

THE CANADIAN NON-PROFIT SECTOR

Neoliberalism
and the Assault
on Community

TED RICHMOND
& JOHN SHIELDS



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EXCERPT

Foreword

Having moved to Toronto from Spain many years ago, my pathway into the non-profit sector started with a university friend, tired of hearing me whine that I missed speaking Spanish and telling me to look for volunteer work. I took that advice literally, found the Centre for Spanish-Speaking Peoples, and the rest is history, so to speak, in terms of my engagement in the sector. I did do volunteer work — interpreting for law students doing refugee hearings for Chileans, then Salvadorians; I was eventually hired under a student work experience initiative, and when I graduated with my masters in political science, I joined the staff collective as the legal secretary. I quickly progressed to being the coordinator of the centre, which was the ultimate generalist role. I supported the board of directors, led staff meetings, prepared budgets and funding applications, met with funders, helped plan and deliver programs, registered fee-paying students in our Spanish language classes (a budding social enterprise), managed volunteers, got involved in various advocacy and change initiatives, and finally, every day made sure there was toilet paper in the washrooms and took an occasional shift on reception.

Interestingly, my experience is not unique, even to this day, when you consider that over 90% of non-profits in Canada still operate with budgets of under \$2–3 million. I am currently the executive director of Access Alliance, a community health centre working with newcomers, refugees, and people with precarious status — we prioritize those communities that have been made most vulnerable due to significant systemic barriers to social determinants of health. I am also part-time faculty at the Schulich School of Business at York University, where I teach a course on management issues in the non-profit sector.

I was lucky that early on in my professional trajectory I met people like Ted Richmond and John Shields. Based on their keen interest in the non-profit sector and critical focus on the larger context within which nonprofits were navigating, they practised collaborative knowledge

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creation and knowledge mobilization long before these became accepted and expected practices in research and sector building. John has always been an important academic voice and supporter concerning equitable access to settlement services and community advocacy. Ted has a long history as an activist, data enthusiast, researcher, and policy analyst in community, academic, and government institutions. Ted was an unofficial mentor to me and after a certain point in our relationship we would meet at least once a year for lunch, where he'd catch me up on his thinking. This was often linked to some collaboration with John, and he'd always leave me with some new insight to ponder until next time. Ted was also a volunteer for many years at Access Alliance, where he helped inform our vision for our community-based research program; he was instrumental in our establishing a support network and fellowship program for under-employed internationally trained researchers.

In my career I have experienced first-hand the consequences of policies of retrenchment, the downloading of government services onto community agencies, the erosion of grant funding and introduction of competitive tendering of contracts, increased scrutiny and regulation of the sector, the growth and at the same time the weakening of non-profit organizations due to inexorable increase in demand for services, and the non-profit starvation cycle. Canada's social deficit¹ exists as a result of growing income inequality, the emergence of precarious employment, transitional needs of immigrants and refugees, jurisdictional politics and lack of investment in the non-profit sector despite it being increasingly positioned as the solution to social inequities. For many years I believed that if we could just run better, smarter organizations, we could fix some of these problems. That was one of my motivations for returning to school, mid-career, to get my mba at the Schulich School of Business. I wasn't wrong but I wasn't right either, as I eventually realized.

John and Ted employ a critical political economy lens to understanding the forces at play in the evolution and positioning of the sector in our society. Characterizing the marketization of the provision of public goods and services as an assault on community, they examine the resilience of nonprofits within this neoliberal restructuring of Canada's economy and society. This volume unpacks the social, political, and economic forces at play, the role of nonprofits in advocacy, which

1 <https://www.imaginecanada.ca/en/360/impact-emerging-social-deficit-charities-and-non-profits-infographic>

the authors recognize to be equal in importance to human services in the missions of non-profits and give due attention to anti-Black racist mobilization and struggles for Indigenous rights among other issues related to equity and inclusion. The critical role of human resources, including volunteers, is also addressed.

Their analysis reminds us continually, and correctly, that these dynamics can only be understood in terms of the broader philosophy of gradually but relentlessly replacing government-funded essential health and human services with underfunded dependence on a volatile funding system and insecure and exploited contract labour. This book provides an overview of the many components of Canada's non-profit sector, including not just community-based health and social services, but also philanthropic foundations, cooperatives, advocacy organizations, and the "social economy" in Quebec. Of interest to a diverse audience and critical sectoral stakeholders, those who read this book will find it a significant contribution to our understanding of the vital role of Canada's non-profits, as well as the ongoing challenges they face.

