



MICHAEL HOOKER

The next revolution

Meeting the challenge of economic change

Editor's note: The following is excerpted from a speech that Michael Hooker, chancellor of the University of North Carolina at Chapel Hill, delivered at Philanthropy '96, the third annual conference for North Carolina's nonprofit sector. The theme of the conference, which was sponsored by the Philanthropy Journal, was "The Next Revolution."

The "Next Revolution" is not still to come: It is upon us already. And our common concern is to find means to cope. What should be the role of our state university in this turbulently changing world? In that role, what responsibility do we share with you?

The combination of a scientific-technological revolution and a sea change in the way the world does business are bringing about irreversible, irresistible, pervasive changes in the way we live, in the way we work, in what work is to be done by the human workforce and what work by machines that displace human beings, in both the goals and the means to reach them that drives business, in the ways in which nations and their economies function and interact, in what is possible and what is impossible for governments to do to influence desirable change, in what our people feel about themselves, their jobs, and their country, and in what humankind can expect of its future.

If we are all to learn how to do our work in this new economic and social setting, we must not deceive ourselves into denying its reality. We must see as far as we may, do the hard work of thinking how to cope, and lead the way for our people.

Then must we not prepare ourselves to address the underlying question: How and by what means, in the face of these economic forces, can humankind reclaim mastery of the economy in service to the whole human race? How shall America keep its strong leadership, and how shall it exercise it, not merely in the interests of Americans, but collaboratively, with the other nations of the world, in the better interests of all the inhabitants of this tiny, hurling sphere, whizzing through the universe?

At the root of this matter is the need to educate our people for this

new age - not only for the best jobs they can be trained to do, though that is of first importance to every person. But we must also be sensitive to the greater long-term importance of giving people the metaphysical wherewithal to accommodate the disruptions of change. In that regard I am greatly troubled by assaults upon the arts through reductions in their funding. It is literature and the arts that give meaning to human life and that enable us to gain an understanding of the world and an appreciation of our place in it. Nothing can be more important in a time of turbulent external change than having a firm metaphysical footing within ourselves. I call upon us all to redirect our attention to the extreme importance of enabling people to live meaningful lives while we also focus on enabling them to live productive lives.

These two themes, enabling people to live productive lives and meaningful lives in this new knowledge-based economy must also inform our thinking about North Carolina's public schools. Whatever the economic vicissitudes that envelop us, and whatever will be the character of North Carolina's economy in the 21st century, we know that our competitive advantage will be secured only by the extent to which we have developed, nurtured, and fostered our brain power. There is no more urgent exigency than that of improving our public schools. It is for this reason that I have announced that our School of Education will be focused solely on providing service to North Carolina's public schools. We are passionately determined to do everything within our power to improve the preparedness of the students we send as new teachers into the public schools. We are equally determined to do everything within our power to assist public schools in addressing the myriad of concerns with which they struggle.

For example, we are worried about the enormously high attrition rate for new teachers. I am confident that we can do a better job of preparing new teachers to face practical problems that will confront them in real-world environments.

You and we must share concerns about the social consequences of the changing world economy for the

economy of the United States and for our philanthropic mission. And you and we must share in the knowledge revolution - the transformation of the means of learning by those stunning developments in technology that, among other things, made it possible for the ingenious human race to cast around this globe of ours a living linkage of knowledge communication. We - all of us - need to be fully linked in that World Wide Web of knowledge. We need to take advantage of the growth of Free-Nets in our communities, with the access to libraries and other resources they afford, with the means they make available to the smallest enterprises represented in this room to have economical access to the information they need to function.

It is clear that the first mission of my nonprofit is higher education. But higher education is vitally concerned with the arts and culture, emergency services, the environment, families and children, health care, higher education, housing and neighborhoods, jobs and community development, kindergarten-through-12th grade education, social services, and specialized education.

Much of the underpinning for the university's teaching, research, and public service comes to it in streams of lifegiving support sourced in nonprofits in those fields. Equally, much of the research, teaching and public service of the university is of life-giving usefulness to you, working in those fields.

You have given your [1996 North Carolina Philanthropy Award] today to the Z. Smith Reynolds Foundation, which provided start-up funding for work being done in a university in behalf of the wider interest of the entire nonprofit community. My university, through its School of Social Work, is proud to be engaged in this cooperative, collaborative work to develop a Nonprofit Leadership Program.

May that effort be only the latest example of the way in which we may all share responsibilities in the difficult work to be done to address the root challenge we have been dealing with today, that of the profound economic change which has enveloped us all.

ance; who speaks for those who have become our forgotten agenda?

The Z. Smith Reynolds Foundation has, and I congratulate the *Philanthropy Journal* for choosing this noble enterprise to be the 1996 recipient of the North Carolina Philanthropy Award.

For six decades now, this foundation has made things happen in North Carolina. It has been a leader in effectuating change, and its orbit of influence has ranged over almost every field of activity and every condition that impacts upon our citizenry. The foundation has been an incubator of ideas. It has been a leader in taking the chance with the creative, innovative and artistic mind. It has seen clearly its role in education by establishing such enterprises as the Public School Forum and kindergarten activity. Through its dozens of major grants affecting higher education, both public and private, much has been done to promote access and to insist on quality in performance.

In establishing the Nancy Susan Reynolds Awards, the foundation reached out in our culture and found the unsung and otherwise unknown heroes and heroines who give their

lives daily to the common task. I am delighted that this awards program has been expanded to include and recognize new and substantial activity in improving race relations in our state.

