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**THE THIRD WORLD'S THIRD SECTOR
IN COMPARATIVE PERSPECTIVE**

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PREFACE

This is one in a series of Working Papers produced by The Johns Hopkins Comparative Nonprofit Sector Project, a collaborative effort by scholars in over twenty countries to understand the scope, structure, and role of the nonprofit sector using a common framework and approach.

The Working Papers provide a vehicle for the initial dissemination of the work of the Project to an international audience of scholars, practitioners and policy analysts interested in the social and economic role played by nonprofit organizations in different countries, and in the comparative analysis of these important, but often neglected, institutions.

Working Papers are intermediary products, and they are released in the interest of timely distribution of Project results to stimulate scholarly discussion, and to inform policy debates. A full list of these papers is provided on the inside of the back cover.

The production of these Working Papers owes much to the devoted efforts of our project staff, in particular Regina Rippetoe, as the program manager, and Wendell Phipps, the project's secretary. We also want to express our deep gratitude to our colleagues on this project, to the International Advisory Committee that is helping to guide our work, and to the many sponsors of the project listed at the end of this paper.

The views and opinions expressed in these papers are those of the authors and do not necessarily represent the views or opinions of The Johns Hopkins University, its Institute for Policy Studies, or any of its officers or supporters, or the series' editors.

We are delighted to be able to make the early results of this project available in this form and welcome comments and inquiries either about this paper or the project as a whole.

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The Third World's Third Sector in Comparative Perspective

Introduction¹

Recent years have witnessed a significant upsurge of organized private, nonprofit activity in the countries of Asia, Africa, and Latin America and, with it, a new appreciation of the important role that nonprofit organizations play in the processes of economic and political change (Salamon, 1994; Fisher, 1993; Brown and Korten, 1991; Anheier, 1987; Drabek, 1987). Long recognized as instruments of relief and promoters of human rights, such organizations are now also viewed as critical contributors to economic growth and to the civic infrastructure increasingly seen as a fundamental precondition for markets and representative political institutions to function (Fukuyama, 1995; OECD, 1995; World Bank, 1995; Putnam, 1993; North, 1990).

Despite the importance that is increasingly attached to them, however, nonprofit organizations in the developing world remain only dimly understood.² This is true, moreover, on three different levels.

In the first place, basic *descriptive* information on this set of organizations is largely lacking. Though apparently growing in scale and importance, the third sector in the developing world remains a largely uncharted subcontinent on the social landscape of these societies. Even the most basic information about these organizations--their number, size, areas of activity, sources of revenue, and the legal and policy framework within which they work--is unavailable in any systematic way.

Behind this descriptive gap lies a significant *conceptual* one. One reason little is known about the nonprofit or third sector in the developing world is that the concept of such a sector has hardly existed there, or it has existed in a peculiar way. This reflects the extraordinary complexity of the social terrain that lies outside the market and the state in such societies, embracing entities as diverse as village associations, grass-roots development organizations, agricultural extension services, self-help cooperatives, religiously affiliated schools and hospitals, human rights organizations, and business and professional associations, to name just a few. Equally important, however, has been the focus in much of the research and discussion of nonprofit organizations in the developing world on what have come to be known as NGOs, or "non-governmental organizations." (See: World Bank, 1997; Uvin, 1995; Sandberg, 1994; Fisher, 1993; Carroll, 1992; Drabek, 1987³).

¹ This paper draws on introductory and concluding chapters of a forthcoming book that reports on the material presented here in greater detail. This book also includes the five country studies that form the background for much of our analysis: Brazil (by Leilah Landim), Ghana (by Lawrence Atingdui et al.), Egypt (by Amani Kandil), India (by Siddhartha Sen), and Thailand (by Amara Pongsapich). See: Helmut K. Anheier and Lester M. Salamon (eds) *The Nonprofit Sector in the Developing World*. Manchester: Manchester University Press, 1998.

² We use the terms "third sector" and "nonprofit sector" interchangeably.

³ On recent literature on NGOs see the special issue of the *Third World Quarterly* edited by Gordonker and Weiss, 1995; and the case studies in the *Non-Governmental Organizations Series* coordinated by the Overseas Development Institute in London (Bebbington and Thiele, 1993; Farrington and Bebbington, 1993; Farrington and

This focus, while quite fruitful, has also been somewhat misleading. For one thing, it has tended to downplay or ignore the presence of large numbers of voluntary organizations that are not normally considered to be "NGOs" but that would typically be included within the nonprofit sector in most other parts of the world, such as schools, hospitals, social welfare institutions, and cultural institutions. In addition, "NGO" often functions as an ideological screen used to differentiate "good" nonprofits from "bad" ones along lines that are often not entirely clear. Finally, the concept often includes within the nonprofit sectors of the developing world overseas development organizations that really function out of northern countries. For all of these reasons, the concept of the NGO, far from improving our understanding of third-world nonprofit developments, has to some extent impeded it.

Finally, our understanding of the nonprofit sector in the developing world has been constrained by a lack of suitable *theory*. Much of the available theory on nonprofit institutions emerged in the context of advanced Western societies. It tends to take as given features that are often lacking in the developing world, such as market economies and democratic political systems (see, for example, Rose-Ackerman, 1996; Steinberg and Young, 1995; Ben-Ner, 1993; Hansmann, 1987; Weisbrod, 1977), or cultural and philosophical traditions associated with Judeo-Christian religions (Lipset, 1995; Payton, 1988). Such theories may be of questionable value, therefore, in developing societies where the market is often poorly developed, authoritarian political regimes are the rule, and prevailing religious traditions differ markedly from the Judeo-Christian ones of the West. To come to terms with the reality of the third sector in the third world, therefore, new theory, and not simply new information, may be needed.

Purpose and Approach

To help fill these gross gaps in knowledge and understanding about the third sector in the third world, we included five developing countries within a broader inquiry into the scope, structure, financing, and role of the nonprofit sector carried out in thirteen countries around the world.⁴ Although it was not possible to undertake as thorough an empirical investigation of the nonprofit sector in the developing countries as in the eight developed ones, it was possible to generate a far more systematic and comprehensive picture than has been available up to now. In the balance of this paper, we outline the overall approach that we used, summarize the major findings that emerged, and, finally, examine the implications our work has for the theory of nonprofit sector and for the role this sector can be expected to play in the developing world.

Lewis, 1993; and Wellard and Copestake, 1993). Other terms widely used in the literature are "grass-roots organizations," "private voluntary organizations," and more recently, "civil society organizations." For a recent treatment of NGOs in rural development, see contributions in the Special Section of *World Development* on "State, Market, and Civil Organizations" by de Janvry, Sadoulet and Thorbecke, 1996; and for a more critical assessment of NGO performance see Edwards and Hulme, 1996.

⁴ In addition to the five developing countries, this work focused on the U.S., the U.K., France, Germany, Italy, Sweden, Hungary, and Japan. For a discussion of this broader project, see Salamon and Anheier 1996a.

Country Selection and Initial Theoretical Considerations

As a first step in carrying out this work, it was necessary to select a set of developing countries that reflected the common features that distinguish the developing world from the more developed areas. Because the goal was analytical as well as descriptive, it was also important to pick countries whose differences corresponded with some of the key factors thought to affect the scope and character of the nonprofit sector. Accordingly, we selected a key country in each of the world's major geographic regions, representing each of the world's religions (Christianity, Islam, African religions, Hinduism, and Buddhism). In particular, we chose Brazil in Latin America, Ghana in Africa, Egypt in the Arab world, India in Southeast Asia, and Thailand in South Asia.⁵

As reflected in Table 1, these five countries have a combination of common features and clear differences of the sort we were seeking.

Low Per-Capita Income. In the first place, all five of these countries have per-capita incomes that are only 2 to 18 percent of the average in the more developed countries. Low income implies, of course, tremendous social and economic needs that may be difficult to meet through the market alone. This suggests a great need for non-market mechanisms of the sort that nonprofit institutions represent. But need alone hardly translates into the creation of nongovernmental or nonprofit institutions. To the contrary, such institutions themselves require resources -- resources of time and organizational skill, if not finances. Indeed, one of the prevailing theories in the field argues that such organizations are most likely to emerge not where resources are uniformly limited, but where heterogeneous needs emerge and some people have the resources to respond to these needs through joint action (Weisbrod, 1977). Far from stimulating nonprofit formation, therefore, low income should impede it.

