

RESEARCH NOTE 7

Why Civil Society Organizations Developed in the United States

The Tradition of a Nation Built by Its People and Its Interplay with Institutions

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1. Introduction

The United States is a society in which “the people built the nation,” and this sequence is the starting point for explaining the development of its public benefit organizations. In Japan and the countries of Europe, a monarchy or central government came first, and local communities and public services were organized beneath it. In the United States, by contrast, settlers first established churches and towns, took on schooling, poor relief, and firefighting themselves, and only afterwards formed state and federal governments. The ethos of “doing for ourselves what concerns us” can be understood as having grown out of this historical experience (Japan Association of Charitable Organizations, 2026).

The tradition of self-government alone, however, cannot fully explain American distinctiveness, since strong local communities and practices of mutual aid also existed in Japanese villages and European parishes. That communal mutual help took the form of “private public benefit organizations with legal personality, run on donations and professional staff,” and grew into a vast industry, is because a set of institutional and cultural conditions unique to the United States came together.

The question this note addresses is: what factors, not found in other countries, enabled public benefit organizations to develop precisely because it was the United States? The analysis draws on two perspectives: the “social origins” theory, which explains the size of each country’s nonprofit sector by its historical balance of power (Salamon and Anheier, 1998), and the “government failure” theory, which holds that public benefit organizations arise where government cannot meet diverse demands (Weisbrod, 1977). In this note, private organizations serving public purposes—centred on 501(c)(3) organizations in the United States—are referred to as “public benefit organizations,” and their totality as the “nonprofit sector.”

The note is structured as follows. Section 2 reviews the size of the US nonprofit sector through statistics. Sections 3 to 7 examine five factors: history, religion, political institutions, law and taxation, and the economy. Section 8 compares the United States with Japan, and Section 9 presents conclusions.

2. Size and Characteristics of the US Nonprofit Sector

Whether measured by number of organizations, employment, or donations, the US nonprofit sector is a vast industry in its own right. According to Internal Revenue Service (IRS) statistics, some 2 million organizations held tax-exempt status in fiscal year 2024, of which some 1.54 million were 501(c)(3) organizations with charitable, religious, educational, and similar purposes—up from some 1.51 million the previous year (IRS, 2025; MinistryWatch, 2025). Moreover, these figures exclude many churches, which are not required to apply to the IRS for recognition of exemption, small organizations with annual gross receipts of about USD 5,000 or less, and unincorporated voluntary associations.

Table 1: Key Indicators of the US Nonprofit Sector

Indicator	Value
Organizations with tax-exempt status ¹	Approx. 2.0 million (FY2024)
of which 501(c)(3) organizations (charitable, religious, etc.) ¹	Approx. 1.54 million (FY2024)
Nonprofit sector employment ²	Approx. 12.8 million (9.9% of private-sector employment) (2022)
Total revenue / total assets of public charities ³	Approx. USD 2.4 trillion / USD 4.8 trillion (2019)
Economic value of one volunteer hour ³	USD 33.49 (approx. USD 200 billion per year in total) (2023)
Total charitable giving ⁴	USD 592.5 billion (2024)
Organizations eligible for donation tax incentives per 10,000 population ³	55.5 (Japan: 3.2) (2024)

Source: Compiled by the author from ¹IRS (2025), ²BLS (2024), ³Japan Association of Charitable Organizations (2026), and ⁴Giving USA (2025).

In terms of employment, the nonprofit sector employed an estimated 12.8 million people in 2022, or 9.9% of private-sector employment (BLS, 2024). Measured against total employment it still accounts for about 9%, forming a major pillar of the labour market alongside government (15%) and self-employment (10%) (Japan Association of Charitable Organizations, 2026). By state, the nonprofit share of private employment is highest in Washington, D.C. (25.2%), Vermont (19.8%), and Massachusetts (17.6%), with a concentration in New England, where the tradition of town self-government has been strong since the colonial period (BLS, 2024; Japan Association of Charitable Organizations, 2026). This geographical distribution is related to the historical factors discussed in Section 3.

