

**The Most Charitable City: How the Non-Profit Industrial Complex Maintains Structural  
Inequity in Memphis, TN.**

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### Abstract

Scholars, activists, and organizers understand the non-profit industrial complex (NPIC) as the overlapping interests of the capitalist state, local governments, individuals, private entities, and nonprofits themselves in maintaining the structural power that they each hold in our society. As of 2017, the *Chronicle of Philanthropy* deemed the city of Memphis the most charitable in the nation, so it is worth exploring how the NPIC functions to maintain the racial capitalist power structure that initially produces such vast inequality in the city. An abundance of research relates to the social service sector, yet a majority of this literature does not provide explicit critiques of the non-profit system as it relates to racial capitalism, nor does it provide a framework for understanding how nonprofits are a necessary tool of the capitalist state. Understanding the contours of the NPIC is vital in grasping the role that non-profit organizations have in upholding systemic inequality in a city so desperately reliant on them for survival. I examined existing literature around the non-profit system and its relationship with neoliberalism and racial capitalism and applied this theoretical framework to Memphis non-profit organizations. By exploring the ways in which nonprofits function under neoliberalism, I theorize why the non-profit sector holds a critical role in the maintenance of inequality and why it is not capable of producing radical transformation.

## 1. Introduction

Historically, scholars have struggled to define non-profit organizations and what exactly constitutes non-profit status. Yet, the IRS provides a formal definition regarding tax exemption status within the United States: “the exempt purposes set forth in Internal Revenue Code section 501(c)(3) are charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and the prevention of cruelty to children or animals” (Internal Revenue Service, 2021). More than a tax-exempt organization, however, nonprofits and the services and advocacy they provide are generally viewed as an essential component of healthy communities (Eikenberry & Kluver, 2004). While nonprofits provide social services that are desperately needed for many to survive under neoliberal capitalism, critics have noted that non-profit organizations are a part of the same capitalist system that they once criticized. Consequently, they have succumbed to its tendency to promote marketization, bureaucracy, and competition for funding (Finley & Esposito, 2012, 5). These critiques have brought about a new understanding of the role of the nonprofit sector under capitalism labeled the non-profit industrial complex (NPIC), which Rodriguez defines as “the set of symbiotic relationships that link together political and financial technologies of state and owning-class proctorship and surveillance over public political intercourse” (2007, 21). Moreover, the NPIC demonstrates the state’s tendency to outsource social services to the private sector while repressing radical and progressive social justice movements to maintain the hegemony of the capitalist state (Finley & Esposito, 2012, 5).

This paper explores the NPIC as it exists in Memphis, in particular the question of how the nonprofit system and NPIC functions to sustain the racial capitalist power structure that initially produces such vast inequality. In using four Memphis non-profit organizations as a case-

study for understanding the relationship between the NPIC and Memphis, this paper demonstrates the ways in which the non-profit industrial complex ensures that organizations serve as a tool for the maintenance of capitalist inequality. They are largely reliant on foundation funding for their survival and are encouraged to take on pro-reformist, neoliberal initiatives to keep themselves afloat. Ultimately, through materializing under the conditions of neoliberalism, the nonprofit sector's existence remains tethered to the capitalist financial systems that produce the very inequality they attempt to alleviate. They are thus limited in their capacity to advocate for a radical transformation of the social order.

## **2. An Overview of Neoliberalism**

To understand the emergence of the NPIC as an interconnected web of systems and tactics meant to maintain capitalism, it is crucial to understand it in the context of neoliberalism. David Harvey defines neoliberalism as “a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade” (2007, 2). In accordance with this focus on the supremacy of the free market, neoliberals contend that the government does not exist to protect the public interest, but rather to promote personal responsibility, competition, and individualism (Giroux, 2005; Finley & Esposito, 2012, 8). In this way, social justice issues are not viewed as systemic but are framed as individual problems that must be solved on a personal level (Finley & Esposito, 2012, 8). Ultimately, neoliberalism presents itself as an apolitical economic model that props up the market ideals of competition, self-reliance, efficiency, and privatization, and contends that a society organized around these principles is the only path towards maximum individual freedom and self-reliance.

