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DEFINING THE NONPROFIT SECTOR:
ROMANIA

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PREFACE

This is one in a series of Working Papers produced under the Johns Hopkins Comparative Nonprofit Sector Project. Now in its second phase, this Project is 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 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 institutions with which they are affiliated, The Johns Hopkins University, its Institute for Policy Studies, 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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DEFINING THE NONPROFIT SECTOR: ROMANIA¹

Introduction

The emergence of a nonprofit sector in Romania, like in other post-socialist countries in the region, is the result of relatively recent social processes taking place in the complex environment of an emerging civil society, which is filling the space between the market and the state created by the institutional upheaval after 1989. Indeed, the fall of the Ceaușescu regime triggered a growth process in the number of non-governmental organizations (the most commonly used term for nonprofit organizations in Romania), which are considered an essential part of civil society in Romania. For the most part, these organizations emerged on the basis of a never repealed pre-war law, establishing associations, foundations, unions and federations as the main legal forms.

While the nonprofit or non-governmental sector is beginning to gain standing in Romanian society, it does so in the face of serious obstacles. Not only is the legal and fiscal framework outdated, complex and insufficient, but the sector also largely lacks sufficient sources of domestic support. Neither the government nor the private sector have so far been able to direct significant financial resources to the sector. As a result, much of the recent growth has been fueled by private and public international support. While this opens the question as to what degree international support accounts for the re-emergence of the sector in Romania, it also leaves the nonprofit field relatively dependent on foreign assistance.

As compared to Central and Western Europe, philanthropy and nonprofit activities were historically not as deeply rooted in the major regions with ethnic Romanian population (Moldavia, Wallachia, and Transylvania) that form the modern state of Romania. The reasons for this include the geo-political instability that prevented the development of strong political and societal institutions, and the failure of the dominant Orthodox Church to stress the value of charity in its theology. Romania did thus not develop the institutional foundations for civil society or a culture of philanthropy for large parts of her history. This only began to change during the systematic modernization and cultural and economic “synchronization” of Romania with Western countries (Lovinescu, 1927) in the second half of the 19th century. The “organizational” bases for the development of civil society and the nonprofit sector were not in place until the brief democratic period between the two World Wars. Indeed, the Constitution of 1923 provided the first full recognition of citizens’ freedom of association. The brief democratic interlude of the interwar period led to the emergence of a new, though fragile, civil society, whose development was brought to a halt by authoritarian regimes during the Second World War and further suppressed during the subsequent communist period.

¹ Written by Daniel Saulean and Carmen Epure. This study was carried out by the Research Program of the Civil Society Development Foundation (CSDF), Bucharest, within the framework of the Johns Hopkins Comparative Nonprofit Sector Project. Special thanks to Stefan Toepler for his suggestions on this paper.

This paper first analyzes in greater detail the historical factors that have shaped the development of Romania's civil society and nonprofit sector, and then recounts the impact of communism on Romanian society. Against this background, we present the various types of nonprofit organization that exist in Romania today, followed by a discussion of how well the structural/operational definition of the nonprofit sector (Salamon and Anheier, 1997) applies to the Romanian case, including an examination of borderline cases and related issues. Finally, we will explore a number of current issues surrounding civil society and the nonprofit sector in Romania.

Historical Background

In Romania, civil society developed historically at a later stage and to a lesser degree than in other East Central or Western European countries.² This section first outlines some of the general historical factors inhibiting the development of philanthropy and the nonprofit sector, and then discusses the major types of institutions that emerged by the end of the 19th and the beginning of the 20th century. This section concludes with a review of the communist era.

General Inhibiting Factors

To better understand the emergence of civil society and the nonprofit sector in Romania, some peculiarities of Romanian history that have contributed to its somewhat belated development need to be taken into account. The main inhibiting factors include geo-political factors, the influence of the Orthodox Church, and the rural and community-based social structure of Romanian society which persisted well into the 20th century.

Geo-political Factors. For many centuries, Romania experienced a series of transitory periods, from a political and administrative state to another, where temporary ruling represented, in fact, the main way of governance. Thus, social development and stability conditions necessary to balance the development of society were not provided. The late emergence of both state institutions and the elements of--what we would now call--civil society is due to the long vassalage status and the resulting internal instability of these territories, as well as frequent internal and external migrations, caused by the constraints that local populations faced up to the 20th century.

Given the political instability and dependency on foreign rulers, state institutions remained at a primary stage and were for pronounced periods of time largely reduced to coercive, fiscal functions. The public administration had, for centuries, the collection of income taxes as its only mission, and the public functions (the so-called *dreghtorii*, from the Latin verb *dirigo* for to

² It is worth noting at this point that the main regions with majority Romanian population did not form a sovereign state until the unification of the Moldavia and Wallachia principalities in 1859. Transylvania, as the third main region, remained part of the Austro-Hungarian empire until its failure (1918). The historical exploration presented in this paper is a history of the Romanian people rather than of Romania as such. Consequently, the development of philanthropic and charitable institutions by, and for, the ruling Hungarian and German minorities in Transylvania until the interwar period is only noted in passing.

arrange or manage) in both Moldavia and Wallachia were determined by Turkish sovereigns or often directly bought from the Sultan's court (Georgescu, 1994). Although the first social establishments were established by the middle of the 16th century in Wallachia, and subsequently in Moldavia, they had a limited impact and did not improve the serious problem of poverty.

Moreover, during the Phanariot period (from the 18th century until 1831) the thrones of the two Principalities were directly negotiated in Istanbul, and most of the rulers were of Greek origin. The rulers' concern for the social problems of the local population was insignificant. The feudalistic structure perpetuated under the Ottoman influence in Wallachia and Moldavia until the middle of the 19th century also did not further social development. While Transylvania was part of the Austro-Hungarian empire, its marginal position within a *semi-peripheral* empire such as the Habsburgian one (Wallerstein, 1974)—marked by heterogeneity and tormented by continuous inter-ethnic conflicts, obstructed the achievement of a complete Western acculturation. In the multi-ethnic landscape of Transylvania, Romanians represented a marginalized population, living almost exclusively in the rural environment. State and civic institutions founded by Hungarians or Austrians ignored and often barred the participation of the wider Romanian segment of the society (Hitchins, 1994).

Given its precarious geo-political location, the Romanian territories lacked the modernization impetus that characterized the historical development of Western and Central Europe. In fact, the building of the Romanian modern state was accomplished only after the First World War with the unification of all territories inhabited by Romanian ethnic majorities. This was only a result of the disintegration of the three neighboring empires (Ottoman, Russian and Austro-Hungarian), and only then did a vibrant civil society begin to take shape.

