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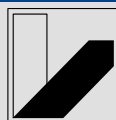
Lokale Selbstregelungen
im Kontext schwacher Staatlichkeit
in Antike und Moderne

LoSAM Working Papers

Local Self-Organization and the Third Sector

Between the Philanthropic and the Associative Approaches

João Pedro Schmidt



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Local Self-Organization and the Third Sector: Between the Philanthropic and the Associative Approaches

João Pedro Schmidt¹

Abstract

Civil society organizations only started to be considered a sector in the 1970s in the United States. Amitai Etzioni pioneered the use of the expression third sector, which became common in academic and political literature. However, in the United States, the non-profit sector concept gradually became more robust and was spread internationally based on the studies conducted by Lester Salomon and associated researchers.

The theory built on the concept of the non-profit sector is strongly related to the North American cultural context, marked by the tradition of philanthropy and volunteerism, but with little importance given to associative and cooperative organizations.

The non-profit sector is implicitly or explicitly conceived as part of the private sphere. In contrast, theoretical currents such as liberal communitarianism, the theories of cooperation, common goods, social capital, European social economy, and the Latin American solidarity economy highlight the primacy of cooperation in solving collective problems. These theories underpin the associative approach of the third sector and link it to the community, not to the market.

This paper argues that the associative approach is more appropriate for international studies on the third sector and the relevance of self-organization. The third sector, i.e., the set of organizations created and maintained by civil society, is the inheritor of the millennial associative tradition, including both entities whose values are compatible with the common good and those with particularistic values, authoritarian and contrary to human rights. The third sector is not entirely virtuous, but it is a vital sector for solving great human problems.

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Lokale Selbstorganisation und der Dritte Sektor: Zwischen philanthropischen und assoziativen Ansätzen

Zusammenfassung

Zivilgesellschaftliche Organisationen wurden in den USA erst in den 1970er Jahren als ein eigenständiger Sektor betrachtet. Amitai Etzioni prägte hierbei den Begriff „dritter Sektor“, der in der akademischen und politischen Literatur üblich wurde. In den Vereinigten Staaten wurde das Konzept des gemeinnützigen Sektors jedoch allmählich gefestigt und auf der Grundlage der von Lester Salomon und anderen Forschern durchgeführten Studien auch international verbreitet.

Die Theorie, die auf dem Konzept des Non-Profit-Sektors aufbaut, ist stark mit dem nordamerikanischen kulturellen Kontext verbunden, der durch die Tradition der Philanthropie und des ehrenamtlichen Engagements geprägt ist, während assoziativen und genossenschaftlichen Organisationen wenig Bedeutung beigemessen wird. Der Non-Profit-Sektor wird implizit oder explizit als Teil der privaten Sphäre verstanden.

Im Gegensatz dazu betonen theoretische Strömungen wie der liberale Kommunitarismus, die Theorien der Kooperation, der Gemeingüter, des Sozialkapitals, der europäischen Sozialwirtschaft und der lateinamerikanischen Solidarökonomie den Vorrang der Kooperation bei der Lösung kollektiver Probleme. Diese Theorien untermauern den assoziativen Ansatz des dritten Sektors und verbinden ihn mit der Gemeinschaft und nicht mit dem Markt.

In diesem Papier wird argumentiert, dass der assoziative Ansatz für internationale Studien über den dritten Sektor und die Bedeutung der Selbstorganisation besser geeignet ist. Der dritte Sektor, d. h. die Gesamtheit der von der Zivilgesellschaft geschaffenen und unterhaltenen Organisationen, steht für das Erbe der tausendjährigen assoziativen Tradition, die sowohl Einrichtungen umfasst, deren Werte mit dem Gemeinwohl vereinbar sind, als auch solche mit partikularistischen, autoritären und menschenrechtswidrigen Werten. Der dritte Sektor ist nicht völlig tugendhaft, aber er ist ein wichtiger Bereich für die Lösung großer menschlicher Probleme.

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1 Introduction

The term third sector was created in the 1970s in the United States (see Etzioni 1972, 1973; Levitt 1973). Until then, the wide range of social and religious organizations was not considered a block, nor was there any idea that they formed a sector. The historical discrepancy between the presence of social organizations in social life and the elaboration of the concept becomes evident when we remember that the United States has been home to a wide range of local communities and organizations since the early days of colonization in the 17th century.

