

In addition to amplifying the influence of the private sector over social welfare institutions, NGOs generate a particular mode of solving social problems that does not challenge the basic structures of capitalism. The Left today must break free from the subtle control of this understudied form of “money in politics.”

NGOism: The Politics of the Third Sector

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Something happened recently that reminded me of a rich woman's exclamation once in New York. "Socialism! But wouldn't it do away with charity? And what would we do without charities? I love my work for the poor more than anything else I can do."

— Lincoln Steffens

In 2015, Mark Dudzic and Adolph Reed Jr made a sad pronouncement: if "by left we mean a reasonably coherent set of class-based and anti-capitalist ideas, programmes and policies that are embraced by a cohort of leaders and activists who are in a position

to speak on behalf of and mobilize a broad constituency,” then “there is no longer a functioning left in the United States; nor has there been for a generation.”¹ Not long after, the Left was jolted back to consciousness by the first Bernie Sanders campaign, but now, following a brief and jubilant period of populist revival, it has been chastened into disheartening sobriety. In the words of Matt Karp, “the Left, after Bernie, has finally grown just strong enough to know how weak it really is.”²

To understand the nature of this weakness, it is necessary to grapple not only with the broad political economic transformations of the neoliberal period that have made the Left’s work more difficult today but also with *internal* changes in the Left’s own composition and political orientation. As the organizations of the working class have declined in size and power, the Left has become increasingly dominated by elite groups, particularly the educated middle classes. Certain segments of the humanities and social sciences within academia have been one important pole in this shift; another related part has been the burgeoning NGO sector, which has expanded greatly in the last few decades, in the very spaces that unions, mass membership organizations, and political parties once occupied.

As many critics have noted before us, NGOs (nongovernmental organizations) tend to cultivate a particular approach to solving social problems — often called “NGOism” or “activist-ism”³ — that coalesced and became influential in the 1960s as NGO funders and social movement activists became more friendly. Seeing a world

1 Mark Dudzic and Adolph Reed Jr, “The Crisis of Labour and the Left in the United States,” *Socialist Register* 51 (2015), 351–2.

2 Matt Karp, “Bernie Sanders’s Five-Year War,” *Jacobin* 38 (Summer 2020).

3 Liza Featherstone, Doug Henwood, and Christian Parenti, “Action Will Be Taken’: Left Anti-Intellectualism and Its Discontents,” *Left Business Observer* (accessed March 30, 2021), leftbusinessobserver.com/Action.html.

in flux and wanting to guide it in the “right” direction, foundations became more directly interested in both remedying social ills and stoking “political action” (moves that led to the rise of the conservative foundations that liberals today bemoan).⁴ Leftist groups took the bait and began, in turn, to view nonprofit funding not only as a viable political strategy but also as a legitimating one.⁵ With money came influence, and with influence came a new political culture resulting in slow but assured domestication.⁶

Agreeing, as we do, with Michael Barker that there has been far too “little political attention on the left that has zeroed in on the detrimental impact of foundations [and in particular, *liberal* foundations] on the political realm,” we believe it is of vital importance for the Left today to identify the presence of NGOism, to minimize its influence, and thereby to break free from the subtle control of this understudied form of “money in politics.”⁷ In this vein, this article aims to define the particular features of NGOism, a concept often employed but, to our knowledge, nowhere systematically described.

Our basic argument is twofold: first, that NGOs function to amplify the influence of the private sector over social welfare institutions; and second, that their institutional logic generates a particular political culture that, while replete with radical rhetoric, does not and cannot challenge the basic structures of capitalism. We are largely in agreement with Joan Roelofs that the third sector

4 See, for instance, Nancy MacLean, *Democracy in Chains: The Deep History of the Radical Right's Stealth Plan for America* (New York: Viking Press, 2017).

5 Clayborne Carson, *In Struggle: SNCC and the Black Awakening of the 1960s* (Cambridge: Harvard University Press, 1995 [1981]).

6 Joan Roelofs, *Foundations and Public Policy: The Mask of Pluralism* (Albany: SUNY Press, 2003), 121.

7 Michael Barker, *Under the Mask of Philanthropy* (Evington: Hextall Press, 2017), 11; Lester M. Salamon, *The State of Nonprofit America* (Washington, DC: Brookings Institution Press, 2002), 4.

provides a “protective layer” for capitalist society⁸ — by picking up the slack caused by industrial decline, providing goods and services that the market cannot, and muting criticism of the corporate world — and our contribution here is to explain how the internal constraints of the sector as a whole generate a mode of “solving” social problems (NGOism) that ultimately serves the status quo. The first section offers a basic history of the “third sector” in the United States. The second describes the structural incentives behind NGOism, and the third identifies its key attributes. We conclude with the implications for the Left.⁹

One final note: in this article we will use the terms “NGOs,” “third sector,” and “nonprofit sector” interchangeably to refer to institutions separate from government, on the one hand, and from for-profit industry, on the other.¹⁰ Large, multipurpose foundations are central to organizing the third sector, as seeking foundation grants is common sense in the nonprofit world. As Nina Eliasoph says of nonprofit workers, “organizational affiliation and funding [are] as important ... as their names.”¹¹ By offering the largest contributions around, as well as by acting as the key source of institutional networking and technical assistance, foundations have an undue influence over nonprofit projects.¹² It is for this

8 Roelofs, *Foundations and Public Policy*, 21.

9 We make no pretense here of explaining the activities of foundations and NGOs in general. Since our focus is on the specific form of activist-ism that NGOs promote, we have mostly put to the side important topics of concern for the Left, including the third sector’s influence on foreign policy through the Council on Foreign Relations and the CIA; on academia through the Social Science Research Council and the American Council of Learned Societies; and in the propagation of neo-Malthusian population control theories.

10 Cf. Roelofs, *Foundations and Public Policy*, 16–17.

11 Nina Eliasoph, *Making Volunteers: Civic Life After Welfare’s End* (Princeton: Princeton University Press, 2011), 116.

12 Mark Dowie, *American Foundations: An Investigative History* (Cambridge, MA: The MIT Press, 2001), 3.

reason that we speak of the third sector as encompassing both nonprofit organizations and their foundation funders, though there are separate but related literatures on the two.

I. A BRIEF HISTORY OF THE “THIRD SECTOR”

In this section, we offer a brief history of the third sector, focusing specifically on the manner in which the development of the American welfare state has encouraged its growth. Even when the welfare state was robust, its work was carried out in “devolved” fashion through private and public-private hybrid organizations. In the neoliberal period, this domain of “outsourced sovereignty” continued to balloon, with an increasing focus on social service provision and with increasing reliance on private funders and more “entrepreneurial” methods of revenue generation. This dependence on private interests made the third sector more professional, more oligarchical, and ultimately unwilling to do anything that would challenge the dominance of capital.

While charitable and voluntary efforts have existed throughout time, the specific form of philanthropic, nongovernmental *organization* that exists in the United States today only emerged in the late nineteenth century and crystallized in the early twentieth. Before the Civil War,

the amelioration of social ills was often in the hands of individual citizens — the Lady Bountifuls — of the communities who took care of the poorly educated, the blind, the halt, and the lame as a matter of religious stewardship, ethical humanism, noblesse oblige, and the like.¹³

13 Sheila Slaughter and Edward T. Silva, “Looking Backwards: How Foundations Formulated Ideology in the Progressive Period,” in *Philanthropy and Cultural Imperialism: The Foundations at Home and Abroad*, ed. Robert F. Arnove (Bloomington: University of Indiana Press, 1982), 57.

Postwar industrialization and urbanization provoked a middle-class movement of corrective relief and political reform. Local “charity organization societies,” usually guided by an essentially Protestant moral-religious perspective, sprang up to address the ills associated with rapid unregulated industrialization, poorly planned urbanization, and waves of foreign immigration.¹⁴

By the end of the century, American business leaders realized they needed to support this moral orientation as “a private-sector alternative to socialism.”¹⁵ Large general-purpose foundations soon emerged that institutionalized and propagated their individualistic ethos. New millionaires like Andrew Carnegie, Russell Sage, and the Rockefellers, motivated by some combination of tax evasion, property inheritance protection, public relations, power grabbing, scientism, and paternalistic beneficence, started large foundations with vague mandates to “serve” society.

