

DEMSTAR

Democracy, the State, and Administrative Reforms

Civil Society in a New Democracy
– A Look at Local Realities

Mimi Larsson

DEMSTAR Research Report No. 7
May 2002

About the Author

Mimi Larsson has carried out extensive fieldwork about NGOs and democratization in Hungary for her degree in Ethnography and Social Anthropology at the University of Aarhus. In 2001 she spent six months as an intern with the DEMSTAR project. She is currently based at the Information Society and Trend Research Institute in Budapest, where she works as a research fellow while completing her Masters thesis about democratization processes in Hungary, focusing particularly on the role of Hungarian telecottages in small communities.

Civil Society in a New Democracy – A Look at Local Realities.

Mimi Larsson

DEMSTAR Research Report No. 7

Department of Political Science, University of Aarhus

May 2002
www.demstar.dk

Table of contents

About the Author.....	4
I. Background and assumptions	7
How influence of civil society and democracy (understandings) come about.....	9
Donor–recipient relations	9
The Foundation and the Main Donor.	10
The Foundation and the Recipient Organizations.	11
Monitoring.....	12
Handing down organizational experience.....	14
Characteristics of support and its implications	16
Democracy, Civil Society and liberal theory.....	19
Civil society simplified.....	20
Notes	23
References	25

I. Background and assumptions

This paper presents some preliminary results of a case study¹ of a Non-Governmental Organization (NGO)² called *The Foundation*³, located in Budapest, Hungary. According to its own information *The Foundation* works to enhance democracy in Hungary and the Central- and East European region. One of its largest areas of support is civil society, through the support of which democracy will be strengthened – or so goes the logic of the text.

As many other misunderstood concepts, civil society is widely used but poorly defined. One could also argue that it has been defined beyond meaning, as there are many literary works with many different definitions, but little consensus about how it should or indeed can be used. The term civil society often is used instrumentally as a means to achieve democracy, but despite its centrality, few academic writings consider specifically how or why this civil society is the key to democracy. Many scholars attribute numerous vague qualities to the notion of civil society, rendering it a mere assumption not supported by thorough research, and this ultimately undermines their argument about its instrumentality. Civil society thus becomes a magic word, an intangible idea of an order, which secures democracy in mysterious ways.

Like civil society, democracy is also a term that can be interpreted in numerous ways but its meaning is usually taken for granted as most people certainly believe they understand the word. However, the way in which democracy is conceptualized and its real or imagined connotations have tremendous consequence for how this ideal can be achieved and determines what efforts are suitable. Support for Central- and East European civil society has created and maintained a large industry and the way that donors and distributing organizations conceive of the meaning of civil society, as well as their direct influence on it, has consequences for the political and social structures developing in transitional countries. The criteria by which financial and other support is distributed determine how Hungarian civil society develops. For example, it would make a difference if all support were dedicated to sports organizations or to media in opposition to the current government. Both can be regarded as civil society, but each one carries widely different implications regarding the role and meaning of civil society.

This is why, assuming democracy is the goal and civil society the means to reach it, one must specify a meaning of the two terms in order to make a qualified guess about the direction in which democracy is developing. This has political as well as scientific relevance, because a better understanding of

development processes can help us understand and improve the model for the development of democratic society. However, knowing that there is no such thing as a unified national understanding of these terms, we cannot look for the final sense of democracy or civil society in Hungary. What I have tried to do is to *on the one hand* investigate the interpretations of and expectations from democracy of the people that are involved in activities to strengthen civil society, in this case the employees of *The Foundation* and its grantee organizations. I have, *on the other hand*, looked at the support provided by *The Foundation*, be it financial, expertise or in other forms, to try to understand how not only this support but also the relationship between donor and recipient influence the meaning, role, capacity and characteristics of civil society. This paper will demonstrate how a given form of support for a given form of civil society has a significant influence on the kind of democracy built.

As indicated above, I work on the assumption that the meaning of civil society and democracy is determined by the activities that are defined as belonging under this heading. I believe this to be the case with any term, but for more consolidated ones the local differences are not as great (these could be terms like chair, car or school). The lack of consensus makes these terms very strong rhetorical weapons: most will agree (at least in states that call themselves democratic) that they are *positive*. "Civil society" therefore makes its way into presentational material; grant applications, and political statements. When a clear definition of the concept is omitted, the understanding of it will depend on the associations and ideas it generates in the recipient.

