

Philanthropie Aktuell

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EDITORIAL

Dear readers,



A democracy without non-profits is hard to imagine, as Marybel Perez illustrates in her article. On the one hand, nonprofits channel and put forward citizens' interests to the politicians. On the other hand, they offer subsidiary help in implementing political actions. Thus, politicians should have a vested interest in maintaining well-functioning nonprofits in society. To date, 77,000 foundation board members and some estimated 600,000 association board members work in nonprofits, the vast majority on a voluntary basis. Lately, however, a growing number of nonprofits – especially smaller foundations and associations – are finding it difficult to appoint new board members. Besides failing to implement a timely succession planning, an important part of the problem lies in the increasing demands and expectations board members are faced with. Ever new laws, rules and regulations imposed by the authorities on reporting and compliance make their work more complex. The appeal of voluntary engagement during free time is lost when this work becomes just as bureaucratic as your paid job.

As a consequence, citizens will look for new ways and forums of exchange outside the existing legal forms. These structures are less visible and, thus, less accessible to politicians, meanwhile, valuable partners in realizing political goals are lost. Hence, one should wish for more politicians to be aware of and value all that nonprofits are contributing to democracy.

Your Georg von Schnurbein

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NPO and the State

With the elections approaching in Switzerland, it is a good time to reflect on the role of NPOs in politics. As private organisations aiming for the public good they are natural partners of the state, but may also serve the role to oversee and criticise state action when necessary. Dr. Marybel Perez, Senior Researcher at the CEPS, looks at the interplay of NPO and politics.

Liberal democracies are characterized by collective decision making, that is, politics taking place not only through the regular mechanisms established by state structures, such as elections, but also through processes of collective action whereby NPOs play a key role as intermediaries between the private and public spheres—as conduits of citizens' expressions of policy needs. From this viewpoint, NPOs represent some of the most important democratic values: freedom of association and commitment to the public good.

NPO as intermediaries

The role as intermediaries takes place in three main forms: First, NPOs' activities help citizens to learn democratic values such as reciprocity and trust—or what is frequently labelled as «social capital». Second, educating the public on policy issues and weighting up public support of policy options help NPOs contribute to public opinion formation. In their capacity as public opinion facilitators, NPOs may help citizens cultivate the art of deliberation and may also mobilize support for causes in specific directions. Finally, through advocacy, NPOs represent the public in governmental institutions. Advocacy means that NPOs can use different channels to communicate the policy needs of the citizens to governments. It includes activities such as participa-

ting in public hearings and lobbying; however, because there is a fine line between partisanship and advocacy, in countries like the United States there are specific laws delimiting the advocacy action of NPOs. Naturally, different NPOs will prioritize these three forms of intermediation in different ways.

The premise behind this intermediary role is that a liberal democracy should be built on the plurality of views that must be weighted up in fair public discussion. It follows, thus, that NPOs contribute to this plurality. It also follows from the intermediary role that NPOs have the capacity to oversee state power—constituting one of the many structures established to control state power. This is the reason NPOs have been increasingly demanded to improve their accountability and transparency; the subject of NPOs' governance became popular among governments, academics, and practitioners. If an actor is going to play a key democratic role representing and working for the public good, then NPOs should be accountable and democratic.

The state and NPO

The place of NPOs in politics is further complicated by the fact that they are not neatly detached from the state. In fact, the state shapes NPOs. Through laws and policy, NPOs are encouraged to or dissuaded from

taking action. Such laws and policies vary according to how NPOs are perceived by the political environment at different points in history.

NPOs can be seen as a combination of supplementary, complementary, or adversarial force to the state. When the state lacks capacity to deliver certain services seen as essential by some citizens, it will naturally mobilize to produce such services—provided that the market has also forborne the provision of such services. These are precisely the cases when NPOs are seen as supplementary to the state; however, there are cases where the state lacks capacity to deliver certain services but considers it essential to encourage their production. Consequently, the state hires NPOs to deliver these services. To that end, NPOs complement the state. Finally, in their adversarial function NPOs' authority to oversee the state's service provision comes to the fore. In this case, when the state lacks the capacity to or interest in delivering certain services seen as essential by some citizens, the citizens themselves will mobilize to point out the state's weaknesses and demand state support. Meanwhile, states can counterattack by either pointing out the NPOs' weaknesses or competing with them. After time, these NPO-state relations give place to patterns of NPO structures. Accordingly, four main models of NPO sectors can be identified: liberal and corporatist systems, such as with Switzerland and Germany, respectively, will tend to develop large NPO sectors, and statist and social democratic systems, such as Japan and Italy, respectively, will tend to have relatively small NPO sectors.

