movements with the study of formal political institutions–the discontinuity between the two is often overstated by the use of distinctive analytic vocabularies (Burstein 1998).
revoked English law in the wake of the Revolution leaving such efforts without the foundation of the Elizabethan Statute of Charities (Zollman 1924). As Peter Dobkin Hall has documented in his studies of what would come to be recognized as “nonprofit organizations” in American history, through the 19th century this organizational form represented a controversial but effective vehicle for nationalizing projects of northeastern elites. By the 1870s and 1880s, an “accommodation” was reached:

between government and private voluntary associations, which had coexisted uneasily—and often turbulently—through the first century of the republic’s existence. In part because there were so few of them, in part because legal doctrines of the late eighteenth century treated voluntary associations as subservient to the state, the Founding Fathers had left unresolved their relation to government. Their growing number and power in early decades of the nineteenth century led to a series of sharp electoral and judicial clashes, whose overall effect was both the differentiate public and private sectors of activity and to leave the latter free to develop without significant governmental interference (though not, in certain places, without significant governmental encouragement.) (1992:3)

Well into the twentieth century, the activities and resources of these publically-chartered yet privately governed entities raised political suspicion. State legislation repeatedly enacted trade-offs of permission or subsidy of private activities for increases in government oversight (Clemens 2000). The suspicion of resources controlled by private associations persisted in laws

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A parallel set of developments resulted in the legal framework for the modern large corporation (Roy 1997); in the wake of new laws for capital stock corporations, state legislatures passed a wave of new and more differentiated legislation governing benevolent, religious, fraternal, mutual benefit, and cooperative associations as well as the general category of “corporations not for pecuniary profit” (Clemens 2000).
limiting the property that could be held.7

In the U.S., this period of innovation and expansion on the part of elite philanthropy and foundations was accompanied by important changes in the organization of popular voluntary associations. As Tocqueville observed, nineteenth-century American society was unusual in the extent of voluntary activity8 and many of these organizations had large memberships and were national in scope (Skocpol et al. 2000). Mobilizing farmers, workers, women and other constituencies, these voluntary associations served as vehicles for large-scale political engagement that deeply changed American political institutions (Clemens 1997; Sanders 1999). To many observers, these developments confirmed suspicions of private association outside of formal political institutions. Unions, not surprisingly, bore the brunt of this suspicion—the persistence of master-servant principals and criminal conspiracy in 19th century law meant that the very existence of a labor association could be taken as evidence of future wrong-doing (Hattam 1993). Regulation of other kinds of association—incorporated or not—was more benign, but the linkage of associations to political activity remained problematic. In the 1910s, state courts disagreed as to whether associations dedicated to securing legal change through legal means were properly understood as “charitable” and therefore eligible for exemptions from taxation of property and bequests (Zollman 1924: 209).

These early disagreements foreshadowed a history of legislative oversight in which excessive political activity by foundations or nonprofit organizations triggered threats to the exempt-status and legal standing of these organizations (Jenkins 1998; Reid 1999: 310-21; Wolch 1992: 62-69; Young 1999: 56-61). In the U.S., as federal intervention in community and social issues expanded from the 1960s onward, existing community associations and social

7Add references on restrictions in European nations; elsewhere?

8Although recent research questions estimates of the level of voluntary activity, the comparative insight into the differences with European societies of the time stands.
movement organizations were torn between the appeal of new resources and the perceived threat that engagement with public programs would in time curb their political activities (Andrews, forthcoming; Castells 1983: ch. 13). Similar concerns were prompted by grants from foundations committed to social change (Jenkins 1998: 212-15). Tensions also rose between these politically-engaged movement organizations and pre-existing voluntary and service agencies which had expectations of greater control over new sources of public largesse (Castells 1983: 116). By the end of the decade, both social service and environmental organizations had experienced hostile bouts of regulation in reaction to their advocacy activities (Wolch 1990: 63-67).

Through their tax-exempt status and receipt of public funds, both advocacy and service organizations remain vulnerable to political efforts to use the leverage of these economic advantages to channel or choke off political activity. In the early 1990s, the U.S. Congress repeatedly considered–and defeated–a proposal from Congressman Istook “to curtail advocacy by nonprofit groups receiving grants” (Reid 1999: 316). Although these proposals failed, they suggest the durable tension between contestation and collaboration as imageries of the relationship of governments to nonprofit organizations and voluntary associations more generally.

