

THE REVOLUTION WILL NOT BE FUNDED

by Andrea del Moral
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AT \$1.3 BILLION, THE US NONPROFIT SECTOR IS THE SEVENTH LARGEST ECONOMY IN THE WORLD. Employing 10% of the US workforce, the NPS—aka the NP Industrial Complex, as it is coming to be known by a growing number of critics positioned both within and outside the sector—spans private hospitals, city symphonies, environmental groups, human rights organizations, professional associations, theater companies and churches. Their goals are in no way unified. Some of them drive fundamentalist social policy and other right-wing agendas like demolishing public education and defunding welfare. Others, in the words of longtime social justice fundraiser Kim Klein, are involved in "everything that is decent and humane."

What these 1.5 million organizations DO share is their state-assigned tax status as 501©(3) institutions—and, consequently, the way they effect social change in the US. Named for the section of the tax code that regulates their existence, this uneasy band of organizations do not pay income tax—all individual donations are tax-deductible—and they have access to grants from foundations, corporations and the government.

Social justice organizers and activists have spent decades learning this lesson, and they are beginning to raise an audible voice of dissent. I first heard this voice at *The Revolution Will Not Be Funded: Beyond the Non-Profit Industrial Complex*, a May 2004 conference sponsored by the women of color, anti-domestic violence network, INCITE! Hour after hour, movement builders from within the NPS spoke of the paralysis, disempowerment and ineffectiveness of the nonprofit world. They presented visions of a different strategy. Rooted in grassroots organizing of the the 20th century and with a priority on democratic process, popular education and development from below, a post-nonprofit world is now emerging.

Charities first gained tax-exempt status because Congress determined that they provided services that the government would otherwise have provided. Since these organizations were saving the government money, it seemed logical to give them a tax break. As this system evolved, however, the work of nonprofits replaced government services to the point that we consider it normal that a hospital depend on foundation grants, and that a university depend on wealthy donors. This may be fine. Those institutions may provide their services as well as or better than the government would.

In the middle of the 20th century, movements for radical social and political transformation, which we currently call social justice movements, got ensnared in this same system. In the beginning, not all these organizations were tax-exempt. Lyndon Johnson's War on Poverty, which employed many more people than before in the social service sector, influenced the NPS to become more uniform in methodology and protocol because it was government sponsored. Then, Ronald Reagan reduced the nonprofit organization to a tax classification, and the economic structure of the nonprofit sector became its most important element. The activities of the nonprofits simply had to somehow benefit the public, but their finances were more strictly regulated. Reagan's corporate favoritism further pushed nonprofits to adopt corporate structure through his narrower definition of a nonprofit organization, which was determined by its financial structure.

But it is not the job of social justice movements to replace government functions (except possibly in the broadest sense of creating decentralized and directly democratic structures). The government does not pay itself to agitate against privatization, protest war, hold cops and politicians accountable, keep radical history alive or defend human rights. Why, then, do social justice organizations join the nonprofit sector—which means they must mimic corporate structure, entrench itself in government regulations and pander to foundations? This structure has allowed some organizers a stable work environment complete with the corporate benefits of salaries, health care and retirement plans. But at what cost? For those of us seeking fundamental, revolutionary change, the nonprofit glut has cost us our broad-based social movements.

In her opening talk at the INCITE conference, geography professor and anti-prison activist Ruthie Gilmore explained why. "A lot of nonprofits have a bigger stake in staying alive than in accomplishing their mission," she noted. The goal of social justice movements is to continue moving toward a just world. The goal should not be for each organization to last forever. Rather than cement a particular organization in place, people ought to be able to reframe issues and change their work as times change—an effort strongly inhibited by the bureaucratic effort of becoming and maintaining nonprofit status. If an organization does want to change its activities or expand beyond its original mission, it must get approval from the IRS, or risk losing tax-exempt status. This can jeopardize that organization's existence.

On the other hand, setting up independent financial resources with longevity is complicated in a different way. Kim Klein tells of an anti-domestic-violence organization that created an endowment so that it could be funded in perpetuity. "An endowment allows you to exist forever. So...what are you saying? Are you saying there will always be domestic violence?" As appealing as the financial security of an endowment is, the goal of an organization working to end domestic violence (or poverty, police brutality, the death penalty or any of the other things that social justice activists are working to end) is to make its activities unnecessary.

The reality is that many problems we work to uproot will not be eradicated in the near future. And if you have the resources to create financial stability for your organization, your work will probably be more effective. As any nonprofit employee will attest, a lot of time and effort goes down the money-hunting hole. This is the catch-22 for social justice advocates of working within the nonprofit structure. You work to solve the problem at its source, and therefore make your work obsolete. But you also want to be able to stick around long enough to actually do that, so you need to work in a way that promotes longevity, skill building, social networks, and organizational stability, so that the movement grows and people don't burn out. Depending on immediate but precarious sources of money, such as foundation grants available through nonprofit status, does not do this. To what extent do we pursue financial relief now, and to what extent do we work for the long-term goals? Within nonprofit structure, the two aims frequently conflict.