The Role of the Church. Placed at the “edge” of Europe's history, the social organization of Romanian society and the early development of charity were not fostered by the Church. Within the influence sphere of Byzantine culture, Romanians embraced the Christian-Orthodox faith, whose theological foundations, unlike Catholicism, did not emphasize and promote charity as a means of salvation. With a highly ritualized canon and more interest in exploring the mystery of the divine revelation than in the well-being of its followers, the orthodox religion was conducted by a clergy with little social standing, preaching a partial asceticism, and preserving traditional values. In the absence of a proper state administration, the church was nevertheless forced to fulfil some functions of social assistance. Orthodox monasteries became involved in hosting and supporting the poor. Many of these religious establishments had significant sources of income from agriculture, trade and service provision. Insofar as the Church came to encourage charitable deeds, it only did so where itself was the main beneficiary and it could thus increase the welfare of its own members within their own organizational structures. The increased wealth that the clergy, together with land and village owners or tradesmen, began to accumulate triggered Romanian rulers to limit “luxury” through official legal acts. These concerns led to the control and limitation of the church assets in 1857, further reducing the influence of the Orthodox Church on the development of the nonprofit sector.

Ruralism and Community-based Organization of Romanian Society. Before and after the modern base of the Romanian state was put in place in 1859 with the union of the Moldavia and Wallachia Principalities, all three Romanian territories shared a common feature: the social

organization of society was largely kept in an archaic stage, compared to the development of Western societies. The population pre-dominantly consisted of peasants, representing a substantial lower class, which was poor and provided low cost labor. By contrast, a middle class that could have supported the general institutional development never emerged in the Romanian territories. As a consequence, the persistence of traditional rural mentalities led to the isolation of village communities. Society suffered from chronic atomization, manifest at all levels of community life, maintained a primitive way of living and thus remained an impenetrable environment for progressive ideas. Throughout its history, ruralism represented a defining feature of the Romanian nation as a whole. Tönnies' conceptual polarity *community vs. society* offers an appropriate explanation in this case (Gellner, 1994:62).

The land reform of 1921 initiated a restructuring process of agrarian relations, but it did not provide complete regulations. According to sociological studies carried out in 1933, one third of the agricultural land of the country was still owned in the *devllma* manner, a sort of joint ownership that had no base in the legal system (Stahl, 1980). The *devllma* way of production is characterized by community ownership over lands, forests and waters, and leadership exerted by village or supra-village assemblies of the elders. The persistence of the *devllma* property in Moldavia and Wallachia testified to the highly traditional character of the Romanian society well into the 20th century, reflected in the prevalence of the informal nature of social institutions.

In this climate, traditional community forms of collective organization did not provide a fertile ground for the development of civil society institutions. The peasantry remained largely passive with respect to the exercise of "civic responsibility" due mainly to the limitations of its sphere of interest or aspiration. The existence of an overwhelming proportion of rural population (78.6 percent at the census of December 1930), largely excluded from the actual processes of governing or formal participation, represented a real obstacle for the modernization of the Romanian society and the development of a vibrant nonprofit sector.

The Evolution of Major Civic Institutions until World War II

Despite the above-mentioned inhibiting factors, civil or nonprofit institutions nevertheless developed in Romania beginning in the late Middle Ages. In an approximate chronological order of their formal emergence in Romanian society, we can differentiate between guilds, social and charity establishments, cultural associations, freemason societies, political parties, trade unions, and co-operatives.

Guilds. Guilds are perhaps the first associative and voluntary institutions that emerged in Romanian territories. Structured, in variable degrees of formalization, around the callings and handicrafts, these institutions guarded the general interest of the members of specific professions and contributed to the development of group awareness. Guilds began to prosper in the Middle Ages, mainly in fortified cities where they benefited from local legal provisions. This was especially the case in Transylvania, where the concept of fortified cities as a means of urban administration was embraced at once with the German population's colonization of the southeastern frontiers of this province in the 13th century. Merchant guilds, the most frequent type, can be considered the forerunners of modern professional and business associations.

Social and Charity Establishments. As noted above, any charitable initiatives that were taken by the orthodox clergy retained a rather discontinuous nature and were not organized on permanent bases, as was the case in societies under the influence of Catholicism or Protestantism. Poverty was “officially” declared a social issue by the Romanian noble courts early enough. During the 15th century, brotherhoods of the poor were founded, following the model of professional groups, and eventually eleemosynary actions were tracked. A document from 1686, registered at the Treasure House, for instance, contains a list of poor people from Bucharest who received money, clothes and footwear from the church.

In 1751, the “*Domni↔a B/lai*” *Women’s Asylum* was established as the first public social assistance institution. At the same time, “*Col↔ea*” *Hospital* offered free treatment to the poor. In 1782, “Charity House” establishments were set up in Moldavia, funded through taxes on the establishments of the orthodox clergy; innkeeping; or divorce. At the same time, begging was publicly forbidden and registers of the poor were introduced (like the future social inquiry). The Organic Regulations introduced by the Russian authorities in 1831 and 1832 in Moldavia and Wallachia founded what could be called the beginning of a state social policy, with the establishment of hospitals, maternity hospitals, or orphans homes, which institutionalized the socially disadvantaged both in Moldavia and in Wallachia. In 1876 the Romanian Red Cross Society was set up through a Decree signed by Prince Carol I.

Social assistance activities increased during the First World War and in the enthusiasm following the creation of the Great Romania after the war. A new legal framework greatly facilitated the growth of the nonprofit sector in the interwar period. The period of economic impetus between 1920 and 1929 saw the emergence of the greatest number of private social assistance institutions in the whole modern period in Romania. More specifically, on January 1, 1936, the census of social assistance institutions counted 951 entities, of which 87 percent were private initiatives and part of the non-profit sector.³

Cultural associations. Emerging in the Romanian Principalities during the last century, cultural associations sought to satisfy the need for homogeneous development of the Romanian nation, which was lagging behind due to the state of political-administrative disruption. Cultural associations promoted nationalistic values and political emancipation. Among the most prominent associations established in the 19th century were the Transylvanian Association for Romanian People’s Literature and Culture (ASTRA) founded in 1861, *Junimea* (The Youth) founded 1864 in Moldavia, and the Romanian Academic Society founded in Bucharest in 1866. Other important associations that emerged during the 19th and early 20th century included the Philharmonic Society of Bucharest (1834), the Romanian Students’ Society in Paris (1845), the Medical and Scientific Society in Bucharest (1857), the Cultural League (1861), the Society for Culture in Cernauti (1862), and the Romanian Writers’ Society (1912). With large parts of the

³ The classification used by the census comprised eleven categories of social assistance in Romania and provides a valuable description of institutional philanthropy between the two World Wars. The categories include: A. children assistance; B. children protection; C. youth protection and assistance; D. family assistance; E. assistance to the blind, deaf and mute; F. discouraging vagrancy and begging; G. elderly assistance; H. protection offices (at community level); I. health and medical assistance; J. hospital social services; K. protection and social assistance training and research institutions; and L. assistance to invalids, orphans and war widows.

local elites affiliated with these organizations, cultural associations furthered the dissemination of new Western ideas among Romanian intellectuals and thus significantly contributed to the democratic foundation of the modern Romanian state. In this way, civil society began to play an important role in connecting Romanian society to modern values (Bucur, 1998).

