The ties that bind: how the state structures civil society through tax-law, conditional contributions, and service contracts

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This paper is based on the results of a comparative research project performed in 2009, which provides empirically founded illustrations of how the state through economic and legislative restraints and privileges shapes and structures civil society, providing distinguishing incentive structures and setting conditions that effectively promotes some civil society organizations while discouraging others. The study includes Sweden, Norway, the Netherlands, Germany, the United Kingdom and the United States of America. This selection puts two cases in each of Esping-Andersens welfare regimes, so as to catch many of the relevant differences in the relation between state and civil society (Esping-Andersen 1990).

Three general principles have been identified among the cases: one where financial support is channeled through the public sector using direct supports, a second where the civil society is contracted for delivering social services and a third that emphasize the autonomy of the civil society and relies to a great extent on tax exemptions and the right to deduct for gifts. Each principle has profound consequences for the structuring of civil society. Preliminary results also show that the type of financing has consequences for the financial stability, not least during economic and financial crises. For example, the early phase of financial crisis is less severe for the civil societies with much public funding, while a pluralist system for funding is less vulnerable throughout the crisis. It is also the case that charitable giving is crisis resilient.

The project on which this paper is based was completed in 2009 and it resulted in a Swedish language book with the title Att ge eller att beskattas – avdragsrätt för gåvor till ideell verksamhet i Sverige och andra länder that was published in June of 2009.