As a natural consequence of the prioritization of free-market values and privatization above all else, neoliberal market ideals have extended far beyond the economic realm into most social institutions and organizations. Essentially, under a neoliberal market society, most institutions come to be guided by an economic estimation of supply and demand, scarcity, and moral-value neutrality as opposed to utility and public benefit (Brown, 2005, pp. 40-41). This phenomenon has effectively blurred the line between economic activities and non-market values by commodifying all aspects of life (Harvey, 2005; Finley & Esposito, 2012). For instance, education serves to prepare students for work rather than prioritizing learning; electoral politics is increasingly decided by the money each candidate acquires, and healthcare is almost completely privatized, and profit driven. (Finley & Esposito, 2012, 9). In this way, neoliberal capitalism serves as the dominant organizing principle of social institutions and organizations and ensures that human-beings no longer exist in a society, but an economy (Kettl, 2000, 490). This has proved devastating to the general population, as neoliberalism has brought forth unprecedented wage inequality, health disparities, education discrepancies, and an inaccessible housing market (Bakir, 2015; Fainstein, 2014). This emergence of neoliberal capitalism has not affected every working-class population equally, however, as class oppression has transcended the boundaries of race, gender, and sexuality to produce hyper-marginalized communities (Isaar, 2020, 53).

### *2.1. Racial Capitalism and Neoliberalism*

While pointing to the complementary nature of white supremacy and neoliberal ideology, Patchen Markell contends that neoliberalism does not afflict all individuals equally, but rather labels certain populations as expendable and necessarily subordinate (2017, 525). Thus, neoliberalism must be understood in relation to the structures from which it emerged:

imperialism, patriarchy, and white supremacy (Isaar, 2020). If critiques of neoliberalism do not take this intersectional approach, it is impossible to fully understand it as an oppressive structure.

Cedric Robinson's theory of racial capitalism provides a framework for better understanding neoliberalism, which contends that capitalism was not a revolutionary negation of feudalism but rather a global extension of its political, economic, and social relations. Pointing to the feudal structure's enslavement of serfs, peasants, vagabonds, and cultural minorities, Robinson argues that from the beginning of European civilization there has been antagonistic differences based on racial, tribal, linguistic, and regional particularities. This is a direct challenge to the Marxian notion that racism emerged under capitalism as a means to justify the enslavement of Africans and divide the working class. It also contradicts Marx himself, who believed capitalism to be the radical negation of feudalism (Harvey, 2018). Ultimately, the framework of racial capitalism contends that "the tendency of European civilization through capitalism was... not to homogenize but to differentiate - to exaggerate regional, subcultural, dialectical differences into 'racial' ones" (Robinson, 2000, 26-27). It also proposes that racialism predates capitalism and is inherent in its social structure and the development of the capitalist order.

This argument is supported in Robinson's placement of colonization and the Atlantic slave trade in harmony with capitalism's development, as he notes that racialism and slavery were directly tied to the emergence of capitalism as the dominant global order (Isaar, 2020, 59). Essentially, "African labor power as slave labor was integrated into the organic composition of nineteenth-century manufacturing and industrial capitalism, thus sustaining the emergence of an extra-European world market within which the accumulation of capital was garnered for the further development of industrial production" (Robinson, 2000, 113). Thus, slavery and racism

were crucial to the development of this economic order and were not extra-economic phenomena that could be placed outside of capitalism's development. In this way, capital's tendency to differentiate "provides the indispensable material and ideological support, prop, or pedestal on which capitalism's development depended and on which it continues to depend" (Singh, 2016, 37-38).

Unlike a color-blind neoliberal framework that does not consider the necessity of racialism in the development of the capitalist mode of production, Robinson's framework allows one to understand neoliberal capitalism as a global order that necessitates super-exploited populations rather than merely an economic system that affects all working-class people equally. As Nancy Fraser notes, "capitalism's 'front story' of economic exploitation - characterized by private property in the means of production, 'free' labor, a systemic drive toward the self-expansion of value, and market mediation of inputs and outputs of production - is structurally dependent on the 'back story' of 'non-economic' or 'extra-economic' expropriation" (Isaar, 2020, 62). Ultimately, racial capitalism accounts for the "back story" of neoliberal exploitation as crucial in the development and continued maintenance of inequality, which is critical in understanding the foundation of the NPIC.

### **3. Neoliberalism's Effects on the Non-Profit Sector**

#### *3.1. Devolution of the Federal Government and the Rise of the Non-Profit Sector*

To fulfill the ideals of neoliberalism, the federal government and the capitalist class engaged in an ideological and political project beginning in the 1960s meant to devolve the Keynesian federal government of the New Deal era. The Keynesian state expanded social welfare, labor rights, and government intervention in economic affairs under the belief that these policies stabilized capitalist development (Kettl, 2000, 493). Perhaps the most tangible effect of

this social reconstruction within the United States was the destruction of the welfare state and devolution of the federal government, which gave rise to the NPIC.

