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HUNGARIAN NONPROFIT SECTOR TWENTY YEARS AFTER: THE SITUATION OF THE THIRD SECTOR AND IMPACT OF THE ECONOMIC CRISIS

ABSTRACT In my paper, I try to review the situation of the Hungarian civil sector after the regime change. I present its structure, the systemic characteristics and the time-series changes. The study undertakes the modelling of the Hungarian nonprofit sector by surveying previous attempts at modelling the non-profit sector. I'd like to emphasize especially the effects of the economic crisis (influenced Hungary in 2008) and the impact of structural and territorial effects of the sector.

Keywords: development of Hungarian nonprofit sector, community and territorial structure of non-profit organisation, economic and territorial/regional connection

My study may seem quite eclectic because it concentrates on two questions which can be regarded controversial. One of them is about the effect of the economic potential on the development of the Hungarian nonprofit sector, while the other deals with local and regional identity influencing the growth of the organizations, its presence or lack in the world of civil organizations. First of all, I will concentrate on some inconsistencies in the development of Hungarian non-governmental organizations. Before I come to this point, I want to touch on a number of effects and tendencies which have significant implications for our subject and serve as a framework to better understand the Hungarian process.

In every developed, democratic country of the world, non-governmental organisations (NGOs) are indispensable components of the democratic political systems, playing an important mediatorial role between the society and the political institutions. Their number, role, and influence have been increasing since World War II. The attention directed at NGOs may primarily be attributed to the more than two-decade-long crisis of the state as well as the crisis phenomena of representative democracy based on political parties.¹

In Europe, this crisis manifested itself in various forms. In the developed North, the traditional welfare social policy was questioned; in a considerable part of the developing South, people became disillusioned with state-controlled development; in Central and Eastern Europe, state socialism collapsed.

CIVIL SOCIETY TENDENCIES IN HISTORIC CONTEXT

In Central and Eastern Europe, the development of the nonprofit² sector is essentially linked with the 1989 revolutions. During the communist times, except for a short period, the civil society was disrupted. After the 1956 revolution, it was only Hungary, Poland and the former Yugoslavia where a limited pluralism was allowed at the universities and in the arts and culture. A newly emerged civil society was prepared by the Solidarity movement in Poland; by a range of small clubs and societies in Hungary; and by peace and green movement groups in Czechoslovakia.

The escalation of the economic, political and social crisis from the mid 80s generated a “revival” of organisational life in Hungary. At the beginning of the 80s, new types of social self-organising emerged from peace movements to eco movements, which were later followed by a “new wave” of student movements, self-directing college movement and the club movement within and outside universities, as well as politically-oriented associations and forums. The beginning of opening up was marked by the re-appearance of foundation as a legal entity in 1987, then it went on with the ratification of the Associations Act in 1989, and it was concluded with the amendment of Civil Code (enacted in 1990) which abolished the former restriction that a foundation could only be set up with the approval of the relevant government authority. Following the 1989 Act which guaranteed the conditions of freely setting up organisations, taking advantage of the historical opportunity and the erosion of the political system, the

¹ L. Kákai, ‘Are There Any Distortions in the Economic Management of the Hungarian Non-profit Sector? Economic Aspects of Duality’ in I. Tarrósy, S. Milford (eds.), *Challenges for the European Union in the Next Decade. A View from the Danube Region*, Pécs 2013, p. 107.

² From the content point of view, all the organisations where the prohibition of profit distribution, organisational independence from the governmental sector, institutionalisation (independent legal personality), self-governance (self management, own leadership), and, to some extent, voluntariness and self-activity prevail, can be considered nonprofit organisations (É. Kuti, *Hívjuk talán nonprofitnak? A jótékonyosság, a civil kezdeményezések és az állami keretektől kiszoruló jóléti szolgáltatások*, Budapest 1998, *Nonprofit Kutatások*, 7; L. M. Salamon, *Szektor születik*, Budapest 1995; A. M. Bartal, *Nonprofit elméletek, modellek, trendek*, Budapest 2005.)

number of organisations was growing continuously. While in 1982 there were 6.570 registered organisations, in 1989 there were 8.514. The internal structure of the sector also changed: between 1987 and 1989 the number of art, city preservation, and cultural organisations increased sevenfold, and the number of other, typically self-starting associations (environmental protection, humane, pensioner, economic/professional) also increased tenfold.

We also need to highlight the counter process during which **double transformation** of the former **state party power** took place. By breaking up the former assets of the state party and building on the infrastructure of some of its satellite organisations, new associations and foundations were formed, this time within the legal framework of democratic laws. Their officials were “scattered” but they were able to carry on with their personal networking outside the party. Some of them really worked to establish an independent civil society, while others retained their political connections.

After 40 years of state socialism which resulted in the forced abolition of civil society and the erosion of social capital, the patterns and conventions of society’s self-organizing and representation were not present in every area of society. Therefore, there were no opportunities for the various social groups to satisfy the different social needs. We have to say that the fast economic and constitutional changes could not be followed by the development of the bourgeois society’s civil culture. Most of the political élite and the active civilians of the post-communistic countries were socialised in the old communistic system. Their expectations concerning paternalism, stability and the welfare state are unbroken, they expect the maintenance of all those under the conditions of market-economy, too.³

After the transition, the number of the civil organisations multiplied rapidly, the sector kept expanding dynamically and continuously until 1997. This process was mainly due to the intensive spread of the foundations that had been very small in number in the previous era. In 1997, the “phase of extensive growth” had finished, and between 1998 and 2000 the number of the operating organisations hardly changed.⁴ However, the studies done by the Central Statistical Office in 2000 marked a clear slowdown in the sector’s development dynamics. It means that since 1997, the number of organisations hasn’t actually changed. Moreover, 2000 was the first year when the size of the sector didn’t increase but actually decreased. Following the decline, or “flattening out,” of the development tendency, again there has been a growth trend since 2003.

Then came a slight increase, which was principally due to the membership nonprofit organisations; foundations were seldom founded in this period of time (**The Figure 1**).

By the end of the decade the number of the organisations seemed to have reached a constant level, the nonprofit sector “became saturated” at a level of 65 thousand organizations.

³ L. Kákai, *Kik is vagyunk mi? Civil szervezetek Magyarországon*, Pécs 2009.

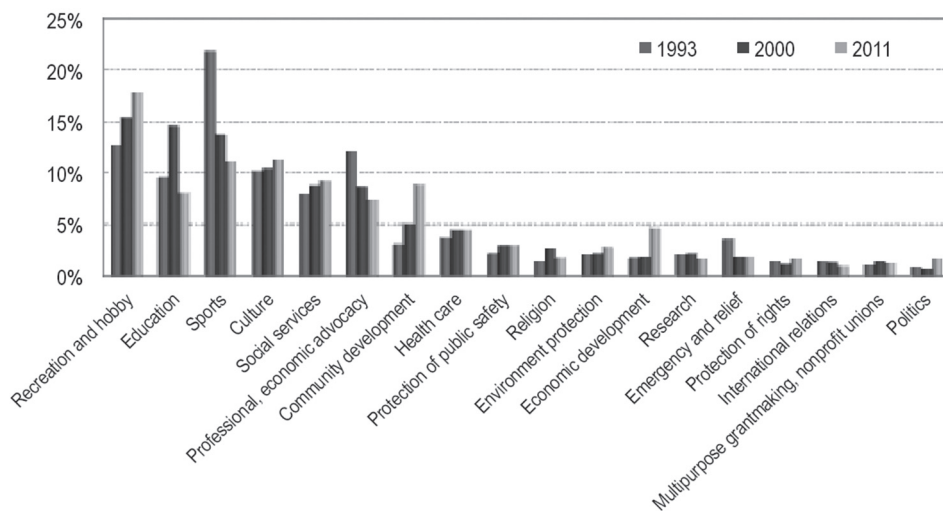
⁴ L. Kákai, I. Sebestény, ‘The Weight of the Nonprofit Sector and the Impact of the Economic Crises in Hungary’, *Civil Szemle*, Vol. 9, No. 3 (2012), pp. 115-135.

Figure 1. The number of nonprofit organisation between 1989 and 2011



Source: Hungarian Central Statistical Office, 2013

Figure 2. The percentage distribution of nonprofit organisations by fields of activity 1993-2011



Source: Hungarian Central Statistical Office, 2013

During the years, the activity structure in the nonprofit sector also changed gradually. Those engaged in health care, education and research, economic development and social care are characterised by a dynamic and rapid growth throughout the whole period (Figure 2).

