

Foreword*

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The emerging voluntary sector in Eastern Central Europe (ECE) is rooted in and shaped by the constraints resulting from environmental, historical and communist legacies and the framework in which social transformation has been occurring since 1989, i.e. crisis. As Joseph Schumpeter explained: a crisis is 'a creative destruction' by which the old regulative pattern is replaced by a new one.

From a theoretical point of view, the creation and development of the voluntary sector depends on several social prerequisites such as freedom of association, individualization, a non-authoritarian state, a relative degree of democratization, social stability and economic development (Anheier and Seibel, 1992). Put in another way, the voluntary sector presumes "accumulated individual wealth, disposable income, pluralism, independent courts, volunteers and democracy, and discouraged revenue from enterprise activity (Bromley, 1991)." If we contrast these social prerequisites with the legacy and hard reality in ECE in the 1990s, the assumption could be that the development of the voluntary sector has been slow, limited and marginal, or even halted. Such an assumption is entirely wrong. The collapse of the communist model in 1989 created much enthusiasm and new energy which has been channelled into many voluntary programs and activities. The voluntary sector can be seen to have mushroomed when one looks at the number of organizations, memberships and the expansion of programs.

* During 1993 the Indiana University Centre on Philanthropy and the Ljubljana University Faculty of Social Sciences started a joint program with the purpose to help recreate, reshape and develop the voluntary sector in Eastern Europe. The key idea was to create a broad network of people and agencies around the region. Existing projects are clustered on curriculum development and possible joint degree programs, exchange programs, civil society initiatives, research, fund raising seminars, and workshops. This cooperation gradually produced the idea to build a regional centre of excellence on the nonprofit sector to be located in Ljubljana. The centre is planned to have a library and database, and to offer a degree program in the nonprofit sector as well as to develop research programs, training, internship, and a fellowship program.

A first joint action was a workshop on "The Profile of Voluntary Sector in ECE Countries: A Comparative View", which was held in Ljubljana in September of 1994. Experts from nine countries from ECE, with some specialists from the United States and Western Europe, took part in the discussion. Six papers focused on Bulgaria, Croatia, Hungary, Slovakia, Slovenia, and Federal Republic of Yugoslavia were selected and updated for this special issue.

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This foreword outlines some of the key issues in the emerging voluntary sector in ECE and serves as an introduction to this special issue. The following are some comments which may help the reader to better understand the nature of and changes in the voluntary sectors in Bulgaria, Croatia, Hungary, Slovakia, Slovenia and the Federal Republic of Yugoslavia (Serbia and Montenegro). We will make our comments within the wider context of social transformation. A global and synthesised approach is used, emphasizing common trends and features whilst referring to regional cultures and legacies.

Briefly, we see ECE as a transitional zone between the Western tradition of division of power, and the Eastern tradition of concentration of power (discretionary power of government, and lack of autonomous spheres). Due to its pre-communist legacy, (i.e. a lack of a democratic tradition, a limited civic society and the inability to control concentrated power), which is especially strong in the South-East of the region, the ECE political matrix appears to be different from that of Western Europe. In addition, having been the dependent or semi-dependent parts of other nation-states such as the Austro-Hungarian Empire, the regional countries have shared a model of economic growth in a common environment. Focusing on the long-term economic development of the region, one discovers stable and structural traits, as well as uniform and durable trends. The growth of industrial production and the level of industrialization and urbanization oscillated and was dependent on various factors, but the relative economic position of each country remained the same compared to Western European countries and within the region itself. The Czech lands have always held the leading economic position in the region in any given period. Rumania and Bulgaria have always been at the bottom end. The former Yugoslavia also revealed the same pattern in comparison to other regional countries, and within its own borders. Thus, it is inevitable that past economic and social structures are fundamental to future development. This is more important than the 'building socialism' past which only slowed down and partly distorted the basic and long-term structures.

