

New Options

March 28, 1988

Issue No. Forty-six

Rebuilding America—the Old-Fashioned Way

The Democratic presidential candidates have big plans for “rebuilding” America. Paul Simon would launch public works programs. Michael Dukakis would offer grants and tax subsidies to businesses. Richard Gephardt would offer a pinch of Simon, a spoonful of Dukakis, and protective tariffs as well.

The trouble with these proposals is that it's not enough to create more housing and more businesses, it's not enough to grease the already-existing wheels. We need to create the right kind of housing, the right kinds of businesses. We need to ask: How can we encourage, not housing in general, but attractive, affordable, even (sometimes) co-operative housing? How can we encourage, not business in general, but human-scale socially responsible businesses? Above all, we need to ask: How can ordinary people be empowered to help rebuild America?

Not only are none of the presidential candidates asking such questions, neither are any of our “oppositional” political groups. Citizen Action and Democratic Socialists of America have no basic quarrel with Simon's and Dukakis's approaches; in fact, some of their members helped hammer them out. The U.S. Greens might have some objections—even some alternatives—but so far they've failed to express them, choosing instead to spend the election year passionately debating such matters as “social” vs. “deep” ecology.

Citizen bankers

There is an emerging alternative to the big government-big business-big labor kind of “rebuilding” of America. Its basic strategy is to get investment capital out of the hands of the big banks, the big brokerage houses, the multinationals, etc., and into the hands of the communities. Its greatest champions are neither politicians nor oppositional political groups, but—remarkably—bankers; or more specifically, those few bankers who describe themselves as “community development bankers,”

or “socially responsible bankers,” or some such.

We spent the last month talking with some of these New Bankers, especially at the bank that—everyone agrees—best practices what all these bankers preach: South Shore Bank of Chicago. One of the first things we noticed is that they all started out in fields *other* than banking:

- **Ronald Gryzwinski**, 52, chairman of the board of Shorebank Corporation (South Shore's holding company), used to sell computers;

- **Joan Shapiro**, 45, senior vice president at South Shore, used to teach literature, theater and dance. “Like many women of my generation, I am a generalist,” she told NEW OPTIONS;

- **Dorris Pickens**, president of The Neighborhood Institute (Shorebank's non-profit affiliate), had been a community activist. “I loved community work, and I love the neighborhood,” she says;

- **Mary Houghton**, 47, president of Shorebank Corporation, has a masters' degree in international relations;

- **Lyndon Comstock**, 37, principal organizer for the New York City-based Bank for Social Responsibility Organizing Group (BankSR/OG), was a full-time anti-war activist in the 60s, “then I was involved with developing housing and small business co-ops in the early 70s both in Michigan and the Bay Area. . . .”

All these people can, and usually do, look like traditional bankers; Gryzwinski and Comstock are even semi-bald, like in the old left-wing cartoons of bankers. But just try typing them as left or right. Wasn't that Shapiro we saw at the New Synthesis Think Tank conference a few months back (NEW OPTIONS #43)? Weren't BankSR/OG's general counsel and program director at the Green gathering last summer (#40)?

Access to capital

For decades, the political left has been teach-

ing that a central, overwhelming problem in this country is that most people don't have access to power. But, perhaps because of its aversion to the capitalist system, the left never made a crucial link: in a capitalist country, “access to power” means not just access to the political arena but—even more importantly—*access to capital*.

It is access to capital that the New Bankers are seeking to win for individuals and com-

Note from the Editor

We used to date our issues according to when we finished our *first article* for each issue. We were trying to be capital-honest. But too many of you are under the impression you're getting your issues late. So beginning this issue, we're dating ourselves well in advance of publication date—just like all the other periodicals. Don't worry, we'll be extending your expiry date accordingly.

* * *

With this issue we've reached our long-term goal of 10,000 subscribers. (And we've become the second-largest independent political newsletter in Washington!) I have only you to thank for this. I cannot thank you enough.

communities. That's why their efforts may be more *politically* relevant today than the efforts of all the “oppositional” political groupuscles put together.

“In thousands of [communities like South Shore],” says Joan Shapiro, “you have a situation of *systematic disinvestment*. You have a situation resulting from a deliberate decision by financial institutions and insurance companies and other providers of capital to *not* invest in a community—because there is a perception that the area is declining.

“You also have a situation where people put their limited savings in the local bank, and the

bank lends the money *outside* the community. There is a net outflow of capital from less affluent to more affluent communities.

