

PERPETUATING INEQUALITY: THE UNITED STATES SINCE THE 1970S AND THE ROLE OF THE NONPROFIT INDUSTRIAL COMPLEX

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ABSTRACT

Since the 1970s the United States has become increasingly unequal. This paper addresses what caused and perpetuated the growing gap between rich and poor that has made the United States the second most unequal developed country in the world.¹ This extraordinary rise of inequality has been accompanied by three fundamental changes: first, a political counterrevolution against the redistribution policies of the New Deal caused the southernization of national policies which reinstated social and racial hierarchal structures across the country; second, enforcing these hierarchal structures was the explosive growth of the correctional system which moved from a system of rehabilitation to one of punishment and control; and third, an unprecedented expansion of nonprofit organizations reinforced an individualist lifestyle, protected capitalism from dissent, and prevented real social change from occurring. The latter is commonly ignored in political analyses of what has allowed inequality to continue unchallenged. This paper examines the role of the nonprofit industrial complex in promoting American inequality.

INTRODUCTION

Many Trenton residents get their meals from the New Jersey Trenton Area Soup Kitchen. Trapped in a cycle of poverty – too poor to afford food and housing, money saved from meals at the soup kitchen subsidizes the increasing cost of rent. Many of Trenton’s inhabitants rely on not-for-profit agencies for survival. Living just above or below subsistence, constantly in fear of rampant gang violence (yet also fearful of the police), poorly educated in public schools that lack resources, and highly dependent on the relief offered by local nonprofit organizations, their prospects are dim.

Dozens of agencies exist within Trenton, offering assistance to impoverished residents. Housing is limited but available at the Rescue Mission homeless shelter, as are housing assistance grants from the Crisis Ministry of Trenton. Occasionally, churches distribute canned goods and one can perhaps receive a used coat from clothing drives. In fact, in the City of Trenton alone there are 1,657 “tax exempt nonprofit organizations” with a total income of over 2.3 billion dollars and over 3.6 billion dollars in assets.²

The growth of inequality since the 1970s has been stunning. While in 1976 the richest one percent held 8.9 percent of all pretax income, they received over twice that, 21.8 percent, in 2005.³ Accompanying this dramatic rise in inequality are a number of distinct trends: the southernization of national policies through a counterrevolution against the New Deal, a dramatic increase in the size of the prison system, and an explosion in the size of the nonprofit enterprise. A wide range of literature documents how these first two trends were encouraged by changes in government policy and how they contributed to the current high level of inequality. Commonly ignored in the analysis of this subject are the effect of the nonprofit sector and the extraordinary growth of tax-exempt organizations. Currently there are over 1.59 million tax exempt nonprofit organizations in the United States with assets of nearly 4 trillion dollars and income just short of 3 trillion dollars.⁴ With such growth one has to ask: why has it not improved equality? Are nonprofits working more as a buffer between rich and poor than as agencies for creating social change? Are they perpetuating the status quo?

Community service has become a conditioned part of the United States' democracy, whether providing food at a local soup kitchen once a month or working full time at a community center. Middle schools sponsor afterschool trips to senior centers, high school students are expected to complete community service for college admission, universities mandate service hours, businesses support community networks, corporations establish philanthropic foundations, and churches provide poverty relief efforts. Throughout American society, nonprofits play a role; nevertheless, inequality has increased drastically and it has become more difficult than ever to organize a social movement.

Nonprofits generally have steered clear of examining systemic causes of poverty and instead, have focused on the individual, (perhaps inadvertently) placing blame on individuals for their deficiencies. Poverty is not understood as a class conflict in which elite forces exploit the poor for their gain. Even nonprofit community development organizations typically work to empower the individual, not the community. Reinforcing the individualism of capitalism, nonprofits perpetuate the belief that one is responsible for one's well being and that change comes from individual empowerment. Indeed, nonprofits have made the world safe for capitalism and ignored its exploitations.