**Collaboration: Nonprofits, Associations, and the State**

By reversing figure and ground, the preceding sections have explored how voluntary associations and nonprofit organizations might matter for political theory rather than advancing a political theory of nonprofits. Two lines of argument have dominated such discussions: these organizations may be sites for political socialization or vehicles for advancing group interests and class conflicts. Turning to literature that is explicitly about nonprofit organizations, these two claims appear to have vastly different standings. The claim that nonprofits are generative of
democratic capacities and political participation tends to be assumed; the second claim, that these organizations may be vehicles for conflict, is largely obscured by concerns for service provision and the division of labor between state agencies and nonprofit entities. As the discussion turns to explicit discussions of the relation of nonprofit organizations to formal governmental institutions, these implicit assumptions of democratic socialization and suppression of the potential for conflict should be kept in mind.

**Market Models of Democracy**

In the first edition of this handbook, James Douglas turned to democratic theory to address the question of why some services are provided by nonprofit organizations rather than by government agencies. His answer emphasized the “demand structure” for services (e.g. majority vs. minority in democratic polities) as well as the capacity of nonprofits to maintain diversity and to provide a corrective to bureaucratic inflexibility. The object of this influential essay (1987: 43) was to develop a political analogue to the economic theories of nonprofit organizations surveyed by Hannsmann (1987) in the same volume (see also Weisbrod 1988). Drawing parallels with the economic concept of “market failure,” Douglas asks “why, given the extensive range of services provided by the public (or government) sector, we need to supplement them by private endeavors that are not accountable through the same political channels” (1987: 44; for critical discussions see DiMaggio and Anheier 1990: 140-41; Ware 1989: ch. 1).

An analysis of the free-rider problem (Olson 1971) lies at the core of Douglas’ answer. If a majority desires some form of social provision, those preferences will support government provision of services. In cases where a minority desires a service, nonprofit organizations represent an alternative vehicle for provision. Consequently, governments may facilitate the formation of nonprofit organizations in order to increase the level of satisfaction with services. Such a “combination of public provision and voluntary provision for public purposes makes it
possible to accommodate the views and preferences of a greater range of the community than could public provision alone” (1987: 45).

As a corollary, this extension of the free-rider problem suggests an analogy to the “non-distribution constraint” in economic analysis: the “categorical constraint.” Public services, Douglas argues, are constrained by expectations of universality. Consequently, nonprofit provision will be more highly developed in more heterogeneous or pluralist societies, a claim consistent with Estelle James’ comparative studies of nonprofit sectors (1982, 1987). In addition to diversity of preferences, uncertainty may encourage provision through nonprofits as a method of experimentation. Finally, Douglas observes, because the “categorical constraint” of universality encourages large-scale and bureaucratic programs, nonprofit organizations may retain significant advantages with respect to flexibility.

The resulting argument offers both an explanation for existing distributions of activities across organizational forms and a guide to future decisions over when services should be provided by public agencies or nonprofit organizations. These claims have provided an important theoretical baseline for research on the nonprofit sector, but have been challenged by a growing body of empirical research on the role of nonprofit organizations in modern welfare states. Whereas Douglas’ argument conceptualizes nonprofit activities as alternatives to government provision, Salamon documents that in the U.S. the nonprofit sector has grown as a complement to government programs. Further, rather than viewing nonprofit organizations as a

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9A growing number of national case studies of the third sector has brought the role of heterogeneity into question. For example, Kuhnle and Selle (1992) trace the development of a robust voluntary sector in homogeneous Norway while Wagner (1992) argues that in Switzerland, extreme government decentralization serves as a functional equivalent to the third sector for managing social heterogeneity.

10In my reading, most studies have disagreed with Douglas on the key mechanism of majoritarian preferences. If others know of studies supporting his contentions, please let me know.
consequence of the absence of majority support for public provision, Salamon contends that the expansion of government programs is better understood as a consequence of *voluntary failure* (1993: 33-49; for an overview see Young 1999).

Other scholars retain Douglas’ causal order–some limitation on government activities generates a turn to nonprofit or voluntary provision–while invoking mechanisms other than majoritarian rule. In a comparative-historical study of Britain and the U.S., Ware (1989) argues that the association of nonprofit organizations with particular domains of activity is best understood as an institutional legacy. Mutual and cooperative associations took root in what were once marginal economic areas–savings banks and home loans. The characteristic organizational form persists even as the salience of the economic activity grows. Similarly, the charitable component of the nonprofit sector is anchored in the Elizabethan statutes of 1601 which “referred to services that could not then be supplied by the market system” (1989: 78). Thus, Ware argues, the distribution of economic activities across public, for-profit, and not-for-profit entities cannot be attributed to contemporary distributions of preferences within the electorate.