"The [beauty] of South Shore Bank is that it's essentially reversed the outflow of capital. It's saying to investors—affluent people outside of neighborhoods like South Shore—'If you put your money in this neighborhood, *we will apply those resources to redevelop our disinvested community.*' Reversing the capital flow is, I think, one of the major innovations of South Shore Bank."

"Development Deposits"

South Shore Bank doesn't *look* out of the ordinary—modernistic white concrete on the outside, corporate purple-and-lavender on the inside. True: there's wallpaper, not paint, on some of the walls, and enough potted plants to serve as a statement of some kind. But it's the "Development Deposits" that separate South Shore from all other banks. It's the Development Deposits that support South Shore's innovative urban lending program—which has directed over \$85 million in credit to neighborhood residents to rehabilitate run-down housing, pay college tuition and finance small businesses and non-profit organizations.

"By definition," Shapiro told NEW OPTIONS, "a Development Deposit is any deposit that comes to the bank from outside its immediate neighborhood. Forty percent of South Shore's deposits are Development Deposits. . . Right now it's about a \$59 million portfolio."

"Now, why would some [middle class person] in Fargo or Tucson or San Francisco put money in a medium-sized bank on the South Side of Chicago? The answer is that those people *care* about what's happening to their money, [what it's being used for]."

According to Shapiro, Development Depositors need make no financial sacrifices. "The vast majority of the deposits in this portfolio are market-rate deposits. Our money market account will equal or *exceed* that of other national indexes; our CDs would be fully competitive with the national market. . . ."

The default rate on South Shore's loans is less than 2%. "So you *don't* lose your shirt making loans in low- to moderate-income communities," says Shapiro. "If you make a long-term commitment to it, if you put your best loan officers to it, you're going to have a very strong portfolio."

"The banks like to tell us the issue is risk," Lyndon Comstock told NEW OPTIONS. "But the idea that risk is the issue is a myth. The issue is, Where do the banks think they can make the biggest profits? That's what they're making their decisions on."

We asked Shapiro to tell us the difference between Development Deposits and the various "social investment" funds like Calvert and

Working Assets. We could tell she didn't want to say anything that would reflect poorly on her friends and colleagues at the funds. But she did say this: "[The social investment funds] invest in paper and securities of national intermediaries. South Shore invests directly in the community. So part of the difference is the distance of the investment from the actual direct impact."

A second basic difference, of course, is that investments in South Shore's Development Deposits are FDIC insured up to \$100,000.

A third difference is that the social investment funds employ largely negative social screens. They *refuse* to invest in South Africa, nuclear power, etc. Banks like South Shore and the future BankSR *affirmatively* direct capital to community-based businesses and non-profits.

In our opinion, that's the biggest difference of all. It may be more glamorous to "refuse" to invest in nuclear power than to help make credit available to small-fry housing developers. But the former only says "no!" to what's wrong with America, the latter also says "yes!" to what's emerging and right.

SSB & The Holding Co.

Getting middle-class money out of national banks, brokerage houses, phony "neighborhood banks," etc., and into Development Deposits at genuinely neighborhood-oriented banks like South Shore is important enough; but the Development Deposit concept only represents part of South Shore's contribution to the rebuilding of America. What's really unique about South Shore is that its loans are part and parcel of a *systemic approach to rebuilding community* fostered and supported by the bank's holding company.

"Most banks in this country are organized under a holding company structure," Shapiro told NEW OPTIONS. "That structure has an enormous capacity to let banks organize for community betterment, [though] very few of them have taken advantage of that capacity."

"What South Shore Bank has done is, through its holding company structure, create additional development affiliates, each of which operates its own 'business,' if you will. The sum total [of these 'businesses'] is a comprehensive approach to community renewal!"

"The bank is one of the five affiliates of the holding company. The bank is the credit arm. Its investment tool is loans—loans which are funded partially by Development Deposits."

"The second arm of the holding company is a real estate development company called **City Lands Corporation**. Its special focus is to purchase and rehabilitate more severely deteriorated buildings than the bank can do through its market-rate credit.

"[The third arm is] **The Neighborhood Institute**. To our knowledge, when it was or-

ganized in 1978 it was the first non-profit affiliate of a holding company in the country! It is designed to operate social and economic development programs.

"**The Neighborhood Fund** is the venture capital arm. It makes investments in minority and women-owned businesses.

