American and French Third Sector facing the Millennium growth and the financial, economic and social crises. Do they react differently?

Edith Archambault

University Paris 1 Pantheon Sorbonne, Paris, France

Is the American Third sector more or less resilient than the French one facing the economic recession and financial crisis? That is the main research question that will be answered in conclusion.

The USA and France are here considered as representatives of the liberal and the European Welfare Partnership ideal-types, according to the social origins theory (Anheier and Salamon, 1998; Salamon and Sokolowski, 2004). How the nonprofit organisations of these two countries changed during the first part of the Millennium decade and how do they react to the scissors effect provoked by the financial, economic, social and environmental crises that we meet since 2008? Can we observe a form of path-dependency (North, Williamson) in these evolutions? Do the composition of the Third sector (the relative place of foundations and membership associations especially) make a difference? Same question for the structure of the labor forces (paid and volunteer employment), the nature of the resources (fees, public funding, donations) of both sectors and the relationship with the central and local governments. These points are some of the sub-themes that we try to develop in this comparative paper.

The first part of the paper will recall the main trends in the Third sectors of both countries during the 2000-2007 period of economic growth (quicker in the USA, slower in France). This part relies on various empirical data: for France, mainly two large organisation surveys on the years 1999 and 2005 (Tchernonog, 2007), the Nonprofit Institutions Satellite Account (Archambault and Kaminski, 2009); on the USA, mainly the Nonprofit sector Almanacs and the first results of the Johns Hopkins Comparative Nonprofit Sector, phase 3.

Some trends are common to both countries: the growth of the number of registered NPOs; a quicker growth of paid employment in the Third sector than in the private or public sector: more donations and volunteers; more generous tax deductions; the contracting out of health and social services by local governments to the Third sector on competitive bidding with standard enterprises; a greater professionalization of NPOs on both sides of the Atlantic....

But other trends reinforce the specificity of the Third sector of each country, according to the path-dependence theory, namely: in the composition of the sector, the relative place of health and education increases in the USA while the social services reinforce in France. The relative part of fees increases in the US, of public funding in France. Faith-based organizations multiply in US, while the Third sector is more and more secular in France. The welfare partnership became more official during this period, with reciprocal agreements, Compacts and many Third and public sector national arrangements while in the USA new foundations and new philanthropy have an increasing power. The links between NPOs and mutuals and cooperatives reinforced in France; in the USA the social economy does not exist....

In a second part, the paper tries to analyse the impact of the financial, economic and social crises on the Third sector. Of course, the empirical data are not yet available. This part relies now on: two recent qualitative surveys (CSA 2009, FORS 2009) on the main issues facing the Third sector in France, a coming seminar of CEVIPOF gathering French and
American scholars on democracy in Third sector and two keynotes lectures on the American situation (Aviv, 2009; Young, 2009).

France and the USA third sectors share common features in the crises: new forms of poverty and social needs to cope with, while resources are decreasing; a hard competition among NPOs to obtain reduced donations with diminishing returns of fundraising,

Public subsidies or reimbursement for health or social services provided by NGOs are late or cancelled; as a result the bankruptcy of some NGOs and the merge of some others happens in US and maybe soon in France; The two sectors share also a main governance issue: they have difficulties to replace their boards by younger generations than the baby-boomers

Conversely, there are differences: in France foundations are few (though booming since 2003) and associations have few assets, so they escaped the real estate and stock market crashes that reinforced the bad financial situation in the US. As most NPOs are contra-cyclical, employment in Third sector is still growing in France in 2009 first semester, when it is severely decreasing in the rest of the economy and in the American Third sector

References

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