In the shadow of the shadow state

Organized philanthropy is playing a significant role in this age of tottering social standards, crumbling religious sanctions, perverse race attitudes, and selfish and ulterior motives.—Ira De A. Reid, 1944

Even in today’s world, Ira Reid’s words still ring true, descriptive of a scenario many contemporary social justice activists think is unique to our times. Yet, more than 60 years ago the dimensions of organized philanthropy’s “significant role” in the African American community prompted Reid to write an incisive analysis in which he noted two things. First, during a period of about 20 years, both reformist and radical Black groups had become increasingly dependent on foundation gifts over membership dues. Second, both donors and recipients acted on assumptions about each other and about the possibility for social change which, regardless of intent, reinforced the very structures groups had self-organized to dismantle. These two obstacles—dependency and accommodation—did not destroy the US mid-century freedom movement; activists took down US apartheid in its legal form. Freedom was not a gift, even if donations advanced the work for freedom. Our challenge is to understand these paradoxes in the early 21st century, at a time when the US-led forces of empire, imprisonment, and inequality have even seized the word “freedom,” using the term’s lively resonance to obscure the murderous effects of their global military, political, and economic crusade.

Is there a non-profit industrial complex (NPIC)? How did it come into being? How is it powerful? In this essay I will work through these questions rather generally (one might say theoretically) and then illustrate how the mid-20th-century history is complicated in ways we can emulate, if not duplicate. And finally, I will offer a few suggestions about how organizations might think about funders, and about themselves. Other contributors to this volume will amplify specific instances and opportunities that current grassroots activists can use to strengthen and liberate our work, such that we are able to achieve non-reformist reforms on the road to liberation.
the non-profit industrial complex

During the past decade or so, radical thinkers have done a few turns on the term "military industrial complex." Mike Davis's "prison industrial complex" was the first to gain wide use, in part because of the groundbreaking 1998 conference and strategy session Critical Resistance: Beyond the Prison Industrial Complex. It is useful to briefly consider what these "industrial complexes" consist of, and why they matter, by going back to President Dwight D. Eisenhower's 1961 farewell address to the nation, in which he introduced the concept "military industrial complex." He warned that the wide-scale and intricate connection between the military and the warfare industry would determine the course of economic development and political decision-making for the country, to the detriment of all other sectors and ideas. His critique seems radical when we remember he was a retired general, an anticommunist (speaking at the height of the Cold War), and an unabashed advocate of capitalism. But he spoke against many powerful tides. As a matter of fact, the United States has never had an industrial policy divorced from its military adventures (from the Revolutionary War forward), and the technical ability to mass-produce many consumer products, from guns to shoes, was initially worked out under lucrative contracts to the US military. However, in the buildup to World War II, and the establishment of the Pentagon in its aftermath, the production, delivery, and training for the use of weapons of mass destruction reconfigured the US intellectual and material landscape through the establishment of military bases, secure weapons research facilities, standing armed forces, military contractors, elected and appointed personnel, academic researchers (in science, languages, and area studies especially), pundits, massive infrastructural development (for example interstate highways), and so forth. Many taken-for-granted technologies, from the internet to Tang-brand powdered citrus drink, were developed under the aegis of national security. The electoral and economic rise of the southern and western states (the "Sunbelt") ascended via the movement of people and money to those regions to carry out the permanent expansion and perfection of killing people on an industrial scale. In other words, without the military industrial complex, presidents Nixon, Carter, Reagan, Bush I, Clinton, and Bush II would never have achieved the White House.