Devolution and neoliberal dominance began largely in response to the vast array of liberation movements that occurred in the 1970s (Rodriguez, 2007). With the radical social justice movements of the era gaining significant traction in marginalized communities and posing a serious threat to the white supremacist civil order, white society, including philanthropists, politicians, the policing apparatus, and white civilians, saw a need to protect the hegemony of the United States (Rodriguez, 2007, 24). The federal government began deferring social services to the non-governmental organization sector to transform these sites of potential political radicalism into social service and pro-state reformist initiatives (Rodriguez, 2007, 25). While this transition began under President Johnson and continued through the Nixon administration, President Ronald Reagan completely transformed the social safety net and the role of the United States government in service provision in the 1980s by consolidating federal programs, cutting federal taxes, and deregulating federal-state relations (Pandey and Collier-Tenison, 2001, 57). The federal government began passing the job of service provision to state and local governments, who began contracting for-profit and non-profit organizations to take over (Kettl, 2000, 492). As Ruth Wilson Gilmore notes, the federal government transformed itself from a service provider to a policing body, whose goal was to oversee the very services they once administered (2007, 45).

This meant that nonprofit, volunteer-run structures transformed from an independent model of organizing, mutual aid, and political resistance into non-antagonistic, non-radical institutions that the federal government had significant influence over. As the government began relying on for-profits and nonprofits to provide welfare services, they began to “develop and



utilize a complicated system that consists of contracting intergovernmental funding through grants and loans, other funding regulations, and a series of mandated bureaucratic administrative methods” (Samimi, 2010, 20). The non-profit model was thus no longer a system capable of political activism and radical dissent, as it became a partner in the management of federally funded programs. This era of deregulation and devolution was the beginning of the dominance of neoliberal capitalism and the emergence of the NPIC as a structural complex.

### *3.2 The Non-Profit Sector is Fundamentally a State Structure*

The nonprofit sector is fundamentally bound to the state through financial and political accountability (Rodriguez, 2007, 30). As previously mentioned, the rise of the non-profit sector and the emergence of the NPIC was largely in response to the civil unrest in the 1960s, particularly as these movements shifted towards more radical schools of thought. Indeed, during this era the United States governmental apparatus launched a campaign to converge the capitalist, philanthropic forces with progressive social justice struggles (Rodriguez, 2007, 24). A natural consequence of this partnership was the non-profit model’s complete absorption of political dissent and social justice activism, resulting in the transformation of radical social movements into reformist, state-proctored organizations dependent upon philanthropic foundations and federal monies for survival.

For instance, in his book *Black Awakening in Capitalist America*, Robert Allen discusses the Ford Foundation’s effect on the Black power movement over the course of the 1960s and 1970s. In 1967, the Ford Foundation donated several hundred-thousand-dollar grants to the NAACP and the Urban League. Later, the Foundation made a one-million-dollar grant to the NAACP Legal Defense Fund’s National Office for the Rights of Indigents (Allen, 2007, 54). However, the co-optation of these organizations alone was not enough to dwarf Black

militantism, so the Foundation began to penetrate the Congress of Racial Equality (CORE) to promote Black involvement in electoral politics and reform initiatives (Allen, 2007, 53).

Correspondingly, the Foundation made a \$175,000 grant to the Special Purposes Fund of CORE for the purpose of “training of Cleveland youth and adult community workers, voter registration efforts, exploration of economic-development programs, and attempts to improve program planning among civil rights groups” (Allen, 2007, 56). The Foundation was thus successful in infiltrating a radical, militant Black power organization and abating their revolutionary goals through financial dependency.

This phenomenon is an integral component of the NPIC, as non-profit organizations are largely financially dependent on philanthropic foundations. Broadly speaking, a foundation is “an entity that supports charitable activities by making grants to unrelated organizations or institutions or to individuals for scientific, educational, cultural, religious, or other charitable purposes” (Council on Foundations, 2021). Foundations are typically supported by an individual, corporation, or family, and must pay out at least 5 percent of their yearly assets in the form of grants and charitable activities (Council on Foundations, 2021). The modern foundation is a little over a century old, emerging in the latter part of the nineteenth century during the rise of industrial capitalists, such as Andrew Carnegie, John D. Rockefeller, and Russel Sage. Under the guise of social advancement, foundations were a way to shield corporate profits from immense taxation (Smith, 1999). Contemporary examples of this system of funding and wealth-hoarding include the Ford Foundation, the Bill and Melinda Gates Foundation, and the Open Society Foundation.

This funding system lacks any accountability to the people non-profit organizations serve and maintains itself through capitalist inequality and exploitation (Rojas Durazo, 2007, 125).