Mutual dependency

The limits between NPOs and their respective states become fuzzy when functioning as supplementary and complementary. The reason is that a mutual dependency between NPOs and the state is created, whereby the state needs NPOs' services and NPOs depend on the state's contracts. As a result, NPOs can drift away from their missions when this dependence is significant, and they need to please the state to get contracts to survive. Consequently, politics, including elections, are of great concern for NPOs and the temptation to get involved in partisan action is substantial. It is under these circumstances that NPOs become poli-

Social Origins Theory

Building upon their comparative research of nonprofit sectors in more than 20 countries, Salamon & Anheier of the Johns Hopkins University developed the «Social Origins» Theory in 1996. The theory identifies four fundamentally different regime types of NPO sectors. Depending on the amounts a state spends on social welfare (high/low) and the size of the NPO sector (large/small), they term the types: statist (l/s), social democratic (h/s), liberal (l/l) or corporatist (h/l). The regimes are historically grown. Their basic model depends on the prevailing ideology, defining whether the state or civil society is attributed the role of providing welfare.

Salamon, Lester M. and Helmut K. Anheier. "Social Origins of Civil Society: Explaining the Nonprofit Sector Cross-Nationally." Working Papers of the Johns Hopkins Comparative Nonprofit Sector Project, no. 22, edited by Lester M. Salamon and Helmut K. Anheier. Baltimore: The Johns Hopkins Institute for Policy Studies, 1996.

tized, and rather than intermediaries, become more part of the government and less part of civil society. From this perspective, NPOs not only have political power, but they somehow possess governmental power as well.

The politicization and weak accountability of NPOs will arguably make the debate on their legitimacy as a

democratic actor more salient in the decades to come. As social problems' complexities intensify and governments move closer to technocracy, the state will need to increasingly rely on NPOs to find and implement solutions. Consequently, NPOs will keep expanding their scope of action and the risk of politicization will increase; moreover, this trend can be complicated by the risk of economisation of NPOs, that is, the risk that the interdependencies between markets and NPOs will capture these organizations. But this is an entirely different subject that warrants a separate discussion.

Sources:

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Warren, Mark. 2003. 'The Political Role of Nonprofits in a Democracy,' *Society*, pp. 46–51.

Young, Dennis R. 2000. 'Alternative Models of Government-Nonprofit Sector Relations: Theoretical and International Perspectives,' *Nonprofit and Voluntary Sector Quarterly*, 29 (1), pp. 149–172.

NPO in the Swiss Parliament

The foyer of the Swiss Parliament is the so-called Wandelhalle of the Bundeshaus. This is where the elected parliamentary representatives meet with lobbyists. Every Member of Parliament is entitled to hand out two visitor's passes to members of special interest groups. Representatives of NPO are among the recipients.



The visitor's passes giving access to the foyer of the Bundeshaus are colloquially known as lobby passes. Whoever owns such a pass is allowed to directly approach a politician in the Bundeshaus to bring individual concerns to his or her attention. By parliamentary law, guests need to give their name and function which are shown in a publicly open register. Looking at this list, it becomes evident that there is a strong representation of NPO in the Wandelhalle. For instance, one finds three representatives of the WWF, two of Greenpeace and Pro Natura even holds five visitor's passes. Besides environmental organizations, there are associations and NPO from other areas:

among them the Alliance Sud, Solidarité sans frontières and Amnesty International. There is a relatively clear-cut trend. While NPO representatives are primarily invited by Members of Parliament from the left and green party spectrum, the lobby passes given out by the centre-right parties are handed to representatives and associations of trade and enterprise. An NPO that is examining and analyzing these constellations more closely is the forum lobbywatch.ch. Their mission is the tracing and highlighting of influence that lobbyists have on politics. They take a broader view, because one thing is clear: lobbying takes place at many different levels and its scope goes far beyond the contacts made in the Wandelhalle.

Steffen Bethmann

A liberal view on society

The foundation «Stiftung Zukunft Schweiz», also known as Avenir Suisse, is an independent Think Tank based on the Anglo-Saxon model. It develops ideas for the sociopolitical and economic development of Switzerland as a location. Its stance consistently represents a market economy perspective and liberal views of society and the world. Founded in 1999, it is supported by more than 100 companies and private individuals from all economic branches and regions of Switzerland. The CEPS speaks with the director Dr. Gerhard Schwarz.