The Foundation is obviously not the only player to influence the development of civil society and democracy in Hungary. The choice to concentrate my study on this single organization is made in the spirit of the ethnographic discipline. Following ethnographic tradition, participant observation, simple observation, interviews and conversation constitute the most important methods for this study and I have achieved a thorough knowledge of the processes in play in *The Foundation's* work. I spent seven months as a volunteer with the organization in Budapest, concurrently conducting interviews and visiting recipient organizations. Using these methods I focused on how people understand the terms that are used in their daily work, not least to obtain support for their organizations activities. I have let my informants define their own reality and thus I do not claim to present absolute truths. This approach enables me to understand what constitutes the basis for organizations' objectives and activities. In turn, I can say something about the origin and meaning of notions of civil society and democracy in this context.

In short, I have investigated how the employees of the *The Foundation* and its recipient organizations understand democracy and civil society, helping to explain the causal connection as perceived by my informants between the two, how the organization influences civil society (as defined by staff and activities) through support, and by whom or what the organization itself is influenced. Finally, I will consider the implications of these issues for the development of democracy.

How influence of civil society and democracy (understandings) come about

Donor–recipient relations

The relationship between donors and recipients is important because donations (especially large ones) are accompanied by expectations and demands. The grantee is dependent on the support and must follow the guidelines and rules set by donors.⁴ This is the common logic of such relationships. During an interview with a *Foundation* staff member it was very clearly expressed how the donor defines the focus of activities, even though the statement was made to prove a contrary point. The question was what role the main donor plays in the selection of grantees: “None. The [main donor] named the main areas that it wished to support: rural development, social services, Roma programs etc. Other than that nothing.”⁵ By naming such areas alone, donors are defining the problems that NGOs should address. Such agenda setting excludes other NGOs and activities that have not been brought to the attention of the donor or that the donor does not find attractive.

In this study four levels must be considered when observing donor-recipient relations. The following definitions follow from my empirical findings, but would be relevant for researching other NGOs:

- **Donors:** foundations and state donors who make large contributions in several countries. Examples are The World Bank, Ford, Mellon, the EU, Soros, USAID and other state agencies, as well as the main donor in this study.
- **Distributing organizations:** These organizations obtain their resources primarily from the donors mentioned above. Smaller organizations apply to the distributing organizations for grants for specific projects. The distributing organization is hence both donor and recipient. *The Foundation* is a distributing organization.
- **Grantee or recipient organizations:** the smaller organizations that receive support from distributing organizations, donors and other benefactors. They also obtain money through contracts with the (local)

government. Recipient organizations involve the final individual recipient or participant.

- **The individual recipient:** this level is evident as it refers to the individual person who participates in activities or receives support in the form of services or otherwise.

In the case of *The Foundation* the donor-recipient relationship is an important issue for two reasons. First, the organization has for a long time relied upon one single donor, because it was originally a project set up by this donor. When it was decided to continue activities after the initial project was finished, they once again obtained support from the same donor. Now the organization has more large donors. The original donor, however, still dominates. Second, the relationship between *The Foundation* and recipient organizations is characterized by a thorough monitoring procedure run by *The Foundation* staff. This allows them to strongly influence recipient organizations.

The Foundation and the Main Donor.

The Foundation staff all emphasized that the organization is independent from the donor and functions as a separate, Hungarian foundation. Funding from the donor should be seen as a partnership between the two organizations. However, it was clear that procedures and incidents still underline *The Foundation's* role as a recipient rather than a partner, and even more so, since it (though to a declining degree) depends on support from this one donor to continue activities. I found a general attitude of gratitude towards the donor, since there was no "obligation" to provide money for *The Foundation*. This was mentioned as a legitimizing factor when staff felt the organization had been treated unfairly, and they would generally not speak at length about uncomfortable episodes. One important exception was the American staff member, who tended to be more willing to explain things to me in detail. The stories were mostly about episodes when the donor had been unclear about contractual conditions or had put pressure on *The Foundation*, and staff felt they had to accept the (even quite significant) problems that followed in order not to jeopardize their organization's chances of obtaining support again. It was also made clear that even in small matters the donor's representative had the final say about the content of programs. This is demonstrated by an extreme example, when the representative demanded that a speaker be removed from the list of presenters at a session three days before she was to speak, because he found that she was controversial and not sufficiently professional.

Support from the main donor required detailed bookkeeping audited by internationally certified auditors. Furthermore, strong organizational management and recording procedures had been developed to demonstrate externally the *Foundation's* abilities as an independent organization. When the original program for which *The Foundation* was set up came to an end in 1998, a thorough evaluation was completed to measure effects and results. Shortly before this the organization went through an audit because of anonymous accusations levelled against it. This audit made *The Foundation* "realize many things that they needed but had never thought about", as one staff member put it, and procedures for administration, control and recording were developed.