Small Urban Middle Class. In the second place, all of the countries covered here are still heavily agricultural, with anywhere from 4 to 10 times as large a proportion of the labor force involved in agriculture, fishing, and forestry as is common in the more advanced countries. This is significant because it means they lack the sizable urban middle class elements that have been identified with the growth of nonprofit institutions in the more developed countries (Salamon, 1994; Moore, 1967). Such urban middle class groups typically enjoy a degree of independence vis-a-vis the landed elite that often dominate pre-modern societies, and they have both the interest and the technical skills to form associations of various sorts.

While the countries covered here have relatively small urban middle classes, however, they also differ somewhat in the extent to which an urban middle class has emerged. This is evident in the relatively high levels of growth in gross domestic product in Brazil, Egypt, and Thailand since the mid-1960s, the relatively high proportions of the populations in higher education in these countries, and, at least in the cases of Brazil and Egypt, the relatively lower proportions of the

⁵ In each of the developing countries, we pursued a common research approach guided by a common concept of the nonprofit sector. At the same time, to guarantee sensitivity to local realities and adapt common concepts to local circumstances, we relied on local associates in each country to carry out the data-gathering and analysis. For more complete summaries, see Landim, Kandil, Atingdui, Pongsapich, and Sen in Anheier and Salamon, 1998.

population in agriculture. To the extent that the relationship between the emergence of a commercial and professional urban middle class and the growth of the nonprofit sector holds, we would therefore expect, other things being equal, that nonprofit organizations would be more widespread in Thailand, Brazil, and Egypt than in India and Ghana, though the sheer size of India means that the absolute size of the middle class there may be large even though the relative size is much smaller.

Table 1: Selected Economic Indicators, by Country, 1990

INDICATOR / COUNTRY	BRAZIL	GHANA	EGYPT	INDIA	THAILAND	OECD AVERAGE
Population (million)	150	15	52	850	56	—
Per Capita Income (\$)	3,178	415	837	358	1,560	17,410
Tax Revenue as Percent of GNP	24.0	31.0	25.0	19.0	26.0	38.0 ^a 28.7 ^b
Social Welfare Spending as Percent of Total Government Outlays	17.3	6.4	12.0	13.7	3.4	36.5 ^c
Percent of Total Labor Force in Agriculture	31.0	54.7	34.0	67.0	62.0	6.9
Enrollment in Higher Education as percent in cohort (cohort)	11.3 (18-22 years)	1.4 (19-23 years)	17.5 (17-21 years)	7.8 (18-22 years)	12.7 (19-23 years)	16.8 (18-21 years) 12.8 (22-25 years)
Average Growth Rate of GDP in Percent:						
1965-1980	9.0	1.3	7.3	3.6	7.3	3.7
1980-1990	2.7	3.0	5.0	5.3	7.6	3.1
Natural Annual Population Growth in Percent, 1980-1990	2.2	3.4	2.4	2.1	1.8	.83
Official Development Assistance as Percent of GNP	<0.1	10.3	15.9	0.6	1.0	—

^aincludes social security; ^b excludes social security; ^c unweighted average

Sources:

Population:

UN Population Statistics, 1992.

Economic:

World Development Report, 1992 ; UN Statistical Yearbook, 1995.

Education:

UNESCO Statistical Yearbook, 1991.

OECD Countries:

OECD, Education at a Glance, OECD Indicators, Paris, 1996.

OECD, National Accounts Detailed Tables, Paris, 1993.

Social Welfare Spending:

Britannica World Data, Comparative National Statistics, 1991, pp. 882-887; Indian data are based on UN National Accounts and report social security and welfare spending as percent of government final consumption expenditure for 1989.

Employment:

Central Intelligence Agency, *World Factbook, 1991.*

Authoritarian Political Regimes. A third feature shared by the countries considered here is a prolonged experience with authoritarianism. In part, this has been the result of colonial domination, which narrowed the realm of freedom left to indigenous populations. But indigenous traditions have also played a role. Thus, of the five countries examined here, only India can look back to a relatively undisturbed political history in safe-guarding the right of association. By contrast, Brazil, Thailand, and Egypt have all embarked on the process of democratization only in recent years. Ghana stands midway between these extremes, with limited introduction of democratic forms during the colonial era and immediately afterward, but with periods of military rule since then. While nonprofit organizations exist in autocratic societies, it is generally acknowledged that a meaningful degree of freedom of association is necessary for such organizations to flourish.

Low Levels of Government Social Welfare Spending. This history of authoritarianism may help explain another common feature of the countries examined here: their relatively low levels of government social welfare spending. As Table 1 shows, such spending falls below 20 percent of total government outlays in all of these countries, and is well below the share that is devoted to these purposes in the developed world. This is significant because two of the major theories in the nonprofit sector field relate the size of the nonprofit sector to the scale of government social welfare spending. One of these, the so-called "market failure/government failure" model, posits an *inverse* relationship between the scale of government social welfare provision and the size of the nonprofit sector. According to this theory, nonprofit organizations are an alternative provider of public goods when population diversity or other factors make it difficult to mobilize the popular majorities required for government to respond (Weisbrod, 1977; Douglas, 1987). Where government involvement in the provision of needed public goods is low, therefore, this set of theories would lead us to expect a high level of nonprofit activity. The alternative "voluntary failure" or "partnership" theory posits a direct relationship between government social welfare spending and the extent of nonprofit activity. According to this theory, government social welfare spending and nonprofit activity are two complementary byproducts of the same set of social circumstances (Salamon, 1987, 1995). What is more, there are strong theoretical and practical reasons to expect cooperation between the two since the strengths and weaknesses of the state are the exact opposite of those of the nonprofit sector. The growth of state social welfare spending can therefore be expected to *stimulate*, not detract from, the growth of nonprofit activity, while limited state involvement in social welfare can reduce the support needed for nonprofit activity.

Religion. The five countries considered here also differ from the developed world, and from each other, in terms of religious traditions. This is significant because past research has established a close connection between religion and nonprofit activity. This has been attributed in part to the role that religiously motivated sentiments of altruism play in stimulating voluntary activity and philanthropic giving (Payton, 1988; Wuthnow, 1991). Also important according to one body of thinking are the incentives religious adherents have to form nonprofit service organizations as a means of attracting adherents to their faith (James, 1987, 1989; Rose-Ackerman, 1996).

Much of the evidence linking the development of nonprofit organizations to religion derives from essentially Western experience and Judeo-Christian traditions, however. The five countries considered here, by contrast, represent significantly different religious traditions and institutions.

Thus, Brazil is a heavily Catholic country with a long history of Church involvement in political life, but in ways quite different from what evolved in Europe. Ghana represents a mixture of Christianity and to a lesser extent Islam, superimposed on tribal religions. Egypt is an Islamic country with a significant Coptic Christian minority. In India, Hinduism is the dominant religion, though Islam, Christianity and other religions play important roles. Finally, Thailand is an overwhelmingly Buddhist country, although Christian missionaries introduced Christian beliefs in some quarters.

To what extent might these different religious traditions affect the development of the nonprofit sector? To answer this question, it is necessary to recognize the different facets that religion really represents. In particular, four such facets seem especially relevant to the development of nonprofit organizations:

- First, the basic religious creed. Some creeds may emphasize the importance of charity, altruism and philanthropy more than others.
- Second, the posture towards individualism and individual initiative. In Gellner's memorable phrase, many religions and cultures are "non-modular" in orientation, denying, or at least not supporting, the right of adherents to "combine into specific purpose, *ad hoc* limited associations, without binding [themselves] by some blood ritual" (Gellner, 1995: 42). Such traditions, he argues, are not conducive to the development of intermediary, civil society organizations.
- Third, the emphasis on institutionalization. Religions differ in the emphasis they place on building formal institutional structures for religious worship and other purposes. Religions that place a premium on institutionalization will likely contribute more to the development of nonprofit organizations than those that do not.
- Finally, the degree of autonomy from the state. Religions differ markedly in the extent to which the institutions they create are perceived to be separate from, or part of, the state. Where religious institutions establish a strong tradition of autonomy, the prospects for nonprofit development are likely to be stronger than where religious institutions come to be perceived, and to operate, as appendages of the state.

