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THE JOHNS HOPKINS
COMPARATIVE NONPROFIT SECTOR PROJECT**

**Lester M. Salamon
Director**

***Social Origins of Civil Society:
An Overview***

**Lester M. Salamon
S. Wojciech Sokolowski
and
Helmut K. Anheier**

Johns Hopkins University

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Center for Civil Society Studies
Institute for Policy Studies
The Johns Hopkins University
3400 N. Charles Street
Baltimore, Maryland 21218-2688
USA

Institute for Policy Studies

Wyman Park Building / 3400 North Charles Street / Baltimore, MD 21218-2688
410-516-7174 / FAX 410-516-8233 / E-mail: ccss@jhunix.hcf.jhu.edu

Center for Civil Society Studies

Preface

This is one in a series of working papers produced under the Johns Hopkins Comparative Nonprofit Sector Project (CNP), a collaborative effort by scholars around the world to understand the scope, structure, and role of the nonprofit sector using a common framework and approach. Begun in 1989 in 13 countries, the Project continues to expand, currently encompassing about 40 countries.

The working papers provide a vehicle for the initial dissemination of the work of the Project to an international audience of scholars, practitioners and policy analysts interested in the social and economic role played by nonprofit organizations in different countries, and in the comparative analysis of these important, but often neglected, institutions.

Working papers are intermediary products, and they are released in the interest of timely distribution of Project results to stimulate scholarly discussion and inform policy debates. A full list of these papers is provided inside the back cover.

The production of these working papers owes much to the devoted efforts of our project staff. The present paper benefited greatly from the editorial work of Regina List, the project manager; Mimi Bilzor, communications associate; and Brittany Anuszkiewicz, project assistant. On behalf of the project's core staff, I also want to express our deep gratitude to our project colleagues around the world, to the International Advisory Committee that is helping to guide our work, and to the many sponsors of the project listed at the end of this paper.

The views and opinions expressed in these papers are those of the authors and do not necessarily represent the views or opinions of the institutions with which they are affiliated, The Johns Hopkins University, its Institute for Policy Studies, the Center for Civil Society Studies, or any of their officers or supporters.

We are delighted to be able to make the early results of this project available in this form and welcome comments and inquiries either about this paper or the project as a whole.

Lester M. Salamon
Project Director



*Social Origins of Civil Society: An Overview*¹

Introduction

Recent years have witnessed a considerable surge of interest throughout the world in the broad range of social institutions that operate outside the confines of the market and the state. Known variously as the “nonprofit,” “nongovernmental,” “voluntary,” “civil society,” “third,” or “independent” sector, this set of institutions includes within it a sometimes bewildering array of entities—hospitals, universities, social clubs, professional organizations, day care centers, environmental groups, family counseling agencies, sports clubs, job training centers, human rights organizations, and many more.

Prompted in part by growing doubts about the capability of the state to cope on its own with the social welfare, developmental, and environmental problems that face nations today, a growing number of political leaders and community activists have come to see such civil society organizations as strategically important participants in the search for a middle way between sole reliance on the market and sole reliance on the state.

Despite a significant expansion of research, the nonprofit sector remains the “lost continent” on the social landscape of modern society. The Johns Hopkins Comparative Nonprofit Sector Project (CNP) has made significant headway in filling this knowledge gap. The data collected as part of CNP differ from those resulting from earlier efforts because we have pursued an explicitly comparative approach, focused on a broad cross-section of countries, utilized a common definition, and adhered to a unified methodology. This makes it possible to move beyond description to explanation, to determine why the nonprofit sector takes the form it does in different places.

The purpose of this chapter is to take that step and begin to explain the variations we have identified through our data. We begin with a brief presentation of the principal findings on the size, composition, and revenue structure of the nonprofit sector in 22 of the countries that have been involved in the project (see Table 1).² We then explore a set of possible explanations for the variations to determine which has the greatest explanatory power.

What emerges most forcefully from this analysis is the conclusion that most of the prevailing nonprofit theories are too sweeping and one-dimensional to account adequately for the tremendous complexity of cross-national experience in this field. Instead, we confirm the usefulness of what we term the “social origins” approach which explicitly acknowledges what

¹ This paper was first prepared for publication in Dutch in *Noch markt, noch staat: De Nederlandse non-profitsector in vergelijkend perspectief* (The Hague, 2001) and was presented at the ARNOVA Conference, November 16-18, 2000 in New Orleans.

² A first phase of the project, completed in 1994, focused in depth on eight countries (the U.S., the U.K., France, Germany, Italy, Sweden, Hungary, and Japan). The current phase updated information in most of these countries and has extended the analysis to about 40 countries in all.

Table 1
Country coverage of Phase II of the
Johns Hopkins Comparative Nonprofit Sector Project

Western Europe		Central and Eastern Europe
Austria	Ireland	Czech Republic
Belgium	Netherlands	Hungary
Finland	Spain	Romania
France	United Kingdom	Slovakia
Germany		
Other Developed		Latin America
Australia		Argentina
Israel		Brazil
Japan		Colombia
United States		Mexico
		Peru

one author has termed the nonprofit sector's "embeddedness" in broader social, political, and economic processes (Seibel 1990).

Major Findings

In each of the 22 countries covered here, local researchers collected data on a broad range of entities that meet five key criteria—they are: (a) organizations that are; (b) self-governing; (c) not profit-distributing; (d) private; and (e) voluntary. Such organizations were then classified according to their principal activity, as outlined in Table 2.³ Of particular interest were four critical dimensions of such organizations: paid full-time equivalent (FTE) employment, volunteer employment converted to FTE, operating expenditures, and revenue sources (government payments, private fees and charges, and private philanthropy). (For more information about the data collection methodology see the Appendix and Salamon et al., 1999.)

Table 2
Fields of nonprofit activity covered by Phase II of the
Johns Hopkins Comparative Nonprofit Sector Project

- | | |
|---------------------------|---------------------------------------|
| 1. Culture | 7. Civic and advocacy |
| 2. Education and research | 8. Philanthropy |
| 3. Health | 9. International |
| 4. Social services | 10. Religious congregations |
| 5. Environment | 11. Business and professional, unions |
| 6. Development | 12. Other |