The discrepancy between the facts and the concept shows that any nomenclature is a choice, one to be duly justified considering the underlying understanding of the dynamics of social life. To formulate the concept of a “sector” proper to social organizations, the availability of government statistics from the mid-1960s about these organizations was decisive. Thereof, intellectuals and activists demanded the recognition of a sector distinct from the for-profit and governmental sectors. These actors intended to give visibility to and emphasize the economic and social importance of organizations created by the community. The empirical basis for the concept of the non-profit sector was government statistics based on the *Internal Revenue Code* (Hall/Burke 2002).

Amitai Etzioni pioneered the use of the term *third sector* in his articles “The Untapped Potential of the ‘Third Sector’” (Etzioni 1972) and “The Third Sector and Domestic Missions” (Etzioni 1973), discussing the approximation between the public and private spheres in a movement towards a third sector, encompassing public initiatives of a non-governmental nature, voluntary organizations, foundations, and partnerships between sectors. According to Etzioni, this approach was not a proposal for the future but a real movement that already existed in the American context at the time and materialized in initiatives such as health insurance, student loans, the postal service, NASA’s Apollo project, non-profit universities and hospitals. These were examples of the advantages of the third sector and cooperation instead of the fragmented performance of each sector. The *third sector* could be, according to Etzioni (1973, 314), “the most important alternative for the next decades, not by replacing the other two, but by combining and balancing their important roles.”

Etzioni’s initial formulation worked with intuitions that acquired relevance in the later debate, such as the non-state public character of civil society organizations, the need for cooperation between sectors, and the hybridism of the organizations. From then on, the term third sector spread in academic and political circles. In the same period, in 1973, Theodore Levitt (1973) used the term within the neoclassical economics perspective to designate society’s initiatives that filled the gaps between the state and the market. Levitt identified the emergence of a “new third sector” in contrast to the “old third sector,” composed of classical organizations (charitable, community, sports clubs, unions). In 1975, the new terminology was used in the Filer Commission’s Report (Filer et al., 1975), “Giving in America: Toward a Stronger Voluntary

Sector”, considered the reference framework for the North American non-profit sector.

In the United States, the expression *non-profit sector* ended up predominating (in legislation and literature), thanks, above all, to the theoretical formulation of the researchers at Johns Hopkins University, under the coordination of Lester Salomon, which became the standard in international research. With the seal of the UN and UNESCO, comparative research on the third sector was carried out in different countries through the Johns Hopkins Comparative Non-profit Sector Project, under the leadership of Salamon and Anheier (Salamon/Sokolowski 2004). The project started in 1991, evaluating the situation of 13 major capitalist countries, including the United States, Germany, Sweden, France, Italy, Japan, and the United Kingdom. New countries were included in the following rounds, such as Brazil, and it currently covers about 45 countries.

Today there is a growing perception that the standard concept of the third sector (the non-profit sector) reflects the particular North American experience. Its universalization is undue because it disregards the distinct organizational characteristics of civil society in other countries, influenced by different socio-cultural patterns and historical paths. The notion that civil society organizations distinguish themselves by their non-profit character is also questioned, as it is a characteristic that only applies to a portion of social entities (Corry 2010; Laville 2015; Lorentzen 2011).

This article argues that the expression *third sector* is the most appropriate when considering the perspective of balance between state, community, and market. Moreover, when civil society organizations are considered inheritors of the associative tradition, the most remarkable political power of this sector is achieved. Based on a literature review and some document research, the article is structured in four topics: (i) the non-profit sector and the philanthropic approach; (ii) the third sector and associative tradition; (iii) Practical aspects derived from the third sector’s associative approach; (iv) conclusion.

2 The non-profit sector and the philanthropic approach

Even though the non-profit sector concept was established in the United States in the 1970s, its roots go back a long way. Associations and organizations to support those in need go back to the early decades of colonization. Alexis de Tocqueville (2017), when visiting the country in the 1830s, emphasized the unique disseminated associative spirit, the appreciation of local instances of power, the widespread willingness to participate in public debates, and the resistance to state centralization. Gradually, a remarkable cultural trait was established: the care for the public good should not be left to the government; it is the responsibility of each individual and each community. The classic notion of philanthropy (helping those in need) became a link between the

individual and the community, encompassing individual charitable acts and collective and mutual aid actions.

