Between Scylla and Charybdis: Enterprise and Austerity as a Double Hazard for Non-Governmental Organisations in France and the UK

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This briefing paper examines the rise of the idea and practices associated with ‘enterprise’ within the third sectors in Scotland, England and France. In our pilot project exploring the challenges facing non-governmental organizations (NGOs) during the current economic crisis and subsequent austerity, we found that the logic of free market relations had penetrated and embedded itself into the rationale and practices of the third sector in these three countries. Principles of competition, the accumulation of assets and the commodification of services and products offered by NGOs had either been imposed onto individual organisations by the local or national state or organisations had actively adopted these ideas in order to survive austerity. The adoption of free market principles in the third sector, while not new, has continued apace during the crisis. We suggest that enterprise and austerity represent a double hazard that NGOs are forced to negotiate for survival in these tough economic times. In many ways we argue that this is perhaps a key story of the crisis and the cuts because it creates tensions and dilemmas for the development of viable alternatives to austerity policies within these third sector spaces.

We argue that enterprise is not a neutral concept and practice for NGOs. Rather, enterprise is an unacknowledged political stance that reshapes the ways in which NGOs define social problems, develop their programmes of activity and enact their social practices. Questions remain about what these free market principles embedded within the NGO sector mean for the most marginalised groups in France and the UK—minority women. We suggest that the ability for minority women to articulate and take action on complex social justice claims within the sector is under threat because these claims may well be silenced and/or ignored due to the prevailing enterprise logic of the sector.
Background to the study

This paper focuses on one aspect of our wider comparative pilot project seeking to investigate the impact the economic crisis and government austerity measures are having on minority women and how minority women are organising against these cuts in France and the UK. The deleterious effects of spending cuts on both women and minority groups are well documented. Each of these groups is identified as being more likely to be connected to the local state (in the form of accessing social welfare services), more likely to be employed by the local state (as teachers, nurses and social workers, etc) and these groups are more likely to be sub-contracted to the state via private sector organizations (as care workers, cleaners, caterers, etc) (Seguino 2010; Taylor-Gooby and Stoecker 2010; Women’s Budget Group 2010). From September 2011 to May 2012, we conducted thirty-five one-hour semi-structured interviews with a cross-section of directors, policy officers and development workers in anti-poverty, housing rights and migrants rights NGOs in Glasgow, Edinburgh, London, Paris and Lyon. Given the economic crisis, we were particularly interested in how organisations working with the most marginalised groups are impacted by austerity and how they incorporate minority women’s needs and interests into their organisational practices. Using snowball sampling techniques, we recruited a range of organisations that use a variety of methods for promoting equality and justice for their constituent groups ranging from ‘pure’ service provision to advocacy and militancy. We intentionally did not select gender equality/feminist organisations as part of our sample because the bulk of current research about women’s activism focuses on explicitly feminist organizing (Sudbury 1998; Dominelli 2006; Ledwith 2011; Emejulu 2011) and we feel that the responsibility for NGOs recognizing and advancing the social justice claims of minority women does not solely rest on feminist shoulders. Instead we were concerned with the extent to which activism within our chosen organisations involves and intersects with gender equality and minority women’s activism.

All the interviews focused on three key themes: how participants conceptualised the economic crisis and austerity, what impact (if any) they thought the crisis and austerity were having on their individual organisation and their sector more generally and what impact this was having on the ability to influence policymakers.

We will now turn to provide a brief overview of the economic crisis and the subsequent austerity programmes in both France and the UK.