CEPS: Avenir Suisse is committed to defining relevant topics at an early stage to identify required actions, suggest solutions and give food for thought. How do you proceed in selecting a topic and developing a solution?

FG.: Our project managers come together regularly in brainstorming sessions. We have numerous contacts, give presentations and participate in conventions, where we sense what is busying people's minds. We read the daily newspapers and specialist literature. From these insights we develop our main focal points. Our program committee advises us on the topics to be selected and it assures high scientific standards. In the beginning, we almost exclusively worked with external specialists; meanwhile, we are able to deliver the majority of work in-house. While the economic perspective is at the center of our attention, we complement it with different points of view, as most topics do require an interdisciplinary approach.

Looking beyond the country's borders helps us too. We observe the work of foreign think-tanks and cooperate with them on a regular basis. Our cooperation is particularly close with two think-tanks that were founded following our example: Agenda Austria in Vienna and Zukunft.li in Liechtenstein.

Gerhard Schwarz



Gerhard Schwarz was appointed as director of Avenir Suisse at the end of 2010. Before he was working for almost 20 years at the renowned Swiss newspaper Neue Zürcher Zeitung. He is also the author of numerous books. Many of his publications have received awards.

CEPS: Does the pre-conception of liberal and market economic positions limit you in the development of solutions?

FG.: Sure, we do not offer socialist solutions. In the past, we have often been able to prove our creative, surprising and undogmatic approach in the choices of topics as well as in our answers to a problem. The focus on the individual allows for much more opportunities than if one is too oriented towards the state. In this so-called spontaneous order, first mentioned by Friedrich August von

Hayek, there is room for experiment, for the unforeseeable and for deviations. We consider our proposals not to be panaceas, but rather, possible solutions that are approaches we of course prefer and have most confidence in. And if you are asking yourself which economic order has offered the most affluence, welfare and technological progress, you do not need to look for long: it is the market economy. It would be downright grotesque to not develop and deepen the market economy further by giving preference to ideas originating from approaches that have no positive track records. Market economy means making use of the knowledge of all the people who are directly or indirectly interacting in the market.

CEPS: Avenir Suisse does not participate in political processes such as consultation processes or votes. Why not?

FG.: There are a number of reasons for this. The most important one being: As a Think-Tank we want to present unconventional solutions. This requires us to focus on a long-term perspective. Early contributions to economic and sociopolitical opinion yield a fruitful basis for reform. In addition, there are enough institutions such as parties and associations that are committed to work in the short-term. We are not a lobby organization. We want to analyze problems and develop strategies for solutions, rather than fight for their realization. This task needs to be taken on by others that identify with our proposals. Ultimately, our stand is reflected in our motto: independent but not neutral. If we were to engage in the political process, our independence would quickly come to an end and we would be associated with particular parties, rather than just representing a liberal world view.

CEPS: Charitable foundations generally keep a low profile when it comes to politics, even though a lot of leverage for tackling social problems lies in changing the legislation. Should you not be more heavily involved?

FG.: Contributors and patrons often donate with absolute discretion. In face of this, it seems more coherent that foundations do not engage too much on a political level. If they were to do otherwise, they could face the reproach that they are serving influential, largely anonymous donors as political vehicles. More apparent involvement is possible on

the basis of transparent origins of the funds – and of course a lot depends on the foundation goal. Avenir Suisse is a foundation explicitly geared towards «getting involved» by means of research and ideas.

CEPS: A liberal society lives through its civil society initiatives. Should and can the state sponsor these?

Yes, sure. Civil society initiatives show accepted responsibility that is not ordered from above, but rather manifests a voluntary, individually practiced engagement with a property thinking that is linked to welfare. In areas such as education, culture, social affairs, sports or environmental protection, foundations are a good instrument for mobilizing private capital for charitable purposes. Private initiatives and private capital enable innovation, diversity as well as competition, which will help tackle social problems. They also deliver more appropriateness than top-down decisions. A big step could be made if the state were not to inhibit the growth of private capital and thus not prevent private initiatives. The state should much rather outsource certain tasks to foundations. The more the state engages, the higher taxes need to be, resulting in lower funds available to potential donors. What is even worse is that people feel disempowered to exercise their personal responsibility when the state takes on social and cultural tasks. The state, thus, putting it into lofty words, suppresses the spirit of brotherly love.

CEPS: Thanks!