Table 2: Charitable Giving in the United States by Source (2024)

Source	Amount (USD billion)	Share	Change from 2023
Individuals	392.45	66.2%	+8.2%
Foundations	109.81	18.5%	+2.4%
Bequests	45.84	7.7%	-1.6%
Corporations	44.40	7.5%	+9.1%
Total	592.50	100.0%	+6.3%

Source: Compiled by the author from Giving USA (2025). Shares calculated by the author.

As Table 2 shows, about two-thirds of giving comes from individuals rather than corporations (Giving USA, 2025). By recipient, religion is the largest category at USD 146.5 billion, about 24.8% of the total (Giving USA, 2025). That small gifts from ordinary citizens and offerings through churches form the foundation of the sector underscores the importance of the historical and religious factors examined in Sections 3 and 4.

The distinctiveness of the United States also stands out in international comparison. In the World Giving Index compiled by the UK charity CAF from three indicators—having helped a stranger, donated money, and volunteered—the United States ranked first in the world in 2013–2015 and in 2019, while Japan ranked 107th in 2019 and 118th in 2022 (CAF, 2019; CAF, 2022).

3. Historical Factors

In the United States, residents formed communities by compact and took on public tasks before any government was established. This sequence—“society preceding the state”—is the deepest root of the development of public benefit organizations.

3.1 Communities by Compact and Town Self-Government

In 1620, before landing, the settlers aboard the Mayflower concluded the “Mayflower Compact,” organizing themselves into a “civil body politic.” The foundation of the community was not a governing apparatus conferred by the Crown but the voluntary agreement of its inhabitants. In the towns of New England, town meetings decided on

roads, schools, and poor relief, and churches took the congregational form, in which congregations themselves called their ministers. Tocqueville (2000 [1835]) observed that in America the township was organized before the county, the county before the state, and the state before the Union.

Higher education emerged in the same sequence. Harvard College, founded in 1636, was established through a resolution of the colonial legislature and the bequest of the minister John Harvard, combining public authorization with private donation (Hall, 2006). The pattern of private public benefit organizations emerging at the boundary between the public and the private was already visible in this period.

3.2 Franklin and the Practice of “Voluntary Association”

In eighteenth-century Philadelphia, Benjamin Franklin, starting from the discussion club known as the “Junto” (1727), founded in succession a subscription library (1731), a volunteer fire company (1736), and the Pennsylvania Hospital (1751) (Hall, 2006). For the hospital in particular, a scheme was used under which the provincial assembly would contribute an equal amount if private donors raised a set sum. This was the prototype of today’s “matching grant” and illustrates the American form of collaboration in which government backs private initiative.

3.3 Tocqueville’s “Nation of Associations”

The French thinker Tocqueville (2000 [1840]), who visited the United States in 1831, wrote in *Democracy in America* that Americans of all ages and conditions constantly form associations. His observation was that undertakings led by the government in France and by the nobility in England were invariably carried out by associations in the United States. Tocqueville called this “the art of association” and explained that precisely because individuals are powerless in an equal society without hereditary ranks, people gain strength through association.

This point is closely linked to the absence of feudalism and a hereditary aristocracy in the United States. The roles in poor relief and education that were performed by lords and churches in Europe could only be taken on in America by groups of equal citizens. Even after westward expansion, settlers on frontiers beyond the reach of government built their own churches, schools, and mutual aid societies, and carried forward the development of their towns (Boorstin, 1965).

3.4 Federated Membership Organizations and Immigrant Mutual Aid

In the nineteenth century, nationwide membership organizations with the same structure as federalism—local chapters, state branches, and a national headquarters—multiplied rapidly. According to Skocpol, Ganz and Munson (2000) and Skocpol (2003), several giant organizations, including fraternal benefit societies, farmers’ organizations, and the Woman’s Christian Temperance Union, counted more than 1% of the adult population as members. In addition, immigrants of diverse origins established mutual aid societies, hospitals, and schools by native language and denomination. The more diverse residents’ needs are, the more demand remains unmet by government services geared to the majority, and public benefit organizations fill that gap (Weisbrod, 1977). The very diversity of the United States as a nation of immigrants was thus a condition for generating public benefit organizations.

