

Shocks Happen: War, Depression, and More War in the Making of the Nonprofit Sector

Elisabeth S. Clemens
Department of Sociology
University of Chicago

Prepared for the Conference on Organizational Emergence
Graduate School of Business
University of Chicago
November 2007

A note to readers: Although I had intended to write a narrower empirical piece, this has become an effort to work through the organizational/institutional dimension of the overall argument of my current book project on voluntarism in American political development. My apologies for the unfinished empirical analysis which I will attempt to sketch in my presentation at the meeting.

Two concepts have dominated contemporary theories of the state: state capacity and state autonomy. Both resonate with a fundamentally Weberian understanding of bureaucracy and rational-legal authority. States develop and become powerful as they gain capacity in relationship to other social actors and become less dependent on those other social actors for the practice of governance (Skocpol 1985; Skowronek 1982). This understanding is embodied in the imagery of national government, housed in marble temples of public authority. And yet, if we look more closely, public agencies are only half the story, at least in the case of the rising hegemon of the first half of the twentieth century, the United States. The expanded capacity of the nation-state often rested on delegations of authority not only to the states but also to private actors (Clemens 2006a). The expansion of state power (at both the national and state levels) has relied heavily on private organizations and individuals to do much of the on-the-ground work of governing, whether making decisions as to who will be drafted, delivering publicly-funded services to individuals, or helping veterans of wars fill out the forms to apply for public entitlements. The American leviathan has required prosthetics.¹

In the context of comparative theories of the state, therefore, the American case poses substantively important questions about the emergence of new forms of institutionalized governance. Nested within this question lies another: how can we explain the emergence of populations of private organizations that could effectively collaborate in this hybrid project of governance? What kind of private firms were able to collaborate with the national government in the mobilization for not one but two world wars, establishing the framework for that “military-industrial complex” denounced by President Eisenhower as he left office in January of 1961?² How did voluntary associations, which de Tocqueville characterized as bulwarks against centralized state power, come to be important partners in the “contracting state” that implemented the expansive domestic programs of the Great Society and the War on Poverty in the 1960s?

Although similar questions might be asked of either for-profit firms or nonprofit organizations in relation to the development of national state capacity, the latter have an additional significance in the context of American political development. By ruling out the

¹ Ullman on npos and French state.

² In earlier drafts of the speech, Eisenhower referred to the “military-industrial-congressional complex.” This question has gained urgency in the current context of the privatization of warfare (Singer 2003).

national establishment of religion and relegating police powers as well as responsibility for public welfare to the state governments, the constitutional framework left open many questions about how public goods would be provided and community responsibilities fulfilled. While in some cases state governments took up these challenges, most notably in the case of public education starting in the 1840s and public welfare (Novak 1996), many needs were left to be filled by private efforts, variously labeled “charitable,” “benevolent,” “mutual,” or “voluntary.” These organizations were not simply vehicles for organizing the provision of services and the production of public goods, they were also recognized as sites for democratic socialization, for the very constitution of citizens (Clemens 2006b). Thus the growing mobilization of these civic-but-private organizations in national projects raises fundamental questions about the character of American governance.

The normative issues that follow are of central concern for political theory, but this institutional trajectory also raises important questions of organizational emergence and institutional change. The process by which private voluntary organizations took on a form amenable to widespread enrollment in national projects can be traced through those episodes that are most prominent in conventional accounts of twentieth-century state-building: war and economic crisis (Katznelson and Shefter 2002; Amenta 1998). Whereas many scholars have pointed out how these events have strengthened the more classically Weberian elements of the American state – bureaucratic autonomy, fiscal capacity – as well as advancing Marshall’s vision of progress from civil to political to social rights, the question here concerns the effect of these shocks on creating an organizational population well-suited to sustained co-governance with public institutions and programs. The more meta-theoretical goal is to think through what a fully “eventful” understanding of history (Sewell 2006) can do for explanations of institutional change and the emergence of new organizational forms: both the modern nonprofit organization and the hybrid form of governance that we label the American national state.

As a dialogue between organizational history and institutional theory, the argument proceeds in three stages. After sketching the major changes to be explained, the shift from benevolence and voluntarism to “nonprofit-ness”, I begin by reviewing institutional arguments about the relationship between “shocks” – understood as “sociologically instantaneous events” – and institutional change or the emergence of new organizational forms. These arguments carry

strong implications as to what will constitute empirical evidence of change that conforms to these theoretical accounts. But, I argue, these arguments may profoundly misrepresent actual processes of political development and shifts in organizational populations. Like the drunk looking for his keys under the lamppost, we search for signs of change inside the temporal boundaries of great events and, finding them, may be tempted to look no further. Finally, by exploring the relationship between state-building and private organizations over the first half of the twentieth century, as the United States experienced world war and depression and more world war, I sketch an alternative analytic account of an eventful history of organizational emergence, of the making of the modern nonprofit sector.³

Such a history recognizes, in William Sewell's terms, that the social is both a "language game" and a "built environment" (2006: 320). Systems of meaning, and particularly institutionalized models, shape how organizations are actually constructed and identified. Thus changes in the dominant understanding of a particular domain of activity may generate new and distinctive organizational populations (Scott et al. 2000). But whereas many accounts of change leave these shifts in overarching institutional orders unexplained – as products of exogenous shocks or some other *deus ex machina* --, the embodiment of these models in practical projects carries with it the possibility of endogenous ruptures or, at the very least, vulnerabilities to events. Actors within those organizations make use of bits of institutional order – logics of appropriateness, models, routines, practices – to get the work done.⁴ In the process, the built environment of actually existing organizations may be reoriented with respect to the dominant categories of meaning and alternative institutional models.

The relationship of voluntarism to American political development displays many of the features of just such processes in which shifts in institutional order help to constitute new kinds of existing organizations which are then enrolled in different collective projects (Latour 1996) and are thereby transformed. Such transformations operate not only at the level of individual organizations but also through a collective realignment may produce significant changes in the

³ This final section remains in outline form in this version of the paper.