When activists started to use the term "prison industrial complex" they intended to say as much about the intricate connections reshaping the US landscape as were suggested by the term "military industrial complex." From "tough on communism" to "tough on crime," the consistency between the two complexes lies in how broadly their reach has compromised all sorts of alternative futures. The main point here is not that a few corporations call the shots—they don't—rather an entire realm of social policy and social investment is hostage to the
development and perfection of means of mass punishment—from prison to post-release conditions implicating a wide range of people and places. Some critics of this analytic framework find it weak because the dollar amount that circulates through the prison industrial complex is not "big" enough to set a broader economic agenda. The criticism is wrong in two different ways: first, the point of the term "prison industrial complex" is to highlight the devastating effect of industrialized punishment that has hidden, noneconomic as well as measurable dollar costs to governments and households; and second, the term's purpose is to show how a social policy based in coercion and endless punishment destroys communities where prisoners come from and communities where prisons are built. The connection between prisons and the military is both a not-surprising material one (some military firms have become vendors to prison systems, though most beneficiaries of prison and jail spending are individual wage earners—including retired military) and a not-surprising ideological or cultural one—the broad normalization of the belief that the key to safety is aggression.

How does "non-profit industrial complex" fit into the picture? Both the military and the prison industrial complex have reshaped the national landscape and consequently shifted people's understanding of themselves in the world—because norms change along with forms. Both the military and prison industrial complexes have led and followed other changes. Let's look at the state's role in these complexes. Importantly, part of the work the aggression agencies do is serve as the principal form of legitimacy for the intrigues of people who want to gain or keep state power these days. Why would they even need such cover? They and their ideologues have triumphed in promoting and imposing a view that certain capacities of the state are obstacles to development, and thus should be shrunken or otherwise debilitated from playing a central role in everyday economic and social life. But their actions are contrary to their rhetoric. Strangely, then, we are faced with the ascendance of antistate state actors: people and parties who gain state power by denouncing state power. Once they have achieved an elected or appointed position in government they have to make what they do seem transparently legitimate, and if budgets are any indication, they spend a lot of money even as they claim they're "shrinking government." Prison, policing, courts, and the military enjoy such legitimacy, and nowadays it seems to many observers as though there was never a time things were different. Thus normalization slips into naturalization, and people imagine that locking folks in cages or bombing civilians or sending generation after generation off to kill somebody else's children is all part of "human nature." But, like human nature, everything has a history, and the antistate state actors have followed a peculiar trajectory to their current locations.

During the past 40 years or so, as the Sunbelt secured political domination over the rest of the US, capitalists of all kinds successfully gained relief from
paying heavily into the New Deal/Great Society social wage via taxes on profits. (The "social wage" is another name for tax receipts.) At the same time, they have squeezed workers' pay packets, keeping individual wages for all US workers pretty much flat since 1973, excluding a blip in the late 1990s that did not trickle down to the lowest wage workers but raised higher level salaries. These capitalists and their apologists hid the double squeeze behind their effective rhetorical use of issues such as civil rights and affirmative action to invoke in the late 1960s and after the "wages of whiteness"—which any attentive person should have figured wouldn't pay any better than they did at the close of Reconstruction a hundred years earlier.\footnote{While even white workers did not gain wage increases, the general southern strategy paid off, bringing Nixon to the White House, and bringing "the government"—the weak social welfare state—under suspicion. From then until now, the agenda for capitalists and relatively autonomous state actors has been to restructure state agencies that had been designed under the enormous emergency of the Great Depression (the New Deal) and its aftermath (loosely, the Great Society) to promote the general welfare.}

While neoconservatives and neoliberals diverge in their political ideals, they share certain convictions about the narrow legitimacy of the public sector in the conduct of everyday life, despite the US constitutional admonition that the government should "promote the general welfare." For them, wide-scale protections from calamity and opportunities for advancement should not be a public good centrally organized to benefit everyone who is eligible. Anti-state actors come from both camps, and insist that the withdrawal of the state from certain areas of social welfare provision will enhance rather than destroy the lives of those abandoned. Lapsed New Deal Democrat Patrick Moynihan called it "benign neglect," while Reagan heir George H. W. Bush called it "a thousand points of light." In this view, the first line of defense is the market, which solves most problems efficiently, and because the market is unfettered, fairness results from universal access to the same ("perfect") information individuals, households, and firms use to make self-interested decisions. And where the market fails, the voluntary, non-profit sector can pick up any stray pieces because the extent to which extra economic values (such as kindness or generosity or decency) come into play is the extent to which abandonment produces its own socially strengthening rewards. That's their ideal: a frightening willingness to engage in human sacrifice while calling it something else.