"Our newest affiliate—approved at the end of December—is called **Shorebank Advisory Services**. It gives us the capacity to help others get into the business of doing development banking!"

"We feel that all the arms of the holding company together create a kind of synergy . . . an impact on the market which is far greater than any of them could have alone."

The connector

The holding company's non-profit affiliate, The Neighborhood Institute, is in some ways like a business, in other ways like a community organization, in still other ways like a neighborhood government.

"TNI adds a new depth to the development model that was proposed by the holding company," Dorris Pickens told NEW OPTIONS. "At first we saw our role in the community—and still do to a certain extent—as [that of] enabler and facilitator and connector. I think just now people would see us trying to become an economic development 'engine' [as well]. . . ."

"We've been in housing development for the last four or five years. We develop housing for low-income people [and] we train the folks to manage the housing and take it over themselves. . . ."

"We operate an educational and vocational-training facility: that's our biggest program. [Training] in clerical skills and word-processing and carpentry. . . . The newest part of our training sequence is entrepreneurial training and development; trying to create self-employed individuals, or help self-employed individuals in the neighborhood. [We take] them from the

NewOptions

NEW OPTIONS (ISSN 0890-1619) is published every month except August by New Options Inc., 2005 Massachusetts Ave. N.W., lower level, Washington, D.C. 20036, (202) 822-0929.

Please address ALL correspondence to Post Office Box 19324, Washington, D.C. 20036.

Subscriptions: \$25 a year in the U.S., \$32 first-class and Canada, \$39 elsewhere. Back issues \$2 each.

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Designer/Typesetter: Baker Johnson Graphic Design, Inc.

Printer/Mailer: Newsletter Services, Inc.

Mailing List Manager: Montgomery Data Systems, Inc.

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Groups

concept stage to the real business-plan stage. It's very intensive. . . ."

What's Pickens's ultimate goal? "I would like to see our organization help create an environment that's healthy enough for people to basically help themselves."

No mean politico

You would think the person who "invented" South Shore Bank would be an unconventional political dreamer. In fact, Ron Gryzwinski was a very conventional banker and a very successful one, president of the Hyde Park Bank while still in his 30s. The most you can say—and in truth, it's a lot—is he's a decent person who wasn't afraid to learn and grow.

In 1967, he told us late one afternoon from his office, "me and another guy tried doing loans to small minority-owned businesses from out of the corner of our desks. And it turned out that the demand was greater than anything we had anticipated."

At the time, Hyde Park was changing over from a largely white to a largely black neighborhood, and all over America the ghettos were seething. "I was really not familiar with racial issues. So I studied at the time a lot of black literature. . . . There was some sensitizing going on."

In 1968, he got permission from the board of the Hyde Park Bank to start an "urban development division" in the bank. Its first two employees: Milton Davis, "who'd just finished being president of the Chicago chapter of CORE" (and is now vice president of Shorebank Corporation), and Mary Houghton (above).

"Milton and Mary and I got involved as volunteers in a variety of community-based organizations around the city," Gryzwinski recalls. "[We saw] that community-based organizations were always undercapitalized and [always] dependent on government or foundations giving them their next grant or contract. We thought about that, and we concluded that if this country was going to get serious about rebuilding its neighborhoods, we had better figure out some way that the activity could be adequately capitalized and become self-supporting. . . ."

Eventually, Gryzwinski lost interest in continuing as president of Hyde Park Bank. He raised \$55,000 so he could spend full-time figuring out how to get capital and business sense into the communities. "I hired the best consultants and lawyers we could find to help us define what this new company might be like. We did *not* think it would be a bank!" But it was. It opened its doors in 1973.

Two, three, many banks

For 15 years, South Shore Bank has been refining its concepts and proving its mettle. The question now—for political visionaries as much as for bankers—is, Is it replicable?

Astonishingly, it's only *this year* that people are going to try to replicate it—in Arkansas and in New York City, in Philadelphia and in Washington, D.C.

South Shore is setting up the effort in Arkansas. "We tried to design an organization in Arkansas that would be an adaptation of the structure we have here," Mary Houghton told NEW OPTIONS. "It'll be targeted toward generation of jobs in small rural towns. . . . I think we imagine that some portion of the jobs will be self-employment, some other portion will be in small to medium-sized companies that employ five to 20 people. And we're going to try to get smart over time about which [economic] sectors have the most opportunity. . . ."