In January of 1915, Frank P. Walsh’s Commission on Industrial Relations launched a “sweeping investigation of all of the country’s great benevolent organizations.”¹⁶ The Walsh Commission didn’t pull any punches. Socialist Party leader Morris Hillquit, Edward P. Costigan from the United Mine Workers of America, and Samuel Gompers from the American Federation of Labor testified that the foundations’ “all-pervading machinery for the molding of the minds of the people” (Gompers) obscures the “sordid practices of big business” (Costigan) and guides research and action in such a way so that they do not “oppose ... business interests in a pronounced way” (Hillquit).¹⁷

14 Slaughter and Silva, “Looking Backwards,” 58.

15 Peter Dobkin Hall, *Inventing the Nonprofit Sector and Other Essays on Philanthropy, Voluntarism, and Nonprofit Organizations* (Baltimore: Johns Hopkins University Press, 1992), 44.

16 Barbare Howe, “The Emergence of Scientific Philanthropy, 1900–1920: Origins, Issues and Outcomes,” in *Philanthropy and Cultural Imperialism*, 34.

17 Quoted in Howe, “The Emergence of Scientific Philanthropy,” 42–43.

The Walsh Commission's recommendations — strict congressional oversight combined with restrictions on foundations — were never implemented. Foundation relief provided during World War I and other mollifying developments after the war won them too many allies. The third sector was also defended by powerful spokespeople: in his 1922 book *American Individualism*, Herbert Hoover extolled the virtues of a business-minded progressivism that took on complex social problems “not by the extension of government into our economic and social life” but through “the vast multiplication of voluntary organizations for altruistic purposes.”¹⁸ Though obviously radically different from Hoover in embracing the statist programs of the New Deal, Franklin D. Roosevelt included a place for these voluntary organizations in his administration, allowing, for the first time, in the 1936 tax act for corporations to deduct charitable contributions from their federal income taxes.

The consolidation of the postwar welfare state further encouraged the growth of the third sector. Its distinctive form can best be grasped by looking at employment numbers: whereas the number of federal civilian employees remained unchanged between 1951 and 1999, the number of state and nonprofit employees ballooned. These numbers drive home Lester Salamon's argument about the need to “differentiate between government's role as a provider of funds and direction, and government's role as a deliverer of services.”¹⁹ In the wake of World War II, business elites (untainted by fascist collaboration, unlike their European counterparts) embraced big government for its stabilizing function, but they

18 Hall, *Inventing the Nonprofit Sector*, 52–3.

19 Lester M. Salamon, “Of Market Failure, Voluntary Failure, and Third-Party Government: Toward a Theory of Government-Nonprofit Relations in the Modern Welfare State,” *Nonprofit and Voluntary Sector Quarterly* 16, no. 1–2 (January 1987), 36.

Table 1. Federal Civilian, State Government, and Nonprofit Employment (in Millions), 1951–1999

Year	Federal civilian employees	State employees	Nonprofit employees
1951	2.5	4.3	–
1956	2.4	5.2	–
1961	2.5	10.2	–
1966	2.9	8.5	–
1971	2.8	10.2	–
1977	–	–	5.6
1981	3	13.4	–
1982	–	–	6.5
1983	2.9	13.2	–
1987	–	–	7.4
1992	3.1	13.4	9.1
1994	–	–	9.7
1999	2.8	14.7	–

Source: Hall, “A Historical Overview of Philanthropy,” 54.

did so in devolutionary fashion, with heavy reliance on nonprofits and their hybridizations to carry out the delivery of services.

In the 1950s, the Ford Foundation began to assemble the case for the theory that economic misery was perpetuated by irrationally run public institutions as well as the culture of urban areas.²⁰ If

20 Alice O'Connor, *Poverty Knowledge: Social Science, Social Policy and the Poor in Twentieth-Century U.S. History* (Princeton: Princeton University Press, 2001); Alice O'Connor, “Community Action, Urban Reform, and the Fight Against Poverty: The Ford Foundation’s Gray Areas Program,” *Journal of Urban History* 22, no. 5 (1996), 586–625.

better assimilated into American society, impoverished areas would be able to build local vehicles of power and secure a place in both the labor market and public life. Private nonprofits, funded by private foundations and the federal government, could thus provide underrepresented communities the infrastructure (replete with their own systems of patronage) to build themselves into powerful interest groups.

This foundation vision helped shape the 1964 Economic Opportunity Act (EOA), which set the stage for rapid growth in the third sector.²¹ Title II of the EOA created Community Action Agencies (CAAs), which implemented a variety of programs such as employment counseling, early childhood education, and heating assistance in their municipalities.²² Most CAAs were nonprofits, and they relied on both EOA and private foundation funding.²³

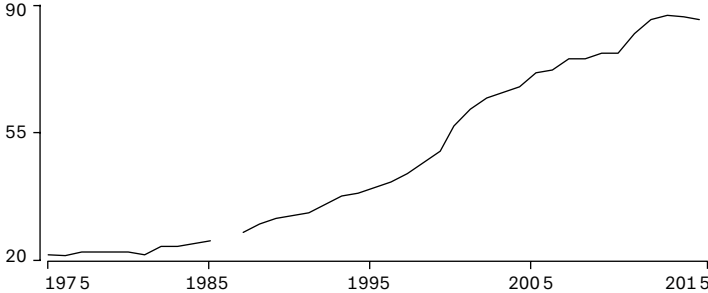
As the War on Poverty's incipient NGOization unfolded, the big foundations came again under congressional scrutiny, with trenchant critics on both sides of the aisle. But the consequences of the period did not amount to much: the Tax Reform Act of 1969 imposed a 4 percent excise tax on foundations' net investment income, required them to spend at least 6 percent of their net investment income, and applied certain political restrictions on

21 O'Connor, *Poverty Knowledge*, 139–65. Richard Magat (a Ford Foundation official for over two decades), in a retrospective report commissioned in 1975 by president of the Ford Foundation McGeorge Bundy and the Board of Trustees, noted that “The much-cited Gray Areas program tested and drew attention to the free-standing local tax-exempt corporation as a means for applying government funds to locally perceived needs. As a result, this mechanism was built into the poverty programs of the 1960s.” Richard Magat, *The Ford Foundation at Work: Philanthropic Choices, Methods, and Styles* (New York: Plenum Press, 1979), 79.

22 Henry J. Aaron, *Politics and the Professors: The Great Society in Perspective* (Washington, DC: Brookings Institution Press, 1978); Sar A. Levitan, *The Great Society's Poor Law: A New Approach to Poverty* (Baltimore: Johns Hopkins University Press, 1969), 128–9.

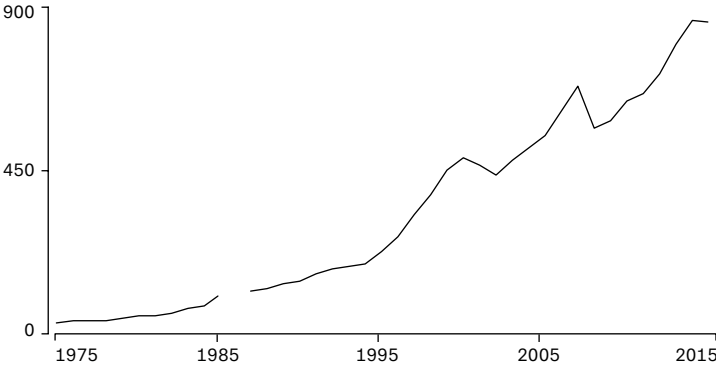
23 John Hull Mollenkopf, *The Contested City* (Princeton: Princeton University Press, 1984), 87.

Figure 1. Number of Grantmaking Foundations in the United States (in Thousands)



Sources: Brice S. McKeever, Nathan E. Dietz, and Saunji D. Fyffe, *The Non-profit Almanac: The Essential Facts and Figures for Managers, Researchers, and Volunteers*, 9th ed. (Lanham: Rowman & Littlefield, 2016), Table 3.11; “Foundation Stats,” Foundation Center, data.foundationcenter.org/#/foundations/all/nationwide/total/list/2014.

