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## CHAPTER V

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# The Nonprofit Sector in Japan: Historical Evolution and Future Challenges

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## I. Introduction

As a part of the Johns Hopkins Comparative Nonprofit Sector Project, a team of Japanese researchers was organized in the fall of 1990 to participate in an international joint effort to shed light on a set of private institutions that pursue public purposes, serve a host of social functions, and yet operate essentially outside of the government and are not motivated for profit making. These institutions are often called *third sector institutions* in the United States, as they occupy a social space outside both the state and the market. Such entities have been gaining importance as a means to cope with human needs and promote the idea of civil society throughout the world. The Japanese team of researchers believed that it was important for Japan to participate in this effort to have a better grasp of this significant global phenomenon, as well as to undertake a comprehensive analysis of the Japanese nonprofit sector with an international comparative perspective. In Japan, there has clearly been increasing attention focused on the activities of "NGOs," "private philanthropies," and "think tanks" as indicated by a dramatic increase in media coverage of their activities in recent years. According to a keyword search on four major Japanese newspapers, the frequency of articles on NGOs made a jump from 192 during 1991 to 291 in 1992, 972 in 1993, to 1,506 in the first ten months of 1994. This interest in the non-

profit sector has been linked to an active exploration among Japanese leaders of the respective roles of the government and the private sector in the governance of Japanese society as indicated by the raging debate on critical issues such as “deregulation” or the future direction of the social security system in the currently aging society. While the amount of literature on the nonprofit sector in Japan—particularly information published in Japanese—has grown, the number of substantive research activities and analyses on the subject has been quite limited. In addition to contributing to the international comparative study of The Johns Hopkins University Institute for Policy Studies at the initiative of Professor Lester Salamon, the Japanese participants in the project agreed that the Japanese component of the study would contribute to further discussion on ways and means of developing the nonprofit sector within Japan.

The Japanese team comprised several scholars and professionals who constitute a major portion of the fledgling Japanese community of experts in this field. Takayoshi Amenomori, previously senior program officer at the Japan Center for International Exchange (JCIE), as well as executive secretary of The Asian Community Trust (ACT), and presently executive secretary of the Toyonaka International Exchange Center, wrote the paper “Defining the Nonprofit Sector” with the assistance of Mio Ohta, research associate at JCIE. Amenomori also acted as a coordinator of the Japanese component of the Johns Hopkins Project. Yoshinori Yamaoka, former program officer of the Toyota Foundation and presently a freelance planning and program consultant wrote a paper on “The Historical Background of Japan’s Nonprofit Sector.” Takako Amemiya, professor at Shoin College and consultant for the Japan Association of Charitable Corporations contributed a paper titled “The Nonprofit Sector: Legal Background.” Naosumi Atoda, professor at Nagoya City University, was responsible for the empirical study on the scope and character of the nonprofit sector in Japan and provided a paper and statistical material in a report entitled “Estimated Scale of the Private Nonprofit Sector.” Takayoshi Amenomori and Mio Ohta participated in the data gathering and analysis of this ambitious survey project. A group of scholars and professionals including Professor Masaaki Homma, professor of economics at Osaka University, assisted in this survey. Tadashi Yamamoto, president of JCIE and a local associate of the Johns Hopkins project, contributed the paper “Government/Nonprofit Organization Relations.”

These papers have been written in accordance with the "field guide" on each subject area, provided by the coordinators of the Johns Hopkins project for the participants in the twelve countries covered in this project in order to ensure that comparative data gathering and analyses would be possible. The field guide posed a series of questions to which the paper writers were asked to provide information and analysis. These papers highlighted key issues, cited illustrative evidence, and presented analysis of past developments and future prospects on such issues. Though the paper writers covered the individual areas of definitional issues, historical background, legal background, scope and nature of the sector, and the government-nonprofit sector relationship, these areas are inevitably inter-related. The historical background has influenced the legal context of the nonprofit sector considerably; the legal and administrative arrangements reflect the government-nonprofit relationship; and the public-private interaction significantly dictates the scope and nature of the nonprofit sector, etc. Though this paper is an executive summary of the papers submitted by the Japanese team to the Johns Hopkins Comparative Project, it will not necessarily go over each paper in sequence, but will highlight a few of the major thrusts of the papers which characterize the evolution of the nonprofit sector in Japan, its basic components, its scope, and issues related to its future development.