⁴ This argument departs from the classic imagery of "de-coupling" to recognize how work gets done as a potential source of change. Even if formal structures diverge from practices on the ground, those practices themselves may be understood as informed by an institutional model of action and guided by distinctive repertoires of action and organization (DiMaggio and Powell 1991; Clemens and Cook 1999). Thanks to my working group at Sundance Conference on Comparative Organizations for clarification of this point.

categories that structure moral and political distinctions: public and private, male and female, local and national, volunteer and professional, gift and right.⁵

Organizational Identity: From Benevolent Institution to Nonprofit Organization

At the beginning of the twentieth century, actors in national government would have found a number of potential private partners for the project of governing. Private firms had undertaken much of the work of building canals and railroads as well as furnishing military supplies for conflicts both domestic and foreign. The merchant marine represented a fleet of privately-owned and operated ships which also functioned as an adjunct to the U.S. Navy in time of war. In many ways, therefore, national projects rested on the efforts of private economic actors. The categorical distinction between public and private was far from absolute.

On the civic side, however, the picture was markedly different. While many large voluntary associations adopted a federal model and could mobilize to influence elections and policy formation (Skocpol 2003), their engagement with national government was largely on the input side of the equation. The organization of activities was often local, most famously the care of widows and orphans, and might involve cooperation with (or subsidies from) municipal or county government. In the face of disaster – flood, fire, or earthquake – nation-wide charitable drives would raise funds for the stricken districts, but a private voluntary infrastructure for national action was not in place.

Amidst the many variegated forms of private voluntary activity, two types are of particular importance for tracing the development of the hybrid form of governance that characterizes the modern American state: private charity and membership-based voluntary associations. The two had quite different constitutive logics (see chart below). Charity, specifically in the form of organized benevolence, valued the moral (as well as financial) qualities of donors and presumed the inequality of givers and receivers. This combination of inequality and political exclusion was made explicit in the twelve states which deprived paupers of the vote (Keyssar 2000: 61). In a democracy, therefore, there were fundamental cultural

⁵ This argument contrasts with a growing body of work which argues that the constitutive categories of political identity – particularly race and gender – represent durable and stable limits on the politically possible (Goldberg, forthcoming; Steensland 2008).

obstacles to harnessing a charitable model to policies that affected fully-enfranchised citizens.⁶ Furthermore, the criteria for leadership in the world of charity at the late nineteenth century were at odds with the growing professionalism of federal government (Carpenter 2001; Skowronek 1982). To use contemporary terminology, the situation lacked the homophilies – either cultural or individual – that would be conducive to the formation of ties between national agencies and charitable organizations.

	Charity	Voluntary Association	Nonprofit Organization
Central Role of Individuals	Donor (or experienced volunteer)	Member	Donor (or unskilled volunteer)
Qualifications for Responsibility and leadership	Moral standing and experience	Participation and experience	Professional accreditation
Relationship between giving and receiving	Benevolence (inequality, with presumptions that those who receive are not qualified for citizenship)	Mutualism (equality of members; receiving does not entail disenfranchisement)	Professional/Client (inequality, but without political implications)
Local-National Relationship	Local voluntary activity	Federal (local chapters, state federations, national organization)	Some local fund-raising, national-level policy formation and funding
Relation to government	Relatively independent	Independent but potentially politically engaged	Contracting (delegation of responsibility plus financial dependence)

A different set of incompatibilities existed between voluntary associations and the emerging bureaucratic agencies of federal government. Here, the cultural logic was potentially quite compatible with democratic governance; a logic of mutualism could be extended to the entire citizenry (although it had often been used to strengthen the boundaries of race, ethnicity, gender and religion; Kaufman 2002). Even without this imagined mutualism, voluntary associations had worked their way into the core of national government in the form of pressure groups, whose growth was noticed and condemned at regular intervals (Herring 1929; Crawford

⁶ Consequently, relief programs have often reinforced categorical exclusions from citizenship particularly when those are linked to race (Goldberg, forthcoming; Steensland 2008).

1939). Yet because voluntary associations were typically based in stronger and more limited understandings of membership, their entrance into governance itself was often characterized in terms of capture, a process that was a particular strength of agricultural associations (Hansen 1991; Selznick 1966). For this reason, enrolling membership-based voluntary associations in national projects carried the threat of undermining national control of those projects.

This antipathy to hierarchical control by government officials was reinforced by the democratic and participatory sentiments at the heart of the voluntary model which often made it difficult for leaders to make sustainable commitments on behalf of their organizations. The force of that democratic model was sufficient that it fueled conflict within groups with quite different corporate characters. The American Red Cross, one of the largest and most prominent voluntary associations of the first half of the century, was reorganized with a federal charter in 1905, a charter held by a board of trustees whose appointments were self-generated and approved by the President of the United States. Yet the members themselves often didn't recognize the difference and behaved *as if* they were a self-governing voluntary association. At one national conference, for example, the representatives of the Junior Red Cross offered a resolution endorsing a reorganization with representation along city-state-national lines (this was promptly vetted and quashed by the board-appointed resolutions committee). At another meeting, members' objections to the Red Cross' refusal of a proposed Congressional appropriation of \$25 million in 1931 led to a scene in which the organization's attorney actually took to the stage and read from the official charter, explaining that each local chapter held its charter only on sufferance of the national organization. The Red Cross counsel appealed to the institutionalized model of the corporation while the membership invoked the linkage of self-government to the very identity of a voluntary association.⁷ So even though it was formally constituted along corporate lines, the Red Cross was buffeted by struggles between the national leadership and member demands for participatory decision-making. Such conflicts were even more intense in the majority of associations that were actually organized on federal lines. Regardless of the formal organizational model, however, this participatory culture of decision-making made voluntary associations unreliable allies for national projects.

⁷ David Sills' classic, *The Volunteers* begins with a discussion of "federation-type" and "corporate-type" organizational structure, noting while "these two patterns of organizational structure [are] clearly recognized by everyone who has worked with or examined national organizations," "no standard terminology has been developed to describe them" (1957: 3).