A slowing growth is visible in the fields of culture, environment, sports and recreation, international relations, and nonprofit federations. However, the number of economic and professional advocacy organisations and voluntary fire brigades decreased.⁵ It is essential to mention that the composition of the sphere of foundations and associations differ fundamentally as far as the activities are concerned. The fields which were definitely underdeveloped in Hungary compared to the developed, democratic countries, represented much higher shares in the foundations sector than among voluntary associations. The most striking difference was the relatively low share of Hungarian voluntary organisations in welfare services, which are the most important fields of voluntary activities in developed countries. It could be explained by the state monopoly of education, social and health care under state socialism. While voluntary organisations such as service providers were tolerated in culture and even promoted in sports, recreation and emergency prevention, they were not allowed to establish schools or hospitals. Recently, the structure has become more balanced. The largest number of civil organisations is engaged in sports and recreations, traditionally in the form of voluntary associations. Many nonprofit associations can be classified within the fields of the arts and culture, too. The field of education and health is characterised by the dominance of foundations. The smallest groups of the Hungarian nonprofit sector are politics, multipurpose grant-making and nonprofit unions.⁶

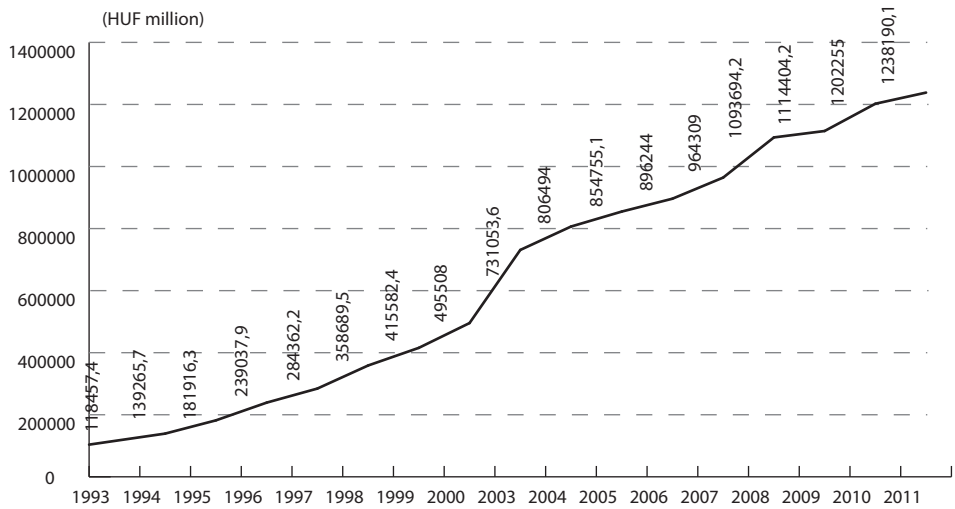
Hungarian nonprofit organisations have nearly 4 million members, which, regardless that one person can be a member of several organisations, is a remarkable achievement in a country of 10 million. In contrast, looking at the volunteers of nonprofit organizations too, statistical data show that less than half a million people carried out such activity, which makes only 5% of the population over 14.

In the entire period here examined, the two most important indexes that reflect the development of the sector are the number of nonprofit organisations and the real value of revenues. The total income of the sector exceeded HUF 1 202 billion⁷ – it grew to ten times as much at current price, as compared to the HUF 118 billion in 1993, and to nearly two and a half times as much as the HUF 496 billion in 2000. Despite this fact, the proportion of the organisations with less than HUF 500 thousand annual income was still 43%. The annual income of the nonprofit sector in 2010 more than HUF 1200 billion, which appears to be a huge sum, but it was actually less than 5% of the GDP (Figure 3).

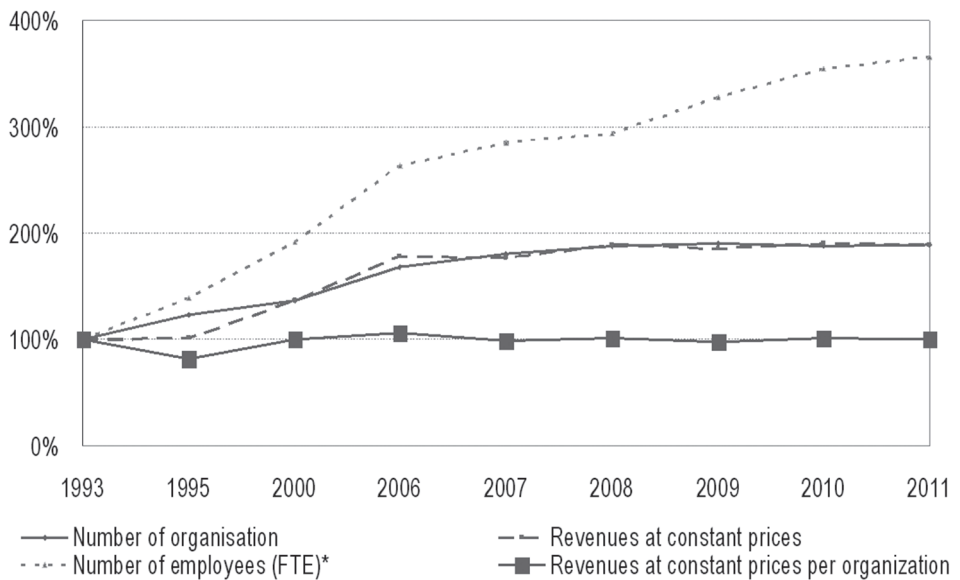
⁵ R. Nagy, I. Sebestény, 'Methodological Practice and Practical Methodology: Fifteen Years in Nonprofit Statistics', *Hungarian Statistical Review*, Vol. 86, Special No. 12 (2008), p. 127.

⁶ Ibid., p. 127.

⁷ App. €4.4 billion.

Figure 3. The revenues of nonprofit organisations, 1993-2011

Source: Hungarian Central Statistical Office, 2013

Figure 4. Development of the nonprofit sector: according to number, revenues and employees, 1989-2011

Source: Hungarian Central Statistical Office, 1993-2013

The two main indicators of the sector's development, the *number of the organisations* and the *real value of the incomes* kept increasing, although showing some fluctuation, from 1993 throughout the whole period; the previous one grew by 88% and the latter by 91% (**Figure 4**).

The two growth paths, however, had different curves. The real value of the revenues slightly decreased in the first years, then started to grow very slowly, from 1997 it began to rise more dynamically, in 2000 it caught up with the previous indicator, and then, until 2008, it exceeded the growth rate in the number of the organisations. In the last two years, the two figures were practically stagnating at the same level.⁸

This positive tendency, however, gains another light if we have a look at *the real income in terms of one organization*. During the nearly twenty years this figure hardly changed. This means that the growth indicated in the number of organisations and the real income did not appear at the unique organisational level, the previous figure actually "eliminated" the latter one: the financial situation of an average organisation was the same in 1993 and in 2010.⁹

Employment, however, grew a lot more consistently and rapidly.¹⁰ The nonprofit sector employed almost twice as many people in 2000 and more than three and a half times as many in 2010 as in 1993.

Employment, however, is typical within only a narrow range of nonprofit organisations. In 2010, merely 16% of them had a paid employee, and, within that, only 11% had a full time employee.

By the end of the decade the number of those working for nonprofit organizations reached 143 thousand. The number of the people employed in full time regular jobs rose over 119 thousand. The performance of the 47 thousand people employed in part time jobs equalled to that of almost 20 thousand full-time workers.¹¹

The low rate of civilian participation and low subjective competence can partly be explained by a tendency, experienced in other Eastern European countries too, which indicates that the altered social and economic environment brings new challenges and demands to its citizens. Besides the sector growth, we also need to consider the role the sector plays in employment. Affected by the transformation crisis and globalisation, the state is continuously withdrawing from the fields of education, healthcare and social policy. Many expected that the empty "space" would be increasingly filled in by a growing non-governmental sector, together with other players (business, entrepreneurs), and thus would dominate the employment and public services. In Western European countries, the size of non-governmental sector is generally large. The rate of labour force it employs is 7.8% on average compared to economically active population. In three countries (Belgium, Ireland, and the Netherlands) this rate exceeds 10%.

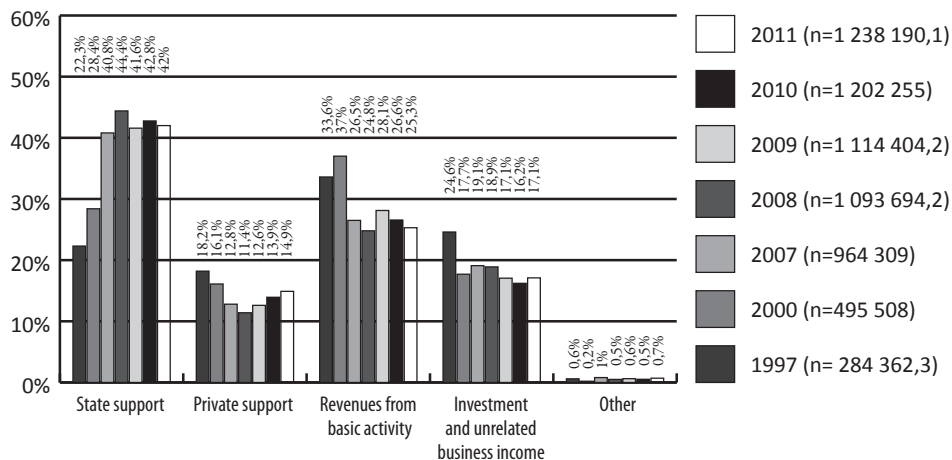
⁸ R. Nagy, I. Sebestény, *Nonprofit szervezetek Magyarországon, 2010*, Budapest 2012.

⁹ L. Kákai, I. Sebestény, 'The Weight of the Nonprofit Sector...', p. 119.

¹⁰ In the comparison, we use the indicator of the number of staff calculated in terms of regular, full-time employees. This is the Hungarian version of *full-time equivalent (FTE)* used in the international literature.

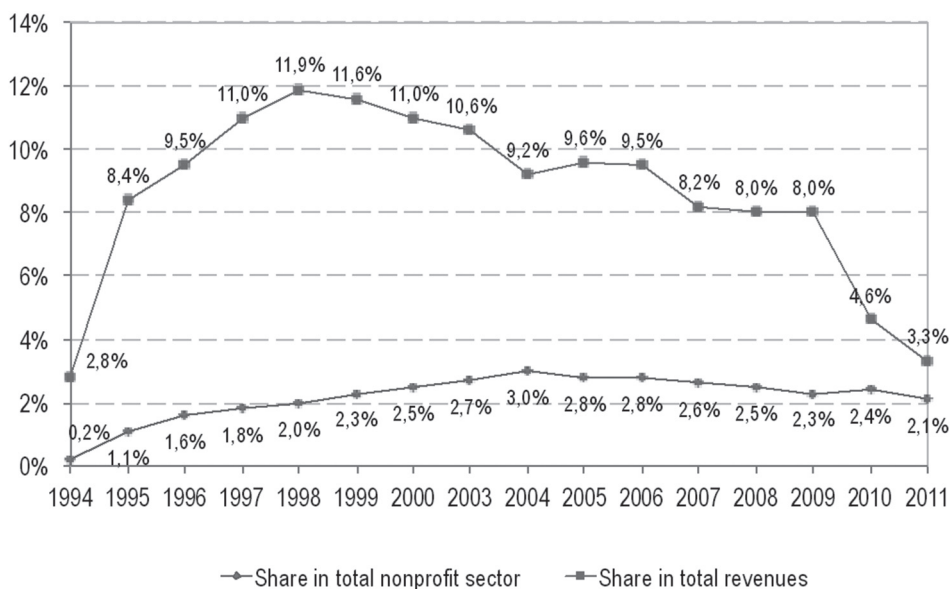
¹¹ L. Kákai, I. Sebestény, 'The Weight of the Nonprofit Sector...', p. 120.