## II. Overall Character and Scope of the Japanese Nonprofit Sector

In the definitional chapter of this project, Amenomori states that the Japanese nonprofit sector is difficult to define and measure. Although a large amount of statistical material is routinely collected from nonprofit organizations, it is often impossible to separate out the nonprofit sector. He argues that many nonprofit organizations are virtually treated as part of government. Yamamoto argues that an underlying assumption among government officials is that nongovernmental organizations are basically subsidiaries of their ministries, if not potential extensions of the state polity. One example of the definitional confusion in this connection is that the term *third sector* as used to indicate the nongovernmental and nonprofit sector in the United States, is used in Japan to refer to a sector represented

by public-private joint ventures created mostly at the initiative of the public sector. Still, these organizations are included in the category of “nonprofit organizations.” There are many other *koeki hojin* or, literally translated, “public-interest corporations” which have been created at the initiative of government agencies, and which are managed by government bureaucrats seconded by “the competent authorities of the government.” These competent authorities, or government agencies, with jurisdiction over the fields of activity relevant to the nonprofit organizations, have a large measure of control over these entities including the right to approve their establishment and oversee their annual budget and programs. Thus, as compared to some other advanced industrial democracies, the nonprofit sector in Japan is highly regulated, and there is relatively limited autonomy among nonprofit organizations. Thus, inclusion of “private school corporations” and “social welfare corporations,” which are under strict control and are substantially subsidized by governmental agencies, in estimating the scale of the private nonprofit sector in this Comparative Nonprofit Sector Project has been criticized by some in Japan for inflating the scope of the sector as defined as nonprofit and nongovernmental. As will be discussed in the following section as well, private school corporations and social welfare corporations have distinctly different relationships with the government when compared to other nonprofit sector organizations created under the Civil Code. Takako Amemiya points out that the law allows private school corporations and social welfare corporations to undertake profit-making activities, and up to fifty percent of their earnings, if expended on public benefit activities, are tax exempt. However, public interest corporations, under Article 34 of the Civil Code, can only spend up to thirty percent of earnings from profit-making activities on public-benefit endeavors without being taxed. Amemiya maintains that no justifiable reasons for this disparity are known.

On the other hand, there is a limited scope of organizations included in the category of public-interest corporations (*koeki hojin*) as defined in Article 34 of the Civil Code; a number of organizations that may be counted as nonprofit sector organizations in other countries may not be covered in the estimate, thus, deflating the estimate. Article 34 of the Civil Code states that “an incorporated association or foundation relating to worship, religion, charity, science, art or otherwise relating to public interests (i.e. those benefiting the society in general or many unspecified persons) and not having



for its object the acquisition of gain, may be made a juristic person subject to the permission of the competent authorities." Amemiya points out that some scholars argue that the laws are defective because such nonprofit organizations as societies, alumni associations, special interest associations, and small-scale volunteer organizations (i.e. those that cannot meet the qualifications for associations or foundations) cannot attain juristic person status because of the absence of such a special law, and must remain organizations without any legal status. For purposes of estimating the scale of the nonprofit sector in Japan, this tends to deflate the estimate. In particular, it is difficult for this type of estimate to capture the truly dramatic increase of NGOs in recent years, as most NGOs do not have legal status and are not registered. Rigorous requirements in attaining incorporated status such as the minimum requirement of approximately 300 million yen (3 million dollars) as an endowment, and of approximately 30 million yen as an annual budget as well as control by governmental agencies inhibit most NGOs from even pursuing the possibility of acquiring incorporated status.

Despite the aforementioned difficulties (certainly not limited to Japan) in making estimates of the scale of the nonprofit sector, valiant efforts were made by Naosumi Atoda and his colleagues to meet the challenges of this international comparative study. As indicated by Atoda, although studies of specific areas of Japanese international exchange activity and cultural or grant-making organizations have been made before, this study of the Japanese nonprofit sector in its entirety is the first of its kind. This study follows the activities classification of the Johns Hopkins Comparative Nonprofit Sector Project (ICNPO), and the scale was estimated partially from consumption and savings of the private nonprofit sector vis-à-vis household spending/savings in the System of National Accounting (SNA). Basic data necessary for evaluating the scale of Japan's private nonprofit sector and its activities by industry is provided in *Minkan Hieiri Dantai Jittai Chosa Hokoku* (A Report of a Fact-Finding Survey on Private Nonprofit Organizations, hereafter referred to as Survey) compiled by the Economic Planning Agency's Economic Research Institute. Supplementary work was needed as data about private school corporations, health and medical corporations, and voluntary organizations (or NGOs) were not included in the Survey. The Survey also includes many organizations that are not defined as private nonprofit organizations according to ICNPO standards, such as, for instance, reli-

gious corporations under the Religious Corporation Law, political parties, and some “special corporations” (*tokushu hojin*), and attempts were made to remove them from the data. Also, due to the divergence between the group classification of ICNPO and the industry classification adopted for the Survey, the data given in the Survey had to be broken down and reorganized. Also, additional data on organizations that were not included in the Survey, had to be collected separately. A table in the attachment provides information on these adjustments and additional efforts to supplement the survey.