Returning to Douglas’ theme of the limits or failure of government, Seibel (1996) provides another alternative account for the distribution of activities across sectors. Asking why resources continue to be mobilized for organizations that have had relatively few successes (homes for battered women and programs for the employment of the disabled in West Germany), Seibel argues that the nonprofit sector “provides a stable and friendly environment for low-performance-high-persistence organizations. . . . Societies that encompass a robust third sector may be well tuned to cope with both unsolvable problems and the unintended consequences of collective action” (1996: 1023). When it is symbolically important that “something be done” yet no one is sure what can be done, nonprofit organizations are an appealing site for action. From this perspective, nonprofits do not so much innovate as manage the uncertainty and
incomprehensibility of social problems.

As an analytic lens, concern for collaboration highlights the division of labor between governments and nonprofit organizations while obscuring issues central to analyses of political socialization and group contestation. In contrast to the former, studies of the division of labor between nonprofits and government often rest on a decidedly thin sense of the inner workings of the organizations themselves: generic rationality shaped primarily by the non-distribution constraint. Diverging from imageries of conflict and contestation, these analyses incorporate political actors as individuals with preferences for services rather than as already-organized communities and claimants. Yet both the lack of attention to organizational processes and the treatment of politics as an expression of individual preferences are minimized as theories of collaboration turn from the division of labor itself to analyses of service delivery and innovation.

**Social Services and the Welfare State**

Analyses that highlight the role of associations as vehicles for political conflict and control also tend to assume the relative independence of “the sector.” Studies that emphasize the advocacy role of nonprofit associations typically rest on an imagery of outsiders bringing pressure on political institutions. This assumption of a clear distinction between nonprofits and the state is often shared with theoretical approaches that conceptualize associations as arenas for the socialization of citizenship; absent the presumed independence of the sector, civic socialization is far less easily distinguished from indoctrination. Increasingly, however, nonprofits researchers have recognized the dependence of nonprofit organizations on state funding (Salamon 1987; Smith & Lipsky 1993; Wolch 1990). At the same time, analysts of the state have explored the collaboration of state agencies and private associations in providing social services and sustaining economic development.

Such collaborations have political as well as practical implications. While a rich research
literature addresses the operation and efficacy of such collaborative arrangements (see Grønbjerg
and Smith in this volume), from the perspective of political theory other questions are raised.
Under what conditions do states turn from predominantly public forms of social provision to
more extensive collaboration with nonprofit organizations? And what are the implications of
such delegation for democratic governance and the legitimacy of public programs?

Recall that Douglas (1987) provided a clear answer to the first of these questions:
governments will collaborate with nonprofits–rather than providing services directly–insofar as
those services are preferred by less than a majority of citizens or where the “categorical
constraint” of uniformity and equity is not met. Recent scholarship, however, has tended to
develop more dynamic or processual accounts of the turn of welfare states toward greater
reliance on or collaboration with nonprofit organizations. During the War on Poverty, the U.S.
federal government adopted a “contracting regime” intended to promote innovation and
participation as well as to allow a rapid expansion of organizational capacity (Lipsky and Smith
1993). In Europe, well-developed welfare states have turned to expanded collaborations with
nonprofits in the face of fiscal crises and “crises of technique” in which traditional bureaucratic
methods prove ill-suited to policy problems (Ullman 1998). In the late 1990s, Britain’s “New
Labour” adopted an essentially communitarian endorsement of government collaboration with
nonprofits in part as a means of rejecting the Conservative’s exaltation of the market without
requiring New Labour to return to the state-centered policies of their predecessors (Kendall
2000). Rather than the distribution of citizen preferences at a particular moment, all these studies
emphasize the role of political and policy entrepreneurs, as well as the initiatives and capacities
of state bureaucracies, in explaining when and why governments turn to nonprofits.

Insofar as governments turn to extensive collaboration with nonprofit entities, what are
the implications for governance and legitimacy? As Milward and Provan (2000) argue,
principal-agent theory helps to clarify what is at stake. In democratic polities, voters or citizens
may be understood as the principals, elected officials and public bureaucrats as agents. In systems of service provision, however, those officials and bureaucrats take the role of principal contracting out to nonprofit and for-profit entities that deliver services. Whereas such decentralization may be driven by the perception that large–and particularly federal–bureaucracies are too distant from and unresponsive to the public, decentralization itself produces a much more complex terrain of accountability. As Smith and Lipsky observe, “Government accountability to citizens is undermined when responsibility for admission, treatment, and outcomes seem to be in the hands of private organizations (1993: 209). One response is to heighten formal accountability requirements for contracting nonprofits (1993: 79-81; on outcome-based evaluations, see also Schorr 1997: ch. 4).

