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## THE THIRD SECTOR: AMERICA'S NON-MARKET COUNTERCULTURE

By Peter Drucker

The counterculture of the "other half" in the knowledge society is one of social status and lifestyles. The other counterculture - so far purely American - is one of values. It is the counterculture of the non-business, non-government, "human-change agencies," the non-profit organizations of the so-called third sector.

American society has become different and distinct from other countries - developed or developing, free market or socialist - in the steady growth of its third sector, the thousands of non-profit but non-governmental institutions. These institutions include the majority of America's hospitals, a very large part of the schools, and an even larger percentage of colleges and universities. They include large international philanthropic organizations and very large domestic ones like the American Red Cross, with its thousands of local chapters and a million volunteers nationwide. They include many purely local ones, e.g., the community chests which support local charities in every American city and country (town?), or the thousands of "Meals on Wheels" whose volunteers take hot lunches to the sick and elderly. They include large national health-care groups such as the American Heart Association, the American Lung Association, the American Mental Health Association. They include a great many community service groups: the Salvation Army, the Girl Scouts (which now enroll one out of every four American girls of elementary school age), the Boy Scouts, or the Urban League, the effective community service of America's black city dwellers. They include the enormous diversity of churches in the US ranging from those with more than 10,000 parishioners to conventicles with 25 members. And they include an indescribable variety of cultural enterprises - hundreds of symphony orchestras, for instance, and any number of museums. These institutions are paid mainly by fees and voluntary donations rather than tax dollars. They are independent and governed by their own volunteer boards. But even a good many tax-supported and governmental activities in the US are run like third-sector institutions - the public school, for instance, or the state universities and community colleges.

Third-sector institutions are not unknown in other countries. They occupy the "commanding heights" in Britain's education - what with the prep schools, the public

schools, and the two prestige universities of Oxford and Cambridge. In Britain there are also the non-conformist churches. In Japan there are private universities and private non-governmental hospitals, many of them originally founded by Christian missionaries. The missionaries also gave Korea independent churches and schools affiliated with them. But few such institutions exist on the European continent. And even in Britain, Japan and Korea, they are confined to a few tasks. In the US they are ubiquitous. They fulfill a unique social function. They are a counterculture, different and separate from both the governmental and the business sectors and their respective values and cultures.

The third sector is actually the country's largest employer, though neither its work force nor the output it produces show up in the statistics. One out of every two adult Americans - a total of 90 million people - are estimated to work as volunteers in the third sector, most of them in addition to holding a paid job. These volunteers put in the equivalent of 7.5 million *full-time* work years. If they were paid, their wages would amount to \$150 billion a year.

These institutions, today, increasingly talk of the "independent sector" rather than the "third sector." But even that term begs the question of what *function* these institutions perform. Non-profit, non-business, non-governmental are all negatives. One cannot, however, define anything by what it is not. What, then, is it that all these institutions *do*? They all have in common - and this is a recent realization - that their purpose is to change human beings. The product of the hospital is a cured patient. The product of the church is a changed life. The product of the Salvation Army - the one organization that reaches the poorest of the poor regardless of race or religion - is a derelict become a citizen.

#### THIRD SECTOR CITIZENS

Increasingly, America's third sector creates a sphere of effective citizenship. One hears a good deal these days about the disintegration of community; the family, for instance, or the community of a small town. Traditional communities in all developed countries are weakening, except perhaps in Japan. But in the third sector new bonds of community are being forged.

Even more important may be the role of the third-sector institution in creating for its volunteers a sphere of meaningful citizenship. Now that the size and complexity of government make direct participation all but impossible, it is the human-change institution of the third sector that is offering its volunteers a sphere of personal achievement in which the individual exercises influence,

discharges responsibility, and makes decisions. In the political culture of mainstream society, individuals, no matter how well educated, how successful, how achieving, or how wealthy, can only vote and pay taxes. They can only react, can only be passive. In the counterculture of the third sector, they are active citizens. This may be the most important contribution of the third sector. So far it is a purely American achievement.

In its American form, the third-sector institution can only flourish on American soil. No other country has the tradition of the frontier with its isolated communities forced to work together and to be self-sufficient, combined with the pluralism of self-governing churches, independent of state and government and therefore dependent on their congregations. No European culture, not even the closely knit Latin family, could nurture this kind of community. Only the radically different history of Japan has bequeathed a tradition of community that is comparable - in the "family" of the employing institution which translates the bonds of the feudal clan, the *han*, into the modern institution of government agency or business enterprise.

And still the knowledge society - with a social mobility that threatens to become rootlessness, with its "other half", its dissolution of the ties of farm and small town and their narrow horizons - needs community, freely chosen yet acting as a bond. It needs a sphere where the individual can become a master through serving. It needs a sphere where freedom is not just being passive, not just being left alone rather than being ordered around - a sphere that requires active involvement and responsibility.