In fact, for so large and varied a society as the United States, abandonment is far too complicated for any single ideologue, party, or election cycle to achieve; experience shows abandonment takes a long time and produces new agencies and structures that replace, supplement, or even duplicate old institutions. Many factors contribute to this complexity. One is that large-scale public bureaucra-
cies are hard to take down completely, due to a combination of their initiative and inertia; another is the fear that a sudden and complete suspension of certain kinds of social goods will provoke uprisings and other responses that, while ultimately controllable, come at a political cost. Here's where non-profits enter the current political economy.

As a "third sector" (neither state nor business), non-profits have existed in what's now the US since the mid-17th century, when colonial Harvard College was incorporated. Today there are nearly 2 million non-profits in the US, including, along with educational institutions, hospitals, schools, museums, operas, think tanks, foundations, and, at the bottom, some grassroots organizations. While the role of some of these organizations has not changed significantly, we have seen increased responsibility on the part of non-profits to deliver direct services to those in need of them. What also distinguishes the expansion of social-service non-profits is that increasingly their role is to take responsibility for persons who are in the throes of abandonment rather than responsibility for persons progressing toward full incorporation into the body politic.

Jennifer Wolch developed the term "shadow state" to describe the contemporary rise of the voluntary sector that is involved in direct social services previously provided by wholly public New Deal/Great Society agencies. Legislation and executive branches transformed bureaucracies basically into policing bodies, whose role became to oversee service provision rather than to provide it themselves. This abandonment provoked a response among organizations that advocated on behalf of certain categories of state clients: the elderly, mothers, children, and so forth. It also encouraged the formation of new groups that, lacking an advocacy past, were designed solely to get contracts and the jobs that came with them. To do business with the state, the organizations had to be formally incorporated, so they became non-profits. Thus, for different reasons, non-profits stepped up to fill a service void.

The expansion of non-profit activities structurally linked to public social services was not new, nor could it be said that when public services were on the rise the voluntary sector stayed home. To the contrary, for more than 100 years the relationship between public and voluntary had been a fairly tight one. But for Wolch, the shadow state's specific provenance is the resolution of two historical waves: the unprecedented expansion of government agencies and services (1933-1973), followed by an equally wide-scale attempt to undo many of those programs at all levels—federal, state, county, local.

Antistate state actors welcomed non-profits under the rhetoric of efficiency (read: meager budgets) and accountability (read: contracts could be pulled if anybody stepped out of line). As a result of these and other pressures, non-profits providing direct services have become highly professionalized by their relationship
with the state. They have had to conform to public rules governing public money, and have found that being fiduciary agents in some ways trumps their principal desire to comfort and assist those abandoned to their care. They do not want to lose the contracts to provide services because they truly care about clients who otherwise would have nowhere to go; thus they have been sucked into the world of non-profit providers, which, like all worlds, has its own jargon, limits (determined by bid and budget cycles, and legislative trends), and both formal as well as informal hierarchies. And, generally, the issues they are paid to address have been narrowed to program-specific categories and remedies which make staff—who often have a great understanding of the scale and scope of both individual clients' and the needs of society at large—become in their everyday practice technocrats through imposed specialization.\(^\text{10}\) The shadow state, then, is real but without significant political clout, forbidden by law to advocate for systemic change, and bound by public rules and non-profit charters to stick to its mission or get out of business and suffer legal consequences if it strays along the way.

The dramatic proliferation of non-profits in the 1980s and after also produced a flurry of experts to advise on the creation and management of non-profits and the relationship of public agencies to non-profits, further professionalizing the sector. High-profile professors of management, such as Peter F. Drucker, wrote books on the topic, and business schools developed entire curricula devoted to training the non-profit manager.\(^\text{11}\) As had long been the case, every kind of non-profit from the largest (hospitals and higher-education establishments) to the smallest sought out income sources other than public grants and contracts, and “organized philanthropy” provided the promise of some independence from the rule-laden and politically erratic public-funding stream for those involved in social welfare activity.