"The board of Southern Development is now formed. It is three people representing the Chicago group [including herself and Gryzwinski] and the balance—seven or eight—are Arkansans. At first the staffing is going to be a mixture of Arkansans and people from outside, but in five years it'll be a permanent, professional local staff. . . ."

"[This is] an extraordinary opportunity! It's very hard to raise capital in our society for serious long-term development initiatives. And the fact that the Winthrop Rockefeller Foundation was willing to commit a total of \$5 million, and that we've been able to raise an additional \$6 million, is just an extraordinary pure opportunity for us to be able to encourage a lot of people to start working like hell to see what they can make happen. . . ."

"Another way to see the opportunity is that people really love Arkansas who live there. They really want to be living there, and they speak about how great it is with enormous conviction. And the opportunity is to increase the number of options they have so they can continue living in this place that they love.

"What's generally neglected in our society is all the 'small deals.' And yet, in order to increase options there have got to be small opportunities so that people can get going with things, whether it's self-employment or small businesses or small to medium-sized companies. . . ."

Follow the Dodgers

Two blocks from Brooklyn's Seventh Avenue subway station is a Baptist stone church with green trim. Inside, everything's creaky and there's a lovely old musty church smell. You'd never guess that, somewhere within, in a room big enough to accommodate five desks, Lyndon Comstock and his co-workers are preparing to launch the Bank for Social Responsibility—New York's version of South Shore Bank.

"What we now have is a staff of five people," Comstock told NEW OPTIONS, "an advisory board, a board of directors that's in formation. . . . What has to happen [next] is we have to file our charter application. Putting the charter

application in is what really starts the clock ticking on the rest of the process leading up to the doors opening." The doors should open this fall—probably somewhere along Flatbush Avenue, which is where the Brooklyn Dodgers used to play.

Why does Comstock think he'll succeed in replicating South Shore Bank when no one else has even tried? "[South Shore] had a difficult time raising the initial equity capital. They got it from foundations and to some extent churches and a couple of corporations. And furthermore, they started out with a very small amount of true equity. The rest of it was all out on loan, which was bad. I mean, they were really undercapitalized. And then when the prime rate leaped to 20%—and their loan was at prime—that was a big problem for them. [All that must have been] discouraging to people.

"We're trying a different tack for raising capital from what they took, and it's partly because we're in a different time. We're going to go and raise capital from the socially responsible investment (SRI) market.

"The SRI market didn't exist [in 1973]. We're going to try to tap that market for what will be the *first-ever public offering of common stock to be sold explicitly on social grounds as well as financial grounds*. . . . I think that market is ready for it.

"It not that we aren't going to try to get some equity capital from the institutions as well [in fact, \$2 million from corporations, foundations and the like, \$3 million from individual investors—ed.]. But the problem has been that trying to get *enough* capital out of the institutions has been quite difficult, unless you've got a sensational track record like South Shore now has.

"We're devising a direct-mail program, an educational program—there's a real network developing [around our idea]—plus there's all the investment advisors and brokers who belong to the Social Investment Forum (NEW OPTIONS #41). . . . So for the right proposal[s], I think the equity funding will start becoming available."

Out of Bangladesh

The New Bankers are not just trying to get money to socially-responsible housing developers and businesspeople. They're also trying to get money to ordinary people for use in their own tiny ventures.

In this country, of course, only those of us with collateral are able to get business loans—a phenomenon immortalized in the folk saying, "Them that has, gets." But in Bangladesh, the Grameen Bank has been making tiny business loans to villagers (NEW OPTIONS #37), and over the last three years various of the New Bankers have been travelling abroad to see how the Bangladeshis do it.

And now, Dorris Pickens in Chicago and Mary Houghton in Arkansas are about to help implement loan programs based on the Grammeen model. (How many other American "professionals" have proved themselves willing to learn from the Third World?)

"In Arkansas we're going to run a program called the Good Faith Fund," Houghton told NEW OPTIONS. "It will have a half million dollars capital and be lodged in our non-profit. And be staffed by an 'enterprise agent' whose job it will be to organize 'borrowing groups' of people who either are or would like to be self-employed. And these borrowing groups will work modelled exactly on how they are in Bangladesh.

"So if you live in a small town in Arkansas and you want to borrow small amounts of short-term capital, you'll have to go find four other people who are motivated and interested in the same way you are. You'll have to meet [with them] regularly. And then you and your buddies in the group will decide which two of you should draw down the first loans.

