

NOTES TO EXHIBIT 2

1. Type of Organization

1a. Informal

Relationship between members not governed by any written set of rules; ephemeral and less structured. Unwritten rules are binding. This extends from face-to-face or interperson informal groups through "grape vine" informal relationships. Here each person only reacts with his immediate neighbours, but each has different sets of neighbours thus constituting a more complex informal organization. This extends finally to movements of opinion and social movements. These are characterized by a much more indirect set of links between individuals. This nevertheless constitutes a diffuse form of organization.

Informal organizational structures are always present in formal organizations and are in fact essential to their proper functioning (Gross, B.M., A5, p. 238-40).

1b. Semi-formal

Relationship between members is only governed by a written set of rules (generally the agenda of a meeting or a working program) for the duration of a meeting or program. The formality is temporary. (see Rosenberg, A., A9, p. 413)

Types of meetings range from extremely regular gatherings which practically constitute a "standing conference" (but without permanent office holders and therefore not a formal organization), through ad hoc committees to meetings with only the briefest of agendas. The latter blur gradually through discussion groups into informal organizations.

1c. Formal

Relationship between members governed by a definite set of written (or in some cases verbal) rules, qualifying criteria for membership, offices filled by election or selection.

1d. Non-organizational

Cases where a definite set of rules governing the relationship between members exists, but where such rules do not require of give rise to any organization with office holders. The agreement between members is in this case self-administering - if there were a secretariat, then a formal organization would exist.

2. Membership

Varies with each major type of organization. Members can be employed as in a business organization, or can affiliate themselves to some association.

Exhibit 3

2a Voluntary

Members relationship to the organization is perpetuated by choice. Voluntary is used here in a technical sense, as opposed to its common use to describe "voluntary special interest associations" in which members work without charge or pay to achieve the status of members (see Exhibit 3, 17).

Aside from the special use of "voluntary", there is also the question of whether membership of an organization can be so defined when, in the absence of legal provisions, social and economic pressures serve to make membership in organizations obligatory; membership comes close to being ascribed.

2b Ascription

Members relationship to the organization is governed by rules against which the member has no socially accepted appeal, e.g. membership of clans and armies.

3. Organization Purpose

A useful criterion for distinguishing between types of organizations is the extent to which profit is a factor in decision-making. "It is not necessary that profit be eliminated from all the activities of an organization for it to achieve non-profit status. Its practical operation often requires investment of its assets for profit. The incidental acquisition of profits does not destroy its non-profit character if its basic purpose is public-benefit, and if its profits are devoted to that purpose.

It follows that non-profit status depends on what is done by an enterprise or organization with its income. If this is distributed for persons active in the enterprise, as gains on their investments of services, money, or property (i.e. as dividends), the purpose is profit. If income is employed solely to further a moral or ethical purpose, the enterprise qualifies for non-profit status." (Oleck, B1 p. 1-2). The definition of what constitutes non-profit status for internal tax purposes will vary from country to country.

3a Non-profit'

Membership of the organization does not lead directly to financial benefits, although the activities of the organization may facilitate the achievement of such benefits. Many voluntary non-profit associations "make a profit" on the sale of literature to the general public, although there is no redistribution of profits earned by the organization to members.

3b Non-profit"

Governmental administrative organizations are normally non-profit in character, or at least profit is not the major criterion of such organizations. It is however necessary to maintain the distinction with 3a, since there is a tendency to use the term "non-profit" as a means of grouping only those types of organizations under 3a.

3c Profit'

Where government is directly involved in the productive sector of the economy, e.g. in a nationalized or controlled industry, the profit criterion is important (but not necessarily critical) in decision-making. Government is concerned to maximize the "social product" or overall economic welfare and has to handle many other constraints. The criteria for decisions are a matter of public debate and/or central planning decision (depending on the country) and are subject to constant change. The problem of developing a suitable criterion for management decision and measurement of efficiency is particularly acute in the communist countries.

In the Soviet Union for example, the concept of profit existed and applied in the Soviet economy before 1965, but its function in stimulating efficiency was comparatively restricted. Nor were profits considered a criterion of productive efficiency, which was judged first and foremost in terms of gross output and variations in costs. In September 1965, the decisive role of profits was recognized as a yardstick of efficiency and a source of incentive to the producer. There is a basic difference from the capitalist system because there is no recognized private ownership of the means of production. Profits belong wholly to society as the sole owner of the means of production. This fact is often overlooked by western commentators who consider that recognition of the profit motive is synonymous with the restoration of capitalism. (see Liberman, E.G.)

3d Profit"

Profit-making "business" organizations.

"The major test of whether an activity is to be classified as business is whether it involves the purchase, manipulation, and sale of goods or the performance and sale of services with the major objective of deriving profit....To focus on the profit motive is not to deny that business enterprises inevitably also have other objectives....The concentration of attention on profits as the goal of business activity greatly simplifies the problems of business decision making as compared for example, with those of government policy making, in which numerous competing or conflicting objectives must be balanced. However, profit is not as simple a concept as it may seem to be at first thought. The accounting profession must struggle with many technical difficulties in identifying, measuring, and comparing the profits of complex business organizations; these difficulties are multiplied and magnified for international business by the diversity of national accounting practices and currencies.....A more important question concerns the time span over which profits are to be measured. If political or business risks are deemed to be great, the operations may be carried on in such a way as to maximize profit in the very short run at the expense of possibly higher profits in the long run. If the outlook for continued operation is more

favorable, the company may be willing to push for maximum long-run profits at the expense of immediate profits.....Emphasis on long-run profitability also makes the interests of the business firm more nearly identical with those of the community and the host government. This derives partly from a recognition of the need for a continuing favorable community and governmental attitude toward the business, and partly from a recognition that the growth potential of the business is closely tied to the growth of productivity, income, and markets in the host country."
(Blough, A., B2, p. 6-7)

3e Profit"
Those types of profit-making organizations which are not permitted in some countries, since they come under some form of anti-trust or anti-monopoly legislation covering "unfair" competition.