Major findings of the work of Atoda and his team are summarized in the Overview of Salamon and Anheier. To recapitulate briefly, nonprofit organizations, as defined in the Project, represent only 2.5 percent of total employment, and about 3.2 percent of gross domestic product in Japan. Though it is lower in percentage terms as compared with Germany, France, Italy, and the United Kingdom, the Japanese nonprofit sector employs more people than their counterparts in these countries, reflecting its economic weight. In terms of its composition, education and research and health are by far the dominant fields of nonprofit activity in Japan, together accounting for two-thirds of all nonprofit expenditures. There is little nonprofit activity in the fields of culture, recreation, environmental protection, housing, or civic affairs. As to revenue of nonprofit organizations, sixty percent of nonprofit revenue in Japan comes from earned income from fees and payments, the highest of the twelve countries surveyed in the Project, mainly due to tuition receipts for private universities and schools. Outside of the educational field, government support is far more important. Thus, the two other significant components of the Japanese nonprofit sector—health and social services—receive most of their income from the government. Private contributions make up only 1.3 percent of nonprofit income overall. Atoda also reports on the low level of volunteerism, whose total imputed value is only 0.007 percent of total expenditures.

As an overall assessment of the state of the nonprofit sector in Japan, Japanese participants of the Project concur with the summary in the Salamon/Anheier Overview to the effect that Japan is, in many senses, the most restrictive of the developed countries in terms of the ease or difficulty in forming nonprofit organizations and that the key issue for the future of the nonprofit sector in Japan is whether the prevailing relatively rigid system of state control will survive or be replaced by a more flexible and open system conducive to the formation of nonprofit organizations.

### III. Evolution of the Nonprofit Sector in Japan

The character and scope of Japan's nonprofit sector as discussed above reflects the historical evolution of the relationship between the public sector and the nonprofit sector which, in turn, is manifested in changes in legal and tax provisions regarding nonprofit sector organizations. Yoshinori Yamaoka's paper on "The Historical Background of Japan's Nonprofit Sector" provides a comprehensive review of the evolution of such government-private interaction. Yamaoka's analysis does not seem to attribute an emergence of the nonprofit sector in Japan in recent years to any single religious, cultural, or historical factor, but to a number of diverse factors which have formed the present socio-political context within which nonprofit sector organizations operate in contemporary Japan.

There were some religious and charity-related elements in the early history of Japan's private nonprofit activities. Such activities in Japan's ancient period through its medieval period were largely carried out by Buddhist monks. There was also the influence of Catholic missionaries who came to Japan during the sixteenth century, and the charitable work performed by the mutual aid organization, *Misericordia*, which was particularly noteworthy among charitable work conducted by Catholics in certain locales such as Nagasaki and Yamaguchi. During the early modern period of Edo, from the early seventeenth century to the mid-nineteenth century, wealthy merchants advanced various charitable and cultural activities. Both the shogun government and various clans assumed a Confucian spirit in their countermeasures against famine and natural disasters and in forming mutual aid associations in the capital of Edo and in regional towns and villages. Five Osaka merchants established a private academy in 1724 with an endowment through donations, and an organizational structure emerged which resembled that of the present-day *zaidan hojin*, or foundation. According to Yamaoka, there were approximately 1,500 private academies throughout Japan by the end of the Edo period, including some famous schools such as Keio Gijuku which is presently one of Japan's most famous private universities.

The Meiji Restoration of 1868 brought about the dissolution of the feudal structure and formation of a new, modern imperial nation, and Western learning and social systems were introduced in order for Japan to achieve modernization. The establishment of a systematic base for private nonprofit activities—the *koeki hojin* system—developed relatively late when the present

Civil Code was established in 1898. Furthermore, Yamaoka notes, the majority of nonprofit activities as defined by the Civil Code were actually government supervised or semi-governmental/semi-private in nature. In the period prior to World War II, there was a type of *koeki hojin* that was not formalized into the legal system but operated as a foundation. These entities were called *onshi zaidan*, imperial endowments. There were also several corporate bodies established for the purpose of accomplishing specific policy goals as defined by law whereby part of the endowment came from government funds, and at the same time funds were requested from the Emperor. With these funds as a base, donations were then sought from the business sector. This type of corporate body was called an *onshigata-zaidan*. Yamaoka reports that many of these groups have evolved into present day “special corporations.” Thus, the imperial system had a large effect on Japan’s private nonprofit activities during the pre-war period.

After Japan’s defeat in World War II, Japan’s new constitution was promulgated in November 1946 and was implemented in May 1947. The old Civil Code was revised, but the section regarding *koeki hojin* remained intact. However, there have been some notable changes brought about through the dismantling of the imperial system in Japan. Perhaps as a way to assure the separation of private and public, Article 89 of the 1947 constitution states “No public money or other property shall be expended or appropriated for the use, benefit or maintenance of any religious institution or association, or for any charitable, educational or benevolent enterprises not under the control of public authority.” In other words, it is forbidden to offer public funds to private organizations not under public control. At the same time, the new constitution established systems for *gakko hojin* or private school corporations, *shakai fukushi hojin* or social welfare corporations, and *shukyo hojin* or religious corporations respectively. These corporations were previously *zaidan hojin* under the Civil Code, but the new corporate entities of *gakko hojin* or *shakai fukushi hojin* were set up in order to resolve the issue of the new constitution forbidding the use of public funds for private organizations, as these new types of corporations were to become “subject to public authority.” Thus, in order to receive essential government assistance for the operation of private schools and private welfare operations, these two forms of private nonprofit organizations have lost their autonomy. On the other hand, Yamaoka reports, religious corpora-

tions are given special consideration based on the fundamental principle of the separation of religion and state and freedom of religious belief granted by the constitution.