4. Religious Factors

American churches grew as “voluntary associations” receiving no state subsidy, and they instilled in citizens the habits of giving and of running organizations. This is a major difference from Europe, with its established churches, and from Japan, where temples and shrines were incorporated into state institutions.

4.1 Separation of Church and State Made Churches “Organizations Run on Donations”

The First Amendment to the US Constitution (1791) prohibited Congress from establishing a national religion. At the state level, too, established churches were abolished in stages; Massachusetts, the last to retain one, abolished it in 1833 (Hall, 2006). No longer able to rely on taxes, churches had no choice but to operate on their members’ offerings and service. The management methods of today’s public benefit organizations—boards, fundraising, and financial reporting—became widely familiar to citizens through the running of these churches.

4.2 Competition among Denominations and Growth in Membership

Finke and Stark (2005) argued that in the United States, lacking an established church, a “free market in religion” emerged in which denominations competed for adherents, and that this competition expanded religious participation. The share of the population belonging to a church rose from 17% in 1776 to 34% in 1850, 45% in 1890, and 62% in 1980 (Ostling, 2026). Whereas church attendance declined in Europe with its established churches, religion in the United States actually flourished after disestablishment.

4.3 Social Reform Organizations Born of Faith

The religious revival of the early nineteenth century known as the “Second Great Awakening” gave rise to numerous reform organizations, including Bible societies, Sunday schools, the temperance movement, and the abolitionist movement (Hall, 2006). The fact that faith went beyond individual salvation to organized activity aimed at changing society also encouraged the development of civic organizations outside religion. Furthermore, the notion of “stewardship,” which regards wealth as something entrusted by God, and the practice of tithing a tenth of one’s income nurtured a culture that regards giving as a natural duty of the individual.

4.4 Influence on the Present

Religion remains the largest destination of giving today: in 2024, USD 146.5 billion, about 24.8% of total giving, went to religious organizations (Giving USA, 2025). Putnam and Campbell (2010) showed that people who regularly attend worship are also more active in giving and volunteering for organizations unrelated to religion. Churches can be said to have served as “schools” in which people acquire the habit of cooperating and acting for the public good.

4.5 National Consciousness and the Ethic of Altruism

An ethic of altruism rooted in religion is woven into American national consciousness itself. In 1630, John Winthrop (1630), leader of the Massachusetts Bay Colony, preached in “A Model of Christian Charity” that the settlers should become a community bearing one another’s burdens and serve as a model to the world as “a city upon a hill.” This notion, which treats service to others as the natural duty of a member of the community, lives on today in the expression “giving back.”

American altruism, however, is not opposed to individualism. Tocqueville (2000 [1840]) explained Americans’ reasons for helping others through “self-interest well understood”—the logic that serving the community ultimately serves oneself as well. Bellah et al. (1985) likewise argue that American individualism has been linked to civic participation through the biblical and republican traditions. Wuthnow (1991) showed that while Americans describe volunteering in individualistic terms such as “personal growth,” they in fact support others widely. This national consciousness, which reconciles individual freedom with responsibility to the public, forms the cultural foundation for giving and volunteering.

5. Political and Institutional Factors

By dispersing power, the American political system narrowed the domains directly handled by government and entrusted the remainder to private public benefit organizations. This did not mean “not relying on government,” however; rather, it produced a distinctive division of roles in which “government provides the funds and public benefit organizations deliver the services.”

5.1 Distrust of Central Power and Limited Government

Born of a rebellion against the British Crown, the United States was founded by leaders wary of a strong central government. The Constitution dispersed power through the separation of powers and federalism, and the Bill of Rights guaranteed freedom of speech, assembly, and petition. The nineteenth-century federal government was small, and much of education, medical care, and poor relief was handled by states, localities, and public benefit organizations (Hall, 2006). This political culture favouring “small government” created fertile ground for preferring private public benefit organizations as providers of public services.