Religion was the most permanent vector for ideas about community, self-organization, and helping others in the United States, with profound influence from Puritanism, an evangelical strand known for its individualistic bent. The Protestant bias became the basis of the widespread understanding of the duty of charity (the religious foundation of philanthropy) as a duty of all, especially the wealthy, who should show generosity by helping those in need and organizations dedicated to the common good. Although Protestantism was constituted both as a religious foundation of individualism and community commitment (Payton/Moody 2008), religion was not the only source of philanthropy and individualism. According to Robert Bellah et al. (1996), both the biblical and the republican traditions, from the beginning, have a bias in favor of the individualist cause. For the author, unlike what Tocqueville thought, it is individualism and not equality that marches inexorably through history, and this individualism has become cancerous in recent decades, destroying the social cement that moderated it.

The number of charitable organizations and associations grew steadily in the American context throughout the 17th, 18th, and 19th centuries. The movement for the abolition of slavery (between 1780 and 1863) originated a significant number of organizations, attracted philanthropic donations, and became a national issue. Black churches served as platforms for political initiatives and leadership creation. The arrival of European immigrants (German and Irish), starting in 1840, powered the associative movement, both because of the associative traditions they brought from overseas and because of the demanded support from local organizations to supply their basic needs. The Jews, who arrived later, started to act vigorously in higher education, services, and commerce through their own philanthropic organizations (Hall 2006).

In the second half of the 19th century and the first decades of the 20th century, the important mutualistic experience of fraternal societies developed, and fraternalism preceded and created the conditions for the state protection system. In “From mutual aid to welfare state: fraternal societies and social services, 1890-1967”, David Beito (2000) explains that in the 1920s a survey pointed out that one in three adult men was a member of a fraternal society, the equivalent of 30-35 million members. For about a century, fraternalism has gathered more Americans than any other organization except churches. This remarkable experiment weakened during the Great Depression of the late 1920s, according to Beito (2000), affected by prolonged unemployment and the creation of the social state protection system. In 1935, President Franklin Roosevelt established the Social Security Act, aimed at the elderly, the poor, the unemployed, widows, and orphans. With the onset of the welfare state, fraternal societies went into deep crisis.

The business community developed closer relations with non-profit organizations in the second half of the 19th century, with the advent of private foundations, at the initiative of influential business leaders such as Andrew Carnegie and John Rockefeller. The foundations inaugurated scientific philanthropy, a concept that marked deep and permanent changes in the sector: philanthropy guided by compassion was replaced by philanthropy focused on efficiency, aiming and measuring social results (Sievers 2010; Payton/Moody 2008).

In academia, the business community provided generous contributions to the nascent non-profit universities, transforming the traditional Harvard College (created in 1636) into Harvard University, the first great research university, followed by institutions such as Cornell (1865), Johns Hopkins (1876), Stanford (1891) and Chicago (1891). With the redirection of social science research from a more speculative bias to the search for solutions to public problems, applied knowledge was stimulated. "Social work," supported by its own knowledge and activities, became the substitute for compassionate volunteerism. The inclination for social, economic, and political reformism led foundations to support relevant social changes, such as the fight against racial discrimination and the confrontation of poverty, without, however, questioning the foundations of capitalism: poverty had to be overcome within the framework of the market economy, in which philanthropy is an instrument to teach the poor to fish. Scientific philanthropy was not restricted to foundations, and it gained growing strength in social movements, such as the Settlement House Movement, aimed at improving housing conditions for vulnerable communities (Payton/Moody 2008).

The link between scientific philanthropy, business, and the state is a central element of the American welfare state developed throughout the 20th century. This welfare state was guided by premises disseminated by Henry Ford, of a self-sustained economy, incorporating the mass of workers into the consumption process, supported by social programs that would discourage union struggles. This link was manifested in the cooperation between companies, philanthropic entities and the government during the mobilization of the First World War and was consolidated during the New Deal in the 1930s (Hall 2006).

On the one hand, state social protection replaced the forms of social protection maintained by fraternal societies and, on the other hand, it created new opportunities for them. Peter Hall (2006, 50) enshrined the interpretation that it was in the establishment of the American welfare state that the invention of the non-profit sector took place, a sector composed of philanthropic entities that fulfill the function of filling the gaps left by the market and the state. According to Salamon/Geller/Newhouse (2012), the idea of combining the public sector, private sector, and non-profit sector, constituting a mixed economy, is at the birth of the American welfare state. The non-profit sector did not grow at the margin or against the state: it grew alongside the state. Parallel to the state's growth and with state norms regulating its operation, tax-exempt philanthropic entities grew from 12,500 in 1950 to more than 500,000 in 1968.