Freemason societies. Freemasonry first emerged in Romania in the mid-18th century, promoted by merchants from Florence and Venice who had connections at the court of Constantin Mavrocordat. The links of Romanian elites with France further contributed to the penetration of ideas that radically changed the traditional Romanian society of the 19th century. Many students from the Romanian Principalities were “initiated” in Paris in 1820 to the “Foreigners’ Athenaeum” Lodge, and began to establish Romanian Masonic organizations after their return. Gaining in influence, the diplomatic involvement of free masons in the first state unification and in the international recognition of Romania after 1859 were one of their greatest accomplishments. Masonic initiatives also contributed to other social and political achievements, including the adoption of the first Romanian Constitution (1866) and the promulgation of modern legislation.

While it is debatable whether Masonic “secret societies” should be viewed as core elements of civil society, the important role of these organizations in promoting democratic practices, human rights and human progress is generally recognized. Moreover, the work of many cultural associations during the 19th century took place in close connection to freemason activity. Although the extent to which Masonic lodges might have encouraged the associative phenomenon and the development of other nonprofit activities at large is still somewhat questionable, the ideas and operations of Freemason societies are still reflected in the activities of many current nonprofit organizations, from fund-raising and protection of human rights to social services or international co-operation.

Political parties. The first political organizations in the Romanian Principalities emerged after Tudor Vladimirescu’s revolution in 1821, which Romanian historians associate with the institutional beginnings of modernity.⁴ While the use of the term party was spreading earlier, these political organizations only transformed into Western-style, ideology-based political parties after 1866, when the rules of the political life were completed with the introduction of parliamentary and democratic procedures of representation. The first two parties on the political arena in Romania were those of conservatives and liberals, which were joined by a social-democratic party in 1893. The regularization of the political life signified a capital element in the settlement of the relationship between the civil society and the state. In Transylvania, which was still separated from Romanian Kingdom, the first Romanian political parties were founded shortly after the settlement of political life in the Kingdom. Organized along ethnic and religious criteria (with the participation of the Orthodox and Greek-Catholic clergy), their main goal was to obtain political and civil rights for the Romanian population.

Trade unions. The idea of trade unions began to spread in Romania in the last decades of the past century after the working class began to grow substantially. Political debates over trade

⁴ The social and military movement led by Vladimirescu aimed to gain the independence of Wallachia from the Ottoman Empire. Despite its ultimate failure, Vladimirescu’s movement initiated many political transformations in Wallachia and Moldavia.

unionism and attempts to introduce legislation represented one of the political deadlock subjects of Romanian parliamentary life by the end of the 19th century and the beginning of the 20th century. A first draft bill—influenced by the Austrian model due to the commercial ties with the Austro-Hungarian Empire—was rejected in 1883. In 1902, a law recognizing the right of association on professional grounds and along the organization of trades was finally enacted, which offered the legal conditions for the creation of professional corporations. Although the provisions remained vague, the first trade unions were created in the “shadow” of this law. In 1907, 55 trade unions were registered, with 8,470 members. By 1914, the number of trade unions increased to 69, representing 14,000 members, and in 1920 there were 156 trade unions with 90,000 members (Marinescu, 1995:41).⁵

The first law on trade unions, conceived in complete respect of the right to professional association, was written in 1921. With the new legal provisions, the activity of trade unions was placed in the field of professional identity, using *specialization* as an essential criterion for association - 25 founding members could make up a trade union, without requesting any recommendation from the public authorities. The facilitation of federalization led to the emergence, in 1926, of a composite structure, the General Confederation of Labor. In 1929, the confederation consisted of 14 trade unions with 40,000 members; by 1938 it had over 80,000 members (Marinescu 1995:46-47).

In 1938, a new restrictive law was enacted, which repealed trade unions and replaced them with “workers, private clerks and craftsmen's trades,” establishing a “unique union of trades” system as a part of the corporatist model of the time. According to this law, a trade was an association established according to regional criteria, through the adhesion of professionals from a certain activity field. Legal status was granted only to the national union of trades. However, in 1940 with the establishment of military dictatorship, even the trades’ law was abrogated, without being replaced, until the re-establishment of trade unions in 1945.

Co-operatives. The first Romanian co-operatives emerged relatively early. On May 10, 1887, a fiscal document refers to “The Provisions related to Co-operative Societies,” which settled the legal framework for co-operatives. In 1903, the establishment of “popular banks” was legally authorized and in 1909 the first “Law on Craftsmen Co-operatives” was adopted. This law was later amended, until an enhanced law on co-operatives was passed in 1935. A co-operative was defined in the 1935 law as “a society established by individuals or legal persons, varying in number, having the aim to encourage, or to vouch for, certain economic and national interests of its members, through a common action” (article 1).

Communism: A Big Step Backwards

Civil society in Romania had made substantial progress by the end of the 19th century, and the interwar period of the 20th century witnessed a further blossoming of a large variety of nonprofit organizations. However, these promising developments came largely to a halt after the

⁵ Another law, the Orleanu Law, prohibited civil servants in state, county and local governments and other public establishments from forming trade unions and professional associations.

imposition of Soviet-style communism on Eastern Europe after the Second World War. In Romania, the communist state annihilated all possible competitors to its power, ranging from households to businesses and trade unions, churches, newspapers, and voluntary associations. The atomizing effect that these policies had on society led on the one hand to a very powerful state, but on the other hand it isolated individuals and families and prevented the development of larger, alternative social relationships. Although the state aimed for the total destruction of civil society, some moderate forms of a civil society or, perhaps more accurately, a zone of resistance and civic initiatives remained alive, particularly in the decaying stages of the authoritarian and ideological state.