The Supreme Court has also firmly protected freedom of association. In *NAACP v. Alabama* (1958)¹, it held that a state's order requiring a civil rights organization to disclose its membership lists violated the constitutional freedom of association (*NAACP v. Alabama*, 1958). That even organizations critical of government enjoy legal protection has supported the development of advocacy-oriented public benefit organizations.

5.2 Federalism and Diverse Demand

Under federalism, institutions and fiscal capacity differ from state to state. Uniform nationwide administrative services are difficult to deploy, and diverse demands by region and by ethnic or religious group always remain. According to Weisbrod (1977), government can supply only the public goods matched to the “median voter,” and those with greater demands create public benefit organizations. The United States—highly diverse as a nation of immigrants and with dispersed government—is the country to which this theory applies best.

5.3 “Third-Party Government”

Salamon (1995) coined the term “third-party government” for the arrangement under which the US government, rather than delivering welfare directly, has private public benefit organizations deliver it through grants and contracts. The “War on Poverty” of the 1960s and the introduction of Medicare and Medicaid channelled government funds to private hospitals and welfare organizations on a massive scale, rapidly expanding the nonprofit sector (Salamon, 1995). Today, about two-thirds of public charities receive government grants or contracts, and about one-third of grant recipients depend on them for more than half of their revenue (Koob and Tomasko, 2025).

In other words, the view that “the United States depends little on government” is not accurate in financial terms. More precisely, because citizens strongly distrust government expanding its own bureaucracy, government chose to provide public services through private public benefit organizations. Salamon (1987) points to a complementary relationship in which public benefit organizations suffer from “voluntary failure”—such as insufficient resources and uneven coverage—and government funding compensates for it.

5.4 The United States in International Comparison: The “Liberal Model”

Salamon and Anheier (1998) classified countries into four types according to the combination of government social welfare spending and the size of the nonprofit sector.

Table 3: Four Types of the “Social Origins” of the Nonprofit Sector

Type	Government social welfare spending	Size of nonprofit sector	Examples
Liberal	Low	Large	United States, United Kingdom
Corporatist	High	Large	Germany, France
Social democratic	High	Small	Sweden
Statist	Low	Small	Japan

Source: Compiled by the author based on Salamon and Anheier (1998).

With strong small-business and middle classes, and without a landed aristocracy or powerful labour parties, the United States is the archetype of the “liberal model,” in which private voluntary initiative was chosen over the building of a welfare state. Japan, by contrast, with both government spending and the nonprofit sector small, is classified under the “statist model,” in which the bureaucracy guides society. This contrast is examined in detail in Section 8.

¹ The NAACP (National Association for the Advancement of Colored People), founded in 1909, is one of the oldest and most influential civil rights organizations in the United States. It works to eliminate racial discrimination and prejudice and to advance the social, political, and economic rights and status of people of color.

6. Legal and Tax Factors: Freedom of Incorporation and the Charitable Deduction

In the United States, the right to form nonprofit corporations and tax incentives for giving were established early. The decisive difference from Japan is that private public benefit activity was treated not as “something government permits” but as “something citizens do freely.”

6.1 The Dartmouth College Case and the Autonomy of Private Corporations

In the Dartmouth College case of 1819, the Supreme Court held that the charter of a private college was a contract and that the state legislature could not unilaterally alter it to convert the college into a state institution (*Trustees of Dartmouth College v. Woodward*, 1819). This ruling gave private colleges and public benefit organizations legal protection as entities independent of government control. Donors could now entrust assets to colleges and public benefit organizations without fear that their gifts would someday be taken over by government (Hall, 2006).

6.2 Registration, Not Permission

In the nineteenth century, many states enacted general incorporation laws, making it possible to form a nonprofit corporation simply by filing articles of incorporation, without individual legislative approval. Today, too, an organization incorporates under state law and then applies to the IRS for recognition of tax-exempt status as a 501(c)(3) organization. A simplified application form (Form 1023-EZ) is available for small organizations. The determination of public benefit is made not at the discretion of a particular ministry but on the basis of objective requirements set out in the tax law.