In short, religion is a more complex variable than previous accounts have suggested, and it is reasonable to expect that the different religious traditions represented in our target countries will rank differently in terms of these different facets. This is suggested in Table 2 below, which ranks the various religions in terms of the four dimensions we have identified. Thus, while every religion seems to place a high or moderate value on philanthropy, altruism, and charity (Hastings, 1908: 376-392; Constantelos, 1987: 222-225), differences exist in terms of the other facets. In particular, of the religious traditions represented there, we would expect Christianity, particularly its Protestant variants, to be the most conducive to the flowering of nonprofit organizations. This is because of its strong emphasis on individualism, its significant commitment to institution-building, and its strong commitment to independence from state control (Wuthnow, 1997; Weber, 1996; Lipset, 1995). By contrast, traditional African religions emphasize solidarity over individualism and put little stress on institution-building, and certainly institution-building independent of the basic tribal political structure (Gerdes, 1975; Little, 1965; Danquah, 1952).

The other religions fall between these extremes. Thus Hinduism shares with Protestantism a deeply individualistic strain but places less emphasis on institution-building (Brockington, 1981; Chaudhuri, 1979; Hopkins, 1971). Catholicism is strongly oriented to institution-building but is more corporatist and solidaristic in philosophy (Mecham, 1966). Buddhism is individualist and has a strong institution-building orientation but has tended to accept a high degree of integration with temporal authorities. Islam, finally, is far less modular than most of the other religions and has also stressed integration, rather than separation, between religious and political life (Gomez, 1987; Swearer, 1987: 389). Given these characteristics, we would expect that India and Brazil would have more developed and prominent nonprofit sectors than Egypt, Thailand, and Ghana.

Table 2
Key Dimensions of Religions With Implications for Nonprofit Development

Religion	DIMENSION				
	Emphasis on Charity and Philanthropy	Modularity	Institutionalization	Autonomy	Hypothesized Encouragement to Nonprofit Formation
Protestantism	high	high	high	high	high
Hinduism	moderate	high	low	high	high
Catholicism	high	low - moderate	high	low - moderate	moderate - high
Buddhism	moderate	low - moderate	moderate	low - moderate	moderate - low
Islam	high	low	high	low	moderate - low
African religions	moderate	low	low	low	low

Heterogeneity. While religion is important in its own right, moreover, it is also important as one dimension of yet another factor--the degree of heterogeneity in a society. According to some economic theories, as we have seen, the greater the heterogeneity of a population in terms of religion, ethnicity, language, and other similar factors, the larger the nonprofit sector there is likely to be (Weisbrod, 1988; James, 1987). This is so because heterogeneity makes it more difficult to generate majority support for governmental provision of collective goods. More of the job of producing the collective goods considered important by different population subgroups consequently falls to nonprofit organizations. In addition, since nonprofit organizations also perform an "expressive" function, giving organizational voice to particular population groups or perspectives, it follows that the greater the diversity of the population, the greater the number and kind of nonprofit organizations that will be needed.

While it is difficult to develop an overall measure of heterogeneity, Table 3 shows that our five countries vary considerably in terms of the number of languages, ethnic groups, and major religions. Even without precise indicators of social heterogeneity, we can see that India represents the most heterogeneous country among the five. At the other extreme is Thailand, which appears as

the most homogeneous among the countries selected, with Ghana, Brazil and Egypt ranking in between.

Table 3: Selected Social and Economic Indicators of Heterogeneity by Country, 1990

COUNTRY / INDICATOR	BRAZIL	GHANA	EGYPT	INDIA	THAILAND
Percent of population in largest religion	88 (Catholicism)	38 (African Religions)	90 (Suni-Muslim)	83 (Hinduism)	95 (Buddhism)
Percent of population in second largest religion	6	30	10	11	4
Percent of population in largest language group	97	52	99	39	80
Number of major languages	1	5	1	20	2
Percent of population in largest ethnic group	53 White	52 Akan	99 Egyptian	39 Hindu	80 Thai
Percent of population in second largest ethnic group	22	16	1	8	12

Source: Encyclopedia Britannica, *Britannica World Data*, 1991

Development Assistance. Finally, these countries vary in the extent of development assistance they receive. Such assistance accounts for substantial portions of Ghana's and Egypt's GNP, but it is virtually insignificant for the economies of Brazil, India and Thailand (OECD, 1995). Since international aid is viewed as a major stimulator of local nonprofit development, these data would lead us to expect more sizable nonprofit sectors in Ghana and Egypt than in Brazil, India and Thailand.

Conclusion. In short, the countries selected for analysis here, while sharing certain common features that set them apart from the developed countries, also display a significant range of variation with respect to a variety of other factors that we have reason to expect might affect the scale and character of the nonprofit sectors they contain. Thus, they provide a useful terrain on which to assess some of the central theories in this field.

A Common Definition

In addition to selecting a reasonably representative set of countries, work on this project also required the development of a definition of the nonprofit sector that would permit both the differences and the similarities among these countries to become evident. This turned out to be an especially difficult task given the complex mixture of traditional, modern, indigenous, and imported institutions that exist in most countries.

To cope with it, we relied heavily on a network of Local Associates to formulate a consensus definition. More specifically, for the purposes of this work, we defined the nonprofit sector as the set of institutions in any society that share five key characteristics⁶:

- They are *organized*, i.e., they possess some institutional reality.
- They are *private*, i.e., institutionally separate from government.
- They are *non-profit-distributing*, i.e., not returning any profits generated to their owners or directors.
- They are *self-governing*, i.e., equipped to control their own activities.
- They are *voluntary*, at least in part, i.e., they involve some meaningful degree of voluntary participation, either in the actual conduct of the agency's activities or in the management of its affairs.⁷

Quite clearly, this definition of the nonprofit sector goes well beyond the "NGO" concept in common usage within the developing world. It comes closer to what has more recently come to be referred to as "civil society organizations," i.e., organizations that function outside the market and the state (see, for example, Synergos and Overseas Development Council, 1996).

Critical Questions

How extensive is the range of organizations demarcated by this definition in the countries we targeted for examination? To what extent are variations apparent from country to country? What accounts for these variations? More specifically, to what extent do the variations reflect the factors

⁶ For further elaboration of these features, see Salamon and Anheier (1997b).

⁷ To keep the empirical work we undertook manageable, we further restricted our attention to only a subset of all the organizations that fit this definition. In particular, we decided to exclude two principal types: (a) churches, synagogues, mosques and similar entities principally devoted to religious worship; and (b) political parties engaged primarily in putting candidates into political office. Thus we excluded, for example, the sacramental activities and related administrative functions performed within the Catholic Church, yet *included* church-related schools, hospitals, clinics, and social service organizations. Moreover, we excluded political parties, but included party-related organizations such as cultural and political clubs, or vacation facilities and research institutes linked to political parties. Since little of the empirical work was carried out in the countries covered here, these exclusions are not as germane to the discussion.

identified in the prevailing theories in this field? What influence do factors such as religion or legal framework have on the scale and operation of the nonprofit sector in these countries? To what extent does a meaningful concept of a "nonprofit sector" exist in these countries? And what lessons does the experience of these countries hold for general theories of nonprofit action? These are the major questions we sought to answer.

To do so, we drew on a combination of existing data, special surveys, legal and policy analysis, and interviews. Although limitations of time and resources made it impossible to answer these questions definitively, it was possible to shed at least some preliminary light on the answers to them.

Major Findings

In particular, five major conclusions emerged from this work.

The Concept of a Nonprofit Sector

In the first place, in none of the five countries that we examined did a coherent concept of what we here term "the nonprofit sector" exist either in the scholarly community or among practitioners in the field. The idea of a set of institutions that share crucial features that demarcate them as a sector had not really surfaced forcefully in any of the countries. As a consequence, the task we undertook required that we "create," at least conceptually, and not simply measure, the reality we were seeking to portray.

Basic Scale

While the *concept* of a definable nonprofit sector existed in none of the countries covered in this paper, however, the *reality* of such a sector was nevertheless very much in evidence. Organizations that meet our "structural-operational definition" turn out to exist in far greater numbers and variety in the five countries examined here than conventional accounts based on the term NGO would suggest.