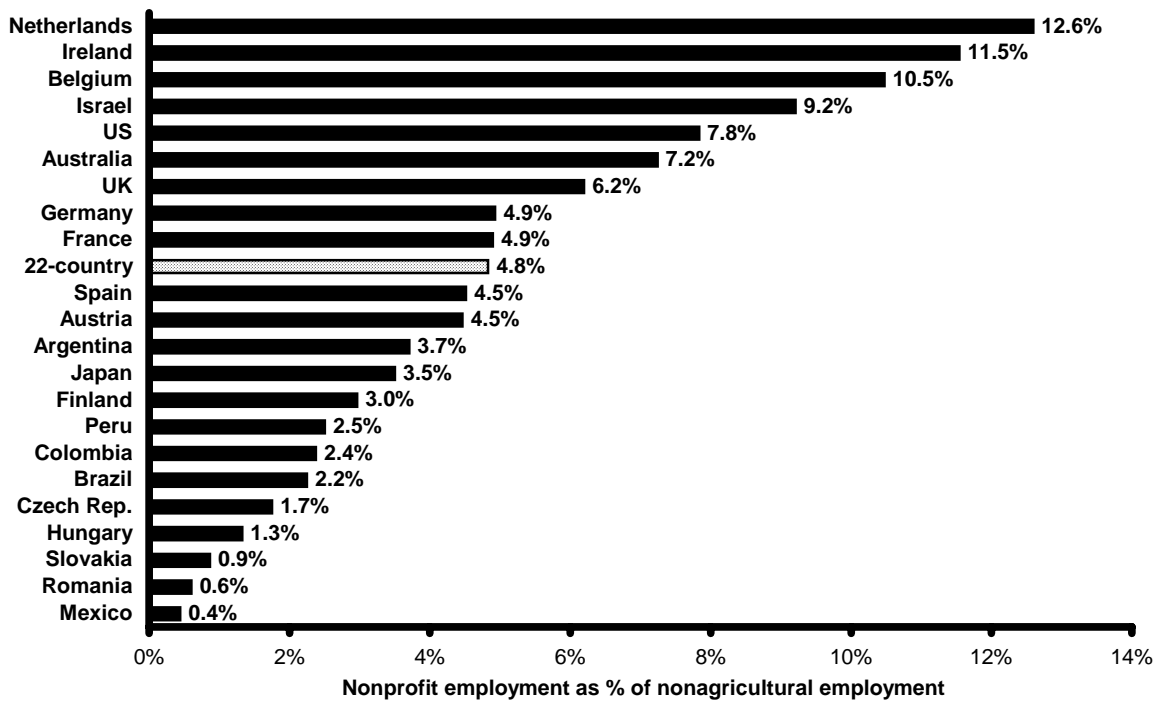
³ Religion-based service organizations were generally included in the relevant fields of activity together with non-religious providers. Religious worship organizations, by contrast, were reported separately, where such data were available.

Out of this work emerged a number of major conclusions about the scope, structure, and financing of nonprofit activity in these 22 countries. Most important for our purposes here were four of these conclusions (for more details, see Salamon et al., 1999).

1) A major economic force. In the first place, and as we found in the previous phase of our work, the nonprofit sector was found to be a major economic force. In the 22 countries for which we have data, the sector constitutes a \$1.1 trillion industry that employs close to 19 million full-time equivalent employees. This represents six times more full-time equivalent employees than are employed by the largest private company in each of these countries. Moreover, the sector attracts a considerable amount of volunteer effort. Indeed, within the countries studied, an average of 28 percent of the population report contributing their time to nonprofit organizations. This translates into another 10.6 million full-time equivalent employees, boosting the total number of full-time equivalent nonprofit employees in the 22 project countries to 29.6 million.

2) Great variation in the size of the nonprofit sector among countries and regions. As shown in Figure 1, the nonprofit sector is larger in the more developed countries and much less in evidence in Latin America and Central Europe. Perhaps one of the most surprising outcomes is that the United States, commonly thought to be the seedbed of nonprofit activity, ranks only fifth in terms of paid employment as a percentage of nonagricultural employment, after the Netherlands, Ireland, Belgium, and Israel.

Figure 1. Size of the nonprofit sector, in the ranking order, 1995



Source: Johns Hopkins Comparative Nonprofit Sector Project

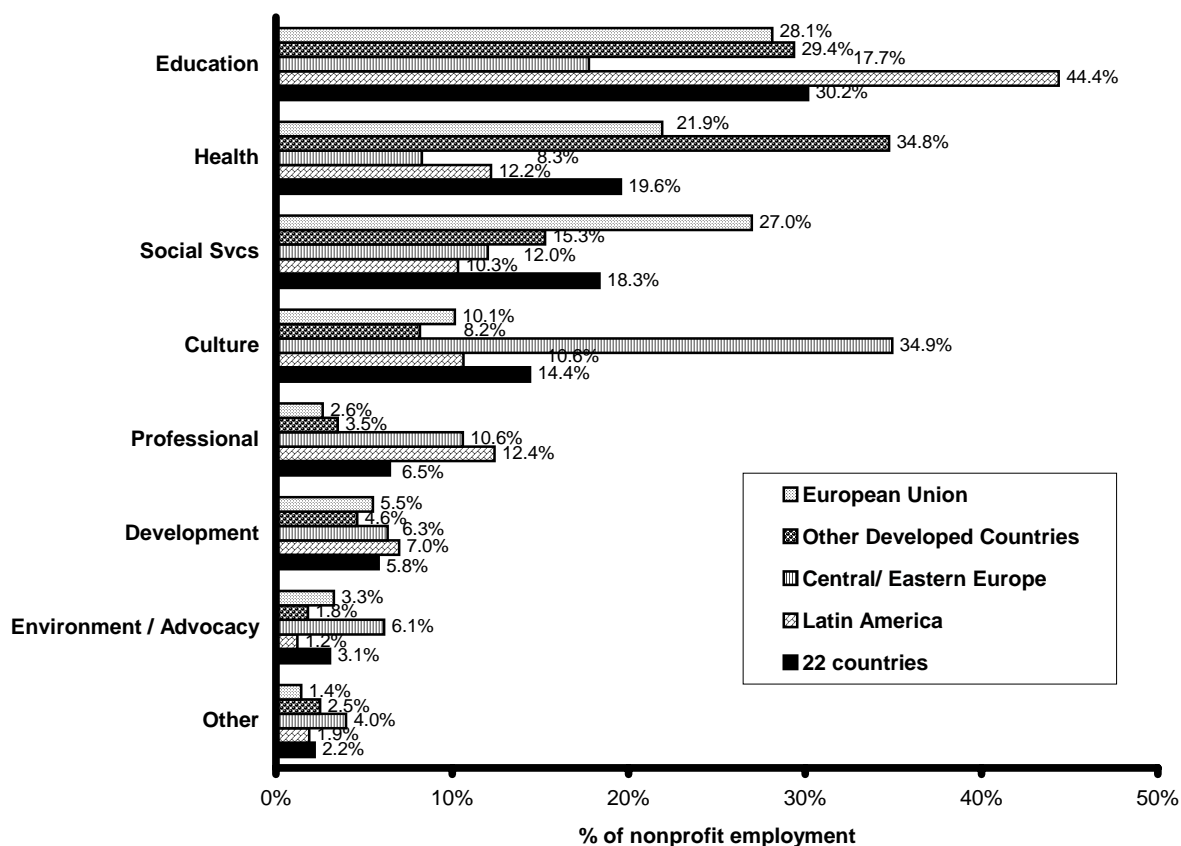
The developed Western European countries turned out to have the largest nonprofit sectors among all project countries, surpassing their Eastern European neighbors by a ratio of about 7:1. In fact, the size of the nonprofit sectors in former state socialist countries turned out to be surprisingly low, accounting for a mere 1 percent of nonagricultural labor.⁴

By comparison, Latin American countries are located in the middle as far as the size of their nonprofit sectors is concerned, but there is also substantial variability among them. On the one hand, Argentina has a nonprofit sector that is only slightly smaller than many Western European countries on the employment measure, and on a par with Western Europe on the value added measure. On the other hand, Mexico falls below even the Eastern European level on both measures.