There have been some important post-war developments in regards to the tax exemption system. The Civil Code set the basis for Japan's unique tax exemption system for *koeki hojin* whereby the governing agency grants permission for incorporation and grants tax exemption without the independent judgment of the tax bureau, unlike the case in the United States. This system is said to have originated with the custom of exempting land used for religious purposes from land taxes. Legally, this tax exemption was first defined in the Revised Income Tax Law of 1899 as exempting "income from companies that do not have profit as their motives." This tax exemption system reinforces government control over private nonprofit organizations, particularly because the decision to grant incorporated status and tax exempt status is left to the government agency's discretion and there is a lack of transparency in the standard of approval, as discussed in Yamamoto's paper on "Government/Nonprofit Organization Relations." Though the fundamental nature of the tax exemption provision has not changed, there have been some changes in the tax exemption system for donations from corporations and individuals. In 1961, the first year of the government's Income Doubling Plan, a system of *Shiken kenkyu hojin-to*, or research corporations for the natural sciences and others, was prepared as a tax exempt measure for donations subject to corporate taxation. Other than the six *tokushu hojin* (special corporations), and *gakko hojin* (school corporations), six types of Civil Code corporate entities including this *shiken kenkyu hojin-to*, were covered under the new system. As of 1961, donations by companies to these specially designated corporations could be deducted up to twice the normal deduction calculation limits. A similar system was then applied to income tax on individuals in 1962, and *shakai fukushi hojin* (social welfare corporations) were included in the groups that could receive such tax deductible funds. There were fundamental changes in the 1988 revision of the tax laws which essentially stipulated that "corporate entities which make remarkable contributions to the advancement of the public good" would be able to receive tax deductible contributions and merged *shiken kenkyu hojin-to* with *tokutei koeki zoshin hojin-to*, or special public interest promoting corporations. In the 1989 revision of the tax laws, a number of cor-

porations performing a variety of activities were included under this heading. This change is significant because it was not until recently that an organization fully outside the sphere of government control and also outside of the government's program of promoting societal change was granted tax privilege as the earlier discussion on implications of the post-war constitutional change indicated. It has been reiterated, however, that the granting of this tax status is rigidly controlled by government ministries, as Yamamoto's paper points out. As of this writing, this type of rigid control has limited the number of special public interest promoting corporations to 883 (less than five percent of all public interest corporations), and most of them are perceived to be government sponsored or created.

One major development in Japan's nonprofit sector is the dramatic increase in the number of grant-making foundations due to Japan's phenomenal economic growth since the 1960s. Particularly in the 1980s, large foundations began to emerge, and corporate philanthropy in general became very active. From 1986, Japan's direct investment to the United States surged after the substantial increase in the value of the yen after the Plaza Accord. Consequently, through concomitant direct contact of Japanese corporations with local communities in the United States, Japanese corporate interest in philanthropy and good corporate citizenship was enhanced significantly. A number of programs such as study missions, seminars, and survey projects were promoted by Keidanren (Federation of Economic Organizations) and JCIE. Keidanren established the Council for Better Corporate Citizenship as a coordinating organization for corporate contributions overseas. Keidanren also assisted in organizing the One Percent Club in 1989 to promote corporate and individual philanthropic efforts. In 1990, the Kigyo Mécénat Kyogikai (Association for Corporate Support of the Arts) was established to organize the efforts of business corporations in providing support for culture and the arts. Communication and cooperation among Japanese foundations became active as Japan's philanthropic activities increased. The Japan Association for Charitable Organizations was established in 1972, and has tried to expand its activities. The Foundation Library Center of Japan was established in 1985 to promote communication and cooperation among grant-making foundations. In addition to grant-making foundations, *koeki hojin*, or public charitable trusts, came into existence in 1977 for the first time, though previously a system of charitable trusts was estab-

lished by Article 66 of the Trust Law formulated in 1922. The number of these trusts increased dramatically in the 1980s, and presently there are 398 such trusts.

Despite its significant growth in recent years, however, the size and scope of Japan's private philanthropic activity is still limited as shown in the overall development of the nonprofit sector in Japan. In particular, the development of professional expertise in grant-making activities is underdeveloped, as indicated by the very limited number of program officers active in private philanthropy in Japan.

