

Nonprofits, Cooperatives, Philanthropy

I. Nonprofits

Nonprofit organizations

- In 2013, there were 1.41 million nonprofits in the U.S., their revenues amounting to 5.4% of U.S. GDP.
- 10.2% of U.S. workforce (including volunteers) in nonprofits in 2013 (7.4% in 13 countries for which data are available).
- This does not include government employees, another 16.5% of U.S. workforce in 2013.
- Non distribution constraint. Effectively, there are no owners. Tax exempt. Board of trustees appoints own successors.

Percentage of Workforce in Nonprofits by Country 2013

- Israel 12.7%
- Australia 11.5%
- Belgium 11.5%
- New Zealand 10.6%
- United States 10.2%
- Japan 10.0%
- France 8.9%
- Norway 8.2%
- Portugal 4.4%
- Brazil 3.7%

Nonprofits in History

- Darwin is said to have been an independent scholar, but he studied at a university (Christ's College Cambridge) and he was financed by private citizens who believed in him.
- His botany professor John Stephens Henslow helped him get financing for his 2-year Beagle expedition.
- Henslow saw scientific work as religious natural theology, and was passionate about Darwin's ideas, in a way that would not fly if one asked Parliament to fund it.

Nonprofits Give Bonuses Just as For-Profits

- 42% of all nonprofits have a formal executive bonus system in place (2007-2008), and the percent is increasing.
- Nonprofits have to compete with for-profits.

Why Set Up a Nonprofit?

- It may not be much different to you than setting up a for profit, and it gives you the moral high ground.
- Peter Tufano, HBS, Doorways to Dreams, Prize-linked savings, tax-time saving .
- Dean Karlan here at Yale Innovations for Poverty Action founded 2002. \$25 million income 2010, staff of 500 people.
- More typical story: You decide that your town needs a hospital. You create a nonprofit hospital. You go to the biggest church or temple in town, ask to use their name and help.

Human Impulse to Hoard

- Normal people like to accumulate, a sort of instinct
- In extreme form, it is a mental illness, “compulsive hoarding”
- DSM-IV calls this a form of OCD, but DSM-V will probably classify it as a separate mental illness

Richistan Chapter on Growing Trend towards Social Entrepreneurs

- People with entrepreneurial spirit do not want to stay confined to “politically correct” traditional charities.
- Political correctness means, for example, that one might not be able to hire talented people, since it means salaries would seem “unfair.”