After the evaluation was completed there was only very limited time to apply for the next program that had been announced by the main donor, and it was the only chance for the organization to continue. In the interviews, this period of time is presented as an instructive and significant point in the development of the organization. In social anthropological terms the most fitting description would be a transitional period, and it also encompasses a sense of myth in the way it is referred to. The organization faced accusations but was proved innocent, the head of the organization left after the audit, and the mystery remains whether she was asked to do so. During application writing staff members worked very long hours because it was the *only* chance to survive. *The Foundation* did indeed come out of the audit in good standing, having gained the experience that developing as an organization (with more policies and procedures to clarify responsibilities and make decisions transparent) had actually helped it and made it stronger. Finally, the major grant application was successful and *The Foundation* could continue to operate.

The Foundation and the Recipient Organizations.

The Foundation primarily supports civil or non-profit, non-governmental organizations, defined by a staff member as a group of people with a place, documentation and the ability to report to *The Foundation*. „This was a basic criterion for both of our grant rounds... that they have the ability to report to us in the way we need in order for us to report to [the main donor]..." said one staff member, thus stating very clearly the most direct effects of the donor's demands. The main donor requires detailed bookkeeping and quarterly reports accounting for the effects of the programs. *The Foundation* therefore has to ask the same of its recipients.

The NGOs that received supported while I was involved had applied for grants within four different areas: 1) rural development, 2) social services, 3)

advocacy, 4) education and entrepreneurship initiatives for Roma minorities. Much support was granted in the form of “infrastructure”, that is, technical device such as computers, faxes and copying machines or renovation of buildings, etc. This kind of support was explained by reasoning that these are basic needs if an organization is to function, and it was several times mentioned that without such equipment the organization would be unable to obtain grants from other donors. One informant explained how this is only logical: “*Because nobody in their right mind would give a grant to an organization that has handwritten their... application, because it doesn't look professional*”. Financial support was combined with “mentor” assistance, which was another measure to try to strengthen the grantees as organizations, providing consultation or training by an expert on issues such as public relations, internal management, communication, leadership, personal development, etc.

The focus of *The Foundation's* support is hence on its recipients' level of organizational development; their ability to report to *The Foundation*; to make strategic planning for the future and to apply for grants. This is understood as an effort to make them more “professional” and thus more sustainable. “Professionalism” was a recurring term and referred primarily to the organization's working procedures and, to a lesser degree, to the mentality of the staff. Being “professional” was associated with skills for proper bookkeeping, effective PR and fundraising activities, and at the same time a truly “professional” person was not expected to be corrupt or nepotistic. Many informants used the term as a compliment for other NGO-representatives or as an ideal for their own work. Professionalism did not mean that NGOs should (or could) employ professionals in different positions. On the contrary, a general expectancy was expressed that poorly paid or volunteer NGO staff can acquire skills (in their free time?), which professionals in the private business sphere are paid high wages for.

Monitoring

One of the main activities that I took part in during my time at *The Foundation* was monitoring. Pre-monitoring is a procedure to determine whether applicants live up to expectations and whether the information provided in an application is truthful. After grants have been awarded, there is further monitoring in the middle and at the end of the grant period (final monitoring), these being both control and consulting visits. In practical terms monitoring means that Foundation staff visit the grantee organization and certify that their bookkeeping is in order; that devices purchased with support from *The Foundation* exist; and that the degree of internal management is measured and problems sought uncovered and solved. Monitoring

is the main relation between *The Foundation* and recipient organizations. The role of monitor is dual as it is one of both helper and controller. *The Foundation* staff was very aware of this duality, and put a lot of thought and effort into making it work. It was often presented as an explicit goal to carry out monitoring visits in such a way that both parties were comfortable and trusted each other. One staff member, an American woman (the only non-Hungarian staff member) who had played a significant role in further developing the monitoring procedure for *The Foundation*, talks about it as being “definitely control”, but at the same time with an “...atmosphere of friendly visitors...” She finds this important because “Organizations are usually poor planners financially and they shouldn’t hide that. Monitoring lets you see and feel the problems - when you are there they can’t very well lie to you... you can create the friendly relationship, because it is in our interest for them to succeed. Once they feel it, they call themselves.”

The process of building relationships of trust and friendship seems difficult to combine with strict control of internal matters and financial issues. However, by referring to demands made by the main donor the monitor is able to stay “on the same side” as recipients, since he himself did not demand the control but was merely obliged to carry it out. Comments were heard about the control being mandatory and required by the main donor, and they were often followed by understanding remarks by recipients about it being natural for anybody who gives away large sums of money to want to know what it is spent on. The control was thus legitimized, even if it remained a hassle, and the monitor representing *The Foundation* could distance himself from the uncomfortable function he had to carry out. Reference to a higher organ, which was closer to the original source of support, was an effective argument for unpopular decisions and it occurred at all levels.