3) Composition is dominated by welfare services, but varies by region and country. Two-thirds of all nonprofit employment is concentrated in the three traditional fields of welfare services: education (accounting for 30 percent of total nonprofit employment), health (20 percent), and social services (18 percent), as shown in Figure 2. Western Europe in particular displays a significant concentration of nonprofit employment in welfare services, in large part a reflection of the historic prominence organized religion traditionally maintained in this particular field. In Central and Eastern Europe, on the other hand, the recreation and culture field plays a much more important part in the employment base of the nonprofit sector, constituting one-third of all full-time equivalent workers employed in nonprofit associations in the region. In Latin America the education field dominates the employment base of the nonprofit sector, again an indication of the strong influence the Catholic Church historically maintained in the field. Finally in the U.S., Japan, Australia, and Israel, the major area of nonprofit employment is in the health field, which accounts, on average, for 35 percent of total nonprofit employment in these countries, followed closely by education (accounting for 29 percent of total nonprofit employment).

⁴ Since these countries have relatively larger agrarian employment than their Western European counterparts, the gap between East and West would widen even further if total employment were used as the basis for a comparison.

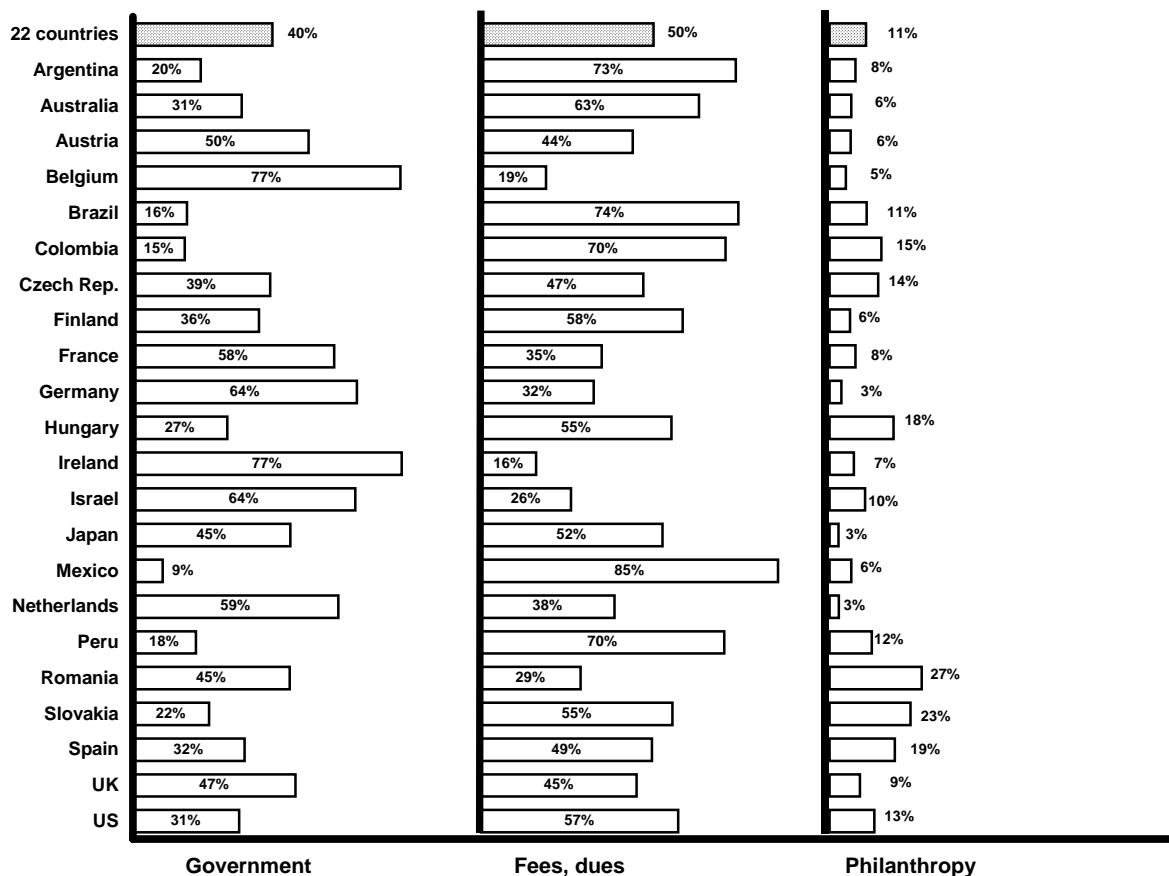
Figure 2. Composition of the nonprofit sector, by region, 1995



Source: Johns Hopkins Comparative Nonprofit Sector Project

4) Most revenues from fees and the public sector, not philanthropy. The major sources of nonprofit income in our 22 countries are fees and public support. As shown in Figure 3, fees and other commercial income alone account for nearly half of all nonprofit revenue (49 percent), while public sector payments amount to 40 percent of the total. By contrast, private philanthropy—from individuals, corporations, and foundations combined—constitutes only 11 percent of total nonprofit income. This pattern varies somewhat, however, by country and region. Whereas fee income is predominant in Latin America and Central and Eastern Europe, as well as in the U.S., Australia, and Japan, public grants and third party payments, primarily from public social insurance funds, are the most important sources of income for the nonprofit sector in the Western European region.

Figure 3. Nonprofit cash revenue, by country, 1995



Source: Johns Hopkins Comparative Nonprofit Sector Project

Conclusion. In short, considerable variations exist in the scale, composition, and financial base of the nonprofit sector among the countries examined here, and among the different components of this sector within the countries.

How can we make sense of these variations? Are the variations random or do they reflect some set of underlying dynamics? If the latter, what are these dynamics and how extensively do they apply? In particular, to what extent do the existing theories of the nonprofit sector account for both the variations and the similarities we observe cross-nationally, either in aggregate terms or at the subsector level, and what additions to these theories must be made to account for the realities that exist? In the next section, we examine a number of possible explanations.

Possible Explanations

As noted earlier, the nonprofit field has attracted a rich outpouring of theoretical interest in recent years as scholars have sought to explain the curious persistence, and recent resurgence, of this long-neglected backwater of social and economic life (see Salamon 1999; Anheier and

Seibel 1990; DiMaggio and Anheier 1990; and BenNer and Gui 1993 for summary discussions of these theories). Virtually every aspect of this sector consequently has a rash of potential theories to explain it, from the external relations of boards to the inner motivations of private donors. For our purposes here, however, three bodies of theory seem especially relevant since they speak to the overall presence and scale of this set of institutions and seem at least potentially testable.⁵ In the balance of this section we briefly summarize these alternative theoretical approaches and then expose these hypothesis to empirical testing.

1. Heterogeneity Theory

Perhaps the dominant theoretical perspective in the nonprofit field until relatively recently has been the one developed by economist Burton Weisbrod to reconcile the persistence of nonprofit organizations with classical economic theory (Weisbrod 1977). Known variously as the “market failure/government failure” or “heterogeneity” theory, this line of thought begins with the well-known observation in classical economics that the market, for all its virtues, has an inherent limitation in producing so-called “public goods,” i.e. goods that are available to all whether or not they pay for them. This “market failure” is the justification in classical economic thought for the presence of government, which exists to satisfy the demand for public goods left unsatisfied by the market system. As Weisbrod points out, however, government can perform this role in a democracy only when a majority of voters support the production of a particular public good. Where considerable differences of opinion exist about which public goods to produce, however, it may be difficult to generate such majority support and considerable unsatisfied demand for public goods may consequently persist. Such “government failure” is most likely, moreover, where considerable heterogeneity exists in a population, and where differences of opinion are therefore most likely to exist about which public goods to generate through the public sector. In such circumstances, people will turn to nonprofit organizations to supply the public goods they cannot secure through either the market or the state. Nonprofit organizations therefore function to meet the unsatisfied demand for collective goods left behind as a result of failures of both the market and the state.