Figure 2. US Foundation Assets (in Billions of Dollars)



Sources: McKeever, Dietz, and Fyffe, *The Nonprofit Almanac*, Table 3.11; “Foundation Stats,” Foundation Center.

foundation spending — hardly the crackdown that the foundations feared.²⁴ The foundations eagerly cleaned up their act, and the bipartisan critique of an existential threat to democracy was lost as the neoliberal fog settled over the United States.²⁵

In the broader nonprofit world, the trials of the third sector in the '60s had the effect of organizing and professionalizing nonprofits. In 1967, pushed by concerns about waste and “poverty pimping” in the growing third sector, Congress directed the General Accounting Office (now known as the Government Accountability Office) to review federal anti-poverty funding with special attention to the Community Action Agencies. By 1974, the stated concern with efficiency and accountability led to the Housing and Community Development Act. Born in response to the demand for new, low-income housing to replace the housing stock lost in the federally funded “slum clearance,” the housing-oriented system of grant funding that it created turned many community organizations born of fighting displacement into nonprofit housing developers. With the new funding structure came an intensification of funding-connected bureaucracy: the new law included detailed stipulations about community participation, coordination between state and local government and the nonprofit sector, long-range planning, and organizational self-scrutiny.

The foundations soon piled on as well. In 1976, John D. Rockefeller III established the umbrella organization Independent Sector, which promoted studies that raised technical questions about implementation and organizational diversity in nonprofits. It was thanks to its efforts that the discourse around tax-exempt entities

24 Roelofs, *Foundations and Public Policy*, 14–15.

25 Judith Sealander, *Private Wealth and Public Life: Foundation Philanthropy and the Reshaping of American Social Policy From the Progressive Era to the New Deal* (Baltimore: Johns Hopkins University Press, 1997), 6.

shifted away from *what* these entities did to *how* they did them.²⁶ The substantive questions of the late '60s were thereby transformed into formal questions in the early '70s under the promise of scientific self-inspection.

The regulations of the Tax Reform Act of 1969 and the broader demand for more nonprofit accountability also led to the creation of specific nonprofit training programs. Nonprofit work thereby increasingly became a specialized trade, the province of professional managers who could navigate complex reporting requirements. It was these nonprofit professionals who oversaw the “advocacy explosion” beginning in the '60s and '70s, which changed the landscape of the civic universe in America.²⁷ Traditional membership organizations up until that point were popularly rooted and “rivaled professional and business associations for influence in policy debates.”²⁸ They aimed to “knit together national, state, and local groups that met regularly and engaged in a degree of representative governance,” and, though less diverse in terms of race and gender, they were “much more likely to involve less privileged participants” than contemporary associations.²⁹

The nonprofit world created by the advocacy explosion is markedly more oligarchical. It is run by educated, upper-middle-class experts who engage in “politics” as a form of insider lobbying

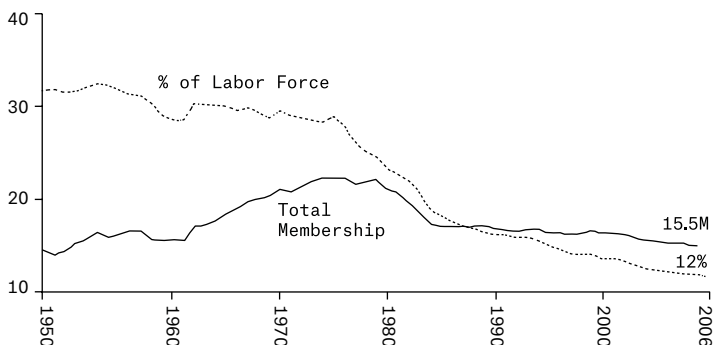
26 Peter Dobkin Hall, “A Historical Overview of Philanthropy, Voluntary Associations, and Nonprofit Organizations in the United States, 1600–2000,” in *The Nonprofit Sector: A Research Handbook*, ed. Walter W. Powell and Richard Steinberg (New Haven: Yale University Press, 2006), 55.

27 See Jeffrey M. Berry and Clyde Wilcox, *The Interest Group Society*, 5th ed. (New York: Pearson, 2009), chapter 2.

28 Theda Skocpol, “Advocates without Members: The Recent Transformation of American Civic Life,” in *Civic Engagement in American Democracy*, ed. Theda Skocpol and Morris P. Fiorina (Washington, DC: Brookings Institution Press, 1999), 465.

29 Skocpol, “Advocates without Members,” 491, 500; Roelofs, *Foundations and Public Policy*, 47.

Figure 3. Union Membership (in Millions) and as a Percentage of the Labor Force



Source: Berry and Wilcox, *The Interest Group Society*, 21.

rather than mass mobilization. When they do interact with “membership,” it is through mass mailings and fundraisers around issues narrowed to stand out among grant applicants and garner media attention. Indeed, their strategies are largely media-centric, focused more on propagating a dramatic and polarized “message” for which they find a constituency rather than advocating on behalf of an existing membership.³⁰

Jeffrey Berry “characterizes this as a shift from ‘materialism’ to ‘postmaterialism,’ from the pocketbook concerns of middle- and working-class voters to the social concerns of more affluent ones.”³¹ Unsurprisingly, the traditional membership organizations that suffered most under the advocacy explosion were trade unions.

30 Given the revolving door between NGOs and political parties, these changes have likely played an important role in making both parties less responsive to their respective bases, dramatically weakening the voice of American voters and fracturing constituencies around niche cultural issues, but a full exploration of this connection would require a separate article.

31 Salamon, *The State of Nonprofit America*, 63.

Where once the unions were primary vehicles for social justice, nonprofits stepped in as more “efficient” advocates for the concerns of particular and increasingly fragmented constituencies.

Received wisdom dictates that there is a trade-off between government and third sector spending, but, in reality, none of the three “sectors” — for-profit, nonprofit, and governmental — operate independently of one another. At both the institutional and individual level, there is a thorough interweaving of the three: there are nonprofit corporations that are publicly controlled (like the Port Authority of New York and New Jersey), nonprofit hospitals run by for-profit corporations, and broad swaths of municipal work contracted out to both for-profit and nonprofit entities, for example.

The Reagan administration ran up against this uncomfortable fact in trying to make good on its promise to make “voluntarism ... an essential part of our plan to give the government back to the people.”³² In an initial budget, the new administration proposed to “cut federal spending in program areas in which nonprofits are active by the equivalent of \$115 billion.”³³ Realizing that their spending cuts would cripple the very sector they hoped would “take up the slack,” the actual cuts were not nearly as severe as proposed (and nowhere near proportional to the revenue loss from the 1981 tax cuts).³⁴ Despite these cuts, nonprofit expenditures increased slightly during this period, but not, as Ronald Reagan predicted, because of increased private charitable giving.

32 Lester M. Salamon, *Partners in Public Service: Government-Nonprofit Relations in the Modern Welfare State* (Baltimore: Johns Hopkins University Press, 1995), 149.

33 Salamon, *Partners in Public Service*, 154.

34 Hall, *Inventing the Nonprofit Sector*, 80; Salamon, *Partners in Public Service*, 159.

Nonprofits instead made up for the loss by increasingly turning to fees and service charges, becoming “far more entrepreneurial, reducing uncertainty by broadening their financial bases beyond charitable contributions to include a mix of grants, contracts, donations, and sales of services.”³⁵

Table 2. Share of Government-Funded Human Services Delivered by Nonprofit, For-Profit, and Government Agencies in 16 Communities, 1982 (Weighted Average)

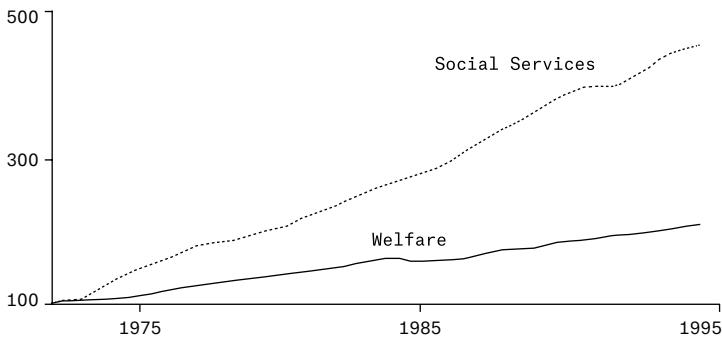
Field	Percentage of Services Delivered by:		
	Nonprofits	For-Profits	Government
Social services	56	4	40
Employment/training	48	8	43
Housing/comm. devel.	5	7	88
Health	44	23	33
Arts/culture	51	<0.5	49
Total	42	19	39

Source: Salamon, “Of Market Failure, Voluntary Failure, and Third-Party Government,” 30.