Recipients often described pre-monitoring as strict and demanding, and they found that it raised many difficult questions about their organization. However, most interviewed recipients found that *The Foundation* monitors were supportive rather than uncomfortably controlling, and several reported themselves to have contacted *The Foundation* for advice or information on various matters.⁶ Monitors could always express sincere understanding of recipients’ feelings when they were confronted with the judgment that the organization was not well developed, lacked standard procedures for even simple actions or had not realized the importance of written policies on cash handling, for example. *The Foundation* could ask their recipient organizations to make changes because they had been subject to a thorough audit themselves, and staff had experienced the benefits of more organized, well-

defined procedures that made activities more transparent. In this way *The Foundation* was used as an example.

Handing down organizational experience

It was an explicit goal to hand down some of the lessons *The Foundation* had learned during the process it went through in 1998 and hereby help recipients to become better, stronger and more sustainable organizations. The program, which was started in 1998, aimed at supporting more developed organizations that could become consolidated with the support of *The Foundation*. So focus was on procedures, strategies, planning, management, etc. Many of the questions in the questionnaire used for pre- and final monitoring were inspired by changes made within *The Foundation* itself. Monitors had good explanations for these questions, and they were able to provide useful suggestions for organizations about how to meet the standards suggested. Examples were taken from *The Foundation's* internal management: how weekly or daily meetings concerning activities is one way to secure internal communication, or that one-year strategies could be formulated for planning purposes, written descriptions of the responsibilities of each staff-member, etc. These very specific suggestions could be given because the monitor had personal experience with the problems and their solutions.

One question that always came up during pre- and final monitoring concerned the relationship with the business sector and the municipality. Organizations are encouraged to develop ties in order to secure funding and become more sustainable. It is assumed that better results are reached by NGOs (alternative to the state) at a lower cost and municipalities are therefore willing to support them. Often the municipality provides the premises and sometimes labor or other support. This relationship, which can, of course, also be seen as one of donor-recipient, causes problems for many organizations. They feel ill used by officials who expect more services than agreed upon, or they believe that personal relations determine the level of support granted (especially if there is competition). One example is an organization that operates in the community center,⁷ where the municipality has put rooms at the organization's disposal. The leader of the organization is employed to manage the culture house and the agreement stipulates that her job there can be carried out by combining it with her work in the organization as responsibilities overlap. As can be imagined, this situation causes problems for the staff and not least the leader of the organization, because it is so intertwined with the culture house. The leader had several complaints. First, the municipality pressured her to work for a low salary.

Second, the mayor would bring visitors to the organization and present it as the good work of the municipality. Finally, the mayor's office took advantage of the services of the organization without paying for them.⁸ When presented with these problems the monitors had few answers besides encouraging the recipients to make sure that equipment acquired by the organization should formally remain in their possession. It was also suggested that they strengthen ties with the business sector in order to become independent from the municipal council. In Hungary, however, the business sector generally does not offer significant support for NGOs. Many reasons can be suggested for this state of affairs, one being that businesses (especially in the country-side where most recipients are found) do not generate very large profits. Another reason, suggested by an informant, could be that businesses that do make large profits are mostly foreign and hence have no interest in supporting NGOs in Hungary. Also a lack of trust is suspected to influence the situation, as NGOs have frequently been used as covers for tax evasion. Generally, there were no clear recommendations about how to handle everyday situations in which council members expected extra services for the municipality. I find this striking, because the situation was in ways very similar to what occurred between *The Foundation* and the main donor (for instance, when *The Foundation* handled a disaster relief program free of charge, at a time when an answer had yet to be given on another application to the donor). I suggest that this reveals that *The Foundation* itself has not achieved full independence from its own main donor, and that staff members therefore do not have experiences to refer to on this matter. Also ties with Hungarian governmental organizations are very limited, which again means that monitors lack parallel experiences with which to compare their recipient's problems.

More generally, I see a tendency to "hand down organizational experience", which in this case means that the staff of the consulting organization (i.e. *The Foundation*) provide much better advice concerning issues that have been significant (*and solved*) for the consulting organization itself. This in turn implies that other issues, which may be of great significance to the recipient organization, are left unsolved, even if *The Foundation* staff are aware of those issues and ask about them. Mentor assistance was often suggested as a way to counteract this problem. Mentors are experts on areas chosen by a given organization to work with it to solve specific problems. However, although the choice of mentor is ideally up to the recipient organization, the focus on one set of issues during monitoring and proposals by monitors strongly guide the choice. The focus of the donating organization becomes the focus of the recipient as the recipient adopts the donor's

reasoning and values. This mechanism is unfortunate, because recipients do not choose their donors and so they do not have the option to choose a donor whose influence they would appreciate.