— AXELLE JANCZUR

Executive Director, Access Alliance

Part-time faculty, Schulich School of Business, York University

The Non-profit Sector in Neoliberal Times

This book is about the place of the non-profit sector in neoliberal times in Canada. Most of us may have only a vague idea of the non-profit sector and little sense of its significance. Yet, in our everyday lives we frequently encounter and engage with organizations that are part of this large and dynamic sector. We very likely do not even think of these bodies as nonprofits as they are such a regular part of our routines and activities. We may start our day by going to the gym at the YMCA. On the way to the Y we pass a homeless shelter. Our spouse starts their day by dropping our young daughter off at a community-based childcare facility before heading off to their job as a counsellor at a refugee centre. At lunchtime we have an appointment at a community health centre, where we pass a woman from the Salvation Army with a seasonal collection pot raising funds to help the needy. After school our child participates in a volunteer-run sports program at our neighbourhood community centre. Arriving home for dinner we see a member of the Victorian Order of Nurses leaving after a check-in visit to our elderly neighbour. The newspaper we read in the evening has three stories that catch our attention. The first is about the dramatic rise in food bank use due to the consequences of high inflation, which has expanded food insecurity well beyond the usual marginal population. The second story is about a coalition of environmental groups holding a protest in opposition to climate change at city hall. And the third item involves Black Lives Matters' strategy on confronting racism. We end the evening with a conversation regarding an upcoming meeting of our neighbourhood association.

Our day has been full of encounters with non-profit organizations and their activities. This brief scenario reflects how much the non-profit sector touches our lives and gives us a sense of the scope of organizations

that are part of the sector. This non-profit “work grows out of community needs” (ONN 2023) embedded deeply in the local spaces where we live, work and engage in life-fulfilling activities.

The non-profit sector is composed of mission-driven organizations that are independent and not part of the formal state, and they are not profit-seeking entities. Any money they generate is put back into the organization and toward the missions they were created to address. In Chapter 2 we address the broad range of terms used to describe the sector and the organizations that comprise it. Throughout this volume, we use the terms non-profit (adjective) and nonprofit (noun). The adjective not-for-profit is also commonly used in the literature on the sector.

Given the broad range of organizations associated with the non-profit sector, what precisely falls within its boundaries is not clearly settled and consequently is subject to some variation depending upon who is employing the term. Thus, there is some fuzziness and often confusion among the public with respect to what is, and is not, within its scope. For example, there are 1) overlapping categories, as in the case of charities versus non-profit organizations (all charities are non-profits, but not all nonprofits are charities); 2) stretched boundaries, as in the cases of social enterprises run by nonprofits and cooperatives and credit unions, which are part of the larger social economy and operate in parallel with the private market economy; and 3) agencies that receive the bulk of their funding to provide services from government but which are organizationally constituted within a non-profit structure outside of government.

The separation between what is government versus nonprofit versus private market is particularly important for untangling what a non-profit organization is. The distinction can be seen in the following illustration. Governments in Canada provide funding for childcare in a variety of ways. Governments can transfer money directly to parents, giving them the “freedom” to purchase daycare services directly from private, for-profit childcare providers. Such services are part of the private market sector, even when all or part of the funding for this service comes from government. Alternatively, parents may choose to purchase services from a local mission-driven organization established on a not-for-profit basis. This organization and its services are part of the non-profit sector. Governments could also set up and run their own childcare facilities as part of direct state services (part of the government sector). So, services

that are funded in whole or in part by government may be delivered through different segments of society — private market, non-profit or government sectors. Governments often “partner” with non-profit providers in the delivery of government-funded services. These complex relationships are more deeply examined in this volume. Later in the book we provide a formal definition of the non-profit sector and sketch its dimensions and scope in much greater detail, but you can already see the importance of non-profit organizations in our lives.

It is important to understand the broader context in which institutions like non-profit organizations come into our lives and the role they play in society. That broader context is neoliberalism. Neoliberalism has profoundly impacted our lives, including shaping the contemporary non-profit sector. That society has become increasingly reliant on the charitable work of food banks and homeless shelters speaks to the increasing influence of neoliberalism.

The term “neoliberalism” is used so frequently that some observers believe it is losing its meaning. But it remains essential to understand and acknowledge the impact of neoliberalism, both as ideology and as social policy. As an ideology, neoliberalism promotes the “logic” of replacing the social welfare support and protections of the state with the “efficiency” of a reliance on market forces and individual survival efforts. As social policy, neoliberalism works gradually but relentlessly to reduce social benefits, public economic supports, and universal health care. This policy approach has greatly deepened inequalities in society, fostering widespread social exclusion (Richmond and Saloojee 2005). Individuals, families, and non-profit organizations are expected to be responsible for addressing more and more of the problems faced in an increasingly polarized society.