At the same time, the demand for nonprofit services grew under the devolutionary program inherited from Lyndon B. Johnson, Richard Nixon, and Gerald Ford. However, whereas Nixon’s “new federalism” had involved massive outlays on social services,

³⁵ Hall, *Inventing the Nonprofit Sector*, 80. Michael O’Neill estimates that three-quarters of nonprofit funding comes from the government and service payments. See O’Neill, *Nonprofit Nation: A New Look at the Third America* (San Francisco: Jossey-Bass, 2002), 23.

Figure 4. Index of State and Local Government Employment in Public Welfare vs. Private Organizations, 1972-95



Source: Richard P. Nathan, with the assistance of Elizabeth I. Davis, Mark J. McGrath, and William C. O’Heaney, “The ‘Nonprofitization Movement’ as a Form of Devolution,” in Dwight F. Burlingame, William A. Diaz, Warren F. Ilchman, and associates, *Capacity for Change? The Nonprofit World in the Age of Devolution* (Indianapolis: Indiana University Center on Philanthropy, 1996), 33.

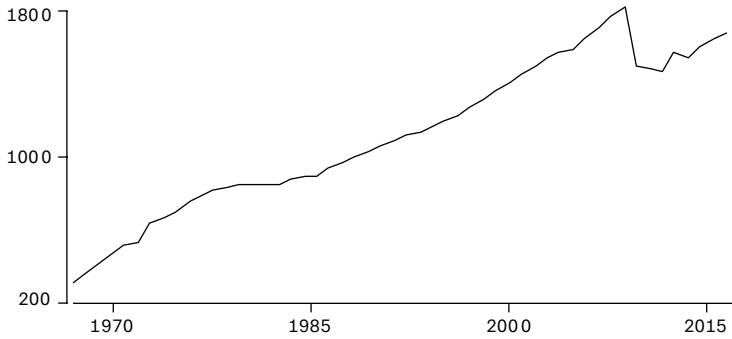
Reagan’s version of devolution did not include the same federal largesse. The Economic Recovery Tax Act of 1981 thus merged seventy-seven programs to create nine new block grants with a fraction of the combined funding, harming “the same kinds of services and programs that Nixon wanted to support.”³⁶ In addition to spending cuts and devolution of responsibility for social services to states and municipalities, Reagan increased the disparity in funding for social services in comparison to direct payments, continuing a trend that had begun with John F. Kennedy.³⁷

In 1996, Bill Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), which finally

36 Jeffrey M. Berry, with David F. Arons, *A Voice for Nonprofits* (Washington, DC: Brookings Institution Press, 2003), 18.

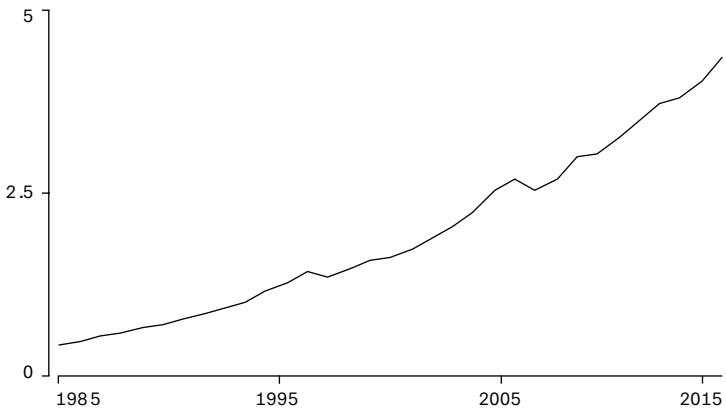
37 Berry, *A Voice for Nonprofits*, 13.

Figure 5. Number of Tax-Exempt Organizations in the United States (in Thousands)



Source: IRS Data Book, 1967-2018, irs.gov/statistics/soi-tax-stats-all-years-irs-data-books.

Figure 6. Total Assets of US Nonprofit Charitable Organizations (in Trillions of Dollars)



Source: IRS, "SOI Tax Stats — Charities & Other Tax-Exempt Organizations Statistics," irs.gov/statistics/soi-tax-stats-charities-and-other-tax-exempt-organizations-statistics.

eliminated Aid to Families with Dependent Children (AFDC) and created the much inferior Temporary Assistance for Needy Families (TANF). In the mid-1990s, seventy out of every hundred poor families received cash assistance thanks to AFDC; in 2018, under TANF, that number dropped to twenty-three. Less than one-quarter of TANF funds go to basic cash assistance, while the lion's share supports the provision of social services, and the massive nonprofit world that supplies them.³⁸ A disaster for the poor, PRWORA was a "windfall of resources in program areas of interest to nonprofits."³⁹

After a brief hiccup following the 2007–8 financial crash, both the number of tax-exempt organizations and total nonprofit assets have continued to rise, along with the assets of their foundation benefactors. As the sector grows increasingly professionalized and penetrated by market culture, many complain of a growing "identity crisis" in the third sector: How can the market character of the services it provides be reconciled with its larger social mission? Others recognize the tension but are ready to push on toward a "'fourth sector,' one that explicitly merges social purpose with business methods and taps into the much larger resources available through socially focused private investment capital."⁴⁰ The future of the third sector is indicated in phrases like "venture philanthropy" and "reputational capital" — even the semblance of independence is falling away.

II. The Structural Incentives Behind NGOism

As the third sector expanded its role in administering the welfare state, the consistent features for which it is

38 Ali Safawi and Liz Schott, "To Lessen Hardship, States Should Invest More TANF Dollars in Basic Assistance for Families," *Center on Budget and Policy Priorities*, January 12, 2021.

39 Salamon, *The State of Nonprofit America*, 23.

40 Salamon, *The State of Nonprofit America*, 69.

known — professionalization, bureaucratization, top-down advocacy, local and niche problem solving — emerged. In this section, we lay out how the structural position of the third sector constrains its ability to challenge the power of the capitalist class, and thus its ability to meaningfully change capitalist society. In other words, NGOs, regardless of ideological orientation, share certain common features that bolster the status quo not by accident of history but due to their structural position.

Our argument is not that all third sector agencies are thinly veiled vehicles for the political machinations of particular elites, though they can be that as well. Rather, NGOs are structurally reliant on funding in a way that leaves them ultimately under the undue influence of capitalist interests, which limits ahead of time what they typically pursue and advocate for. NGOs are generally assumed to be synonymous with 501(c)(3)s, but it is funding structures, not tax status, that determine the restraints generative of NGOism.⁴¹

NGOs have four main sources of funds: the government, corporations, other nonprofits, and private individual donations and payments. Most money flows into the nonprofit sector from government sources, especially the federal government.⁴² Government funding of nonprofits, which has been sharply rising since the 1960s, shifts the administration of the welfare state from public to privately run institutions. Nonprofits are also frequently involved in other, indirect processes of privatization. As the state increasingly relies on directed partnerships with corporations

41 One way out of this situation would be funding through membership dues, but this is no silver bullet. The AARP, for example, is a membership organization, but its main mission is service provision; no one expects, upon joining the AARP, to have any influence over the organization. Egalitarian funding schemes merely remove the constraints. Nonprofit organizations then have to adapt their organizational models to provide pathways for members to participate in decision-making.