Characteristics of support and its implications

The following is an attempt to examine *The Foundation's* support alone as a definition of civil society and democracy. I do this following one of my basic assumptions: that the meaning of a term is defined by the actions carried out in its name. One way to try to grasp the terms civil society and democracy is by answering the questions my friends have asked me: what *does The Foundation* in fact do to strengthen democracy; and what exactly *is* this civil society *The Foundation* supports? Naturally, these answers are strongly simplified and are not intended as the true or final interpretation of civil society in Hungary.

One characteristic of support is that organizations that provide social services (such as care for elderly, disabled or disadvantaged groups) are massively funded. Such services are seen to help create equality in society, because they secure the same possibilities for disadvantaged groups in life as other people have. The NGOs saw themselves as filling in the 'gap' left by the state when it promises social and civil rights to people without, however, offering the services needed to meet peoples' needs. Other areas of support are 'advocacy' and ethnic Romas (which for this purpose could be placed either under advocacy or disadvantaged people), simultaneously focusing on securing equal rights and opportunities for less privileged segments of the population.

In the area of rural development the Hungarian telecottage movement is a significant initiative, which *The Foundation* helped make popular by providing initial support for numerous new telecottages. Telecottages are information and telecommunication centers placed in villages or small towns, providing services to citizens at a low cost (or even free of charge). They function as shared offices for small and medium sized enterprises (SMEs), NGOs and distance workers, and as cultural and social centers, and they provide public information and counseling etc. *The Foundation* supported NGOs that applied for funds to found or run a telecottage as one (or the only) activity. Private businesses, the municipality, a post office or library can also run Telecottages, but *The Foundation* restricted their support to NGOs, underlining an understanding of civil society, which could just as well be called organizational society.

The requirement that recipients must be formally registered as "non-profit" organizations very clearly delimits the meaning of civil society in the

organization's own understanding. This one demand translates into a very narrow understanding of civil society as a society of formally registered NGOs, which is exactly the understanding most informants had of the term. Thus I was told several times that civil society is more or less synonymous with the sum of NGOs, and representatives of NGOs oftentimes did not understand my questions about how they play a part in civil society or how they understand this term, simply because the answer was too obvious: NGOs *are* civil society.

This understanding is evident in the following abstract from an interview with a young woman who works for an NGO. The NGO primarily provides information to other NGOs, arranges meetings between local councils and NGOs, and also administers the annual presentation of the 'Civil Prize', which is awarded to local businesses that have shown "civil initiative": I asked: "*You have used the expression civil sphere several times, how should this 'civil sphere' be understood, now there is the civil prize as well, how can a person be civil?*"⁹. Answer: "*Well, you know they usually say either civil organizations or non-profit organizations.*"¹⁰ The woman then goes into a long explanation of what constitutes a non-profit organization, but despite being asked several times for the meaning of even the single word 'civil', it is not possible for her to explain it. The Civil Prize, she explains, is awarded to people or businesses that have done something extraordinary for the civil sphere. At the presentation in 2000 prizes were given for financial or other support of NGOs.

Many NGOs that receive support from *The Foundation* provide services for one specific group of people. These can be disabled children, refugees, Roma, the elderly or the unemployed— all defined by some disadvantage. When asked how providing assistance for such groups of people makes society more democratic, representatives of the NGOs in question typically delivered an argument according to which democracy means equality: to reach equality the disadvantaged groups must be helped in order for them to reach the same "level", as other citizens, thus securing for them the same opportunities. This support is, of course, important, but it is also exclusive and, more importantly, I question the desirability of a structure in which NGOs assume responsibility to provide social services and secure equality, arguing that such services should be secured for *all* disadvantaged people regardless of geographical or other matters before any sense of equality can be realized. My belief is that NGOs alone are not ideal for this, because they do not guarantee equal representation in all parts of the country. Whether or not a disabled child has access to the proper support that can provide her with an education and later on a job is highly fortuitous. It depends not only

on NGOs abilities to write grant applications and donors' desire to support such activities, but also on the existence of well-trained professionals in the local area who will initiate and participate in such an NGO in the first place.