Thus, in the first decades of the century, the emerging American leviathan had access to only poorly fitting prostheses. Although it was decades since Tocqueville had celebrated the rich associational life of the United States, those organizations were, for the most part, ill-suited to aiding in national projects. The obstacles – both the resistance of local organizations and the inadequacy of those few with a national mandate – were evident when President Theodore Roosevelt turned to the newly-rechartered American Red Cross to respond to the 1906 San Francisco earthquake. In the words of their official historian:

The Red Cross was hardly prepared to cope with such an emergency. It had just gone through the reorganization of 1905, was without adequate staff, had no financial reserves whatsoever, and did not have a single person at headquarters with experience in disaster relief. Nevertheless President Roosevelt, without consulting the Central Committee, impulsively called the society into action. Upon learning that Dr. Edward T. Devine, the General Secretary of the Charity Organization Society of New York, had started for San Francisco, he asked him by telegraph to represent the Red Cross at the scene of the disaster, and then immediately followed up this move by issuing a public proclamation. The American National Red Cross, Roosevelt declared on April 16, was the best fitted organization to undertake relief work, and so far as possible the outpouring of the nation's aid should be entrusted to its administration. The struggling little organization found itself overnight, as Bicknell wrote, faced 'by a supreme test and a supreme opportunity.'

The President's proclamation created consternation in San Francisco. There had been promptly set up in that city a Committee of Fifty to meet the emergency, and the proposal that public contributions for relief were to be sent to the still little known Red Cross rather than to this local agency was deeply resented. The San Francisco *Chronicle* declared it to be a reflection on the integrity of the city to have an outside agency handle relief funds, and outspokenly attacked the Red Cross for meddling. When Dr. Devine reached San Francisco with Ernest Bicknell, not yet formally associated with the Red Cross and at this time representing a number of Illinois organizations which had raised relief funds, they met a decidedly chilly reception. It was only as a result of the most careful tact that a co-operative program was worked out whereby all contributions for relief, except the congressional appropriation, were to be pooled and jointly administered (Dulles 1950: 103-4).

Note all the shortcomings of the Red Cross as a partner in this project of national relief: it lacked leadership and staff; it had few resources of its own; and it was bitterly resented by local organizations that were mobilizing both to give and to receive aid. Yet in less than a decade, the American Red Cross would be joined at the hip with the federal government in mobilizing volunteers, activity, and funds for the war effort. Fifteen years later it would first

collaborate with Hoover to meet the onset of the Depression,⁸ then be at odds with the Roosevelt administration, but quickly be brought back in as a supplement to government efforts and (at least in the case of foreign relief opposed by an isolationist Congress) a direct tool of Presidential politics. A similar story could (and will) be told of other large voluntary or charitable or benevolent organizations. Yet not of all. As the nation repeatedly mobilized to meet crises both military and economic, the population of civic organizations was transformed: some organizations went under, others grew tremendously, many changed fundamentally in character. The challenge is to trace how the eventfulness of the twentieth century created the conditions for the expansion of hybrid governance in the United States, the development of a powerful, but distinctively both public and private state.

Exogenous Shock and Institutional Change

At first glance, the claim that great upheavals produce institutional change appears patently obvious. Crises and conflicts challenge accepted practices and relationships just as they make demands for new collective capacities. Yet for all the surface plausibility of this claim, contrarian accounts can be found. Reflecting on the French Revolution, for example, Alexis de Tocqueville (1955) argued that its consequences for the organization of governance were not disorder and innovation, but rather that the post-revolutionary state was like the absolutist *ancient regime*, only more so. Thus, rather than accepting the initial plausibility of this claim, we must think more carefully about *how* great events and crises do or do not unsettle established arrangements and create opportunities for the emergence of new organizational forms and practices. Shocks happen, but not always with the expected effects.

⁸ The degree of penetration into the on-the-ground activity of governance was impressive. According to Robert E. Bondy, National Director of Disaster Relief for the Red Cross: "Today, April 12, 1932, out of a total of 3,600 Red Cross chapters, exactly 2,000 are participating in some form of unemployment relief. Over half of the counties of the country are benefiting from this Red Cross service, varying as it does from full responsibility for Family Welfare service to these supplemental services of clothing production, care of transients, employment service, gardening projects, school lunch projects and so on. Those 2,000 chapters in their service to civilians and veterans have dealt in recent months with fully 1,177,000 persons.

"Parallel with that development is the nation-wide distribution through 1,826 chapters in the five weeks yesterday since the enactment of the Law, of flour benefiting over 6,840,000 persons. Geared to function on immediate call in any emergency, the Red Cross machine in this short time has mastered the details of flour milling, transportation, wheat grading and distribution of a tremendous commodity surplus." (NARA, Records of the American National Red Cross 1917-1934, RG II, Box 89, 104.502).

Within contemporary institutionalism, the standard account links “sociologically instantaneous events” to change through the creation of heightened uncertainty. As Mark Blyth has argued, situations of crisis are not well understood in terms of “risk” which is calculable, but rather create “Knightian uncertainty,” circumstances in which “agents are unsure as to what their interests actually are, let alone how to realize them” (2002: 9).

This linkage of crisis with extreme or Knightian uncertainty complements strong forms of path dependent explanation. In its strong form, “path dependence characterizes specifically those historical sequences in which contingent events set in motion institutional patterns or event chains that have deterministic properties” (Mahoney 2000). This combination of temporally bounded contingency with small initial events that establish self-reinforcing sequences has been central to many accounts that link “sociologically instantaneous” events to large-scale institutional change (Pierson 2000: 253). This account also generates clear evidentiary expectations: crisis-inducing events should be contemporaneous with either sudden declines in organizational populations and practices of particular types or should mark the emergence of new organizational forms.

At first inspection, such accounts seem quite consistent with the evidence available on the emergence of the nonprofit sector. Although the data is less than perfectly systematic, trends in both the numbers of organizations incorporated with non-proprietary status (figure still needs to be constructed) and the charitable deductions taken on individual filings for the federal income tax point to the Second World War as an important inflection point.