Three specific hypotheses flow from this line of theory. First, we would expect the size of the nonprofit sector in a country to vary directly with the degree of heterogeneity in the population, as measured in terms of religious or ethnic diversity.

Second, this line of thinking would lead us to expect an inverse relationship between the size of the nonprofit sector and the scale of governmental provision of collective goods. This is so because this theory predicts that the nonprofit sector is a response to failures of the state to provide the kinds of collective goods that people want but that the market is unable to provide. To the extent that the government is providing such collective goods, the need for nonprofit provision would decline.

Finally, the market-failure/government failure (heterogeneity) theory would lead us to expect that the nonprofit sector would be funded mostly out of private charitable contributions. This is so because this theory views the nonprofit sector as emerging from demands for public goods not being met by either the market or the state. Under these circumstances, there would be no reason to expect the resulting nonprofit organizations to be financed either through market

⁵ Other selected theories are explained and tested in Salamon and Anheier 1998.

transactions or governmental subsidies. To the contrary, to the extent such demands are satisfied beyond the realms of either government or the market, the most likely source of support is voluntary contributions.

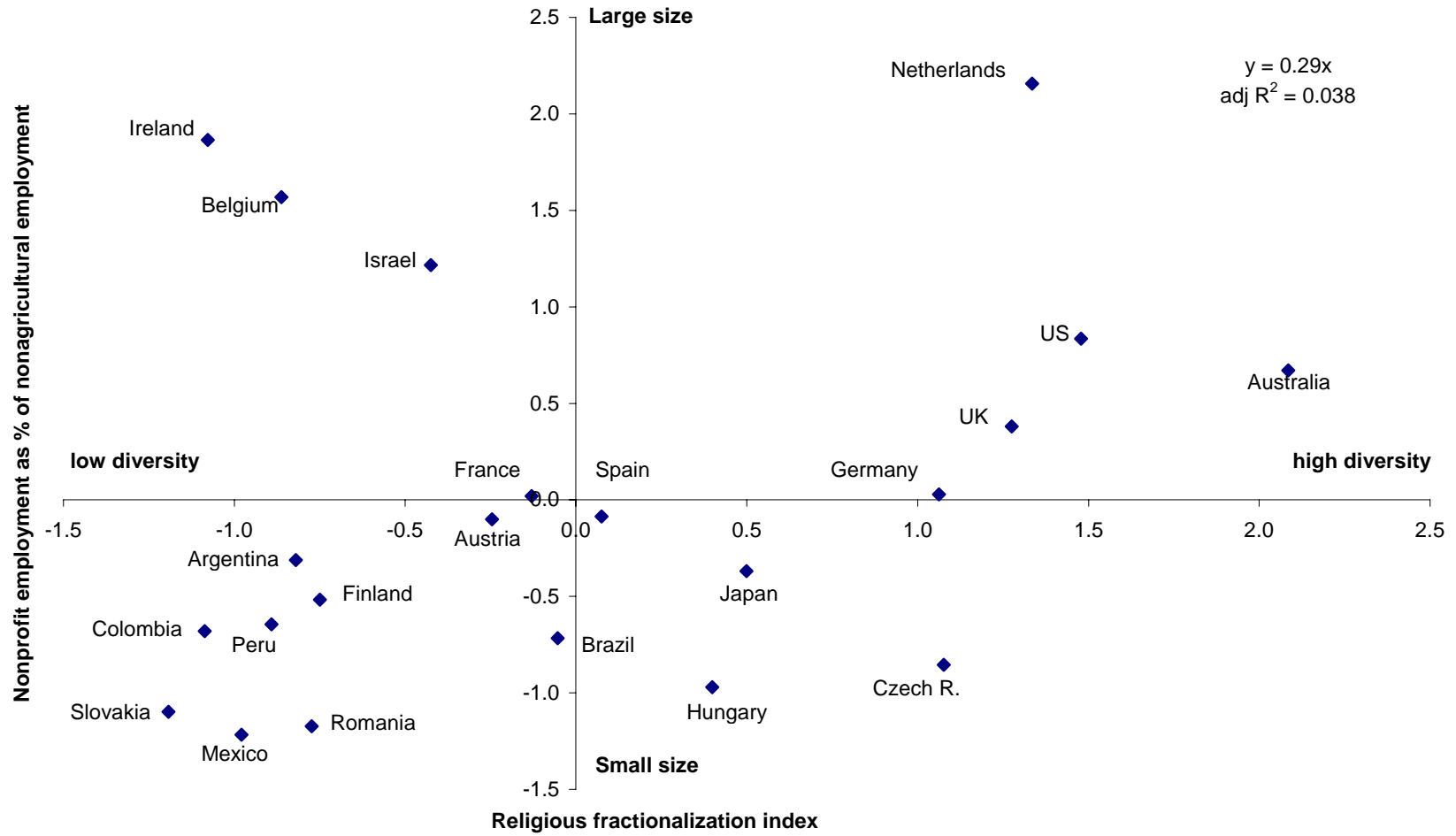
To examine the usefulness of the heterogeneity theory to explain cross-national variation in the nonprofit sector's size, we developed scattergrams showing the hypothesized relationships in a visual form. For the purpose of these tests, we measured the scale of the nonprofit sector in terms of full-time equivalent paid employment as a share of nonagricultural employment. All variables have been standardized.⁶ We marked statistically significant relationships by plotting the regression line on the scattergrams; for non-significant relationships such a line would have a zero slope and thus we did not plot it.

Figure 4 shows a relationship, or rather lack of it, between population heterogeneity and the size of the nonprofit sector. We measured population heterogeneity by developing a religious heterogeneity index,⁷ since religion has been identified by the proponent of this theory as a key factor dividing populations' preferences for public goods.

⁶ We converted the actual values to z-scores, which position each country vis-à-vis the 22-country means. For example, the z-score 1.5 means that a country is located 1.5 standard deviations above the mean on this measure.

⁷ The fractionalization index is a way of measuring the distribution of various attributes within a population. A value approaching 1 indicates that an attribute is distributed across many groups of people. A value of 1 indicates that the attribute or item in question is concentrated in a single group. Another way to interpret the fractionalization index is to view it as the probability that two randomly selected individuals belong to a group sharing the same attribute.