4. Relationship to Government

Degree to which the organization is directly controlled by government. The accepted distinction between governmental and non-governmental organizations at the international level is that formulated by the United Nations, namely: "Any international organization which is not established by intergovernmental agreement shall be considered as a non-governmental organization..." (UN Ecosoc Resolution 1296 (XLIV) June 1968)

A working definition at the national level offered by the Carnegie Corporation is that the term "is arbitrarily limited to those organizations that have a private and non-profit status but are not universities, colleges or schools, hospitals, fully endowed foundations, or religious missions. It includes scholarly, professional, educational, scientific, literary, and cultural associations; health, welfare, and community action agencies; non-university research institutes; agencies providing overseas technical assistance; defense advisory organizations; and agencies that have educational purpose but are not part of the formal educational system." [quoted in "Worldview" (USA), March 1967, vol. 10, no. 3]

The fact that these definitions differ on the question of profitmaking organizations has tended to confuse the issue. The UN definition also allocated the status of non-governmental to many mixed organizations, with governmental and non-governmental members. It also ignores the cases where government officers in their official capacity are sole members of an organization.

A recent international directory of 'non-governmental, non-profit organizations' blurred the definition in a different way by including as non-governmental "some organizations which are wholly subsidised by governments or even to some extent part of a governmental system, but which are nevertheless considered formally to be non-governmental" (Organisation for Economic Cooperation and Development/International Council of Voluntary Agencies, B3, p.8)

- 4a Non-governmental'
A special type of organization which is non-governmental and non-profit making and yet which is normally excluded from any classification is the religious organization. The best example of this is the Roman Catholic Church, which is a world-wide religious organization. Other examples are religious orders and missions. The difficulty in classifying such organizations is that they combine the characteristics of informal semi-formal and formal organizations.
- 4b Non-governmental"
Organization policy is not directly controlled by government, although this does not exclude the possibility of government pressure or that the organization might be a "front organization" to further certain government policies. May include government technical officials in a non-official capacity.
- 4c Non-governmental"'
Profit organizations are generally non-governmental in character. There is however a tendency to restrict the use of the term non-governmental to those organizations under 4a.
- 4d Governmental'
Organizations in which the government is represented by a technical department or technical official in his official capacity.
- 4e Governmental"
Organizations in which the government is represented by diplomatic officials or persons concerned with policy making.
- 4f Governmental"'
Government controlled enterprises, industries or profit-making agencies. "In socialist countries governments intervene in the economy predominantly as participators through organizations in this category. while in private enterprise countries, intervention is predominantly through rules and incentives.
- 4g Mixed organizations
These tend to cut across categories and generally take the form of non-governmental non-profit organizations, whether they are composed of
non-governmental profit and non-profit organizations
governmental and non-governmental non-profit organizations
governmental and profit organizations
a combination of all three.

5. International Organizations which have other International Organizations as Members.

As used here, "international" is taken to mean with members from at least 3 countries. For a discussion of "international" see Exhibit 3, 6.

5a International organizations with international non-governmental non-profit organizations as members.

These have been classified into three groups:

- a) international organizations constitute main membership although there may be other types of members. There are 23 such organizations.
- b) international organizations form part of the membership but this is mainly composed of national bodies. There are 23 such organizations.
- c) international organizations created by other international organizations as "affiliated" regional or specialist bodies. There are 17 such organizations.

5b Intergovernmental organizations with intergovernmental organizations as members.

The only pure example of this form of organizations appears to be the Inter-American Committee for Agricultural Development. A better, but less clear example, is the United Nations, which although it has national states as members, also has intergovernmental organizations reporting to it, namely the Specialized Agencies. Using the broadest means of selection, there only about 20 of such organizations.

5c Intergovernmental organizations grouping other intergovernmental organizations and performing functions in which the profit criterion is important (but not necessarily critical) in decision making.

The best example is probably the European Community which (although it has member states) groups a number of semi-independent intergovernmental organizations, including, European Coal and Steel Community and Euratom.

5d International organizations of international profit-making organizations

The definition of what constitutes an international corporation is at present under discussion. It is therefore difficult to allocate organizations to this category. Some international cartels may be an example of the unpopular variety of such organizations (see Exhibit 3, 6d).

5e Movements of opinion, informal organizations

The basic network of communications and information systems in society is provided by face-to-face contacts. A major overlap is provided by the more impersonal communications networks of large formal organizations. This becomes deeper with the increa-

Exhibit 3

sing complexity of such organizations. At the same time, a third layer comes into being with the development of the mass media organizations of the press, radio, television and cinema (Gross, B.M. A5, p. 166).

Any of the above information systems requires a source, transmitter, channel, receiver and a recipient. This is the minimum because a message can have many kinds of channel with intermediate transmitters and receivers (Meadow, C.T., B4, p. 5-13). Organizations can be responsible for all or parts of more complex information systems. An information system may have one organization (a research department) as source, and another (a scientific journal) as channel, and a third (an abstracting service) as receiver and transmitter to the final recipient. No joint body need necessarily supervise or control this system. In such a case it cannot be considered as a by product of the activity of a single organization. The information system is then independent of individual organizations and in effect stands on its own as a different structural feature of the world system.

There is a graduation from an independently functioning information system through to the information system completely controlled by one organization. One of the consequences of modern communications theory has been to place greater emphasis on information flow as an organizational factor and as a means of creating structure. Organizations may be viewed as communication structures in which information is brought to bear upon the making of decisions (Pfiffner, J., B5)

5f Meetings

International Meetings

These may range from meetings of international non-profit organizations (e.g. 14th Conference of International Organizations for the Joint Study of Programs and Activities in the Field of Agriculture in Europe) to small symposia.