The telecottages have a wider scope than most of *The Foundation's* recipients, as their services are directed at all citizens. Furthermore, staff often described their role as one of "educating the people". They feel a responsibility not only to help their clients but also to teach them how to help themselves and to encourage others to start their own organizations or projects. As in other organizations, however, assistance is provided on an individual basis, in this case helping people find a job, fill out official forms, search for information on legal matters etc. The goal for all of *The Foundation's* recipients seems to be to provide enough information and assistance to ensure that people can and will claim their rights and take advantage of various opportunities. NGOs see it as their mission to provide services and to answer questions for the individual. One informant pointed to an inadequacy of this approach to social problems: "*The problem is that in Hungary many times they [NGOs] solve the tasks and not the problems.*"¹¹ Many resources in the NGO sector are spent resolving immediate issues, while there is a lack of organized attempts to change the systems that underlie inequalities and other problems. One situation made my informant's point clear to me in a concrete way: The manager of one NGO had explained at length about how it was necessary to keep her own salary as low as possible in order to be able to obtain support from the municipality or other grants. Anyone would agree that this salary was not enough to maintain a decent standard of for her family. This is a common problem, and most people have alternative sources of income to supplement their salary. In the NGO-sector people are further pressured by the expectations of volunteer work. This particular woman was very determined that the NGO should live up to so-called "professional" standards, in this case that bookkeeping should be perfect and transparent. She also wanted to avoid using personal contacts to obtain support and insisted instead that the work should speak for itself. My impression was that of a woman with very high moral standards and strong principles. I was therefore astonished when I witnessed how this woman and another informant milked money from the budget to supplement their own income. They did not consider this immoral (even if clearly illegal); it merely represented a way of surviving under the given circumstances. The argument was that the salary was too low to lead a decent life and that any attempt to increase the salary officially would mean that applications for funding would be rejected.

Instead of uniting with other NGOs to try to negotiate a higher standard salary, individuals find ways around the system. I find this mechanism to be a general tendency among Hungarian NGOs: great efforts and skills are expended on managing within the system as it is, while NGOs refrain from organizing to change the system itself. This may well be explained as a cultural habit to avoid confronting the system, and the individual chooses instead to maneuver within it or to manipulate it.¹² This behavioral pattern further aggravates the effects of two other problems: first, NGOs are dependent on a good (personal) relationship with the municipality (and other donors) to survive, which in itself undermines their means of applying pressure and ability to perform civic control. Second, recipient NGOs are typically not part of a larger network, but operate only in their local area. Supporting local NGOs in rural areas was explained to me as a strategy to develop rural areas and thus oppose the Budapest-centrism, which was said to strongly predispose citizens and NGOs in the capital. This plays into arguments to decentralize power, which underlies the establishment of the current municipality model in Hungary.¹³ Stronger networks or unions might be one way to diminish the sometimes disabling effects of decentralism in the NGO sector.

Democracy, Civil Society and liberal theory

The logic of the support provided by *The Foundation* for NGOs is completely in line with liberal theory. It is thus assumed that good services are provided at less expense by NGOs, because they are not the state. Equal distribution of services will be realized as a result of market forces (!) – where there is a demand, an NGO will eventually materialize (?). The professional, well-functioning NGOs will be able to gain the support of the business community and thus maintain sustainability without becoming dependent on the state. The wealth created on the free market slowly percolates into the surrounding society.

Comparing these assumptions to the situation I observed, the following problems present themselves: First, there is no guarantee that NGOs will provide better services than state institutions, especially in view of their often poor sustainability. The argument is often made that NGOs are part of the local environment where they operate and that they therefore better understand the situation and are able to provide more suitable services. However, this does not explain why NGOs are better suited than the local municipality to provide services.

Those in need of social services are typically those who do not have many resources. Thus there is a demand, but as the clients do not possess

means of payment, market forces may not be the most suitable way to control the provision of social services. The liberal model assumes that local businesses are willing and able to support NGOs and that this is an efficient system to secure equal access to social and other services. The problem with this argument is that the most successful companies in Hungary are either foreign or trans-national, and they do not have extended interests in the local environment. In the countryside the local businesses rarely generate enough profits to provide significant support for NGOs. Finally, NGOs are in the minds of many Hungarians most likely constructed for the purpose of tax evasion. There is a general lack of trust in good intentions, and those who are able are reluctant to give money to NGOs. The NGOs in this study face the task of having to mediate between the logic of a western, liberal model for democracy and a population of "socialist schooled" individuals, who for a large part have little faith in either "systems" or politics. What we can observe is an entirely new cocktail of system and people.

Civil society simplified

I found that the term civil society was more often than not used to refer to the sum of NGOs. I claim that the existence of NGOs cannot in itself guarantee a strong civil society that plays a positive role in the development of democracy, because it depends very much on the activities and nature of such NGOs.¹⁴ Many NGOs do see to it that rights and opportunities are more readily available to individual citizens and thus help secure equality. Other NGOs are not concerned with this at all, but may even require membership or in other ways offer services only to a limited part of the population.

Generally, I found a lack of consideration and discussion about the meaning and role of (NGOs in) civil society. Civil society equals NGOs, and their role was to provide services and enable people to help themselves. Here as in other parts of the world, the concept Civil Society has become a catch phrase that attracts funds, but it has largely lost its meaning. This is underlined by the fact that even well educated informants could not explain the meaning of the term as anything other than NGOs, nor could they explain what it meant to be 'civil' or to carry out 'civil' activities¹⁵.