While we bear in mind that foundations are repositories of twice-stolen wealth—(a) profit sheltered from (b) taxes—that can be retrieved by those who stole it at the opera or the museum, at Harvard or a fine medical facility,\(^\text{12}\) it is also true that major foundations have put some resources into different kinds of community projects, and some program officers have brought to their portfolios profound critiques of the status quo and a sense of their own dollar-driven, though board-limited, creative potential. At the same time, the transfer to the baby boomer generation (those born between 1946 and 1964) of what by the year 2035 will be trillions of dollars of inherited wealth began to open the possibility for more varied types of funding schemes that non-profits might turn to good use as some boomer heirs seek specifically to remedy the stark changes described in these pages.\(^\text{13}\) Such initiatives and events encouraged grassroots social justice organizations that otherwise might have continued their work below the Internal Revenue Service and formal-funding radar to incorporate as non-profits to make
what they have consistently hoped to be great leaps forward in social justice. In other cases, unincorporated grassroots groups receiving money under the shelter of existing non-profits have been compelled to formalize their status because auditors have decided that the non-profits who sponsor them have strayed outside the limits defined by their mission statements.

The grassroots groups that have formally joined the third sector are in the shadow of the shadow state. They are not direct service providers but often work with the clients of such organizations as well as with the providers themselves. They generally are not recipients of public funds although occasionally they get government contracts to do work in jails or shelters or other institutions. They have detailed political programs and deep social and economic critiques. Their leadership is well educated in the ways of the world, whatever their level of formal schooling, and they try to pay some staff to promote and proliferate the organization's analysis and activity even if most participants in the group are unpaid volunteers. The government is often the object of their advocacy and their antagonisms—whether because the antistate is the source of trouble or the locus for remedy. But the real focus of their energies is ordinary people whom they wish fervently to organize against their own abandonment.

The "non-profit industrial complex" describes all of the dense and intricate connections enumerated in the last few paragraphs, and suggests, as is the case with the military industrial complex and the prison industrial complex, that something is amiss. What's wrong is not simply the economic dependencies fostered by this peculiar set of relationships and interests. More important, if forms do indeed shape norms, then what's wrong is that the work people set out to accomplish is vulnerable to becoming mission impossible under the sternly specific funding rubrics and structural prohibitions that situate grassroots groups both in the third sector's entanglements and in the shadow of the shadow state. In particular, the modest amount of money that goes to grassroots groups is mostly restricted to projects rather than core operations. And while the activist right (which has non-profits and foundations up the wazoo) regularly attacks the few dollars that go to anti-abandonment organizations, it has loads of funds for core operations; as of the end of the last century, the Right had raised more than $1 billion to fund ideas. How core can you get? In other words, although we live in revolutionary times, in which the entire landscape of social justice is, or will shortly become, like post-Katrina New Orleans because it has been subject to the same long-term abandonment of infrastructure and other public goods, funders require grassroots organizations to act like secure suburbanites who have one last corner of the yard to plant.
what is to be done?

Let's go back to the mid-20th-century to think about what kinds of options people employed to make best use of the resources they had at hand. We saw that "organized philanthropy" caused problems even as it also produced opportunities. The dual obstacles to liberation occasioned by the vexed relationship between funders and "minority" organizations—dependency and accommodation—did not destroy the antiapartheid movement. I suggest that part of what helped secure a better outcome was that Reid and other critics pointed out what kinds of problems had materialized over the course of several decades, and people put their minds and hands to solving the problems without abandoning themselves. Thus the problems were not absolute impediments, especially insofar as the recognition of them produced the possibility for some organizations—and their funders—to see each other differently and more usefully. More to the point, along the broadly interlocked social justice front that swept across the country in the mid-century, the committed people took the money and ran. I don't mean they lied or they stole, but rather that they figured out how to foster their general activism from all kinds of resources, and they were too afraid of the consequences of stopping to cease what they'd started. They combined flexibility with opportunity in the best sense, working the ever-changing combination toward radical goals. And they did not fool themselves or others into pretending that winning a loss—sticking a plant on a mound of putrid earth in a poisoned and flooded field—was the moral or material equivalent to winning a win. Here are snapshots of four cases that illustrate what I mean. These are not complete histories; those stories have been well written by many and should be read by activists who want to learn from the past in order to remake the future. If people living under the most severe constraints, such as prisoners, can form study groups to learn about the world, then free-world activists have no excuse for ignorance, nor should they rely on funder-designed workshops and training sessions to do what revolutionaries in all times have done on their own.