Figure 5. The distributions of the revenues of nonprofit organisations by source 1997-2011



Source: Hungarian Central Statistical Office, 1993-2013

Figure 6. Rate of revenues and sectoral weight of public foundations, 1994- 2011



Source: Hungarian Central Statistical Office, 1994-2013

The tendency of Hungary does not differ much from Central and East European tendencies, since the non-profit sector can employ less than 2% of full time employees and only 5% of the organisations are contracted to carry out public tasks.

The revenue of the nonprofit sector was about HUF 1238 billion¹² in 2011. This sum came from four major sources. In 1993, nearly 55% of the total revenues derived from investment, unrelated business and private donations. By 2011 the form ratio had changed, around 67% of the total income came from revenue from the basic activity and state support.

The state contributes 42% to the nonprofit sector's income, which is relatively low compared to nearly 60% of Western European contribution; however, it is regarded high among former socialist countries. I should remark that perhaps the way of financing itself reveals the inherent distortions of the sector (**Figure 5**).

The income structure, however, considerably changed. In 1993, the bigger part (55%) of the total income was gained from economic activities and private support. By the late 1990s, this rate considerably changed. From that time on, a growing proportion of the sources were made up of incomes gained from basic activities and governmental grants. The previous had grown permanently until 2000, and then came a serious recession, which was followed by stagnation. The rate of governmental support had remained practically unchanged through long years, but began to increase after 2000 and was always above 40% after 2003; this type of contribution reached HUF 514 billion in 2010.¹³

From the mid-90s, partly taking advantage of legal possibilities, the government and the local councils were busy starting public foundations whose actual purpose was to distribute state subsidies among various fields and target groups (e.g. public education, sport, Roma minority, needy university students, etc.), as well as to carry out prominent activities (mainly in research and teaching).

Within a few years' time, these big public foundations and public benefit companies operating mostly nationally or regionally "absorbed" a significant portion of the rather scarce central (state) subventions dedicated for the nonprofit sector.

As shown in the following graph, the income of public benefit companies and public foundations set up by the state and local governments have been dynamically growing at the expense of other organisations. It all happened despite the fact that the proportion of these two types of organisation within the whole NGO sector is basically insignificant (**Figures 6 and 7**).

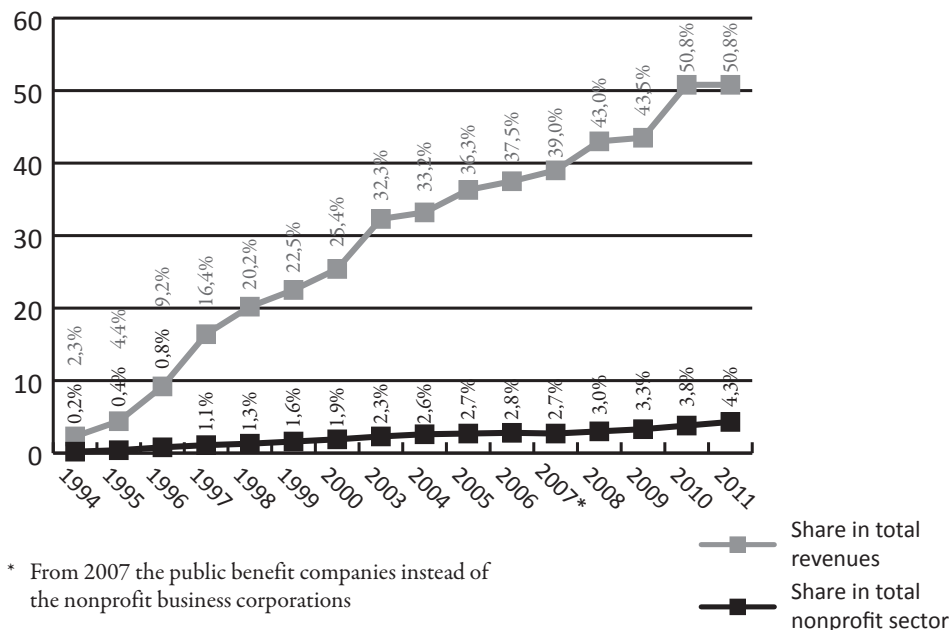
If we look at the distribution of revenues in 2011 only, we can see that public benefit companies and public foundations received more than 54% of the financial support (**Figure 8**).

This process reinforces the tendencies that caused the evolution of a "second" non-profit sphere in Hungary (public foundations and public benefit companies) – which could also be called state or municipal nonprofit – which are essentially not non-governmental organisations and handle not private but rather public assets.

¹² App. €5 billion.

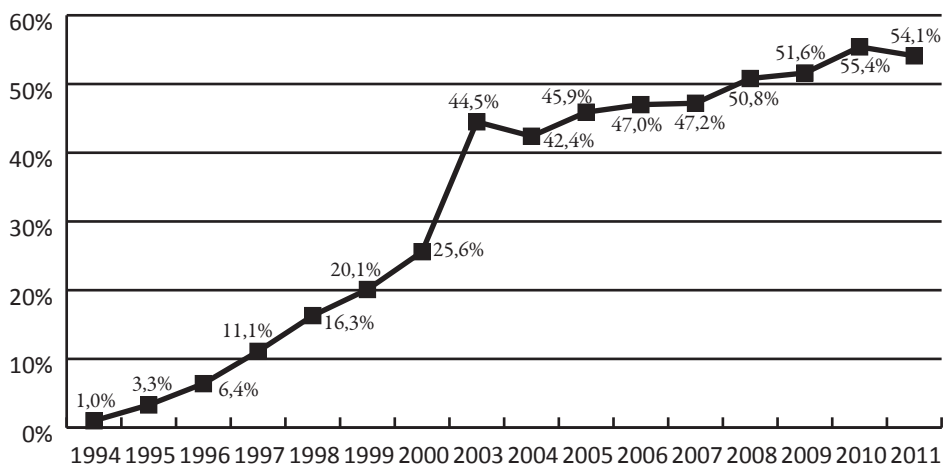
¹³ App. €1.9 billion. (L. Kákai, I. Sebestény, 'The Weight of the Nonprofit Sector...', p. 119.)

Figure 7. Rate of revenues and sectoral weight of public benefit companies (nonprofit business corporations), 1994-2011



Source: Hungarian Central Statistical Office, 1993-2013

Figure 8. Rate of revenues of public foundations and public benefit companies, 1994-2011

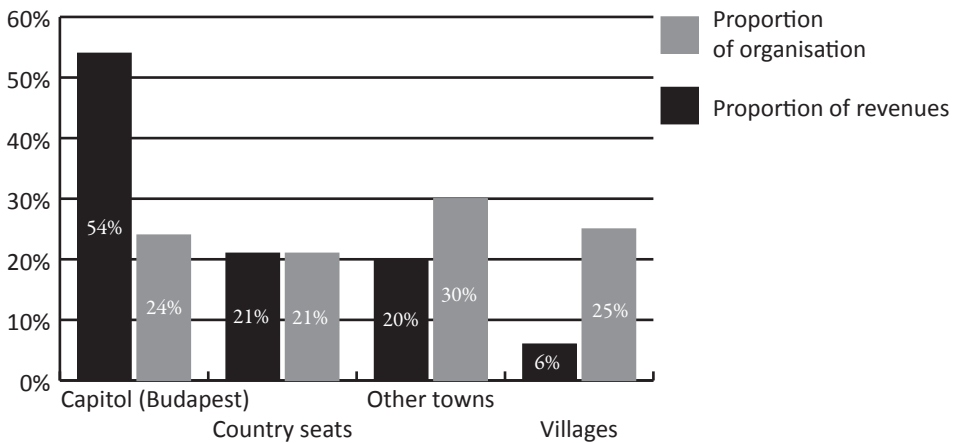


Source: Hungarian Central Statistical Office, 1993-2013

For a number of different accounting, budgetary, taxing and organisational reasons, this type of organisation has become increasingly popular with the state and the local governments as it is basically a disguised way for the state and local governments to finance themselves. This is because tax concessions are in fact savings for the public body assigned with the task and funded from the central budget.

I would like to mention another distorting effect, a so-called regional concentration of resources. Studying the territorial of the revenues of the nonprofit sector, it can be stated that the major part of revenues is still concentrated in Budapest (**Figure 9**).

Figure 9. The division of the total amount of revenues within the nonprofit branch and its organisations by the settlements types, 2011



Source: Hungarian Central Statistical Office, 2013

It means that nearly two-thirds of the income land at certain organisations in the capital, while only less than a third of them are located there. Although its extent decreased somewhat compared to that of 1993, when 28.2% of the non-profit organisations operated in the capital (where one-fourth of the population lives) and 71.1% of the total revenue was channelled there. The same two ratios in the year of 2011 were “only” 24 and 54%, which can be still considered a bit high. This tendency forecasts a regional polarisation between “country and capital”, as well as a polarisation of resources between the “rich and poor”.