The 2008 economic crisis: policy responses and impacts

The origins of the 2008 economic crisis can be traced back to the liberalisation of finance since the 1980s. The current crisis ‘derives from the long-term consequences of a cluster of financial innovations that aimed to separate credit decisions from their subsequent risks by splitting them into various components’ (Boyer 2012: 285). In other words, the creation of synthetic financial instruments—the now infamous credit default swaps and collateralised debt obligations—separated investors’ decision-making from their associated risks and this fuelled ‘a private credit-led speculative boom’ (ibid: 285) which ultimately proved unsustainable once the key manifestation of supposedly risk-free speculation—America’s subprime mortgage market—went into freefall.
What is important for us in our analysis of the effects of the economic crisis on minority women and NGOs is the way in which the causes of the crisis and the range of possible policy responses to the crisis have been subsequently misrepresented by institutional actors and financial elites in both France and the UK. The policies of austerity—deficit reduction through tax increases and cuts to public spending—are typically framed as the painful consequence of out-of-control state spending rather than as the result of states rescuing irresponsible financial institutions. Consequently, austerity has been represented by institutional actors as the only viable economic policy in order to get states’ ‘fiscal houses in order’. As Clarke and Newman (2012: 300) argue, institutional actors and financial elites are undertaking ‘intense ideological work’ to reframe how the public thinks about the causes of the crisis and win the public’s ‘disaffected consent’ for deeply unpopular austerity policies. Part of this ideological work is the ‘magical thinking’ of instituting paradoxical austerity policies that have ‘contractionary effects’ on the economy (ibid: 302-3). By contractionary effects, they mean that by undertaking an unprecedented programme of cuts, this massive withdrawal of state spending will actually further shrink the economy rather than jumpstart economic growth and job creation. Indeed, that the UK appears to be heading for a triple-dip recession (Inman 2013) and that France’s economy is also shrinking (Agence France-Presse 2013) appears to support these claims. Additionally, Hacker and Pierson (2010), Johal, Moran and Williams (2012), Pontusson and Raess (2012) all point to the capture of political parties on both the Left and the Right by the powerful financial services lobby as an important explanation for why austerity is being implemented uniformly across various OECD countries (despite these countries’ differing manifestations of crisis) and why cuts to public spending—rather than significant tax increases on the wealthy and corporations—are being championed as the only viable policy response to crisis.

At the time of writing, the UK is undergoing the most extensive reduction and restructuring of its welfare state since its enactment after the Second World War (Taylor-Gooby and Stoeker 2010; Yeates et al 2011). ‘Of the £80 billion a year spending cuts announced in the [Government’s] Spending Review, £18 billion will be found from cuts in welfare spending by 2014-15’ (Brewer and Browne 2011: 4). The Conservative-Liberal Democrat Coalition Government is presiding over a 27% cut to local government—the key mechanism for delivery of public services—and a 68% cut to the social housing budget (Taylor-Gooby 2011: 4). In total, the Coalition’s fairly regressive tax increases (the top rate of tax has recently been decreased from 50% to 45%) and spending cuts are ‘larger than any retrenchment since the 1920s’ (ibid: 4).

Whilst France is not implementing as stringent austerity measures in comparison to the UK, a key aim of both the former President Nicolas Sarkozy and the newly elected François Hollande, in spite of his anti-austerity rhetoric during his election campaign, was also deficit reduction and cuts to public spending (Cliff 2013). The headline of Hollande’s 2013 budget, that he described as ‘the biggest budget shift [choc] of the past 30 years’ (Guélaud 10/9/12), is a commitment to cutting the deficit to 3% of GDP in 2013 (L’Express 29/9/12). The French budget has been calculated as two-thirds revenue generation of €20billion through a 75% tax on households with incomes over €1million and a new 45% tax rate for households with incomes over €150,000 and a one-third cut from an estimated €10billion reduction in public spending (Willsher 28/9/12). The Socialist government has opted to side step sweeping cuts to all areas of state spending and instead decided to concentrate reductions via a freeze on all government spending (which amounts to a real terms cut due to inflation).
However, it should be noted that the precise areas where these cuts will come into force have not been specified as yet and their impacts are the focus of our current wave of data collection.

Findings

The impact of austerity on NGOs in the UK and France was experienced in similar ways: through budget cuts, staff redundancies, the closure of organisations, mergers of different organisations and reductions in staff working hours combined with reductions in service provision. In our interviews with NGOs, however, what we found most striking was the development and expansion of ideas and organisational practices linked to ‘enterprise’ as both a survival strategy and an imposed solution on organisations by the local and national state. The colonialisation of the NGO sector by market principles is a key transformation facilitated by and as a consequence of the economic crisis in France and the UK. Rather than the crisis and austerity creating new progressive spaces to rethink social welfare and social justice, it appears that NGOs are being pushed ever closer to mimicking private sector organisations in their mission and in their practices. As a participant in Scotland stated:

‘We’re shifting towards more enterprise-oriented activities rather than just grants…Grant funding isn’t the way the future’s going and self-generation of funding is important…It’s helped communities experiencing poverty set up their own enterprises and to get a toe-hold in the market system’.