As briefly indicated above, a major development in Japan's nonprofit sector in recent years has been observed in the surge of NGOs active in diverse fields, both internationally oriented and domestically oriented. Yamaoka's paper discusses the shift from the demand/oppose movement of citizens and residents groups to a propose/actualize type of movement which took place during the beginning of the 1970s. It is suggested that this shift arose from an understanding of the profound links that exist between these citizens' own desired lifestyles and the awareness of the various conflicts in their lives. Yamaoka points out that resident movements and citizen movements, based on independent concepts, have arisen in various regions of Japan around two perennial topics—the consumer's movement and the environmental protection movement. Additionally, movements are also forming around such themes as welfare, education, the environment, health, culture, international exchange, and international cooperation. Yamamoto's paper discusses the surge of Japanese NGOs in the context of changing government posture toward NGOs in Japan. Yamamoto reports of increasing awareness on the part of some in government that it may be possible for nonprofit organizations to contribute to the public welfare in some way. This realization is particularly evident in terms of addressing domestic issues created by a complex and pluralistic society and the enhancement of external relationships in an increasingly interdependent world. In part, this shift in attitude is driven by a society which has become aware of the success of nongovernmental organizations outside Japan in dealing with diverse issues that include a rapidly aging society, domestic and global environmental problems, issues of less developed nations, recognition of fundamental human rights, and growing human migration including refugees and foreign labor. Another part of the change in government policy comes

from a grudging acknowledgment of the positive contributions NGOs can and are making in addressing emerging issues that uniquely affect Japan. Yamamoto argues that the influx of foreign labor into regional communities and the aging society are two areas where government bureaucracy does not have sufficient flexibility or resources to provide effective responses, and in the third area of environmental issues, NGOs have pushed into the public realm on their own.

The recent NGO development is particularly significant in the advancement of Japan's nonprofit sector in that it represents a bottom-up movement toward "civil society" where citizens play a larger role in the promotion of public interest rather than a top-down structure where government agencies dictate the activities of the nonprofit and nongovernmental organizations. Amenomori argues that in the post-war period, Japan's process of "catching up with the West" was virtually completed; social needs and values became more diverse, and due to an increasing "internationalization" of Japan's economy, and the globalization of many social and environmental issues among others, the "space" for nonprofit organizations widened. On the other hand, whether the dynamic push of the nonprofit sector organizations toward a large space in the governance of its own society will force the government sector to go through necessary deregulation or not is yet to be seen. As discussed above, there are signs of growing acknowledgment among government officials of the utility of contributions to be made by the nonprofit sector, but whether they will regard NGOs as their subsidiaries and, thus, will consider needed government action to simply be an increase in its support, or whether they will see contributions of NGOs as critical in addressing domestic and international issues is still questionable. In looking at the issue from the side of nonprofit sector organizations, whether a greater awareness of their role as an innovative force in the society and their ability to play a role the public sector cannot adequately address, and whether needed professional expertise will be developed in order for NGOs to fulfill such a role is uncertain at this stage in the historical evolution of the nonprofit sector in Japan.

#### IV. Future Agenda

The foregoing section raised a set of questions regarding future prospects



for the nonprofit sector in Japan, as well as challenges faced in articulating the role of the nonprofit sector and effectively implementing such roles. All of the Japanese paper writers for the Johns Hopkins Comparative Nonprofit Sector Project, while providing information and analysis, have also identified a future agenda of activities for those involved and interested in the further development of Japan's nonprofit sector. Their suggestions are summarized in the following.

One is that we should continue our efforts in defining and measuring the nonprofit sector, as we have done in this Johns Hopkins Project, as it is important to find out how public and private domains relate to each other. It is also necessary to determine what the economic and social contribution of the nonprofit sector is in one of the world's most successful economies. As discussed in this paper, many so-called nongovernmental organizations receive substantial amounts of government subsidies. Those organizations receiving large subsidies are also the organizations closest to the governing ministries in terms of personnel and policies. In this connection, it is desirable to have a better understanding of the degree of autonomy of the nonprofit sector organizations in Japan. One area where there seems to be a clear and urgent need for change is the process of incorporation of nonprofit organizations in Japan. As noted before, because of rigid requirements for incorporation, many smaller NGOs do not have incorporated status which puts them in a disadvantageous position in carrying out their activities due to a lack of public recognition and social status and a lack of tax privileges. A review of the legal system presently governing nonprofit organizations may be necessary.

Lack of adequate tax incentives related to contributions to nonprofit organizations is taken up in literally all of the Japanese papers in this project. In particular, the tax system should be revised in order to provide individuals the same tax incentives enjoyed by corporations, thereby encouraging their voluntary donations to worthy social causes. Also, measures should be taken to remedy the present system that requires government authorized incorporation of an organization in order to attain the "special public-interest-promoting corporation" status that entitles it to tax exemption.

There is also an urgent need to promote institution building and human resource development of nonprofit sector organizations in Japan, as has been discussed above. Independent and innovative activities of nonprofit organizations cannot be ensured unless these organizations have strong in-

stitutional and staff capacity. Despite frequent criticism of government bureaucrats, it is hard to deny their competence and professional expertise in their own fields. Given the relatively brief history of Japan's nonprofit sector, it will be a major challenge for those involved in the nonprofit activities to build their own professionalism to improve their competence.