Figure 4. Religious fractionalization and the size of the nonprofit sector



Sources: Johns Hopkins Comparative Nonprofit Sector Project, Encyclopaedia Britannica

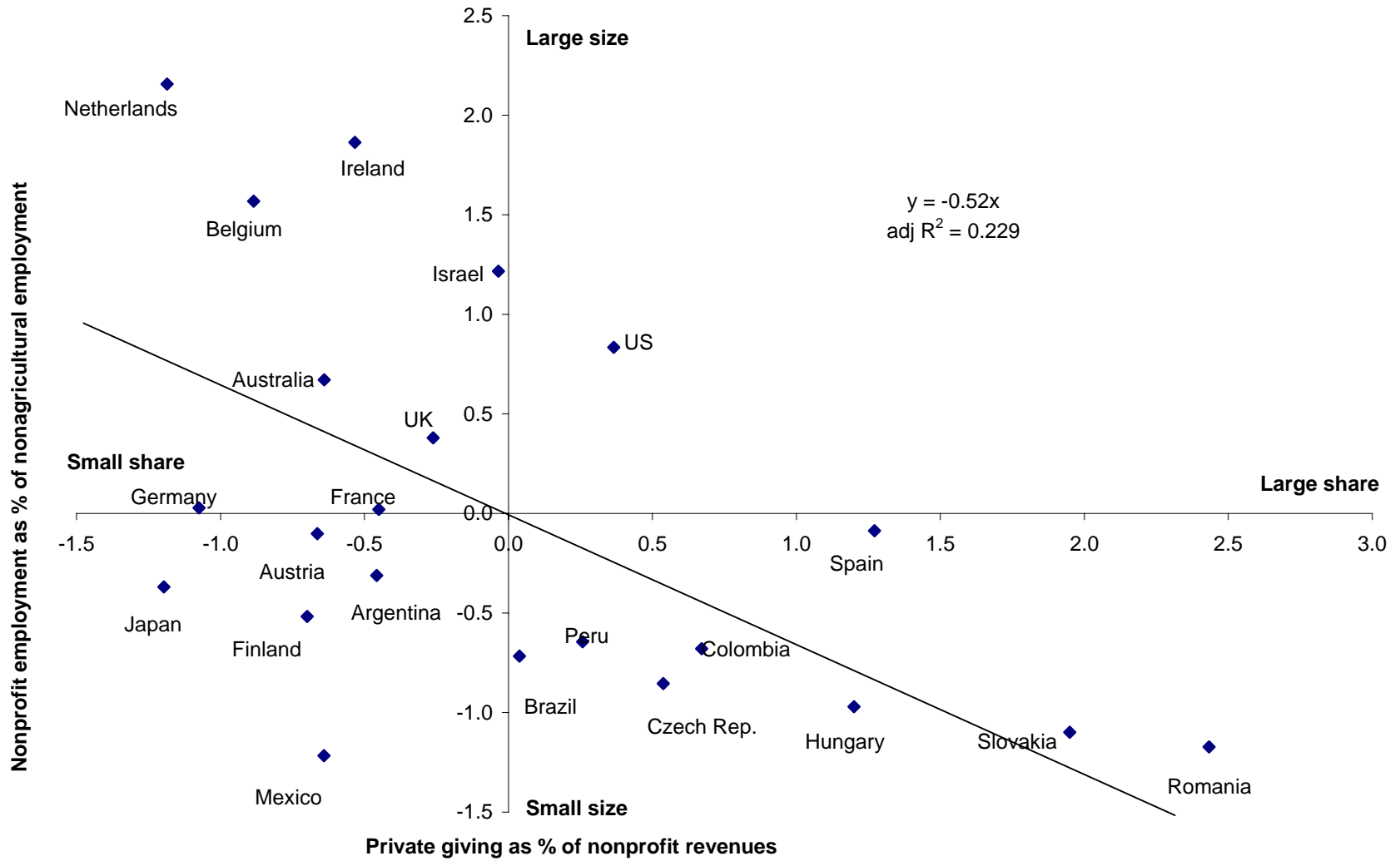
As Figure 4 shows, countries with similar levels of fractionalization, such as Colombia and Ireland, or the Netherlands and the U.K., vary considerably in the size of their nonprofit sectors. To test this relationship more formally, we calculated a linear regression equation for the data shown in Figure 4. The regression coefficient is not statistically significant—which confirms our initial observation that no relationship between heterogeneity and the nonprofit sector's size can be discerned in our data.

In a similar vein, we examined the relationship between government social spending (measured as percent of the respective countries' Gross Domestic Products) and the nonprofit sector's size.¹ We found that, contrary to the negative relationship predicted in the market failure/government failure theory, the nonprofit sector tends to be larger in countries with generous government social spending and smaller in countries with smaller social spending. Therefore, this finding directly contradicts the hypothesis predicted by the market failure/government failure theory.

Finally, Figure 5 shows the relationship between the level of private support of the nonprofit sector (measured as the private philanthropy's share of nonprofit revenues) and the nonprofit sector's size. Contrary to the hypothesis under consideration, this relationship turned out to be negative, as illustrated by the regression line in Figure 5.

¹ See Figure 7 below. The regression equation calculated from these data is $y = 0.45x$. It explains 17% of the variance (adjusted R square = 0.17), and the regression coefficient is significant at $p < 0.05$.

Figure 5 Private giving and the size of the nonprofit sector



Source: Johns Hopkins Comparative Nonprofit Sector Project

In sum, our cross-national data not only failed to yield any support for the market failure/government failure theory, but some of our findings directly contradict hypotheses derived from that theory. In particular, the central premise of this theory, that nonprofits fill in for an absent state turned out to be false. We thus need to turn to a different theory for explanations.

2. Interdependence Theory

The market failure/government failure thesis that underlies the heterogeneity theory takes as given that the relationship between the nonprofit sector and the state is fundamentally one of competition. The persistence of a nonprofit sector, in this view, is a byproduct, at best, of inherent limitations of the state.