CEPS INSIGHT

CEPS Publikationen

In the recently published «Palgrave Handbook of Global Philanthropy» Georg von Schnurbein and Steffen Bethmann wrote the chapter about Switzerland. Thomas Sprecher, Philipp Egger and Georg von Schnurbein are the editors of the «Swiss Foundation Code 2015». Oto Potluka, Martin Spacek und Jiri Remr have published the CEPS Working Paper No 7: «Non-profit organizations' participation in the management of public programmes: The case of the Czech Republic»

New team members

The CEPS welcomes our three new team members Martina Merkle, Julia Fischer and Justine Portenier.

Philanthropy research is growing

Research in the field of philanthropy is gaining momentum. This is can also be seen in the growing success of the European Research Network on Philanthropy (ENROP). More than 130 researchers and practitioners from 29 countries attended the conference taking place at the renowned ESSEC business school in Paris-Cergy early in July.

The seventh international conference in the history of ENROP represents a milestone in the European history of research on philanthropy. With the ESSEC business school hosting the event, the conference was offered an internationally renowned platform. The subject of philanthropy has reached a similar level of recognition as other well-established fields of research as its relevance becomes increasingly clear. This not only manifested itself in the presence of researchers coming from outside Europe (including the U.S., Japan, and even Australia) but also in the fact that Prof. Johanna Mair from the Hertie School of Governance (Berlin) and Stanford University agreed to hold the keynote speech. She presented excerpts from her multi-year research on venture philanthropy, also published in the renowned «Academy of Management Journal».

Two presentations given by researchers from the CEPS gave an overview of results from their current projects. Georg von Schnurbein und Tizian Fritz explained which factors influence the growth of nonprofit organizations. Marybel Perez presented parts of her studies on the present state of international comparative philanthropy research.

In addition to many interesting paper and plenary discussions, the breaks also turned out to be useful for encounters resulting in the planning of new research projects. The attendance of so many representatives of nonprofit organizations at the conference created a stimulating exchange between academics and practitioners.

The research area of philanthropy is continuously growing. It showcases the significance of different forms of private voluntary engagement that benefit society. The discipline can be expected to gain more importance with the universities. The ENROP conference was an impressive manifestation of this development. Tizian Fritz

DID YOU KNOW?


24,2

The rate of social security benefits is an economic key figure that shows the proportion of gross domestic product (GDP) spent on social purposes. At 24,2%, Switzerland is mid-range in Europe. A gradual change from the historically grown liberal to a corporalist NPO regime can be witnessed.

Source: Swiss Statistics

Foundation Day

On October 1, foundations in Europe will open their doors to inform the public about their work. Participation is encouraged!



The European Day of Foundations was initiated in 2013, by the Donors and Foundations Network in Europe (dafne), together with 24 national networks in the field of philanthropy. This year will be the third time that foundations and associations all over Europe organize activities to show how they contribute to the public good. In Switzerland, the two umbrella organizations SwissFoundations and proFonds created a website that gathers information on what will be happening that day. Some promising events are already listed, as the following examples show. The foundation for technology and social ecology is offering city walks through Zürich with the theme «Consumption and Globalization». The participants will learn how their choices of consumption affect other parts of the planet. The foundation Habitat in Basel informs on how they are fighting for more affordable housing and how they are creating open spaces for the public. The foundation is criticizing real estate investments with the sole purpose of creating profits while pushing families or vulnerable groups out into the suburbs. The more organizations participate in the European Day of Foundations, the more visibility for the potential of philanthropy to create a better society. So, if you are a foundation: Open up your doors and let the public see what you do!

CALENDER

CEPS ADVANCED STUDIES
Enroll now! (Courses in German)

Philanthropy in the morning
8 October 2015, Basel

Intensiv course
Financial management in NPO
26 - 30 October 2015, Gunten

Intensiv course
Foundation management
7 - 11 March 2016, Sigriswil

CAS Global Social Entrepreneurship
(in English)
Starts 4 April 2016,
Switzerland & Cambodia

CAS Governance & Leadership
Starts 18 April 2015, Sigriswil & Basel

Coming up

Social Entrepreneurship Initiative and Foundation seif Swiss Award for Social Entrepreneurship
6 October 2015, Zürich

EuroPhilantopics
Trust Matters – A lever to deliver better social justice outcomes
10 November, Brussels, Belgium

ARNOVA - Research Conference
Innovation, Inspiration, and Creativity Across Boundaries
19 - 21 November 2015, Chicago, USA

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