All this may result in the **division or “duplication” of the Hungarian non-profit sector**, where, on one side, we find “grassroots organisations” (mostly associations and private foundations). These constitute the majority, but due to scarce resources, they struggle for their daily survival, which depends largely on their leaders’ skills and creativity. On the other side we find a limited number of organisations with substantial resources (public foundations, public benefit companies) which are strongly connected (through contracts and subsidies) with the state and local governments or their institutions.

SOME LOCAL AND REGIONAL ASPECTS OF THE SECTOR

It is a very difficult undertaking to group countries or state establishments based on the extent of their decentralisation or the models they follow to divide power in space. Territorial division by ways of public administration largely depends on the territorial size of states, the size of population, but most importantly, on the political-ideological objectives and conditions of organising and controlling the society, and the way of exercising power. Under different conditions, the national characteristics of a given country play a crucial role in defining the principles (e.g. based on the constitution or unwritten law), which govern the relationship between the categories and levels of public administration. Therefore, before observing the regional setup of NGOs, some remarks have to be made about the relationship between regional and local models of Hungarian public administration and the civil society.

The decentralisation of local governments in Hungary has not relied on strong traditions. Strong centralisation and also the majority of earlier periods of state development characterised the period of state socialism between 1950 and 1990.

In Hungary, the most important decisions are made by national bodies – the parliament and the government – but the so-called devolutionary processes which were seen in other European Unitarian countries¹⁴ have not taken place here since the change of regime, delegating major rights articulated in the constitution to sub-national levels within the Unitarian system. At the same time, the mid-level institutions of regional self-government were gradually built up and gained power (general county assemblies, regional development councils), but they have not reached the level of “regionalism.” Thus, the area of Hungary is divided into three NUTS 1-level parts. NUTS 2 consists of seven regions, NUTS 3 level (the lowest one) corresponds to the counties and Budapest (**Figure 10**).

The reason for this is that both the decentralisation of self-government and regionalism has had no traditions. As regions today have neither organisational, nor other relevant functions, the “setting” of regional problems continues to be the county, defined by hundreds of years of tradition. In the framework of national regional policy, the county is a regional unit exhibiting decades– or centuries-long traditions, regional identity, and administrative powers. Professional and political debates on the county system since 1989 – concerning mostly the public administration role of middle level, and the distribution of tasks and resources between the county and local governments – have resulted in the weakened position of county and the appearance of other regional categories as a decision framework.¹⁵

¹⁴ In reference to that, the territory of state is governed in a uniform and central way, the legislative power of the central government is not divided among the member-state governments. Further classifications are possible within the unitarian state, such as the *classic unitarian* state, *devolutionary* and *regionalised unitarian* states. Examples include the constitutional development of Greece, Portugal and Belgium in the past decade.

¹⁵ An example of this is the rapid extension of regional public administration, as well as the “stealth” expansion of sub-regional and regional development institutions.

Figure 10. Regions of Hungary



As a summary, Hungary's regions are extremely divided, both horizontally and vertically. The large number of municipalities, while horizontal division is due to the separation of four regional levels, i.e., settlement, sub-region, county and region causes vertical division.¹⁶

Centralization had a significant impact on the buildup and strengthening of communities as well.

The size of Hungary's nonprofit sector increased in a relatively short time. The initial period presented an extremely extensive and dynamic picture, although the establishment of organisations cannot be considered even (regarding the different types of settlement and regional aspects). Hungary has nearly 3200 settlements; the average size of population per settlement is 3100, which means that the Hungarian settlement structure is particularly divided.

Table 1. Settlements by size of population in Hungary

Size of population	Village	City	City of county rank	District of capital	Capital	Total
-10 000	2853	149	–	–	–	3002
10 001-50 000	3	116	3	4	–	171
50 001-200 000	–	1	18	19	–	39
200 000-	–	–	–	–	1	1
Total	2856	266	22	23	1	3168

¹⁶ G. Soós, L. Kákai, 'Remarkable Success and Costly Failures. An Evaluation of Subnational Democracy in Hungary' in J. Loughlin, F. Hendricks, A. Lindstrom (eds.), *The Handbook of Subnational Democracy in the European Union*, Oxford 2010, pp. 528-551.

This table (**Table 1**) is also shown in the division of organisations by settlement. 23% of the settlements – all of them are small villages – have no or only one active NGO. Over half of the settlements (55%) have more than 1 but less than 10 NGOs, and only 22% have 10 or more such organizations.

The connection of organisations to the settlements can be analysed in their scope of activity as well. The activity of more than half of all the organizations¹⁷ is connected to a settlement or a smaller area of it. A quarter of them have a regional scope¹⁸ and less than one-sixth operate across the country borders. The data suggest that Hungarian NGOs largely developed locally, although this fact in itself does not exclude the possibility of establishing broader relationships; but, as I will present it in detail in the section of relationship networks, they can rarely be connected with the political and representative processes on a county or regional level.

In 1993, most organisations worked in Budapest. Its high population and the availability of potential resources can perhaps explain the role of Budapest by 2011, it slid back to third in terms of number of organizations. Data shows that Budapest-based organisations were superior in numbers within the sector only until 2000 (**Figure 11**).

Since 2000, urban nonprofit organisations have advanced to be the dominant organisations which define the division of settlements within the sector. The rate of village-based organisations decreased between 1993 and 2011,¹⁹ and has since remained largely unchanged, similarly to county-based organisations. Therefore, it can be concluded that in the past 14 years, nonprofit has *become an urban phenomenon in Hungary*.²⁰ The dominance of rural organisations can also be attributed to the increasing effects of suburbanisation in the past decade, which, at least in the number of organizations, diminished the “fault line” between capital and countryside in the 1990s.²¹

The rate of nonprofit organizations per thousand residents indicates the regional division of organisational density, or in other words, non-governmental activity. In 1996, there were 4,5 organisations per thousand residents on average, in 2006 there were 5,8, while in 2011 there were 6,6 organisations, showing that organisational density rose in every county in the past ten years.²² While growth could be observed in every county, there was above-average growth during the 10-year period in Tolna, Békés, Vas, Csongrád, and Zala counties. The lowest growth was seen in Jász-Nagykun-Szolnok, Komárom-Esztergom, Baranya, Somogy and Bács-Kiskun counties.

A regional analysis of the number of NGOs per thousand residents shows that the central region is followed by South Transdanubia as first, and the North Great Plain as last (**Figure 12**).

¹⁷ The lowest rate is in the capital and in the county seats; the highest rate is in villages.

¹⁸ 70% of regional organisations are active in cities and county seats.

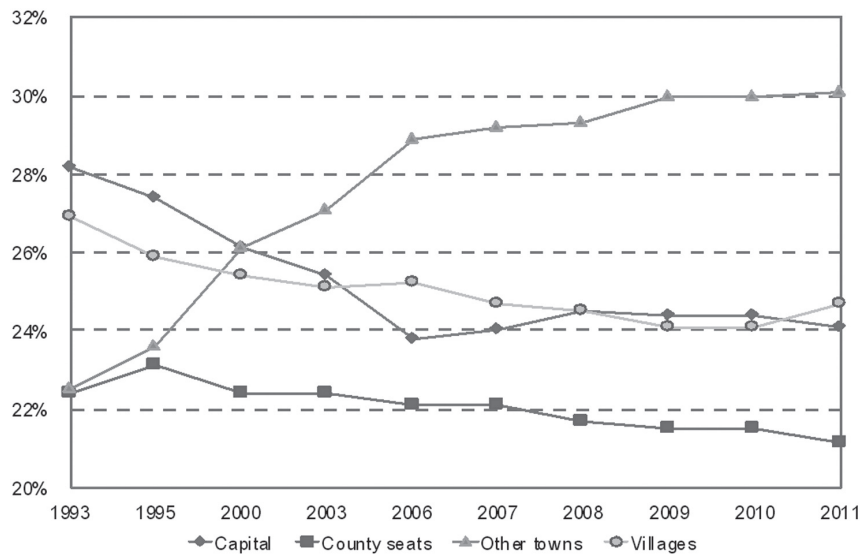
¹⁹ Between 2006-2011, another major decrease occurred in this municipal category.

²⁰ A. M. Bartal, *Nonprofit elméletek...*, p. 248.

²¹ L. Kákai, *Kik is vagyunk mi?...*, p. 62.

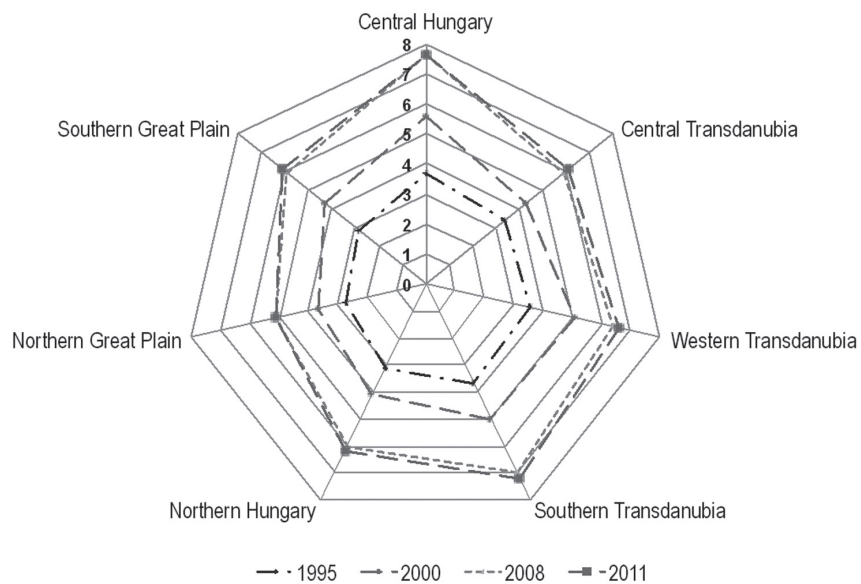
²² However, the data have to be treated carefully as growth was accompanied by a 2.5% reduction in the size of population.