1949—pacific/anarcho-feminist organizing in the san francisco bay area.
Pacifica Radio formed when a small group of white activists tried to figure out how to use radio for radical ends. They were inspired by radio's potential rather than daunted by its limitations. Their challenge was to make broadcast possible without advertising, because, in their view, commercial sponsorship would always compromise independent expression. To evade capitalist control they became a subscription, or listener-sponsored, organization that also, over time, combined foundation support with the dollars sent in each year from ordinary households. Without a single advertisement from that day until now, they have largely funded themselves from the bottom up. Pacifist became a foundation that developed a
small national network, and as it grew from the first station, its complexity made the straightforward goals of the founders a challenge to secure. In the late 1990s, the national board tried to sell off the network’s main asset—the 50,000-watt KPFA station—using the then-prevalent logic of non-profit management to veil their effort to limit independent expressive art and journalism. The fact that such a board came to direct the foundation was an outcome of the pressures to professionalize that all non-profits have encountered during the period under review. The gargantuan efforts needed to fight back against the board and re-democratize Pacifica’s governance forced the organization to confront its internal racial and gendered hierarchies. Thus, a formidable means to amplify radical voices during the mid-century freedom movement developed from the grassroots, and success made it vulnerable to the structural constraints that squeeze even relatively mighty organizations that work today in the shadow of the shadow state.

1955—urban antiracist activism in the jim crow south. In the folktale version, the Montgomery Bus Boycott started when Rosa Parks was too tired to move to the back of the bus. But, of course, we know the boycott was not a spontaneous event. Parks acted as part of a larger organization, and also as one of a series of refuseniks who sat in the front of the segregated public from 1943 forward. How did a group of people concentrated in but not exclusively located in Montgomery, Alabama, manage to assault and scale apartheid’s wall? The people who organized themselves had short-, medium-, and long-term goals to raise awareness, to involve the masses, and to desegregate the buses as a means to undo other aspects of apartheid. Three key political formations were involved: the Dexter Avenue Baptist Church, the Women’s Political Council, and the Montgomery Improvement Association. Each filled a different role, and all three were funded from the bottom up. The Women’s Political Council—which comprised grassroots thinkers, including activist-scholars—crafted the plans and maintained a low profile during their execution. The Montgomery Improvement Association organized carpools that ensured boycott participants would be able to get to and from work and not lose their jobs or neglect their households. The Dexter Avenue Church served as a staging ground, and the place from which the principal rhetoric of equality as fairness emerged, in the form of thrilling speeches by the young Martin Luther King, Jr. The collaboration by these groups evaded the obstacle of accommodation and worked relatively independently of the major African American organizations that were fighting for the same goal. And while the Dexter Avenue Church had no intention of disappearing, the other two organizations were flexible in their design and in their intended longevity, with the outcome rather than the organization the purpose for their existence.

1956—agricultural labor/antiracist activism. A third example is from the Agricultural Workers Organizing Committee (AWOC), a largely Filipino American and
Japanese American grouping associated with the Congress of Industrial Organizations. The group began to organize in 1956 with the goal of reviving the type of radical agricultural organizing that had shut down harvests in California’s Central Valley in 1933 and nearly succeeded a second time in 1938. They fought a hard battle; both state and federal law forbade farmworkers from organizing, and the *bracero* (or guest worker) program had undermined even illegal field organizing from 1942 onward. One of the techniques used by AWOC to get “buy in” from workers was to require a large chunk of their meager wages to fund the organization’s activities. In this view, when one owns something one cannot sell—such as membership in an organization—one is more likely to participate in it. While AWOC did not succeed, its funding structure was adopted by César Chávez and Dolores Huerta when they started the United Farm Workers (UFW). Their work began as the *bracero* program ended, and while they still confronted legal sanctions against their work, they had the advantage of workers who, though migrant, were increasingly based in the region permanently. Their campaigns powerfully combined the language of civil rights with that of labor rights, and when the UFW reached beyond the fields for support they fashioned a variety of ways that people throughout the US and beyond could demonstrate solidarity, be it through writing checks, lobbying for wage and safety laws, forming coalitions in support of farmworkers, or refusing to eat grapes and other fruits of exploited labor.