In the economic realm, Stalinist policies of forced industrialization accompanied the nationalization of the main means of production. For a prevalingly agricultural country like Romania, the destruction of traditional sources of economic growth disturbed the vital balance among the various segments of the economy (Tismăneanu, 1993). The abolishment of private land ownership and the establishment of collective farmsteads led to the emergence of huge agricultural collectives, whose supply of production technology became highly dependent on the state, which in turn reinforced social control. In general, the structural change of the Romanian society through the enforced urbanization process caused a series of social mutations, aimed at destroying and flattening the traditional social structure.

Simultaneously, the Stalinist doctrine justified the control of the state by the communist party, the destruction of the existing political culture, and the full monopolization of all political and social power in the hands of the party which, in turn, was dominated by the “supreme leader.” The communist experiment of social engineering extended into public life as well, which was monopolized and controlled through communist youth unions, party-controlled trade unions, peace committees and politically subdued mass organizations. The state exerted direct control in fields like education, health, labor and social protection. These conditions made the existence of a nonprofit sector in Romania after the Communist take-over practically impossible, although the framework law of 1924 on associations and foundations was never repealed during this period. Nevertheless, in combination with the Decree-Law No. 31/1954,⁶ the 1924 law laid the basis for the legal existence of certain organizations generally tolerated by the communist authorities, especially during the “liberal” period of the regime,⁷ which began in August 1968 with Romania's opposition to the military intervention in Czechoslovakia and lasted until the mid-1970s.

For the most part, these organizations provided an outlet to associate around certain special interests (such as philately or numismatics) or interests related to traditional crafts (such as bee keeping or animal breeding). Some of these organizations have a long history⁸ and others

⁶ This decree has dealt with physical and juridical persons and their legal definition. Special provisions referred to public organizations, labor unions, writers' unions, artists' unions and associations with non-patrimonial purpose, which were entitled to receive legal status.

⁷ The database of the Centre for the Development of Non-governmental Organizations at Civil Society Development Foundation contains information on 30 non-governmental organizations that functioned during the communist period in Romania.

⁸ As but one example, the first Romanian Beekeepers' Association, set up in 1873 in Buziaș, changed in 1915 into the National Beekeeping Society of Romania and then in 1925 into Central Beekeepers' Society of

had an international affiliation.⁹ Other organizations had as target-groups people with disabilities (such as the deaf-mute associations in Cluj or the Association of the Blind in Bihor). Also tolerated were mutual aid houses and tenants associations. However, these organizations did not constitute a truly independent nonprofit sector in Romania. Many of them only enjoyed formal autonomy, even if they were not literally subordinated to the state institutions. In practice, they were subject to severe limitations on their freedom to initiate and implement projects and the ideological compliance of organization activities was strictly controlled. Moreover, the state's monopoly on welfare barred all formally autonomous organizations from engaging in the provision of social services—often seen as a core function of a fully developed nonprofit sector.

Beyond this, cases of individual dissidence or the initiation of minor dissident movements (such as the attempt to set up a free trade union in 1977) were perceived as attempts to undermine the system and provoked immediate repressive responses. For instance, the Miners' strike in Valea Jiului (1977) ended up with the imprisonment or the disappearance of its leaders. By and large, forms of collective opposition were rather isolated and did not have any chance of success. On the other hand, severe ideological pressures stirred opposition at the heart of institutions, such as the Writers' Union,¹⁰ through which Marxist-Leninist ideology was intended to be perpetuated. Due to the adherence, although only formal, of Romania to the Helsinki Agreement, including the conventional recognition of the Human Rights' Declaration, solidarity with victims of the communist repression became a central point around which the future elements of civil society were formed (Tismăneanu 1993:116). The first protest directly preceding the collapse of communism—the workers' movement from Brașov in 1987—was motivated by the precarious economic situation of the masses, but it was also carried by the “civil” initiative of expressing the discontent for the totalitarian political system.

To summarize, prior to the communist era, several historical factors, in particular a delayed modernization of the country, contributed to the relative underdevelopment of Romania's nonprofit sector. A distinct associative life developed nonetheless towards the end of the 19th century and gained particular force in the interwar period, when a new legal framework was put in place. In this respect, the subsequent communist period signified a big step backward for Romanian civil society and for the voluntary associative movement in general.

Despite five decades of authoritarian and communist rule, the current post-communist picture of the nonprofit sector exhibits traces of the pre-WW II situation. The most obvious legacy is that organizational entities are still set up on the basis of the Law No.21/1924 — inspired by the French Law on Associations of 1901¹¹ and enacted between the two World

Romania. Unjustly abolished in 1948, it was re-established again in 1957 under the present name of “Beekeepers' Association of Romania.”

⁹ The General Association of Sport Hunters and Fishermen is a founding member of the International Hunting Council since 1930 and, from 1952, of the Sportive Fishing International Council.

¹⁰ The Writers' Union was re-organized according to the model of the Writers' Union of the U.S.S.R.

¹¹ The Romanian Law strictly assumed the French definition of *association*: “The association is the convention by which several persons put together, on a permanent basis, their material contribution, knowledges and activity, in order to achieve a purpose which does not pursue pecuniary or patrimonial benefits.” (art. 31, Romanian Law of 1924, and respectively art. 1 of the French Law of 1901). In other respects, however, there are significant differences, and the Romanian law also shows some limited similarities with the respective legal provisions of

Wars—and usually take the legal forms provided by this law, as discussed in the following section. But even beyond the recourse to the pre-communist legal structure, a more general tendency of continuity in the associative movement before and after communism is observable. This is especially true with regard to the types of objectives and missions that nonprofit organizations pursued in the interwar period and are pursuing now. Similar themes include the promotion of democracy, the development of civic attitudes, or the fostering of volunteering and charity. These reflect important values in the process of social modernization and development. Although difficult to measure directly, these values play an essential role in shaping mentalities and behavior, and have been among the main factors influencing social and political change—both in Romania’s first period of democratization in the 1920s and 1930s and now.

Major Types of Nonprofit Organizations

Although nonprofit or non-governmental organizations come under many different names in Romania, including associations, foundations, leagues, clubs, movements, committees, councils or societies, most formally constituted organizations take one of the four main legal forms prescribed by the Law No. 21 of 1924: association, foundation, union or federation. In addition, there are other legal forms, such as cooperatives, trade unions and political parties, which constitute the “broader” section of the Romanian nonprofit sector. These latter types of organizations, however, are not usually associated with the term “non-governmental organization”, which is the term most commonly used in Romania. The fact that the law does not define the term “non-governmental” is because it was not used at the time the legal act was created.