Figure 11. Division of nonprofit organisations by settlement type, 1993-2011



Source: Hungarian Central Statistical Office, 1993-2013

Figure 12. Number of nonprofit organisations per thousand residents by region, 1995-2011



Source: Hungarian Central Statistical Office, 1993-2013

During the past ten years, regional inequalities, although slightly, have increased (and fluctuated in time). The difference between the highest (Central Hungary) and lowest (North Great Plain) regional indicators of nonprofit organisations per 10 thousand residents was 21 in 1996, which sank to 19 in 2000 but increased again to 22 in 2006.

Overall, the changing number of NGOs displays **regional and local differences** but they **do not adapt to centrally “defined” regional boundaries**. Whereas along with Budapest and Pest county, Veszprém, Zala, Vas, Somogy, Heves counties have the highest (5 on average) number of nonprofit organisations per thousand residents, the eastern regions of the country regularly have a lower number (4 on average).

The large number of Budapest-based NGOs may be due to that the capital “drains” nonprofit organisations away from the neighbouring counties (Fejér, Pest). A comparison of the years 1997-1999 reveals that while there used to be a strip across Nógrád, Heves, Szolnok, Csongrád counties comprising relatively many organisations in 1997, it fell apart by 1999. The period since the millennium shows a much more “mixed” picture when comparing counties and regions;²³ however, the growth in the number of organisations did not lead towards the convergence of regions, but rather conserved the advantages and disadvantages already observed.

The data related to the regional location of nonprofit organisations and the size of population generally suggest that nonprofit organisations are much more concentrated in the capital and the Transdanubian counties than in the Great Plain and the north. This can probably be explained by the earlier historical, cultural traditions and the current level of economic development of the given region, the needs of the unsatisfied population and the co-operation of local governments and other institutions with nonprofit organisations.

REGIONAL ECONOMIC POTENTIAL AND THE NON-PROFIT SECTOR

Economists have been seeking an answer to the following question for a very long time: why can a country be successful, or rather what the chances of a country are for catching up with the rest of the world? Edmund S. Phelps, a Nobel Prize winner, tried to answer the question of how much cultural variables affect the growth of productivity, economic activity and employment.²⁴ He refers to the survey published in 2006 (World Values Survey) in which he divides cultural factors into two groups: individual and public cultural values. Individual values are civil and political freedom, the support of the participation of the individual in public decisions (elections) and its frequency, tolerance of verbally non-conformist behaviour, the freedom of self-determination and

²³ With some structural rearrangement (i.e. *mutatis mutandis*).

²⁴ E. S. Phelps, ‘Economic Culture and Economic Performance: What Light Is Shed on the Continent’s Problem?’ in E. S. Phelps, H.-W. Sinn (eds.), *Perspectives on the Performance of the Continental Economies*, Cambridge (Mass.), 2011, *CEInfo Seminar Series*, at <<http://dx.doi.org/10.7551/mitpress/9780262015318.003.0015>>.

the expression of trust toward other people. Public factors consist of religion, emphasis on national feelings, the strength of authority and obedience as well as family traditions. The results of the survey show the existence of homogeneous country-groups such as protestant Europe, where both the individual and public cultural values represent great opportunities for choice, Confucianist Far East, Anglo-Saxon and Latin world. A surprising result of the survey is that there are some “odd-ones-out” in some cultural groups regarding geographical locations. For example, Hungary does not show qualities which characterise the western ex-communist Visegrad Group or the Baltic Group but it is closer to the Eastern and the Balkan²⁵ ex-communist nations. Maybe I was inspired by this in my analysis of the influence of the economic environment on the number and the situation of civil organizations regarding the interaction between economic parameters and nonprofit organisations.

Apart from considerable amount research on the sector, there were very few surveys made about the relation between the nonprofit organisations and certain economic indicators, and, in the light of these relations, about the impacts of the economic crisis on the sector. How did the economic position presented above and the lack of resources typical of most of the organisations result from the narrow resources and the withdrawal of finances attending the crisis, and to what extent were the organizations able to counterbalance these factors? Did the crisis shake unstable economic basis of the sector?

ECONOMIC AND REGIONAL POTENTIALS OF THE SECTOR BEFORE THE CRISIS

Janos Rechnitzer started an interesting experiment by which he wanted to discover the way in which certain economic indicators influence the geographical localisation and the activity of nonprofit organisations. In this survey, the indicators were applied as follows (Table 2).²⁶

Table 2. Variables used in the analysis

Name of variable	Content of variable
Economic income potentials	Regional income per capita (HUF thousand/capita)
Foreign capital attraction	Foreign investment per capita (HUF thousand/capita)
Employment level	Active earners per 100 capita (%)
Entrepreneurial activity	Number of enterprises with or without legal personality per 100 capita (organization/100 capita)
Income potentials of population	Personal income tax per capita (HUF/capita)

²⁵ For example: Romania, Bulgaria, Montenegro, Albania, Moldova, Serbia, Latvia and Ukraine etc.

²⁶ The author strove to choose uniform dates concerning the variables and figures used in the analysis, and as the data were available only after long delay, the analysed data are from 1996.

Name of variable	Content of variable
Higher grade qualification	Rate of persons with completed higher-grade (college, university) qualification per 100 capita (%)
Nonprofit activity	Number of nonprofit organizations per 1000 capita (organization/1000)
Inclination to donate	Tax payers offering 1% of PIT in terms of total number of tax payers (%)
Potential to donate	Amount of offered PIT in terms of one tax payer (HUF/tax payers)

In the data here analysed, the closeness of the relations between the certain dimensions was studied especially in terms of the evolution of the three variables that are most typical of the nonprofit sector (nonprofit activity, inclination to donate and the potential to donate).

Relying on the above variables, János Rechnitzer formed various groups from the regional units of the country, and his main conclusion was that the country is stratified and has a strongly echeloned structure in terms of the regional economic potentials, the activity of the nonprofit organisations and the support obtained by them. Consequently, the country can be divided into the following groups of regions.²⁷

The *first*, one-member group consists of Budapest. The capital showed outstanding values concerning each compacted variable, and so it is incomparable to the other groups.

The *second* group included the two counties in Western Transdanubia, Győr-Moson-Sopron and Vas. In these counties, the willingness to donate is a lot higher than it is in the other groups, however, nonprofit activity and the potential to donate does not reach this level, although they are still higher than in the rest of the groups.

The *third* group is Central Transdanubia²⁸ where nonprofit activity is high, higher than it is in the previous group, but the economic position is worse, and this goes hand in hand with the lower values of potential and willingness to donate.

The fourth group²⁹ is primarily separated from the fifth group which consists of the counties in Eastern and East-Northern Hungary, not by the indicators of nonprofit activity or the willingness to donate. We could rather say that in the middle part of the country the activity of the nonprofit organisations, and so the donation activeness of the population is weak, but the economic potentials are stronger than those in the Eastern region.

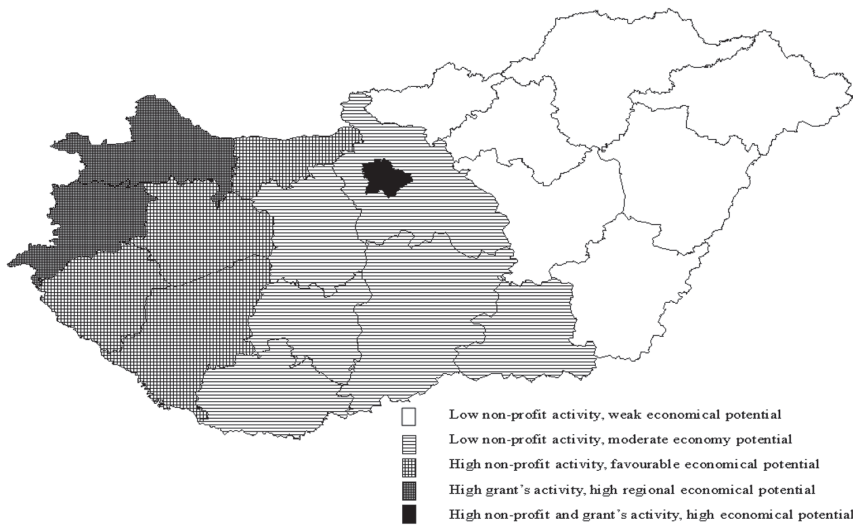
In the *fifth* group, the unfavourable economic potentials are one of the reasons for the low level of nonprofit activity and donation, and for the regional group organisation.

²⁷ J. Rechnitzer, 'Nonprofit szervezetek területi szerkezete' in S. Kurtán, P. Sándor, L. Vass (eds.), *Magyarország évtizedkönyve, 1988-1998. A rendszerváltás*, Budapest 1998, pp. 539-553.

²⁸ The author calls it a "transitional" region.

²⁹ Which includes the counties situated in the middle of the country, along the river Danube and Csongrád County.

Figure 13. Regional structure of the relation between nonprofit features and economic potential, 1996



I were also keen to know whether the stratified and echeloned structure described above changed during the ten years, and if did so, what the extension of this change was.³⁰

According to the data, the *stratified structure did change to some extent* during the ten years. The former groups no. 1, 2 and 3 came closer to each other. According to the data of 2006, the *country showed a picture of triple division* in terms of the number of civil organisations and the economic indicators. The Eastern part of the country possessed uniformly low civil activity and was attended by weak economic potentials.