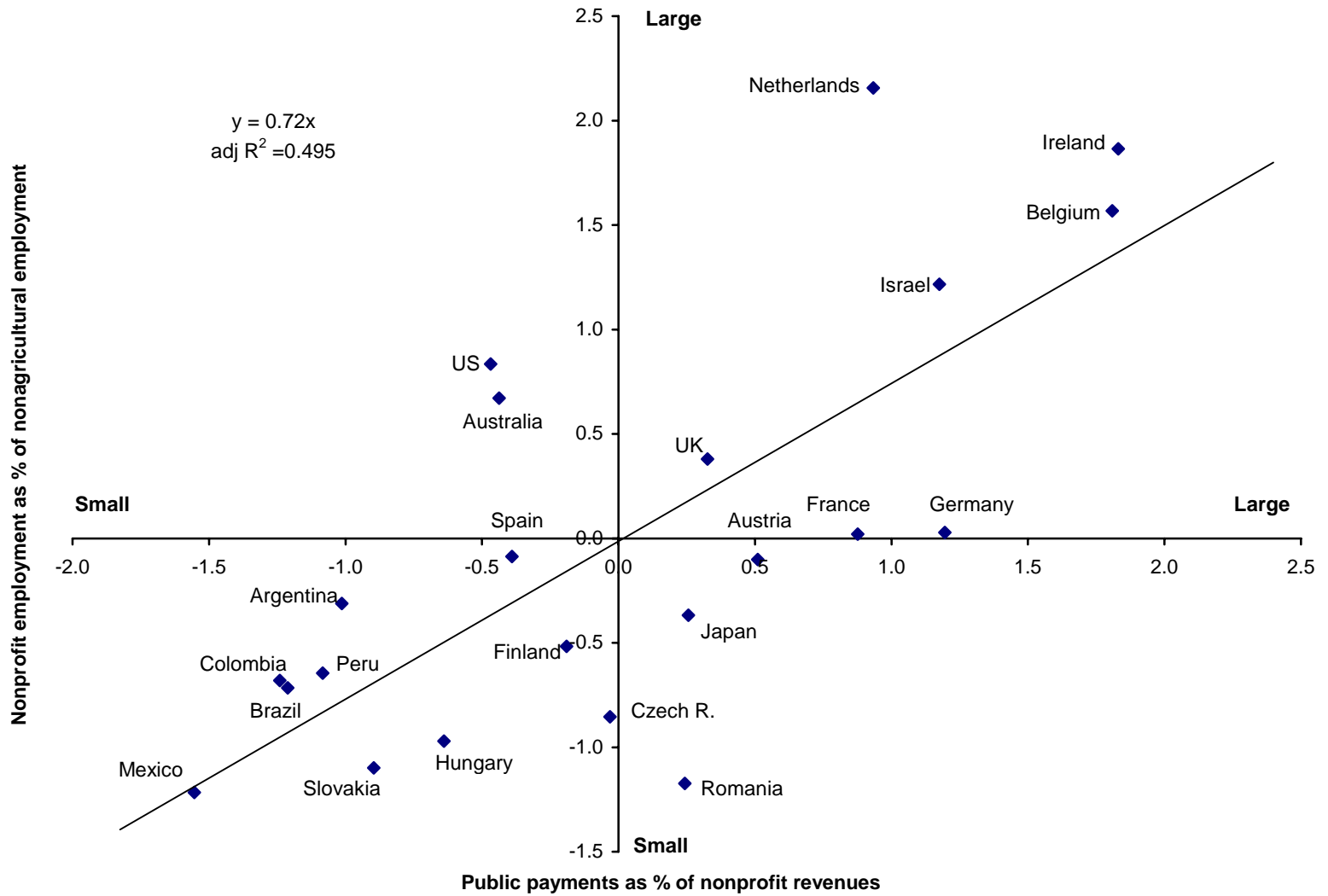
This “paradigm of conflict” (Salamon 1995) is not the only way to view the relationship between government and the nonprofit sector, however. Side-by-side with the potential sources of conflict are important elements of potential interdependence and partnership as well. Indeed, there are strong reasons to expect the latter to dominate the relationship (Salamon 1987a; 1987b). For one thing, nonprofit organizations are often active in a field before government can be mobilized to respond. They therefore often develop expertise, structures, and experience that governments can draw on in their own activities. Beyond that, nonprofit organizations often mobilize the political support needed to stimulate government involvement, and this support can often be used to ensure a role for the nonprofit providers in the fields that government is persuaded to enter. Finally, for all their advantages, nonprofit organizations have their own significant limitations that constrain their ability to respond to public problems. In addition to “market failure” and “government failure,” in other words, there is “voluntary failure”—i.e. inherent limitations of the voluntary sector as a mechanism for meeting public needs. These include “philanthropic insufficiency,” the difficulty voluntary organizations have in generating the resources often needed to “scale up” their operations; and “philanthropic paternalism,” the inability these organizations have in establishing rights to benefits and hence the difficulty they have in fostering a true sense of self-reliance.

Under certain circumstances, therefore, close cooperative relationships can be forged between the nonprofit sector and the state in addressing public problems. This can occur where, for ideological or other reasons, resistance to direct state action is strong yet demands arise for protections from particular social or economic ills; or where support from those associated with the nonprofit sector becomes crucial to enhance the role and power of the state. Under either circumstance, we would expect a positive relationship between government spending and the scope of the nonprofit sector. What is more, since government is most likely to turn to the nonprofit sector for assistance in fields where it is already engaged, we would expect this relationship to hold most strongly in the fields of health and social services. Furthermore, because government is viewed under this theory as a potential source of financial, and not just political, support for the nonprofit sector, it follows that the government share of nonprofit income should be higher also where overall government spending is higher.

The first of these hypotheses is consistent with our finding of a significant positive relationship between government social spending and the size of the nonprofit sector. But a more direct test of the interdependence theory comes from an examination of the relationship between the actual level of government support of nonprofit activities (measured as the

government share of nonprofit revenues) and the size of the nonprofit sector. As Figure 6 shows, this relationship finds strong support in our data. In fact, this variable alone explains nearly 50 percent of the cross-national variance in the nonprofit sector's size. This testifies to the quite substantial explanatory power of the interdependence theory.

Figure 6 Relationship between government support and size of the nonprofit sector



Source: Johns Hopkins Comparative Nonprofit Sector Project

3. Social Origins Theory

While the interdependence theory outlined above suggests the presence of a cooperative relationship between the nonprofit sector and the state, it does not really specify the circumstances under which such a relationship is most likely to emerge. Similarly, other theories assume a degree of flexibility in institutional choice that seems belied by the historical record. Choices about whether to rely on market, third-sector, or state provision of key services are not simply made freely by individual consumers in an open market as advocates of the economic theories seem to assume. Rather, these choices are heavily constrained by prior patterns of historical development that significantly determine the range of options available at a given time and place.

This perspective on the dynamics of institutional choice is forcefully reflected in the work of Barrington Moore, Jr. (1966) on the “social origins” of fascism and democracy and in the work of Gøsta Esping-Andersen (1990) on the origins of the modern welfare state. Central to this argument is the notion that complex social phenomena like the emergence of the “welfare state” or “democracy” cannot easily be understood as the product of the unilinear extension of a single factor, such as industrialization or heterogeneity. Rather, much more complex interrelationships among social classes and social institutions are involved. This is so, as Rueschemayer et al. (1992, p.5) have noted, because such phenomena are, above all, matters of power. As such, they reflect the balance of power among social classes, between state and society, and even among nations.

Using this mode of analysis, Barrington Moore, Jr. was able to discern in the historical records of England, France, Germany, and other countries three distinct “routes to the modern world”—democratic, fascist, and communist—each of which could be attributed to a particular constellation of relationships among landed elites, the rural peasantry, urban middle-class elements, and the state. Thus, for example, according to Moore, the emergence of democracy, and of what we would now term a vibrant “civil society,” is most likely where three prominent factors are at work: first, a royal absolutism held in rough check by strong landed elites; second, the emergence of a vigorous and independent urban middle class to challenge the power of the landed elements themselves; and third, a solution to the agrarian problem that releases the mass of the population from the land (Moore 1966: 413-432).

Esping-Andersen (1990) advances a similar argument to explain the appearance of three more or less distinct types of welfare regimes. The “liberal” regime, common in Anglo-Saxon countries, is characterized by limited, means-tested social assistance with strict entitlement rules. Its origins are linked to the weakness of royal absolutism and the dominance of a laissez-faire inspired bourgeoisie in those countries. The “corporatist” welfare state regime, more common in continental Europe, heavily relies on the state in supplying welfare assistance, but preserves the status of many of the “premodern” institutions, especially organized religion. This regime developed as a result of strong aristocratic influences, the power of organized religion, and the strong role of the state. Finally, the “social democratic” model, which emerged in the Nordic countries, a result of strong working class movements that formed an effective alliance with the middle class, involves universalism and a separation of welfare provision from the market system.

While neither Moore nor Esping-Andersen applies his analysis to the question of the appearance and growth of the nonprofit sector, there are strong reasons to believe that the mode of analysis they utilize should have considerable relevance to this question. As Seibel (1990: 46) has reminded us, nonprofit organizations “are not only providers of goods and services but important factors of social and political coordination.” As a consequence, they do not float freely in social space. Rather, they are firmly “embedded” in prevailing social and economic structures, often serving as “the knots within networks of elites with reputation, finance, and power.” Work on the Johns Hopkins Comparative Nonprofit Sector Project has made clear that such organizations have deep historical roots in virtually every one of the societies we examined.