The rhetoric of donors is incorporated into the language of local actors, who then use terms in the simplified ways found in project proposals and announcements. However, the original meaning and conceptual apparatus normally associated with the terms are not equally effectively transferred. This results in a vocabulary of sophisticated phrases applied to simple institutions to which the ability to create democracy is thus attributed.¹⁶ When the NGO-sphere by its mere existence is expected to make society

more democratic, it is because NGOs have been identified in other contexts as civil society actors and there is a wide consensus that a “well-developed” civil society is crucial to democracy. By a maneuver of reversed logic it is translated into an argument of “the more NGOs, the more democracy”.

The above does not imply that NGOs mindlessly carry out activities or do not have an idea of their own role in society and the effects of their work. Most of my informants were confident that they delivered good and much needed services, and that they helped individuals achieve a better life. They simply assumed that their own and others’ efforts would add up to a better society on the whole, but exactly how this was to happen was relegated to the mystical qualities of the civil society. These qualities are related to ability and power, as mentioned in this citation from a Foundation staff member: *„Well, that’s why we think that nonprofits are the key to improving things in Hungary. If we can get them to a point where they are professional organizations that work professionally in a transparent way, providing quality services. Then they have a huge **ability** to bring in outside resources and to bring people together and to create resources where there weren’t any just by the sheer **power** of being able to bring people together which in itself is something - they can mobilize resources bringing together... at a local level... to solve problems that are facing local communities...”. NGOs are thus expected to attract resources from “outside” merely by “coming together” – but only if they become “professional organizations”. What this tends to mean in reality is that if people will register as NGOs and follow the guidelines issued by the world’s donors, they can obtain support for their activities in the name of democracy, because according to these donors’ definitions they are civil society. The support is distributed on the basis of grant competition, where the degree of “professionalism” in the NGOs – not least regarding their ability to write grant proposals – is most often a crucial factor. The idea of competition for money is in line with liberal, democratic logic, according to which an open competition is the best guarantee for fair distribution and most qualified winners. The system has the disadvantage that even well functioning organizations are not guaranteed regular support, and they have to expend much energy on fundraising. Limited access to regular funding from central, impartial organs (for example state or regional support distributed on the basis of services carried out instead of grant competition) reinforces the unequal distribution of NGOs (and hence, social services) in Hungary. Proposals for such centrally administrated funding are often unpopular with NGOs, who have learned from donors that decentralism and independence from the state is the key to “good” civil society. At the same time, however, many NGOs are totally dependent on their donors and have to closely follow their*

agendas – something that, ironically, is not considered a problem in relation to their qualities as civil society actors.

It is considered to be an inherent fact that NGOs (because they constitute civil society) will enhance democracy– just as the general discourse informs us. The donor defines the possible recipients of “civil society support” as formal, non-profit organizations, and the donor then goes on to teach the recipients how to be good NGOs, and if one should fail to agree he loses support. It is thought provoking that this system, which claims to strengthen democracy through support of civil society, within it has such dominant mechanisms that clearly reject any debate on the role of civil society or the role of its constituents. One is tempted to ask whether such a system can be believed to support democracy at all.

Notes

1. This paper is the first presentation of a field study, which I carried out as part of my degree as magister (extended MA) at The Department for Ethnography and Social Anthropology at the University of Aarhus, Denmark. I plan to address the issues further in my thesis work.
2. NGO is used broadly in this paper to include the terms civil and non-profit organization. In Hungary the preferred term is non-profit organization, which is meaningful and easily pronounced in Hungarian.
3. All names of people, places (except Budapest), organizations and projects are fictitious to protect those involved.
4. This point has been made numerous times; see for example Feldman (1997) and Richter (1999).
5. Translated from Hungarian: Question: "Mi a [main donor] szerepe a támogatottak kiválasztásában?" Answer: "Semmi. A [main donor] megadta ezeket a fő területeket melyeket támogatni kívánt, vidéki fejlesztés, szociális szolgáltatások, Roma, stb. - ezen kívül semmi."
6. It should be kept in mind that I also represented *The Foundation* inasmuch as I was known to be a volunteer there, which may have caused some to give more positive answers instead of honest ones. I tried to counterbalance this disadvantage by explaining my role as a researcher and guaranteeing full anonymity to all those interviewed.
7. "Művelődési ház" in Hungarian. These can be found in almost all towns and villages and are generally operated by the municipality.
8. This included photocopying, use of telephone and Internet, planning of activities for festivals or meetings, etc.
9. Translated from Hungarian: "Többször használtad azt a kifejezést, hogy 'civil szféra', hogy kell azt érteni az hogy 'civil szféra', most van egy civil díj is, hogy lehet valaki civil?"
10. Translated from Hungarian: "Hát ugye azt szokták mondani, hogy vagy civil szervezetek vagy hogy non-profit szervezetek."
11. Translated from Hungarian: "Az a baj, hogy Magyarországon sokszor a feladatokat látják el és nem a problémákat."
12. Jiri Musil (2000) touches upon similar "behavioural forms" to explain the hard application of democracy and market economy in the region.
13. I asked informants why local municipalities are so small (some consist of only one village of a few thousand inhabitants), making it quite unlikely that they are very cost-effective. One informant explained to me that people have to learn to administer power again, because during state-socialism they forgot how to take responsibility for their own lives. Municipalities have to be small entities to secure citizens the opportunity and responsibility to govern their local area.