Figure 1: Incorporated Non-proprietary Organizations

--to be inserted--

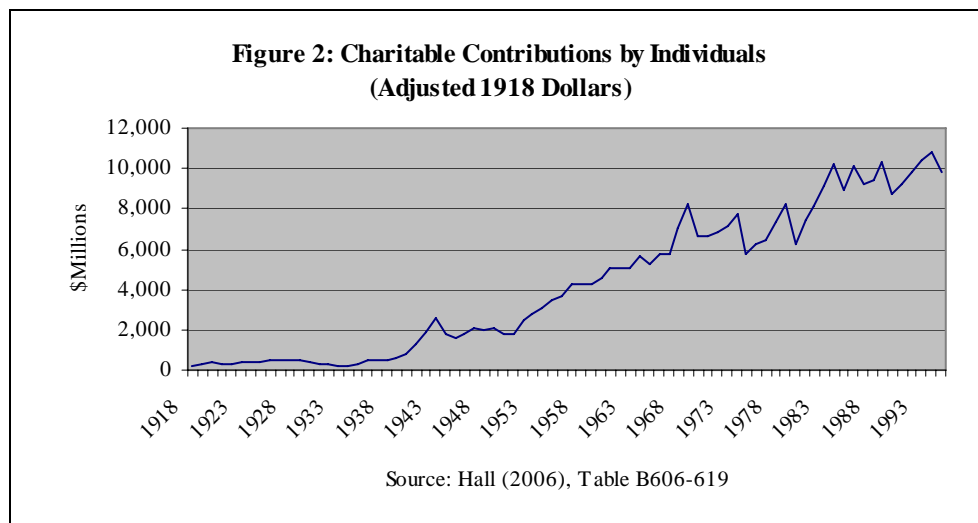


Figure courtesy of Doug Guthrie, from Clemens and Guthrie (Forthcoming). These figures are based on claimed tax deductions, so shifts in the average level of giving and the scope of mass taxation are entwined. Thus the rise in giving during the early 1940s reflects both intensified charitable activity during wartime and the transformation of the income tax into a mass tax.

Were we to accept these trends in numbers of incorporated nonproprietary organizations and levels of individual charitable contributions as accurate indicators of the growth of the nonprofit sector, the implications for research would be clear. Once shock-like event and inflection in organizational population are temporally linked, then the response should be to drill down into those events to discern precisely what it was about the Second World War that created the conditions for the emergence of a new organizational form. Such a strategy, however, would be guaranteed to miss many of the formative events in this field: the establishment of a charitable deduction provision in the federal income tax in 1916 [check date]; the adoption of a statute allowing for the non-proprietary status of fund-raising organizations with President Hoover’s support in the late 1920s; and the 1935 “Wealth Tax” which established that corporate charitable contributions were tax-deductible.

In addition, the figures above provide still more good reasons for resisting such a research strategy. Although the federal income tax was established at the end of the First World War,⁹ we might well ask why *that* episode of national mobilization had not produced a higher starting point for charitable giving. To the extent that the Great Depression made similar

⁹ A good part of the answer is that the federal income tax did not become a mass tax until the Second World War as incomes rose and the threshold for exemption was lowered to cover more of the population. Routine payroll deductions, a practice already adopted in conjunction with the Red Cross annual roll call as well as union policies of creating a central charitable fund, were transposed to the federal tax.

demands for national sacrifice, why do these indicators not record a surge in nonprofit organizations or levels of charitable giving at that point? Why, on first inspection, does it appear that some shocks matter and some do not?

The problem is in part terminological. Many of those organizations which, in the wake of World War Two incorporated as non-proprietary organizations, were already in existence in earlier decades. Formal organizational identity and the activities and standard practices adopted by organizational members did not necessarily change at the same pace. Furthermore, many of the activities that would now be associated with the non-profit sector – volunteering, giving, fund-raising – were nested within organizations known by other names: voluntary associations and charities. Participation in these activities also has a history, although one with rather different rhythms than those traced by individual charitable contributions claimed on federal tax returns. Robert Putnam (2000) has traced the average membership rate in national membership organizations with local chapters; joining rather than contributing is the key marker of participation. Here, the relationship of world-shaking events and membership is also unclear: a continuous trend of increasing membership rates runs through World War I, unbroken to the Great Depression; World War II brings a sharply increased rate of increase which then tops off by the 1950s and begins its much-lamented decline. Organizational demography produces a somewhat different pattern of change. Skocpol (2003: 68) identified the founding dates of organizations that would at some point enroll at least 1 per cent of the eligible population (either all adults, or all adult men or adult women for gender-segregated groups). From this vantage point, the First World War and the Depression both stand out as moments of great organizational innovation; 1910-19 and 1930-39 are the only decades of the twentieth century that can rival the years between the Civil War and the turn of the century for the foundation of these destined-to-be-large organizations.

-- insert figure 8 from Putnam, p. 54 --

These figures complicate the relationship between world-historical events and changes in organizational form and demography. Whereas the traces of the First World War were not visible in the data on charitable giving or numbers of nonprofit organizations, these years appear as a time of unbroken increase in associational membership and intensified founding of destined-

to-be-very-large organizations. For the crisis of the Depression the picture is somewhat more mixed, with declines in membership rates accompanied by the founding of a number of destined-to-be-large organizations. From this vantage point, however, the Second World War retains its status as a potential turning point, not simply the take-off point for nonprofit organizations and charitable giving but also the zenith of membership. Whatever dynamic had fueled the growing numbers of voluntary associations since the Civil War began to slow.

With this second picture of voluntary activity, any explanation of the making of the modern nonprofit sector must be coupled to an account of the slowed growth and eventual decline of that closely related species: the membership-based voluntary association. This reframing of the empirical puzzle resonates with an alternative theoretical account of the relationship of exogenous shocks to institutional change. Like strongly stochastic accounts of path dependence, these analyses recognize the capacity of events to disrupt institutions: “Macroeconomic and political shocks can produce crises that destabilize the power structure of an already existing field. In such a situation, actors in leading organizations within a field can respond to internal or external crises by changing their behavior and thereby altering the rules” (Fligstein 1990: 7). While such episodes are rare, precisely because they are extraordinarily risky, actors can minimize the risk by drawing on already available practices or models of behavior as ready-made solutions that can be repurposed to meet the crisis. This is particularly the case when events undermine or discredit existing solutions – in Fligstein’s case, the traditional sources of corporate leadership – creating situations in which other kinds of organizational expertise were reframed as constitutive of leadership qualities. This repurposing or transposition (Sewell 2006) of existing bits of cultural and organizational order is not limited to resources found within existing organizations. Instead, institutions “change when external shocks spark controversies that subvert the taken-for-granted character of existing systems and when new models diffuse across fields, providing challengers with rhetorical tools for delegitimizing regimes. And while problems affect results, the outcome ultimate depends on networks, state policies, and challengers’ ability to transpose templates, mobilize resources, and theorize alternatives in ways that articulate with prevailing moral sentiments” (Schneiberg 2005: 94). In this style of account, shocks and crises undermine existing models of order, but this does

not produce profound contingency. Instead, the social world is understood as already full of alternative models which can be repurposed to create new institutional frameworks.