Until the 1960s, social entities, voluntary and religious organizations were not considered a block; there was no idea that they formed a “sector,” according to Hall and Burke (Hall/Burke 2002). Only from the mid-1960s onwards did the government’s statistics provide systematic data for detailed analyses of civil society organizations. Based on this, several intellectuals and activists claimed their recognition as a sector distinct from the profit and government sectors, with great economic and social importance. The empirical basis for the concept of the “non-profit sector” was government statistics from the Internal Revenue Code (Hall/Burke 2002).

Federal regulation of the United States’ non-profit sector has been done through taxation. There is no “letter of principles” establishing the requirements for the common good or democracy. That is to say that organizations are not required to hold elections to define their leaders, nor are there general rules about nepotism or governance and management. Three central principles guide the legislation: organizations dedicated to charitable purposes are entitled to exemption from federal income tax, for which they must be exempt from private purposes, and donations to charitable organizations defined by law will be encouraged through deduction from taxes owed by the donors (Arnsberger et al. 2012). In the Internal Revenue Code, the item directly identified with the non-profit sector is Section 501(c)(3), which refers to organizations aimed at purposes historically associated with philanthropy, e.g., religious, charitable, scientific, public safety, educational, encouragement of amateur sports, prevention against cruelty to children or animals (IRS, 2016, 21). The legal forms most characteristic of section 501(c)(3) are *public charities* and *foundations*.

The legislation disfavors cooperatives, mutual societies, and organizations that distribute benefits among their members. Distributing benefits among members runs counter to the non-profit criterion. Thus, most of the numerous cooperatives are not part of the non-profit sector. A 2009 survey by the University of Wisconsin Center for Cooperatives pointed out the existence of 29,285 cooperatives with 351 million members. Of these, 223 are registered as worker cooperatives, 1,494 as production cooperatives, 724 as purchasing cooperatives, and 26,844 as consumer cooperatives (Deller et al. 2009). It is an economically relevant segment: cooperatives operate 73,000 business points, have \$3 trillion in assets, generate more than \$500 billion in revenue and \$25 billion in salaries. Only a small proportion can meet the requirements for tax exemption, among them certain cooperatives in education, the arts, childcare and elder care, local life insurance cooperatives, mutual drainage, irrigation, telephone and electric companies, and a minority share of agricultural cooperatives. For the most part, cooperatives do not enter the IRS exemption list (Deller et al. 2009).

Part of the international literature on civil society organizations and local self-organization has incorporated assumptions underlying the concept of the non-profit sector, typical of the North American trajectory, as if they applied to the international scenario. At least three weaknesses can be pointed out regarding the universalization of the concept of the non-profit sector.

The first is to establish the non-profit character as what identifies civil society organizations. This criterion favors organizations based on voluntary and charitable work. Altruism is more important than cooperation. As a result, important social entities on the international scene, such as associations, cooperatives, mutualist organizations, and solidarity economy organizations, are excluded or at least disfavored.

The second weakness is the conservative view of philanthropy disseminated by this literature. Philanthropy is understood as charity and aid to those in need, far from the objectives of numerous civil society organizations that aim at deep socioeconomic transformations.

The third is the link to the public/private or state/market dichotomy, as well as to the logic of neoclassical economics. Third sector organizations are conceived as “private” entities, and the third sector is but a minor segment of the private sector. In the parameters of neoclassical economics, civil society organizations fulfill only the residual role of remedying market and state failures (Laville 2015).

In summary, applying the premises of the concept of the non-profit sector to civil society organizations creates a weak concept of the third sector, associated with volunteer work and traditional charity. For instance, in Brazil, most of the studies and media references about the third sector are still tied to this weak concept: when speaking of the third sector, the idea of the North American non-profit sector is handled (Fontana/Schmidt 2021). This understanding ignores all the debate of the last decades about the importance of civil society as a space for discussion and articulation of transformative agendas.