Consequently, the non-profit sector is left to fill the many gaps created by a state retreating from its social responsibilities and supports. Non-profit organizations act as a backup for when the state fails to address pressing social and economic problems like homelessness, rent poverty, and food insecurity. But, as we discuss later, the non-profit sector has limited capacities to deal with such profound challenges. This volume seeks to provide a deeper understanding of the non-profit sector and its roles in an environment dominated by neoliberalism.

Precarity and Resilience

Like the ancient Roman god Janus, the contemporary non-profit sector presents two faces: on the one side the sector is characterized as precarious, but on the other it is presented as resilient. This seeming contradiction is useful for understanding the inherent dynamics of the sector in the age of neoliberalism. This duality is actually part of the dynamic tension amplified by the process of neoliberal restructuring. Hence, precarity/resilience is a useful dichotomy by which to explore and understand the non-profit sector and the crosscutting pressures that it confronts. While the themes of precarity and resilience do not fully encompass the full range of subject matter we cover in this book, they are valuable as an overall framework for analysis.

Briefly, precarity relates to the state of persistent uncertainty and insecurity. This is often associated with precarious employment, a major problem found in the non-profit sector itself (Procyk, Lewchuk, and Shields 2017). Precariousness extends well beyond employment, however, and is more widely experienced through society, such as in the cases of health, housing, and food insecurities. Organizations themselves can be precarious, as many nonprofits have to deal with the persistent problem of funding insecurity (Shields, Cunningham, and Baines 2017). And non-profit sector missions are also often directed toward addressing precarity-related problems within society that are growing deeper.

Resilience is about the ability to bounce back and recover from adversity. It involves the capacity to adapt and adjust to difficult circumstances. While resilience is often applied to individual capacities, it also relates to organizations and larger systems, including non-profit organizations (Wiig and Fahlbrunch 2019). The ability of non-profit organizations to regularly innovate in order to “do more with less” is a resilient characteristic found in the sector. There are, however, different approaches to the idea of resilience. Neoliberal notions of resilience are reactive and limited. For the non-profit sector, neoliberal resilience is often about non-profit organizations’ abilities to manage through their precarity, or, in the words of Leary (2018, 151), to “resiliently endure.” While non-profit organizations struggle in the face of neoliberal restructuring and precarity, this often results in limited neoliberal-oriented resilient responses. Broader and more progressive conceptions of resilience speak to not only an ability to deal with adversity, survival, and

recovery but to transform — to build back better (Preston, Shields, and Akbar 2022). The social justice missions of many non-profit organizations provide the fuel for transformative resilience. These two contrasting neoliberal and more progressive resilience forces are ever present in the operational lives of non-profit organizations. Thus, the concepts of precarity and resilience are helpful for unpacking the dynamics of the non-profit sector in a time of neoliberal change.

Aims of the Volume

This book presents a broad overview of the non-profit sector in Canada, with relevant statistics as available. There is a strong focus on the part of the non-profit sector that provides social, human, and health services because of their vital role in Canada's changing welfare state system and community well-being. The evolution of this non-profit role under neoliberalism dramatically highlights the challenges and tensions faced by the non-profit sector as a whole.

The overall effect of neoliberal restructuring has been to leave individuals and families scrambling for survival and to leave the underfunded and over-administered non-profit sector to try to patch over the steadily growing fissures in our society. One example of the destructive impact of neoliberalism on community organizations is the transition of government support over the past decades in Canada from *program funding* to limited and precarious *project funding* — creating perpetual financial insecurity and permanent administrative overload. Another result, directly related to project funding, is the “permanently temporary” employment status of most staff in the sector.

Project funding is aimed toward a specific output, with directed objects to be completed over a defined timeframe (often one to three years). For example, a project may be aimed at employment training for individuals on social assistance, with specific targets of numbers of clients “successfully” employed at the end and hence off welfare rolls. The funding for such projects is short term and tied to narrowly defined “successful” outcomes. By contrast, program funding is more broadly focused on larger themes, for example, a program aimed at achieving full employment in quality work. This is a long-term goal, involving many projects tied to more open-ended, secure, multi-year funding (Alonzi n.d.). Neoliberalism, as noted, has seen a decisive movement away from program funding for nonprofits to project-based funding.