Among the Eastern counties, Csongrád was the only exception where nonprofit activity was relatively high, and the economic conditions were better than the average. This combination was only present in the capital and the Western counties. There were several reasons of that: first, in the last ten years, the growth in the income within the civil sector exceeded 10% in the Southern part of the Great Plains of Hungary and within that Csongrád; second, the number of the nonprofit organisations by 1000 persons, too, rose above the national average. As far as domestic migration is concerned, the only county with a positive balance in the region (Bács-Kiskun, Békés and Csongrád counties) was Csongrád: the domestic migration difference in terms of one thousand inhabitants indicated positive (0-2.9) data, and the impacts of the crises did not affect this trend, either.

³⁰ Concerning the variables used in the analysis, for the sake of comparability, we also chose a common date; the data are from 2006, and so the developments of a 10 years' period can be followed. We complemented the analysis by comparing these data to the figures of 2000, as well. First, we studied the relations between the certain social and economic indicators and the organisational number by doing correlation analysis, and then – in order to select the possible indirect impacts – by doing path model analysis based on regression analysis.

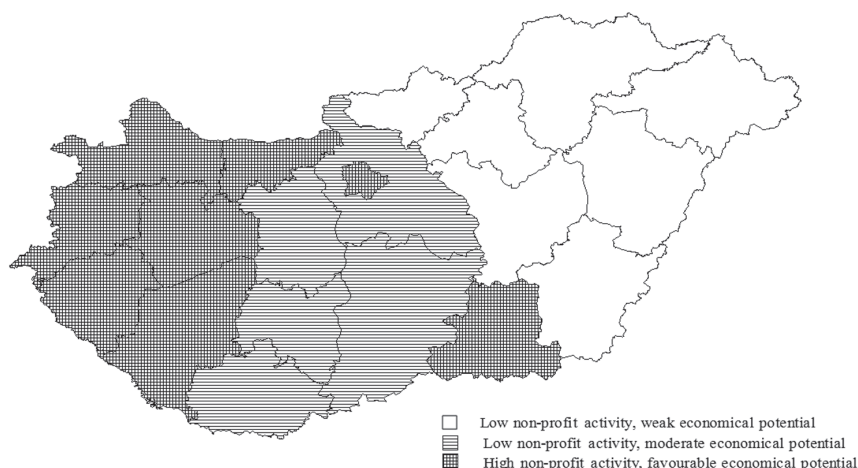
The transition between the two groups of extreme features was provided by the counties lying in the middle part of the country. In this region, the level of nonprofit activity was low and was accompanied by a moderate level of economic potentials equaling about the national average.

Therefore, if we consider both indicators, the national average was made up of very good and very bad regions of about the same number which were completed by an average regional category of approximately the same size.

The situation of group no. 4 practically did not change, except for the very important difference that Csongrád County “joined” the more developed regions of the country.

Finally, group no. 5, although its nominal values improved, was unable to catch up with the other groups, and no equation between the regions took place.³¹

Figure 14. Regional structure of the relation between nonprofit features and economic potential, 2006



The same regional differences are shown by the location of businesses.³² Before going into details, it should be mentioned that in 1989, the year prior to the change of regime, nearly 360 thousand businesses were registered in Hungary, of which 89% were individual enterprises. In 2000 the number of businesses exceeded 1 million, of which the rate of individual enterprises decreased to 62%. The latest study reveals that in 2008, the number of businesses was over one and a half million, 64% of which were individual enterprises.

Companies registered in Budapest are about twice as much overrepresented among the Hungarian businesses compared to the population size of the capital. As to indi-

³¹ L. Kákai, ‘Civil szervezetek regionális összefüggései’, *Civil Szemle*, Vol. 6, No. 1-2 (2009), pp. 132-146.

³² Such businesses were involved in the study that filed tax declaration in the given year to the corresponding tax authority.

cators of business intensity, the figure for businesses per thousand residents in 1995 was three times bigger than the national average; Budapest was leading the enterprising boom. In the following years – slowly and not in every region – the convergence process prevailed.

Whereas the number of businesses grew by 58% in the capital, it was 15% in Pest County, about 5% in West and Central Transdanubia and in Northern Hungary, and 65% in the North Great Plain. Convergence failed to materialise in South Transdanubia and Southern Hungary, regions considered backward, with about 45% growth, which only increased their lagging behind the average.

In 2006 in Hungary, there were 25.800 businesses with foreign interest, most of which (68% of all) were located in Central Hungary, the least (2.5%) in Northern Hungary. In 2006, the number of businesses with foreign interest decreased by 1% on national level compared to the previous year, and with significant regional differences. The only region that grew was Central Hungary (by 2.6%), the rest fell back. Especially Northern Hungary (by 7.3%) and the North Great Plain (by 35.8%) were standing out. The presented data suggest that in terms of number of businesses, the level of foreign investment is the lowest in Northern Hungary; in terms of all other indicators (sales income, own capital, foreign investment within own capital), it is South Transdanubia.

Comparing civil penetration to the economic figures of Hungary in 2000, the *indicators connected to personal tax payers* (number of tax payers, amount of tax base, amount of tax paid) *proved to be factors of considerable importance*. The *amount of GDP per capita and foreign direct investment possessed influence of medium strength*. The *indicators reflecting the general situation of the enterprises* (number of enterprises with or without legal personality) were *only of weak effect*.

After all, I can state that *in 2000 the civil sector mostly depended* – beside the governmental supports and entrepreneurial earnings – *on the citizens' "conditions"*, or in other words, the positions of the organisations were most influenced by the intensity of the citizens' contribution to their activities or financing. It is also important to remark that *the impact of the economic sector began to be considerable*, however, it did not arrive from the direction of domestic enterprises, but from foreign and multinational companies. There may be two factors hiding in the background. On the one hand, at this time CSR (Corporate Social Responsibility) activities that started in our country later, had already spread to other countries.³³ CSR is based on the concept of sustainable development, on the vision that today's economy and life must be organized in a way that allows future generations to have conditions and experiences similar to ours.³⁴ This approach includes the environmental, social and economic (altogether: social) aspects of

³³ By this term we mean that a company operates in a way that – through internal regulations and practical solutions – it reaches or transcends the ethical, legal, trade and public requirements the society lays for the business sector.

³⁴ Council for the European Commission, *National Sustainable Development Strategies in the European Union. A First Analysis by the European Commission*, 2004; É. Kuti, *Az önzés iskolája? Vállalati mecenatúra – CSR környezetben*, Budapest 2010.

development. Instead of focusing on the quantitative advance, it focuses on qualitative improvement.

Thus, CSR is not only a fashion wave in relation to which some publications, standards or interesting researches have been released. It is more than that, it includes basic principles and methods that companies and other stakeholders are urged to utilise. Today, foreign companies all over the world pay attention to CSR, i.e. to spending a part of the produced capital on objectives of social benefit. One of the most frequent forms of this is the support of the civil sector. The multinational companies, of course, introduced this practice in their Hungarian subsidiaries, as well; this is the reason why in 2000 the situation of the civil organisations was more influenced by foreign companies than by Hungarian ones. On the other hand, we must not disregard the fact that these big companies possessed much stronger economic positions than the Hungarian firms, so it was easier for them to spend financial resources on support.

Moreover, the regional distribution of the civil organisations supports these statements. *The number of the organisations per 10 thousand capita is higher in the regions (mainly in the Western part of the country, e.g. Middle-Transdanubia, Middle-Hungary and the capital) where the population's income exceeds the average, and where many foreign companies are located.*

In the middle of the first decade of the new millennium, important changes took place in the Hungarian society which affected the conditions of the civil organisations as well. A great modification in the correlation between the economic conditions and the position of the civil organisations could be observed in 2006. The population-related variables kept strongly influencing the situation of the organisations, while the impact exerted by foreign and domestic companies reached about the same level. Thus, by 2006 all, of the non-governmental stakeholders had lined up behind the nonprofit organisations, the sector could count on considerable support from both the citizens and the domestic and international companies.³⁵

It is worth to examine the position these above-mentioned resources take up in the income structure of civil organizations, on a national and regional scale.

If I compare the proportion of support made by citizens and different companies as part of the whole income, we can see that while the proportion of income coming from civil resources is the same, the proportion of company resources has changed considerably (Figure 15).

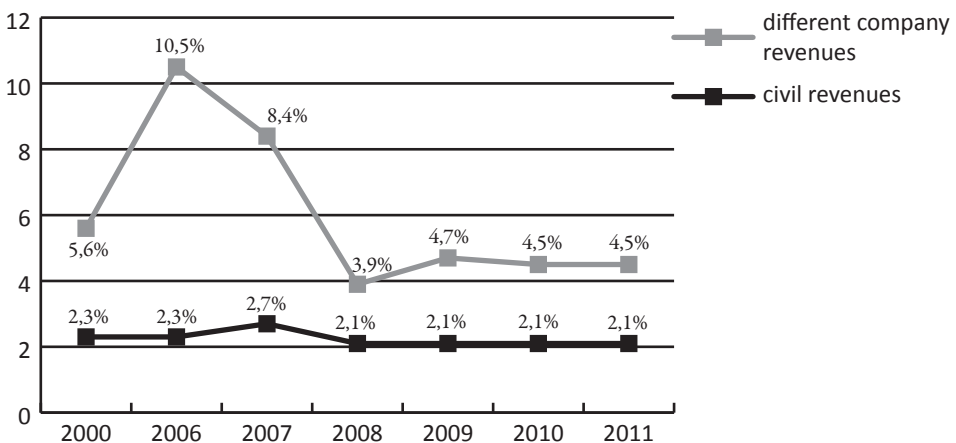
At the same time, the picture is a good indication of the fact that that while the citizens' income increased with by a few measures between 2006-2007, (although it has already decreased with 0.6% in 2008 by the economic crisis), on the other hand the business incomings decreased significantly with nearly 7% between 2006-2008.