Never has a class based social movement been so necessary in the United States. The rich have never held such a large portion of the wealth and those with political power have never been so separated from the common citizen and so identified with corporations. Conservative policies have rolled back the redistributions of the New Deal and both the prison and nonprofit industrial complexes have helped mute dissent.

Dissent is an essential part of a democracy. Government becomes undemocratic – serving the interests of the few – when it is not forcefully reminded what its citizens require. Nonprofit organizations can raise awareness of these needs. The potential power of nonprofits to pursue the common good is great, but has been misused to limit American democracy. Fundamental changes in how nonprofits operate in pursuing their goals are needed. Most nonprofit directors claim “the goal is not to exist.” To make this happen, they must mobilize their communities, become independent of corporate and government ties, make political demands, and work toward real social change instead of temporary relief.

THE COUNTERREVOLUTION AGAINST THE NEW DEAL

The postwar years of 1947 to 1973 tell a quite different story from the past thirty for those in lower U.S. income brackets. The New Deal improved economic equality, with the wealth of lowest quintile of the population growing at a larger rate than the richest.⁵ This redistribution of income resulted from a number of asset-building government policies, including the GI Bill, which significantly expanded the middle class through the 1950s and 1960s.⁶ These progressive policies brought economic well-being to ordinary working people and sparked strong economic growth for all levels of income.⁷

Opposed to the redistribution policies of the New Deal were “conservative southern Democrats [who] used their political power to block federal programs that threatened to destabilize the class and racial hierarchies of southern society,” but despite these efforts New Deal liberalism dominated the political agenda between 1933 and 1970.⁸ The reduction of inequality came from the large number of bills concerned with economic growth and redistribution. In 1963, “two-thirds of bills before Congress dealt with economic growth or redistribution” compared to only twenty-nine percent in 1991.⁹ By the late 1960s, the opposition to New Deal liberalism gained ground and with the new political elite came different economic, ethnic, and regional constituencies, and policies that reinstated southern racial and class hierarchies nationally.¹⁰

The counterrevolution against the New Deal transferred political power out of the hands of the middle and working classes and labor unions and into the hands of rich segregationists.¹¹ This change resulted in an upward shift economically and a southward shift politically.¹² The northeastern Ivy League elite lost power and the southern right quickly took control of national policies for the last third of the twentieth century.¹³

Hostile to the effects of the New Deal – with the gap in social and racial disparities closing – conservative Democrats and Republicans united to reinstitute segregation. Planning the “southern strate-

gy" southern Democrats and northern Republicans created a conservative coalition that took advantage of antiblack sentiments among working class whites to rescind New Deal policies.¹⁴ Race remained a powerful force in American politics as the demography of the country changed: "The mechanization of southern agriculture" caused a great migration of poor southern blacks to northern cities.¹⁵ This change brought "white flight" as large numbers of white families moved out of cities and into suburbs and "universalized a kind of anti-black politics that previously had been confined to the South."¹⁶

From the 1970s on, the conservative counterrevolution succeeded in spreading southern policies and practices throughout the nation. By the mid 1970s, the power of labor unions had been curtailed. Following the rejection of the Labor Reform Bill of 1978, "which would have made the organization of the workforce easier," came the hard line policies of President Ronald Reagan against unionizing.¹⁷ After Reagan fired striking "air traffic controllers in 1982," the alliance between government and big business became obvious.¹⁸

Corporate wealth dominated American economic policy from the Reagan years onward. Antipoverty policies of redistribution through raising wages changed to policies of subsidizing the poor.¹⁹ While it is commonly known that the shrinking value of the minimum wage caused much of the increase in poverty even the Democratic administration of President Bill Clinton focused on subsidy policies rather than redistribution.²⁰ In fact, no increase in the minimum wage was ever large enough to permit a minimum wage worker to escape poverty.²¹

The neoliberal movement led by Bill Clinton preferred tax subsidies to minimum wage increases and regressive rather than progressive tax policies, which favored big businesses over labor. The Earned Income Tax Credit (EITC) became the main strategy to combat poverty. The subsidy policy created the illusion of conservative action against poverty while allowing businesses to exploit cheap labor.²² "Tax reform" also shifted the burden from the rich to the poor with southern style²³ regressive federal tax policies providing tax cuts for the wealthiest Americans.²⁴