Different opportunities emerge when looking beyond the usual nonprofit horizon. Grassroots fundraising, which existed long before the nonprofit was defined by the IRS, is coming back in force. The concepts are fairly simple, though there are several ways to go about them. Fundraising from the grassroots means raising money from individuals with whom your organization or cause already has a connection: throwing parties, sending letters, making phone calls. It is fundamentally different from seeking government or foundation money in that donors are directly affected by the group's work—at the very least, they have a personal interest in it. It is different from seeking funding from a wealthy patron (although such people are often part of a grassroots fundraising strategy), because the grassroots strategy draws from a wide base of supporters; no one donor could cripple the organization by pulling out. This approach to raising money allows organizations to be as radical as their communities want, to be flexible and change focus over time, and to work beyond the funding cycle of the Next Big Grant. It also builds relationships between existing organizations and those new to a movement; the latter are energy and potential future leaders of the movement.

The corporate nonprofit structure encouraged by tax law doesn't just promote financial short-sightedness through its focus on grants. This corporate structure is an intrinsic part of existing oppression, so it also inhibits the most radical aspects of our work. Suzanne Pharr, longtime Southern activist working against racism, sexism, homophobia and economic inequality, recites a straightforward list of losses that social justice movements have suffered as a result of common nonprofit fundraising strategies: The nonprofit sector, she asserts, has given us more government and corporate money, less autonomy from those sources of money, less community membership and involvement in organizations, more corporate mimicry, and more professionalization of roles within grassroots movements. The effects of all this? Organizations are no longer places where money and leadership are controlled by their constituents. Instead, leadership jobs go to those from the outside: people with degrees in social work, accounting and nonprofit management. With fewer people involved in organizations and with money coming from the nation's financially powerful, the direction of nonprofit work veers away from the struggles of the people in whose name those organizations often operate. The money covers financial reports, professional grantwriters' salaries and strategies for meeting funders'—not organizations', let alone

movements'—goals. As a result, organizations that began as radical grassroots associations of individuals become corporations that largely copy the mainstream economy. They are professional, though not educated on the ground about the actual issues; organized, but not effective; compliant with tax laws, but not responsive or accountable to community needs.

There are still many who defend the NPS; its existence has meant increased resources, power and survival for millions of people. But the way it's done that—through charity and dependence on outside resources—has failed to fundamentally change the problems that much of this sector addresses. Some people point out that this was never the NPS's objective: It began as philanthropic charity "based on wealthy people donating at leisure to 'worthwhile' causes," as Jess Klatzker explains in *The Question of Youth Empowerment in the Nonprofit Sector* (unpublished, Hampshire College, 1999). In the late 19th century, Christian industrial barons John D. Rockefeller and Andrew Carnegie created charity organizations to help the poor—who were poor because of the very same economic system that made those men rich. Instead of working to restructure that system, they skimmed a bit off the top of their overfull cups and dripped it down to the most needy through philanthropic charity organizations. These charities provided immediate relief: soup kitchens, clothing, orphanages. But they did nothing to address the sources of poverty.

For many of the wealthy founders of early charities, this may have been pleasing, if not intentional. After all, solving the problems of financial inequity means fundamentally restructuring capitalism, and it's the wealthy who have everything to lose. People engaged in philanthropy because they actually wanted to make the world better, however, saw that charity was inadequate, and, in the 1960s, the concept of grassroots organizations emerged. The grassroots distinguished itself from charity with the concepts of community work, idealism and justice. As Klatzker puts it, "The NPS became a space to imagine and impact social change." Before the 1960s, this was primarily the work of labor unions, but broader grassroots movements expanded the realm of social change beyond the industrial or manual workplace.

The grassroots was a different way of organizing change. It allowed people from across the political spectrum to initiate causes that were of personal interest and concern. Grassroots activity isn't unconditionally humanitarian or dedicated to social justice—NIMBY (Not In My Back Yard)-motivated groups seeking to block drug treatment centers, religious schools and small scale capitalists are all grassroots. But the idea did create space for people to approach the problems of need and oppression from a different angle than philanthropy and charity. The radical grassroots strove to improve the whole of a person, not simply the basic materials of food, clothing and shelter. It also created space for issues that are less urgent to industrial workers like environmental integrity and human rights of others. The concept of community, not only worker, empowerment was able to grow from this new space of activism. Early grassroots leaders like Myles Horton, Dolores Huerta and Martin Luther King, Jr. were the pioneers of broad-based social movements in the United States. They, along with many more whose names did not make it into history as heroes or leaders, drew from the strengths of the labor movement of the 1930s, and expanded them to ignite the civil rights movement, gay liberation, and Second Wave feminism.