Firstly, foundations are made up of monies that would have come under the control of the government through tax revenue if it were not for charitable deductions allowed by existing tax laws (Ahn, 2007, 65). In other words, if the federal government implemented higher taxes on the capitalist class rather than encouraging philanthropic donations through tax incentives, then money would come under the control of the public rather than foundations. This is crucial because foundations “are the most elite institutions in our country, whose boards are almost entirely composed of wealthy people and highly paid professionals, and who... benefit personally and ideologically from the current social and economic order” (Ahn, 2007, 66). Even if one does not believe that government monies are accountable to voting constituencies, an estimated 45 percent of the \$500 billion foundations control belongs to the American public (Ahn, 2007, 65). Thus, the foundation structure allows for the wealthy and powerful to control billions of dollars in private and public money through the form of grants. Additionally, it is important to note that philanthropic foundations have historically, and continue to, derive their funds from the profits of exploited labor (Harvey 2018; Smith, 2007, 8- 9). It is only after corporations and individuals become wealthy by exploiting their workers that their corporate profits are put into foundations. Foundation grants are then handed out to provide relief to the working class through non-profit services, who is largely in need of such aid due to the initial corporate exploitation (Smith, 2007, 8-9).

This funding model demonstrates another way in which neoliberalism has negatively impacted non-profit organizations and the communities they reside in. Foundation funding frequently requires that non-profit organizations effectively utilize their resources through business-like practices, resulting in the prioritization of funding short-term projects that can easily apply a cost-benefit analysis (Finley & Esposito, 2012, 9). As a result, organizations

typically become more accustomed to running as businesses to achieve funding and become less focused on structural inequality. Essentially, non-profit organizations increasingly became non-transformational and non-antagonistic due to the strategic convergence of social justice movements with the philanthropic model, while simultaneously becoming the main source of social service provision within the United States. Non-profit organizations thus not only work in close proximity to but are increasingly defining their reason for existence through state support and foundation funding.

Moreover, as a state-adjacent structure, foundation funding and non-profit organizations come to serve as protectors of white supremacy and racial capitalism. Foundations safeguard the profits of the capitalist class, which, under the theory of racial capitalism, was built off the exploitation of largely people of color. Additionally, this funding model ensures that people of color organized to abolish white supremacy under neoliberalism tend to receive less funding and support from foundations due to their radical nature. As King and Osayande note, organizations led by people of color hardly find success under the foundation funding model, as it is a fundraising structure that is based on cultivating relationships with the same wealthy capitalists who exploit them (2007, 86). Philanthropic foundations will never fund a struggle that demands the abolition of the very system that protects them and their resources. Thus, the foundation funding model and non-profit organization's absorption into the philanthropy sector serves to uphold racial capitalist inequality for the sake of providing individualized services.

### *3.3 Nonprofits' Sustained Interest in Maintaining Inequality*

Without the inequalities that exist under a racial capitalist mode of production, non-profit organizations and philanthropy would not be a necessity and thus not exist. The current model of neoliberal, foundation funding that non-profit organizations function under influences and

restricts their ability to advocate for systemic solutions. As Finley and Esposito contend, due to its structure and operating philosophy, neoliberalism serves only to protect the status quo (2012, 6). Ultimately, the neoliberal non-profit sector cannot be tasked with undoing itself, and the institution has a sustained interest in maintaining systems of inequality under the current socio-economic order out of the necessity to survive. This argument is easier to grasp in the context of Paul Kivel's conception of social change work versus social service work. The former "addresses the needs of individuals reeling from the personal and devastating impact of institutional systems of exploitation and violence," while the latter "challenges the root cause of the exploitation and violence" (Kivel, 2007, 129). While social service work is necessary for people's survival under neoliberal capitalism, this work actively co-opts community leaders by providing them jobs within nonprofit organizations and governmental agencies, resulting in the re-alliance of their interests with the capitalist state rather than with sustainable, long-term objectives for change.

This maintenance of the status quo occurs both deliberately and unintentionally. Thus, "whether they are social welfare workers, police officers, domestic violence shelter workers, diversity consultants, therapists, or security guards, their jobs and status depend on their ability to keep the system functioning-and to suppress potential opposition from community members-no matter how illogical, exploitative, and unjust the system is" (Kivel, 2007, 139). In contrast, social change work mostly occurs outside of the NPIC, as the neoliberal state will rarely fund organizers and movements that aim to see its dissolution. In this way, the NPIC coerces community leaders into joining nonprofit organizations under the belief that they are helping people through the provision of social services while simultaneously aligning their goals with the maintenance of the status quo and repressing their ability to organize around broader revolutionary initiatives.

The NPIC ensures that non-profit organizations no longer aim to sustainably serve communities through advocating for broader change, but function as pro-state, temporary providers of social services. While these organizations keep a significant number of people alive, there is a simultaneous expectation that a small portion of society must be sacrificed at the altar of neoliberalism. As Kivel indicates, “when temporary shelter becomes a substitute for permanent housing, emergency food a substitute for a decent job, tutoring a substitute for adequate public schools, and free clinics a substitute for universal health care, we have shifted our attention from the redistribution of wealth to the temporary provision of social services to keep people alive” (2007, 134). Thus, this structure perpetuates the belief that market-based, temporary fixes are long-term solutions. This framework demonstrates nonprofit organizations’ limited capacity in advocating for radical transformation and their role in maintaining the status quo. In essence, the nonprofit system, while a necessary means of survival for many, is largely a tool of the state that has transformed into a place of bureaucracy, pro-state reformism, and band-aid fixes, and does little to advocate for broader, revolutionary social change that would drastically improve the lives of those currently dependent upon nonprofit social service work.