More effective structuring of the principal-agent relationship between government and nonprofits may alleviate the second component of the accountability challenge (Milward and Provan 2000), but the issue of accountability to citizens and the perceived legitimacy of public provision remain. Insofar as non-governmental entities are increasingly visible as the providers of social services, the legitimacy of public provision–increasingly restricted to funding rather than implementation–may be undermined. In the early 1980s, surprise greeted studies by Lester Salamon and Alan Abramson (1981; 1982) that documented the extent to which nonprofit organizations were dependent on public funding. In an era when the case for delegation and decentralization is routinely joined to a stylized critique of public bureaucracies as necessarily ineffective (e.g. Chubb and Moe 1990: 38-39; Chubb and Peterson 1989: ch. 1; Schorr 1997: ch. 3), evidence of the efficacy of nonprofit organizations–and increasingly “faith-based” programs–are contrasted to the purported failure of public programs. Some commentators argue that such contrasts feed the stream of anti-statism in American political culture (Block 1996; Weisberg 1996), at the same time that others see decentralization of policy provision as a path to the revitalization of democratic participation at the local level (Putnam 2000).
Ideas, Innovations, and Exemplars

Douglas’ original political theory of nonprofits identified two important factors that limit the integration or collaboration of nonprofit organizations and the state: flexibility and experimentation. This argument suggests that important advantages flow from the maintenance of a loose-coupling between government and nonprofit organizations. This analysis of nonprofits complements recent developments in the literatures on public policy that explore the role of ideas and exemplars in shaping paths of policy development. It also suggests the distinctive importance of foundations in fueling and transforming policy discourse (see contributions to Lagemann 1999).

This claim for the innovativeness of nonprofits is in tension with a theoretical tradition that infuses many organizational analyses: the new institutionalism (Powell and DiMaggio 1999). The core argument is that organizations manage uncertainty and seek legitimacy by adopting forms and practices sanctioned by influential entities (e.g. the state, professional associations). Given their widely-noted intractability with respect to the calculation of costs and benefits, nonprofit organizations have been frequent objects of institutional analysis (e.g. Baum & Oliver 1992; Schlesinger 1998). From this perspective, conformity rather than innovation is the dominant—if not inevitable—theoretical note.

These seemingly incompatible accounts of nonprofit organizations as both conformist and innovative, may be partially reconciled by recognizing that it is often difficult to identify a single audience for, or “environment” of, a nonprofit. Here again, the pervasive ambiguity and polyvalent character of the key concepts—nonprofit organizations and associations—are theoretically salient. Insofar as many such entities are not uniquely embedded in a singular organizational field, they are capable of appropriating—or under pressure to adopt—models from multiple sources (Osborne 1998; see also Kendall and Knapp 2000). Contemporary community
organizations exemplify this pattern; their main task “is to locate resources available in the broader society and attract them to the locality. They rarely are involved in the kinds of local, zero-sum conflicts which give life to voluntary associations in socially dense communities. Rather, they are entrepreneurial and outward looking” (Milofsky 1988: 20).

As a form of innovation, such syncretism is compatible with the claims of institutional theory under conditions of multiple audiences or environments. In this respect, the imagery of nonprofits as entities located in some distinctive “third sector” (for a critique, see Hall in this volume) is particularly disabling for understanding innovation as a product of the transposition of association or professional models to political mobilization (Clemens 1993; Moore 1996) or “leveraging the state” with the resources and practices of philanthropic foundations (Strong et al. 2000). Here again, appreciation of the polyvalent quality of many nonprofit organizations and associations is central to understanding their political salience.

Conclusion

The pursuit of parsimony has advanced many theoretical projects. But in the case of nonprofit organizations and associations, premature parsimony may obstruct understanding of their political salience. Varied theoretical traditions make diverging claims about the role of nonprofits and voluntary associations within polities. This theoretical diversity captures important variations in the structure, activities, and implications of these organizational entities. By beginning with a recognition of this multiplicity, research has increasingly turned from elaboration of a singular political theory of nonprofit organizations towards historical studies of their shifting political role. As importantly, the multiple or polyvalent character of these organizations—not denizens of some distinct, internally coherent or homogeneous sector—accounts for their oft-mentioned capacities for mobilization, advocacy, and innovation. Insofar as they participate in but are not subsumed by markets or states or communities,
nonprofit organizations and voluntary associations are sites of leverage and possibility in politics.
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