

# *The Dialogue Challenge:* Nonprofits' Central Role in the Conversation

by James Jennings

**I**N THE UNITED STATES AND ACROSS THE WORLD, many people celebrated the election of Barack Obama as president-elect. In his first speech as the soon-to-be first African-American president of the United States, Obama was somber. Though there was much to celebrate, he indicated that the nation faces serious social and economic challenges that touch every aspect of life here and abroad. Collectively, these challenges will change the economic face of America and highlight new problems, demands, and uncertainty about the available resources to answer these challenges. For nonprofit organizations on the front lines of providing safety-net services, there is nothing surprising about the need to carry out missions within a context of fiscal cutbacks, widening income gaps, and increasing needs for services, all while government scales back.

Today, however, based on vast global economic transformation, a new set of relationships between government and civil society has emerged. As the director of the Metropolitan Policy Program at the Washington, D.C.-based Brookings Institution, Bruce Katz, opined, "Dynamic forces are transform-

ing the world. Increasing global competition, economic crises, and environmental and resources pressures are rewriting the rules for how America produces jobs, builds wealth, and conserves our natural heritage."<sup>1</sup> But as this global economic transformation unfolds, it isn't fully understood in terms of its future impact on local life in the United States.

Nonprofits must be prepared to respond to the pressures, scenarios, and heightened expectations wrought by these challenges. The following describes four of the central challenges that have economic implications for nonprofits' work and role. Each challenge is followed by a few questions posed to the leadership of the nonprofit sector.

The first challenge involves a fundamental issue in U.S. society: race. It cannot be denied that the United States is in the midst of qualitatively changing race relations. Despite recent developments, however—including the election of the first U.S. African-American president—there is question

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about whether the nation has overcome its racial divisions and associated problems. Skeptics will note the persistent, and perhaps intensifying, social and economic inequality that often manifests in racial terms in the areas of housing, health, education, and the criminal-justice system.

On the other hand, Obama's victory encourages others to reflect that the nation has resolved racial problems and divisions. They may proclaim that racial prejudice is now a problem of the past. And this view may influence nonprofits' work in urban areas. It has implications for resources that might be available to—or withdrawn from—nonprofits. Of course, the election could portend a future, different conversation about race than we have had previously. (One could argue that conversations about race and inequality have largely been avoided and sometimes even shunned.) Perhaps Americans are ready for greater honesty and self-reflection to understand the country's history of race and the economic role of racial inequality in our daily lives. The particular understanding of our progress and failings on racial relations will shape the public agenda and determine the level of resources that might be directed to address racial inequality. What kind of influence will the nonprofit sector have on this issue, and how will it participate in the public debate?

Within the context of changing race relations, a second new challenge concerns the potential conflicts between interest groups—such as between African Americans and Latino populations and those between a community's long-standing residents and its more recent ones—where increasing needs across the board mean fewer resources for everyone. The recent presidential election confirmed that different groups *can* work with one another in empowering ways. Interestingly, if one subtracts the relatively strong support Obama received from Latino voters (a national rate of 66 percent) and from Asian-American voters (64 percent), he might have lost the election.

But this election's progress in creating interethnic alliances is not enough unless it is sustained. As immigration to the United States from Latin America, Asia, and Africa continues to increase, concerns about how to build and sustain interethnic alliances will be with us for a while. And unfortunately, nonprofits sometimes react to, rather than are prepared for, changing relationships between two communities of color where both are characterized by significant levels of poverty and economic distress and where both have experienced discrimination.

Nonprofits with community-serving missions now find that urban demographics are not as clear-cut. Clearly racial and ethnic boundaries have changed. But let us not forget that it was a multiracial and multiethnic coalition that bolstered the Obama campaign, which provides an opportunity to build bridges across groups that might otherwise be at one another's political throats. Where can nonprofits go for guidance on managing conflict and building coalitions between communities of color? Where can they learn how to incorporate new people without making long-term residents feel forgotten?

A third challenge is the country's increasing economic disparities and the changing face of these disparities. Obama's somber tone in his first speech as president-elect reflected the rapid unraveling of economic crisis in this country, with low-income and working-class families losing their homes. And reports from the U.S. Census Bureau indicate that in some locations the number and proportion of impoverished families have increased. Equally important, the extent and foundation of poverty has changed. Previously, while working-class families struggled financially, they at least had homes. Now the pervasiveness of deep economic distress has changed the face of poverty. Again, how will nonprofits respond, where poverty is no longer the sole domain of the "poor"? Will nonprofits turn their backs on this problem, as some have suggested has already taken place? Will they respond



through piecemeal or Band-Aid approaches where more comprehensive strategies are too costly? Or will nonprofits exhibit leadership and aggressively challenge foundations, government, and the private sector to help provide economic security across the board?

Lawrence Mishel, the president of the Economic Policy Institute, argued recently that the 2008 presidential election portends the death of supply-side economics, a market philosophy that since Ronald Reagan has been espoused by Republicans and Democrats alike. Supply-side economics embraces the notion that cutting taxes for the rich and deregulating corporations enable trickle-down benefits for the middle and working class. Today, perhaps more people have come to recognize that this approach has not only failed but that it is a major culprit in the current financial crisis. Unfortunately, the immediate response by national leaders, including Barack Obama, has been to create the \$700 billion-plus “bailout” for Wall Street. Nevertheless, some may be hopeful that the crisis will ultimately lead to better stewardship of the national economy, reprioritization of national goals, and the pursuit of policies that benefit everyone, not just powerful corporations.

It will be most unfortunate, however, if nonprofits (as economic entities and helping organizations) are absent from the public discussion to find new economic thinking and models. Will nonprofits be part of this discourse? As we consider new economic strategies, can the current infrastructure subsector help nonprofits become more articulate in defending the interests of those without wealth and power?

A last challenge involves changes in the demography of the nation and how nonprofits and the infrastructure subsector can incorporate new groups into the process of local economic revitalization. The enthusiasm of young people and of communities of color was a major force in Obama’s victory. During this past presidential primary season, approximately 6.5 million new people—

all less than 30 years old—registered to vote. Substantial numbers from this group turned out on Election Day to express their desire for economic policies that are not divisive and that respond to those on the bottom of our socioeconomic ladder.

It is fair to say that many of these individuals seek significant change in how government and the private sector operate. But by implication, this is also a call for change in how nonprofits meet their missions. Young people from all racial and ethnic backgrounds joined hands with communities of color across the nation and demanded inclusion in how policy makers think about our economic future. How will nonprofits incorporate these voices into their governance and decision making, and will this inclusion be substantial or only on a token basis? As they move forward, will established nonprofits seriously consider the ideas and concerns emerging from these new faces?

In his classic work *Political Parties: A Study of the Oligarchical Tendencies of Modern Democracy*, sociologist Robert Michels theorized that an “iron law of oligarchy” dictates that in spite of lofty missions, organizations eventually become so routine in their operations that they lose the capacity to change in pursuit of their own missions and values. Can the recent presidential election help nonprofits *not* fall prey to this iron law of organizational behavior? How nonprofits respond to these four pressing challenges—and whether they have the organizational capacity and access to technical assistance to be heard more effectively—will determine the meaning of November 4, 2008, for civic society.

#### ENDNOTES

1. Bruce Katz, “Memo to the President: Invest in Long-Term Prosperity,” the Brookings Institution, November 24, 2008.

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