These early grassroots organizations—the National Organization of Women, Brown Berets and Student Nonviolent Coordinating Committee, for example—borrowed and developed processes of working vastly different from the corporate and government sectors. The tactics of affinity groups and small collectives came to the U.S. from anarchist Spain during the civil war of 1936-1939. Consensus process came from the Quakers. Striving for social justice came from the hearts and souls of people, in contrast with the empirical theories that dictated the country's political and economic structures. The greatest damage to social justice movements has come from gradually coercing people to mold these revolutionary structures into oppressive corporate and government form.

To gain tax-exempt status—often seen as an economic necessity—an organization has to model its leadership on corporate hierarchy. Instead of encouraging people involved in the organization to lead it, governance often comes from outside. A masters degree or academic knowledge of a program area is often more valued than community relationships, experiential knowledge or personal investment. The amount of money it takes to run this corporate structure has sent thousands of otherwise-community organizers to the doors of foundations,

corporations, and government to perform the role of orphan Oliver Twist: the dirt poor begging the filthy rich for a few more spoonfuls of gruel. Yes, it keeps them alive, but does it feed the potential for true change?

A handful of groups such as Sista II Sista (based in Brooklyn), Project South (Atlanta), INCITE and Sisters in Action for Power (Portland, Oregon), are in active opposition to NPS business as usual. They insist on collective structure, leadership development of members and grassroots fundraising. They have corporate structure on paper, and their nonprofit status allows them access to grants. But the daily work of these groups is rooted in their own communities and in remaining true to their own priorities. They do depend in part on foundation funding, but their vision is leading them further from this fact every year. Here's why.

Foundations and the grants they give are a byproduct of a tax scheme that keeps the rich rich. It begins with the estate tax (which, though it is currently being phased out, has had and continues to have a tremendous influence over the workings of the NPS). When a rich person dies, 50 % of their "large estate" goes to the government. Or that person can create a foundation and give away 5% of the money each year to whomever they want. That "giving away" of money includes operating costs, which means paying members of the board of trustees and, often, holding swank meetings in remote locales—which, in turn, keeps much of the money in wealthy hands. The Duke Endowment, for instance, which funds hospitals, children's homes, and rural United Methodist churches in North and South Carolina, paid each of its 15 trustees \$150,189 in 2000. Consider that foundation trustees are 77% male and 96% white, and you can see where all this U.S. tax money—supposedly wealthy people's money donated "at leisure to 'worthwhile' causes"—is going, or, rather, staying. (In contrast, the thousands of board members for nonprofit organizations—including many more people of color and individuals who are working class or poor and not male—sit in unpaid positions.) From the 5% mandatory payout at a foundation, there are first the decadent trustee fees and operating costs. Much of the money that's left goes to right-wing think tanks, conservative law firms, and other counterrevolutionary endeavors whose mission is entrenching and worsening the status quo. Not including trustee fees and other operating costs, what remains of the 5% payout money is distributed like this: 2.9% to organizations serving the disabled, 1.7% to social change organizations, 1% to the homeless, 0.1% to single parents, and a few other tiny slices of the pie to groups that some still insist on calling "minorities" (1.9% African American, 1.1% Latino, 1% Native American, 0.4% Asian and Pacific Islander, and 0.1% queer).

Yes, less than 2% of less than 5% of foundation money is dedicated to social change organizing in the United States. Most of the rest of that 99.915% of the money is sitting in investments, supporting right-wing politics and funding ruling-class agendas. By funding the institutions that preserve, promote and enforce neo-conservative policy, many foundations—Heritage, Bradley, and Carthage, to name a few—in fact exist to counteract social change. It isn't just chance that the money stacks higher on the other side. Wealth is an economic conclusion of capitalism. Those who have it are mostly friendly to the rules that granted them their power, security and comfort. They fund right-wing think tanks and cultivate capitalist leadership as self-preservation. They promote free market ideas and corporate subsidies over social safety nets. That's money busy keeping inequality and injustice in place.

When you know who benefits from foundations—the rich and the right wing—and who loses out by conforming to corporate structure—radical social justice movements—it seems obvious to ask: If social justice movements are building foundations for a new society, what are we doing in the cubicles and boardrooms of the old? Grassroots fundraising and leadership development of the people in our communities keep us true to our visions, flexible in our goals, and relevant to the people who yearn and strive for justice. **[LiP]**

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is researching and writing a book on ingenious community organizing to provide basic needs without the government or foundations, in the political economy of war. This article is an excerpt from that emerging manuscript. To tip her off to notable phenomena on this topic, write amulberree@yahoo.com.

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