

# Whither the Non-profit Sector?

## **Driven from New Orleans: How Nonprofits Betray Public Housing and Promote Privatization**

John Arena, 2012

Minneapolis, MN: University of Minnesota Press

344 pp. US\$82.50 hardback; US\$27.50

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## **Bargaining for Brooklyn: Community Organizations in the Entrepreneurial City**

Nicole Marwell, 2007

Chicago, IL: University of Chicago Press

288 pp. US\$55.00 hardback; US\$22 paperback

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## **Why the Garden Club Couldn't Save Youngstown: The Transformation of the Rust Belt**

Sean Safford, 2009

Cambridge, MA: Harvard University Press

224 pp. US\$35.95 hardback

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## **Does Local Government Matter? How Urban Policies Shape Civic Engagement**

Elaine B. Sharp, 2012

Minneapolis, MN: University of Minnesota Press

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## **Introduction**

In the developing world, they are called NGOs or non-governmental organisations. In industrialised and post-industrial countries, a wide variety of organisations are called 'non-profits'. In return for exemption from taxes, these organisations (called 501(c)s in the US) are expected to serve the public good. The authors of the four books being examined here develop distinct perspectives on how non-profit organisations can and should function in advanced capitalist societies. The differences are the result, in part, of the subsets of organisations which are the focus of their research. Together, however, these authors idealise the non-profit sector, using terminology that is a direct extension of the language used by the federal government in chartering 501(c) organisations. Where voluntary associations fall short, the researchers point out their failings, then use these to mount a critique of societies and philosophies, as much as of the associations themselves.

In this article, I review two new publications, monographs by John Arena and Elaine Sharp, which offer different insights into non-profit organisations and local urban development. To put their ideas into perspective, I draw on two other books which share the two distinct approaches, but which also offer their own outlook on the issue of the voluntary organisation in the community.

What the authors share in common is a desire to see new growth in a robust 'third sector'. They are not worried that non-profit organisations are withering. But each, to different degrees, voices concerns about co-optation, and other changes. Consequently they ask, where are voluntary associations headed? In short, whither the non-profit sector?

John Arena's work might be categorised as a critical look at non-profits 'from the ground up'. Arena, a labour and community organiser turned academic researcher, describes the struggle to maintain public housing in New Orleans, not just after Hurricane Katrina, when the properties were damaged, but before. Arena advised citizen actions groups, many of which were minimally organised, as they took on "New Orleans' neoliberal black urban regime" and "the nonprofit complex" (p. 225). Arena's outlook is clearly indicated by the title and sub-title of his book: *Driven from New Orleans: How Nonprofits Betray Public Housing and Promote Privatization*. Elaine Sharp's research can be characterised as 'from the top down'. Her book title could be taken to be an empirical question, a theoretical inquiry, or both: *Does Local Government Matter? How Urban Policies Shape Civic Engagement*. Sharp, on the faculty of the University of Kansas, conducted content analysis of newspaper articles and confidential interviews with plant managers and business owners, which she combined with national survey data. Taking a top-down approach is not the same as saying Sharp is personally sympathetic to urban government. In fact, she is also a critic, in this case of the design and administration of government programmes which, she argues, can discourage grassroots participation, deepen racial divisions and support domination by business interests. Sharp suggests that government policy affects citizen participation in neighbourhood organisations

and can discourage the formation of new voluntary associations.

In addition to having different approaches to their topic, Arena and Sharp differ in their methods of data collection. Arena is an ethnographer, an active participant in the events he documents and analyses in one American city. Sharp develops a case study in one chapter, but for most of the book she quantifies the relationships among citizens, government and local organisations for over 20 different American communities, some with populations under 100,000, a few much larger, but most in-between.

To put Arena's work into perspective, I juxtapose his monograph with that of Nicole Marwell's *Bargaining for Brooklyn*. Marwell's work, like Arena's, is ethnographic. To make sense of Sharp's work, I relate it to Sean Safford's book *Why the Garden Club Couldn't Save Youngstown*. Safford interviewed selected leaders of businesses and non-profits, and mapped interlocking memberships on boards of both types of organisation. Marwell's and Safford's books are now over three years old. Considering these older and recent books allows us to develop a broad sense of the emerging role of local non-profit organisations in the developed world.