"You'll be eligible to borrow say \$1,000 to begin with, maximally say about \$5,000. And after the first two people borrowing are repaying as agreed, the next two people—say maybe 2-3 months later—will borrow. And if all four people are paying back as agreed, then the fifth will borrow.

"And everybody will know that the next time around they'll be able to borrow a higher amount. But they will never be able to borrow again unless everybody is paying as agreed, or unless they clean up the debt of the defaulter.

"What [all this] is is an effort to find an adequate substitute for collateral. Which is in this case, peer pressure and peer support."

The old-fashioned way

For all their innovations, there is a sense in which the New Bankers are a throwback to the old.

"Sometimes I think we're just old-fashioned good community bankers!" Gryzwinski told NEW OPTIONS. "[Our] banks were all chartered to take care of the credit needs of their local service areas. And the communities of people who've needed credit have remained essentially the same. They're the same size: neighborhoods, places like that. But the banks have become international banks. And the banks can no longer relate to the neighborhoods, because the neighborhoods' needs aren't for billions of dollars. They're for tens or hundreds of thousands of dollars per deal.

"Also, I think particularly if you look at banks inside cities you'd see that bankers have very little to do with the communities in which their banks are located. The bankers typically live in the suburbs, and are sort of 'absentee bankers.' And that wasn't true before. . . ."

"There's a proportion of what we're doing that's much more traditional, actually, than what any of the major banks in New York are doing," Comstock told NEW OPTIONS. "They're all involved in a headlong flight into investment banking—mergers and acquisitions and all that kind of stuff—and are trying to get as far away from traditional banking as possible. . . ."

"They might still have a department that does small-business lending. But look at the amount that they do! Their focus on small-business lending has greatly declined compared to what it was 15 years ago, let alone 30 years ago.

"There's parts of the old-fashioned thing that I don't like. I mean, you know, there was racism in the old banking world, there was sexism, there was classism. . . ."

"The capital flow *now* is as classist as could be. Basically, the entire collective savings of our society are being funneled into the banking system, [which then funnels it out] into the wealthiest sectors of the economy. . . . The savings of the people of this borough are being siphoned out and taken to Japan, and Donald Trump! I mean, how do you think Trump builds all this stuff? He didn't start out having \$100 million. *It's our collective savings* that allows these people to do what they do!

"It is outrageous. And it's entirely related to why there are so many miseries within this country."

500 miles

Comstock pauses, looks around. "In the Sixties, we were outraged and were trying to figure out some way to STOP IT!!—which we didn't make a whole lot of progress on. Now it's more a question of, you know, how to get our hands on some of these [economic] tools.

"We've gotten our hands on an immensely powerful tool compared to what used to be available to us [as community organizers and fledgling co-op managers]. To me it's the same kind of excitement I suppose as the day I first got my hands on a really good power saw as compared to working with a hand saw. Boy, this is, you know, having the ability to put together an institution where you've got \$100 million in assets, \$100 million in loans and investments—that to me is really exciting, to have that kind of tool to work with. And not just [work with, but] *use* to create something beautiful."

Another pause. And a grin. "Who could ever think of using the word 'beautiful' in connection with a bank, right? I mean, it's a contradiction in terms. . . ."

Gryzwinski, Houghton and Shapiro: South Shore Bank, 71st & Jeffery Blvd, Chicago IL 60649. Pickens: The Neighborhood Institute, 1750 E. 71st St., Chicago IL 60649. Comstock: Bank for Social Responsibility Organizing Group, P.O. Box 404290, Brooklyn NY 11240.

Continued from page eight:

The middle 150 pages or so are meant to heal the self—to "work magic," as Starhawk might put it. The last 100 pages are meant to ground us in our political communities. If you're willing to go along for the ride, as I eventually was, you'll finish the book feeling better about yourself, better about others, and deeply moved.

Beyond power-over

The first part of the book—the "transitional" part—demonstrates that "we are in pain because we live in psychic and social structures that destroy us." And it argues that there are three distinct kinds of power: "*Power-over* is linked to domination and control; *power-from-within* is linked to the mysteries that awaken our deepest abilities and potential. *Power-with* is social power, the influence we wield among equals."