#### **4. Memphis Case Study**

In interviewing four Memphis non-profit organizations across the sectors of healthcare provision, arts and culture, social justice, and socioeconomic mobility, three key themes emerged:

1. A lack of accountability to the community due to foundation funding and the neoliberal model that prioritizes privatized market-based solutions.
2. A lack of political advocacy at the structural level relating to the inequalities caused by racial capitalism.

3. An overall attitude of dissatisfaction with the non-profit and philanthropic structure.

All these themes relate explicitly to the NPIC. Applying the logics and theoretical frameworks of the previously discussed literature can give one a better understanding of the non-profit sector in Memphis, and how it serves to maintain structural inequity on a broader level.

#### *4.1 Lack of Accountability*

It was apparent across all four interviews that Memphis non-profit organizations rely on foundation support and view grassroots funding in the non-profit sector as inconsequential. As one organization maintained, “you can raise from 500 people, \$20 at a time, and one half-a-million-dollar grant from a foundation dwarfs all of that. So, we tend to have benefited most from foundation gifts, most of which have been from outside Memphis.” Additionally, another non-profit stated that 60% of their budget comes from the city government, and the other 40% is raised through local foundations. This organization acknowledged that they were fortunate to receive city funding, and that most other non-profit organizations in Memphis were much more reliant on foundation grants than they were. When thinking of questions of community accountability, these numbers are cause for worry, as the foundation funding model ensures that non-profits are forced to answer to funders rather than the people that they serve. As previously discussed, foundation funding ensures that non-profits do not have to remain accountable to their communities to remain in existence (Florência Jones de Almeida, 2007, 185). Ultimately, non-profit organizations in Memphis have come to rely on foundation funding over community support, which causes a lack of accountability to community members and a strong tethering to the financial institutions of the state.

This reliance on foundation funding is particularly problematic in a city that is majority Black. When white-led non-profit groups accept “donations of white capital on behalf of

oppressed people of color, they act as brokers between the capital and the oppressed people of color who were exploited to create it” (King & Osayande, 2007, 80). This is overwhelmingly the case in Memphis, as 75.6% of non-profit executive directors are white, while only 23.1% are Black, and 1.3% Latinx (Momentum Nonprofit Partners, 2020). Additionally, 64.5% of board members are White, 31.3 are Black, and 4.1 are non-Black people of color (Momentum Nonprofit Partners, 2020). These statistics affirm King and Osayande’s argument: in the majority Black city of Memphis, an overwhelmingly white non-profit sector is controlling the distribution of funds and accepting donations of white capital through foundation grants on behalf of the communities that they are serving.

Notably, however, a majority of the organizations spoke of the difficulty in remaining accountable to the community when they are not financially dependent on them for their survival. One organization labeled this as one of their biggest challenges, explaining “one of the hardest things is maintaining accountability to those people [who have been impacted by the system]. I don’t have that experience, and so I can’t speak to this system from that perspective. It’s a constant challenge to stay approximate to that perspective in as many ways as we can.” Additionally, another organization stated that they are trying to improve their accountability measures by allowing the people who seek out their services to be involved in the decision-making process. While the organization explained that it was still developing, they were making strides towards this accountability structure through focus groups, surveys, and other informal methods of acquiring feedback to ensure the community’s needs are being met. While this is certainly a step towards creating a more humane non-profit structure, the NPIC cannot be reformed through simple accountability measures if inequitable funding practices remain in place. Given that non-profit organizations “claiming to work on behalf of the oppressed and



people of color... rely on their existing and potential relationships with wealthy white people to sustain their organizations at best presents a serious conflict of interest” (King & Osayande, 2007, 82). In essence, while Memphis non-profits attempt to create more equitable measures of accountability within their organizations, the foundation funding model presents a challenge that leaders must reckon with if they truly wish to remain accountable to the communities they serve.