3 The third sector and associative tradition

Schools of thought that recognize the centrality of cooperation in the human trajectory enable a distinct vision of the third sector, with broader social roles and greater political relevance (see Benkler 2011; Tomasello 2009; Laville 2015; Putnam 2000; Ostrom 1990; Etzioni 2000; Rifkin 2014; Bowles/Gintis 2013). Among others, liberal communitarianism, the theories of cooperation, common goods, social capital, social economy, and solidarity economy are prominent. Without ignoring the importance of altruism and volunteerism, such conceptions emphasize the role of cooperation and associationism in resolving collective problems in the past and the present. The third sector is now seen as the inheritor of the long associative tradition.

The human social orientation, asserts neuroscientist Antonio Damásio (2018), has remote and humble origins: it is in single-celled organisms, in the most basic forms of life, some 4 billion years ago. One hundred million years ago, evolution reached a new moment, that of social insects, capable of creating cities, governance systems, and functional economies. Later, mammals, especially primates and hominids (6 million years ago), show a high capacity for cooperation. Sapiens made the most advanced

leap (100,000 to 200,000 years ago) and stand out for two primary features of sociability: mutual aid (cooperation) and helping others (altruism), which were closely intertwined with culture and social institutions (Tomasello 2009; Bowles/Gintis 2013).

Such understanding characterizes the new biological evolutionism, based on the investigations of Russian biologist and philosopher Piotr Kropotkin (1842-1921), who was responsible for a remarkable re-reading of Darwin's theory of evolution. Kropotkin (2006) presented empirical evidence that the evolution of species does not take place based on each individual's struggle for survival, but by a combination of the struggle for survival and mutual aid, *i.e.*, cooperation is a central factor in evolution. This interpretation has gained wide recognition. The biologist and mathematician Michael Nowak (Nowak/Highfield 2009) states that the scientific research conducted by this guideline has led biology to add to the two classical principles of evolutionary theory, selection and mutation, a third principle, cooperation, which allows understanding the creative aspects of evolution. The school of thought developed by the new evolutionism crossed the boundaries of evolutionary biology, also impacting evolutionary psychology, experimental economics, sociology, cultural anthropology, the sciences of cognition, and others (Benkler 2011).

The first human social formations were bands, tribes and clans. The village community existed on all continents and was a crucial cooperative development, formed by the union of families of common descent who jointly owned a certain territory. Different forms of associations existed in ancient Egypt, Greco-Latin Antiquity, Imperial China, Pre-Columbian America, and Medieval Europe. Free cities, guilds, and commons are well-known examples of cooperation in pre-modern Europe (Kropotkin 2006; Wilson 2012; Etzioni 1964).

In modern society, the range of organizations and associations has been expanded. "We are born in organizations, educated by organizations, and most of us spend much of our lives working for organizations," states Etzioni (1964, 1), emphasizing that they constitute a more efficient means of satisfying multiple common needs than smaller groupings, such as the family, friends, and communities. The expansion of associativism came at the cost of clashes with the State. Nation-states strove to eliminate medieval cooperation institutions to assert their authority and control nascent associativism. Only the state and the church could, by law, take care of general affairs. "The absorption of all social functions by the state necessarily favored the development of an unbridled and narrow-minded individualism," says Kropotkin (2006, 181). Even so, communal institutions subsisted everywhere, and new forms of cooperation were created, such as trade unions, associations, cooperatives, societies of friends, clubs, brotherhoods, institutes, alliances. Even in societies marked by individualistic tendencies, cooperation is recognized in many situations as the best alternative by rational actors (Axelrod 1984).

Three periods characterize the trajectory of modern associativism (Laville 2015):

- (i) From the Industrial Revolution to the beginning of the 20th century, the democratic solidarity of pioneering associationism was in evidence. Facing intense economic and political pressures, cooperatives, mutualist entities, associations fighting for women's and minority rights affirmed a sense of solidarity through mutual help.
- (ii) Through the consolidation of the welfare state in the first decades of the 20th century, much of the solidarity was delegated to the public power. This process is ambiguous: state interventionism produced both access to rights and state tutelage over citizens.
- (iii) Associationism resurfaced amid the welfare state's crisis and the rise and crisis of neoliberalism. This resurgence manifests itself in multiple forms, such as popular economy in Southern countries, proximity services in Northern countries, fair trade, micro-credit, and social currencies. On the one hand, these initiatives update the great questions of democratic solidarity raised by pioneering associativism, endorsing the defense of environmental sustainability, fair economic relations between producers and consumers, and participatory democratic forms. On the other hand, there is a new philanthropic wave, stimulated by economic corporations, that seeks to reconfigure philanthropy, applying capitalism's most modern methods to the non-profit sector.