42 Salamon, *The State of Nonprofit America*, 206.

to shape development, nonprofits serve as useful partner institutions, either to connect the state to specific corporations or to allow corporations to offload the risk of experimenting with government programs.⁴³

As Damien Cahill has noted, the neoliberal transformation of the postwar welfare state was not simply a project of retrenchment.⁴⁴ It was also a process of *restructuring* of government intervention, such that benefits were decreasingly given as cash transfers and increasingly means-tested and offered in the form of social services. The government both finances and subsidizes individual access to these services, but continues to play a significant role in funding the services themselves regardless.

Since direct government grants amount to only 31.8 percent of 501(c)(3) revenue, nonprofits are forced to rely on fees for service, which make up approximately 49 percent of their revenue.⁴⁵ Fee-for-service models subject nonprofits to market-like pressures, since their survival, even though reliant on the government, is not financially guaranteed and is rather dependent on a certain level of individual consumption. But even government grants, which do directly disburse revenue to nonprofits, only go so far in shielding NGOs from insecurity, as funds for overhead and institutional

43 Kathryn Wylde, "The Contribution of Public-Private Partnerships to New York's Assisted Housing Industry," in *Housing and Community Development in New York City: Facing the Future*, ed. Michael H. Schill (Albany: SUNY Press, 1999), 74.

44 Damien Cahill, *The End of Laissez-Faire? On the Durability of Embedded Neoliberalism* (Cheltenham: Edward Elgar Publishing, 2014), 14–30.

45 National Council of Nonprofits, "Nonprofit Impact Matters: How America's Charitable Nonprofits Strengthen Communities and Improve Lives," September 2019 (accessed April 12, 2021), nonprofitimpactmatters.org/site/assets/files/1/nonprofit-impact-matters-sept-2019-1.pdf. Some fees for services are paid for out of pocket (for example, individual fees to enter museums), while others are paid with government money disbursed to individuals (for example, Medicaid). This figure reflects both privately and publicly funded contributions.

costs are limited.⁴⁶ Thus, the neoliberal goals of privatization, marketization, and cost cutting are creatively combined in the administration of social welfare by NGOs.

The political consequences of this restructuring are dire: devolution makes it more difficult for state actors to fix issues in social service delivery, especially since nonprofits operate with far less transparency than government institutions. Performing socially necessary services with public dollars but under a private mandate, any failures they experience are distant from state control as well as a poor reflection on the state itself, which further erodes trust in the government's ability to solve social problems.⁴⁷

Nonprofits with government grants also face many political constraints, like restriction of the types of political agitation recipient institutions can engage in. Legal restrictions prohibit tax-exempt nonprofits from endorsing or using organizational resources to campaign for elected political officials. 501(c)(3)s are allowed to engage in lobbying, but only to the extent that such activity does not constitute a "substantial part" of their work.⁴⁸ Further, government grants typically cannot be used for

46 National Council of Nonprofits, "National Council of Nonprofits Resolution in Support of Full Implementation of the OMB Uniform Guidance" (accessed April 12, 2021), councilofnonprofits.org/national-council-of-nonprofits-resolution-support-of-full-implementation-of-the-omb. "A small percentage of CDCs [community development corporations] have regular and reliable sources of support such as a sponsor organization — often a religious one — or an endowment fund. The majority of CDCs, however, are in a continual search for administrative funds to support the office activities of the organization." Edward G. Goetz, "Local Government Support for Nonprofit Housing: A Survey of US Cities," *Urban Affairs Review* 27, no. 3 (1992): 420–35.

47 Joel Fleishman, a sympathetic proponent of foundation reform, discusses the issues of accountability foundations and nonprofits create as they administer social goods. See Joel L. Fleishman, *The Foundation: A Great American Secret; How Private Wealth is Changing the World* (New York: PublicAffairs, 2007).

48 IRS, "Measuring Lobbying: Substantial Part Test," November 10, 2020 (accessed April 12, 2021), irs.gov/charities-non-profits/measuring-lobbying-substantial-part-test.

political activity, meaning organizations must receive private funding for political work — itself a constraint on how and for what purpose nonprofits engage in political activity.⁴⁹ While many nonprofits welcome these restrictions for insulating them from partisan politics, they are often unable, due to these restrictions, to advocate for the kinds of political changes that would make them more effective.⁵⁰

Corporations, the second source of nonprofit funding, make sizable donations to NGOs for a number of transactional reasons. In some instances, corporations make direct donations to organizations to appear socially conscious, but often, nonprofit and corporate involvement is more complex, especially when nonprofit activity is undertaken in part to benefit not just a corporation's reputation but also their bottom line.⁵¹

The relationship between Aetna and the Fifth Avenue Committee (FAC), a nonprofit housing developer in the 1980s, provides an instructive example. Aetna, as part of its 1979 National Demonstration Program “to fund neighborhood reinvestment projects,” collaborated with FAC and the city of New York to redevelop part of Warren Street in Park Slope. Aetna donated money to FAC, who, in turn, received a HUD Neighborhood Self-Development Grant, which allowed them to cheaply develop and sell houses

49 *The Revolution Will Not Be Funded: Beyond the Non-Profit Industrial Complex* (INCITE! Women of Color Against Violence, Durham: Duke University Press, 2017) contains many firsthand accounts from activists that detail the corrosive effects such restrictions place on nonprofit organizers who might have larger political visions than the direct scope of grants their organizations require to keep afloat.

50 National Council of Nonprofits, “Protecting the Johnson Amendment and Nonprofit Nonpartisanship” (accessed April 12, 2021), councilofnonprofits.org/trends-policy-issues/protecting-nonprofit-nonpartisanship.

51 Joseph Galaskiewicz and Michelle Sinclair Colman (“Collaboration between Corporations and Nonprofit Organizations,” in Powell and Steinberg’s *The Non-profit Sector*) provide a nice overview of different possible arrangements between the two.

at no profit. Aetna and the city of New York jointly hold the mortgages on these houses.⁵² FAC essentially serves as a risk-taking developer, allowing Aetna to safely try out insurance financialization schemes, which, if successful, stand to make Aetna far more money than its FAC donation.

General-purpose foundations, the third source of nonprofit funding, raise money through a combination of individual donations, corporate donations, and managing endowment funds.⁵³ Foundation grants are desirable because they normally come with fewer bureaucratic strings attached than government grants. They do, however, come with a set of political limitations — namely that nonprofits, upon receiving foundation grants, must agree to conduct themselves in accordance with the political ideology and goals of the foundations.⁵⁴ A different kind of transactional relationship dominates here than in the case of corporations. Whereas corporations are looking for good press or a profitable investment, foundations are looking to build institutions that will carry out their missions and serve as reliable coalition partners. While corporations partner with nonprofits whose mission aligns with something already seen as useful to the corporation, foundations partner with nonprofits in order to shape what their mission is in the first place.

52 Andrea Olstein, "Park Slope: The Warren Street Balancing Act," *New York Affairs* 7, no. 2 (1982), 59–64.

53 For the role that foundations play in elite policymaking networks, see, in addition, G. William Domhoff, *The Power Elite and the State: How Policy Is Made in America* (London: Routledge, 1990).

54 There are many examples of foundation officials communicating with nonprofit groups about the scope of their political activity and even taking away grants when the political actions of a nonprofit veered into territory they were not comfortable with. See, for example, INCITE!, *The Revolution Will Not Be Funded*.

Finally, there are individual contributions to nonprofits.⁵⁵ While wealthy members of the elite can change the budget of an institution overnight, individuals without huge amounts of wealth — those from the middle and working classes — would have to pool their money in order for their contributions to exert a similar effect. In today's highly demobilized, disorganized political environment, individuals typically direct their donations to large, service-oriented nonprofits, such as Planned Parenthood or the American Civil Liberties Union, without the expectation of ever receiving a direct benefit from the organization. Foundations and corporations are thus much more strategically positioned to use their financial power to direct action in accordance with a planned agenda.

To summarize, nonprofits are tasked with the provision of social welfare with significant government funding, but not enough that they are saved from having to pursue other reliable sources of revenue. One key source today is fees for services, which are themselves often highly subsidized by the government. This dynamic makes nonprofits and the constituencies they serve into quasi-market actors and quasi-consumers, respectively. Filling in the gaps of this monstrous creation are corporate, foundation, and individual donations. Since they both offer large grants and are embedded in institutional networks important to further fundraising, corporations and foundations play an outsize role in guiding intentionally undercapitalized nonprofits, making the third sector ultimately unwilling to pursue the kinds of social reform that would challenge capitalist class power.