Meetings may take the form of: conferences, congresses, symposia, seminars, working groups, discussion courses, study and training courses, fairs, exhibitions, games, statutory general assemblies, internal executive or committee meetings.

Such meetings may be organized by national organizations, governments, businesses or religious groups, national organizations or governments under the auspices of international non-governmental or governmental organizations; national branches or committees of international organizations; international organizations; a combination of these bodies.

A 1967 estimate of the number of intergovernmental congresses is 400 per year (72,000 participants). There were also an estimated 3600 international non-governmental congresses (1,700,000 participants per year).

National Meetings

No collected data on national meetings throughout the world is available. A 1957 estimate of the U.S.A. national meetings gave 6,000 national and regional and 14,000 state meetings (10,000,000 participants spending \$ 1,200 million). No data was available on the many more district and local meetings.

A 1967 study of the national meetings in France indicated that there were: 4,750 associationscongresses (13,000 other meetings) and 450 commercial organization congresses (2,000 other meetings).

5g International Projects and Technical Assistance

These may be multilateral or bilateral and through governments, intergovernmental or non-governmental organizations. They are not necessarily related or coordinated and may sometimes duplicate and rival one another. Bilateral programs are of much greater significance for political reasons and represent 86% of the 1967 estimated total aid to developing countries.

Non-financial aid may take a multitude of forms: exchange scholars, training, food aid, social services, etc. One directory lists 1100 non-governmental organizations outside the U.S.A. active in this work.

5h International treaties, agreements and contracts

From the legal point of view, these can be divided into agreements between governments and agreement between organizations. International agreements have only recently been studied systematically and comparatively. An organization has only just been formed to maintain a systematic documentation on treaties. Because of the legal tradition against a world-view of treaties, one writer states: "Not only laymen but also many international lawyers naively believe that international law is a universally known and accessible body of written law which provides clear guidelines for State conduct in international affairs....Only the specialists know that the body of treaty law is vastly more complex and obscure and uneven in its coverage than any imaginable set of national statutes. Major reasons include the following ones, and others: First, national statutes normally apply to the entire national territory. Even multilateral treaties rarely if ever apply to the entire world. About 90% of all the world's treaties are bilateral....Second, national statutes generally remain valid indefinitely or until further legislative action may change them. International treaties are frequently limited in time and contain various and complex conditions for renewal and continuation....Third, national statutes are easily available to lawyers and interested citizens, complete and up to date with indexes and commentaries. There is nowhere in the world a comparable collection of international treaties." (Rohn, P., A8)

5j Information systems

Information networks can be considered as being "nested" within one another by geographical area (international, regional, national local) and by subject level (information in general, disciplines, specialities). They can vary from dynamic through intermittent to static forms. Dynamic forms might include the wire services and on-line computer systems. Intermittent might include journals "one-shot" bibliographies, general reference works and pools of information such as libraries.

No effort appears to have been made to collect data on such individual information systems and the resultant overall system which they constitute. Particular networks have been studied but the main interest appears to be focussed at the level of increasing the efficiency of particular libraries or data centres.

6. International Organizations

A great deal of work done on international organization has dealt primarily or exclusively with the United Nations and its related Specialized Agencies, particularly in academic circles in the U.S.A. The very definition of international organization has come to mean this group of organizations (Rosenberg, A., A9 p. 721). One writer states that the term 'international organization' is usually used to refer to an international non-governmental organization. (Blaisdell, D., B6, p. 5).

The most universal definition of an international non-governmental organization is that it is "any international organization which is not established by intergovernmental agreement". Application of this definition has resulted in treating organizations, having governments, government departments and government officials as members, as non-governmental organizations, where no intergovernmental agreement exists. The United Nations does not make any explicit distinction between profit and non-profit non-governmental organizations. The probable existence of international business corporations (see below), therefore further confuses the terminology.

A further complication arises because no accepted definition of the test of internationality exists. The United Nations have endorsed the editorial policy of the only comprehensive listing of international governmental and non-governmental organizations which is produced by the Union of International Associations. The criterion there is that an organization should have at least three countries represented. This excludes bilateral international organizations for which no data is available. In academic circles some writers include the latter category as international organizations without qualification, and then confuse the issue by quoting statistics based on the Yearbook of International Organizations three-nation criterion. (Blaisdell, D., B6, p. 5-11, Smoker, P., A7, p. 61-72).

Exhibit 3

Further confusion arises from uncritical use of statistics from the Yearbook of International Organizations. In the case of intergovernmental organizations, some related bodies are listed separately there. Intergovernmental organizations created by intergovernmental organizations, such as the United Nations and Unesco research institutes, or the constitutive organs of the European Community are examples. Similarly in the case of international non-governmental, non-profit organizations, some semi-dependent regional organizations are listed separately from the parent body, where sufficient data is available. The decision on whether any of these bodies in autonomous is a fairly arbitrary one.

- 6a International non-governmental non-profit organizations as defined by the United Nations (see Exhibit 3, 5)
The Yearbook of International Organizations lists 1935 such organizations (non-regional). These organizations do not have any special international legal corporate status and must therefore register themselves as national organizations in the country of their headquarters. Belgium is the only country with special legislation for such organizations. Many organizations do not register themselves at all. The whole question of the legal status, responsibility and tax liability of such organizations is at present under discussion.

A very recent book on the application of systems analysis in international political science has blurred the definition of this group of organizations. Termed non-governmental transnational organizations, they are considered to include organizations such as "the Ford Foundation, Rockefeller Foundation, CARE, the Red Cross, and so on" (Scott, A., A3, p. 18), also, grouping them with movements, as "the Red Cross, the Catholic Church, the Zionist movement".