This line of argument suggests that the contours of third-sector development go beyond the simple “large” vs. “small” dimensions of standard empirical research. Subtler questions about the role of this set of institutions in prevailing social structures are also important. At the very least, it should be clear that there is more than one route toward the creation of a sizable nonprofit sector. Indeed, it is possible to identify four more or less distinct models of nonprofit development, four types of “nonprofit regimes,” each characterized not only by a particular state role, but also by a particular position for the third sector; and, more importantly, each also reflecting a particular constellation of social forces.

Table 3 differentiates these regimes in terms of two key dimensions—first, the extent of government social welfare spending; and second, the scale of the nonprofit sector. Thus, in the so-called *liberal model*, low government social welfare spending is associated with a relatively large nonprofit sector.¹ This is the model around which much of the prevailing theory of the nonprofit sector has been framed. It features a significant ideological and political hostility to the extension of government social welfare protections and a decided preference for voluntary approaches instead. The upshot is a relatively limited level of government social welfare spending and a sizeable nonprofit sector. According to the social origins theory, such regimes are most likely where middle class elements are clearly in the ascendance, and where opposition either from traditional landed elites or strong working class movements has either never existed or been effectively held at bay.

Table 3
Models of Third Sector Regime

Government Social Welfare Spending	Nonprofit Scale	
	Small	Large
Low	Statist	Liberal
High	Social Democratic	Corporatist

At the opposite extreme is the *social democratic model*. In this model, state-sponsored and state-delivered social welfare protections are quite extensive and the room left for service-

¹Although we utilize some of Esping-Andersen’s terms here, it should be clear that we use them to refer to different types of state-nonprofit relationships rather than to different types of social welfare and pension policies as is done by Esping-Andersen.

providing nonprofit organizations quite constrained. This type of model is most likely where working class elements are able to exert effective political power, albeit typically in alliance with other social classes. While the upshot is a limited service-providing nonprofit sector, however, it is not necessarily a limited nonprofit sector overall, as some accounts would suggest. To the contrary, given the political battles likely to be involved in the extension of state-provided welfare protections, we can expect nonprofit organizations to still be quite active in such societies, but with a significantly different role, a role not as service providers but as vehicles for the expression of political, social, or even recreational interests.

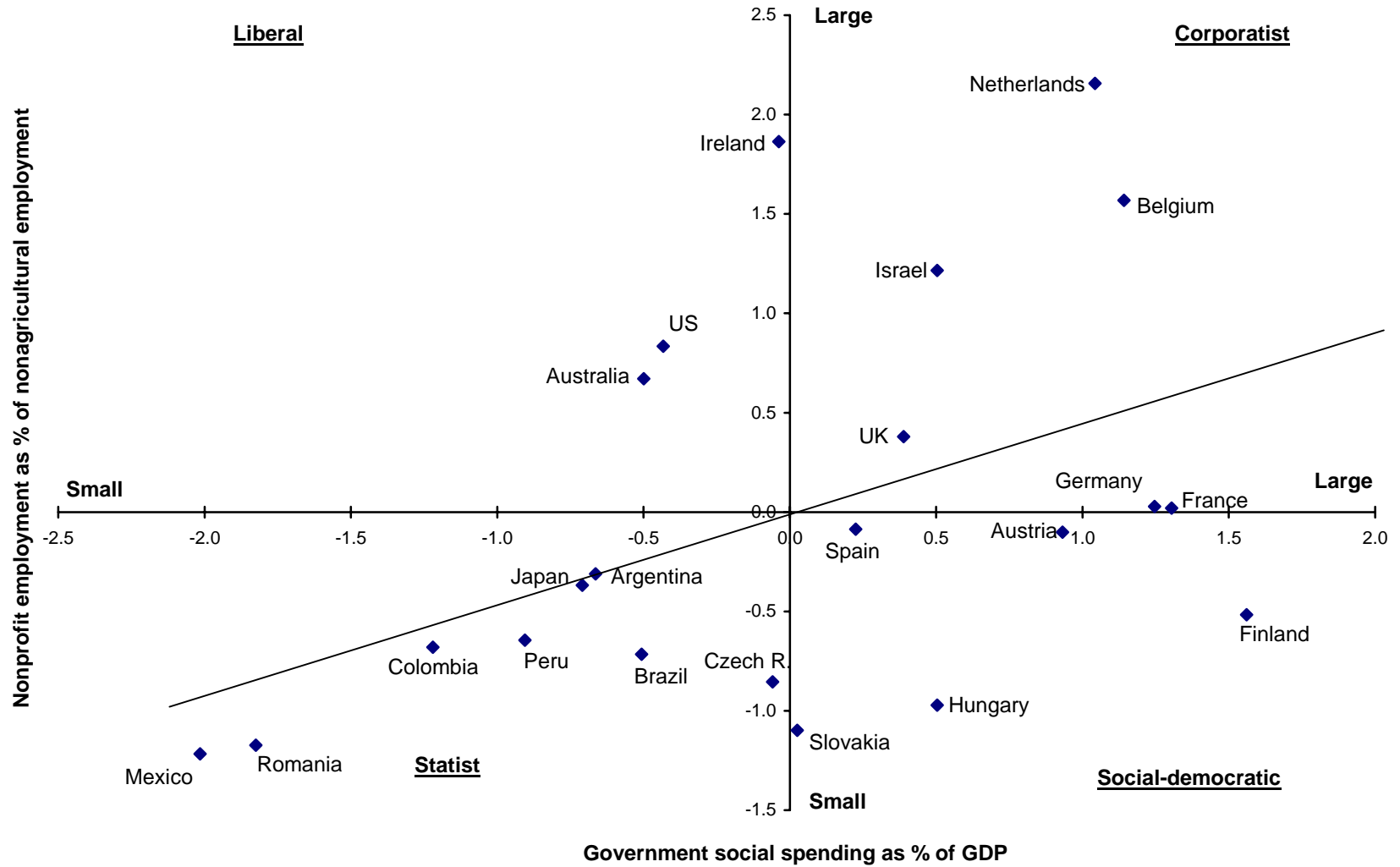
In between these two models are two additional ones, which have tended to be overlooked in prevailing theories, but which may actually be most pervasive. As reflected in Table 6, both of these are characterized by strong states. However, in one, which we can characterize as the *corporatist* model, the state has either been forced or induced to make common cause with nonprofit institutions, so that nonprofit organizations function as one of the several “pre-modern” mechanisms that are deliberately preserved by the state in its efforts to retain the support of key social elites while pre-empting more radical demands for social welfare protections.

The fourth possible model is what we might term the *statist model*. In this model, the state retains the upper hand in a wide range of social policies, but not as the instrument of an organized working class, as in the social democratic regimes. Rather it exercises power on its own behalf, or on behalf of business and economic elites, but with a fair degree of autonomy sustained by long traditions of deference and a much more pliant religious order. In such settings, limited government social welfare protection does not translate into high levels of nonprofit action, as in the liberal regimes. Rather, both government social welfare protection and nonprofit activity remain highly constrained.

Needless to say, these nonprofit sector regime types are heuristic devices intended to demarcate broad tendencies. Significant variations can therefore exist among countries that fall in any particular grouping. In addition, the particular constellations of social, economic, and historical developments that lead to these different regimes can differ from place to place. Thus, middle class elements can be weak because of a strong state or because of powerful landed elements that keep them under control. Whichever is the case, however, the prospects for a *liberal* model are not good. More likely is either a *corporatist* or *statist* outcome depending on a variety of other social and historical circumstances.