The decrease can explain the fact that the first symptoms of the economic crisis were already seen in the data of 2007. Economists agree that the first ef-

³⁵ L. Kákai, *Kik is vagyunk mi?...*

fects appeared in 2007. Probably this means that the first effects were felt by the Hungarian enterprise sector, although this period was not regarded as a crisis, and it started to rationalise its expenses. This rationalisation probably started with the cutting down of those expenses which were not essential parts of the operation of a company, e.g. the support of civil organisations. This scenario seems likely because the pattern of changes does not look homogenous, i.e. it does not mean that companies in a general sense spent less on the support of civil organisations, but it means that companies of particular regions or those of a particular sector spent less on this purpose.

Figure 15. The proportion of the civil and company incomes in the whole income of organisations (2000, 2006-2011)



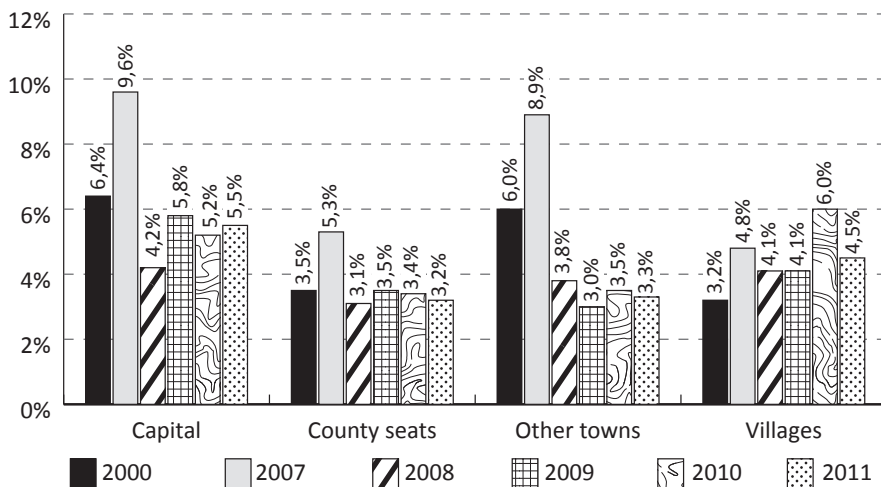
Source: Kakai, 2011

If I want to examine the sources of business income according to settlement structure, the next picture looks good (**Figure 16**). Although it makes an influence practically in every settlement type, but the major decline is in the most frequent capital from the economic point of view, and it is striking in other some cities, where the business income rate dropped to one third compared to the 2006 year data.

If I examine the regional level, we will find the same trends. The proportion of income from civil sources between 2000 and 2006 remained the same in almost all regions. The only exception to this is the region of Northern Hungary, where the quota from this source dropped from 3.1% to 2.4%.

The proportion of enterprise income from different sources, however, increased significantly in almost all regions except for the region of Central Transdanubia and the region of the Northern Great (Hungarian) Plain. The quota of income coming from enterprises remained unchanged in these areas.

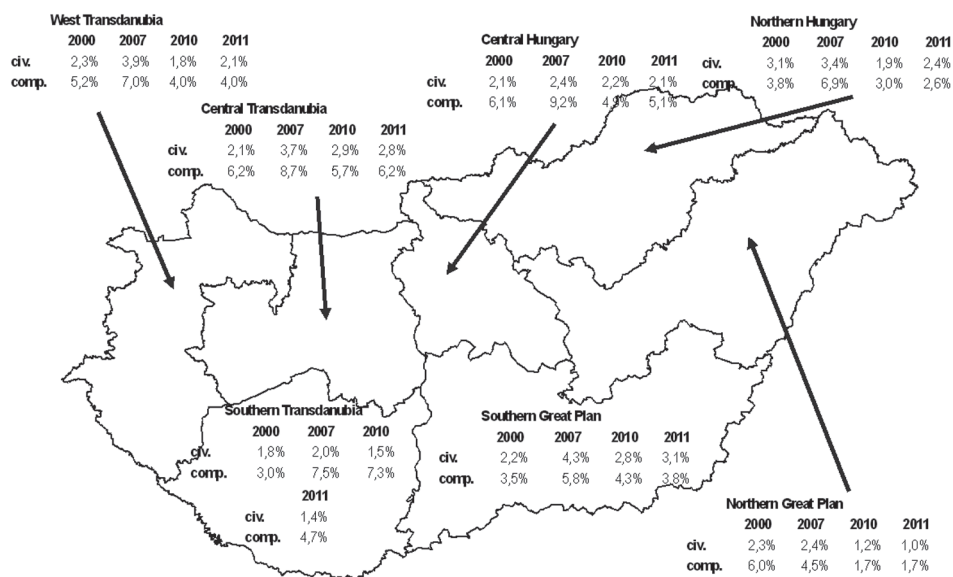
Figure 16. The proportion of the company revenues in the whole revenues of organisation (2000, 2007, 2008*, 2009, 2010, 2011)



* On the basis of the Hungarian Central Statistical Office's sampling of 2008 year by estimated values

Source: Kakai, 2009

Figure 17. The proportion of the civil and company incomes in the whole income of organisations by regions (2000, 2007, 2010, 2011)



The quota of income the source of which were different companies was considerably higher in 2000 in the Central Region and in the region of Central Transdanubia than the national average. By 2006, this changed a bit, the region of Central Transdanubia showed only average results, while in the region of the Southern Great (Hungarian) Plain they were above the average (**Figure 17**).

The quota of income from companies, especially in the region of West Pannonia and in the region of the Southern Great Plain decreased in 2007, and this can be interpreted as a symptom of the economic crisis. It has been partly confirmed by analyses conducted since the beginning of the economic crisis according to which the greatest economic decline was observed in the regions that were prospering economically.

ECONOMIC AND REGIONAL POTENTIAL OF THE SECTOR AFTER THE CRISIS

The impact of the economic crisis on Hungary on 2008 and then in 2010 had considerably changed the triple structure described above, and by this time, as far as the relation between economic potential and civil activity is concerned, there were six different groups existing. *The geographical situation of the new groups broke the former West-Middle-East division.*

It was still only the capital that could be characterised by high-level nonprofit activity and favourable economic conditions. Civil presence was moderate and the economic position was favourable in Fejér, Komárom-Esztergom and Győr-Moson-Sopron counties. Exactly the opposite thing (moderate economic conditions and high nonprofit activity) could be observed in Veszprém county.

The largest group consisted of those counties where both civil activity and the economic potentials remained at a low level. These included Pest, Vas, Zala, Baranya, Tolna, Heves, Hajdú, Bács-Kiskun and Csongrád counties (**Table 3**).

Somogy, Borsod-Abaúj-Zemplén, Nógrád, Jász-Nagykun-Szolnok and Békés counties faced weak economic conditions and a moderate level of civic power. In Szabolcs-Szatmár-Bereg county both the economic situation and the nonprofit activity was very poor.

In most of the counties, no substantial change took place in the economic position (in terms of the national conditions) between 2006 and 2010, the counties remained in the same category. The only county making a negative shift was Fejér. Positive changes happened in Borsod-Abaúj-Zemplén, Szabolcs-Szatmár-Bereg and Somogy.

More significant changes occurred in the field of nonprofit activity. In 2008, civic presence improved in seven counties. These³⁶ were all the counties in which the level of activity was low two years earlier. Six counties³⁷ faced an opposite process: the former high level of activity decreased. This recession was accompanied by the worsening of the economic conditions in Csongrád, Somogy, Vas and Zala counties (**Table 3**).

³⁶ Bács-Kiskun, Baranya, Békés, Fejér, Jász-Nagykun-Szolnok, Pest and Tolna.

³⁷ Csongrád, Győr-Moson-Sopron, Komárom-Esztergom, Somogy, Vas and Zala.

Table 3. Change in nonprofit activity and economic potential between 2008 and 2010

County	2008		2010	
	Nonprofit activity	Economic potential	Nonprofit activity	Economic potential
Bács-Kiskun	moderate	moderate	moderate	moderate
Baranya	moderate	moderate	moderate	moderate
Békés	moderate	weak	moderate	weak
Borsod-Abaúj-Zemplén	moderate	weak	moderate	moderate
Budapest	high	favourable	high	favourable
Csongrád	moderate	moderate	moderate	moderate
Fejér	moderate	favourable	moderate	moderate
Győr-Moson-Sopron	moderate	favourable	moderate	favourable
Hajdú-Bihar	moderate	moderate	moderate	moderate
Heves	moderate	moderate	moderate	moderate
Jász-Nagykun-Szolnok	moderate	weak	moderate	weak
Komárom-Esztergom	moderate	favourable	moderate	weak
Nógrád	moderate	weak	moderate	weak
Pest	moderate	moderate	moderate	moderate
Somogy	moderate	weak	moderate	moderate
Szabolcs-Szatmár-Bereg	low	weak	moderate	moderate
Tolna	moderate	moderate	moderate	moderate
Vas	moderate	moderate	moderate	moderate
Veszprém	high	moderate	moderate	moderate
Zala	moderate	moderate	moderate	moderate

Thus, in most of the counties with low civil activity in 2006, a considerable non-profit expansion took place mainly amongst unchanged economic conditions.