55 Evelyn Brody ("The Legal Framework for Nonprofit Organizations," in Powell and Steinberg, *The Nonprofit Sector*, 243) estimates individual contributions at around 20 percent, but these numbers are inconsistent across the literature, as many lump together foundation and individual donations. "Nonprofit Impact Matters," which breaks down the differences between foundation and individual contributions, estimates individuals at 8.7 percent of contributions, but this number only applies to "charitable" nonprofits, or 501(c)(3)s.

III. THE ELEMENTS OF NGOISM

The literature on NGOs is replete with sinister descriptions of corrupt handmaidens of capital. The third sector is often referred to as a “nonprofit industrial complex,” which has the basic function of managing and controlling dissent toward the maintenance of the power of the ruling elite.⁵⁶ NGOs are seen by some as “co-optive mechanisms [that] the ruling class have used to respond to [working-class] struggles”; “by alleviating distress, they have secured their own positions against those who might displace them and thus have avoided revolt.”⁵⁷

As we argued in the preceding section, the essential truth in these alarming descriptions lies in the structural incentives to which NGOs are subject. NGOs do not always *directly* serve the interests of particular capitalists, but the sector does serve the class as a whole insofar as their activity in pursuit of social betterment systematically avoids taking on the profit motive. In this section, we argue that a specific political *culture* emerges from this situation, one that lines up nicely with the interests of capital. If, despite the seemingly endless diversity of its pet issues, the third sector’s reports and recommendations, PowerPoint trainings, and

56 Craig Jenkins and Abigail Halcli have opposed this strong “social control” thesis to what they claim is a “more sophisticated” *channeling* thesis, which sees the third sector as merely channeling discontent toward “professional-movement organizations,” defusing movement energy but also playing an important role in materializing movement goals (Craig Jenkins and Abigail Halcli, “Grassrooting the System? The Development and Impact of Social Movement Philanthropy, 1953–1990,” in *Philanthropic Foundations: New Scholarship, New Possibilities*, ed. Ellen Condliffe Lagemann [Bloomington: Indiana University Press, 1999], 244). It is undeniable that this “social channeling” does indeed result in the partial remediation of social ills, but defenders of the stronger “social control” thesis, like Roelofs and Arnove, would readily admit as much. The key question for them, as it is for us, is what purpose this “channeling” work serves: the substantive reform, or even transcendence, of a particular capitalist regime of accumulation, or its legitimation?

57 Barker, *Under the Mask of Philanthropy*, 2; Robert F. Arnove, “Introduction,” in *Philanthropy and Cultural Imperialism*, 1–2.

advocacy campaigns all seem lifted from the same cauldron, it is because the sector is structurally incentivized to operate under the common assumption that social ills are *not* the result of political conflict between unequal classes, and thus do *not* require a change in the power dynamic of American society in order to be solved.

In what follows, we enumerate what we consider to be the three identifying traits of NGOism, which are a) technocratic, b) service-oriented, and c) fixated on the “community.” These three features of NGO work derive from the structural constraints that give rise to them; they anchor the NGOist approach to solving social problems without altering the balance of social power. So as to defuse rather than stoke political conflict, nonprofit activity is technocratic; the ideal is to avoid the messy world of politics by empowering well-trained professionals to manage away social problems. Second, it is oriented toward the provision and improvement of services, both because these services defuse political opposition but also because they fracture and depoliticize constituencies, in such a manner that any failure of service delivery is always met with the reply: “Better services!” Finally, the third sector is fixated at the level of “communities” in order to limit the scope and ambition of social reforms but, more important, because the amorphous concept of “community” can be molded so as to privilege private interests and develop a leadership class of “community representatives” that legitimate those interests.

These features often make sense within their natural context: it is rational, for instance, for a nonprofit hospital to be technocratic and service-oriented, as angering key funders threatens its entire operation. They are nonetheless problematic in their own contexts — for instance, that avoidance of conflict puts the constituencies that nonprofit hospitals serve at a political disadvantage — and we will review the issues that arise from each feature in turn. But what is further curious and pernicious about

the features listed here is that they have been ported out of their nonprofit context into a *general* theory of social change: NGOism. This false universalization would make all activism into nonprofit activism — which is to say, activism that serves the status quo.

A. Technocratic

Through the advocacy explosion reviewed in the first section, nonprofit work increasingly became the domain of experts: those who knew how to navigate complex reporting requirements, put together comprehensive grant applications, and speak and write in what Mark Dowie has called “foundationese.”⁵⁸ This has allowed foundation officers to become “thought leaders” who set agendas through the enforcement of norms around vocabulary, but it has also made the whole third sector more professionalized and technocratic. The third sector has thus contributed “to the overprofessionalization of social concerns, redefin[ed] basic human needs as ‘problems’ that only professionals can resolve, and thereby alienat[ed] people from the helping relationships they could establish with their neighbors and kin.”⁵⁹

The constancy of the ideal of “the neutral, highly trained ‘expert’” since the 1930s is surely one of the greatest victories of the foundation world, as Judith Sealander has argued.⁶⁰ Opposed as they are to the influence of partisan passions and the uneducated masses, the implicit preference of those who embody this ideal is to be answerable to no real constituency, save for their funders. With a paternalistic beneficence, they act on *behalf* of the masses, without necessarily stooping to take direction from them.

58 Dowie, *American Foundations*, xxiv.

59 Salamon, *The State of Nonprofit America*, 36; Cf. Dowie, *American Foundations*, 7.

60 Sealander, *Private Wealth and Public Life*, 244.

However, the nonprofit world cannot totally do without “outside” input and has thus invested a good deal in the creation of organizational forms that suit their ends. Above all, the third sector militates against political contentiousness and seeks to shape its work before the fact in such a way as to avoid potential conflict. The Ford Foundation was the first organization to explicitly theorize “social conflict as an irrational, pre- or antimodern reaction to the inevitable progress to modern times,” and thus something to be defused ahead of time.⁶¹ The Kettering and Pew foundations have been particularly active in putting this theory into practice through the “civic renewal movement” to increase public participation in America’s political life.

The civic engagement that these foundations promote is of a very particular kind: since “national politics is deemed too contentious,” and the classical types of political organization, like parties and unions, are seen as “failures,” they promote noncontentious forms of community engagement.⁶² Kettering encourages the use of “Public Issues Forums,” a model taken up by a range of nonprofit organizations, in which self-selected community members, under the guidance from expert facilitators, “deliberate” on certain issues and reach “consensus” on them. These well-publicized community “deliberations,” the results of which are neatly presented to city councils, school boards, and state legislatures, are carried out in a managed environment where disagreement is muted.

This model of friendly and noncombative dialogue, constructed as an alternative to the forms of organization found in 1960s movement politics,⁶³ today dominates nonprofit spaces. In her study

61 Karen Ferguson, *Top Down: The Ford Foundation, Black Power, and the Reinvention of Racial Liberalism* (Philadelphia: University of Pennsylvania Press, 2013), 48.

62 Roelofs, *Foundations and Public Policy*, 48.

63 Roelofs, *Foundations and Public Policy*, 51.

of contemporary “empowerment projects” in *Making Volunteers*, Nina Eliasoph describes the effortless avoidance of political controversy by volunteer activists in the name of “staying upbeat.”⁶⁴ Politics is seen by her interviewees as an old and ugly domain, to be recognized by argument and disagreement; their not-for-profit volunteer work, by contrast, is understood as *obviously* good, a vehicle of enthusiasm rather than thought.