6.3 The Charitable Deduction

The federal tax system favoured public benefit activity from early on. The Tariff Act of 1894 exempted charitable organizations from the corporate income tax, and the War Revenue Act of 1917 introduced a charitable deduction in the individual income tax, prompted by concern that sharply rising income tax rates during the First World War would lead the wealthy to reduce their gifts to public benefit organizations (Arnsberger et al., 2008). The Internal Revenue Code of 1954 established the current 501(c)(3) framework, and the Tax Reform Act of 1969 introduced regulation of private foundations (Arnsberger et al., 2008).

Table 4: Major Legal Milestones That Shaped US Public Benefit Organizations

Year	Law / ruling	Content
1969	Tax Reform Act	Distinguished private foundations from public charities and introduced regulation of foundations
1958	NAACP v. Alabama	Guaranteed freedom of association and the confidentiality of membership lists
1954	Internal Revenue Code	Established the current 501(c)(3) framework
1917	War Revenue Act	Introduced the charitable deduction in the individual income tax
1894	Tariff Act	Exempted charitable organizations from the corporate income tax
1819	Dartmouth College case	Barred states from altering the charters of private corporations
1791	First Amendment	Prohibited an established religion; guaranteed freedom of speech, assembly, and petition

Source: Compiled by the author based on Hall (2006) and Arnsberger et al. (2008).

The essence of the charitable deduction is that it allows citizens to direct part of the taxes that would otherwise be paid to government to public benefit activities of their own choosing. The idea of not leaving the allocation of resources for the public good to government alone is consistent with the decentralized political culture seen in Sections 3 and 5.

7. Economic Factors

Rapid industrialization in the late nineteenth century produced, in a United States without a hereditary aristocracy, entrepreneurs who built vast fortunes in a single generation, and they created a new kind of organization: the foundation. At the same time, small gifts from the middle classes were institutionalized, creating a structure in which both the very rich and the general public support the nonprofit sector.

7.1 “The Gospel of Wealth” and the General-Purpose Foundation

In his essay “Wealth” (known as “The Gospel of Wealth”), the steel magnate Carnegie (1889) argued that the wealthy have a duty to use their fortunes for the public during their lifetimes, and that “the man who dies thus rich dies disgraced.” He spent large sums on building public libraries and in 1911 founded the Carnegie Corporation of New York. The Rockefeller Foundation followed in 1913.

Unlike traditional charity, which supported particular forms of poor relief or particular churches, these foundations were general-purpose private foundations that set broad goals such as “the well-being of mankind” and sought to address the causes of poverty scientifically (Hall, 2006; Zunz, 2012). That private foundations made pioneering investments in fields such as medical research, public health, and university research—areas that would otherwise fall to government—has few parallels in other countries.

7.2 The Institutionalization of Mass Giving

Zunz (2012) locates the distinctive character of American philanthropy in the coexistence of the foundations of the very rich and a “mass philanthropy” of ordinary citizens. In the first half of the twentieth century, community chests that combined the fundraising of multiple public benefit organizations (forerunners of today’s United Way) and the “March of Dimes,” which collected small coins for polio research, emerged, and giving at the workplace and in the community became part of everyday life (Zunz, 2012). That individual giving still accounts for about two-thirds of the total is a consequence of this tradition (Giving USA, 2025).

7.3 Contemporary Foundations and Market-Oriented Public Benefit Organizations

This tradition continues today. In 2024, giving by foundations amounted to USD 109.8 billion, about 18.5% of total giving (Giving USA, 2025). Much of the revenue of the US nonprofit sector, moreover, is earned income received as payment for services, as in the case of hospitals and universities. Hospitals account for only 2.2% of public charities by number but for about half of their revenue and expenses (NCCS, 2020).

Hansmann (1980) explained that in fields where users find it difficult to evaluate the quality of services, public benefit organizations that do not distribute profits are more readily trusted. In the United States, where the share of medical care and education provided directly by government is small, demand for public benefit organizations as “trustworthy private providers” is thought to have been especially great.