The ethos of enterprise has fundamentally shifted relationships between state, market and civil society, making boundaries more porous and distinctions fluid. These shifts generate a difficult context for NGOs as, with the rise of privatization of social welfare in the wake of austerity, they must either rush to become ‘any willing provider’ or, often, face extinction. The fate of complex social justice claims in these increasingly free market NGO spaces is uncertain. We are particularly concerned with the impact an enterprise culture has on the development, maintenance and expansion of solidarity between different social actors and across NGO issue areas and sectors. By solidarity, we mean both a structure of feeling that unites members of a group and a moral imperative that obliges group members to action on behalf of the collective’s interests and needs (Scholz 2008). Understanding the fate of solidarity within these increasingly privatized NGO spaces is important because solidarity both animates oppositional voluntary action and is also the hopeful outcome of this form of action\textsuperscript{iii}. If solidarity is weakened within the NGO sector we argue that this undermines the ability of minority women who are at the intersections of different social justice agendas to articulate and take action on their particular interests and claims.

For the purposes of this briefing paper, we focus on one of the three ways we identified that solidarity is under threat by the rise of an enterprise culture within NGOs: through increased competition between organisations. Solidarity is under threat between different NGOs due to the reconstruction of funding relations between the local and national state and NGOs. This changing funding environment has meant that solidarity is being displaced by competition and bidding wars between different organisations for government contracts for service provision that NGOs need in order to survive austerity.
In a typical illustration of this phenomenon in France, one NGO caseworker described the following scenario, which, in his words, ‘solidarity between associations is absent’. He described a particular NGO that was in conflict with the Prefect of the region. The organisation had done its work well, but suddenly it was being audited frequently and finally it had its contract with the state terminated. The loss of this key source of funding ‘dried out’ the organisation, which closed shortly afterwards. Rather than support the struggling organisation or protest the organisation’s loss of funding, ‘associational colleagues’ instead put their efforts into winning this newly available contract. Because there was a part of the market to capture and a new source of funding to secure, little to no effort was put in to build or maintain solidarity between NGOs in this area.

A participant in Scotland identified a similar process at work:

‘[Workers] are so focused on sustaining their own organisation they’re not looking at perhaps working with each other a bit more…They’re very much protecting their own little fiefdoms…I guess the sense of terror is too strong, the sense that things are getting difficult, I think it’s making people quite blinkered’.

Because the Scottish, English and French states are moving from funding core elements of NGOs to contracting out parts of the state for NGOs and the private sector to deliver on a short-term project basis, this appears to be eroding trust and mutuality within the sector. In addition to increasing competition and reducing cooperation between NGOs, organisations’ increased dependence on contracts was perceived to be limiting space for different forms of voluntary action, especially oppositional work against various policy regimes. In the view of one participant in France:

‘There are associations financed 100% by the State…for whom the margin for maneuver is very limited. It is limited politically for a very simple reason…Not responding to bidding calls and calls for tender…is taking a risk at a time where associations financed by the State are being put in competition with one another’.

Another participant in Scotland echoed a similar sentiment:

‘Increasingly organisations that have got funding relationships with government agencies are feeling that they can’t speak out…organisations are feeling that they need to be silent because of those funding relationships [with the state] that they need to protect’.

One participant in France put this situation in blunt terms:

‘The reality is that the state [agencies] more or less say, “We are the ones who finance you. The stakes are these, from one year to the next we remind you there will be calls for tender, for projects” and if we don’t answer someone else will’.

It is important to note that these changing funding relations are not just crowding out different conceptions and ways of working in the sector but the ideas of enterprise are seeping into a given organisation’s ideology, ethos and identity. As a participant in Scotland noted:
I think that’s a critical weakness in the way things are developing…[the contract culture] doesn’t acknowledge the fact that as third sector organisations you’re more than just the arm of the local state, you’re not just there to deliver their services for them, it’s a different ethos and you do have your own organisational ethos and priorities as well which are supporting local authority and national government priorities and outcomes but [NGOs] shouldn’t be shoehorned into doing it in one way only’

A participant in France agreed with this view:

‘It is our identity as an association [that is at stake]. If it is to become a business in the plans and work methods, isn’t it better for a business to take the job over? Or that one admits one is no longer an association? But for us…an organisation that has always been a force of critique, it is very complicated for us to position ourselves’.