The third sector's associative approach, therefore, is based on the observation that there is a millennial tradition of mutual aid as a means of solving collective problems and achieving the common good. Etzioni (2000) points out the benefits of community participation for public policy success. Robert Putnam (1993; 2000) shows that the effectiveness of public institutions increases in environments where there is positive social capital. Axelrod (1984), Nowak/Highfield (2009) and others provide important scientific support for cooperation as the best problem-solving alternative in game theory. Ostrom (1990) highlights the successful community management experiences of land, pasture, water, fisheries, and other commons. Fehr/Gächter (2000), Bowles/Gintis (2013), and others provide evidence of the resilience of cooperation and its importance in the capitalist economies of different countries. Benkler (2011) and Rifkin (2014) highlight the collaborative economy's potential (sharing economy) enabled by the internet, such as Linux, Wikipedia, sharing or renting systems, coworking spaces, crowdfunding, and social currencies. Studies of the European social economy (Uliando 2016) and the Latin American solidarity economy (Cattani et al. 2011) reveal the cooperative and mutual societies' capacity to generate income and professional occupation.

It is worth pointing out that civil society, besides its bright side, also has a dark side. Cooperation and association sometimes serve harmful causes to the public interest (see Lauth 2003; Etzioni 2004; Putnam 2000; Neubert 2022). The third sector, therefore, should not be understood as a virtuous sector, superior in virtue to the state and the market. The third sector has contradictions and ambiguities, which is also true of

the first and second sectors. In line with the liberal communitarian conception, the point is to plan public policies based on the complementarity between the three sectors. Table 1 summarizes the differences between the philanthropic approach and the associative approach of the third sector.

Tab. 1: Philanthropic approach and associative approach of the third sector

	Philanthropic Approach	Associative Approach
The primary motivation of the members of the organizations	Altruism, love for others, charity	Cooperation, mutual help; altruism is important but not the central aspect
The main characteristic of third sector organizations	Non-profit	Shared or reinvested profit (results)
Definition of the third sector	The set of non-profit entities	The set of entities created and maintained by civil society
Typical organizations	Charities, foundations, non-governmental organizations	Community organizations (hospitals, schools, universities), associations, cooperatives, mutual societies, non-governmental organizations, charities, foundations
The socio-economic relevance of the third sector	Fulfills market and state failures	Has the capacity to manage common goods, exercise a portion of public services, and participate in public decisions
Law	Provides greater tax benefits to non-profit entities	Recognizes the importance of all civil society organizations, and especially values associative organizations.

Source: Formulated by the author based on Etzioni (2000); Ostrom (1990); Laville (2015); Anheier/List (2005).

4 Practical aspects derived from the third sector's associative approach

The third sector concept is still a work in progress; thus, different approaches compete for the attention of social and political actors. The associative approach receives more attention among actors concerned with the renewal of the welfare state and the

strengthening of participative democracy. Its adoption brings significant practical consequences to public policies and legislation. Some of these consequences are mentioned below.

- A. **A new, more comprehensive concept of the third sector.** The set of organizations created and maintained by civil society. It includes associations, cooperatives, mutual societies, universities, hospitals, schools, community banks and broadcasting stations, museums, non-governmental organizations, charities, and foundations. Its distinguishing feature is the sharing of economic (or other) results among members or reinvestment in the organization itself.
- B. **New formal criteria for third sector organizations.** The philanthropic approach present in North American literature uses the following criteria: (i) the organization must be formalized, institutionalized; (ii) private (non-governmental structure); (iii) self-governed; (iv) non-profit (no distribution of profits to managers or owners); (v) voluntary (with significant involvement of volunteer work) (Anheier/List 2005, 182). The associative approach provides other criteria: (i) the organization must be created and maintained by civil society; (ii) autonomy in its decisions in the face of the state organs and private companies; (iii) the objective must be to fulfill a public or a collective need; (iv) the results must be shared among the members or reinvested in the organization.

The mentioned criteria do not include democratic governance because such a criterion excludes a large portion of social entities, i.e., those that do not choose their leaders through voting nor make decisions in a participatory way. Such an exclusionary criterion would disagree with the very concept of civil society, a heterogeneous sphere with internal contradictions.