Associations and Foundations

According to the law, an association “is a convention through which several persons put in common, on a permanent basis, their material contributions, their knowledge and their activities, in order to achieve a goal with no pecuniary or patrimonial benefits.” The text of the law contains a special provision referring to the aim of the association, stating that this could be “purely ideal, complying with the general interests of the community, or with those of a social category to which the members belong, or complying with the non-patrimonial personal interests of the members.” By contrast, a foundation is defined as “an act by which an individual or a legal person makes up a patrimony, distinct and autonomous from his own and devotes it, generally on a permanent basis, to the achievement of an ideal public interest purpose.” While the essence of an association consists of forming a group of members with a common ideal or purpose, the foundation is a one-sided legal act, through which a fund or a patrimony is dedicated to a particular purpose. This is the starting point for the different legal treatment applicable to associations and foundations in the Romanian law system. For unions, federations or groups of legal persons, the Romanian law stipulates that two or more legal persons can set up unions or federations, if there is some justification for such as centralization.

other European countries, including Spain (1887), Switzerland (1907), Germany (1909), and Belgium (1921). In general, the Romanian legislature at the time embraced a broad and more synthetic approach in formulating the legal framework for the nonprofit sector (Djuvara, 1924).

A statute and the constituting act form the basic documents necessary for the legal establishment of an association. Also necessary for obtaining legal status is the patrimony of the organization, which must be distinct from that of the founding members and which, according to Article 32 of the Law No. 21 of 1924, must be capable to sustain, at least partially, the aim for which the association has been set up. Naturally, this provision allows the registration courts a certain degree of discretion. Both associations and foundations must have an aim, which must comply with the stipulations of the law and of the Constitution. Legal status is not granted to organizations having an illicit object of activity, contrary to the public order or to moral standards. Similarly, the aim of the legal person must be non-commercial and any economic activities performed by associations must be secondary to the nonprofit aim. The law further stipulates that the aim must be pre-determined, which is meant to facilitate elementary state supervision over the development of the organization's activities. At last, the law also requires provisions for the internal organization. The text of the law confers a great importance to the existence of a well-determined organizational structure, which can also be inferred from the provision stipulating the nomination of the management bodies by the competent court under certain circumstances. Once these pre-conditions are met, the court will request a recommendation from the competent public authority.

While the Romanian fiscal legislation generally stipulates a separate treatment for nonprofit legal persons, the procedural rules for gaining fiscal privileges are not yet consolidated in one package of provisions designed to offer a special status to non-governmental organizations. In the national legislative system, there is nevertheless a series of regulations establishing a separate legal treatment for legal persons having non-lucrative and non-patrimonial aim. The Law No. 21 of 1924, for instance, calls for the granting of fiscal benefits to these organizations, reflecting the context of nonprofit sector funding during the two World Wars, when social assistance associations enjoyed regular support from the state.

Co-operatives

From the legal perspective, handicraft co-operatives are defined as “associations having an economic nature based on the consent, freely expressed, of individuals subsequently becoming their members, with the aim of carrying out activities in common, using collectively-owned or rented production means” (Decree-Law No. 66/1990, Article 1). Essentially, this definition permits lucrative and patrimonial aims. The handicraft co-operatives have a distinctive status within the national economy, as a type of independent, productive and economic organization, run according to its own regulations. There is a separate category of cooperatives, “disabled people cooperatives,” whose aim is to integrate disabled people into productive activities. Once with the adoption of the Law No. 73/1996, all disabled people's co-operatives are exempt from profit taxation.

Other types of cooperatives include consumption and loan cooperatives, which are mutual aid organizations, established through the contribution of their freely associated members with equal social shares (Law No. 109/1996). Their income sources include subscription fees, own activities and titles of participation. Like handicraft cooperatives, these cooperatives are in a

period of decline: due to the revival of the competition with the private sector; they are experiencing difficulties adapting to the current economic changes.

Trade Unions

Law No. 54/1991 defines trade unions as organizations with no political character, set up with the aim of defending and promoting the professional, economic, social, cultural and sportive interests and rights of their members, as stipulated in labor legislation and in collective work contracts. Trade unions are independent of state bodies, political parties and any other organization and are allowed to possess patrimony. Trade unions have full legal status; have the right to organize federations, confederations, territorial unions; to affiliate with international organizations; to form subordinated social and economical units; and to remunerate their management and administration personnel from their own funds.

Political Parties

Political parties are legally defined as “associations of Romanian citizens enjoying the right to vote, who participate freely to the shaping and exertion of their political will, carrying out a public mission guaranteed by the Constitution. They are public law legal persons” (Law No. 27/1991). In legal terms, the parties' mission is a civic-moral one. With the relatively recent re-establishment of political pluralism in Romania, it is expected that the role and functions of the parties will attain an increased importance in the post-totalitarian period, as they are the essential actors of the re-building of civil society. Political parties are financed through contributions, donations, subsidies from the state budget (up to 0.04 percent), and income from their own economic activities.

Defining the Nonprofit Sector

Largely revived after the collapse of communism, the Romanian nonprofit sector, as indicated above, consists of a network of diverse organizations. The structure of this network can be captured through a set of criteria, as put forward with the “structural-operational” definition (Salamon and Anheier, 1997). The five components of the definition refer to the *organized*, *private*, *self-governed*, *non-profit distributing* and *voluntary* features of the nonprofit sector.

Organized

The first descriptive element of this definition is the *organized feature*, according to which organizations should display some degree of formality as opposed to spontaneous, ad hoc or otherwise uncoordinated activities. While the criterion does apply to the Romanian nonprofit sector at large, there are nevertheless certain manifestations of traditional associative behavior (e.g. voluntary work and giving) that remain excluded. Such informal associative behavior is prominently present in rural communities and mainly based on social relationships. The most prevalent examples are informal or semi-organized forms of local mutual aid and assistance. Following Dahrendorf's (1959) terminology, this mutual assistance behavior may be best

described as latent groups which are generated by the emergence of a common interest, for whose fulfillment the members take action and motivate their integration into the group, but it does not fulfill the organized criterion of the definition.