In India (Sen, 1998), for example, various directories list a total of about one million nonprofit organizations including professional associations, social welfare agencies, caste associations, and thousands of others. The Gandhian network of 1,700 nonprofit organizations alone employs about 600,000 people.

In Brazil (Landim, 1998), the Catholic Church, in close alliance with the State, built a vast network of schools and hospitals, with Protestant denominations setting up competing institutions. At the end of the 19th century, secular voluntary associations such as mutual societies and trade unions emerged as the country developed economically. The upshot is a sizable and varied set of nonprofit institutions. Federal government registries list over 210,000 nonprofit organizations, including 45,000 in São Paulo alone and another 16,000 in Rio de Janeiro. Most of these organizations are small, with budgets of less than \$30,000, but there are also huge educational institutions and hospitals that are frequently linked to the Catholic Church. Total employment within this sector is at least 1 million, or somewhat less than 2 percent of total employment. What is more,

this sector has been growing in recent years. A survey of nonprofit organizations in São Paulo and Rio de Janeiro revealed that over 90 percent of the numerous neighborhood and community organizations that exist in these two cities were formed in the last two decades.

Although nonprofit institutions seem to be somewhat less extensive in Thailand, Egypt, and Ghana than in Brazil and India, they are far from nonexistent. In Thailand (Pongsapich, 1998), for example, there are some 15,000 nonprofit organizations, 2,200 of them in Bangkok alone. Cremation associations are the most frequent type of such organizations, accounting for 50 percent of the total. These associations have deep roots in Thai society, handling the all-important burial functions that are so sacred to Buddhism; but they have recently begun assuming modern credit functions as well. In addition to the cremation societies, moreover, numerous social welfare associations also exist, comprising 39 percent of the registered organizations.

In Ghana (Atingdui et al., 1998), the Department of Social Welfare has identified over 800 nonprofit organizations in the larger urban areas alone. However, only about one fourth of these are officially registered with the government. In addition, there are 114 nonprofit hospitals scattered throughout the country, as well as 242 primary and 229 secondary schools, all typically linked to religious bodies. Moreover, the 800 organizations listed by the Department of Social Welfare do not include the numerous village associations, credit and savings associations and similar types of self-help groups, such as the Susu associations, with roots in village traditions.

Finally, Egypt (Kandil, 1998) boasts some 17,500 nonprofit organizations with an estimated total membership of almost 6 million people out of a total population of over 53 million. This does not include the numerous informal associations among the poor, nor many of the Islamic groups organized around individual mosques. The latter constitutes a vast network of unregistered groups created by popular Islam, providing health, social services and education to populations that the State, with its dwindling resources, is increasingly unable to reach.

Beyond NGOs

Not only is the nonprofit sector in these countries quite large, it also extends well beyond the "NGOs" that have been the principal focus of attention in the developing world. Thus, for example:

- In *Brazil*, nearly one quarter (23 percent) of the 210,000 nonprofit organizations registered with the federal government are social service providers, 20 percent are sport and recreational clubs, and another 14 percent are organizations active in the fields of education, research and culture. Based on a survey of nonprofit organizations in the state of Rio de Janeiro, we estimate that the fields of education, health, and social services account for over 70 percent of all nonprofit employment (Landim, 1998).
- A survey of the 800 "NGOs" listed with the Department of Social Welfare in Ghana shows that education is in fact the most frequent nonprofit activity in this country, followed by development, environment, health and social services (Atingdui et al., 1998).
- In India, a survey in the Varoda-Baroda region shows that education, social services, and culture and recreation account, respectively, for 40 percent, 19 percent, and 19 percent of nonprofit

activity, and that only 8 percent of the organizations are engaged in developmental work per se (Sen, 1998).

- In Thailand, as we have seen, most nonprofit organizations are traditional cremation societies (Pongsapich, 1998).

Focusing exclusively on NGOs thus gives a distorted picture of the true scale and character of the nonprofit sector in these countries.

Beyond External Funding

Not only does the nonprofit sector in the developing world extend well beyond NGOs, moreover, but also it receives its funding from sources that go well beyond the traditional development assistance that is often identified with nonprofit organizations in these areas. In India, for example, while some 15,000 nonprofit organizations registered with the government received \$460 million in foreign assistance as of the early 1990s, the majority of revenue actually comes from domestic sources, much of it in the form of fees and charges (Sen, 1998). Similarly, a survey of nonprofit organizations in the state of Rio de Janeiro revealed that fees and charges are more important than funds from abroad in financing nonprofit activity (Landim, 1998). In fact, the really distinctive feature of nonprofit finance in the developing world may not be the relatively higher levels of outside aid so much as the relatively smaller levels of government support. Whether this is a permanent feature or another sign of the stage of development of the sector in these countries is one of the most crucial issues for the future. The significant level of government support to nonprofit organizations in India suggests, however, that the latter may be the case.

Relative Scale

While the nonprofit sectors of the five countries examined here seem to be quite a bit more extensive than previous analyses limited to NGOs may have suggested, however, they are nevertheless still generally smaller than in the average developed country. Compared to 4 or 5 percent of the labor force in the developed countries (Salamon and Anheier, 1996a), nonprofit organizations in the developing world generally employ fewer than 2 percent of the workforce.

What is more, significant variations seem to exist in the scale of nonprofit activity from country to country. Thus the nonprofit sector seems more fully developed in India and Brazil than it does in Thailand, Egypt, or Ghana.

Explaining Nonprofit Activity in the Developing World

How can we account for these findings? Why has the concept of a nonprofit sector not surfaced in these societies despite the clear presence of sizable sets of organizations that meet the criteria for such a sector? Why is this set of organizations less fully developed in these countries than in the more developed countries? And what accounts for the interesting variations that seem to exist among countries in the scale and dynamics of nonprofit activity?

Clearly there is no way to answer these questions definitively on the basis of the experience of only five countries. Nevertheless, this experience offers some useful insights into the factors at work.

Authoritarian Political Control

Perhaps the most basic factor accounting for the generally retarded pattern of third sector development in the countries we have examined is the long history of authoritarian rule that seems to have characterized these countries throughout much of their history. The nonprofit sector in Brazil, for example, has taken shape in a historical context characterized by a strong state and a weak civil society. Important factors in this context are the dominant role the Catholic Church historically played as an ally of the state, and Brazil's economic modernization under an authoritarian political system that ended only in the late 1980's after a long period of instability. As Landim (1998) put it, "In Brazil, the State has always taken on itself the task of 'creating' society, whether by arranging groups and individuals hierarchically according to an exclusionary economic order, or by intervening to destroy autonomy." Coupled with a long history of slavery, the result has been to fix onto Brazilian society a heritage of hierarchical control and patron-client relations. Indeed, even industrialization was managed through a series of agreements among dominant elites, producing a pattern that has come to be known as "conservative modernization" (Schwartzman, 1982).

Strong state control also figured prominently in the histories of Egypt and Thailand. First under the Ottoman Empire, and later under British colonial rule, Egypt was ruled by a succession of authoritarian leaders with only limited opportunity for effective democratic involvement. In Thailand as well, a centralized monarchy took shape in the 13th century that fused secular and religious power and held effective sway for the subsequent 700 years. Under the prevailing "Devaraja" concept of Brahminism, the king was seen as a god-like creature to be revered and followed without question (Pongsapich, 1998).

Authoritarian traditions were somewhat more muted in Ghana and India, but still very much present. The pre-colonial societies in what became Ghana were organized in traditional tribal form, with local chieftains exercising dominant control and villages adhering to generally accepted traditions of proper behavior. India's history is a rich tapestry of successive empires that rose to power, flourished, and then went into decline. Through it all, the dominant form of social organization was hierarchical, with limited opportunity for social organization outside of the control of the State and its supportive religious orders.

Given this pattern of authoritarianism, little room was left for a truly independent third sector in these societies. What charitable institutions emerged therefore had to fit within the prevailing structures of political and social power and avoid posing a serious challenge to the dominant political authorities. Passivity and dependence rather than empowerment and autonomy thus became the early watchwords of nonprofit sector activity.