The policies of the closing third of the twentieth century greatly increased inequality. A change in the Washington political elite from northeastern intellectuals to southern corporate executives ended the New Deal and replaced it with free market capitalism. Southern conservatives reinstated the social and racial hierarchies of the "traditional South" nationally in a reaction against progressive policies of New Deal liberalism.²⁵

THE PRISON INDUSTRIAL COMPLEX

Repression is required to support rising inequality. The renewed racial and social inequalities that developed with the fall of the New Deal were incorporated into the justice system, and, just as policy became southernized, so, too, did the prison system. Southern prisons traditionally had operated as mechanisms of racial domination²⁶ and with fear of racial integration resulting from the civil rights movement the prison boom worked to reinforce racial hierarchies.²⁷ Soon after the conservative alliance took over Washington, the imprisonment of African Americans grew so rapidly that they are now "eight times more likely to be incarcerated than whites."²⁸

Authority's reactions to perceived threats from marginal populations are expressed through criminal punishment.²⁹ The degree to which the state decides to punish its prisoners corresponds to the "economic situation of the dispossessed."³⁰ Economic and social inequalities create dissident populations; the level of punishment imposed by the state is determined by the size of the "troublesome group."³¹ Marginalized, impoverished groups that may become rebellious are viewed by authorities as threats to "public safety" and the "economic order in general."³² The poor might steal or refuse to work; they might reject capitalism and demand revolutionary change.³³ Such anxiety led to the unprecedented incarceration of African-American males.

The poor are "social dynamite"³⁴—as their numbers increase, so does the potential for instability, which is controlled by an overwhelming police force. Class-based discrimination is apparent throughout the criminal justice system in the United States. Lawmakers, usually from the upper classes of society,

regard marginalized groups as “dangerous or unruly” and “write criminal law to contain the threat.”³⁵ Increased sentencing for drug offenders exemplifies the “intensified criminalization of poor urban minorities.”³⁶ Poor areas are given greater attention by the police; while in rich communities illegal activities are easily hidden behind doors, crime in poor urban areas is more visible and typically takes place in public spaces.³⁷ And, judges are harsher on poor defendants because they are thought to have “less potential for rehabilitation.”³⁸ Meanwhile, white collar crimes, which by definition the poor rarely commit, are much less likely to lead to jail time.³⁹

A fundamental shift occurred in the U.S. penal system from rehabilitation to punishment starting in the 1970s. Ignoring the legal and moral necessity for rehabilitation, state lawmakers established “mandatory prison terms, the abolition of parole, and long term sentences for felons on their second and third convictions.”⁴⁰ The federal government waged “war” first on crime, on drugs and created exceptionally harsh penalties for nonviolent drug offenses.⁴¹ Meanwhile, as more and more people were locked up, prison construction became one of the most profitable businesses, and like weapons manufacturing, an “instrument for regional development.”⁴² The vast job market offered by the prison system caused middle-class blue collar workers to rally in its support. Bringing prison construction to and preventing prison closure in one’s constituency became necessary for many congressmen seeking reelection.

The growth of the correctional population is shocking. “Between 1970 and 2003, state and federal prisons grew sevenfold to house 1.4 million convicted felons serving at least one year behind bars.”⁴³ No other country in the world holds as many people in prison in either whole numbers or as a percent.⁴⁴ By 2003, “the entire correctional population of the United States totaled nearly seven million...6 percent of the adult male population.”⁴⁵ Especially troubling is the young African-American male population with one in nine spending time in prison.⁴⁶

This disparate number of black men in the penal system has developed over the last thirty years. Before 1970, young black African Americans were not routinely incarcerated.⁴⁷ The conservative segregationists that took power in Washington over the last three decades succeeded in spreading southern racial policies nationwide: “The betrayal of the democratic purpose of rehabilitation had diminished the citizenship of African Americans most of all.”⁴⁸ Never before has the United States been more racially and economically segregated than it is today.