In the middle part of the book—the "working-magic" part—we learn that there's an oppressive, "power-over" kind of authority figure lodged *in our own minds*, and that it oppresses us in one or more of five guises. For example:

- "When we are oppressed by *the Judge*, we experience the self as an object to be judged, and we identify with the judge and judge others";

- "When we are possessed by *the Defender* [aka the Conqueror, aka the Avenger], we see enemies everywhere, and any difference, any disagreement, becomes the occasion for defining the other as the enemy";

- "*The Censor* [convinces us] that if [we] let [our] strength, [our] joy, [our] power show, [we] will be punished. . . . [We feel] sure that should we reveal who we really are, our worthlessness will show."

Much of this middle section tells us how to free ourselves from the grip of the oppressive internal authority figure.

The final, "grounding" part of the book shows how we reproduce our internalized "power-over" authority figure in our social structures and—even—in our "oppositional" political groups. The section bristles with corrective exercises, processes, meditations, caustic warnings, and good advice. The section on the five necessary leadership roles in groups should be read by anyone seeking to understand how last summer's Green gathering (NEW OPTIONS #40) might have been done better. The eleven guidelines for "responsive leadership" should be read by anyone whose leadership ambitions extend as far as walking their kids to the corner store.

Again and again Starhawk shows how we can create "structures of [personal] support," then build on that support to take positive action in the world. If this bee witchcraft let's have more of it.

Letters . . .

What growth?

NEW OPTIONS #44 came in the mail this evening and I read it all right away. As a farmer I am not very busy in January.

I enjoyed your report on the little conference on economics ("Economic Growth Is Not the Answer"). But I missed a sense of judgment in your report—you could have, should have, written a *critical* appreciation, despite the cozy ambiance of the rustic setting.

The speakers you reviewed both simply assumed that we *are* growing economically. You might have pointed out that growth in the money economy reflects the growth of "illth" as well as of wealth.

And you might have pointed out that much of what passes for growth is simply the shift of economic activity from the informal household economy to the market economy. (Consider the proliferation of fast food outlets in recent years as food preparation shifts from the home to the restaurant. Consider the "economic" growth of day care as more parents work, and the growth of counselling and corrective "services" as more households fall apart.)

None of this is real growth. Even us dumb farmers who raise our own food know this, and that's why we do it.

—Maynard Kaufman
Bangor, Mich.

Toward good growth

Louis and I think you managed to say a great deal in a very few words in your review of our book, *Democracy and Economic Power* (NEW OPTIONS #40)—a sign of comprehension on your part. I suppose it is true that neither the right nor the left likes us; I hadn't quite realized that before. It explains a lot.

Last November Louis's and my article, "Leveraged Buyouts Good and Bad," was the cover story in *American Management*. We tried to make very clear the difference between the original leveraged buyout—the Employee Stock Ownership Plan—and the Wall Street LBO which is the rip-off plutocratic perversion.

—Patricia Hetter Kelso
San Francisco, Calif.

Wealth vs. growth

Your piece on Louis and Patricia Kelso (#40) as well as earlier features on Stuart Speiser (#29, 31) encourage a response.

Efforts to democratize capitalism by extend-

ing stock ownership to employees and others run smack into efforts to reduce our destructive dependence on economic expansion.

Shortly after the Kelsos published *Two-Factor Theory* (1967), I calculated that in order to capitalize average Americans as the Kelsos suggested, the American economy would have to grow *seven times larger* than it then was, in order to be able to consume the output of this increased capitalization. Capital was then and is now in far too *much* supply given the extraordinary ability of productivity-enhancing technology to flood any market with goods and services.

Keeping capital fully employed is just as much of a burden on the environment, on the resource base and on economic policymakers as keeping workers employed. It is the need to keep capital and labor fully employed in a context of ever more efficient technology that provides modern societies with the rationale for economic growth.

Yet all is not lost. The energy crisis has provided us with the most visible example of how what I call "reverse economics" can help to increase everyone's wealth (in all senses of the word) without at the same time contributing to growth.

The utilities have been forced into considering conservation a better source of energy than new capacity. Likewise, any household which focuses its efforts on ways to prevent waste and save money will, in today's economic environment, generally end up in a better position than if it focused its efforts on earning more money and extending its credit.

I have lived on \$3000-4000 per year for the past 20 years. Yet I have no debts and all my assets—material assets, skill assets and intangible assets—*increase* in value every year.

Reverse economics is not the complete answer to our problems. Yet it does offer enormous potentials for adjustment to a post-industrial political economy that is non-bureaucratic, non-revolutionary and non-authoritarian. The capitalization schemes of the Kelsos and Speiser, since they work in the opposite direction, do not.