The ECE countries' historical paths have influenced the roles of some key social actors which were instrumental in building the voluntary sector in the past. We refer here to the role of the dominant religions, especially when combined with a foreign rule environment. Croatia, Hungary, Slovakia and Slovenia share the Roman Catholic tradition. This implies that they had a developed network of church charities and schools, and a substantial tradition in volunteering which was inspired and supported by the Roman Catholic teachings and its international networks.

Bulgaria and Yugoslavia (Serbia) share Orthodox Christianity in which the role of the church - although based on a similar tradition to that of the Roman Catholic Church - was entirely marginal in the process of modernizing their societies in the 19th and 20th centuries. Being located in economically and socially undeveloped countries, and without the support of other orthodox churches, these two churches could not become active social actors in their respective societies. The slow and belated modernization of Serbia and Bulgaria was thoroughly secular, with the state and its agencies being the sole modernizing actors. The only periods in which Orthodox Christianity became a key social actor were when Serbia and Bulgaria liberated themselves from Ottoman rule and started nation-

building (Ružica, 1995). Their churches became very instrumental in creating national identity, symbols, institutions and voluntary networks.

Apart from the religious roots of voluntary organizations, one should also mention the role of agrarian village communities - cooperatives - which maintained high levels of self-sufficiency and, therefore, also high levels of social solidarity. In minority ethnic groups located in states dominated by other ethnic groups, cultural and educational organizations played a very important role as a point of identification around which several philanthropic activities developed. The Bulgarian, Slovak and Slovenian papers especially demonstrate this.

After World War II, all six countries experienced discontinuity in the formation of the voluntary sector. Most organizations such as the Red Cross were nationalized, i.e. put under party/state control. The church related-organizations had to restrict their activities to religious roles, and/or to change their characters and become informal. Although generally constrained by the system, many functionally-specific organizations such as firefighters' brigades, retirees' associations and health and social welfare organizations, continued their activities without any exceptional disruptions. It is, however, important to note that the organizational structure of the voluntary sector's units was built in the same way as the political system (having local community, regional and national levels). The voluntary sector organizations were obliged to be members of certain 'umbrella organizations' intended to control them. The party/state leaders at all levels retained their right to select and appoint people for top positions in the voluntary sector area. Thus, the main functions of the voluntary sector were to be the technical messengers and implementors. The sector was ultimately nothing but a quasi-governmental network.

Generally, the environment under communist rule was not supportive of the existence and development of the voluntary sector, but the communist model was not as uniform as it appeared to many. Although Bulgaria, Hungary and Czechoslovakia remained in the Soviet bloc up until 1989, Hungary had a more liberal regime which is described by the authors of this volume as socialist and not communist. Croatia, Yugoslavia and Slovenia belonged to the same country - the former Yugoslavia - up to 1991. It did not belong to the Soviet bloc. Although a party-state, it was more liberal and less doctrinal than its Eastern European counterparts; it experimented with the market economy, small-scale privatization and self-management; its citizens enjoyed a relatively high standard of living, and were free to travel abroad. Contacts, exchanges and cooperation with the West created a more supportive environment for self-organizing and civic society initiatives. In this context, Hungary displayed certain similarities such as a robust shadow economy and society, and a relatively wide scope for civic society networks and groups. On the other side, Czechoslovakia and Bulgaria had very rigid and authoritarian communist regimes, which literally eliminated any publicly recognized self-organizing and autonomous networking. Thus, the more liberal the regime, the more the country was involved in cooperation and exchange with the West, the wider the scope for voluntary organizations which are demonstrated in the Slovenian and Hungarian papers.

The Eastern European governments, however, continued to adopt exceedingly paternalistic stands towards their citizens after 1989, using public agencies as transmitters and executors (as demonstrated in the Slovak, Bulgarian and Yugo-

slav papers). This pattern still prevails, and the citizens are reluctant to search for solutions of their own problems. This is referred to elsewhere as the state-dependency complex. Even when seeking to solve their own problems, citizens are limited to their informal networks, and their initiatives do not usually become formally organized. Due to inadequate legal regulations, or the shortage of experience or resources, Eastern Europeans may fear the unfavourable reactions from the state and local authorities described in Yugoslav and Bulgarian papers.