This debate-avoidant professionalism is further used to stymie debate outside of nonprofits. NGO actors position themselves as benevolent experts who know how to get things done; any effort to diverge from their plans is presented in neutral terms as bound to fail. In *Driven From New Orleans*, John Arena demonstrates this dynamic when he describes the relationship that NGOs in New Orleans have established with tenants’ unions. These unions wanted to protect public housing in opposition to the mayor’s plans for redevelopment, and NGOs stepped in to delegitimize their “confrontational strategy as simultaneously extremist and self-defeating.”⁶⁵

As Alice O’Connor and many others have argued, however, it is the NGOist technocratic approach that is itself ultimately a hindrance to political change. As O’Connor wrote of the work of the Office of Economic Opportunity, by inscribing “poverty research with a greater degree of precision, quantification, and methodological innovation than it had ever before achieved,” the OEO had done a good deal to undermine its own role as a

force for political change: for one thing by making poverty research a more specialized, and enclosed, profession; for another, by neutralizing poverty as a political problem by

64 Eliasoph, *Making Volunteers*, 98.

65 John Arena, *Driven From New Orleans: How Nonprofits Betray Public Housing and Promote Privatization* (Minneapolis: University of Minnesota Press, 2012), 129.

reducing it to quantifiable, individualized variables; most importantly by keeping the focus on the characteristics of poor people rather than on the economy, politics, and society more broadly construed.⁶⁶

This was undoubtedly a function of the ideological constraints of the War on Poverty, and it's worth mentioning that the third sector has a strong tendency, for the reasons we cover in the second section of this essay, to theorize social problems in terms of "individual dysfunction" (thus its preference for "trainings" that educate those dysfunctions away).⁶⁷ But it also followed from the sector's professionalizing tendency, which mutes political conflict by framing it in terms of technical problems.

B. Service-Oriented

Service delivery is the most common activity in which nonprofit organizations engage. NGOism encourages the view that refining social services, rather than redistributing money and power, is the solution to social ills. If these services are not adequately alleviating poverty or inequality, then it is simply because they are poorly administered or require tapping into new pools of money. Central to the typical NGO theory of change, then, is the notion that innovation in service provision — making it more accessible, more efficient, or cheaper — is the key to social change.

Nonprofit social services come in at least two types: providers and innovators. *Providers* are the types of nonprofits one most commonly thinks of: nonprofit hospitals, universities, and organizations such as Planned Parenthood. They focus on a specific type of social need, such as education or health care, and supply a necessary social service in that area. This narrow approach creates

66 O'Connor, *Poverty Knowledge*, 194.

67 Dowie, *American Foundations*, 56.

specific political obstacles for the “constituencies” that nonprofits serve. Nonprofits typically proliferate by filling niche social needs, cultivating small constituencies who are then at a disadvantage when they attempt to advocate for funding on their behalf. Even large nonprofits that serve a wider base of people are politically disadvantaged because they can only build constituencies on a single issue based on their area of service provision. Whether the problem is looked at numerically or thematically, nonprofit services create “bases” that alone are ill-positioned to amass enough political power to ensure adequate and continued funding of their services. This is not a bug but a feature of nonprofit service delivery.

Innovators, on the other hand, direct their activity toward bettering the work of providers. Some do this through political advocacy, but most focus instead on the provision of special professional and technical expertise. An example of the latter type of nonprofit innovator is the 501(c)(3) TNTP (formerly known as The New Teacher Project), which provides a variety of services, including evaluating hiring practices and implementing systems of talent management.

In 2013, Camden, New Jersey’s school district was placed into state receivership due to persistently high dropout rates, building disrepair, and a \$113 million budget shortage. As part of a huge district restructuring program, TNTP stepped in and, by the end of their involvement with the district, boasted about reducing district costs and implementing school leadership programs. But their efforts did not resolve the district’s budget shortage, nor did they stop school closures.⁶⁸ Camden, one of the poorest cities in the United States, with 37 percent of the population living below poverty and a workforce participation rate of 57 percent, simply

68 “Camden, NJ: Jumpstarting Systemic Reform,” TNTP (accessed March 12, 2021), tntp.org/what-we-do/case-studies/camden-jumpstarting-systemic-reform.

cannot adequately fund its school district, and the state and federal government are not forthcoming with additional funds to make up the budget shortfall. In building new structures for staff recruitment and retention, TNTP clearly focused on “problems” that are peripheral to Camden’s real issues.

It is undeniable that social services partially remediate social ills, but they do so in such a manner as to alleviate symptoms rather than address causes.⁶⁹ The nonprofit service orientation ultimately leads away from political action that would resolve chronic underfunding of public goods.⁷⁰ The increasingly smaller and more technical scale they are capable of succeeding on worsens their long-term ability to solve the problems they are created to redress.⁷¹ Rather than aiming to reverse this dynamic, a process that would demand political conflict, the NGOist mindset seeks to do more with less: we *can* serve “our communities” because we *must*. At root here is an unrepentant “do-goodery,” oriented not toward building bonds of solidarity but rather toward serving others in need — toward *doing for* rather than *doing with* — complemented by a reflexive turn to “smarter” solutions as a means to improve service provision.⁷²

C. Fixated on the “Community”

Odds are that within thirty seconds of reading through any nonprofit website, one will come across an exaltation of “community” — in Eric Hobsbawm’s words, one of those “vapid phrases”

69 Joan Roelofs, “Liberal Foundations: Impediments or Supports for Social Change?”, in *Foundations for Social Change: Critical Perspectives on Philanthropy and Popular Movements*, ed. Daniel R. Faber and Deborah McCarthy (Lanham: Rowman & Littlefield, 2005), 64.

70 Mollenkopf, *The Contested City*, 197.

71 Salamon, *The State of Nonprofit America*, 35.

72 Skocpol, “Advocates without Members,” 502.

of “lost and drifting generations.”⁷³ Calls to the community typically go hand in hand with commitments to deeply engage the citizenry, and thus to ensure that the nonprofit’s demands and services are truly representative of the needs of the people. Despite the self-evident manner in which community is evoked, it is in reality an amorphous concept, subject to the will of whoever calls upon it.

During the War on Poverty, nonprofits were encouraged to engage in “community action,” but from the outset, there was disagreement about what this entailed. Some saw community action as a version of radical liberal interest group politics, wherein a new means of organizing and giving voice to the powerless poor would be made possible. For others, “community” referred to a diverse set of groups whose leaders needed to engage in cohesive planning in order to ensure their particular geographic area would maximally flourish. In this view, “action” entailed bringing together government officials, politicians, businessmen, and people of all class backgrounds to work together and agree on needed services and opportunities.⁷⁴

This disagreement points out a misconception common to the invocation of “community”: communities do not exist a priori, waiting to be represented by well-intentioned actors. Rather, they are actively constructed for particular political purposes. Those political goals and the people selected as proper representatives of the “community” serve a much larger role in defining the

73 Eric Hobsbawm, *The Age of Extremes: A History of the World, 1914-1991* (New York: Vintage Books, 1996), 11.

74 Michael L. Gillette, *Launching the War on Poverty: An Oral History* (Oxford: Oxford University Press, 2010 [1996]); James L. Sundquist, *On Fighting Poverty: Perspectives from Experience* (New York: Basic Books, 1969); Peter Marris and Martin Rein, *Dilemmas of Social Reform: Poverty and Community Action in the United States*, Vol. 15, (Piscataway, NJ: Transaction Publishers, 1967), 164-207.

“community” than the people ostensibly located within it.⁷⁵ This “careful selection, development, and monitoring of handpicked, ‘grassroots’ leaders,” in accordance with the objectives of foundation funders, has been absolutely central to the third sector’s vision of “community empowerment.”⁷⁶

Both understandings of community action nonetheless emphasized direct citizen involvement and viewed nonprofits as institutions that would catalyze the “community” to fight its own battles. This conceit quickly came under fire as nonprofits established themselves in cities and, in some cases, led visible, embarrassing fights against municipal governments.⁷⁷ As foundations and community nonprofits adjusted their conception of citizen engagement to dull this early agitational tendency, citizens in the “community” were encouraged to “get involved,” but only by expressing their opinions to leaders, members of nonprofits boards, and nonprofit staffers, who would then make the real decisions. “Community building” settled into what it largely is today: the promotion of alliances *across* classes rather than within them, and the structuring of those alliances ahead of time in such a manner as to allow elite interests, by virtue of their control over resources and power, to dominate and define political agendas.