As Japan's nonprofit sector strives to improve its contributions to its own society, as well as the international community while working against several major constraints, the efforts of individuals working in Japan's nonprofit sector are very much reinforced by their close cooperation and association with overseas colleagues. There is a serious concern on the part of these individuals that Japan may be left out in the global "associational revolution" as discussed by Lester Salamon. On the other hand, they also believe that to be connected with that global phenomenon is one effective way to strengthen their position and to pursue their activities in a productive manner. The Johns Hopkins Comparative Nonprofit Sector Project, they believe, is one effective scheme to promote and intensify such international collaboration in the nonprofit sector.

## Estimated Scale of the Private Nonprofit Sector

### Method:

- Every attempt was made to divide the organizations, classified by the Japan Standard Industrial Classification, to fit into the ten groups used by the Johns Hopkins Comparative Nonprofit Sector Project (ICNPO).
- Among these organizations that have been divided into groups, efforts were made to determine which organizations were “truly” nonprofit organizations on the basis of the international definition of the nonprofit sector.
- As for general data related to revenue and expenditures, the reports “Survey of Private Nonprofit Organizations” (a fact-finding survey of by the Economic Planning Agency), and the “Comprehensive List of Subsidies” (Ministry of Finance) were used. As the classification used in these reports is quite different from that used by the ICNPO, the data contained in the “Survey of Private Nonprofit Organizations” was broken down and reorganized to fit ICNPO standards. In addition, as for those organizations that are not listed in the Survey, such as performing arts organizations (including theater groups), efforts were made to undertake field visits to obtain data on such organizations.

### Sources for Data:

#### Group I: Culture and Recreation

##### Academic and Cultural Organizations:

*Minkan Hi-eiri Dantai Jittai Chosa Hokoku, 1980* [A Report of a Fact-Finding Survey on Private Nonprofit Organizations, 1980], Economic Planning Agency

*Hojokin Soran, 1989* [Comprehensive List of Subsidies, 1989], Ministry of Finance

##### Social Educational Facilities:

*Minkan Hi-eiri Dantai Jittai Chosa Hokoku, 1980*, op. cit.

*Hojokin Soran, 1989*, op. cit.

*Shakai Kyoiku Chosa Hokokusho*, 1987 [Survey Report on Social Education, 1987], Ministry of Education, Culture and Science

### Art-Related Organizations:

Data collected through field visits

*Chingin Rodo Joken Jittai Ichiran*, 1989 [Summary of Wage and Labor Conditions, 1989], Musicians Union of Japan

*Jittai Chosa Hokokusho* [Fact-Finding Report], The Japan Council of Performing Artists' Organizations

### Group 2: Education and Research

#### Education:

*Shiritsu Gakko no Zaisei Jokyo ni Kansuru Chosa Hokokusho*, 1989 [Survey Report on Financial Conditions of Private Schools and Universities], Ministry of Education, Culture and Science

#### Research Institutions:

*Hojokin Soran*, 1989, op. cit.

*Zenkoku Kakushu Dantai Meikan*, 1989 [Survey of Organizations in Japan, 1989], Mikami Marketing Institute

#### Other Educational Endeavors:

*Minkan Hi-eiri Dantai Jittai Chosa Hokoku*, 1980, op. cit.

*Hojokin Soran*, 1989, op. cit.

### Group 3: Health

#### Hospitals and Clinics:

*Iryo Shisetsu Chosa*, 1989 [Survey on Medical Facilities, 1989], Ministry of Health and Welfare

*Keiei Shutai-betsu Shinryo Jokyo* [Medical Care Services as Classified by Founder], Social Insurance Medical Fee Payment Fund

*Ryoyo Toriatsukai Kikan-betsu Shinryo Hoshu Shinsa Kettei Jokyo* [Investigation and Decisions on Medical Fees as Classified by Medical Service Organizations], All Japan Federation of National Health Organizations

*Hoken to Nenkin no Doko*, 1991 [Trends in Insurance and Pensions, 1991]

*Kokumin Iryo-hi* [National Medical Expenses]

*Byoin Keiei Jittai Chosa Hokoku, 1991* [Fact-Finding Survey Report on Hospital Management, 1991], National Federation of Public and Private Hospitals

*Iryo Keiei Jittai Chosa Hokoku, 1987* [Fact-Finding Survey Report on the Medical Economy, 1987], Central Social Insurance Medical Council

*Eisei Gyosei Gyomu Hokoku* [Report on Health and Hygiene Administration]

#### **Group 4: Social Services**

##### **Social Welfare:**

*Minkan Hi-eiri Dantai Jittai Chosa Hokoku, 1980*, op. cit.