- C. **The law should provide benefits to democratic and associative entities.** Countries with a democratic regime can adopt legislation that favors democratic organizations, aiming to strengthen and induce non-democratic organizations to adopt democratic practices. Legislation should provide benefits only to organizations that adopt values and practices compatible with democracy, the Constitution, and human rights. Legislation should prevent public support for organizations that are segregationist, sexist, racist, and anti-environmentalist because they are contrary to the common good (Etzioni 2004).
- D. **Avoiding neoliberal traps.** The argument for cooperation with civil society is often an element of neoliberal discourse. In the Brazilian case, the Administrative Reform of 1995, based on assumptions of the new public manage-

ment school, used the language of cooperation to mask proposals for privatization of public services. One of the central mottos of the Administrative Reform was precisely cooperation. To achieve “true efficiency” the advantages of “diverse forms of partnership with society” and “cooperation at the vertical level between administrators and civil servants, between government and employee unions” (Brasil 1995, 54) were presented. Based on this Reform, a legal figure was created for the privatization of public services: the Social Organization (Law 9.637/1998), which provides for the transfer of functions and public assets to these organizations, especially in the case of hospitals, universities, technical schools, research centers, libraries, and museums. Based on this law, in recent years, there has been a transfer of state services to Social Organizations in many Brazilian states.

The third sector’s associative approach opposes both neoliberalism and state-centrism because its center is cooperation and complementarity between state, community, and market actors. Because it is realistic, this approach does not suggest illusory expectations that the third sector can largely replace the state or the market. International studies (Ostrom 1990; Etzioni 2000; Beito 2000) suggest that the public tasks that civil society organizations can fulfill are limited but important. It is necessary to observe the characteristics of each country and the expertise acquired by organizations over time.

5 Conclusion

The diversity of purposes, values, forms of action, and interactions with other social entities is characteristic of civil society organizations everywhere. In Brazil, there are more than 800,000 formal entities, forming a colorful array of organizations and legal figures: associations, foundations, community hospitals, community schools, community institutions of higher education, trade unions, cooperatives, mutual entities, non-governmental organizations, Social Organizations, OSCIPs, cultural, artistic and recreational entities, carnival entities, religious communities, community banks, self-managed companies, community radios and TV stations, religious entities, cooperatives, sports clubs, condominiums, benevolent entities (Mello/Pereira/Andrade 2019).

There is not yet an international consensus on the best denomination for the set of civil society organizations. This paper argued that the third sector is the most appropriate term when one adopts the perspective that civil society (or community) constitutes a distinct sphere from the state and the market. This understanding is adopted by different conceptions and systematized by liberal communitarian thought. The state organizations constitute the first sector, the market organizations, the second sector, and the civil society (community) organizations, the third sector.

The agreement on the term third sector may hide different understandings. I tried to show that it is inadequate to transpose the premises of the non-profit sector to the

third sector. The concept of non-profit sector is intimately linked to a particular path, that of the United States, with a strong tradition of non-profit and voluntary organizations. The philanthropic approach improperly assumes that this trajectory is similar to that of other countries, which is not the case. Hence, the associative approach is more appropriate because it links the third sector to the millennial path of associativism and cooperation, which exist in all societies — collective means to solve collective problems.

For studies about the relationship between the state and local self-organization, the third sector's associative approach brings some significant contributions. The first is to alert researchers to the limitations deriving from the public/private or state/market dichotomy (which still prevails in public policies analyses) for studies on civil society organizations. This theoretical framework, peculiar to research that assumes the premises of the North American non-profit sector, often leads to the use of market metrics when studying civil society organizations.

The second contribution is to establish cooperation (and not altruism) as the central element of the third sector. Cooperation and altruism have close ties, but they are not the same. Cooperation is a universal human characteristic, for better or worse, and exists in countless forms, including the third sector. The emergence of the nation-state system in the 17th century and onward has led to a scenario of tense disputes of state powers with communities and their organizations. These disputes are not a battle of good against evil but should each be interpreted in the light of the common good (public interest).

The third contribution is to highlight the importance of complementarity in public policy. Democracy works best in environments where social entities, public agencies, and businesses are seen as complementary. This idea is present at the origin of the concept of the third sector, formulated by Etzioni in the 1970s. This guideline is ignored by the mainstream public policy analyses, guided by the state/market bi-polarity. Tensions are inherent to politics, but legislation guided by the idea of complementarity can favor synergic actions among state, community, and private entities.

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