Although these features have moderated considerably in more recent times, moreover, authoritarian political control did not end in these countries with independence. Rather, with the possible exception of India, it persisted. The upshot has been a persistent atmosphere of distrust between the nonprofit sector and the State in many of these countries. The State remains highly watchful of its power and too easily interprets the emergence of nonprofit organizations as a

challenge to its very legitimacy. In Egypt, for example, this distrust is currently fueled by the antagonism between a strong secular State and Islamic fundamentalist groups that are using nonprofit institutions as a way to strengthen their links with the urban poor. In Brazil, State distrust is a residue of a recent authoritarian past and a social and economic policy that seeks to build up the private business sector and still views the "citizen sector" as an antagonist. In Thailand and India, a stronger tradition of partnership is emerging, though not without deep-seated reservations about the bonds that have formed between indigenous nonprofit institutions and their foreign supporters.

Conflicting Values and Organizational Self-Perception

This tension helps to explain the absence of a clear concept of a "nonprofit sector" in these countries. The emergence in recent years of a class of nonprofit institutions willing to challenge the prevailing powers-that-be has brought with it a desire to differentiate these newer organizations from those that came before. The use of a single term to refer to these different types of entities has therefore had political and social costs that those involved have simply been unwilling to pay. To be part of the *associative* sector in Brazil, for example, is to be in opposition to the State and to the prevailing political and economic elites, something those engaged in charitable organizations have historically not wanted to convey. By contrast, "philanthropy" and "assistance" are perceived within the citizen movements to be props of a repressive old order. Those engaged in the new "development NGOs" therefore have a strong need to distinguish themselves from these older, presumably more conservative, and to some extent discredited, institutions. Lumping all of these organizations into a single entity called the "nonprofit sector" thus blurs distinctions that many have a strong interest in preserving. Definitional coherence has therefore taken a back seat to political ideology and organizational expediency in the conceptualization of the social space that lies outside the market and the state in these societies.

Religion

That political authoritarianism survived so effectively in these countries is, in turn, due in part to the nature of the religious traditions that took shape there. The record of the five countries examined here gives ample support, in fact, to the hypotheses outlined earlier about the multiple impacts of religion on the development of the nonprofit sector. In addition to the basic creed and the support it gives to acts of charity, crucial other facets of religion's impact need to be taken into account--its posture toward individualism, its commitment to institution building, and its relationship with State authorities. As the evidence examined here makes clear, religions can share a positive orientation toward philanthropy yet still not be highly supportive of the emergence of private nonprofit institutions.

So far as basic religious creed is concerned, virtually all of the religions in our target countries provide strong support for philanthropic activity and charitable giving. Thus, for example, in Brazil the Catholic Church stressed the importance of charity and help to the poor as a basic requirement of a religious life. Islam, like Christianity, makes charitable giving a central element of its creed. The paying of *zakat* to support religious institutions and care for the needy is thus one of the "Five Pillars" of Islamic practice (Rahman, 1987:309), and strong religious incentives exist as well to establish *al waqf*, or charitable endowments. In India, the notion of voluntarism found early inspiration in the Rig Vedas; while in Ghana, tribal religious and social ceremonies reinforced patterns of mutual help and assistance.

Despite this generally positive influence of religious doctrine in nurturing charitable traditions in these countries, however, the influence of religion on the development of nonprofit organizations was still considerably less pronounced in most of these countries than it was in Western Europe and North America. This is so because certain of the other facets of religious activity were less supportive of such institutions. Although both Islam and Buddhism emphasize the importance of philanthropy, for example, the limited development of nonprofit institutions in Egypt and Thailand can still be attributed in important part to facets of the religious traditions of these countries that we identified earlier. Thus both Islam in Egypt and Buddhism in Thailand tend to stress the submersion of individual initiative into a larger whole rather than its forthright expression through organized nonprofit activity or other means. In addition, both have favored close working relationships between religion and the State rather than the establishment of separate religious institutions outside of, and in opposition to, the State. In the terms introduced earlier, both are thus less "modular" in their outlook than was the case of Protestantism in Western Europe. Islam, in fact, is one of the least modular of religions, stressing the integration of the individual into a larger social and religious order rather than the existence of a separate social space for the exercise of individual initiative. Islam, as one author has put it, is not simply a religion but rather "the name of a total way of life" that regulates far more than an individual's personal relationship with God (Rahman, 1987: 305). Indeed, Islam recognizes little separation between the religious and the political spheres (Laroui, 1987).

Buddhism places somewhat greater emphasis than Islam on individual action and self-discovery as the path to redemption, a feature it shares with Christianity. However, the institutions built by Buddhism had a more narrowly religious function than the comparable Christian or Catholic institutions, reflecting Buddhism's stress on providing places of escape where monks could achieve inner peace (Gomez, 1987). What is more, at least in its Southeast Asian variants evident in Thailand, Buddhism developed a highly symbiotic relationship with the prevailing structures of political authority that made it far less congenial to the establishment of a sphere of organized, private action outside the State. Buddhism provided, as one writer has put it, "a cosmology in which the king was accorded the central place and a view of society in which the human community was dependent on the role of the king" (Swearer, 1987:389). Thus neither Buddhism in Thailand nor Islam in Egypt offered much stimulus for the establishment of an independent nonprofit sector.

The role of Hinduism in the development of the nonprofit sector in India was more complex. Like Protestantism and Buddhism, Hinduism places great emphasis on individualism and individual initiative in its stress on personal spiritual devotion as the path toward inner peace (Brockington, 1981; Chaudhuri, 1979; Hopkins, 1971). In addition, a complex system of deity structures and worship practices encouraged a sense of pluralism. At the same time, however, unlike Christianity, Hinduism places much less emphasis on the development of complex organizational structures of the sort that characterized Protestantism and Catholicism. It has therefore done little to foster formal organizational networks through which individuals could act. What is more, the caste system sanctioned by Hinduism further segmented the population into a complex arrangement of hierarchical clusters, inhibiting the ability of people to form and re-form along interest and professional lines. Thus, while including three components associated positively with nonprofit sector development, i.e., a creed that stresses charity, modularity, and autonomy, Hinduism lacked the institution-building tendency of Christianity. It was not until the Gandhian movement, and later the independent Indian State, provided this missing element, therefore, that Hinduism's facilitation of nonprofit sector development really came into its own.

Even those religions most supportive of the development of autonomous nonprofit institutions in their basic creed and organizational dynamics operated rather differently in the developing world than they did in the developed, moreover. This was the case, for example, with Catholicism in Brazil. Far from a force for liberation and independent action based on conscience, the Church in Brazil functioned historically to reinforce secular authority and a monolithic system of social and cultural control, thereby sharply reducing the opportunities for developing an independent nonprofit sector. Indeed, the Jesuit order was banished from the Spanish Empire in Latin America because of what was perceived to be its excessive independence from secular authorities, and Portuguese authorities in Brazil were careful to minimize independent impulses within the Church in Brazil. While the Catholic Church was active in creating networks of health, education, and social service institutions in Brazil, these largely restricted their attention to providing "assistance" and pointedly refrained from challenging the social and economic systems that made such assistance necessary. To the contrary, until the rise of liberation theology in the 1960s, Church authorities were generally supportive of the authoritarian regimes that dominated the region. As a consequence, Catholicism in Brazil provided far less space for the blossoming of an independent nonprofit sector than it did in its European manifestations. Indeed, as one student of Brazilian history has noted: "...the Church administration was so meshed with the administrative machine of civil government that it would be hard to see it as an autonomous power and not a department of the State" (Hollanda, 1985: 57, quoted in Landim, 1998). Not until the rise of liberation theology did the Church emerge as a stimulator of independent nonprofit action in Brazil and elsewhere in Latin America.

In short, based on the evidence from our case studies, it appears that the particular character of religious practice in the developing world is partly responsible for the generally limited development of a vibrant, independent, nonprofit sector in these countries. What is more, religion was a more significant retarding influence in Egypt, Brazil, and Thailand than it was in India and, to a lesser extent, Ghana.

Colonialism

A fourth factor that helps to explain the generally retarded pattern of third sector development in the third world is the recent history of colonial control. Like religion, however, colonialism's impact on third sector development has been multi-dimensional. What is more, it has varied somewhat depending on the national traditions and values of the colonial power. Thus, on the one hand, colonialism has tended to undermine the independence of local social classes that might have provided the rallying point for private, nonprofit institutions. This was particularly true of the Spanish and Portuguese colonial traditions, which fixed especially authoritarian political and social structures on their respective colonies. In much of Latin America, colonialism created a highly inhospitable environment for the emergence of truly autonomous nonprofit institutions that might have challenged the monopolistic power of the colonial regime and its local allies.