*Shakai Hosho Tokei Nenpo, 1989* [Annual Report of Social Security Statistics, 1989], Prime Minister's Office

##### **Youth Organizations:**

*Nihon no Seishonen Dantai, 1984* [Youth Organizations in Japan, 1984], National Council of Youth Organizations in Japan

#### **Group 5: Environment**

##### **Environmental Organizations:**

Data was collected entirely through field visits

#### **Group 6: Development and Housing**

##### **Local Development Organizations:**

Data collected through field visits

*Nenkan Shushi Yosansho* [Annual Budget Figures for Revenue and Expenditures], Sumida Machizukuri Public Corporation

#### **Group 7: Civil Rights and Advocacy Organizations**

##### **Consumer's Organizations:**

*Shohisha Dantai Kihon Chosa Gaiyo, 1988, 1990* [Outline of the Basic Survey on Consumer's Organizations, 1988, 1989], Economic Planning Agency

Women's Organizations:

Data was collected entirely through field visits

Social Action Organizations:

Data was collected entirely through field visits

**Group 8: Philanthropic Intermediaries and Volunteerism  
Promotion**

Grant-Making Foundations:

*Josei Dantai Yoran: Minkan Joseikin Gaido, 1990* [Directory of Grant-Making Foundations: Guide to Private Grant Services, 1990], Foundation Library Center of Japan

*Firansoropi Zeisei no Kihonteki Kadai, 1990* [Fundamental Issues of the Tax System vis-à-vis Philanthropy, 1990], Japan Association of Charitable Corporations

Community Chests:

*Kyodo Bokin Undo Tokei, 1989* [Statistics of Funds Raised through the Community Chest Activities, 1989], Central Community Chest of Japan

Charitable Trusts:

*Koeki Shintaku Yoran, 1989* [Directory of Charitable Trusts, 1989], Trust Banks Association of Japan

**Group 9: International Activities**

International Cooperation and Exchange Organizations:

*NGO Dairekutori, 1988, 1990* [Directory of Non-Governmental Organizations in Japan, 1988, 1990], Japanese NGO Center for International Cooperation, JANIC

*Kokusai Kyoryoku Koryu NGO Meikan, 1991* [Directory of NGOs Involved in International Cooperation and Exchange, 1991], Nihon Gaiko Kyokai

**Group 10: Business and Professional Associations, Unions**

**Economic Organizations/Labor Organizations:**

*Minkan Hi-eiri Dantai Jittai Chosa Hokoku*, 1980, op. cit.

*Hojokin Soran*, 1989, op. cit.

Table 1 Annual Expenditure by Subsectors 1989

Summary	1	2	3 (1 x 2)	4	5 (3 + 4)	6	7 (5 - 6)	8	9	10	11 (7 + 10)
Subsector (ICMPO)	FTE Employment	Average Wage	Wage Bill	Ratio of Wage Bill to (5)	Total Expenditures	Capital Expenditures	Operating Expenditures	Hours	Volunteers Value per Hour (yen)	Imputed Value	Total Operating Expenditures with Volunteers
Group 1 <i>Culture and Recreation</i>	16,109	3,5389	57,008	0.2646	215,423	13,300	202,124	133,838	650	87	202,211
Group 2 <i>Education and Research</i>	444,930	6,2700	2,789,710	0.4263	6,543,716	1,130,741	5,412,975	-	650	0	5,412,975
Group 3 <i>Health</i>	534,412	3,8573	2,061,382	0.4900	4,206,559	410,453	3,796,106	-	650	0	3,796,106
Group 4 <i>Social Services</i>	279,625	3,9474	1,103,800	0.4135	2,669,198	202,405	2,466,793	-	650	0	2,466,793
Group 5 <i>Environment</i>	2,616	4,2609	11,147	0.2814	39,611	8,703	30,909	-	650	0	30,909
Group 6 <i>Development and Housing</i>	4,418	4,3723	19,317	0.4768	40,514	5,076	35,438	-	650	0	35,438
Group 7 <i>Civil and Advocacy</i>	11,773	4,3675	51,421	0.0990	519,217	10,904	508,313	-	650	0	508,313
Group 8 <i>Philanthropic and Voluntary</i>	1,946	4,3625	8,489	0.0521	163,061	10,528	152,533	20,147	650	13	152,546
Group 9 <i>International Activities</i>	4,591	4,3675	20,051	0.2945	68,080	1,429	66,651	1,895,250	650	1,232	67,883
Group 10 <i>Business and Professional Associations</i>	90,416	6,1988	560,475	0.2064	2,715,345	122,898	2,592,447	-	650	0	2,592,447
Other	49,299	4,3809	215,976	0.2080	1,038,426	1,201	1,037,224	-	650	0	1,037,224
Total	1,440,135	4,7904	6,898,776	0.3787	18,219,150	1,917,638	16,301,513	2,049,235	650	1,332	16,302,845