- 6b Intergovernmental organizations as defined by the United Nations (see Exhibit 3,6).
The last edition of the Yearbook of International Organizations listed about 60 non-regional organizations of this type.

- 6c Intergovernmental profit organizations
These perform functions in which the profit criterion is important (but not necessarily critical) in decision-making. These functions are usually the concern of private corporations, finance companies, etc. Examples are International Bank for Reconstruction and Development, International Bank for Economic Cooperation.

- 6d International profit-making organizations.
These have been given the names of "multi-national", "trans-national" or "private corporate international non-governmental organizations". No adequate set of criteria has yet been developed to distinguish between these organizations and national organizations with foreign

Exhibit 3

interests. This question is at present being studied by the International Chamber of Commerce and others. There is no international legal corporate status for such organizations. The question of a "European Corporation" is being discussed within the European Community.

It has been estimated that by 1975, through international mergers, overseas investment and assorted practices, 300 such corporations will control more than 75% of all industrial assets. Estimates of the number of these organizations will obviously vary with the definition chosen. Examples are mostly taken from United States "international" corporations, e.g. 3500 U.S. corporations with business establishments abroad, including subsidiaries and branches (Blough, R., B2, p. 16); 30 American and 26 non-American "multi-national" corporations; about 200 U.S. and about 30 European corporations own and control producing facilities in six or more countries.

The difficulty of arriving at any adequate classification system and collecting data is illustrated by the following list of means by which a manufacturing corporation can operate "internationally" (Blough, R., B2, p. 10-11):

- solicit purchases by foreign buyers in one or more countries and ship to them in wholesale lots, leaving the further distribution to them;
- market and distribute the goods to their final users in the foreign country - with or without his own distribution system;
- establish a factory in the country in which it is selling and produce the goods there for local distribution or for sale in third countries;
- contract with foreign producers to purchase from them goods which the company distributes either in the country of production, third countries, or the home country;
- sell its patents, technical know-how, and/or its trademarks to a company in a foreign country or, more likely, license their use for a term of years in exchange for periodic royalty payments;
- undertake to supply management, at a fee, for a foreign manufacturing enterprise which it does not own or in which it has only a minority interest;
- any combination of these methods can be used.

Because there is no international corporate entity, the national branches or multinational organizations may take a variety of forms. They are independent, but may be considered to have a variety of relationships with the foreign company. These are: branch office (local office of the foreign company); subsidiary (firm established under local law whose capital stock is 50% or more controlled by

Exhibit 3

the foreign company); joint company (local firm in which the local and foreign company interests are evenly divided); affiliate (local firm in which the capital interest of the foreign company is less than 50%); sub-subsidiary (subsidiary established by another subsidiary or affiliate, in any country, of the foreign company).

Another form of organization which could be considered here is the international cartel. Cartels have been defined as voluntary agreements among independent enterprises in a single industry or closely related industries with the purpose of exercising a monopolistic control of the market. They attempt to modify or to eliminate competition among national producers on their domestic and/or on common export markets. International cartels are of the same nature and serve essentially the same purpose, with the qualification that the contracting parties are located in two or more countries and may be either single firms or groups of firms already combined into national cartels.

One author considers these bodies as international, non-governmental, non-profit organizations (White, L., B7, p. 41-47). There is clearly a graduation from the most extreme form of cartel to the type of international non-profit trade or manufacturers association which is primarily concerned with exchange of technical information and market statistics. The author quotes a study which indicated the existence of 1200 international cartels in 1944. The same study estimates that 42% of world trade between 1929 and 1937 was cartelized or influenced by loosely knit associations or conferences (Hausmann and Ahearn, B8)

7. Regional International Organization

The definition of the term "regional" has not been stabilized. The UIA considers any organization regional when it implies a geographical restriction in its membership. One author has suggested that the definition of regional should be based more on political than on geographical criteria.

7a International regional or hemispheric non-governmental, non-profit organizations

These are identical with those of 6a, except that the title or constitution carries some implication reducing membership to bodies interested in a particular geographical region. The title alone is, of course, not indicative of organizations which are by membership de facto regional organizations. One author, working on the 1962-63 edition of the Yearbook, estimates that 38% of all organizations were regional. This gives a corresponding figure for 1966-67 of 750. This figure is probably too high since there are some organizations with regional titles but which have non-regional membership, as another author has complained (see Morozov, B 9, p. 412).

Exhibit 3

7b Intergovernmental regional organizations
The 1966-67 Yearbook indicates that there are about 150 such organizations.

7c Intergovernmental regional profit organizations
These may take corporate form like the European Company for the Chemical Processing of Irradiated Fuels. There are probably not more than 10 such organizations.

7d International regional profit-making organizations
For reasons indicated in Exhibit 3, 6d, it is not possible to comment on this category of organization at this stage.

8. Bilateral International Organizations.

These are organizations with representation from two countries (on an equal basis).

8a Bilateral non-governmental, non-profit organizations
No data has been systematically collected on such organizations. Examples are Anglo-American, Franco-German, etc. cultural or friendship societies.

8b Bilateral intergovernmental organizations
No data has been systematically collected on such organizations. Such organizations would arise from bilateral agreements which require some form of continuing administration.

8c Bilateral intergovernmental profit organizations
No data is available on these organizations.

8d Bilateral international corporations
For reasons indicated in Exhibit 3, 6d, it is not possible to comment on this category of organization at this stage.

9. National Organizations with International Activities

9a National non-governmental, non-profit organizations with international activities
No systematic attempt has been made to collect data on such organizations. The only existing criteria are those of the United Nations and its Specialized Agencies, which accept certain national organizations into consultative status. According to the Yearbook of International Organizations (1966-67), 19 national organizations were so listed. Examples are: Carnegie Endowment for International Peace (U.S.A.), Society of Comparative Legislation (France), Anti-Slavery Society (U.K.). The listing is not automatic on fulfillment of certain conditions, but is based on acceptance by the U.N. body concerned, either as a result of initiatives on the part of the organization or by invitation.