Emblematic of the way nonprofit institutions perpetuate these dynamics is the community development corporation (CDC). CDCs were first created by the Special Impact Program, part of a package of legislative amendments to temper the agitational effects of the War on Poverty. They offer a range of services aimed at ghetto uplift (such as jobs training programs, real estate development,

75 Ferguson, *Top Down*, 212.

76 Ferguson, *Top Down*, 213; Cf. Arena, *Driven From New Orleans*, 105.

77 John C. Donovan, *The Politics of Poverty* (New York: Pegasus Books, 1967); Gillette, *Launching the War on Poverty*.

and small business lending) and encourage “localism and privatization [while eschewing] the grandiose, statist solutions of the dying New Deal order.”⁷⁸

For all their commitment to being “community controlled” vehicles that aim to make capitalism work in poor or developmentally struggling communities, CDCs have remained subordinate to the private decision-making of capitalist firms, and they provide no meaningful leverage for working-class community members to alter the course of development.⁷⁹ Vastly undercapitalized in comparison to for-profit development corporations and banks, they essentially serve to smooth over the fact that “community building” is typically responsive to profits rather than human needs. Indeed, the primary service CDCs offer is to negotiate with for-profit developers and provide technical advice on how to undertake residential and commercial development.⁸⁰

As some of the most powerful community-based nonprofit institutions, CDCs demonstrate how nonprofit proclamations of community participation are typically only there to lend an aura of grassroots power. They have not reliably been able to construct institutions that are capable of forcing corporations to be responsive to community needs, but they *have* often provided legitimating cover for private development. No doubt, the third sector’s understanding of “community” differs considerably from

78 Ferguson, *Top Down*, 211. Since the war on poverty, CDCs have continued to proliferate and are no longer viewed specifically as institutions designed to help the poor but are rather more broadly conceived as regular partners in local development.

79 Y. Thomas Liou and Robert C. Stroh, “Community Development Intermediary Systems in the United States: Origins, Evolution, and Functions,” *Housing Policy Debate* 9, no. 3 (1998), 575–94.

80 Benjamin Marquez, “Mexican-American Community Development Corporations and the Limits of Directed Capitalism,” *Economic Development Quarterly* 7, no. 3 (1993), 287–95; Randy Stoecker, “The CDC Model of Urban Redevelopment: A Critique and an Alternative,” *Journal of Urban Affairs* 19, no. 1 (1997), 1–22.

that of “community control” advocates in the late ‘60s. Nonetheless, given its domestication in the neoliberal period, when “community” is invoked today, it almost inevitably serves as a replacement for and obfuscation of “class.”

IV. CONCLUSION

One does not need to dig very deeply into the literature on the third sector to find fairly scathing criticisms of it. Introductory texts do not shy away from jolting descriptions of nonprofits as sites where “the higher social classes ... consolidate their position of influence, control, and social separation” or as “self-serving hobbies of the rich.”⁸¹ New foundation officers are told the oft-repeated joke, “You’ll never again get a bad meal or hear a truth.”⁸² That the third sector is not what it seems to be is a secret hidden in plain sight.

Still, many scholars of foundations and nonprofits would readily recognize our view as simply echoing the left flank of their intellectual worlds and would argue, with academic dispassion, that a “balanced” perspective on the third sector would avoid the Manichaeian views of the Left and the Right.⁸³ At the most general level, our response to this scholarly “progress” (besides “Follow the money!”) is that it is embedded in precisely the pluralist framework that the third sector has done so much to propagate, and that social theorists rightly reject.

That foundations and nonprofits do some good in the world, that they advance legal recognition of marginalized subgroups or “concretize” social movement goals, is without question. The pluralists see here a balance to their subversion of democracy,

81 O’Neill, *Nonprofit Nation*, 43, 181.

82 O’Neill, *Nonprofit Nation*, 207.

83 See Sealander, *Private Wealth and Public Life*, 9; Barker, *Under the Mask of Philanthropy*, 63–6.

evidence that we are dealing with a “mixed bag” that can be reformed in better and worse ways. In contrast, we see the “good” that the third sector does as ameliorating social instability without challenging existing power dynamics.

The Left is generally split in its attitude toward the third sector: on the one hand, there are those who see NGOs as bastions of grassroots civic engagement. They are reflexively sought out as coalition partners, and their internal culture and language is uncritically absorbed as good and authentic (and, in turn, emulated). Some of this is undoubtedly a result of the simple fact that many leftists themselves work in the nonprofit sector. But this is also a natural outcome of the destruction of civic associational groups that make good coalition partners difficult to come by.

As we have argued here, the underlying dynamics of the third sector — specifically, its role in supplementing and supporting the provision of social welfare with undue influence from private interests — leads to certain consistent features of its activity, and these features dictate that that activity, regardless of ideological orientation, will not challenge the basic structures of capitalism. The explosion of third sector growth in the neoliberal period, and the corresponding decline of the power of unions and mass membership organizations, has resulted in a transformed civic universe within which elites are effectively insulated from popular pressure from below.⁸⁴ Not for nothing did “turn-of-the-century social reformers ... vehemently [oppose] the prevailing practice of government subsidies to private charities on grounds that it impeded progress in establishing a modern system of universal public protections.”⁸⁵ The third sector is everything the Walsh Commission worried it might become.

84 Skocpol, “Advocates without Members,” 502–3.

85 Salamon, *Partners in Public Service*, 101.

The second attitude on the Left is a deep skepticism of NGOs. This sentiment broadly matches our own, but there is a tendency in this second group to speak about NGOs in a conspiratorial way, as if the essential problem with them is that they provide legal cover for bad men to do bad things.⁸⁶ There is more than a grain of truth in this view, but such analysis can unintentionally encourage the idea that there are just a few bad apples out there that can be plucked out with greater nonprofit accountability and oversight.⁸⁷

The problem of the third sector for the Left is much more serious than that. The structural constraints imposed on NGOs severely limit the ability of even well-intentioned actors to make any appreciable societal difference, and, more often than not, they channel their activity into deference before the profit motive.

The implications of this analysis for the Left are thus fairly straightforward: our political orientation must minimize the effect of, or even explicitly reject, the dominant tendencies of NGOism. Thus, instead of technocratic noncontentiousness, we ought to encourage democratic debate, however “divisive” it may become. Instead of a service-oriented “doing for,” we need to build solidarity through “doing with.” And instead of a blinkered focus on “community” concerns, we must rehabilitate the class politics at the heart of the socialist project.

One might reply that the features of NGOism we have identified here are not propagated *only* by foundation-funded hacks, that they are staples of a broader left liberal discourse. This is true, but it also neglects the truly worldmaking power of the third sector: a whole generation of activists grew up in a society carefully curated by foundations and nonprofits, which furnished

86 Steve Eder and Matthew Goldstein, “Jeffrey Epstein’s Charity: An Image Boost Built on Deception,” *New York Times*, November 26, 2019.

87 Cf. Barker, *Under the Mask of Philanthropy*, 17–18.

textbooks in school, funded the work of college professors, trained campus-based student activist organizations, shaped neighborhood community organizations, educated social service providers, and provided “meaningful” work for the sons and daughters of the upper and middle classes. It should be unsurprising, then, that well-intentioned activists show up to political spaces today armed with NGOist wisdom, wanting to “be kind,” to help others (naturally, less excited about projects of mutual self-interest and solidarity), and to favor decentralization and localism. For this reason, a technocratic, service-oriented, and community-focused NGOism pervades political spaces that ought to be democratic, solidaristic, and class-focused.

As the Bernie Sanders moment has demonstrated, a program of universal demands bears mass popular support. The task now is to build the kinds of working-class organizations capable of realizing those demands. NGOs and NGOism are not the only, let alone the primary, hindrances to accomplishing this task, but the mode of solving social problems that they propagate militates against challenging capitalist class power. Thus, the degree to which they are present in Left political spaces, either in material or ideological terms, is indicative of the organizational inhospitableness for channeling and expressing working-class power. As the collaboration between socialists and unionists around the Protecting the Right to Organize (PRO) Act demonstrates, the post-Bernie moment still contains promising signs of reversing the disastrous course of neoliberalism. If we are to take advantage of these opportunities, it is necessary to cast off the insidious influence of elite soft power so as to be capable of taking on the capitalist class without illusions. ☞