### **Assessing Non-profits 'from the Bottom-Up'**

Few will forget the images of devastation and desperation broadcast in the wake of Hurricane Katrina. In 2005 Americans were more accustomed to seeing news of monsoon flooding in Bangladesh and hurricane damage in Honduras and the Florida panhandle. When days passed and residents of New Orleans were still stranded in their own city, national outrage grew. The credibility of a presidency was challenged by weaknesses in the federal emergency

response. Volunteers poured into the city from across the nation during the rescue and clean-up phases of recovery (Koliba *et al.*, 2011).

In 2005 John Arena had already been in the city for 20 years. Working as a labour organiser and a case manager for low-income families with emotionally challenged children, Arena was developing a perspective on poverty and place that informed his graduate work, begun in the late 1990s (p. ix). While at Tulane University, Arena watched in dismay as sociologists and a university senior vice president accepted a grant from HUD to oversee the demolition of a public housing development and the relocation of its residents (pp. 102–03). During the years prior to Hurricane Katrina, as another public housing development was bulldozed, Arena discovered that some of his former activist colleagues had become collaborators, recruited by developers and local government to work in local nonprofit organisations (pp. xvii–xviii). In the years following Katrina, Arena participated in tenant protests that failed to prevent the demolition of four more public housing developments. In 2008 Arena left New Orleans for a faculty appointment at the College of Staten Island, City University of New York.

Arena's intense and long-term involvement with public housing in New Orleans is the great strength of this book. He launches into his topic without much fanfare: readers will need to look elsewhere for a history of the city as a port and a battleground during the Civil War and Reconstruction. The introductory chapter provides a political economic analysis of race, class and space, explaining how public housing is treated under globalisation and neoliberalism. Specifically, Arena borrows Neil Smith's term 'revanchist' to describe privatisation of public housing (pp. xx–xxi). Maps, photographs and a table

describe the city's public housing developments from their inception in the early 1940s through the mid 1970s. Special emphasis is placed on the St Thomas Development, a large (1510 units) and attractive (low-rise brick buildings) community located in the Lower Garden District between Lake Pontchartrain and the Mississippi River (p. xxv). The chapter includes a discussion on non-profit organisations generally ("What are nonprofits? Whose interests do they serve?") and in New Orleans specifically (pp. xxvi–xxix). In this chapter, Arena quotes a Black Panther calling the Desire public housing development a "hellhole of poverty" patrolled by "cops, goons, dogs and spies" (p. xxxviii).

In the next two chapters, Arena describes the formation and functioning of what he calls the 'black urban regime'. Today, New Orleans is a majority Black city (343,829 residents, 60 per cent black) but in 1950 it was 68 per cent White and 31 per cent Black (2010 and 1950 censuses). The first Black mayor was elected in 1978. Public housing was segregated from its inception, and Black developments became 'homeplaces' for poor, female heads of households (p. 12). To win election, in 1986, the city's second Black mayor sought and received the support of Black public housing leaders (p. 30). Public housing activists quickly came into conflict with local government and business entrepreneurs, however. Gentrification for the sake of tourism threatened to displace families who had spent their entire lives in places that many called 'communities' (in contrast to the high-rise 'projects' built in New York, Chicago, St Louis and other places, public housing in New Orleans was always complexes of two- and three-storey walk-up apartments) (p. xxxiii and p. 9).

In the next three chapters, Arena documents the splintering of the non-profit sector, as a few former public housing activists threw

in their lot with gentrifiers, while others continued to fight for the rights and well-being of the poor and working class. It is a complex story, carefully told, and worthy of close reading. Arena shows how one non-profit, the St Thomas/Irish Channel Consortium or STICC, composed of St Thomas tenant leaders, former radical community activists and neighbourhood social service providers, received grants from local foundations to promote redevelopment of the St Thomas community (beginning with demolition) (pp. 75–82). A consultant is even brought in, the Black chairman of the Chicago Housing Authority, as an advocate of public housing demolition. At this point in his analysis, Arena quotes Stephen Steinberg, who proposed in another context that “Whites need blacks to provide ideological cover for their regressive policies” (p. 80). Arena himself proposed to activists that they were being defeated by identity politics (p. 163). Ultimately the 50 acres once covered by St Thomas were bulldozed in 2001, displacing hundreds of residents. The local media, however, focused their attention on the subsequent struggle over Walmart building on the property. A photograph of the front page of the daily newspaper shows the framing of other, later demolitions as fulfilling the desires of tenants, announcing the “old housing model to give way to mixed-income developments” (p. 205).