1962—coffee-table politics. Many are looking for an organizational structure and a resource capability that will somehow be impervious to cooptation. But it is impossible to create a model that the other side cannot figure out. For example, imagine neighborhoods in which women come to have a political understanding of themselves and the world. They go to their neighbors and say, “Hey read this, it changed my life. I’ll babysit your kids while you do.” In this appealing model, the written works circulate while women care for each other’s children and form a cooperative system, which does not have paid staff. Because of what they have learned, they go on to run for school board and lobby legislators, and ultimately exercise huge impacts on local, state and national elections. Sounds like a great model, right? Yes, it does. It’s also the origin of the New Right in California. This is the movement that attempted to put Barry Goldwater in the White House, that put Ronald Reagan in the governor’s mansion, Richard Nixon in the White House, and Ronald Reagan in the White House. This is the movement that has done the grassroots work that created the need for the shadow state to rise.

If contemporary grassroots activists are looking for a pure form of doing things, they should stop. There is no organizational structure that the Right cannot use for its own purposes. And further, the example of the New Right points out a weakness in contemporary social theory that suggests the realm of “civil
society"—which is neither "market" nor "state"—is the place where liberatory politics necessarily unfold. Michael Mann shows how quite the opposite happened in the Nazi takeover of Germany, arguing that a dense civil society formed crucial infrastructure for the party. 25 I argued earlier that "forms create norms," and it might appear that this last section is contradictory. Yes and no. Form does not mean blueprint, but rather the lived relations and imaginative possibilities emanating from those relationships. In a sense, form is a resolutely geographical concept, because it is about making pathways and places rather than searching endlessly for the perfect method and mode.

Grassroots non-profits should uniformly encourage funders to move away from project-driven portfolios; if the results enjoyed by the activist Right are any indication, $1 billion for ideas would go a long way toward regenerating the devastated landscape of social justice. Funders who want to return their inherited wealth to the communities who produced it should reflect on whether they are building glorious edifices that in the end perpetuate inequality. Reid pointed out the mismatch between the gleaming physical plant segregated colleges and universities built with foundation support and the weak curricula designed to produce a professional managerial class whose lifework would be to keep their people in check. 26

Finally, grassroots organizations that labor in the shadow of the shadow state should consider this: that the purpose of the work is to gain liberation, not to guarantee the organization's longevity. In the short run, it seems the work and the organizations are an identity: the staff and pamphlets and projects and ideas gain some traction on this slippery ground because they have a bit of weight. That's true. But it is also the case that when it comes to building social movements, organizations are only as good as the united fronts they bring into being. Lately funders have been very excited by the possibility of groups aligning with unlikely allies. But to create a powerful front, a front with the capacity to change the landscape, it seems that connecting with likely allies would be a better use of time and trouble. Remembering that likely allies have all become constricted by mission statements and hostile laws to think in silos rather than expansively, grassroots organizations can be the voices of history and the future to assemble the disparate and sometimes desperate non-profits who labor in the shadow of the shadow state.

notes

1 Ira De A. Reid, "Philanthropy and Minorities," Phylon, no. 3 (1944): 266.
2 Ibid.


17 Reid, “Philanthropy and Minorities.”


19 Iain A. Boal, draft statement of purpose, Coalition for a Democratic Pacifica, Berkeley, CA, December 29, 1999.


23 Pulido, Environmentalism and Economic Justice; Ganz, “Resources and Resourcefulness.”