Exhibit 3

One author has called for research to be made to establish whether such bodies as the Ford Foundation (U.S.A.) and CARE (U.S.A.) should be classified as international organizations. The difficulty is the definition of 'activities'. This could include organizations which study international affairs, in which case a very large number of national institutes and university departments could be included.

- 9b National governmental bodies with international activities
No systematic attempt has been made to collect data on such bodies. Examples are quasi-governmental bodies like the British Council (U.K.) and the many secret services, such as the Central Intelligence Agency (U.S.A.), K.G.B. (U.S.S.R.).
- 9c National governmental profit organizations with international activities
No data has been collected on such organizations.
- 9d National business organizations with international activities
No data has been collected systematically for all countries on this category. Data is available for the U.S.A. corporations with 'international' activities, namely foreign trade. Blough (B2, p. 16) states that firm figures are lacking but that only about 20,000 U.S. firms are engaged in foreign trade. He also states that only 632 firms were considered as having a critical effect on the U.S. balance of payments problem.

10. National Organizations of National Organizations

This category of organization groups together other organizations specialized in particular fields.

10a National organizations of national non-governmental, non-profit organizations.

In some countries with a developed system of organizations, national organizations with interests in related or widely separated fields group together to develop common programs or in order to represent their common interests to government agencies on such matters as legal status, tax concessions, etc. An example is the American Council of Learned Societies (U.S.A.). In no country does this phenomenon appear to have developed to the point of producing a single representative grouping of all the national organizations. This is partly due to a high degree of individualism, and partly to the lack of effort to establish fields of common interest. No data has been systematically collected on the number of such organizations. The problem is made more complex because such organizations may have national organizations as members, which themselves have more specialized national organizations as members. For other complications in collecting data see Exhibit 3, 11.

Exhibit 3

10b National governmental organizations grouping other governmental organizations

This category is reserved for one organization, namely the government of each country to which all government departments, institutes and other bodies report in one form or another. The extent to which the multi-level complexity noted in 10a is significant, namely bodies reporting to institutes, reporting to departments which report to the central government, depends on the criterion by which such bodies are defined as independent of the central government. (The broadest possible criterion would be that every body with a name is independent.) A further complication in collecting data on this category is that the extent to which some countries, territories and islands are independent is very difficult to define (even without entering into the question of financial and political dependence). United Nations membership is the most universally accepted criterion of independence, although even with this there are problems (e.g. Communist China, S.W. Africa, small newly 'independent' islands).

10c National profit-making non-governmental organizations which group other such organizations.

This category would be represented by those corporations which have subsidiaries and affiliates, or financial holding groups controlling many companies directly or indirectly. The complexity of this category is illustrated by the articles and diagrams which appear regularly in financial and economic journals to explain the links between one such organization and its subsidiaries, which themselves have subsidiaries, etc. The problem of collecting data on this category is that much of the information on shareholdings is not disclosed and in any case is not stable over long periods of time. There are many levels of such organization up from the 'simple' national organization, but corporations no longer appear to group together in one monolithic organization controlling the commercial life of a nation, as was the case in some underdeveloped countries in the past.

Profit organizations do however group together indirectly into a relatively limited number of organizations using the non-profit form of organization. Examples are chambers of commerce and industry, manufacturers organizations, etc.

11 National Organizations

No universally accepted definition of a national organization exists. Each country has different criteria for registering or not registering such organizations. No attempt has been made to collect systematically data on such organizations, principally because there are so many of them and the data is very soon out of date.

An additional complication is that 'nation' has not yet been satisfactorily defined. Parts of a state (dependencies and other territories) are sometimes treated dé facto as separate entities for purposes

Exhibit 3

of international administration. 'National' representatives from Scotland, Seychelles, Ukraine and the Oman States are accepted by some international non-governmental organizations (Yearbook of International Organizations 1966-67).

11a National non-governmental non-profit organizations

Certain groups of these organizations are required to register themselves in some countries and on this basis data is available on their number. This data has never been collected together, so no overall estimate for the number of these organizations is available. An extremely rough estimate can be obtained by extrapolating from the data on the 13,600 U.S. national (and regional) organizations, on the assumption that the number of such organizations is directly proportional to the gross domestic product. This indicates that the number of national (and regional) organizations in the world should be of the order of 30,000. In the area of France in which the majority of associations are registered, Département de la Seine (France), there are 66,486 registered associations, and 994 associations of 'recognized public utility'. These cover national and other (of which 45,000 are assumed active) associations with a legal status. They do not include the many unregistered associations. The extent to which such organizations are non-governmental is particularly difficult to assess in the communist countries. Directories do exist for specialized fields either for the whole world or for particular regions

11b National governmental organizations

The situation is so complicated with regard to governmental bodies, that no attempt has been made to collect data on the number of these organizations. In some countries guides to government departments, institutes and other dependent bodies are available, but no attempt has been made to develop a universal classification system. The main difficulty is establishing criteria to determine the degree of independence of government institutes and other bodies. This varies considerably from country to country, and is particularly difficult in the communist countries.

11c Nationalised industries and services

In each country some functions performed by private corporations in other countries have been taken over and run as agencies with varying degrees of integration into and independence of the government apparatus. At one extreme it is possible to have private corporations with government minority shareholders or advisers, or some form of government-business advisory board, at the other extreme there is the direct government-control of an entire industry by civil servants. The latter form is favoured by the communist countries.

Exhibit 3

11d National profit-making non-governmental organizations

This category includes all commercial, industrial and service organizations which are not nationalised. In general data is available in each country on such bodies. This is published in the form of directories (for U.S.A. examples, see Bibliography B). No work has been done to develop universal criteria for classifying such organizations in order to establish to what extent they are 'national' as opposed to regional or local. This category of organization is not accepted as desirable in the communist countries with completely planned economics.

