

Rethinking Our Place in the Economy

Three books provide a rare, insightful economic perspective on nonprofits.

Reviewed by Terrence Fernsler

Managerial Economics of Non-Profit Organizations.

By Marc Jegers. Routledge Publishing (routledge.com).

Nonprofit management books are easy to find; economic management books dealing with nonprofits, on the other hand, are rare. *Managerial Economics of Non-Profit Organizations* is one of those rarities, offering a fresh look at why nonprofits exist in a market economy and how organizations from different sectors can viably function side by side.

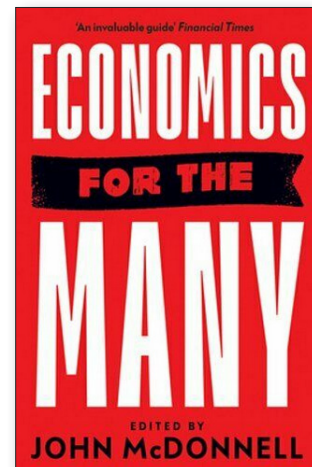
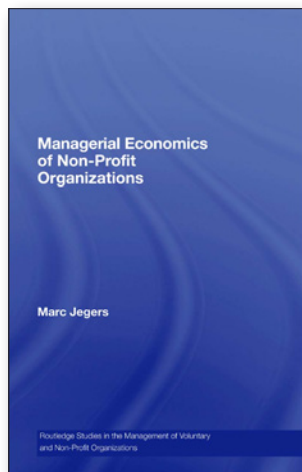
Viewing management practices from an economic perspective, focusing on the peculiarities of nonprofits, offers a useful perspective on strategic planning, funding sources, accounting, and human resources as well as nonprofits' financial vulnerability and the cost of capital. The book keeps mathematical equations so often favored by economists to a minimum in order to be understood by a wider audience. It's intended for those with an interest in the economic functioning of nonprofit organizations, a basic knowledge of microeconomics, and a desire to fully explore the functions of management.

Economics for the Many. By John McDonnell. Verso Books (versobooks.com).

We all participate in the economy. We can pretend the larger economic system has nothing to do with our organizations. Or we can shift our attitudes about the economy to give real meaning to our work.

Economics for the Many addresses the economy through a political lens. While the political approach will cause some nonprofits to shy away from this book, it contains positions that align with the purpose of most nonprofit organizations:

- reframing tax “reform” as tax justice
- exposing the inhumanity of protectionist trade policies
- sharing how the replacement of labor and production resources with capital turns citizens into consumers and distances them from democracy.



The book describes the consequences of blind faith in the current economic system: how it further marginalizes those our organizations are meant to support.

The system itself must be challenged as ever larger numbers of people become disenfranchised from opportunity and social justice. In a time in which economics is deeply interwoven with politics, nonprofits that seek change must increase their investment in transforming the economic system.

While many nonprofit organizations are already working to reform economic decision-making, many more could find ways to do so. This book explains how and why new behaviors make sense for the nonprofit sector, rooted as it is in social justice. In a society in which economics plays such a predominant role, we owe it to our volunteers, our constituents, our communities, and our selves to strive for economic decision-making that will make sense for us all.

Doing Good Well. By Willie Cheng. Jossey-Bass Publishers (josseybass.com).

Perspectives from those in other cultures can be instrumental to nonprofits in this country. That's true of southeast Asia's Willie Cheng, who in *Doing Good Well* sets the paradigms of the nonprofit sector against the background of Singaporean-style economics.

Cheng's economic background helps him explain clearly why nonprofit earned-income ventures are often not profitable, why there's a structural disconnect between nonprofit revenues and expenses, and why less than optimal practices may still be “good enough” in the nonprofit world. Perhaps the best use of this intriguing, 290-page book is to read it for its insights on how to operate a nonprofit productively in a capitalist society. **S**

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