This model of culture as a tool-kit and cultural action as a form of *bricolage* is consistent with the empirical evidence of the emergence of the modern nonprofit sector. The robust expansion of voluntary associations as organizational vehicles for mutual aid or benevolence or political mobilization was undermined in some way at the same time that a new organizational population known as “nonprofits” experienced rapid growth. These arguments assume the existence of an organizational repertoire consisting of discrete and well-articulated alternatives (Clemens 1997), but they do not account for the clarity of the choices and the emergence of new forms themselves. Rather, the assumption is that the world is always already full of alternatives, so in a moment of heightened uncertainty of crisis, skilled social actors will be able to pull various tools out of their kit in an effort to make do or make out. Such arguments remain incomplete in the absence of a genealogy of forms.

In addition, neither the “shock as creator of uncertainty” nor “shock as eliminator of dominant alternatives” account can explain the seemingly divergent effects of the two world wars. In both cases, the national government leaned heavily upon voluntary organizations to sustain the war effort. If anything, the engagement of these private associations in the quintessentially state-like activity of making war was significantly greater during the first conflict when the United War Work Campaign coordinated the activities of its member organizations in military camps in Europe and close to the front lines. In response to the question of “What does the Young Men’s Christian Association do for the boys?”, one fundraising pamphlet explained that the YMCA “accompanies our fighters from the moment of their induction into the service up to the time when they march to the battle front – and remains with them. The Red Triangle workers welcome the rookie when he arrives in camp and they stand in the front line trenches with the veteran under fire, serving him hot drinks, cigarettes, chocolates and cookies when he cannot stop for meals.”¹⁰ The specialty of the Salvation Army appears to

¹⁰ The member organizations were the Young Men’s Christian Association, Young Women’s Christian Association, National Catholic War Council (which was represented in the field by the Knights of Columbus), the Jewish Welfare Board, War Camp Community Service, American Library Association, and the Salvation Army (Rockefeller Archive Center – hereafter RAC – OMR III 2 Z, Box 2, Folder 76, “The United War Work Campaign. What It Is and What It Means,” November 1918). Five of the seven, with the addition of the Traveler’s Aid Association regrouped as the United Service Organizations or USO during World War II.

have been providing recreation rooms with doughnuts, apparently just behind the lines. The American Red Cross mobilized individuals in all sorts of ways: through war production (e.g. bandages), volunteer support as drivers and health aides, and expansive fund-raising including multiple \$100 million dollar drives to support first the war and later services for refugees. While the USO, the successor to the United War Work Campaign, did major work mobilizing domestic volunteers, raising funds, and managing entertainment for the troops, the World War II effort was restricted to areas away from the front lines for the most part. Many of the activities handled by private organizations in the first conflict were self-provisioned by the military in the second. This suggests that one source of the differential impact of the two wars on voluntary organizations was the greater ability of national institutions to pre-empt private efforts during the Second World War, but there remains a theoretical puzzle as to the effects of the first. With their analytic focus on the elimination of order, neither of the dominant approaches provides sufficient leverage to understand how the response to world crisis might sometime intensify rather than eliminate existing forms of organization.

With respect to the cultural dimension of organizational change, one can find the beginnings of an alternative approach. Although “unsettled times” may be less extreme than the crisis of World War, Swidler (1986: 278) argues that ideologies, “explicit, highly organized meaning systems (both political and religious) – *establish* new styles or strategies of action.” Whereas Blyth’s account of “Knightian uncertainty” is consistent with the delegitimation of existing cultural models and their replacement by novel claims or practices, Swidler’s account suggests a different empirical pattern of change. Rather than abrupt discontinuities and the replacement of one dominant form with another, Swidler’s analysis suggests that the effect of “unsettledness” will be a greater rationalization and formalization of practices and beliefs that were formerly somewhat inarticulate and incoherently linked to each other.

An analogous argument might be made with respect to the transformation of organizational form and practice in unsettled times, particular when those times entail national mobilization to meet a crisis. Although the topic has fallen out of favor in this era of networked industries, Chandler famously linked the development of managerial hierarchy and internal differentiation to the challenges of managing large-scale production and marketing: “The visible hand of management replaced the invisible hand of market forces where and when new

technology and expanded markets permitted a historically unprecedented high volume and speed of materials through the processes of production and distribution” (Chandler 1977: 12). While subsequent research has documented that this was not a *necessary* response to modern economic challenges (Berk 1994), it was certainly a dominant response and one that was sustained by a series of legal and political decisions that constructed an institutional infrastructure for the large firm.

To the extent that the cultural and organizational coherence of organizations increases in response to unsettled times and heightened mobilization, this may also produce shifts in the relationship of those organizations to broader fields of organizational interaction and meaning. The first point to notice is that the growth of the large-scale managerial firm did not stop these firms from being “firms,” at least once the threshold of incorporation was passed. With respect to both language and law, identity was stable despite significant increases in scale and changes in practice to the point that the largest corporations bore only little resemblance to the smallest of firms.¹¹ Yet stability along one dimension could mean change with respect to others. Take, for example, Simmel’s classic argument that increases in group size will lead to differentiation and differentiation will produce increasing similarities between groups that were initially quite distinct from one another. Growth, he argued, “will inevitably produce a gradually increasing likeness between the two groups. After all, the number of fundamental human formations upon which a group can guild is relatively limited, and it can only slowly be increased” (1971: 252). To the extent that intensified mobilization in the face of crisis led to increases in organizational size and hierarchy, the leaders of charitable or voluntary associations would no longer be so different from the leaders of business or government.¹²

This line of argument suggests an importantly different analysis of the relationship between crisis and institutional change. While some crises may indeed have effects overwhelmingly through major disruption and greatly heightened uncertainty, in perhaps many more instances patterns of social organization bend but do not break. Up to that undetermined

¹¹ The opposite may also be the case. Recall that many ongoing charitable or voluntary organizations assumed the identity of “nonprofit organization” following World War II.