The 1967 International Yellow Pages directory lists 538,000 such companies in 136 countries. This only includes the more important 'national' or regional companies. In Great Britain alone 500,000 companies are registered (of which 15,000 are public and 6,000 quoted on a stock exchange).

12. Regional Organizations

This category of organization contains those bodies on the national scene which implicitly or explicitly restrict their activities to particular geographical areas within the country. No universally accepted terminology has been developed to classify these organizations, but it will clearly be closely related to the geography of the country. As such there will be different levels of regionalism, e.g. in the U.S.A. there are groupings of states (Mid-Western, ect.), states themselves, counties within states. The various levels may overlap, e.g. North- and Mid-Western.

12a Regional non-governmental, non-profit making organizations

The number of such organizations will clearly depend on the size and degree of integration of the country concerned.

12b Regional governmental organizations

12c Regional governmental profit organizations

12d Regional non-governmental profit organizations.

13. Local Organizations

This category of organization contains those bodies which implicitly or explicitly restrict their activities to a small geographical area. Clearly these organizations will blend into the regional groupings above. No generally accepted cut-off point appears to have been defined, but this may include county, city, community and neighbourhood organizations.

Exhibit 3

- 13a Local, non-governmental, non-profit organizations
Without clearly distinguishing local from national organizations, or of distinguishing between different types of these organizations, a great deal of work has been done in the U.S.A. and elsewhere on the many "voluntary" organizations. Voluntary is here used in a manner different from that under Exhibit 3,2. (This is discussed under Exhibit 3, 17.) Voluntary associations are a special class of these organizations.

The surveys that have been performed generally emphasize the memberships of particular classes of person rather than the number of associations involved. An extremely crude estimate, using the gross domestic product per capitalland a figure of 0.01 organizations per capita (an approximation from data on a French survey, Gallagher (B10,p. 80), gives a world total of such organizations of the order of 10,000,000.

- 13b Local governmental non-profit organizations
This category includes municipal authorities in those countries where the municipality is an arm of the central government. In the U.S.A. there are about 90,000 local districts and authorities and in Great Britain there are about 14,000 local authorities.

- 13c Local non-governmental profit organizations
This category includes all local commerce, industry and services.

15. Families

15. Although families are to be found in all societies, there are great variations both in this internal structure and their relation to other social organizations. In agricultural and pastoral societies the basic unit is the 'extended' family. Communities are groupings of families with a common mode of life. With the growth of social development, other organizations come into being and the importance of family and community bends decreases. (Gross, B., A5).

16. Individual

The individual is the basic unit of human organization. He can be active in any or all of the organizations mentioned above.

Exhibit 2a Notes

Exhibit 2a has been built up by attempting to reconcile terms and definitions in the literature on national organizations (behavioural sciences, business terminology, legal terminology, accounting terminology, various 'working definitions' implied in reference books), together with the implications of the definitions noted in the discussion of Exhibit 2, particularly that of a non-governmental, non-profit organization. The latter term is not used in the sociological literature. The terms used are mostly of American origin, since it is in the U.S.A. that the organization form is most developed. An equally complex interrelationship between terms and definitions will probably exist for national organizations in other countries. Exhibit 2a is a development of one part of Exhibit 2.

17. Membership

As was mentioned earlier (Exhibit 3, 2a), there is a special sense of the term "voluntary" currently in use. This is usually used in connection with voluntary associations. An accepted definition is as follows: "A voluntary association is a group of persons relatively freely organized to pursue mutual and personal interests or to achieve common goals, usually non-profit in nature. Voluntary associations have qualifying criteria for membership, offices filled by election or selection by representatives so empowered by by-laws, and periodic meetings frequently in a regular meeting place. Voluntary associations are in contrast to associations created and perpetuated through no choice of the members, such as those instituted by fiat or those effected by ascription, e.g., armies and clans. The differ, too, from those informal, ephemeral, less structured groups such as cliques and gangs. The units here defined as voluntary associations have been designated by various persons as "formal groups", "formal organizations", "formal associations", "clubs", "societies", and "special interest groups". Although some church organizations might be subsumed under this definition, church membership is not included as evidence for participation in a voluntary association in this study." (Scott, J., Bl, p. 316).

Another author writes: "The association once was the principal form of organization for non-profit purposes. Association is a vague term for a group of persons who have joined in a common purpose. Sometimes the word society is used in the same sense, but this word is confusing because it also means "a community" or "the public".... The corporation now is by far the best and most popular form of organization for most group enterprises....The foundation is a modern form providing endowment of a non-profit enterprise and the setting up of a corporation or association to carry out the originator's plans....Now and then, a few other forms of organization or management are used for non-profit purposes, including such varied techniques as individual trusteeship, committee control, governmental supervision, and bank or insurance company management. In effect, however, these are variations on the three basic forms: individual, association, and corporate....The association form is best suited to small local organizations..." (Oleck, H., Bl, p. 4-25)..

Exhibit 3

In less developed countries the roles of associations are performed by non-associational and anomic interest groups. The former are "kinship and lineage groups, ethnic, religious, status and class groups which articulate interests informally, and intermittently, through individuals, cliques, family and religious heads, and the like". The latter are "more or less spontaneous breakthroughs into the political system from the society, such as riots and demonstrations" (Almond, G.A., B12, p. 33-38).

The essence of the association is that its members belong to it on the basis of affiliation rather than because of employment. The larger and more important associations also have employed staffs, although these usually represent but a small portion of the total membership (Gross, B., A4, p. 56).