In chapter 6, when Katrina arrives, Arena has shown that the flooding of public housing does not provide an obvious ‘clean break’ by triggering demolition, although a Congressional representative from nearby Baton Rouge tried to make that argument (p. 145). More photographs, many by the author, illustrate examples of intimidation and force being used against Black public housing activists by White police, sometimes at city council hearings. In his final two chapters, Arena makes an impassioned case

for the rights of the working poor, who were well-served by some grassroots associations, but as the title to the book proposes, betrayed by other non-profit organisations. The book makes clear that a vast array of institutions and forces came together to disempower poor Blacks in New Orleans. Arena even includes the story of an attempted UN intervention after Katrina, which only diverted local non-profits and played into the hands of the redevelopers (pp. 210–211).

Such a rich treatment of local development politics certainly deserves more attention than I have given it here. For the purposes of this review essay, *Driven from New Orleans* can be summarised as making two important points about the evolving non-profit sector. On the one hand, Arena clearly documents co-optation of local organisations such as STICC. On the other, we also see organised and mobilised resistance, ‘third sector’ activity that is often unknown due to neglect or suppression by mainstream media. My one suggestion to improve this well-researched discussion would be to include some analysis of national news coverage. A quick online search of “New Orleans public housing demolition” brings up reporting on “violent protests” by CNN and the *New York Times*, while the NPR story on 28 August 2010 “New Orleans’ Public Housing Slowly Evolving”, makes a rare and incomplete effort to address all of the issues raised by Arena.

Marwell has been reviewed elsewhere (Oakley, 2008), so for the purposes of this essay, I will summarise only those points relevant to my theme. Like Arena, Marwell spent years in the field in New York City. Also like Arena, Marwell started out working in the community in the 1980s. After several years with a Latino arts organisation, in 1997 she began participant observation research in eight organisations in two poor Brooklyn

neighbourhoods, Williamsburg and Bushwick. Her intent was to study revitalisation in two neighbourhoods, one where conditions improved for residents (Williamsburg) and one where they failed (Bushwick) (pp. 240–247). Gentrification was underway in Brooklyn at the time of her observations, just as it was in New Orleans (Osman, 2011; Kotkin, 2012).

Aside from these similarities, Marwell and Arena differ in their efforts to assess the role of community organisations in local development. Arena became focused on the preservation and production of public housing, as this vital resource was threatened, first by tourism-related gentrification, and in the wake of the hurricane. While Marwell was also interested in affordable housing, she wanted to explore other ‘neighbourhood functions’ as well. Besides community development corporations (CDCs) in the two neighbourhoods, she observed child care centres, churches and family support centres, one each for a total of eight organisations (pp. 240–247).

Like Arena, Marwell discovered that non-profit organisations are often overpowered. A CDC in Williamsburg, the ‘successful’ neighbourhood, that was treated as a “trusted partner” on some occasions, for example, failed in another situation when it was opposed by a coalition of developers and city officials (p. 52 and p. 75). Unlike Arena, however, Marwell is less inclined to see a monolithic power structure constantly bearing down on poor minorities. Through their parish church, Latino Catholics in Bushwick joined with other East Brooklyn religious congregations (EBC) to reform education and EBC succeeded in opening two alternative high schools (pp. 134–135). This was accomplished in a neighbourhood that otherwise was characterised as “unsuccessful” in revitalisation.

While less averse to the ‘non-profit complex’ described by Arena, Marwell is just as

concerned about the future of the community-based organisation. Non-profits, she argues, have been forced to

transmute themselves from communal collectives concerned with purely local conditions to bureaucratic players embedded in multiple fields of resource distribution and concomitant stratification.... It is in the nature of formal organizations to limit their products and benefits to those individuals who are understood to be organizational members (p. 232).

Marwell’s findings extend Arena’s argument about co-opted housing-related non-profits to a larger set of voluntary organisations. This is significant, because while real estate development has an obvious profit motive, Marwell’s argument is that even child care centres and churches can be corrupted, not by greed, but by simple self-centredness and selfishness. Yet just as Arena found a bifurcated voluntary sector, with virtuous groups resisting their co-opted peers, Marwell also saw evidence of two kinds of non-profit organisations, those dedicated to the public good, and others seeking “private benefits” (p. 233).