¹² Such a process is consistent with the weakening dominance of women within the voluntary sphere; by the 1920s, the national staff of the Red Cross was predominantly male and received salaries (and regular raises through the first years of the Depression) commensurate with middle management. Other large organizations founded during this period were also decidedly male projects: the March of Dimes and the Townsend Clubs.

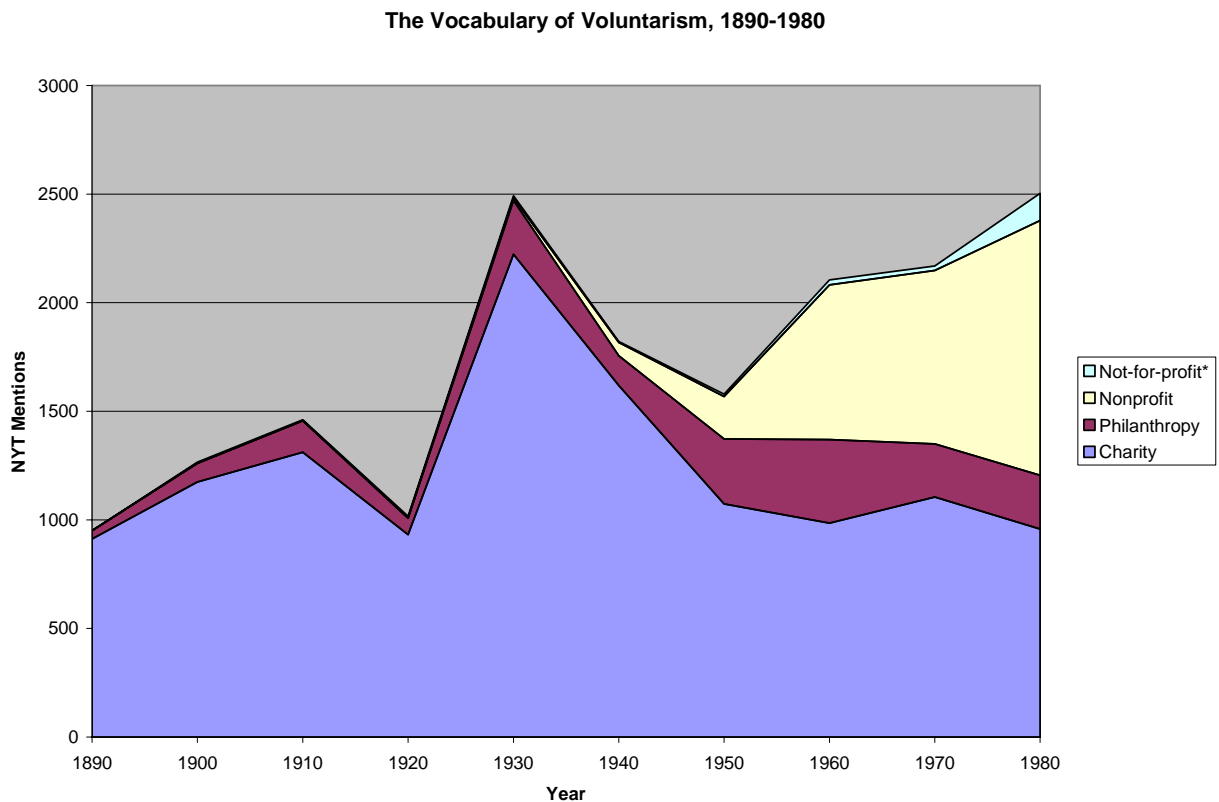
threshold of societal capacity for strain and shock, the effects of crisis may well be the intensification and clarification of logics and organizational practices rather than their disruption. Yet, as was argued above, across a sequence of crises that cumulative transformation and editing of organizational form may prepare the grounds for a fundamental redefinition of form and its relocation with respect to major categories of moral and political meaning.

The making of that argument will take up most of the pages that follow [although I admit, with embarrassment, not yet], but the outlines of this pattern of change are suggested by the shifting vocabulary of voluntarism. With all the recognized limits of word counts as indicators of dominant practices, the language used by one of the nation's leading newspapers suggests the very different timelines of changes in law and popular discourse. Although the legal framework for nonproprietary or nonprofit organization was largely in place at the state-level by 1900,¹³ and was elaborated in federal statutes and decisions through the 1920s, these labels had not penetrated the everyday language of elite journalism. Instead, "charity" and "philanthropy" dominated discussion carrying with them all those undemocratic connotations of inequality and failure to demonstrate the economic independence that had long been used as a basic criterion for full membership in the polity. Even into the Depression, the crisis associated with the displacement of charity by citizen entitlements to relief,¹⁴ charity (and to a much lesser extent philanthropy) dominated discussion. An alternative term, "relief," did not distinguish between public and private sources of funding.

¹³ This attention to the variable coherence of meaning systems and organizational practices resonates with the history of charitable organization in the United States. Although voluntary activity itself is often accorded an almost primordial status, the organizational forms for such endeavors were subject to a great deal of uncertainty and conflict as constitution-makers in the American states often abandoned the Elizabethan charitable statutes which had provided a legal infrastructure for collective benevolent activity (Hall 1987; Zollman 1924). Early nineteenth-century legislatures oscillated between a loose legal doctrine which would permit individuals to bequeath assets to charitable trusts and unincorporated associations and stricter doctrines under which such bequests could only be made to incorporated associations (Katz et al. 1985). And because incorporation itself was a fiercely contested privilege, sought with particular intensity by elite Whigs who were losing legislative control to insurgent Jacksonians (Neem, forthcoming), the legal infrastructure which would join organized associations to substantial flows of funds from bequests remained at issue through the entire century (into the 1920s, the Maryland legislature still approved each individual bequest to an association).

¹⁴ Roosevelt explicitly endorsed this recategorization of relief, arguing that it was the governments responsibility to maintain a "well-adjusted" economy that would provide jobs for all who wanted them. To the extent that the government failed to meet this responsibility, relief was a right not a gift. With the "maladjusted economy" as the jurisdiction of the government, the "maladjusted individual" was left as the primary object of private charitable activity.