At the same time, colonialism also affected the legal systems and political traditions of the colonies, and these impacts often served to encourage nonprofit development. This was the case, for example, of the English impact on both India and Ghana. In both, legal systems were put in place that actually facilitated the rise of legally protected nonprofit organizations. In addition, both countries absorbed from the colonial power a long-standing tradition of voluntary organization and oppositional politics that contributed in its own way to legitimizing nonprofit activity. This may help explain why nonprofit institutions seem to be so much more numerous and highly developed in India

than in Brazil, and why the atmosphere of hostility between these two sectors is far less evident in the former than in the latter.

Low Income and Constrained Social Development

Perhaps the most important impact of colonialism on the countries where it held sway, however, was the constraint it exercised on social development. One of the principal consequences of the colonial experience, in fact, was to limit the space that indigenous middle class elements could occupy in the developing world. This was so because the colonial administration handled many governmental and commercial functions that might otherwise have been performed by an indigenous *bourgeoisie* and restricted middle class professional opportunities as well. What middle class cadre emerged in these countries thus tended to be tightly bound to the colonial administrations and therefore lacked the independence characteristic of the urban commercial and professional middle class elements that emerged in Western Europe during the dawn of the industrial era.

This situation persisted well into the post-World War II period, moreover, because of the general poverty and lack of development characteristic of these countries. As growth has gathered momentum in at least some regions, however, this situation has changed considerably. In Brazil, Thailand and Egypt, where economic growth has been especially robust, for example, extensive, urban middle classes have emerged. Not surprisingly, moreover, the growth of the nonprofit sector in these countries has followed suit. Indeed, the significant upsurge of nonprofit activity in Brazil over the past two decades can be attributed in important part to the emergence of a sizable new urban middle class as a result of recent economic growth.

Legal Treatment

A further factor impeding the development of the nonprofit sector in the five countries considered here has been the legal environment within which nonprofits must operate. Certainly in civil law countries such as Brazil, Thailand, and Egypt, where no “basic” right to organize is automatically recognized, and where the formation of legal entities is a privilege that must be explicitly recognized in law, formal law can shape the environment for nonprofit action rather fundamentally. Reflecting the generally authoritarian politics that have characterized at least four of these five countries during much of their recent history, it should therefore come as no surprise to learn that the legal structures for nonprofit activity have been quite restrictive. For example, the Religious Bodies Registration Act of 1981 in Ghana revoked the legal status of all religious nonprofit organizations and required them to reapply through a highly restrictive registration procedure. In Brazil, Law 91 of 1935, regulating the public utility status of nonprofit organizations, was used as a means of political control and favoritism. In Egypt, Law 32 of 1964 establishes *de facto* governmental control of large segments of the nonprofit sector; and in Thailand, the Cremation Welfare Act of 1974 was passed by the military government to preempt feared infiltration by communists. The Act required all existing local cremation and related communal welfare societies to register with the central authorities in Bangkok, and to submit to State supervision.

In many respects, however, the formal legal framework for nonprofit activity in the countries we have examined is far less restrictive than their long histories of authoritarianism might suggest. This is so because the legal provisions have often been transplanted from the colonial power regardless of whether they suit local circumstances or have otherwise been copied from other nations

during periods of liberalization. Thus, for example, the basic legal provisions affecting nonprofit organizations in India and Ghana were borrowed from those in force in late 19th and early 20th century England through a system of legal ordinances. Similarly, the basic law on associations in Brazil was adopted during a period of liberal control in the early part of the 19th century. The legal environment for nonprofit organizations in these countries therefore appears quite open. To get around these general legal provisions, governments have had to add various restrictions to limit their general thrust, something that is a bit more cumbersome, though hardly impossible, to do. Thus, for example, notwithstanding the supportive general provisions for organizing nonprofit organizations in Ghana, Law 221 of 1981 established de facto State superiority over the nonprofit sector. Moreover, tax laws and related legislation often establish significant obstacles to the operation of nonprofit organizations, as the example of Brazil and the Indian system of government supervision of international funding to nonprofit organizations show. What this makes clear is that establishing an enabling legal environment for nonprofit action is only a first step toward opening the way for a viable nonprofit sector. A variety of other obstacles can easily frustrate the intent of even the most supportive legal provisions. In the cases of Brazil, Egypt, and Thailand in particular, it seems likely that the growth of the nonprofit sector has been impeded by legal restrictions even though the overall legal environment seems supportive.

The State and Development Ideology

One final factor helping to explain the historically constrained pattern of third sector development in the third world, as well as the recent growth of such institutions, is the changing fashion in development policy and development ideology. During the 1950s and 1960s, development thinking emphasized the importance of a strong State as the principal agent of modernizing reforms. As a consequence, considerable effort went into differentiating a sphere of State action outside the pre-modern structures of tribe or community, and into creating modern, secular administrative structures that could effectively operate in this sphere. The conceptual maps that guided this project of State construction included a sphere of business in addition to that of government, but it downplayed, if not excluded, nonprofit organizations, local communities, civil society, and voluntary groups, all of which were viewed, to one degree or another, as holdovers from a prior era of traditional social organization.

Nor did the shift to "structural adjustment" in the 1980s change this fundamentally. To the contrary, the "structural adjustment" paradigm of development merely replaced government with the private business community as the deus-ex-machina of development. In the process, however, it reinforced an essentially two-sector model of society that left little room for a vibrant private, nonprofit sector. That a coherent notion of such a sector did not arise is thus understandable given the mental maps that guided the central policy debate.

Even during the period of State-centered development, however, important nonprofit institution-building occurred. For the most part, this took the form of top-down efforts designed to extend the reach of State-sponsored modernizing reforms (and often national political leadership) into the countryside. The Nasser Bank in Egypt, the network of Gandhian associations in India, and the socialist mass associations created in Ghana under Nkrumah are all examples of such efforts. Though hardly independent entities, these organizations nevertheless contributed in important ways to the ultimate development of third sector institutions in many of these countries. The substantial nonprofit presence in India can be attributed in important part, in fact, to such policies.

Even more significant, however, were the efforts of a variety of external actors, in cooperation with indigenous elements, to create independent mechanisms through which to pursue alternative approaches to development outside the official channels. Included here are the efforts of a number of Northern foundations and private voluntary organizations as well as the Catholic Church and other religious bodies (Salamon, 1994; Smith, 1990). Beginning with the Second Vatican Council in the mid-1960s, the Catholic Church, for example, shifted its allegiance to a marked extent in Brazil and other Latin American countries from the prevailing powers-that-be to grassroots communities, creating vast networks of "church base communities." In Brazil alone, 80,000 such communities were created in the 1970s and 1980s, each representing a locus for community problem-solving and organization (Krischke, 1991). During the same period, Northern voluntary organizations began to shift markedly from a "relief" perspective to an "empowerment" focus in their work, encouraging the formation and expansion of indigenous organizations promoting self-help activities at the grassroots level and often managing to tap official aid funds in the process (Drabek, 1987; Anheier, 1987; Brodhead, 1987). As disaffection with State-centered development has spread, moreover, the official bilateral and multinational aid agencies have moved in a similar direction, increasing the assistance provided to development-oriented nonprofit organizations operating in the developing world. The upshot has been an important stimulus not only to the expansion of northern private voluntary organizations operating in the South, but to the creation and growth of a new tier of development-oriented indigenous organizations. Indeed, public and private development agencies are increasingly conditioning their aid on the active engagement of such indigenous nonprofit institutions in externally funded development projects, or at least on the existence of a supportive environment for the operation of Northern nonprofit organizations. This has caused even countries with little homegrown interest in nonprofit organizations to foster, or at least stop discouraging, them. Local political elites have sometimes welcomed this development. In other places, however, they have responded coolly, as the cases of Egypt, Ghana prior to 1990, and to some extent even India, attest. The result is a certain tension and distrust between this internationally-oriented nonprofit sector and the state in these countries. What is more, tensions also exist between this "NGO" segment of the nonprofit sector and the rich networks of other third-sector organizations that also often exist (Fisher, 1993; Ritchey-Vance, 1991; Bratton, 1989; Qureshi, 1988; Cernea, 1987; Lewis, 1987).