—Frederick P. Jagels
Cabot, Vt.

Bad dream

Your report on the Second Thoughts conference, NEW OPTIONS #43, and your observations about its hosts, Messrs. Collier and Horowitz [Peter Collier and David Horowitz, former editors of *Ramparts*-ed.] brought to mind a long-standing dislike I have felt for their journalistic behavior.

When interviewing members of the Rockefeller family for a book during the 1960s, I am told that Collier and Horowitz repeatedly insistently assured family members they were inter-

viewing that all conversations would be off the record. My wife, Eileen, smelled a rat and refused to be interviewed. As a result she was the only family member of her generation who was *not* quoted extensively in the book.

As a former journalist myself, I find this story disgraceful. I have heard that the Kennedy family experienced similar deception and have attributed the suicide of one of their members to revelations in the book. So your description of the pair as a "bad recurring dream" seems appropriate.

—Paul J. Growald
San Francisco, Calif.

David Horowitz and Peter Collier were my bosses in the 60s when I worked at *Ramparts*, and they fired me for being out in the streets at demonstrations too often—instead of sitting back, as perhaps they did, and commenting on the movement from a distance as cozy "armchair radicals."

I wonder if maybe the values of the 60s were never really brought into the daily lives and relationships of some of these [Second Thoughts conference] people, but only remained "great theories" in their heads. If so, 180 degree shifts should not be that surprising.

—Corinne McLaughlin
New Synthesis Think Tank
Shutesbury, Mass.

Honorary women?

[Good men can be seen as] "honorary women," says the rabid Sonia Johnson ("Passions of Feminism," NEW OPTIONS #44). What a disgrace!

Yes, women are great. But why imitate a good thing when you are another good thing?

Yes, I mean to say—proudly—that men are inherently good, loving and lovable. Men also make mistakes, serious ones, for which we should be criticized. But not condemned by the self-righteous.

Johnson does hate men, clearly, [despite what you say], as do authors Andrea Dworkin and Shere Hite.

Men-bashing is in today. Men should be challenged for negative behavior, but a few radical feminists use "man," as you write, to refer to a "complex of attitudes, values and priorities that has been identified as dangerous." This is to identify man-as-the-enemy.

But men are not the enemy! Sexism is.

How easy to blame men for all the world's problems. A nice scapegoat. But, sisters, don't give up on us! Don't follow Johnson's counsel and take your "eyes off the guys," unless you really want a world without men, as some radical feminists do. Keep your eyes on us and work with us to change for the better.

"It's okay to love men," your review says

Johnson believes. Well, thank you, wonderful goddess. Let me go further. If you do not love men (and if you do not love women), your hate contributes to worsening the problems in our society rather than improving them.

I have supported feminism since coming into manhood. I will continue my active alignment with the women's movement. And I will speak out against its few man-haters, like Johnson.

—Shepherd Bliss
Berkeley, Calif.

Where's the vision?

I've seen nothing on Central America in NEW OPTIONS since you flirted with benign interventionism three years ago [citizen diplomacy, "moral" diplomacy, conditional aid and trade, etc.; see esp. #11, 13 & 20—ed.]. Obviously Central America is still there. Is there no longer a green response to it?

That would be odd since the Arias plan demonstrates the joining of vision and power that you say you seek (in "Two Conferences, One Generation," #43). The process underlying the Arias plan is worth analyzing as a potential solution for other regions.

In the same "Two Conferences" article you note efforts to create a "New Synthesis Think Tank" as a way of disseminating green perspectives to decisionmakers. Unless greens have something solid to say on a *range* of issues, including the tough ones, why should policymakers pay attention to them? Greens need to broaden their discussion to more of what's happening in the world today, *especially* issues on which there is no obvious green solution. That discussion should be open to ideas arising from sources other than those characterized as "post-industrial" or "post-left" (NEW OPTIONS should be commended for doing just that with its fine issue #24 on terrorism).

Broadening the agenda and becoming more receptive to solutions from other voices means moving beyond the fixation with "the Vietnam generation" that characterizes NEW OPTIONS. "Two Conferences" is yet another installment in this ongoing and, by my lights, increasingly irrelevant saga. More than one generation was affected by Vietnam. Much has happened in the meantime. Isn't it time to discard this badge of specialness?