It is entirely fitting, then, that this audience pause in its deliberations and salute the trustees of the Z. Smith Reynolds Foundation, past and present, and their chairman, the Hon. Steve Neal, and especially its splendid leader, Tom Lambeth, for being such dedicated servants of all the people of North Carolina.

I am sure that there are intervals in the lives of each of us when we pause to measure how truly effective our efforts are or ought to be; and while we regret not meeting the challenge in every instance, we resolve to move forward. Today, this assemblage says to Steve Neal and his fellow trustees and to Tom Lambeth and his fine staff - well done, O noble servants. Our gratitude is great and our confidence is high. Warmest congratulations on receiving the 1996 Philanthropy Award.

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The first of these factors is middle class *angst* and anxiety. In a word, the vast majority of the American population is finding it increasingly difficult to move ahead, and large numbers are finding it necessary to work much, much harder simply to hold their own.

The current crisis of the nonprofit sector is being abetted by a growing mismatch between the actual operation of the voluntary sector and popular conceptions of what this sector is supposed to be like, conceptions the sector itself has helped to promote.

In a sense, the nonprofit sector is being hoisted on its own mythology. Having failed to explain adequately to the American people what its role should be in a mature welfare state, the sector has been thrown on the defensive by revelations that it is not operating the way its own mythology would suggest.

In its public persona, the nonprofit sector still holds to a quaint 19th century image of charity and altruism, of small voluntary groups ministering to the needy and downtrodden. In reality, however, the actual operations of the nonprofit sector have become far more complex.

The sector's self-image stresses private philanthropy as the principal source of support. In fact, however, the largest source of income is fees and charges. Equally important has been the growth of partnerships between the nonprofit sector and the state. Yet these important partnerships have hardly been fully integrated into our concept of the sector and consequently remain somehow suspect.

So, too, with certain other salient features of our sector, such as pay and perquisites that at least some consider inappropriate; a focus that extends well beyond the poor and the disadvantaged; professionalization and bureaucratization, which threatens to undermine the role of volunteers; and representational mechanisms in some advocacy organizations that are imperfect at best.

The third major factor helping to explain the crisis is the emergence of a right-wing campaign dedicated to discrediting the nonprofit sector.

The attack on the nonprofit sector is a strategically important part of the overall conservative assault on the welfare state, or at least on what stands for it in the United States.

Simply by carrying out one of their central functions - to serve as a vanguard and innovator, to give voice to the voiceless - nonprofit organizations have become anathema to the conservative cause.

What should be done to overcome the fiscal and political crisis that the nonprofit sector faces at the present time? Broadly speaking, three strategies are available:

The first such strategy is accommodation, or strategic retreat. Central to the accommodation response is the belief that private giving and voluntary activity can fill in meaningfully for the reductions in government support that the nonprofit sector is likely to endure as a result of budget cuts.

The more likely response is that nonprofit organizations will turn even more to fees, service charges and other essentially commercial forms of income to finance their operations.

A second possible strategy for the nonprofit sector in the face of the budget crisis it faces is the strategy of resistance - focusing primarily on lobbying efforts to resist the cuts being proposed in federal spending.

However, the nonprofit sector currently lacks a sufficient political base from which to mount an effective campaign of resistance.

The third possible strategy, and the one that I tend to favor, is a strategy perfectly in keeping with the traditions of this sector:

The sector should respond to the crisis it is facing by using it as an

occasion, and an opportunity, for renewal, for rethinking its role and operations, for re-examining its own mythology in the light of contemporary realities, and for achieving a new consensus, a new settlement, regarding the functions of nonprofit organizations, the relationships they have with citizens, with government, and with business, and the way they will operate in the years ahead.

This does not mean that the sector should give up on resistance, where that is appropriate. But resistance by itself will not work unless it is accompanied by a serious effort at revitalization, recommitment and, where necessary, reinvention.

First and foremost, renewal requires a re-examination of basic values and beliefs. It is time to convene a series of Commissions on the Third Sector - both nationally and at the state and local level, to examine the health - both fiscal and moral - of the American nonprofit sector - including service and advocacy, as well as funding, agencies - to rethink the role, function and operation of the nonprofit sector for the next century.

Building on the work of the Commissions on the Third Sector, I propose that a series of Civil Society Summits be called both at the state and local level, and ultimately nationally soon after the inauguration of the president in 1997. Like the pioneering such summit convened in North Carolina in 1993, these will be gatherings of government, business, and nonprofit sector leaders to explore how to promote more effective collaboration among the sectors to cope with our serious national problems.

Concurrent with the effort to clarify the value base of the nonprofit sector and the role the sector will play in the future, a significant media campaign should be launched to reconnect the nonprofit sector with its citizen base and to education the public about the role that nonprofit organizations play in the way we actually address public problems in this country.

What should be emphasized is the modern reality of nonprofit organizations working collaboratively with government and the business sector to respond to societal needs. This may be a complex message, but it is the reality that now prevails. Yet it is a reality whose image has unfortunately been lacking in the public mind.

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development and research, industrial development and in the cultural affairs that nourish us every day of our lives.

Those of us actively engaged know all too well that the change of federal policy in some of these fields and the consequent diminution of resource availability have thrust foundations into a much more difficult role; so many choices have to be made not heretofore experienced and the need is never fulfilled.

It follows that foundations and trusts are increasingly important to the future of our state and certainly our country. We live in a divided community - haves and have-nots - old and young, between races and nationalities, those who serve us in public affairs and those who denounce public servants. In such a divided society, weaker voices get lost. The question in North Carolina today then is: Who speaks for the poor, that hungry child, that displaced employee, the homeless, the uneducated, the sick without health insur-