Another important theme of the book is the diversity of the sector, something not adequately reflected in statistics or current analysis. We also examine the issue of advocacy as one of the essential functions of the sector and as a revealing lens into the dynamics of relations between the state (including its funding branches) and the voices of communities. Finally, to further reveal the precariousness and resilience of the sector and the contradictions posed by neoliberalism, we consider the response of the non-profit sector to recent upheavals: the COVID-19 pandemic crisis and the emergence of anti-Black racism and Indigenous rights as issues capturing their rightful claim to serious public consideration.

The non-profit sector covers a vast terrain, and we do not set out to examine in detail all the different components and aspects of the sector and the organizations that make it up. Rather, we seek to offer a comprehensible understanding of the sector in neoliberal times. Overall, consequently, the purpose of this volume is to provide a digestible and critical understanding of the non-profit sector. This book is designed to be accessible to a broad audience composed of students, academics, public interest readers, non-profit practitioners, and the broader public policy community. This work is inherently cross-disciplinary and suitable for social science-based courses ranging from political science and sociology to social work and community services. Senior undergraduate through to graduate courses will find this subject matter to be of added value for introducing and situating this understudied sector to their own subject area. The compact length of the book makes it a desirable companion volume for course adoption.

Setting the Context

Over the past two decades or so, the non-profit sector in Canada and elsewhere has moved from relative obscurity into the mainstream of public life. In fact, thirty years ago there was considerable questioning as to whether a non-profit sector even existed (Laforest 2011b). Today, nonprofits have been thrust into the centre of public policy debate and become widely used by governments as instruments in public policy. Nonprofits are being asked to do ever more in society as the state retreats in terms of its roles and responsibilities. The vital importance of studying the non-profit sector lies in its increasing relevance to societal well-being in the context of growing inequality and the ever-shrinking social provision offered directly by government.

The non-profit sector has become centrally positioned in the so-called “great risk shift” (Hacker 2019), as the state’s role in protecting and supporting society against a host of risks — economic, social, and health insecurities, environmental hazards, housing and transportation poverty, and much more — have been transferred away from government onto individuals, families, and communities (Beck 1992). As civil society organizations, nonprofits have been left to provide as best they can what is, essentially, a thinned-out insecure layer of supports to help mitigate such risks.

The purposes and roles of non-profit organizations are multi-dimensional, but their two main objectives are to provide services in support of their mission and to engage in mission-based advocacy. Hence, their roles as both service and “voice”-centred institutions are well recognized and fundamental. Strongly connected to the voice role is the place non-profit organizations play in civil society and in the enhancement of democratic forces in society. Independent organizations with strong voices, rooted in communities, are crucial to strong democracies. The muting of such voices by the operation of neoliberalism represents a profound threat to the health of democratic society. Robert Putnam (2000), for one, links the crisis of civic democracy to the decline in participation in public-facing non-profit organizations. This decline coincides with the rise of neoliberalism as the dominant policy paradigm and as the new societal “common sense.”

Neoliberalism and the Non-profit Sector

The non-profit sector is a dynamic entity, with many resilient characteristics, operating in an environment increasingly shaped by neoliberal marketization. The pressure of neoliberal restructuring has directly influenced the structure, operational nature, and cultural ethos of non-profit organizations. This has a profound impact on the kind of services offered and the way such services are provided, the accountability for funding dollars and outcomes, the basic mission orientation, and the kinds of voice and types of advocacy undertaken. It is essential, therefore, to employ a critical lens when examining the non-profit sector and to look at the role and operation of nonprofits within a broader and changing societal context.

Neoliberalism arose in the 1970s out of a crisis of capitalism. Thirty years of post-World War II economic expansion and a rapid increase

in affluence among broad bodies of the population in the “developed” industrial countries was abruptly upended by both rapidly rising unemployment and inflation — a phenomenon called stagflation. Stagflation, the coexistence of high rates of unemployment and inflation, under the logic of Keynesian economics was thought not to be possible as unemployment and inflation were said to be economic forces that offset one another — high unemployment was to have a dampening effect on inflation and vice versa.

Stagflation was propelled by an oil crisis brought on by the Arab-Israeli War of 1973, which greatly disrupted economies and created artificially high prices for an essential commodity whose price a slowing economy was not able to moderate. The crisis was spurred on by global economic restructuring, with Western nations experiencing a process of “deindustrialization.” As industrial production shifted to the developing world, previously prosperous blue-collar communities in the West became economically hollowed-out “rust-belt” regions. This set of fundamental upheavals undermined the previous political consensus rooted in Keynesian public policy. A policy window was opened, which neoliberal ideas and policy prescriptions passed through to become the dominant political and social forces in society (McBride and Shields 1997; Burke, Mooers, and Shields 2000).