Though the resulting “models” are far from being completely distinct, therefore, this framework, and the social origins theory that lies behind it, still offers a useful way to distinguish a variety of pathways of third-sector development and to integrate a significant range of relevant social and historical reality into an explanation of third sector scale and role. In the process it helps to unravel a number of critical anomalies left behind by the other theoretical approaches.

Figure 7. Countries by regime type



Source: Johns Hopkins Comparative Nonprofit Sector Project, OECD

As reflected in Figure 7, our data give considerable support to this social origins approach. As it turns out, all four of the regime types reflected in this theory turn out to be represented among the countries we studied, and the explanations seem consistent with what the “social origins” theory would suggest. In the first place, two of the countries, the U.S. and Australia, fall clearly into the category of *liberal* nonprofit regimes. In both, government social welfare spending is relatively low and the size of the nonprofit sector relatively large. Moreover, the social conditions thought to be associated with this pattern are very much in evidence—namely a sizable urban middle class that effectively disrupted (or, in these two cases never really confronted) a landed upper class while holding urban working class elements at bay. The American and Australian middle classes were much more successful at this than their counterparts elsewhere, in part because they never really had an entrenched landed elite to unseat, and in part because ethnic and racial diversity kept the working classes more highly splintered.

The “social origins” literature suggests that the U.K. should be among the clearest cases of liberal regimes. However, in the U.K., as in many other European countries, a postwar surge of working class support led to the establishment of certain key features of a classic “welfare state,” particularly in the field of medicine. Thus, the U.K. is a mixture of the liberal regime and the corporatist regime, discussed below.

The *social democratic* pattern is more fully represented in our data by the cases of Austria and Finland, which are characterized by relatively high levels of government social welfare spending and relatively small nonprofit sectors, at least as measured in terms of employment. Here as well, moreover, the social conditions thought to be associated with this pattern are in evidence. This is particularly true in the case of Finland, where working class political parties were able to push for extensive social welfare benefits as a matter of right in a context of a weak upper class unable to resist that pressure.

A small nonprofit sector in terms of employment does not necessarily mean a small nonprofit sector overall in such regimes, however. Rather, the nonprofit sector may simply perform a different function in social democratic regimes—an advocacy and personal expression, rather than a service-providing, role. This is certainly the case in Finland where a very substantial network of volunteer-based advocacy, recreational and hobby organizations turns out to exist alongside a highly developed welfare state. This may help explain our earlier finding that while Finland ranks at the low end of European countries when only paid employment in the nonprofit sector is considered, it ranks at the high end when account is taken as well of organizational membership. In this kind of setting, in fact, the nonprofit sector may actually come closest to the ideal of a “civil society” sector functioning to facilitate individual and group expression.

Beyond these two widely accepted models, however, our data also validate the existence of the two others identified in the “social origins” theory. The first of these is the *corporatist* model, represented here by Germany, France, Belgium, the Netherlands, and several other countries. In these countries, the state has either been forced or induced to make common cause with nonprofit organizations, albeit for different historical reasons. In Germany, the state, backed by powerful landed elements and in cooperation with a relatively weak urban middle class, responded to growing worker pressures by working out an agreement with the major churches beginning in the latter 19th century to create a state-dominated social welfare system

that nevertheless maintained a sizeable religious presence. This agreement was ultimately embodied in the concept of “subsidiarity” as the guiding principle of social policy.¹ The upshot has been a close working relationship between the state and voluntary organizations—both secular and religious—and the resulting coexistence of extensive government social welfare spending and a sizeable nonprofit sector. In the Netherlands, a rather different sequence led to a similar result. There religious tensions between the secular and religious segments of society (the “pillars”) led to a political compromise in the second decade of the 20th century under which public and private (denominational) schools were recognized as parts of a universal system of education, and were given equal rights to public support. This pattern of “private provision of publicly paid services” was then replicated in numerous other fields—health, elderly care, social services—with ambiguous effects on “pillarization” but lasting support for the idea of subsidiarity.

The cases of Japan, Brazil, and several other countries fit the *statist* model, with low levels of government social welfare spending accompanied by a relatively small nonprofit sector. In Japan, this reflects a tradition of state dominance established during the Meiji Restoration of 1868 that, in the absence of effective urban middle class or working class movements, has allowed the state apparatus to retain considerable autonomous power. Combined with extensive corporate welfare, the result has been a relatively low level of government social welfare protection without a corresponding growth of independent nonprofit activity. Similarly, in much of Latin America dominant social classes, in alliance with outside colonial interests, managed to fend off effective protest and keep social protections limited without building up a strong nonprofit presence.

Finally, the Eastern European countries in our sample represent an interesting mix of the statist and social-democratic tendencies. The implementation of the Soviet-style central planning regime after World War II resulted in a substantial increase in social welfare spending, as compared to Third-World countries and the U.S. and Australia. Nonetheless, such spending in Eastern Europe did not reach the level of most Western European countries due to policies designed to limit consumption and increase investment. At the same time, the governments in the Eastern European countries supported only those voluntary organizations that were instrumental to their official policies, while suppressing those that might challenge the government’s hegemony. Consequently, most Central and Eastern European countries occupy a “borderline” area between the statist and social-democratic regime types: a relatively high level of government social spending coupled with a relatively small nonprofit sector.

¹This concept essentially holds that principal responsibility for dealing with any social problem lies first with the social unit closest to the problem, and that any state involvement should operate with and through such local institutions of neighborhood, church, and social group (Anheier and Seibel 1996; Salamon and Anheier 1994).

Conclusion

The analysis reported here demonstrates the insufficiency of the single-factor explanations that have dominated discussion of the nonprofit sector in recent years. At the very least, it seems that such factors apply only in certain circumstances, and even then, only to some components of this complex set of institutions.

The findings here suggest a fruitful new line of analysis for understanding the nonprofit sector at the global level, a line that we have termed the “social origins” approach. This approach treats the nonprofit sector not as an isolated phenomenon floating freely in social space but as an integral part of a social system whose role and scale is a byproduct of a complex set of historical forces. What is more, it suggests that these forces are far from random or *sui generis*. Rather, distinctive patterns are evident that can be analyzed and compared. Certain circumstances are therefore more congenial to the blossoming of nonprofit institutions than others, and the shape and character of the resulting nonprofit sector is affected by the particular constellation of social forces that gives rise to it. The “social origins” approach thus serves as a bridge between the elegant simplicity of the economic models, which unfortunately turn out to leave much of the important variation unexplained, and the dense detail of traditional historical accounts, which make it extremely difficult to generalize from place to place. In the process, it usefully integrates the study of the nonprofit sector into the social analysis of societies more generally.

Whether this “social origins” approach will prove more effective than the alternative theories for understanding the growth and development of the nonprofit sector is too early to tell at this point. Our hope, however, is that the exploratory attempt we have made here to test available theories of the nonprofit sector against solid empirical data will serve as both a stimulus and a useful first step toward the more complete theory-testing that is needed. Only in this way, we believe, will we come closer to understanding what the true determinants of nonprofit growth and development really are. Given the importance increasingly attached to this sector among both scholars and practitioners alike, this would be a desirable outcome indeed.

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Program Manager and Regional Coordinator for Developing Countries: *Regina List*

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Statistical Data Analyst: *Wojciech Sokolowski*

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