14. See also Susanne Hoebner Rudolph (2000) for this argument.

15. I was several times met with incomprehension to my questions about the meaning of the word *civil*, which informants would use themselves. It was pointed out that it actually just meant *civil* as opposed to *military* and that the word was not very useful.

16. I owe this argument partly to Lasse Juul Olsen, who observed a similar phenomenon in Chile.

References

- Anheier, Helmut K. & Wolfgang Seibel (1998). *The Nonprofit Sector and the Transformation of Societies*. i Powell & Clemens (eds.), *Private Action and the Public Good*, New Haven & London: Yale University Press.
- Cohen, Jean L. & Andrew Arato (1992). *Civil Society and Political Theory*. Cambridge, Mass.: MIT Press.
- Dahl, Robert A. (1998) *On Democracy*. New Haven, CT: Yale University Press.
- Diamond, Larry (1999) *Developing Democracy*, Baltimore, MD: John Hopkins University Press.
- Edwards, Michael & David Hulme (1996). 'Too Close for Comfort? The Impact of Official Aid on Nongovernmental Organizations'. *World Development*, Vol. 24, No. 6.
- Feldman, Shelley (1997). NGOs and Civil Society: (Un)stated Contradictions, *Annals of the American Academy of Political and Social Science*, Vol. 554.
- Fisher, William F. (1997). 'Doing Good? The Politics and Antipolitics of NGO Practices'. *Annual Review of Anthropology*, Vol. 26.
- Gáspár, Mátyás et.al. (1999) *Teleházak és Távmunka Magyarországon*. Budapest: Teleház Kht.
- Gerö, András (1993) *Modern Hungarian Society in the Making*, Budapest: Central European University.
- Geskó, Sándor & Kinga Göncz (1997). 'Ethnic Minorities in Hungary: Democracy and Conflict Resolution', *The Annals of the American Academy* Vol. 552, July.
- Gupta, Akhil. 1998. *Postcolonial Developments*. Durham, NC: Duke University Press.
- Hann, Chris (1996). 'Introduction', pp. 1-26 in Chris Hann & Elizabeth Dunn (eds.), *Civil Society, Challenging Western Models*, London & New York: Routledge.
- Herbai, István & Rita Pálvölgyi (1997). 'Public Participation in Cooperative Planning: A Local Tax Issue in Nagykanisza, Hungary', *The annals of the American Academy*, Vol. 552, July.
- Holmes, Leslie (1997). *Post-communism, an introduction*. Cambridge: Polity Press.
- Jenkins, R. (1995). Politics and The Development of The Hungarian Non-profit Sector, *Voluntas* Vol. 6, No. 2.
- Juul-Olsen, Lasse (2000). *Field report: mellem marked og borgerdeltagelse, en analyse af toneangivende miljøNGOer i Chile*. www.geocities.com/chilengo
- Keane, John (1998). *Civil Society*, Cambridge: Polity Press.

- Kuti, Éva (1996). *The Nonprofit Sector in Hungary*, Manchester: Manchester University Press.
- McMichael, Philip D. (1996). *Development and Social Change: A Global Perspective. Sociology for a New Century*. Thousand Oaks, CA: Pine Forge Press.
- Musil, Jiri (2000) *The Burdens of the Past in The meaning of liberalism East and West*. Budapest: CEU Press.
- Osborne, P. Stephen & Anikó Kaposvári (1998). 'Nongovernmental organizations, local government and the development of social services managing social needs in post-communist Hungary'. *Discussion Paper No. 4*, Budapest: Local Government and Public Service Reform Initiative.
- Richter, James (1999). *Foreign Assistance and Social Movement Organizations in Russia: Creating Civil Society?* Paper presented to the Annual Conference of the American Political Science Association, September 2-6, Atlanta, Georgia.
- Rudolph, Susanne Hoeber (2000). 'Civil Society and the Realm of Freedom', *Economic and Political Weekly*, May 13.