#### *4.2 Lack of Political Advocacy*

All four organizations interviewed demonstrated inefficient advocacy efforts insofar as they do not connect their need to provide services to racial capitalism’s tendency to construct inequality. Despite acknowledging capitalist inequity, either explicitly or implicitly, none of the non-profits advocated for the community in a manner that would call for a radical transformation of the very systems of oppression that initially create the need for their services. Indeed, three out of the four organizations interviewed explained their roles in the community through terms of service provision rather than advocacy. For example, one non-profit disregarded advocacy efforts completely, stating “hopefully we’ll have universal healthcare in this country someday, but for now all we can do is continue to jump through these hoops... so that we can get the funding that we need to take care of people. What can you do besides work within the system that’s in place?” This organization stated that they do not partake in political advocacy efforts and rely on larger, national non-profit organizations and foundations to do that work for them. In other words, they are strictly in the business of service provision. This is not intrinsically an issue; however, an issue arises when all the time and energy of non-profit’s are dedicated toward providing social services at the expense of cultivating long-term radical transformation efforts (Kivel, 2007, 142). Essentially, the NPIC in Memphis seems to have influenced non-profit

workers to take defeatist, non-radical attitudes towards their service provision and provides no measures of advocacy at an institutional level, which serves only to maintain racial capitalism.

Another non-profit that lacked political advocacy efforts provides services aimed towards advancing socioeconomic mobility, an interesting paradox under racial capitalism. As the organization explained, “we’re really trying to create pathways towards economic self-sufficiency and economic opportunity, but we’re operating within the capitalist structure, so I have a lot of qualms about what we’re doing.” Ultimately, this non-profit noted that their work, at times, appeared futile in combating the larger structural system that they are working under. Yet, they do not partake in broader advocacy efforts that connect socioeconomic inequality with the oppressive structures of racial capitalism. This approach serves neoliberalism in a multitude of ways. As Finley and Esposito contend, “the approach to service delivery among many of these organizations—especially among those servicing underprivileged groups or groups at risk—is typically guided by the neoliberal principle of encouraging personal reform... as opposed to challenging the structural conditions that promote their adversity” (2012, 15). Particularly applicable to a non-profit that provides services such as job training and internships, this organization ultimately serves to prepare the most marginalized groups for the capitalist world that initially created the injustices they have and will continue to face.

The harmfulness of this tendency of non-profit organizations to provide services with no connection to the structural inequalities under racial capitalism was demonstrated by the COVID-19 pandemic. For example, one organization “found that over 50% of our [clients] who had gone through the program and were working prior to COVID experienced either cuts in their hours, pay cuts, or layoffs.” Additionally, another non-profit explained that they had one patient who had to travel from Houston, Texas to Memphis by themselves in the middle of the pandemic

to acquire their services, which remains a typical occurrence for them. These anecdotes strongly demonstrate the inadequacies of the non-profit sector in transforming communities, as they expose the ways in which the NPIC does not antagonize systems of oppression. As previously mentioned, these stories represent non-profit's tendency to individualize service provision and disconnect it from broader systemic injustice. This perpetuates the notion that "problems such as poverty, racial disparities, or gender inequality can only be resolved by urging the poor, racial minorities, and women to attain more marketable skills, develop a better work ethic, or adopt more productive values" (Finley & Esposito, 2012, 8). Furthermore, they demonstrate that if service provision is not rooted in the transformation of racial capitalism, then inequity will remain present, and there will always be individuals who require non-profit services.

Notably, one organization viewed their role in the community as an advocate for broader change, maintaining that they partake in "direct advocacy and direct service," and "emphasize that [they] are definitely not trying to build a large service organization," but "are trying to change the various systems that create the needs for [their organizations]." While this non-profit certainly does critical work within Memphis to advocate for stronger, healthier, and more sustainable communities, even they do not explicitly connect their service provision and advocacy efforts to the racial capitalist structure. For example, this organization specializes in legal services, and is a strong advocate of criminal justice reform, yet, in no way does it speak about the ills of the legal system or the prison industrial complex in relation to racial capitalism. Indeed, the prison industrial complex is not mentioned on their website, nor was it mentioned in the interview when speaking about their organizational goals. Furthermore, nowhere does this organization call for the abolition of the very structure that creates the needs for their

organization, but rather emphasizes their efforts to implement and advocate for reforms and policy change.

For an organization who does critical work in advocating for people affected by the legal system, it is troubling to separate the hardships their clients face with racial capitalism, as the prison system serves as a container for capitalist development and cannot be reformed to be more humane (Davis, 2011; Gilmore, 2007; Munshi & Willse, 2007). Thus, they largely serve as a reformist organization, and have no intention towards advocating for radical system-change. In this way, advocating for the reformation of the legal system without calling for the abolition of the very structures which create the need for advocacy and service provision does little towards creating more equitable communities. The legal system will continue to be reproduced if racial capitalism remains, no matter what reforms are initiated.