8. Comparison with Japan

Japan also had traditions of mutual aid, such as *yui* (village labour exchange) and *kō* (mutual associations). However, because the modern state organized society “from above” and placed private public benefit activity under official permission and supervision, an independent nonprofit sector did not grow as it did in the United States.

8.1 State-Led Modernization and the Permission System for Public Interest Corporations

The Meiji government built up education, medical care, and industry under state leadership in order to catch up with the West. Article 34 of the Civil Code of 1896 required “permission” from the competent ministry for the establishment of a public interest corporation. The judgement of public benefit was left to ministerial discretion, and corporations remained under close supervision after establishment. Pekkanen (2006) argued that this system produced a “dual civil society” in Japan, with numerous small local groups such as neighbourhood associations but few large organizations with professional staff capable of influencing policy.

Whereas in the United States it was taken for granted that “the people carry the public,” in Japan the notion that “public equals government” took deep root. As with the temple registration system of the Edo period and State

Shinto from the Meiji era onward, religion too was incorporated into state governance and did not become an independent base for giving like the American church.

8.2 The Great Hanshin-Awaji Earthquake and the Act on Promotion of Specified Nonprofit Activities

The turning point was the Great Hanshin-Awaji Earthquake of 1995. An estimated 1.8 million volunteers in total (cumulative through the end of December 1997) came to the affected areas from across the country, and 1995 came to be called “the first year of volunteering” (Cabinet Office, n.d.). Many volunteer groups, however, lacked legal personality and could not enter into contracts or even open bank accounts. This experience led to the enactment in 1998 of the Act on Promotion of Specified Nonprofit Activities (the NPO Act), which introduced a “certification system” under which the competent authority approves establishment if the statutory requirements are met. In 2008, the reform of the public interest corporation system also abolished the ministerial permission system.

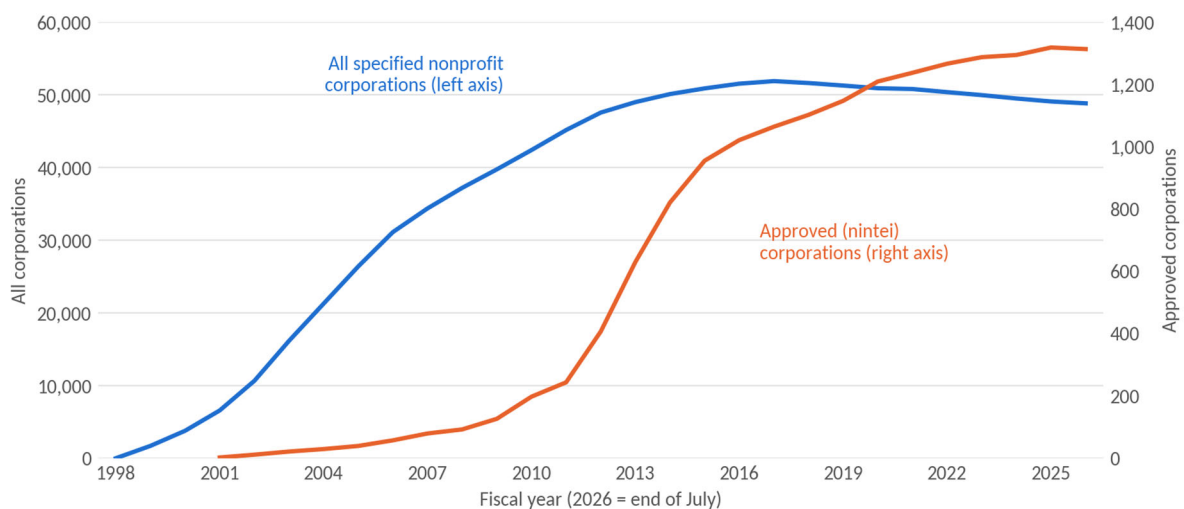


Figure 1: Number of Specified Nonprofit Corporations in Japan

Source: Compiled by the author from Cabinet Office (2026). FY1998 to end of July 2026.