Summary

In short, the development of the third sector seems to have been inhibited in the countries examined here by a long history of authoritarianism; by a colonial heritage and a history of limited economic growth that restricted the growth of an independent urban middle class; by religious traditions that placed less emphasis on "modularity" and the fostering of independent institutional structures; by legal structures that often placed impediments in the way of nonprofit formation; and by development policies that stressed the creation of a modernizing State and later the fostering of private enterprise rather than the promotion of independent institutions outside the confines of the market and the State. At the same time, these factors hardly operated to the same extent everywhere; and they often encountered opposite tendencies more conducive to third sector growth. Thus, for example, authoritarianism was especially pronounced in Brazil, yet a sizable array of Church-related nonprofit institutions nevertheless took shape to handle the vast social welfare business that a repressive social system left in its wake. This vast institutional structure was then available at a later date to serve as a rallying point for more citizen-based initiatives. In India, religious traditions played a

far less active role in creating nonprofit organizations but nevertheless fostered the atmosphere in which such organizations could ultimately flourish when State policy actively encouraged them. While middle class elements have played a meager role historically in most of these countries, moreover, economic growth in the post-World War II period in both Brazil and Egypt has stimulated significant middle class growth, and with it the same kind of extensive third sector development that accompanied the rise of the bourgeoisie in much of Western Europe. Finally, the "discovery" of the nonprofit sector by international development agencies in more recent years has injected a new dynamic into the picture, stimulating the growth of a particular class of grassroots development organizations as alternatives to an increasingly discredited State.

Taken together, these factors thus help us explain both why third sector development has been relatively stunted in the five countries examined here, and why it is more advanced in India and Brazil than in Egypt, Ghana, and Thailand. They also help us to understand why the concept of a coherent third sector has failed to take hold in these countries. Not only is such a concept difficult to square with the considerable diversity that characterizes the local third sector scene, but also it runs counter to the political and institutional interests that many in the sector still have to differentiate themselves from other institutions in the sector that developed in different eras and served different purposes. As the sector's presence becomes "normalized," however, we can expect these divisions to subside.

Theoretical Implications

From the discussion here, it should be clear that the path of third sector development in the third world differs considerably from that in the so-called "first world." To what extent, therefore, does this have implications for our theoretical understanding of this sector? To what extent do prevailing theories of the nonprofit sector help us explain third sector developments in the countries we have examined, and to what extent does the experience of these countries require us to refine or re-interpret some of these theories?

While it is obviously difficult to answer these questions definitively on the basis of five cases, certain tentative theoretical implications do flow from the discussion here. Five of these in particular deserve special mention.

Ubiquity of the Third Sector

Perhaps the most basic theoretical point that emerges is the challenge that the record briefly examined here poses to prevailing assumptions about the essentially Western character of nonprofit institutions. What the discussion here makes clear is that nonprofit-type institutions exist in widely divergent cultural and social settings in virtually every part of the world. What is more, they are hardly only recent creations imported into these societies from the outside. To the contrary, they have deep indigenous histories and roots. This is not to say that the embodiments of the nonprofit sector are identical from place to place. To the contrary, they often differ markedly. Thus Thailand's cremation societies are different in both concept and form from the caste associations common in India, let alone the "friendly societies" of 19th century England. What is more, the nature of these organizations has changed over time. The village associations of West Africa and Brazil are thus significantly different from the Church-based assistance agencies that developed in these areas in the

19th century. And these are different in turn from the empowerment-oriented urban squatters associations and development organizations, as well as the middle class professional associations, that have emerged in the past twenty years. Nevertheless, these organizations share certain common features that make it meaningful to think of them as parts of a single sector, and to group them together conceptually with comparable organizations sharing these same basic features in the more developed North. Armed with a broader concept of the "nonprofit sector," in short, a far richer institutional tapestry comes into view in many of these countries than is often assumed, and one that seems to coexist with a variety of social and economic structures.

Market-Failure Theories

This ubiquity and variety of nonprofit organizations in the developing world poses a particular challenge to the "market failure/government failure" theory that has been the dominant explanation of the nonprofit sector in academic circles in the West. This theory ascribes the existence of nonprofit organizations to the presence of demands for "public goods" that are left unsatisfied in a market economy by either the market or the state (Weisbrod, 1977). According to this theory, the more diverse a society in religious or ethnic terms, and therefore the more diverse the conceptions of the good life and the desirable bundle of collective goods that must be supplied, the larger the nonprofit sector that is likely to exist. This is so because, with a democratic political system, government, which is the principal vehicle for supplying collective goods, will respond only to those demands for collective goods that enjoy majority support, leaving unsatisfied those demands pressed by subgroups of the population. The result is a significant residue of unsatisfied demands for collective goods that nonprofit organizations are especially suited to meet.

The evidence reviewed here lends some credence to this theory even in the context of the developing world. This is most clearly evident in the case of India, perhaps the most heterogeneous society in the world, and also a society in which nonprofit-type institutions exist in profusion. Similarly, a major stimulus for the development of nonprofit organizations in Thailand was the arrival of numerous Chinese immigrants who formed language societies to preserve their cultural heritage (Pongsapich, 1998).

At the same time, the experience reviewed here also points up the limitations of this theory. A fundamental premise of this "market failure/government failure" theory is that both a market system and a democratic political structure exist. Only in such a context is it meaningful to expect that consensus about the desirable bundle of public goods will lead to action by the State, leaving nonprofit organizations to handle only those public goods demanded by various minority interests. In the developing world, however, as we have seen, political systems are more likely to be authoritarian than democratic, and the reach of market relations is also quite constrained. Under these circumstances, even majority needs are rarely translated into public response. The relatively low levels of government social welfare spending in Thailand and Egypt despite the considerable population homogeneity that exists in these two countries is one indication of this. Minority demands, by contrast, are rarely even given voice. Thus, in Brazil and Ghana authoritarian political structures effectively obstructed the emergence of sizable nonprofit sectors despite the considerable population heterogeneity that existed.

These observations do not, of course, *disprove* these "demand-side" economic theories. To the contrary, the theories acknowledge the presence of a functioning market and a democratic

political system as boundary conditions for their applicability. What the experience examined here suggests, rather, is that these theories are not so much wrong as of limited relevance to the kinds of circumstances that exist in much of the developing world. To understand the role of the nonprofit sector in these circumstances, therefore, it is necessary to look elsewhere for theoretical help.

Supply-Side Theories

One potential such alternative line of theoretical insight is the set of theories that locates the principal explanation for the emergence of nonprofit institutions not so much on the *demand* for nonprofit services as on the *supply of entrepreneurs* with a commitment to establish nonprofit institutions to meet such demand. According to these theories, one of the most likely sources of such supply is religious institutions, particularly in circumstances where religious competition exists (James, 1987). In this view, the formation of nonprofit institutions to meet human needs is one way that religious zealots can win adherents to their cause. In desperate need of the education, health care, or other basic necessities that religious entrepreneurs offer through nonprofit institutions, disadvantaged people come to accept the creed that sponsors the provision of such basic services. The creation of nonprofit assistance agencies is thus not wholly altruistic in motivation; it also has the instrumental function, implicitly if not explicitly, of attracting religious adherents.

The record of the countries examined here lends some credence to this line of thought as well. The Catholic Church in Brazil and the Protestant missionary societies in Ghana and India certainly extended their reach in important part by offering social welfare assistance to the impoverished peasants and villagers of these countries. In more recent years, the Moslem Brotherhood and the Islamic mosques have pursued a similar course in Egypt, organizing health clinics within the mosques as a way to entice poor urban dwellers away from adherence to a secular State. The rise of liberation theology in Latin America can also be understood within this framework. The Church's commitment to the creation of Christian "base" communities in Latin America in the 1960s was certainly motivated in important part by fears over the spread of Communism among the rural and urban masses in the wake of the Cuban revolution and a desire to organize vehicles that could compete with Communist guerilla movements in winning the hearts and minds of the poor.