Yet, it is important to note that the way in which non-profits and individuals maintain racial capitalism is not necessarily reflective of the organizations themselves, as the NPIC forces non-profits to take part in it if they wish to survive and continue providing essential services to their communities. This critique simply serves as a reminder that a radical transformation of society cannot be done through the non-profit sector, and that social justice work must be done outside the sphere of hierarchical, pro-state structures if there is a true desire to abolish inequality under capitalism. This legal organization serves as a critical reminder of the need to create radical movements for system-change outside of the non-profit sphere, as “rather than challenging state-power, the non-profit model actually encourages activists to negotiate, even collaborate with the state” (Durazo Rojas, 2007, 206).

Overall, this lack of advocacy on a structural level has resulted in an increasingly individualized approach to service provision that does not consider broader systems of

oppression, and thus does not challenge the status quo of racial capitalism. While individualized support and care are necessary when providing services, it can be more harmful than helpful insofar as it perpetuates the neoliberal ideal of self-sufficiency. Essentially, if individualized service provision is not met with a larger critique of the systems and institutions that cause such drastic conditions, then there is no advocacy on a system-change level. This is a contradiction caused by the NPIC that non-profit organizations must attempt to work through in their service provision to create broader movements for radical social transformation that will better serve to change the material conditions of the people that they are serving.

#### *4.3 Dissatisfaction with the Non-Profit Sector*

While Memphis non-profit organizations demonstrated a maintenance of structural inequality through the NPIC, it is important to note that all the non-profit organizations interviewed expressed explicit dissatisfaction with the non-profit structure and the desire to see it transformed. As one organization noted, “there’s a need for direct service, there’s a need for programming, but how are we working to either dismantle or disrupt the systems that have made it necessary for us to be doing this work to begin with?” Ultimately, all the organizations shared the difficulties of working within a sector that promotes neoliberalism and racial capitalism, while simultaneously recognizing the community need for their services. There emerged three main areas in which non-profit leaders recognized the ills of the NPIC: the ways in which foundation funding tends to create competition among organizations rather than collaboration, mission drift, and the potential for burnout.

Speaking to the tendency of the NPIC to promote isolation rather than movement building, one organization referred to this phenomenon as the non-profit “Hunger Games,” referring to the popular series of novels and films, in which there is an impulse within the

nonprofit sector to be in competition with other organizations who might be competing for the same funding. Accordingly, another organization alleged that “there is very much a perception in Memphis among non-profits across the board... that there’s just not very much funding available, so there’s always a low to a high level of competition around” that serves as an obstacle to “partnering meaningfully with other non- profits because everyone is worried about how much of the pie they’re going to get.” This impulse for competition is viewed by scholars as one of the most detrimental effects of the NPIC and neoliberalism, as “critiques of the non-profit model are... about the business culture that it imposes, how we have come to adopt and embrace its premises and practices, and the way that it preempts the radical work so urgently needed from a social justice movement” (Pérez, 2007, 95). In essence, many of the organizations noted the tendency of the non-profit model to create unhealthy competition in ways that are detrimental to the community insofar that they prevent the creation of strong community movements, which would be truly beneficial in both service provision and social change.

Correspondingly, a majority of the organizations spoken with mentioned the Community-Centric Fundraising movement (CCF), which they viewed as critical in dispelling philanthropic control over non-profit organizations and their service provision. The CCF aims to create alternatives to the foundation funding model by prioritizing “the entire community over individual organizations, [fostering] a sense of belonging and interdependence, [presenting] work not as individual transactions but holistically, and [encouraging] mutual support between nonprofits” (Community Centric Fundraising, 2021). This model of fundraising presents the opportunity to create stronger movements for transformation. As one organization insisted, “if [non-profits] were to work together in a way that was truly collaborative, there would be less need for seeking out additional funding because we would be able to mutually combine our

resources.” Another organization spoke of the way in which they have recently taken a more collaborative approach by passing along funding opportunities to smaller, BIPOC-led organizations in Memphis, a critical approach considering that from 2017 through 2019, the dollar amount of foundation money granted to people-of-color led organizations in Memphis dropped from 37% to 31% (Roberts, 2020).

Ultimately, the interviews revealed a general dissatisfaction with the current model of fundraising and the control foundations have over philanthropy and non-profit organizations and demonstrated that Memphis non-profits have thought critically about the ways they can antagonize the structure of the NPIC. Alongside critiques of the current funding model, a majority of the organizations spoke to the tendency for mission drift. Essentially, “when funders have agendas that are inconsistent with the mission of the organizations that they support, organizations then risk becoming predisposed to mission drift,” which “is a term used to describe instances where an organization moves away from its mission... in turn [leading] to a loss of the original reasons for their organizational establishment” (Samimi, 2010, 17). The consequence of sacrificing mission for funding is a disenfranchisement of their constituents, as organizations tend to prioritize staying in business rather than advocating for long-term social change or nourishing their projects rooted in social justice (Samimi, 2010, 17).