As Figure 1 shows, the number of specified nonprofit corporations peaked at 51,866 in FY2017 and declined to 48,813 by the end of July 2026 (Cabinet Office, 2026). Approved specified nonprofit corporations (nintei NPOs), which are eligible for the donation tax deduction, increased rapidly after the 2012 legal revision but still number only 1,313, about 2.7% of the total (Cabinet Office, 2026). This contrasts with the United States, where most public benefit organizations are 501(c)(3) organizations eligible for the charitable deduction.

8.3 Main Types of Nonprofit Corporations in Japan

Table 5: Main Types of Nonprofit Corporations in Japan

Corporate form	Governing law	Method of establishment	Main fields of activity	Tax incentives for donors
General incorporated associations / foundations	Act on General Incorporated Associations and Foundations (2008)	Registration only	Unrestricted	None
Public interest incorporated associations / foundations	Act on Authorization of Public Interest Incorporated Associations and Foundations (2008)	Authorization of a general corporation by the administrative agency	Statutory public interest purpose businesses	Yes
Social welfare corporations	Social Welfare Act	Approval by the competent authority	Elderly care, childcare, disability welfare	Yes
School corporations	Private Schools Act	Approval by the competent authority	Establishment of private schools	Yes
Medical corporations	Medical Care Act	Approval by the prefectural governor	Hospitals and clinics	Generally none
Religious corporations	Religious Corporations Act	Certification by the competent authority	Religious activities	None
Specified nonprofit corporations	Act on Promotion of Specified Nonprofit Activities (1998)	Certification by the competent authority	20 statutory fields	Approved (nintei) corporations only

Source: Compiled by the author based on the respective governing laws and Pekkanen (2006).

Japan's nonprofit corporations are not limited to specified nonprofit corporations; they are divided into numerous corporate forms, each defined by a separate law for its own field. This contrasts with the United States, where the common framework of 501(c)(3) applies regardless of field.

By number, there are 178,921 religious corporations (end of December 2023), 57,141 medical corporations (end of March 2022), 20,972 social welfare corporations (FY2019), and 9,711 public interest corporations (December 2023) (Agency for Cultural Affairs, 2024; Ministry of Health, Labour and Welfare, 2021; Ministry of Health, Labour and Welfare, 2022; Cabinet Office, 2024). As the table shows, corporations in the major fields of welfare, education, and medical care all require “approval” from the competent authority and are supervised in vertical silos by field. General incorporated associations and foundations, which can be established simply by registration, were introduced only in 2008, far behind the general incorporation laws of nineteenth-century America.

8.4 Differences in Giving Culture

Table 6: Comparison of the Nonprofit Sector and Giving in the United States and Japan

Item	United States	Japan	Source
Total individual giving (2020)	Approx. ¥34.6 trillion	Approx. ¥1.2 trillion	Japan Fundraising Association, 2021
Individual giving as % of nominal GDP (2020)	1.55%	0.23%	Japan Fundraising Association, 2021
World Giving Index ranking (2019)	1st	107th	CAF, 2019
Number of main nonprofit corporations	Approx. 1.54 million (501(c)(3), FY2024)	48,813 (specified nonprofit corporations, July 2026)	IRS, 2025; Cabinet Office, 2026
Principle for establishing public benefit corporations (historical)	Filing / registration (19th century onward)	Ministerial permission (1896–2008)	Hall, 2006; Pekkanen, 2006
Introduction of donation tax deduction	1917	Approved NPO system in 2001	Arnsberger et al., 2008; Cabinet Office, 2026

Measured as a share of nominal GDP, individual giving in the United States is about seven times that in Japan (Japan Fundraising Association, 2021). Moreover, about half of Japan's ¥1.2 trillion consists of furusato nozei (hometown tax donations); excluding these, the total is only ¥540.1 billion (HEDGE GUIDE, 2021). Because furusato nozei donations go to local governments, this illustrates how, in Japan, even giving tends to pass through “government.”