By analyzing changes in the American prison system since 1970, one is able to understand how inequality, both racially and socially, has been fostered. As the prison industrial complex has grown in size funding for education and social services have been cut. Within New Jersey one can clearly see this connection. As public hospitals are closing in poor neighborhoods and funding for higher education is slashed, prisons are still being built and the consequences of poorer education and healthcare systems augment the impoverished population that continues to fill the prisons. With rehabilitation ignored by prison systems, as inmates leave, the cycle of poverty and prison continues.

NONPROFIT INDUSTRIAL COMPLEX

While poor marginalized groups are repressed by the prison-industrial complex, the nonprofit industrial complex limits dissent by the middle- and working-classes. The nonprofit industrial complex (NPIC) works, as defined by Dylan Rodriguez and Ruth Wilson,⁴⁹ as:

a ‘shadow state’ constituted by a network of institutions that do much of what government agencies are supposed to do with tax money in the areas of education and social services. The NPIC functions as an alibi that allows government to make war, expand punishment, and proliferate market economies under the veil of partnership between the public and private sectors.⁵⁰

Since 1970, the size of the NPIC has dramatically increased. Excluding religious organizations, 850,455 public charities and 104,276 private foundations were registered with the Internal Revenue Service (IRS) in 2006.⁵¹ By contrast, in 1953, only around fifty thousand organizations received IRS charity status.⁵² The unprecedented growth of registered nonprofit organizations coincides with the rise of inequality in the United States.

Nonprofits are used not to reduce inequality but to protect capitalism. State and corporate interests use 501(c)(3) status to: control social justice movements, divert excess corporate monies from public to private hands, and educate the population on how to behave and think in a capitalist world.⁵³ Whereas during the 1960s a legacy of “grassroots, mass-movement” was building, the activists of today are trapped in the 501(c)(3) model that, while necessary to receive funding, limits their ability to make real change.

As the New Deal ended and the counterrevolution eliminated asset-building programs that reduce inequality, tasks previously assumed by government moved into the hands of nonprofits. Instead of government agencies dealing with poverty, as in the Great Depression, nonprofits since the 1970s have worked to relieve social problems. While centralized government has the power to affect the lives of every citizen, nonprofits, despite their three-trillion dollar assets, are fragmented and therefore limited in their ability to offer relief and promote change. During the New Deal, centralized asset-building measures, such as the GI Bill, increased middle- and lower-class wealth; one million nonprofits, on the other hand, with different agendas are far too decentralized to solve the problems of poverty and inequality. Foundations have kept nonprofits obedient. With the rise of nonprofits, foundations have transferred the administration of social services from government to big business. Foundations protest corporate interests in three ways: by controlling the actions of grassroots organizations, diverting “would-be public” monies to private hands, and masking corporate exploitation with philanthropy. Receiving tax-exempt status and acting as a primary funder for smaller nonprofit organizations, foundations have grown just as dramatically as small nonprofits over the last thirty years.⁵⁴ From 1996 to 2006, the number of private foundations increased 86.9 percent.⁵⁵ Between 1975 and 2005, the assets of foundations rose from about thirty billion dollars to about 550 billion,⁵⁶ and their annual donations, from about two billion dollars to over thirty-six billion.⁵⁷ Therefore, corporations use exploit labor to reap large profits, which they divert to foundations to avoid taxes, then use foundations to limit the power of activists and protect their own interests.

Through foundations, the rich have become the “controllers of social justice struggles.”⁵⁸ Nonprofits are highly dependent on support from foundations and as they are constantly searching for funding, grassroots organizations must submit to the demands of foundations in order to receive the resources they need. As the executive director of the Trenton Area Soup Kitchen (TASK), Dennis Micai, explained, if TASK were to make political demands and work more as an agency of advocacy against hunger than as a relief agency, it would lose funding.⁵⁹ TASK is therefore stuck in a difficult dilemma: risk losing funding from government, corporate, and individual sources and work to advocate the end of hunger in Trenton, or avoid acting politically by ignoring the systemic causes of poverty and working instead only to ameliorate the problem within the capitalist system. If TASK were to become an activist organization, and lose funding, people in Trenton would starve. Even the most progressive individuals in organizations such as TASK are unwilling to take such risks. Is it surprising then that nonprofits refrain from acting politically?