Double hazards for NGOs and minority women

Our findings to date indicate that when some NGOs are confronted with the double hazard of acute resource scarcity and an ideological push for enterprising work, this impels them to prioritize strategies that are often short-term and oriented to service provision rather than oppositional organising, advocacy and/or more militant confrontation. The substitution of grant-in-aid funding for contract work, in many cases, means that the broader agendas of NGOs are compromised in the struggle for the organisations’ survival. As a consequence, these organisations are presented with strategic dilemmas about the best ways of advancing their social justice agendas in contexts where state actors impose stringent funding criteria and encourage competition within a narrowly defined sphere of action.

We suggest that in the current crisis, resource scarcity shrinks the available range of frames of contestation and it is difficult for these organisations to inflect agendas with multiple axis (race, class, legal status and gender) concerns because these may well delegitimise, divert and/or weaken their competitive advantage vis-à-vis other organisations vying for the same funding. This is particularly challenging in France where the ‘universal’ republican model of citizenship provides little traction for ‘race’ and gender-based claims. In a context where organisational survival often asserts itself as the dominant concern, the ‘simple and straightforward’ single axis claim may win out, as it does not attempt to straddle issues areas and in so doing contest government funding criteria. By seemingly complying with the dominant agenda of austerity and enterprise, the third sectors France and the UK may well be closing down important spaces for debating and enacting real alternatives to austerity and the logic of the free market.

What does this double hazard mean for minority women who are positioned at the intersection of these various issue areas by virtue of their legal status, housing, class, race and ethnicity and, of course, gender? What we suggest here, following the key insights of ‘intersectionality’iv, is that rather than considering these ‘two groups’, that we instead consider the fate of people at the crossroads of social justice agendas whose experiences simultaneously bridge class, race, legal status concerns which exist alongside and are inflected by gender inequalities (Bassel and Emejulu 2010). In the hazardous context for NGOs, we have seen that these ‘single axis’ groups that focus on housing rights, migrants
rights or anti-poverty work are facing an erosion of solidarity within and across organisations and sectors. We suggest that, as a consequence, the attempts to combine claims and issues across these organisations—in short to embody and practice intersectionality and reflect the multiple and simultaneous social justice issues faced by minority women—is becoming increasingly unlikely and untenable for many organisations.

In a context where solidarity around single axes of anti-poverty and migrants rights is weak, who will lobby with and alongside minority women in this diminishing political field? Our concern is that the dynamics we have identified in this paper both within organisations—where workers are disciplined into ways of working and seeing the world that may well be hostile to any questioning of work conditions (let alone the ability to articulate and recognize multiple social justice claims)—and in organisations’ relationships with each other—may preclude the kind of bridging and expansion of social justice agendas that is essential to addressing the social justice challenges advocated by NGOs and faced daily by women at the margins.

Bibliography


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1 The difficulties of defining the term ‘NGO’ are well documented in the literature (see, for example, Martens 2002 & Vakil 1997). Following Martens, we refer here to ‘formal (professionalized) independent societal organizations whose primary aim is to promote common goals at the national or the international level’ (2002: 280). We include a normative element in both our definition and analysis: it is our position that these organisations have the potential to represent principles of mutuality, solidarity, independence from state and market (though this is not a necessary element of defining these organisations more broadly). These principles are under threat when austerity facilitates the incorporation of market principles into this sector.

2 We are grateful to CERES and the College of Social Science, University of Leicester for their support of this project.

3 Thanks to Mae Shaw for an enlightening discussion on this point.

4 The idea of intersectionality forces us to confront and think about women and men in a complex and heterogeneous way. Exploring how gender, ethnicity, race, class, disability, age, religion, and sexuality interact in different ways, depending on different cultural contexts, is crucial in seeking to construct a state that supports and recognizes multiple social justice claims. Intersectionality is a powerful way of understanding the differing outcomes between different types of women and men (for example see Crenshaw 1991; Hancock 2007a; 2007b; Hill Collins 1990; Jordan-Zachery 2007; Yuval-Davis 2012).