While religious entrepreneurs have played an important role in the founding of nonprofit institutions, however, the sources of such entrepreneurship have broadened considerably in more recent years, as we have seen, to include Northern relief and development organizations. Constrained from providing assistance through governmental bodies, such agencies have had to stimulate the formation of local nonprofit organizations in order to operate. These needs on the part of international development agencies have meshed nicely, moreover, with the desires of many middle class professionals in the developing world for more fulfilling ways to contribute to the development of their countries than are afforded by positions in the governmental bureaucracy or local businesses. The result is a powerful new supply-side drive for the formation of nonprofit organizations in the developing world (Salamon, 1994).

In short, the experience of the developing countries reviewed here provides significant support for the supply-side explanation of the emergence of nonprofit organizations, though this theory must be reinterpreted somewhat to accommodate the particular sources of nonprofit entrepreneurship recently evident in the developing world.

Partnership Theory

A third body of theory on which the experience of the developing countries might shed useful light is the “voluntary failure” or “partnership” theory developed by Salamon (1987). According to this line of thinking, the competitive, almost conflictual, relationship between the nonprofit sector and the State posited in the market failure/government failure theory outlined above is seriously overstated. The nonprofit sector is not, as this prior theory suggested, simply an alternative to the State in the provision of public goods that can be expected to grow only where State provision of such goods is constrained. Rather, there are strong theoretical reasons to expect the State and the nonprofit sector to grow in parallel, and even in cooperation with each other. This is so because both are responses to the same set of social pressures for expanded public goods, and each brings to the response to these pressures unique attributes that the other lacks--the ability to generate resources on the side of the state and the ability to deliver services at the local level on the side of the nonprofit sector. Far from operating in conflict, therefore, we might expect these two sectors to work hand-in-hand.

The experience of the developing countries examined here provides mixed, but still significant, support to this line of thinking. Throughout much of their histories, the conflictual elements of the relationship between the nonprofit sector and the State were clearly in the ascendance in these countries. Authoritarian governments in these countries generally discouraged the emergence of nonprofit institutions, fearing the challenge they might pose to elite control. In more recent times, however, the partnership model seems to be gaining ground, and for many of the reasons this model predicts. In particular, governments are coming to recognize the contribution that nonprofit organizations can make to the processes of social and economic development and are joining forces with nonprofit organizations to help promote the development process. Such cooperation has long been a central part of development thinking in India, where the Gandhian village associations were incorporated into government development planning from the outset. Similar patterns have recently gained prominence as well in Thailand, Ghana, and Brazil, where government support for nonprofit organizations has recently grown considerably. Indeed, it might fairly be said that the single most important factor shaping the size and durability of the nonprofit sector in the developing world is the extent to which a *modus vivendi* has been established between the nonprofit sector and the state.

To be sure, this relationship raises as many challenges as it solves. While benefiting from State financial aid, nonprofit organizations must be careful not to be crushed in the State's embrace. Some degree of private funding is therefore essential to allow nonprofits to retain a meaningful degree of independence of State control. Nevertheless, the recent history of the countries we have examined provides significant confirmation of the line of development that the *partnership theory* predicts.

The Social Origins Approach

Finally, the data reported here lend considerable support to what we have elsewhere termed the "social origins" approach to understanding the development of the nonprofit sector (Salamon and Anheier, 1996c). The central argument of this approach is that the nonprofit sector is deeply embedded in the social, economic, and political dynamics of different societies. As such, its evolution cannot be attributed to any single factor, such as unsatisfied demand for public goods or the supply of nonprofit entrepreneurs. Rather, the emergence of nonprofit institutions is rooted in the broader structure of class and social groupings in a society. In particular, vibrant nonprofit organizations are likely to emerge where the hold of traditional landed elites is effectively challenged by middle class elements, or where traditional elites turn to such institutions as a way to forestall more radical demands from below, often in alliance with conservative religious forces. Limited State provision of social welfare services therefore does not automatically lead to the emergence of extensive nonprofit activity as the "market failure/government failure" theory seems to imply. Rather, where traditional elites remain in control and utilize authoritarian methods, it is quite possible that *both* sectors will remain underdeveloped. All of this suggests four models of nonprofit activity, each characterized by a particular constellation of social forces: first, a *statist* model characterized by limited State activity and a weak nonprofit sector; second, a *liberal* model characterized by limited State activity but a strong nonprofit sector; third, a *social democratic* model characterized by expanded State involvement in social welfare activity and limited nonprofit involvement; and fourth, a *corporatist or partnership* model in which both the State and the nonprofit sector are actively involved in societal problem-solving, often in cooperation with each other.

Without elaborating fully the social conditions hypothesized to account for each of these alternatives, there is ample evidence that the record of nonprofit development in the countries examined here provides important support to this theory. In particular, the developing countries we have examined seem, historically at least, to have been archetypes of what we have termed the *statist* model of nonprofit development. This model is characterized by low levels of both nonprofit development and government social welfare spending, and it is predicted to occur in situations where traditional social and political elites maintain authoritarian control, and where effective challenges either from urban middle class elements or urban or rural masses are limited or nonexistent. This is consistent with several key features of the social circumstances we have identified in these countries--an authoritarian political structure, dominant urban elites holding power in alliance with a colonial administration and, subsequently, its local middle class elements; a religious apparatus firmly allied with the conservative elites or those holding governmental power; and limited or nonexistent working class power or peasant mobilization.

The recent history of several of these countries also lends support to this social origins approach. One of the most salient features of this recent history has been the emergence of newly emboldened educated middle class elements seeking greater economic and political opportunities. In some countries, political elites have resisted the resulting pressures and sought to dampen the civic activism and nonprofit development to which it has given rise. This was the case, for example, during the military regime in Brazil, in the Nasser era in Egypt, and during the latter Nkrumah and early Rawlings periods in Ghana. Elsewhere, however, traditional elites have sought to encourage civic involvement through grassroots nonprofit institutions and to search for a *modus vivendi* under which the State and the nonprofit sector can cooperate to promote development. The result is what

the social origins approach would characterize as a *corporatist* model featuring significant expansion of both government and the nonprofit sector to address development needs. Elements of such a model have long been evident in India and Brazil, and may be emerging as well in Thailand and Ghana, though in these latter countries a heavier residue of distrust between the civic sector and the State still persists.

Conclusion

From the evidence reported here, it should be clear that the nonprofit sector is a significant presence in the developing world. What is more, the manifestations of this sector in these societies go well beyond the collection of organizations known in the development literature as "NGOs." Side-by-side with NGOs are a host of associations with roots in traditional religious and cultural life, others that emerged during the period of colonial expansion and missionary activism, and still others that represent the growing assertiveness of middle class professionals and commercial elites. The result is a rich mosaic of organizational types and purposes that nevertheless share certain common features by virtue of their non-profit-seeking character and essentially private structure. Analyses of the developing world that ignore this rich network of organizations, or that focus exclusively on one type -- whether this be NGOs or village associations -- will consequently overlook an increasingly important facet of the social, political, and economic life of these countries. In this sense, the invention of the concept of the nonprofit sector illuminates a facet of social reality in the developing world that has long been quite important, but that has nevertheless remained largely invisible heretofore.

At the same time, the experience of the developing world sheds useful light on the theories and concepts being used to understand the nonprofit sector elsewhere. As we have seen, some of the prevailing theories in this field turn out to be of limited value in explaining the patterns of nonprofit development in the third world because they have boundary conditions that many third world countries do not meet. In other cases, the experience of the developing world can help enrich and refine existing theories. This is the case, for example, with our understanding of the relationship between religion and the nonprofit sector, which turns out to be somewhat more complex than previous accounts have assumed, involving not only issues of religious creed, but also the religion's posture toward individualism, its orientation toward institution-building, and its relationship with the state.

Obviously, however, no analysis of five countries, and certainly not the somewhat limited one that we have been able to undertake here, can fully exhaust all of these issues or provide a complete explanation of the way the nonprofit sector operates in the developing world. Our goal, therefore, has not been to offer the last word on these issues but to broaden the discussion, to bring the developing world more explicitly, and more fully, into the worldwide assessment that is now underway of the character and role of the nonprofit sector, and, perhaps most importantly, to stimulate even broader, and more systematic, analysis of this sector in this part of the world.

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