The nonprofit industrial complex not only has prevented organizations from acting politically it has also helped muffle dissent. Since the end of the civil-rights movement of the 1960s, American citizens have become less willing to hold government accountable for social injustices. Dissent against government has decreased, and a sense of individualism has increased. Moreover, nonprofits mimic hierarchic corporate operating models that separate them from the communities they are trying to help. Instead of working for community empowerment, nonprofits embrace the competitive, survival of the fittest strategies of the corporate system. This individualist mentality filters down from the corporations that benefit from it, to the nonprofits they fund through their foundations, to the constituents they serve. The inner-city programs of nonprofits do not focus on community building and the economic structures that cause poverty, but on how to behave in a capitalist system. Tutoring, job training, and individual empowerment are the concerns of urban nonprofits. This approach has helped the ruling class to ignore the poor, institute policies that increase inequality, and even wage war.

By receiving resources from the rich rather than their constituents, even the best intentioned organizations prevent change.⁶⁰ In order to promote real social progress, nonprofits must “reject the corporate model and instead develop structures that more closely represent the vision of the society [they are] trying to build.”⁶¹ The current culture of social movements in the United States today is “non-collaborative, narrowly focused, and competitive.”⁶² Nonprofits are forced into competition with one another for funding and must promote their organizations strategies, whether they are successful or not, in order to insure that they continue to receive resources from their funders. This culture of competition between activists prevents a “collaborative dialogue where [non-profits] can honestly share [their] failures as well as [their] successes.”⁶³ Whereas a movement for social transformation requires flexibility and “fluid ever changing strategies,” nonprofits instead are forced to present everything to their funders as a success, even if it was not, and “as non-profits become more concerned with attracting funding than with organizing mass-based movements” they start acting more for self-interest than for creating social change.⁶⁴

The opportunity cost alone of the tax-exempt world within the United States demonstrates that the nonprofit sector is not properly functioning. With the three trillion dollar annual income of nonprofits being many times the cost of the GI Bill, it is clear that the resources to end poverty and reduce inequality exist; they are simply not being used effectively. The problem, however, should not be misunderstood as the fault of nonprofits. Instead, it results from changes in government policies. Rather, my concern is that nonprofits have failed to educate the public about the source of the problem. Constituents of soup kitchens and homeless shelters should recognize that the government should be offering them assistance, and nonprofits should direct them to such government resources without fear of losing funding. 501(c)(3)s should not stop offering tutoring programs or job training, and food banks should not close and simply demand the government take over. But, they should be conscious that there once was a time in U.S. history when the government did the work they are doing, but that policy changes have been consciously made to stop caring for the poor. Nonprofits cannot stop offering relief; far too many people would become homeless, starve, and fall deeper into poverty. But by making their constituents aware of the realities of why poverty persists in the richest country in the world, nonprofits could create a thoughtful, politically-active population, ripe for change, which is necessary to insure that government work for its people.