Neoliberalism promotes a more limited role for the state in public provision and a greatly enhanced role for markets and individual “freedom” for consumers and entrepreneurs. Market exchanges and contractual relations are viewed as the basis for all forms of human action as they are believed to maximize individual freedom and initiative and produce optimal economic benefit — principally the freedom to act in the marketplace. Marketization and privatization are seen as the route to achieving such neoliberal goals. Neoliberalism embraces a kind of religion of pure market principles. This is part of the risk shift transferred down onto communities, families, and individuals in terms of managing their own well-being, thus creating greater insecurity and societal precarity. This neoliberal process is referred to as “responsibilization” (Kelly and Caputo 2011).

Marketization demands that market criteria be used in the provision of public goods and resources, which tend to focus on human capital investment to enhance the competitive position of the state. Privatization calls upon the state to withdraw from the provision of goods and services.

Government may still be involved in funding “public” services¹ in more austere ways, but the provider is to be located increasingly outside the state — in particular, with non-profit service providers. This is a highly disruptive process, resulting in challenging and painful adjustments and crises throughout society, including within the non-profit sector itself (Joy and Shields 2020). The distancing of the state from direct provision of public services is leading to the hollowing out of the welfare state. The process shields the neoliberal state from clear public view in terms of its place in reducing its financial commitments to programs.

New Public Management

For the social, human, and health component of nonprofits, neoliberalism came to the sector most prominently through new public management (NPM). NPM was part of the neoliberal “reinventing government” movement of the later 1980s and 1990s (Osborne and Gaebler 1992). A key goal was to shrink the size of the state, in part by embracing alternative service delivery (ASD), in which non-profit service organizations would become the main delivery agents of government programs and services. To reinvent and shrink the state, government would need to steer — focus on policy setting and coordination — and leave the rowing — the actual delivery of services — as much as possible to other agencies (Osborne and Gaebler 1992). This logic led to a central place for non-profit service providers within neoliberal governance practice.

The neoliberal state has cast its approach as one of “shared governance” and “partnership,” but NPM’s real aim is to place power in the hands of the neoliberal state in order to control the overall direction of neoliberal restructuring, including the restructuring of the non-profit sector itself (Shields and Evans 1998). The benign language of shared governance and partnership masks the hierarchical power structured into the contractual relationship that NPM imposes between the state and non-profit service providers.

According to the neoliberal paradigm, only the market is able to deliver efficiency and effectiveness; hence the private sector business model is the best path for the production of all goods and services (Evans 2020). Bringing this market mechanism into the public sector by the

1 Government services are, of course, non-profit but they are determined by politically driven processes. In the non-profit sector the organizations come from civil society and their non-profit orientation is mission based.

adoption of a purchaser–provider split was made a reality through ASD and its management under NPM. This enforced competitive tendering and contracting on nonprofits, generating a market-like framework. The market efficiency and economic discipline imposed on non-profit providers pushes risk onto them and away from the neoliberal state (Walsh 1995, 26). This increased risk and loss of autonomy to the neoliberal state places non-profit providers into precarious positions.

As noted, NPM is the prime way that neoliberal ideas and practices are transferred to the non-profit sector. In this regard, NPM acts as a transmission belt for neoliberalism in the non-profit sector. Two basic elements make up NPM — managerialism and modes of control (Shields and Evans 1998).

The core aspect of managerialism concerns the professional management direction of organizations with an emphasis on “managers’ rights to manage.” This private sector business-based orientation regarding how non-profit organizations are expected to operate in the delivery of government-funded services reinforces hierarchical managerial authority, in opposition to a more grassroots, community-centred approach.

Modes of control are about the process of “centralized decentralization” — indirect control — as a way for the funder to manage from a distance. This seemingly contradictory idea allows the neoliberal state to decentralize the delivery of services while at the same time still controlling delivery operations through the terms of the government’s funding contracts. Directed by NPM, non-profit service providers must bend to neoliberal accountability systems (Ascoli and Ranci 2002). The neoliberal state, using competitive service contracts and their strict rules of adherence to contract terms, is able to control how nonprofits provide their services and to whom. Hence, the neoliberal state effectively controls most aspects of contracted non-profit service provision from a distance to realize the goal of “centralized decentralization.”

Consequently, while the neoliberal state “shrinks” in size, it simultaneously enhances its power and control. The state’s “leaning” process is about trimming its so-called fat by realigning the state’s role in society. It is not about weakening the state. Andrew Gamble (1988) characterized neoliberalism as about the “strong state and free economy.” Under neoliberalism, social welfare supports shrink, the economy is deregulated, and the coercive powers of the state are enhanced to enforce greater social control and a law-and-order agenda.