### **Evaluating the Voluntary Sector ‘From the Top Down’**

Just as labour-intensive as Arena and Marwell’s ethnographies is the research effort of Elaine Sharp in her study of urban policy and civic engagement. As memories of the 1960s social movements faded, it became fashionable in the United States to bemoan the decline of civic activism. Competing viewpoints emerged as to whether Americans were less involved with one another, and in what ways (Putnam, 2000; Monti *et al.*, 2003; McAdam *et al.*, 2005). Author of several books on local politics, political scientist Sharp wondered

if government policies, originating in or administered by counties and municipalities, encouraged or discouraged citizen participation in their communities. Apart from what they achieved for individuals and groups, Sharp wanted to know if programmes like welfare, community policing and economic development incentives stimulated or inhibited resident activism and demands for further government action (p. 2).

To answer these questions, Sharp works from national surveys, most prominently the 2000 Social Capital Benchmark Survey (SCBC), the 1999 Law Enforcement Management and Administration Survey (LEMAS), her own content analysis of newspaper articles for 29 communities, and face-to-face interviews with business leaders in Lawrence, Kansas (population 89,000, 40 miles west of downtown Kansas City). Sharp chose the 29 cities from the SCBC sample of 40 based on the availability of adequate data (p. 61).

In the introductory chapter, Sharp distinguishes between policy-centred theory and 'society-centred' explanations of citizen participation. "Government programs matter", not just in terms of whether elderly and poor people receive medical care (Medicare and Medicaid), for example, but whether this empowers them to be politically active, or whether, instead the programmes have a "chilling effect". Traditionally, researchers have sought the causes of political participation in citizens' location in society, as in demographic factors and political attitudes. "Policy feedback research" proposes that interactions with welfare workers and police, or their experiences of actual government programmes, may have a more immediate impact on the political behaviour of poor urban residents (pp. 1–2, 22). The policy-centred approach has affinity with Theda Skocpol's "state-centred" theory of policy and political activism (p. 7).

In her first data chapter, Sharp uses SCBC survey items and county-level census data on social programme spending to assess whether participating in means-tested (welfare, Medicaid) versus universal social programmes (hospitals, public health spending) affects resident political participation. Using logistic regression on data for 28 counties, she found that, even when they lived in counties with high levels of universal spending, welfare and Medicaid recipients were less likely to be politically active (p. 51). Thus participation in particular government programmes, rather than mobilising recipients, had a chilling effect on them, at least with respect to their likelihood to work on a community project or to engage in various forms of political participation.

In chapter 2, Sharp draws on her content analysis of newspaper articles reporting local government efforts to solve neighbourhood problems. In this scenario, Sharp hypothesised that more attentive local governments would increase citizen participation in neighbourhood associations, even among those who were inclined to distrust their neighbours. Logistic regression analysis of data for 29 cities revealed a 'free-rider' effect: where city government empowered neighbourhood organisations, fewer participated in those organisations. Distrusting neighbours were actually less "dampened", although they, too, were no more likely to be active in neighbourhood organisations (p. 72). In her next chapter, on community policing, Sharp's results are even more discouraging. Logistic regression analysis of SCBC and LEMAS data showed that for 28 cities, active community policing did not increase resident participation in a neighbourhood association, their likelihood to work on a community project or attend a public meeting. In fact, trust in neighbours and even trust in the police did not increase (p. 112).

In chapters 4 and 5, Sharp explores the impact of development incentives on business activity. In chapter 4, data are drawn from the 1999 and 2004 International City Management Association's Economic Development Surveys. Of 200 responding cities, 164 gave incentives, most with controls like "clawback" (pp. 121, 142). (Sharp calls "clawback", or legal action taken to recover subsidy monies provided to businesses by local governments, the "nuclear weapon of accountability" and something whose use is relatively rare. More requirements and controls, of which clawback is one, however, are increasingly typical when local governments and businesses negotiate development incentives (p. 122).) In her case study of Lawrence, Kansas, in chapter 5, Sharp found that plant managers and business owners who received incentives were critical when the city enacted a living wage requirement that applied only to them and not to the business community in general, or even to local government (p. 174). These leaders in Lawrence "proudly pointed not only to the jobs that their companies provided but also to the numerous philanthropic activities sponsored by their companies"; one plant manager saw "deep connections ... between his current employees ... and the nonprofit organizations with whom the [business'] employees work" (p. 175). The entire business community of Lawrence rose up in opposition when the Lawrence Coalition for Peace and Justice, with a grant from the American Friends Service Committee, initiated a living wage campaign in response to the wage policies of clothing retailer American Eagle (p. 165). Business leaders blamed the labour activists when American Eagle chose to build a distribution centre in nearby Ottawa, Kansas, instead of Lawrence. Sharp concludes that community demands for higher wages and accountability in tax abatement cases, and local government's

assertiveness in these areas, called forth activism from business.