CONCLUSION

Ruling forces, in order “to maintain the power, the control, and, most important, the wealth that they have accumulated,”⁶⁵ have always worked to prevent the people at the bottom of the economic pyramid from organizing. At the same time, they have generally avoided directly managing people on the bottom of the pyramid.⁶⁶ To maintain stability and develop a “buffer zone” for the rich, rulers must do three things: take care of the basic needs of the people, keep hope alive, and control those who want to make changes.⁶⁷ Nonprofits play a role in all three of these. First, they offer ameliorative care through relief agencies and cover up the dirty side of capitalism for the public. Rather than people dying in streets, they are made “invisible in hospitals, prisons, rest homes, and homeless shelters.”⁶⁸ Second, hope is never lost, as nonprofits perpetuate the deceptive “American Dream.” Just enough resources are distributed through nonprofits to bring opportunities to a few disadvantaged individuals⁶⁹ who are then used as reminders to the rest of the impoverished that it is up to them, and them alone, to escape poverty. How many inner-city middle schoolers have listened at an assembly to a former drug addict and gang member, paid through 501(c)(3) dollars, inform them that it is their own personal will that dictates their chance of success in life? Discrimination, government policies, and corporate exploitation having nothing to do with it. Finally, because those suffering the most from the ills of capitalism will never stop resisting, systems of control are required. Those outside the prison system are monitored by the nonprofit system. Activities of tax-exempt organizations that may pose a risk to power are subject to government review and the loss of foundation funding.

Nonprofits have conformed to the wishes of the southern strategy. Free market advocates “welcome non-profits under the rhetoric of efficiency and accountability.”⁷⁰ With less responsibility on part of the government to regulate and distribute economic growth, nonprofits allow big business to act more freely; and with government control of 501(c)(3) agencies, they are able to “pull the plug” on nonprofits that step out of line.⁷¹ Clearly, the relationship between nonprofits and social movements must be reformulated.

Outside American borders, social movements are not dominated by nonprofits; rather, “movement building is funded and determined by the constituents.”⁷² In the U.S., the goal must become to sustain a social movement, not nonprofits that support the movement.⁷³ In other developed countries, nonprofits are accountable to social movements; they “are not seen as part of the movement themselves” but as intermediaries working to fund specific aspects of the movement.⁷⁴

Nonprofits can be successful. Even under 501(c)(3) constraints, nonprofits can promote social change, but they must “have a clear mission and purpose” and be free of corporate regulation and oversight and therefore funded not by foundations but by their constituents. Nonprofits must remember that “focus should not be on organization (or career) preservation, but on furthering the movement of which an organization is a part.”⁷⁵ If nonprofits become an end in themselves, the “the revolution will not be funded.” They should be designed to protect “autonomous movements from government repression,”⁷⁶ rather than serve as buffers for the rich.

The past eight years in the U.S. demonstrate that a lack of dissent diminishes democracy. Inequality has grown more rapidly than ever before and even though it is obvious that government is working to benefit corporate interests, few have protested. This lack of opposition is, however, not based on citizens’ faith in their government, but the opposite. As inequality has increased trust in government has plummeted. According to the National Elections Studies agency, between 1964 and 2004 the percentage of Americans who trusted the federal government only “some” or “none of the time” more than doubled from 22 to 53 percent.⁷⁷ That government policy has changed since the end of the New Deal against the interests of the middle and lower classes is understood, but a belief that government should be concerned with poverty has not increased. A 2003 Pew Research Center poll showed that only twenty-five percent of United States citizens “completely agree” that it is the “government’s responsibility to take care of people who can’t take care of themselves.”⁷⁸ Nonprofits, however, can work to re-educate citizens about government responsibility. As the federal budget has increased sixteen times between 1968 and 2007, from 153 billion dollars in 1968 to 2.5 trillion dollars in 2007,⁷⁹ the era of big government that started with the Great Depression has in reality never ended. Government has not stopped expanding; it has only changed its priorities from caring about inequality to perpetuating it.

Nonprofits have the power to demand that government act in the best interests of its citizens. Activists working in nonprofits throughout the country must rethink their goals. If they seek to create a system in which poverty no longer exists and inequality is minimal, then nonprofits must step outside of the regulations imposed by corporate funders and work independently of foundations – accountable only to their constituents. Changes in government policies have caused the stunning rise of inequality in the United States over the past thirty-five years. Fresh changes in government policy can restore equality. Nonprofits should demand this change.

NOTES

CIA World Factbook. The United States has a gini coefficient of 45.0, within developed countries this is rivaled only by Hong Kong with 53.3. These are 2007 CIA World Fact Book estimates.