All the non-profits interviewed spoke to the difficulty of maintaining integrity in the face of philanthropy funding. Indeed, one organization mentioned that they have seen it cause detriment to the community, maintaining “I think people lose sight of themselves. Maybe they start out with a particular mission that is beautiful and heartfelt and is rooted in the right thing, and then, because of the various strains [of the neoliberal model], they stray from where they started. It becomes something that it was never supposed to be but takes on this new identity

that's just really harmful." Moreover, when asked about the ways in which foundations frequently ask organizations to make compromises on their mission, one organization responded "I mean, that's kind of the philanthropic game. My biggest beef with philanthropy is how hard it is to come by operating dollars and unrestricted operating support." This tendency for mission drift is intimately related to the formation of the NPIC and the professionalization and marketization of non-profit work, as it ensures that radical, or at least semi-radical, organizations would become less antagonistic when under the control of philanthropic foundations. While all the Memphis organizations interviewed spoke to their reliance on foundation money, recognizing that foundation funding tends to cause mission drift is a step towards reconciling that tension.

The last pattern of dissatisfaction with the nonprofit sector to emerge was the tendency for burnout. Amara H. Pérez, a former member of the non-profit organization Sisters in Action for Power who dissolved after considering the effects of the NPIC on their work, spoke to the burnout culture that is created under neoliberalism and how difficult it is to work for change within the system. Pérez notes that "though we had adopted any businesslike practices, tools, and modes of operation, the threat of mirroring corporate culture within the organization was never anticipated" (2007, 95). As a result, their organization experienced significant burnout with their work, and noticed that it was virtually impossible for them to maintain political integrity in circumstances that demanded professionalization and marketization to survive.

A majority of the organizations interviewed expressed this same discomfort. One organization emotionally communicated that "this is very exhausting work at times, and the potential for burnout is definitely there, and it happens... I can try as hard as possible and put as much of my time and energy into this and there are still things that I can't influence or change as an individual." Furthermore, another organization emphasized that "there's actually not enough



time in the day or days in the week to do everything... and it's tough to keep up that pace sometimes and burnout is a very real and scary situation." This tendency for burnout not only harms the people attempting to work within the system, but aids neoliberalism. It compromises radical edge by persuading workers that social transformation is impossible, and that the only remaining solution is to work within harmful systems. In essence, the consequence of burnout is organizations and non-profit workers becoming tangled in the web of "being milked by the system," rather than "milking the system" (Florência Jones de Almeida, 2007, 185). Moreover, it perpetuates the notion that non-profit jobs are the only spaces where communities can be engaged in fighting for social justice and transforming oppressive structures, which the NPIC ensures can never be the case. Ultimately, the Memphis non-profit organizations interviewed demonstrated an understanding of the negative effects of burnout within their own organizations, recognizing it as a force that must be reckoned with in continuing to provide services.

## 5. Conclusions

The NPIC exists in the most charitable city in the nation and serves to uphold racial capitalism, yet there is significant pushback to this phenomenon by the very organizations that participate in it. The general attitude in the Memphis community, and the non-profit workers themselves, is one of harm reduction, in which there is recognition that this is the work that must be done at this very moment. As Munshi and Willse (2007) write, "the logics of the NPIC may structure the work that takes place in any given organization, but it does not fully account for or subsume it. In non-profits, life-saving resources are redistributed, leadership skills are shared and developed, and people build radical consciousness and community... Alongside drudgery and conflict, real joy and love [live] within [this complex], both in spite of and because of [its] institutional context" (2007). While this attitude of harm-reduction is necessary in keeping

people alive, it is harmful when it does not connect struggle to institutions. Without this revolutionary connection, non-profit organizations continue to serve as agents of the capitalist state. Indeed, they provide individualized services at the sacrifice of radical political advocacy, continue to rely on foundation support over community support, and are unlikely to antagonize the systems of oppression that they are working under. Thus, the nonprofit sector exists under racial capitalism to preserve inequality, and non-profit organizations rarely question this contradiction internally.

This research has opened the possibility for more questions, and further study. For instance, a complete study of the NPIC must consider revolutionary non-profit organizations that have managed to maintain their autonomy from the capitalist state, which is something this study does not provide. Rather, this research offers a narrow, critical perspective on the non-profit sector, and does not investigate the ways in which many non-profit organizations have managed to preserve their political integrity and original radical goals. Most importantly, in the wake of the NPIC, the next step forward is understanding alternatives and ways in which non-profit workers, and the communities that they reside in, can begin creating alternative forms of community care. A divergence from the philanthropic, corporate model necessitates a transition from the hierarchical structures and neoliberal, reformist initiatives towards a future in which community care is based on solidarity, compassion, and the desire for revolutionary change. As it currently stands, the non-profit system does none of these things, and only through these alternatives can the NPIC and the systems that it works within be transformed and abolished.

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