Table 2 Annual Revenue by Subsectors 1989

	Government Contracts and Subsidies	Private						Total Cash		In-kind and In-kind		
		Donative			Investment Net Income	Subtotal Private	Total Cash	In-kind				
		Donations	Fees	Sales								
									Dues		Other	Subtotal Private Non-Donative
Group 1	26,142	7,335	92,425	0	60,867	13,754	3,520	170,565	177,900	204,042	87	204,129
Culture and Recreation												
Group 2	801,200	174,641	4,377,829	9,217	6,587	316,395	1,942,604	6,652,632	6,827,273	7,628,473	0	7,628,473
Education and Research												
Group 3	12,569	0	4,189,800	0	0	92,176	0	4,281,976	4,281,976	4,294,545	0	4,294,545
Health												
Group 4	1,921,177	332	512,098	0	242,443	271,807	3,457	1,029,805	1,030,157	2,951,334	0	2,951,334
Social Services												
Group 5	1,812	4,221	24,028	0	6,154	1,166	2,974	34,323	38,545	40,357	0	40,357
Environment												
Group 6	9,870	0	24,612	0	0	5,835	197	30,644	30,644	40,514	0	40,514
Development and Housing												
Group 7	69,825	10,116	92,687	0	259,105	21,828	2,051	375,671	385,788	455,613	0	455,613
Civil and Advocacy												
Group 8	5,305	48,982	1,302	0	45,884	72,153	41,315	160,354	209,638	214,941	13	214,954
Philanthropic and Voluntary												
Group 9	17,269	8,915	18,658	0	14,925	614	10,833	45,031	53,946	71,215	1,232	72,446
International Activities												
Group 10	314,694	0	244,068	0	1,986,166	234,854	7,990	2,473,078	2,473,078	2,787,772	0	2,787,772
Business and Professional Associations												
Other	185,316	0	164,862	0	426,564	39,322	3,651	634,395	634,395	819,711	0	819,711
Total	3,365,179	254,562	9,742,369	9,217	3,048,695	1,069,904	2,018,592	15,888,774	16,143,340	19,508,517	1,332	19,509,848

**Table 3** Operating Expenditures as Percentage of GDP

Subsector Group	Annual Operating Expenditures		
	Expenditures	Expenditures as percent of GDP	Expenditures in subsector as percent of total
Group 1 <i>Culture and Recreation</i>	202,124	0.05%	1.24%
Group 2 <i>Education and Research</i>	5,412,975	1.34%	33.21%
Group 3 <i>Health</i>	3,796,106	0.94%	23.29%
Group 4 <i>Social Services</i>	2,466,793	0.61%	15.13%
Group 5 <i>Environment</i>	30,909	0.01%	0.19%
Group 6 <i>Development and Housing</i>	35,438	0.01%	0.22%
Group 7 <i>Civil and Advocacy</i>	508,313	0.13%	3.12%
Group 8 <i>Philanthropic and Voluntary</i>	152,533	0.04%	0.94%
Group 9 <i>International Activities</i>	66,651	0.02%	0.41%
Group 10 <i>Business and Professional Associations</i>	2,592,447	0.64%	15.90%
Other	1,037,224	0.26%	6.36%
Total	16,301,513	4.05%	100.00%

GDP in 1989: 402,520,400 million yen

**Table 4** The Third Sector in Relation to Total Employment and Gross Domestic Product, 1989

	Employment	Operating Expenditures
Third Sector	1,440,135	16,301,513
Total Economy	61,280,000	273,454,100
Third Sector as Percent of Total	2.35%	5.96%

**Table 5** Organizations, Operating Expenditures, Employment

Subsector Group	Organizations		Annual Operating Expenditures		Employment	
	Number	%	Amount	%	Number	%
Group 1 <i>Culture and Recreation</i>	1,688	1.96%	202,124	1.24%	16,109	1.12%
Group 2 <i>Education and Research</i>	12,488	14.51%	5,412,975	33.21%	444,930	30.90%
Group 3 <i>Health</i>	15,016	17.45%	3,796,106	23.29%	534,412	37.11%
Group 4 <i>Social Services</i>	20,885	24.27%	2,466,793	15.13%	279,625	19.42%
Group 5 <i>Environment</i>	128	0.15%	30,909	0.19%	2,616	0.18%
Group 6 <i>Development and Housing</i>	47	0.05%	35,438	0.22%	4,418	0.31%
Group 7 <i>Civil and Advocacy</i>	3,514	4.08%	508,313	3.12%	11,773	0.82%
Group 8 <i>Philanthropic and Voluntary</i>	661	0.77%	152,533	0.94%	1,946	0.14%
Group 9 <i>International Activities</i>	718	0.83%	66,651	0.41%	4,591	0.32%
Group 10 <i>Business and Professional Associations</i>	19,571	22.71%	2,592,447	15.90%	90,416	6.28%
Other	11,352	13.19%	1,037,224	6.36%	49,299	3.42%
Total	86,067	100.00%	16,301,513	100.00%	1,440,135	100.00%