In the final chapter to her book, Sharp sorts through her findings about policy innovations and their impacts and concludes that, even in a globalising world, localities have choices, and that their decisions are likely to affect political participation by different factions in the community (p. 199).

Economic development is the central concern of Sean Safford in his 2009 book *Why the Garden Club Couldn't Save Youngstown: The Transformation of the RustBelt*. The book has been reviewed elsewhere (Colvin, 2010) so for the purposes of this essay, I will summarise the book briefly, then examine relevant findings. Safford compares Youngstown, Ohio (population 66,571, 75 miles south-east of Cleveland) with Allentown, Pennsylvania (population 119,141, 90 miles west of Manhattan) in terms of their economic development from 1950 to the present. Based on interviews with business and non-profit leaders, Census Bureau data and archival research, Safford uncovered the extent to which business and civic organisations were connected through interlocking directorates (pp. 36, 77–95). While both cities had dense networks, Safford concluded that the ties in Youngstown were old and 'brittle', meaning that by the 1970s, as deindustrialisation set in, the descendants of the founders of steel mills were sending their wives to the garden club, while they remained narrowly focused on their 'sunset' industries (p. 95). Meanwhile, in Allentown, business leaders met on the board of the Boy Scouts, where they crafted a transition away from steel and into electronics manufacturing, and grew the city's finance, insurance and real estate (FIRE) sector.

Whereas Sharp and Arena described activist non-profits (although Arena argues that most were counter-productive), Safford's civic organisations, while prominent locally,

functioned more as platforms or containers for the important work of economic development. This is also different from Marwell's focus on the role of non-profits in creating significant public goods in their own right. As Sharp found in her Lawrence case study, however, Safford posits that non-profit organisations are indispensable to local development, if only as meeting places. Sharp's business leaders described their activity in the non-profit sector as essential to their identities in the community. Safford concludes that the Boy Scouts were important to Allentown's business leaders in 1975 because the CEO of the largest company, Bethlehem Steel, was on the board (p. 149).

## The Future of Non-profit Organisations and Local Development

The four books discussed here represent the most recent data on the non-profit sector in localities in an advanced capitalist nation, the United States. They alert us to the changing nature of civic organisations and how voluntary associations are created, perceived and used by the residents of cities.

Because the authors completed their data collection prior to the 'Great Recession', however, in some ways their findings are already being overtaken by new events. Since the Great Recession began with a housing bubble and spread into a financial crisis, many non-profits will be struggling for years to come. In many cities, the sector had already been consolidating 10 years ago—non-profit organisations are increasingly subject to mergers, acquisitions, downsizing and outright failure (Rohe *et al.*, 2003). In New York State, proposed legislation called the "Nonprofit Revitalization Act", intended to "enhance governance and oversight" has received support from large non-profits wishing to move forward with

more acquisitions (Smith, 2013). In austere times, as government budgets are cut, we can expect more parties to push for more economies in the non-profit sector. The recovery of the stock market has restored some charitable giving, but this may not offset the losses associated with government cutbacks (Blum and Hall, 2013).

To reach a better understanding of local development, Sharp directs us to pay close attention not only to programme innovations like development incentives and controls, but to the personal interactions among business leaders and government officials. These relationships are also a concern of Safford. Arena and Marwell, and also Safford, help us to understand that non-profit organisations are not simply a category or sector, but a field that overlaps with other civic institutions. Arena encourages us to study the social movement dynamism that can inhere in housing redevelopment. We should not be surprised, however, when players switch sides, complicating our understanding of what it means to be 'not for profit' in the 21st century. In sum, urban non-profit organisations are alive and active, but perhaps more variable than ever.

**Patricia Tweet**  
*St John Fisher College*

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