Private

The separation from the state is indicated by the *private* status of these organizations. They are not part of the public administration system, and this fact essentially separates them from the governmental sector, yet it includes them in a homogeneous category along with private organizations from the for-profit sector. In the Romanian case, this criterion raises a number of borderline cases, the most prominent of which is the National Red Cross Society. According to Article 1 of the Law No. 139/1995, the National Red Cross Society is a public law legal person, but autonomous, non-governmental, non-political and non-patrimonial in nature. However, the same article also mentions that the National Red Cross Society is an *auxiliary to the public authority*. The Red Cross therefore benefits from a strong partnership with public authorities. This case illustrates a specific type of para-governmental organization that can be found in Romania.

Another set of organizations that cannot be considered private in nature are “youth foundations” and some sports clubs which are sub-ordinate units economically dependent on the Ministry of Youth and Sports. However, an important number of, generally small-sized, sports clubs have the typical status of nonprofit associations, complying with the Law no. 21/1924.

Some independent (or parallel) pension funds also pose a problem with regard to the private criterion. After 1990, there was the tendency within the national social security system to consolidate all parallel social security systems, affected by the financial crisis, and subject them to state protection. Retreat funds of the handicraft co-operatives and art creation unions were nationalized successively between 1990 and 1993, and are now funded from the state budget. At present only a few of the retreat funds of certain religions remain outside the state system.

At last, associations of public employers also do not strictly meet the *private criterion*. These organizations were mainly set up in 1991 to defend the interests of the state in collective bargaining. Their main mission is to carry out the dialogue with trade unions. They can group themselves into industry or territorial federations.

Self-governing

The principle of self-governing refers to the autonomy of organizations. In practice, many formally independent organizations might not be fully autonomous in their decision-making because they are either part of supra-organizations, such as federations or umbrella groups created within the processes of network building, or subject to pressures to adhere to donor interests. The self-governing criterion is nevertheless generally applicable to nonprofit organizations in Romania.

Nonprofit Distribution

An important and universal criterion is that of *non-distribution of profits* which captures those private organizations that either do not obtain profits or, if they do, do not distribute them to their members. This does not exclude the possibility to carry out economic activities in order to generate income that is used to support the organization's mission. This major criterion distinguishes the nonprofit sector from the business sector. The restriction on the distribution of profits thus confers to organizations the specialized “nonprofit” status.

The nonprofit distribution criterion presents a number of problems in the Romanian context, especially with regard to handicraft cooperatives and mutual aid houses. For instance, the Framework Statute of Handicraft Cooperatives allows the possibility of profit sharing among members through a profit participation fund. As this violates the nonprofit distributing criterion, the exclusion of handicraft co-operatives from our definition of the Romanian nonprofit sector is justified. Handicraft co-operatives can be regarded as hybrid cases with features common to both the nonprofit and the profit sectors.

Less explicit is the case of mutual aid houses, which already existed under the communist regime as semi-organized structures of employees within a state economic unit. Mutual aid houses are defined as non-lucrative associations, based on the principle of rotating credit funds, aiming at supporting their members financially through low-interest loans (Law No. 122/1996). They are granted legal status on the basis of Law No. 21/1924 and they have exclusively financial aims. Interest income is not shared among members, but is reimbursed to the social funds meant to sustain the loans. The fact that the interest rates used by mutual aid houses differed considerably from those of commercial banks played a major role in encouraging this type of organizations especially during the high inflation period caused by the economic transition. Mutual aid houses have begun to establish regional federations, which form the National Union of Employees' Mutual Aid Houses.

Voluntary

Voluntary participation is one of the core features of privately initiated groups and organizations that comprise the nonprofit sector. In fact, volunteering is an instrument of learning and practicing participatory democracy. In this respect, the re-emergence of voluntary associations in the Romanian society represents a significant democratic achievement after the long interruption during the totalitarian period in the recent history of Romania. As such, the voluntary criterion fully captures the essence of the Romanian nonprofit sector. Perhaps worth mentioning in this context is the fact that professional associations and chambers of commerce, which in many other countries have mandatory membership, are entirely voluntary and non-compulsory in Romania. The Chamber of Commerce and Industry of Romania in Bucharest as well as the local chambers of commerce and industry are autonomous, non-governmental and public benefit organizations. They have become legal persons based on the Government Decision No. 799/1990 and are being set up as associations of companies by free will. The chambers are not directly involved in commercial activities. Revenues are obtained from fees paid in exchange of specialized services and are not distributed among their members.

In sum, while the structural/operational definition does allow for a meaningful description of the nonprofit sector in Romania, it should be kept in mind that some informal voluntary

activity is not captured and that a number of borderline cases remain along the divide between the public and nonprofit, on the one hand, and the market and nonprofit sectors, on the other. That some types of organizations are placed at the border between the public and private fields might be interpreted as one legacy of the communist regime. Furthermore, the cases found at the borderline between profit and non-profit are difficult to distinguish, as they represent variations taking place in a common territory of the two sectors, namely in the field of profit making economic activities. In general, most of the cases placed in this inter-sectorial “gray area” must be seen in the context of the institutional continuity of the previous (communist) social system, whose various parts are still trying to adapt to a new environment and to evaluate the suitability of their missions in the new social context.

The Nonprofit Sector and Romanian Society

As in other nations in Central and Eastern Europe after 1989, the re-launch of the nonprofit sector in Romania was made possible by the overall system change. In fact, the year 1990 witnessed a rapid and remarkable growth, as the number of registrations of non-governmental organizations reached as much as 400 per month (Vameșu and Constantinescu, 1994). By the end of 1996, about 12,000 non-governmental organizations were officially registered.¹² The number of association members in Romania (excluding trade union members) was estimated in December 1996 at 1.8 million¹³ out of a total population of 23 million.

While the nonprofit sector and associative behavior have developed relatively rapidly, there remain a number of problems and obstacles. The most prominent challenges center around issues of support and assistance for the emerging sector. Limited access to financial resources and the weak economic capacity of voluntary associations leave nonprofits in a constant state of vulnerability. Preliminary data suggest that the degree to which non-governmental organizations depend on foreign financing sources, provided by international bodies, governments or private foundations, is still extremely high. By contrast, domestic revenue sources, including membership fees, corporate giving, governmental subsidies and contracts, or the establishment of community foundations are not yet feasible financing options for most organizations.¹⁴

Lack of Public Resources

Given the overall social and economic developments in Romania over the past few years, one of the main questions remaining is to what extent an economy in recession can afford to allocate substantial parts of its national income to foster nonprofit activities. This question may

¹² In 1996, the Center for the Development of Non-governmental Organizations of the Civil Society Development Foundation (CSDF) sent questionnaires to 11,000 registered organizations. The approximately 3,000 organizations that responded to the questionnaire were included in the “Romanian Catalogue of Non-governmental Organizations”, 1996-edition, which continued two similar directories, published by the Soros Foundation in 1991 and 1994.