But crisis had importantly altered the relationship of private charity to public funding as struggles in the last years of the Hoover administration shifted their relationship from potential collaboration to stark opposition and mutual exclusivity (Clemens, forthcoming). The co-existence of a language of charity and philanthropy with a legal framework tied to the category of “non-proprietary institutions” was strained. Private charities were first cut off from public funds and, a few years later, gained very limited access to federal funding streams designated for particular purposes (nursing homes were the first breach in the stark division between public and private constructed in the first year of the Roosevelt administration). With much of the former constituency for charity reconstituted as citizens entitled to public relief, private benevolent organizations were left to redefine a niche for themselves in a social world now dominated by public programs to a degree that was unimaginable a few years before.



The proximate account of the making of the modern nonprofit sector begins “in the shadow of the New Deal,” in the efforts of private charity to accommodate themselves to a world in which the federal government (along with state and local sources) would be a major source of

support for their organizational activities. At the same time, Roosevelt himself clearly recognized the power of charity – particularly in the form of extended reciprocity through citizen philanthropies such as the Red Cross and the March of Dimes (which began as the Committee to Celebrate the President’s Birthday, an annual fund-raiser that could easily have taken on quite ominous tones had the President’s name been Hitler or Mussolini). Mass fund-raising to combat polio was explicitly understood as a kind of “practice” for rousing a nation out of apathy and generating the capacity for collective action that would be needed to meet the challenges of economic revival and, later, mobilization for war. Thus well before the language of “the nonprofit sector” begins to pick up steam, the relationship of the “built environment” of organizations had shifted significantly. From local to national, from mostly female to significantly male (particularly in leadership), from democratic/federated to corporate, the domain of voluntary organizations had been altered in ways that fitted these organizations to be more reliable partners in the post-war expansion of public programs, particularly in the most significant domain omitted by the New Deal: health care.

To be written:

- Structure of the Conjunction
 - Effects of shock (sociologically-instantaneous events) depend on both the character of the shock and the character of the social order that experiences the shock. True by definition – what can save this from path dependence #2?
 - Sean’s work
 - Argue that both formations and events often come in characteristic types. Thus the same sort of event confronting the same sort of social order or institutionalized field will produce comparable effects.
 - Goldstone on demography and structures of elite office-holding.
 - Many of these effects are not fundamentally “disordering” but have the character of making the old system “the same only more so.”
 - Tocqueville on the French Revolution
- But in rendering the system “the same only more so” that changes its vulnerabilities to the next comparable event.
- “Cracks and fissures” argument; intense demands of crisis period may allow for accommodations that are at odds with dominant logic. These may not be immediately exploited; rather they set the stage for later developments, particularly in relation to other large scale changes. (taxes and deductions).

What to conclude from this:

- If shocks matter, only for WWII and for take-off of non-profit sector. But, given dominant models of how shocks drive institutional change, the primary conclusion would have to be “no association”.
- OR, shocks matter in some way, but not as predicted from dominant treatments in contemporary theory.
- But to pursue this line of argument, need to have some good reason for expecting that there would be a connection between the specific shocks of the first half of the 20th century – world war, great depression, more world war – and changes in the organization of voluntary, not-for-profit activities.
- Key is that these are all moments that demanded increased state capacity; US federal government did not respond in the form of pure Weberian state-building; instead, mobilized private actors in national projects.
- Thus immediate implication of “shock” was not greater ambiguity or exclusion of possibilities, but intensified mobilization (and subsequent repurposing) of existing organizational forms and important shifts in the resource-relationships among actors. These moments of intensified mobilization also led to the reorganization of work within organizations, producing subsequent realignments with flows of personnel and the structure of careers.
- Finally, “shocks” might realign form with fields, with broader cultural categories of public life.

Episodes:

- WWI
 - Commodification/monetarization of voluntary activity; greater demands on fungibility rather than interpersonal relations and exchanges. (clear precedents for this in disaster subscriptions, missionary work, etc. – but the center of gravity shifts for support and maintenance of local institutions and projects).
 - Centralization and standardization: USO, American Red Cross. (compare with Liberty Loans).
 - Voluntary groups are in the heart of the national effort (just behind the battle lines).
 - Intensification! Also hastens shift from voluntary organization of voluntary organizations to professional organization of voluntary organizations.
 - Serious implications for the role of the volunteer; infantilizes; denigrates “experience”; values “trained volunteer”. Voluntarism reconceived as trained mediation between ordinary individuals and large organizations (use passage about hospital).
 - Paves way for remapping of voluntary sphere onto gender.
 - So relatively little change in form, but intra-organizational changes in the organization of work and changes in the relation of voluntary organizations to government.
 - Also ongoing set of judicial decisions that draw a line between charitable and political.

- Depression: distinguish among three phases
 - Hoover: both intensification of activity and clarification of line between spheres of public and voluntary activity.
 - Roosevelt, part 1: reinforces bright line
 - Roosevelt, part 2: opens door to new relationships between public funds and private organizations
- WWII

	Voluntary Association/Charity	Citizen Philanthropy	Nonprofit Organization
Central Role of Individuals	member	Volunteer/donor	donor
Qualifications for Responsibility and leadership	Experienced volunteer or well-intentioned amateur	“trained volunteers” assisting professionals	professionals
Relationship between giving and receiving	Either mutualism (equality of members) or benevolence (inequality, with presumptions that those who receive are not qualified for citizenship)	Insurance model	Professional/Client
Local-National Relationship	Local voluntary activity, potentially nationalized political activity	Local fund-raising, national decision-making and redistribution	Some local fund-raising, national policy formation and funding
Relation to government	Relatively independent	Oscillates between alternative and instrumentality	Contracting (delegation of responsibility plus financial dependence)

References

Amenta, Edwin. 1998. *Bold Relief: Institutional Politics and the Origins of Modern American Social Policy*. Princeton, N.J.: Princeton University Press.

Berk, Gerald. 1994. *Alternative Tracks: The Constitution of American Industrial Order, 1865-1917*. Baltimore, Md.: Johns Hopkins University Press.

Blyth, Mark. 2002. *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century*. New York: Cambridge University Press.

