

ISSUE: IS THERE A “CHARITABLE AND NOT-FOR-PROFIT SECTOR”?

DON BOURGEOIS is Editor,
of *The Philanthropist / Le
Philanthrope*

BOB WYATT is Executive
Director of the Muttart
Foundation

POINT : DON BOURGEOIS

Whether or not there is a charitable and not-for-profit “sector” is more than an exercise in semantics. Its existence (or non-existence) matters because the idea of a “sector” speaks to commonalities of interest and cohesion, and those factors lead to influence and political power. In politics, size does matter to the ability to get on the agenda and to influence the overall direction of that agenda as well as specific issues.

Charitable and not-for-profit organizations clearly constitute a substantial part of the Canadian economy. They account for approximately 8.5% of the gross domestic product of Canada and 12% of the economically active population, the equivalent of two million full-time equivalents (FTEs). This figure includes about 549,000 FTEs in volunteer time. By comparison, manufacturing has around 2.3 million FTEs.

These numbers represent a wide diversity of organizations and activities, including very large institutions, such as hospitals and universities, with budgets into the hundreds of millions of dollars, assets into the billions of dollars, and FTEs in the thousands; they also include organizations with esoteric purposes, no employees, few assets, and budgets in the thousands or even hundreds of dollars, not millions. This diversity of size and purpose, though, should not alter the need to view the players at either end of the spectrum as part of a “sector.”

There are arguments to be made that there is no charitable and not-for-profit sector but, rather, a public sector, a private sector, and the “third sector” that is merely a convenient label attached to a hodgepodge of entities. There is even an argument to be made that some of the larger institutions are not really part of this “third sector” but should be more properly considered as part of the “public sector” or the “private sector” due to their size, scope of operations, attitude (how many universities act like charities these days?), and integration into the role of government. While these arguments could be made – and my esteemed colleague may indeed make them – they are looking at the horse from the wrong end.

It’s like trying to saddle a horse from the wrong end: we should be looking at the horse from the front, to help enhance the sector and assist its going into the future. The sector, with all its diversity and lack of cohesion and commonalities, needs to be – and, more importantly, needs to be seen to be – a “sector.” The start is to focus on what the com-

monalities are, not the least of which is the “public benefit” nature of the sector and its participants.

The same arguments against seeing charities and not-for-profit organizations as part of a sector can be used with respect to several other areas of endeavour in Canada. The manufacturing sector is equally diverse in size, scope, and type of activities, as is the charitable and not-for-profit sector. Manufacturing includes small businesses throughout Canada producing many of the products used by Canadians and sold globally, and large automotive and airplane companies employing thousands. Similarly, the financial services sector comprises large banks, both domestic and foreign, insurers large and small, credit unions, caisses populaires, and so forth. Yet we, as a society, certainly see both the manufacturing and financial services sectors as sectors, with common interests and a cohesive approach to issues, both public and private.

And that perception matters. In the last year, the manufacturing and financial services sectors were able to ensure that governments at the federal, provincial, and municipal levels responded to the economic crisis by supporting those sectors. Whether or not governments should have gone into debt to support those sectors is not the point. Rather, it is the difference in the approach and attitude of governments to those sectors and to the “third sector.”

What support came to the “third sector” to assist it to make adjustments to the new economy? Virtually none, and where it did occur, it came as tangential result. There were no programs to support the third sector or to help its constituents survive, adapt, and prosper in providing public benefits in the future. Instead, governments, in particular the federal government, are talking of retrenching on its level of support for the sector to balance the budget going forward.

Is there a charitable and not-for-profit sector? Yes, there is, because there must be. It is only through the articulation of commonalities, in particular the overarching “public benefit” nature of the sector, and a cohesive approach that the sector will be able to drive the agenda for the future and to obtain the political influence it needs to survive and prosper. If the charitable and not-for-profit sector prospers, Canada will also prosper and will be able to address the economic, social, and environmental issues facing our country.

COUNTERPOINT : **BOB WYATT**

Well, Don, our first debate starts off on an interesting note. Because I agree with you, sort of.

There should be a third sector (or voluntary sector, or public benefit sector, or community sector or whatever we want to call it). But there should also be world peace and a thriving economy. Wishing doesn't make it so.

Your horse reference is an interesting one. It brings to mind the old chestnut “You can lead a horse to water, but you can't make it drink.” I'm not convinced we've even got this horse to water, and we certainly haven't made it drink.

Sure we've got lots of employees. Sure we're an economic contributor to the country. We're bigger than agriculture and three times bigger than the motor-vehicle manufacturing sector (but didn't get the money that went to that sector as part of the bail-out packages).

But we don't play nicely together. In fact, too few play together at all – nicely or otherwise. We're taking our independence to an extreme. We're supposed to be independent from government and from the private sector – not from each other!

Your comparisons with manufacturing and financial institutions are valid, except for one thing. Companies in those fields band together. That's where they get their influence – from numbers. Yet Imagine Canada, arguably the broadest of voluntary-sector organizations in Canada, has fewer than 2,000 members. That's 2,000 out of the estimated 170,000-odd nonprofits in Canada. That's not something you brag about when you walk into the office of a Cabinet minister with a policy proposal. It doesn't give you much of a pulpit when you're trying to attract public support. (In the interests of full disclosure, I'm a member of Imagine Canada's board of directors.)

I've heard all of the excuses.

Yes, the vast majority of nonprofits are small. Of all Canadian registered charities (the only not-for-profit organizations in Canada ones for which we have hard data), fewer than 20% have annual revenue of more than \$250,000. The majority – or close to it – have no staff. So what?

Yes, there are subsectoral organizations – although not many of them, and few of them with any profile. So what? Do people think you can belong to only one organization?

We can't organize well enough even to tell people how big we are or how critical we are to the quality of life in this country. One Australian colleague and I were once joking about the idea of a one-day strike to focus public attention on the role of the voluntary sector. We agreed that it would take us eight years of process meetings to decide on what date we were going to close down.

With the regional symposia that Imagine Canada will host during 2010, maybe that will change. Maybe it will change with the national conference Imagine Canada is planning for 2011. But I'm not holding my breath.

Part of the problem is that we've done a lousy job of reaching out to organizations that aren't similar to our own. We haven't done much to persuade small and medium-sized organizations that there is benefit to them and to the rest of us if we all start pulling together. Until that happens, we're going to be seen as a sector only when government wants to do something to all of us in one fell swoop.

Should we see ourselves as a sector? Sure we should. But we'll only be a sector when we start acting like one. That's the challenge for the leadership organizations.