¹³ According to the survey on The Associative and Philanthropic Behavior of the general population, carried out by the Center for Urban and Regional Sociology at the request of CSDF, on a national sample of 1,209 participants, with an margin of error of $\pm 2.8\%$.

¹⁴ Database of the Center for the Development of Non-governmental Organizations within the CSDF.

be raised in the larger framework of the debate of the extent of the state's commitment or ability to provide social assistance in general. In Romania, the share of public social costs in the GDP increased nominally from 14.9 percent in 1990 to 16.5 percent in 1994. In real terms, however, social welfare expenditures decreased significantly: If in 1990 these expenditures were 20.3 percent higher than in 1989, in 1993 they were 22.9 percent less than the level of 1989 (Zamfir and Zamfir, 1995: 426).

In the context of the diminishing ability of the state to support social welfare, a comprehensive government policy towards the financing of the nonprofit sector did not emerge after 1989. Nevertheless, there were a number of attempts to initiate governmental collaboration programs with civil society organizations. These grew out of the special concerns of some particular public authorities. Occasionally, non-governmental organizations were able to receive direct support in the form of subsidies from the state budget. Examples include open competition funding programs established by the Ministry of Youth and Sports; or allocations from ministry budgets in reaction to specific requests, as has been the case with the Ministry of Culture and the Ethnic Minorities Department. In general, however, the overall legal framework still hinders the development of outright public-private partnerships.¹⁵

Direct material support granted by local administrations constitutes the second major source of government assistance for the nonprofit sector. Indeed, many non-governmental organizations request the collaboration of municipalities in obtaining facilities to enable them to develop their activities. Common forms of such in-kind support of municipalities, local governments or other decentralized services of the administration include rent discounts or exemptions, the provision of office space, equipment (e.g., telephone lines, office furniture), construction sites for institutions such as orphanages, hospitals, or religious facilities, and free construction licenses. On the whole, however, government subsidies to the nonprofit sector, whether at the national or the local level, have not yet reached substantial proportions. Therefore, it can be stated that the development of non-governmental organizations in Romania has been largely achieved without significant and direct support of the state.

Volatility of Private Resources

While government subsidies and grants remain limited, they nevertheless prove to be the only type of support that is available on a continuous and certain basis. By contrast, financial resources from--both domestic and foreign--institutions and individuals have an oscillating and irregular character and are not evenly spread across the whole sector. Therefore, certain fields of nonprofit activities benefit from philanthropic support more than others. In Romania, the proportion of individual giving oriented towards the religious field is three times larger than that oriented towards social services. By contrast, private giving in the fields of education and research, culture and arts, environmental protection or human rights is almost insignificant.

The solicitation of donations and other forms of giving from the general public requires the development of fundraising campaigns, which so far have not yielded sufficient results. The

¹⁵ For instance, the sponsorship law stipulates that public institutions are fully prohibited to grant sponsorships, regardless to whom.

relative lack of success of the few fund-raising campaigns carried out in the last years reinforced the necessity to further develop governmental sources of financial assistance for non-governmental organizations rather than mainly relying on private donative support.

Since many nonprofit organizations find themselves unable to attract sufficient resources from the private sector or from the public at large, requests for governmental funding are therefore on the rise. This issue has consistently topped the list of demands expressed at frequent NGO meetings. The managerial and performance alternative to direct government delivery of services that nonprofit organizations in the fields of health, social assistance, culture, preservation and promotion of civil rights, or environment protection can provide often serves as the underlying justification for these requests. Despite the still relatively recent experience of interference by the communist state, the small size of the direct financial support granted by public authorities has not yet given rise to concerns of subordinating non-governmental organizations to the state's powers and of reducing the independence of the nonprofit sector, as often discussed in the international literature (Ware 1989:174-200; Young and Steinberg 1994: 36-38; Pavlik 1996:32-34).

Creation of Fiscal Exemptions and Incentives

At present, the larger debate of the organization of governmental support primarily focuses on regulatory and fiscal issues concerning both the enactment of direct financial support mechanisms through the state budget and the application of fiscal privileges to non-governmental organizations with regard to the profit tax, local taxes and value-added tax (VAT). By and large, central questions concerning the fiscal regulation of the sector are still unresolved. For example, one of these unresolved questions is whether the expansion and continuation of direct budgetary subsidies is a better solution than providing a favorable fiscal treatment, since the latter option would essentially eliminate an additional and expensive circuit of financial transfers (from the taxpayers to the budget and from the budget to non-governmental organizations). In addition to creating tax privileges for nonprofit organizations, another type of indirect governmental support is tax benefits for private donors who support public benefit or mutual aid activities (Salamon and Flaherty, 1997). In this case, should private companies that donate parts of their profits to nonprofit organizations be eligible for the same tax privileges as private individuals? More generally, would an expansion of tax deductions or credits for private donations prevent an undesirable concentration of government support on a few privileged organizations and also reduce the danger of making the nonprofit sector dependent on the state?

The current legal framework for the Romanian nonprofit sector is insufficient. As noted before, Law No. 21/1924 continues to serve as the principal legal basis for the operation of nonprofit organizations, but this base is in urgent need of modernization. One of the main problems relates to the fact that this law considers donations to so-called non-patrimonial and non-lucrative legal persons not as a proper, but only as an exceptional, source of financing. While this provision may have had some validity in the interwar period when the law was drafted, it is outdated, because, in the present context, most associations and foundations are building assets and finance their operations precisely through grants and contributions.

In terms of fiscal regulation, many problems have arisen with regard to the assessment of VAT as well as various local taxes. Principally exempted from the payment of VAT are goods and services of “non-lucrative associations”, and social and philanthropic activities carried out by religious, political or civic organizations. Also specifically exempted are goods and services delivered by organizations of the blind and by associations of the handicapped. A zero VAT quota is applied to goods and services provided to achieve certain objectives in the territory of Romania, which are directly financed through financial aid or non-reimbursable loans granted by foreign governments, and international bodies or nonprofit and charitable organizations. The zero VAT quota could be applied by three distinct ways: 1. *VAT deduction* for the beneficiaries of specific “objectives”¹⁶, if they are entitled as “VAT payers”, 2. *VAT reimbursement* by the fiscal authorities, in case of officially declared “VAT non-payers” (a burdensome and lasting procedure), and 3. *invoicement without VAT*, on the basis of a certificate issued by fiscal authorities.