² These figures are public record of the Federal Government last updated on 11 February 2008. Tax-ExemptWorld.com gathers this public data online.

TaxExemptWorld.com. “Trenton, NJ: Tax Exempt/NonProfit Organizations.” Accessed on 2 April 2008. Last updated 11 February 2008. <<http://www.taxexemptworld.com/organizations/trenton-nj-new-jersey.asp>>.

³ Piketty, Thomas and Emmanuel Saez. “Income Inequality in the United States, 1913-1998.” *Quarterly Journal of*

Economics. 118(1), February 2003. <<http://emlab.berkeley.edu/users/saez/pikettyqje.pdf>>.

Updated to 2005 data at <<http://emlab.berkeley.edu/users/saez>>.

Data originally found at <<http://www.demos.org/inequality/numbers.cfm>>.

⁴ TaxExemptWorld.com. These numbers include all tax-exempt organizations such as churches, and foundations. To put these numbers into context, the 2007 federal budget was about 2.5 trillion dollars, 500 billion dollars less than the income of nonprofits. Government Printing Office. "Budget of the United States Government: Browse Fiscal Year 2007." *Executive Office of the Executive Office of the United States*. Accessed on 3 April 2008. Last updated: 3 March 2008. <<http://www.gpoaccess.gov/usbudget/fy07/browse.html>>.

⁵ From 1947 to 1973 the richest quintile grew at 84.0 percent; the poorest quintile at 115.3 percent.

⁶ Bread for the World Institute. *Hunger 2008: Working Harder for Working Families, 18th Annual Report on the State of World Hunger*. Washington, DC: Bread for the World Institute, 2008. Page 90.

The bill offered three progressive alternatives for returning veterans: funding for up to three years of college education, favorable terms for purchasing homes, and compensation for up to a year while job searching. The bill brought outstanding results and is credited as one of the largest contributors to the expansion of the United States middle class in the post-war period.

⁷ In fact, director of public policy for the American Liberty Foundation, Harry Browne, observes that if economic growth of the "median yearly family income" stayed constant since 1970 it would be close to 120 thousand dollars today. Instead, in 2005 the average family income was only slightly higher than in 1970 at 48,023 dollars.

Browne, Harry. "What Happened to the U.S. economy?" *American Liberty Foundation*. 30 July 2003.

<<http://www.harrybrowne.org/articles/economicgrowth.htm>>.

US Census Bureau. "Income 2006: Two-Year-Average Median Household Income by State: 2004-2006."

Accessed on 28 March 2008. <<http://www.census.gov/hhes/www/income/income06/statemhi2.html>>.

⁸ Lind, Michael. "Conservative Elites and the Counterrevolution against the New Deal." *Ruling America: A History of Wealth and Power in a Democracy*. 250-285. Editors, Steve Fraser and Gary Gerstle. Cambridge: Harvard University Press, 2005. Page 254-255.

⁹ Ibid 262-263.

¹⁰ Ibid 250.

¹¹ Ibid 251. Pioneered by conservative southern Democrat George Wallace, a staunch segregationist, the movement became the counterrevolution against the New Deal. Wallace "combined an anti-intellectual 'culture war' with the agenda of corporations and wealthy individuals who wanted to roll back the regulatory and social welfare achievements of the New Deal."

¹² Ibid 252.

¹³ Ibid 251.

¹⁴ Ibid 256-257.

¹⁵ Ibid 257. While in 1900, "nine out of ten black Americans lived in the rural South," by 1990 they made up a third of the population of the ten largest United States cities."

¹⁶ Ibid.

¹⁷ Ibid 273.

¹⁸ Ibid.

¹⁹ Ibid 274.

²⁰ Ibid 274-275.

²¹ In 2000 the federal minimum wage would have had to be \$8 an hour for a full time worker to make enough to live above the poverty threshold. Congress's recent increase of the minimum wage raises it to only \$7.25 an hour by 2009. Holland, Jesse J. "Minimum Wage Will Rise Today: One of Three Annual Increases Is First in a Decade." *The Washington Post*. 24 July 2007. Page D03. <<http://www.washingtonpost.com/wp-dyn/content/article/2007/07/23/AR2007072301427.html>>.