There are many and various reasons for the voluntary sector boom since 1989: First, the majority of ideological, political and legal obstacles had been removed. Second, the deep economic recession in the 1990s has threatened the majority of the population, but has also minimized the capacity of public programs to deal with the social problems of the population.

Third, almost all governments were initially supportive in creating a welfare mix (Evers and Wintersberger, 1988), i.e. in adding the private and voluntary sector to their huge but shrinking public systems.

Fourth, the middle class experts were professionally inspired to start their own nonprofit agencies as alternatives or supplemental to public agencies. The members of the former political nomenclature, on their part, tried very often to transform their political power into economic capital by establishing voluntary foundations and associations.

Fifth, many international organizations and foreign governments established their subsidiaries or start financing local organizations. It was an extremely important incentive to start many local organizations.

There are also some locally specific factors that shaped the growth of the voluntary sector. The refugee crisis in Croatia and Serbia was a key factor in establishing a ragged network of local and international nonprofit organizations. The Croatian government, unlike the Serbian one, was initially very supportive in creating local networks (including Church organizations) but mostly in order to attract foreign governments and international organizations to pour resources into Croatia. It is also visible in the other countries with the formation of quasi governmental organizations (quangos). We see it as the governments' response to the growing voluntary sector in order to retain control in providing key public services.

Unfortunately, there is no reliable evidence on the voluntary sector in ECE. Only Hungarian National Statistics has recently started with a regular follow-up information system on nonprofit organizations. The Slovenian authors provided detailed information on types and the registration rates of nonprofit organizations that revealed a potentially high quality national statistical system. Other countries such as Bulgaria, Croatia and Yugoslavia need to improve substantially and make more reliable their voluntary sector statistics. Due to limited and unreliable national statistics, the Bulgarian, Yugoslav and Croatian papers are based on partial surveys of mostly new nonprofit organizations which provide an incomplete description of the sector. That is why we have no reliable information about numbers and density of nonprofit organizations. It is only our guess that the front-runners are Hungary and Slovenia due to their relative economic wealth, and the more historically liberal regimes. This situation indicates how urgent the need is to develop national and regional clearing houses for the purpose of not only gathering relevant data, but also to mediating and coordinating the entire

voluntary sector. Although the growth of umbrella organizations is evident in the six countries, it seems that they are branch specific, i.e. they try to vertically integrate nonprofit organizations in some fields while failing to horizontally integrate nonprofits operating in different fields.

The available data is also insufficient and not reliable if we try to compare how the voluntary sector is dispersed among different areas. In spite of diverse definitions and national classifications, the impression is that all aspects of social life are covered by voluntary sector networks. The other impression is that each country has its own pattern. Sport and recreational organizations are the most numerous in Hungary and Slovenia; humanitarian organizations dominate in Croatia due to the war and refugee crisis; although Yugoslavia has a very similar situation, humanitarian organizations are not at the top; in Bulgaria culture and arts organizations dominate, and the number of humanitarian organizations is negligible.

The regional legal regulation is surprisingly similar. The service-providing organizations are guided by the laws on associations in all six countries. These laws were enacted in Hungary in 1980s, and in the former Yugoslavia's successor states in early 1970s. All these laws were renewed in the early 1990s in order to guarantee citizens their rights to be free in forming associations. Only Bulgaria had the same foundation law which existed under Socialism. Foundations were legally forbidden in Poland until 1984 and in Hungary until 1987. The basic motif for their creation in Hungary and Poland was to attract aid from foreign countries and foundations, as well as aid from compatriots living in western Europe and America. In Croatia, Slovenia and Yugoslavia the Kingdom of Yugoslavia's old foundation law dating back to 1930 is still in use. These three new countries, as well as Slovakia, are preparing new laws on foundations.

There are some new legal concepts that are unique. There is a possibility to establish a nonprofit corporation and/or a public law association in Hungary and Croatia. The first one is the organizational form which is positioned in between nonprofit and for-profit organizations which enjoys certain tax exemptions. The second one is a typical quasi-non-government, nonprofit organization. Unlike voluntary organizations, these organizations are visibly controlled by the government.