The operation of NPM promotes a one-sided accountability framework directed upward toward the funder, and in particular the government funder. However, accountability in the non-profit sector is in reality multi-directional: downward to clients and communities; lateral to non-profit boards, agency workers, volunteers, and community partners; and, upward, of course, to funders. NPM and market logic have worked to diminish the more community- and grassroots-oriented accountability approaches in favour of a market/funder-centred accountability system consistent with “centralized decentralization” (Richmond and Shields 2005; Evans and Shields 2014).

Another aspect of ASD through contract financing is that the government funder does not pay the full value of the costs to the non-profit organization for delivering the service. It has been estimated that there is up to a 15% shortfall in operating budgets for such services. Nonprofits are expected to make up this funding gap with volunteer labour, donations, and “doing more with less” (Eakin 2007, 14–16; 2002, 8). This places non-profit providers in a perpetual state of precarity, producing fiscal stress and capacity deficits (Shields and Abu Alrob 2021).

Neoliberalism and Civil Society

Neoliberalism also impacts nonprofits by generating forces that disorganize civil society (Jäger 2022). Civil society constitutes the space between the state, the market, and the family. It provides the breathing space where formal and informal associations occur and can flourish to create societal bonds that allow for community formation, the nurturing of community spirit, and action promoting community health and well-being within broadly inclusive communities. This stands in contrast to the atomistic (hyper individualist) orientation of the market sphere and neoliberalism. For Robert Ware (1999, 307), the contrast between the values found in communities of civil society versus markets are substantive:

Communities are the place for public moral activity, while markets are the place for private [for profit] activity. Communities, at their best, foster recognition, care and co-operation. Communities are considered the place for openness, security and trust. Markets are places for secrecy, insecurity and distrust.... Communities look for dignity and

equality. Markets look for fitness and success.... The problem is that our society is awash with markets but in need of substantive community with public values.

By marketizing and imposing neoliberal values in all parts of society, including civil society, the values of community are undermined.

Non-profit organizations are a core component of broader civil society; they are in fact considered the organizational face of civil society and community (Fumkin 2009). For Michael Edwards (2004, 14), non-profit organizations embody society's "reservoir of caring, cultural life and intellectual innovation," which constitute the building blocks of resilience and community formation.

Neoliberalism, however, poses a direct threat to the health of civic society and community due to its championing of the cult of markets and extreme individualism above all else. As Anto Jäger (2022, 52) observes: "Individualization was imperative for capital, and collective life had to be diminished in order for the market to find new avenues for accumulation [profit]." This has resulted in decreasing involvement and membership in non-profit organizations. Robert Putnam (2000) speaks of this as the "bowling alone" phenomenon. People are still bowling but increasingly not in leagues, rather as individuals and/or with an isolated friend or family member, greatly weakening wider networks that foster social bonds. Putnam documents the dramatic decline in membership in a vast array of civic organizations in North America. As Jäger (2022, 52) notes: "Far beyond the bowling alley, social life in the West had indeed become increasingly atomistic."

Christopher Lasch (1995) adds that the rise of a highly atomized society works to undermine the idea of "the 'common life' and renders the world instead 'a war of all against all'" — a world where the priority is one of self-interest and survival (Lorentzen 2022, 23), like the description of the operation of individuals in the free marketplace offered by Ware. This is a largely asocial existence where the wealthy wall themselves off in privately protected gated spaces, distancing themselves from the precarious others (Lasch 1995). It creates "a wasteland of sociability" (Jäger 2022, 51), growing loneliness, unhappiness, isolation, and extreme expressions of individualism — an increasingly asocial order where conspiracy theories, racism, and anti-immigrant attitudes thrive (Lauer, Wong, and Yan 2022, 5). In a society dominated by neoliberal values, the

role of nonprofits in helping to deepen citizenship, participation, social cohesion, and community has been greatly compromised.

Neoliberalism's Impacts on Nonprofits

The non-profit sector has been and continues to be on the frontlines of the neoliberal transformation of Canadian society. Thus, we can better understand many of the changes happening in society as a result of neoliberal shifts by observing their workings in the sector and their activities in the community. For example, the non-profit sector is a particularly effective site for examining the phenomenon of precarity, making clear its impacts on non-profit workers, non-profit organizations, vulnerable communities, and society as a whole.

In spite of these pressures and challenges, the non-profit sector in general and the service component in particular have continued to demonstrate remarkable resilience — often in the face of government-imposed obstacles. Through creativity, advocacy, and strategic partnerships, the sector has generally preserved and sometimes extended the minimum level of funding sufficient to maintain the most vital services.² Extensive and creative use of volunteers has helped maintain programs and the organizations themselves. Administrative efficiencies, improvements in reporting of activities, and the embrace of new technologies, such as online service delivery, have also boosted the resilience of the sector.

