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**Document de Travail**  
**n° 2006-25**

**POPULATION HETEROGENEITY AND THE  
NONPROFIT SECTOR IN THE UNITED  
STATES : GLOBAL VERSUS LOCAL  
SPATIAL APPROACHES**

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**May 2006**

**DT-GREQAM**

# Population Heterogeneity and the Nonprofit Sector in the United States: Global versus Local Spatial Approaches

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June 21, 2006

## Abstract

In this paper we study the relationship between the relative size of the U.S. nonprofit sector and population heterogeneity, at the county level, by adopting and extending the model of Alesina, Baquir and Easterly (1999). The relative size of the voluntary sector is assessed as a share of voluntary donations in the total public good provided locally via public expenditures and private contributions.

We demonstrate empirically that the relative size of the nonprofit sector in each county depends not only on its population heterogeneity, but also on its neighbors' average relative size of the nonprofit sector and average population heterogeneity. Moreover, this relationship seems to be unstable across counties as the signs and magnitudes of neighborhood effects vary with geographical location.

*JEL classification:* C21, D71, H41.

*Keywords:* Public good, Nonprofit sector, Parameter heterogeneity, Spatial models

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