Concerning the voluntary sector economy, the first tax regulations were quite generous, especially in Hungary and Croatia where foundations could receive tax-deductible donations and their business income was exempted from taxes. Very soon, however, the governments introduced very restrictive tax rules in all six countries. It seems that the governments have tried to safeguard their public sector networks because they often perceive the nonprofit networks as competitors to the public sector (see Yugoslav, Croatian and Slovak papers). In addition, a very restrictive monetary policy in Slovenia and Croatia or a pure market strategy in Hungary reduce possible support to the voluntary sector. Thus potential donors (individuals and corporations) receive tax incentives for very small amounts of resources given to the nonprofits.

Although it seems that Eastern Europeans are willing to support nonprofit causes, the problem is their inability to contribute money. Due to the economic turmoil and extremely low income, cash donations by citizens is extremely marginal. The exception is the Catholic Church which has always been primarily sup-

ported by individual donors. The income that foundations and associations obtain from their commercial activities has to be a substantial part of their total revenue. It is, however, usually not publicly disclosed. The contribution of state-run companies to nonprofit activities has steadily declined since 1989. This huge sector of the economy is quickly shrinking due to the privatization process, and is focused primarily to survive or to restructure itself. It is hardly able to provide to provide salaries for its employees and to pay taxes. The new capitalist class is still uneducated, greedy, socially immature, without defined social position and prestige, fragmented and publicly not recognized (Kuczynska, 1992). The government revenue may grow in those which succeeded to initiate the economic growth. However, all ECE countries want to decrease tax burdens of their corporation in order to give incentives to economic recovery.

Foreign founding is a source of controversy. Although many foreign foundations and public aid programs have penetrated the area since 1989, their main contribution seems to have been to provide the initial resources for starting the foundations and organizations, and to provide technical expertise. The internal structure of the external assistance discloses sources of frustrations and broken promises. Many East Europeans think that they are 'technically over-assisted'. In addition, the actual disbursement has fallen short of original commitments. We must add to that the 'low absorptive capacity' of the ECE voluntary sector. Finally, it is estimated that as much as three quarters of external aid earmarked for the development of the nonprofit sector in ECE is actually granted to Western institutions involved in the region (Siegel and Yancey, 1992). Thus there is too much of 'auto-consumption of assistance' - a tendency for Western programs to pay Western firms and consultants for implementing projects. That is why the Western contribution to the regular annual income of regional organizations tend to be marginal. The exception is Croatia and Serbia in which the large voluntary sector network working with refugees is almost entirely financed by foreign governments and international agencies.

In summary, because of the fluid, amorphous and ever changing situation in the emerging ECE voluntary sector, it is hardly possible to formulate substantial conclusions. It seems that a key issue is its infrastructure. The legislation is either absent, too restrictive or being drafted (especially the tax regulations). In spite of the boom of foundations, there are very few fund-granting or community foundations. There are not enough federations of voluntary organizations with the main task to be nation-wide coordinators and lobby agencies. There are mainly vertical federations of local units of the same type or similar organizations and they represent only their particular interests. The voluntary sector academic community is absolutely marginal with only a few academic units, extremely limited research funds, and low capacity for training and fundraising. Without a proper infrastructure, the voluntary sector is hardly able to be independent, visible and powerful. Instead it is fragmented and weak. That is why it seems that the ECE voluntary sector still heavily depends on government sources for support as its ultimate source. The local government contribution is marginal because the centralization of these countries remains high.

In this context, the main ECE nonprofit sector features remain European. It means that there are no clear boundaries between the public sector and nonprofits, especially in financing and service delivery. Although the sources would come

from insurance funds, national lottery, individuals and corporate donors, a key financier and a rule maker will remain the government. In their service delivery activity, they may find themselves in providing only supplemental services to the public sector (Evers and Svetlik, 1993). This kind of interdependence between public and nonprofit sectors is a natural state of affairs within the European context. The problem is that it may be a long-lasting and unequal partnership in which the government will remain the dominant partner.

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