²² Lind, Michael. "Conservative Elites and the Counterrevolution against the New Deal." Pages 274-275.

The EITC "simultaneously subsidized the employer, who can continue to pay workers less than they need to subsist at or above the federal poverty line."

²³ Ibid 276. In Texas, in 1995, the richest, nonelderly, one percent of the population "paid only 4.4 percent of their income in state taxes," while "those making less than \$19,000 paid 13.8 percent of their income in sales and excise taxes and property taxes."

- ²⁴ Ibid. Regressive tax policies came to a height in 2005 when 88.7% of the distribution of asset-building subsidies benefited the top fifth income level of tax payers and only 3% benefited the poorest 60%. Bread for the World Institute. *Hunger 2008: Working Harder for Working Families*. Page 80.
- ²⁵ Ibid 285.
- ²⁶ The use of forced labor to farm cotton and build roads was common in southern prisons.
- ²⁷ Western, Bruce. *Punishment and Inequality in America*. New York: Russell Stage Foundation, 2006. Page 3.
- ²⁸ Ibid.
- ²⁹ Western, Bruce, Meredith Kleykamp, and Jake Rosenfeld. "Economic Inequality and the Rise in U.S. Imprisonment." 1-35 *Russell Stage Foundation Working Papers Series*. April 2004. <<http://www.russellsage.org/publications/workingpapers/ineqimprisonment/document>>. Page 10.
- ³⁰ Ibid 9.
- ³¹ Ibid 10.
- ³² Ibid.
- ³³ Ibid.
- ³⁴ Spitzer, Steven. 1975. "Toward a Marxian Theory of Deviance." *Social Problems*. 22:638-51. Ibid 10.
- ³⁵ Western, Bruce, Meredith Kleykamp, and Jake Rosenfeld. "Economic Inequality and the Rise in U.S. Imprisonment." Page 10.
- ³⁶ Ibid.
- ³⁷ Ibid 11 and Reiman, Jeffrey. "The Rich Get Richer and the Poor Get Prison." 141-145. *Inequality: social class and its consequences*. Editors, D. Stanley Eitzen and Janis E. Johnston. Boulder: Paradigm Publishers, 2007. Page 142.
- ³⁸ Western, Bruce, Meredith Kleykamp, and Jake Rosenfeld. "Economic Inequality and the Rise in U.S. Imprisonment." Page 11.
- ³⁹ Reiman, Jeffrey. "The Rich Get Richer and the Poor Get Prison." Page 143.
- ⁴⁰ Western, Bruce. *Punishment and Inequality in America*. Page 2.
- ⁴¹ Causing drug offenders, in many cases, to receive longer sentencing than those convicted of violent crimes.
- ⁴² Ibid 3.
- ⁴³ Ibid.
- ⁴⁴ Ibid 15. Only Russia comes close to the US incarceration rate with 628 per hundred thousand, compared to 686 per hundred thousand in the US. No country comes close in terms of whole numbers.
- ⁴⁵ Western, Bruce. *Punishment and Inequality in America*. Page 3.
- ⁴⁶ Ibid 17.
- ⁴⁷ Ibid 3-4.
- ⁴⁸ Ibid 3-4.
- ⁴⁹ Dylan Rodriguez is professor of ethnic studies at the University of California and author of *Forced Passages: Imprisoned Radical Intellectuals and the US Prison Regime*, 2006. Ruth Wilson is chair of American Studies and Ethnicity Program at the University of Southern California and author of *Golden Gulag: Prisons, Crisis, Surplus, and Opposition in Globalizing California*.
- ⁵⁰ Smith, Andrea. "Introduction: The Revolution Will Not Be Funded." 1-18. *The Revolution Will Not Be Funded: Beyond the Non-Profit Industrial Complex*. Editor, Incite! Women of Color Against Violence. Cambridge: South End Press, 2007. Page 8-9.
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