9. Conclusion

Public benefit organizations developed in the United States because the spirit of self-government—“doing for ourselves what concerns us”—was repeatedly reinforced and institutionalized by religious, political, legal and fiscal, and economic arrangements. Each factor can also be found in other countries, but it is their combination, acting in the same direction, that constitutes the condition unique to the United States. As Figure 2 shows, the five factors in the left column expanded the nonprofit sector through three pathways.

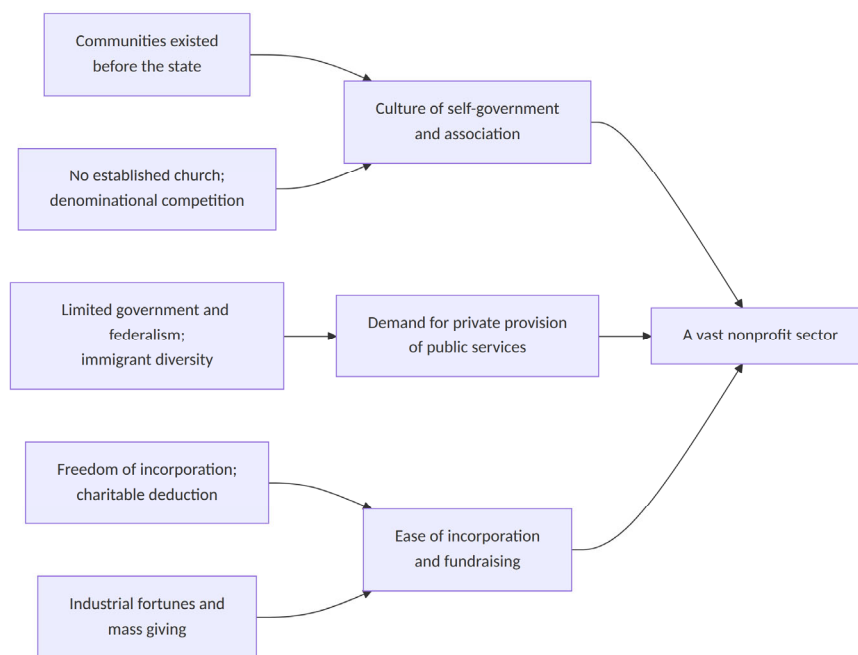


Figure 2: Interrelationship of Factors in the Development of US Public Benefit Organizations

9.1 Reconsidering the View That Americans “Depend Little on Government”

The view mentioned at the outset—that Americans depend little on government—is correct in terms of ideas and history. In financial terms, however, US public benefit organizations are deeply intertwined with government: about two-thirds of public charities receive government grants or contracts (Koob and Tomasko, 2025). The distinctive feature of the United States therefore lies less in “not relying on government” than in a relationship in which “government carries out public purposes through citizens’ organizations” (Salamon, 1995). Whereas in Japan the relationship has been one in which “government takes the lead and the people supplement it,” in the United States it is the exact opposite: “the people take the lead and government plays a supporting role.”

9.2 Limits of the American Model

The US nonprofit sector also faces challenges. First, local membership organizations have declined, and there has been a shift toward professionally managed “organizations without members” (Putnam, 2000; Skocpol, 2003). Second, because the charitable deduction takes the form of an income deduction, its benefits are greater for higher earners, and critics argue that public priorities are swayed by the interests of major donors (Reich, 2018). Third, organizations heavily dependent on government funding face major financial instability when policies change: about two-thirds of organizations receiving government grants would fall into deficit without them (Koob and Tomasko, 2025).

9.3 Implications for Japan

Japan cannot reproduce the historical conditions of the United States. There are, however, lessons that can be learned institutionally: determining establishment and public benefit status on the basis of objective requirements; broadening the range of organizations eligible for donation tax deductions; and designing government contracting not as “subcontracting” but as collaboration between equals.

In conclusion, American public benefit organizations are a product of a history in which “the people built the nation.” At the same time, they are the result of institutions—law, taxation, and government funding—that have continuously supported that spirit. The American experience shows that only when civic initiative and the institutions that back it are both present can the nonprofit sector become a pillar of society.

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