- Carpenter, Daniel P. 2001. *The Forging of Bureaucratic Autonomy: Reputations, Networks, and Policy Innovation in Executive Agencies, 1862-1928*. Princeton, N.J.: Princeton University Press.
- Chandler, Alfred. 1977. *The Visible Hand: The Managerial Revolution in American Business*. Cambridge, Mass.: Harvard University Press.
- Clemens, Elisabeth S. Forthcoming. "In the Shadow of the New Deal: Reconfiguring the roles of government and charity, 1928-1940." In *Politics and Partnerships*, Clemens and Guthrie, eds.
- Clemens, Elisabeth S. 2006a. "Lineages of the Rube Goldberg State: Building and Blurring Public Programs, 1900-1940." In Ian Shapiro, Stephen Skowronek, and Daniel Galvin, eds. *Rethinking Political Institutions: The Art of the State*. New York: New York University Press.
- Clemens, Elisabeth S. 2006b. "The Constitution of Citizens: Political Theories of Nonprofit Organizations." In Walter W. Powell & Richard Steinberg, eds. *The Nonprofit Sector: A Research Handbook*, 2d edition. New Haven: Yale University Press.
- Clemens, Elisabeth S., and James Cook. 1999. "Politics and Institutionalism: Explaining Durability and Change." *Annual Review of Sociology* 25: 441-66.
- Clemens, Elisabeth S., and Doug Guthrie. Forthcoming. *Politics and Partnerships: The Role of Voluntary Associations in America's Past and Present*. Chicago: University of Chicago Press.
- Crawford, Kenneth G. 1939. *The Pressure Boys: The Inside Story of Lobbying in America*. New York: Julian Messner.
- Dulles, Foster Rhea. *The American Red Cross*. New York: Harper and Brothers.
- DiMaggio, Paul J. and Walter W. Powell. 1991. "Introduction" in Powell and DiMaggio, eds. *The New Institutionalism in Organizational Analysis*. Chicago: University of Chicago Press.
- Fligstein, Neil. 1990. *The Transformation of Corporate Control*. Cambridge, Mass.: Harvard University Press.
- Goldberg, Chad. Forthcoming. *Citizens and Paupers: Relief, Rights, and Race in the Development of the American Welfare State*. Chicago: University of Chicago Press.
- Hall, Peter Dobkin. 1987. "A Historical Overview of the Private Nonprofit Sector." Pp. 3-26 in *The Nonprofit Sector: A Research Handbook*. New Haven: Yale University Press.
- _____. 2006. "Nonprofit, Voluntary, and Religious Entities." In *Historical Statistics of the United States: Earliest Times to Present*, edited by Susan Carter et al. New York: Cambridge University Press.

- Hansen, John Mark. 1991. *Gaining Access: Congress and the Farm Lobby, 1919-1981*. Chicago: University of Chicago Press.
- Herring, E. Pendleton. 1929. *Group Representation Before Congress* (Ph.D, Johns Hopkins).
- Katz, Stanley N., Barry Sullivan, and C. Paul Beach. 1985. "Legal Change and Legal Autonomy: Charitable Trusts in New York, 1777-1893." *Law and History Review* 3 (1): 51-89.
- Katznelson, Ira and Martin Shefter, eds. 2002. *Shaped by War and Trade: International Influences on American Political Development*. Princeton, N.J.: Princeton University Press.
- Kaufman, Jason. 2002. *For the Common Good? American Civic Life and the Golden Age of Fraternity*. New York: Oxford University Press.
- Keyssar, Alexander. 2000. *The Right to Vote: The Contested History of Democracy in the United States*. New York: Basic Books.
- Latour, Bruno. 1996. *Aramis or the Love of Technology*. Cambridge, Mass.: Harvard University Press.
- Mahoney, James. 2000. "Path dependence in historical sociology." *Theory and Society* 29: 507-548.
- Neem, Johann. Forthcoming. *Creating a Nation of Joiners: Democracy and Civil Society in Early National Massachusetts*. Cambridge, Mass.: Harvard University Press.
- Novak, William J. 1996. *The People's Welfare: Law and Regulation in Nineteenth-Century America*. Chapel Hill: University of North Carolina Press.
- Pierson, Paul. 2000. "Increasing Returns, Path Dependence, and the Study of Politics." *American Political Science Review* 94 (2): 251-67.
- Schneiberg, Marc. 2005. "Combining New Institutionalisms: Explaining Institutional Change in American Property Insurance." *Sociological Forum* 20 (1): 93-137.
- Scott, W. Richard, Martin Ruef, Peter J. Mendel, and Carol A. Caronna. 2000. *Institutional Change and Health Care Organizations: From Professional Dominance to Managed Care*. Chicago: University of Chicago Press.
- Selznick, Philip. 1966. *TVA and the Grass Roots: A Study in the Sociology of Formal Organization*. New York: Harper and Row.
- Sewell, William H. Jr. 2006. *Logics of History: Social Theory and Social Transformation*. Chicago: University of Chicago Press.

- Sills, David L. 1957. *The Volunteers: Means and Ends in a National Organization*. Gelncoe, Ill.: Free Press.
- Simmel, Georg. 1971. *On Individuality and Social Forms*, edited by Donald L. Levine. Chicago: University of Chicago Press.
- Singer, P.W. 2003. *Corporate Warriors: The Rise of the Privatized Military Industry*. Ithaca: Cornell University Press.
- Skocpol, Theda. 1985. "Bringing the State Back In: Strategies of Analysis in Current Research." In Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol, eds. *Bringing the State Back In*. New York: Cambridge University Press.
- Skowronek, Stephen. 1982. *Building a New American State: The Expansion of National Administrative Capacities, 1877-1920*. New York: Cambridge University Press.
- Steensland, Brian. 2008. *The Failed Welfare Revolution: America's Struggle Over Guaranteed Income Policy*. Princeton, N.J.: Princeton University Press.
- Swidler, Ann. 1986. "Culture in Action: Symbols and Strategies." *American Sociological Review* 51 (2): 273-86.
- Tocqueville, Alexis de. 1955. *The Old Regime and the French Revolution*. New York: Anchor Books.
- Zollman, Carl. 1924. *American Law of Charities*. Milwaukee, Wisc.: The Bruce Publishing Co.