Throughout this process the sector has also continued to develop its advocacy for human rights and social justice, both in Canada and internationally, and to speak on behalf of the most vulnerable members of society. Of course, the resilience of the non-profit sector has been both demonstrated and tested during the COVID-19 pandemic. The precarious positioning of so many non-profit organizations has been a vivid demonstration of the limitations of the capacity of the sector. Contrary to the neoliberal position, the pandemic has also demonstrated the need to bring back the state as an active and progressive agent of social and economic support working in a collaborative way with the non-profit sector.

2 The impact of the COVID-19 pandemic and the associated instability of funding, including donations, is examined later in this book.

A Critical Political Economy Perspective

Although the non-profit sector is under-studied, in spite of its vital role in Canadian society, important contributions to the study of this sector have been made by a relatively small number of academics and researchers. We recognize this and cite much of this vital input extensively. At the same time, however, much that is written about the sector reflects a limited and mainstream perspective that is often misleading or even flawed (Coule, Dodge, and Eikenberry 2022). Some authors, for example, write from a technical vantage point, often informed by a “new public administration/governance” perspective (Pestoff, Brandsen, and Verschuere 2011). This viewpoint speaks to the role of the sector in advancing alternative service delivery, enabling government to shrink in size and improve the so-called “efficiency” of public service through the application of business-oriented management. It also focuses on a marketized relationship between state-funded services and programs and their clients, in contrast to deeper notions of state-citizenship relationships that have been compromised by commodified relationships (Evans and Shields 2018).

Another prominent stream of the literature is influenced by a US-centric perspective (Salamon 1999) that rather uncritically embraces liberal individualism and the value of voluntarism. This framework is embodied in the notion that a thriving non-profit sector in the US provides the foundations of democracy and liberty, serving as a bulwark against the perceived threats of big government and state bureaucracy. This stream of thought stretches back to the early nineteenth-century French commentator Alexis de Tocqueville, who pointed to the “unique” American phenomenon of the rise of thousands of civil society organizations to independently and spontaneously address community needs, a force forming the basis of American democracy (Ott 2001, 3). This approach also exists in some variants of communitarian thought that is anti-statist and views community as arising organically out of voluntarism and a network of non-profit organizations.

Yet another line of thought, prominently associated with business schools, embraces the values of entrepreneurialism, markets, and competition as the way forward for the non-profit sector. They promote the ability of the sector to use markets for achieving their mission goals, including social justice aims. This orientation also champions the positive

place of philanthropy and corporate social responsibility for addressing the modern challenges of society, including growing socio-economic polarization and the spread of social exclusion. The *Stanford Social Innovation Review* is a prime example of this line of thought. The non-profit sector in general and philanthropy, in particular, are viewed as privileged sites of innovation and progress, marshalling the positive power of markets and enlightened self-interest (Guo and Bielefeld 2014). This perspective is contrasted with supposedly overly rigid government in a state of perpetual fiscal deficit and hence incapable of dealing with “wicked” or stubbornly difficult policy issues. Hence, entrepreneurial nonprofits and wealthy philanthropists are considered the ideal actors to address society’s most pressing issues — a viewpoint that is strongly contested (Burgis 2022; McGoey 2015).

Another common perspective, widely shared among non-profit sector commentators, spokespersons, and practitioners, sees the sector as inherently progressive — “on the side of truth and justice” but crippled by restrictive government policies, an often uncaring or unaware public, and limited independent economic resources. The sector is cast, rather idealistically, as a force for good in a generally hostile world — one that requires only greater resources and less legislative restriction to lead progressive policy development. This positioning is often seen as a useful vantage point from which to advocate to government for more resources to fulfill their good works for society. There is much that is valid in this outlook, but it ignores the real and growing tensions within the sector, including significant disparities between larger and smaller organizations in financial assets and policy influence, competitive attitudes, and practices (often heightened by funding rules) and a degree of acquiescence to various direct and indirect restrictions on advocacy.

Further confusion comes from the ubiquitous practice of labelling the entire sector with terms that describe only a portion of its overlapping components. The term “voluntary sector” for example has been much favoured in the recent past, particularly by government funders who like to imagine that non-profit health and social service providers can expand their activities without additional funding. But the sector, despite its commitment to community service, is not essentially “voluntary.” Much of its work and indeed its very survival rely on paid staff working along with volunteers, making it reliant in turn on adequate funding from government, supplemented by revenue generation and

non-government grants. Equally misleading is the term “charitable sector,” since a significant portion of sector organizations, especially the smaller social service organizations on the front lines in serving the most vulnerable, are not registered as charitable organizations.