The behavioural science literature does not make any attempt to distinguish between a local association and a national non-profit body, which is more likely to be a corporation in the U.S.A. Just as there is difficulty in different countries on deciding on a suitable legal status for international non-governmental organizations, in the U.S.A. a similar problem arises with local and national non-profit organization legal status. (see Oleck, H., B1)p Many states in the U.S.A. do not have special legislation for non-profit organizations. and very few attempt to define "non-profit".

In the column to which this note refers, an attempt has been made to indicate which organizations within the general definition of voluntary (see Exhibit 3, 2a) are likely to have the special characteristic of "voluntary association" as accepted by the behavioural sciences.

V" indicates that the organizations are generally accepted as "voluntary associations" (principally because they are open to local membership). The literature does not, however, explicitly exclude membership of national organizations without local branches. V" indicates either that some of the organizations may not be considered as "voluntary associations" or that some surveys may exclude that particular group of organizations.

18. Charitable Status

The term "charitable" in its broadest sense is treated in some contexts as equivalent to non-profit status, particularly (but not necessarily) in some legislative definitions of tax status. One author states "Charitable means liberal to those in need. It is equivalent to benevolent, beneficent, or eleemosynary. Eleemosynary itself means pertaining to the distribution of aims or bounty. Thus, an eleemosynary corporation is a corporation organized for the accomplishment of charitable or benevolent purposes. A charitable corporation purposes more specifically to aid those who need aid. Yet both charitable and eleemosynary corporations, in a more general sense, promote the welfare of a group, a class, a community, or all of mankind. A charitable organization is one that is dedicated to actual charitable purposes, rather than to merely non-profit purposes. Unfortunately, the term is also used as a synonym for simply non-profit. It would be much better to distinguish clearly between mere non-profit

Exhibit 3

and truly charitable organizations." (Oleck, H., B1, p. 328). The narrower sense of charitable is used in Exhibit 2 (see Exhibit 3, 14). In the United Kingdom the Victorian concept of a charity as being a body disbursing assistance is swiftly giving way to that of a body drawing attention to a specific need. There are still many apparent anomalies. A body pursuing racial tolerance, international friendship, good understanding is not recognized as a charity there, nor are any groups which function in any way as political pressure groups. 63,500 charities have been registered centrally in the U.K. (1968).

There is a special sense of the term "charitable" currently in use. All non-profit organizations are charitable in the broad sense. Only some of these are charitable in the sense approved by the tax authorities, and this will vary from country to country. Furthermore, an even smaller group will be charitable in the sense of philanthropic, "benevolent, benevolent, or eleemosynary". In this column an attempt has been made to distinguish the organizations which may fall into the latter category. "CH" has been used to indicate organizations which appear to fall into this category. ("CH") has been used to indicate either that some of the organizations may not fall into this category, or that even if they do so, they may not be awarded charitable status in the fiscal sense. Note that if an organization is not registered in some way or another, it obviously cannot be considered charitable in the fiscal sense.

19. Religious Organizations

See Exhibit 3, 4a

20. Welfare Organizations

One study of non-profit organizations of the welfare type states that their functions may be described "as covering a broad field, within which, in practice they often concentrate upon some specific activity or activities, either to meet a particular local need or because of special resources they command". It also states that "there is no accepted and standard unit of these social services and this makes it difficult to compare the work of individual agencies and to study their activities analytically" (Helm, B13, p. 13). The study classifies these services by: social work methods the agency employs (eleemosynary, counselling, educative, publicity), social pathology the agency seeks to combat (12, including: old age, mental illness, poverty, etc.), and characteristics of beneficiaries (subsidies, trading profit, public donations).

21. Social Organizations Lodges, fraternal, ethnic and secret societies.

Not night clubs, Christmas clubs, limited-edition clubs, or one-man clubs (see Oleck, H., B1, p. 25).

22. Citizen Organizations have been defined as "concerned primarily with government as it affects the people at large, first as consumers of

Exhibit 3

government services, and second, as taxpayers who support government" (Parker, A., B14, p. 197). They include organizations of taxpayers.

23. Trade Unions may be excluded from discussion of surveys of voluntary association membership (see Wright and Hyman, B 16). Trade unions have a minimum of legal obligations but many self-imposed duties which distinguish them from other organizations. In some cases the union is in business to make money for its members, in others this may have less importance. The union is thus part business, aiming to make a return to its members in the shape of better pay and working conditions, just like a company to its shareholders. It is also part political party, seeking to influence the whole economic and social context in which its members live. The importance of each of these roles varies from country to country.
24. Trade Associations. These are non-profit organizations whose members are primarily interested in increasing their profits. They do not fit conveniently into a classification system (for a comment on this problem with respect to the classification of international commercial organizations, see Speckaert, G.P., B15). They include boards of trade, chambers of commerce, manufacturers and employers associations, agricultural organizations, commodity exchanges, defence equipment production pools.
25. Political Parties are associations whose major activity is the effort to place their members in key positions in government. They are so closely tied to government in some countries that they do not fit conveniently into a classification of non-governmental organizations.
26. Institutes include hospitals, asylums and rehabilitation centres. Because they do not necessarily have an open membership, they pose a problem in a classification system. The Carnegie Corporation makes this comment on a working definition of a non-governmental organization: the term "is arbitrarily limited to those organizations that have a private and non-profit status but are not universities, colleges or schools, hospitals, fully endowed foundations, or religious missions. It includes...non-university research institutes; agencies providing overseas technical assistance; defense advisory organizations; and agencies that have educational purposes but are not part of the formal educational system" (quoted in "Worldview" (U.S.A.), vol. 10, no. 3, March 1967) (see also Exhibit 3, 29 with regard to special research institutes).
27. Trusts, Funds "A charitable trust of property or funds is one for the benefit of the public or of some class or group of the public. Its creation amounts to the appointment of some persons, or group, as trustees to hold the trust fund or property and to apply or manage it for charitable purposes..." (Oleck, H., B1, p. 329). Trusts and funds are not necessarily charitable in the narrowest sense (see Exhibit 3, 18). As an indication of the number of trusts and funds, it has been estimated that in the U.K. in 1952 there were 110,000 such bodies.