In the same period, in many counties possessing a strong civil segment, the level of civic activity declined, the reason for which was – probably due to the impacts of the economic crisis – the decay in the economic environment of the civil organisations. However, there were two counties where nonprofit activity decreased while the economic potential remained at the same level.³⁸

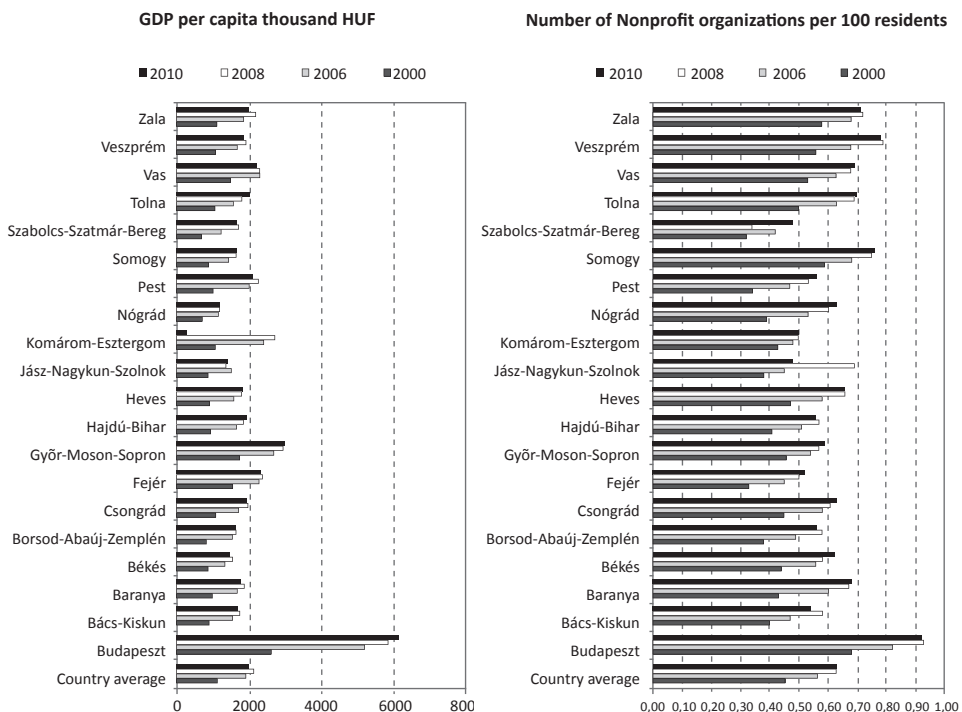
To explain the cases of the counties showing a declining civic activity as a result of the decaying economic environment, I cannot draw one possible universal reason, on the basis of the data I cannot precisely tell which factor of the economy elicited this impact. As far as the framework of interpretation is concerned, I primarily thought of

³⁸ Győr-Moson-Sopron and Komárom-Esztergom counties.

the revival of the “classical” civil world where the most important figures, the financiers of the civil society are the citizens themselves. The citizens react to the world by embracing them through getting self-organised in order to achieve smaller or bigger community objectives. It is common knowledge in sociology that during crises the inner cohesion of the groups becomes stronger. This may be the reason why nonprofit activity strengthened in the less-developed regions between 2006 and 2008 while the economic potentials remained at the same level in most places. The revival of the “classical” civil view, however, is not only needed in the less-developed regions, but in the stronger Western counties as well, where the economic conditions declined considerably already in the first year of the crisis. As I see it, the withering of the formerly blooming nonprofit world started in these counties, as well.

This is supported by the data on the economy of the civil organisations: the share of the company supports in the budget of the organisations dropped to nearly one third between 2006 and 2008, and actually stagnated at the same low level in 2009. Meanwhile, the resources gained from the public remained at an unchanged level (Figure 18).

Figure 18. Relation between the change in the GDP and the nonprofit activity (2000-2010)



Source: Hungarian Central Statistical Office, 1993-2013

In the early 2000s, in the period of economic boom, the GDP per capita increased. Between 2000 and 2008, in each of the three examined years (2000, 2006 and 2008),

the value of the gross domestic product showed a growing tendency. By 2010, basically as a result of the world economic crisis, the value of this indicator fell to a much lower level.

At the same time, the figure reflecting nonprofit activity rose until 2008. In the years of economic expansion, the civil sector flourished as well, manifesting considerable growth in the period. From 2008 to 2010, this indicator did not follow the tendency in the GDP. Between these two years, the number of the nonprofit organisations per 10 thousand citizens practically stagnated.

This is partly supported by the economic analyses made after the outburst of the economic crisis, according to which the winners of the boom suffered from the biggest economic recession. During the last 10-15 years, the export-oriented processing industry firms established in the North-Western part of Transdanubia and their contractors in 2009 were forced to retain their production, dismiss parts of their staff, or even terminate their operation. At the same time, the underdeveloped outer peripheries by the Northeastern and Southern borders and the disadvantaged regions of the Great Plains and Southern Transdanubia, lacking big cities, as well, seemed to have escaped.³⁹ Basically, the data support the results of the economic geographical research which shows that the development of the domestic regions was periodic and, in terms of its pace, was continuously moving between wide extreme values. The essence of the process is that the regions exceeding the average in development (Middle-Hungary, Middle-Transdanubia and Western Transdanubia) had been developing faster than the average, while the regions below the average level of development (Southern Transdanubia and Southern Great Plains) had shown improvement. However, the pace of this considerably lagged behind the average.⁴⁰ The development of Northern Hungary and the Northern Great Plains had more or less met the national trends.⁴¹ This trend changed, to the detriment of the developed regions, by the economic crisis.⁴² All this suggests that the crisis finally acts in the direction of the decrease in the regional inequalities of development, which is in itself desirable, but this unfortunately takes place by the degradation of the more developed regions, and not the catching up of the less developed areas. The only relation where the further growth and sharpening of the differences is expected is the capital-countryside relation.⁴³

What may be the reason of this phenomenon is that the social sector, the financing of which is very much dependent of the financial situation of the state and the economic organisations, reacts to the changes happening in the economy so inflexibly?

³⁹ Since they had had no considerable industrial production capacities.

⁴⁰ Központi Statisztikai Hivatal, nyilvántartási szám: J/7503, *Magyarország 2011*, Budapest 2012, p. 86.

⁴¹ Z. Pitti, 'Gazdasági folyamatok nagyban és kicsiben' in F. Gazsó, L. Laki, Z. Pitti, *Társadalmi zárványok. A területi különbségek mérséklődése, avagy a dinamikus szinttartás*, Budapest 2008, pp. 33-79.

⁴² By 2010, despite the economic crisis, the gap between Middle-Hungary (as the most developed region) and Northern-Hungary, the least-developed region, deepened further as compared to 2007: the difference between the two regions in 2010 was 2.8 times as much, (Központi Statisztikai Hivatal, nyilvántartási szám: J/7503, *Magyarország 2011*, p. 86.)

⁴³ H. Lőcsei, *A gazdasági válság földrajza*, MKIK GVI, Budapest 2009.

The reason probably lies in the operational method of the civil organisations. Most of these organizations are small, with minimal costs of operation, so the reduction of the resources makes their operation more difficult, but does not make it impossible. And the bigger organisations with higher budgets probably find the possibilities to access resources amongst the more difficult economic conditions, as well.

In addition, when evaluating this indicator, I must also consider the fact that, in case of “bankruptcy”, the nonprofit organisations are not legally liquidated, unlike the economic corporations. Their legal existence is not affected by the fact that they have no money to reach their goals, so they keep existing statistically, although they do not operate. And the representatives of the concerned organisations (due to the lack of legal regulations and even more, the lack of sanctions) do not usually follow the legal paths of liquidation, they simply stop their everyday operation.

Owing to all this, during the years of the crisis no clear patterns, similar to those found in the 1990s or the middle of 2000s, between nonprofit activity and economic development showed.⁴⁴

Due to the “faulty operation” of the nonprofit activity indicator, I cannot say that in the “poorer” counties the activity declined, and I cannot say that it grew or stagnated in the “richer” counties. Between 2008 and 2010, it remained unchanged in Komárom-Esztergom County, which suffered great losses in its GDP, while in Budapest, which had a growing tendency in GDP, the volume of civil organizations slightly decreased.

All this does not mean that there is absolutely no sense in comparing these two indicators, and from now on it is not possible to conduct valid research of this system of relations. It only means that in order to understand the connections between the economic and the civil sector, I need more indicators and multi-variable analysis models, and that from searching for big, general tendencies I must move towards more complex, meso- or micro-level analyses.

SUMMARY

To sum up, the legal and economic regulations have created a wide institutional framework and favourable (though not ideal) conditions for the development of civil initiatives and non-profit service provision since 1989.⁴⁵ Due to all these reasons and circumstances, if I had to describe the Hungarian nonprofit sector in a single sentence, I would say that its number and membership may be significant, though it is particularly weak in terms of resources and its role to accumulate social capital and to get involved in national and local political decision support and articulation of interests.

⁴⁴ L. Kákai, ‘Civil szervezetek regionális...’; idem, *Kik is vagyunk mi?...*; idem, ‘A civil szektor a gazdasági válság után’, *Civil Szemle*, Vol. 8, No. 1-2 (2011), pp. 5-19.

⁴⁵ É. Kuti, *Civil Európa – civil Magyarország*, Budapest 2008, p. 15.

To sum up, I could say that the lack, the weakness and the decline of bourgeois and civilian traditions is the inheritance in Europe that makes positions of etatism easier after 20 years.

The pictures I get of the structure and development of the nonprofit sector considerably differ depending on which indicator; the organisational number or the economic power I use to examine them. To sum up, when I look at the developments and changes in the examined period of almost two decades, I can undoubtedly state that the weight of the nonprofit sector considerably increased both in absolute terms and within the framework of the national economy. At the same time, due to the heterogeneous composition of the sector, within the organisational heaps of very much differing nature, this process gained diverse emphasises, and the shift experienced and measured by certain dimensions were not only of differing dynamics, but in some cases of opposing directions, as well. Although I have no figures to prove our conclusion, the tendencies described above and other – not only empirical – information we have about the sector's activity, clearly demonstrate the fact that the weight of the nonprofit sector grew during the years examined.

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