None of the approaches or perspectives outlined above, therefore, fully reflect the complexities and contradictions of Canada’s non-profit sector. We present instead in this book a critical approach that situates the contemporary non-profit sector in a historical context, within a process of political change, the marketization of society, and the trends toward enhanced inequality and dispossession and marginalization of the less powerful and less well off. Situating the non-profit sector and understanding its role in this process of neoliberal restructuring are at the centre of our analysis. Consequently, we employ a critical political economy framework that takes into consideration the contradictory dynamics at work within the sector but which also gives recognition to its progressive elements and potentialities, as well as its material limits.

Critical political economy (CPE) draws on a multidisciplinary approach. It takes into account the dynamics of unequal structures of power in shaping processes and outcomes, dynamics which involve social forces such as class, gender, race, ethnicity, and citizenship/immigration status. CPE recognizes that societal, political, and economic factors cannot be separated and need to be considered in relation to one another in a holistic manner (Joy and Shields 2020; Whiteside 2020). The approach recognizes that no analysis is value free and embraces a value-informed perspective rooted in social justice. But CPE also rejects idealistic positions, embedding its analysis within concrete material foundations.

Bringing It All Together

We view the non-profit sector as occupying a dialectical position within the process of neoliberal societal restructuring. On the one hand, the sector has been employed to facilitate neoliberal downloading, to in effect operate as a band-aid to cover growing social and economic gaps left by a retreating state. On the other hand, the sector is a source of resistance to neoliberalism, a sphere for the promotion of social justice and a voice for the community. These complex dynamics often lie in tension with one another.

The sector, for example, can be seen as providing a “safety net” to address social problems like poverty, homelessness, and food insecurity. In this way nonprofits help to legitimate the unequal structures created under capitalism. Joan Roelofs (1995) argues that, in fact, the non-profit sector serves as a “protective layer for capitalism,” providing interim measures and stopgaps that contain forces of popular mobilization and resistance to capitalist market forces. The non-profit role in society can be seen as an important part of the “supports” addressing social gaps that assist in reinforcing the existing power structures by legitimating this highly inequitable system.

However, it is also the case that non-profit organizations can and do serve as agents of change. Many nonprofits engage in forceful and effective social justice advocacy organizing and in promoting policy and societal reform. In this way they function as “change agents” and facilitators of democratic engagement within civil society. Additionally, because non-profit organizations are often community-based and work to bring people together and help to forge connections, they function as bonding institutions that build social capital and can help to foster social inclusion. These are valuable contributions within society and one of the reasons nonprofits have come to be viewed as an important institution in building more stable and inclusive communities.

However, nonprofits have also been deliberately employed by the neoliberal state as organizations that help to displace the Keynesian welfare state, in their function as cheap or even free alternative “public” service providers. In this regard the non-profit sector serves the needs of the neoliberal austerity and anti-state agendas. Hence, the many facets of the sector must be taken into account in any comprehensive analysis, as we set out to do in this volume. This book probes broad questions such as: What role does the non-profit sector and non-profit voluntary activity play in a market-centred society? How have non-profit roles and efforts been affected and transformed by the forces of neoliberalism and the reshaped political economy of the non-profit sector itself? How does neoliberalism’s ethic of individualism, aggressive pursuit of self-interest, and general faith in the logic and value system of a “markets know best” system of governance, fit with the sector’s seemingly contradictory values, centred around ideas such as community, solidarity, sharing, reciprocity, and missions oriented toward the general good? Since neoliberal interest in the sector is centred on moving

toward a more privatized system of welfare and transforming the non-profit sector along more marketized lines, what do we know about how far this agenda has progressed and the implications for the non-profit sector and society more generally? Does, or can, the non-profit sector offer an effective counter to such an agenda?

In the chapters that follow we address these questions and provide an overview of the shape and nature of the sector in the Canadian context, as well as addressing a number of key themes, including advocacy and the diversity of the sector. The next chapter provides an overview of the sector and Chapter 3 looks in more detail at its financial and human resources. Chapter 4 examines the crucial issue of advocacy by, and for, the sector. Chapter 5 gives a brief look at the still-developing impact on the sector of the COVID-19 pandemic and the associated instability of funding, including donations, and the growing public awareness of issues such as anti-Black racism and Indigenous rights. Finally, Chapter 6 summarizes our main findings and examines more closely the differing political and ideological perspectives revealed by our analysis.