28. Foundations

A working definition of a foundation is "a non-governmental, non-profit organization having a principal fund of its own, managed by its own trustees or directors, and established to maintain or aid social, educational, charitable, religious, or other activities serving the common welfare. Both charitable trusts and corporations are included" (Foundation Library Center, Bl7, p. 9). This definition is used in the compilation of The Foundation Directory (U.S.A.). It "excludes 'foundations' which make a general appeal to the public for funds; which act as trade associations for industrial or other special groups; which are restricted by charter solely to aiding one or several name institutions; or which function as endowments set up for special purposes within colleges, churches, or other organizations and are governed by the trustees of the parent institution. Obviously, many 'foundations' fall in a gray area, with most of the characteristics of regular foundations but some disqualifications..." (Foundation Library Center, Bl7, p. 9). The Directory "includes all [U.S.A.] foundations making grants of \$ 10,000 or more, but excludes those with assets below \$ 100,000 not making grants of at least \$ 10,000" (p. 10). In 1964 the Foundation had approximately 15,000 foundations on record. The Directory divides foundations into five classes (general research, special purpose, community, company sponsored, family), which have seven major categories of activity (education, international activities, sciences, health, welfare, humanities, religion) and 74 subcategories. (p. 9-33).

Foundations cut across the categories listed in Exhibit 2a, as is indicated by their fields of interest. They are in fact merely a form of organization with a special method of action. They tend to make funds available through associations or corporations (see Exhibit 3, 14). Note that although the above definition includes charitable trusts, one definition states that "Foundations are charitable trusts" and that they are "ordinarily governed by the general non-profit statutes" (Oleck, H., Bl, p. 389).

29. "Not-for-profit" Institutes

This is the term used in the business literature. A more general description of these bodies states: "These institutions are an unusual hybrid, reflecting certain features of the university, the government corporation, the industrial firm, and the private foundation but adding up to something unique. They are legally independent, being usually incorporated under the laws of the States where they are located, and self-governing under a board of trustees composed of private citizens. Although they work primarily for government clients, they are outside the government framework and their staffing policies are not subject to the normal civil service regulations....The non-profit institutions can be roughly grouped into several main categories: The university-affiliated research institutes or laboratories usually engaged in some applied research or experimental work for their client agencies; the technical management corporations, assisting government clients in the management of complex

Exhibit 3

technological programmes carried out by industry; the advisory corporations, represented most prominently by the RAND Corporation, Institute for Defense Analyses (IDA)...that carry out policy research on complex technical-political issues; and, finally, a large and amorphous group of non-profit entities, of which the System Development Corporation (SDC) is the most prominent, engaged in various ad hoc research tasks for a number of different government clients (and sometimes they work partly for industrial clients as well)." (Smith, B. B18)

30. Cooperatives

One definition of a cooperative arises from the criteria developed in the U.S.A. by the U.S. Department of Agriculture, Farmer Cooperative Service (B19). It includes statements to the effect that "Cooperatives are non-profit enterprises in the sense that they are organized for the economic benefit of members as users of the cooperatives' services and not to make profits for the cooperatives as legal entities or for their members as investors", "Cooperatives do business primarily with members", "Cooperatives are democratically controlled". The note complains that "some non-qualified organizations claim to be cooperative in order to obtain the goodwill and recognition that have been built up conscientiously by bona fide cooperatives. It is important that such spurious, pseudo, or so called cooperatives be recognized as aberrations so that the image of bona fide cooperatives will not be impaired".

Another U.S.A. definition states that "Cooperative organizations are those for mutual help and service among and to their members.... These organizations may be run for profit, as well as not for profit. Both individuals and organizations may be members..." (Oleck, H. p. 400). Cooperative retail societies issue shares bought by customers. Customers also receive a dividend in proportion to the amount spent. In cooperative producer societies worker-members buy shares, provide capital and share profits (Donald, A.G., A2, p. 138).

31. Mutual Associations

In the U.S.A. these non-profit organizations include mutual insurance, banking, credit-union, credit-bureau, and other such organizations. They are governed by highly complex local statutes in the U.S.A. (Oleck, H., B1, p. 401). There are organizations with these names which are profit-making.

32. Quasi-governmental Groups, "such as government-appointed commissions consisting largely or entirely of private citizens, have often played significant roles in developing policies to meet particular problems. Here you will recognize the parallel to the British or Canadian Royal Commission" (Parker, A., B14, p. 197). Government may also set up a business advisory or specialist committee to advise it on particular questions or consultative procedure in its dealings with the business community, e.g. "In matters of taxation and public expenditure,

Exhibit 3

government and business are working more closely together to shape fiscal policy in ways to promote full employment and more rapid economic growth." ("Business Week" (U.S.A.), July 17, 1965).

33. Municipal Corporations in the U.S.A. are "governmental organizations such as cities, towns, villages, and school or water districts. They often are called public corporations..." (Oleck, H., Bl, p. 401). Public corporations in New York State include "municipal, district, and public-benefit corporations: the organs or agencies of government for administrative purposes. In some cases the statutes which create them grant limited legislative powers" (Oleck, H., Bl, p. 6).

34. Nationalised Industries and Services

In the U.S.A. these organizations would at present be classed as public corporations and government agencies. In other countries where this phenomenon is more developed, particularly the communist countries, the whole field of business and services becomes a function of government in an effort to speed up the process of national economic integration. Many forms of organization exist at stages intermediate between these two extremes.

35. Business Enterprises

This category represents the organizations primarily ruled by profit criteria. These are not clearly defined as a class of organization as the present debate on the value of the profit-motive in decision-making shows.