Another set of regulating provisions (Law No. 27/1994 modified by Government Ordinance No.193/1995) refers to the tax categories and local taxes that non-governmental organizations are subject to, including property taxes, promotion and advertising taxes. The only type of organizations exempt from these taxes are foundations created by testament. The Romanian legal system furthermore allows custom duty exemptions, which only apply to certain categories of goods stipulated by law under special circumstances. In general, custom duty exemptions only apply to social, humanitarian, cultural and educational aids and donations received by nonprofit organizations or associations with humanitarian or cultural purposes. Goods that are exempted from custom duty must be used only in compliance with the aim for which they have been imported; and exempted donations may not be used for electoral campaigns or for actions that might endanger national security. If such goods or donations are used for other purposes, they will become subject to the payment of custom duties. Government Ordinance No. 26/1993 introduced a distinct legal treatment concerning the registration of donated cars. While, in general, vehicles more than eight years old need not be registered in Romania, registration is mandatory for all cars donated to humanitarian and social organizations irrespective of their age.

The Law on Sponsorship (No. 32/1994) stipulates that nonprofit legal persons having their main office in Romania are eligible to receive sponsorships; as eligible subjects, the law lists public benefit organizations, which develop or are to develop an activity having a direct humanitarian, philanthropic, cultural, educational, religious, sportive character, or which are oriented towards defending human rights, civic education, or improving the quality of the environment. A law project, developed by an initiative-group of civic NGOs, has been enacted through a recent Government Ordinance (No. 36/1998), aiming to stimulate corporate giving by means of sponsorships and maecenatism. Under this Ordinance, the deductibility limits will gradually rise to 10 percent for sponsorships in the fields of culture, education, health, social services, and environmental protection, to 8 percent in education, research, cultural heritage

¹⁶ The Government Order No. 1170/1997 concerns VAT restitution for goods and services purchased by diplomatic missions, for foreign investors in fields of petrol and gas exploring and exploitation, and for objectives funded by means of assistance and non-reimbursable loans. These “objectives” are stated as buildings, technical equipment, special furniture etc., and they should be achieved in many fields of activity, including philanthropy, religion, health care, culture, arts, education, science, sports, and national heritage preservation.

preservation, and sports (excluding soccer), and to 5 percent for other domains of activity. So far, however, the expected stimulation of sponsorships has not taken place, mainly due to the (unrelated) abolishment of expenditure limits on corporate advertising, which led firms to focus on direct advertising rather than through intermediaries such as NGOs.

On balance, these various provisions have shaped a complicated legal framework, which tends to hinder, rather than encourage, the development of nonprofit activities.

Foreign Government Assistance

As noted above, the Romanian Government did not provide consistent material support for the nonprofit sector during the whole period of post-communist transition. Thus, the sector has largely grown on its own, but capitalizing on both foreign funds directed to sustain social programs in Romania and international connections of various kind. Foreign funding still accounts for more than half of the revenues of the Romanian nonprofit sector, according to data currently at hand. The development of the nonprofit sector can therefore not be treated without taking into account the support offered by international organizations to the development of civil society in Romania. Of particular importance have been the assistance programs of the U.S. government and the European Union. Both programs, however, have been markedly different in objectives and approaches chosen.

With the explicit objective of promoting civil society, practically until 1995, the U.S. government assistance program specifically focused on supporting “civic” organizations (civic advocacy organizations), which are small-sized, non-governmental organizations aimed at influencing government policies. U.S.A.I.D.'s Democracy Network Program later expanded the scope to include social and economic development organizations, but only where such organizations also had larger public policy objectives. By and large, the main types of civic organizations supported in Romania by the United States work to safeguard human rights, civic education and environmental protection. Organizations not being involved in changing public policies as well as other types of non-state actors, such as religious organizations, ethnic associations, sports clubs, and cultural associations, have not been eligible for U.S. assistance (Carothers, 1996).

By contrast, European Union programs take a conceptually different approach. Whereas the United States applied a universal pattern of promoting civil society and democracy, European programs follow more of a regional pattern, promoting Romania (together with the other former communist countries) to the normative and institutional standards of Europe, at the social, economic or political level. This represents a stage of a process that has properly begun in 1993, when Romania became member of the Council of Europe, and has as its final objective the integration into the European Union. Although both types of programs have had a considerable impact, the question still remains as to whether international government assistance programs will ultimately succeed in enabling local non-governmental organizations to develop a full-fledged civil society in Romania.

Conclusion

With ruralism and the general agrarian nature of the Romanian society as well as the political instability and prolonged foreign rule as significant modernization barriers, philanthropic values and significant social institutions only developed at a relatively late stage. The first formal expressions of a socially-oriented associative life were thoroughly recorded only in the second half of the 19th century, after the creation of the first Romanian unified state and with the adoption of democratic principles of governance. The development of civil society and the nonprofit sector came into full bloom in the short time span between the two world wars—a period considered as the most fertile in modern Romanian history from the viewpoint of democratic achievements at the institutional level—but was crushed again in the following decades of Communist rule.

The re-launching of the nonprofit sector after 1989 was achieved in a new reference framework, placing a greater value on non-governmental status and the social missions of associations. In the context of the dramatic changes that Romanian society is undergoing to cope with the dynamics of the complex transition processes, it has become increasingly clear that the expansion of social and civic movements in general, and the development of non-governmental organizations specifically, have become important factors in the post-communist evolution of society. Accordingly, the initial stage of “cold” relations between the government and non-governmental organizations appears to have come to an end with the growing maturation and the availability of these organizations to carry a part of the social burdens of the transition. Although crucial legal and policy issues are still not settled, the present development stage may be considered as a reinforcement of the nonprofit sector, which is also fostered by the establishment of national networks of non-governmental organizations.

The emerging social origin theory of the nonprofit sector (Salamon and Anheier, 1996b) has, in the case of present Romania, a distinctive note, due to the particularity of the social phenomena during the post-communist transition. More specifically, the apparent parity between the volume of resources for the nonprofit sector derived from international assistance and the volume of local resources leads to the weakening of the direct proportion between the dimensions of the new sector and the governmental welfare policy. This way we can explain how the Romanian nonprofit sector expanded despite the increasing pauperization process of the economy and the population and despite the state’s reluctance to fully assume social tasks. In this sense, the recent experiences of Central and Eastern European countries may indeed contribute meaningfully to new socio-economic theories on the nonprofit sector as well as larger contemporary development models.

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