—Prof. Eldon Kenworthy
Dept. Government, Cornell University
Ithaca, N.Y.

Third thoughts

I recently returned from several months of travel in Central America. I went down there out of curiosity. As an activist in the movement against U.S. intervention in the region, I have become disillusioned with my fellow activists'

willingness to apologize for or overlook such abuses as press censorship, forcible relocations of peasant population and military conscription when they are committed by *leftists*.

In Central America I found that there is not nearly as much enthusiasm for revolutionary movements such as the FMLN [El Salvador] and the Sandinistas as leftists in the U.S. would like to think. If the Reagan administration is using the Orwellian logic of war-is-peace, then its left-liberal opposition is certainly using dangerous and cynical over-simplifications.

While I am not an apologist for the Sandinistas, it is obvious to me that the situation in Nicaragua must not be allowed to serve as an excuse for further U.S. intervention—certainly not support for a gang of cowardly, sadistic thugs like the *contras*! If you are still looking for a "Third Force" in Central America (NEW OPTIONS #11), I suggest you forget those who seek any "middle ground" that would leave a repressive military apparatus and absurdly inequitable land distribution intact (such as the "democrats" of Guatemala and El Salvador).

It will be recalled that Augusto Cesar Sandino, the Nicaraguan peasant revolutionary of the 1930s, was *not* a Marxist—he was a spiritual visionary who sought to create methods of social organization that were endemic and specifically appropriate to what he called the "Indo-Hispanic race" of "Meso-america." It was only 50 years of U.S. support for the Somoza dictatorship that turned the Sandinista revolutionaries into pro-Soviet Marxists. If some Nicaraguans are naive about Soviet intentions, it is for the same reason that some Afghans and Poles are naive about U.S. intentions.

—Bill Weinberg
Brooklyn, N.Y.

Self-reliance for all

I have just returned from a research leave abroad and read Hal Harvey's article "The Best Defense Is Dealing With the Roots of Conflict" (NEW OPTIONS #38). I feel it is aimed in the right direction. But if we develop alternatives to resource dependence, we'll need to consider the effects on Third World countries' economies—which are themselves dependent on us.

That dependence is often exploitative, and they need to move toward greater self-reliance themselves. Without assisting self-reliant forms of development in the Third World, we can worsen the conditions that lead to conflict and intervention.

—George W. Shepherd, Jr.
Author, *The Trampled Grass* (1987)
Denver, Colo.

I enjoyed your piece on the North-South non-

governmental organizations (NGOs) conference in London (NEW OPTIONS #42). Having worked 11 years in Africa I feel that if Northern NGOs were really serious on African self-reliance—and some are—they could all be out of Africa by 1995.

Creating independent, strong, efficient African NGOs should be the *number one priority* of Northern NGOs in coming years. They will still have plenty of work educating the Northern public, which sorely needs it.

—Pierre Pradervand
Geneva, Switzerland

"The time is ripe"

I applaud your publication and its efforts at realizing the New Age. Already droplets of ideas are precipitating out of the fog of my righteous indignation at our current situation. The turbulence I sense in the U.S. Greens is most unfortunate, they are the only real political group I have any faith in.

I would like to see the Greens seriously focus on one very important issue—power. Being a young, modern, educated woman of the 80s, I have none of the 60s-ish paranoia of power and actively work to obtain it.

The power obtained from a good idea is not megalomaniacal or egotistical. I believe the Greens have potential for this wholesome kind of power. With the economic upsets recently and more to come, the time is ripe for potent action, not impotent factionalism.

—Donna Williamson
Tustin, Calif.

The combination of two of your recent cover stories confirms what I have believed for many years. Some mainstream politicians are ready to deal with our causes ("Visionary Bills," #39); but we are still off fighting *with each other* about the most critical causes or the exact way in which the change should come about ("Green Gathering," #40).

It is time for us to commit to bringing about real changes on the ground in ways that are going to make a multitude of relatively small differences rather than trying to manufacture some massive, ideal plan.

I am writing this on a day when I spoke to vocational-education teachers in Arizona. When asked to state on a scale of 0 to 10 how much change would take place before the year 2000, almost all were above 5 and many were 8s, 9s and 10s.

The time is ripe for fundamental change if we would learn to present it in ways which encourage rather than frighten people. It is even possible that the 1988 election could deal with the real issues!

—Robert Theobald
Wickenburg, Ariz.

LePage: the new three R's

There's a connection—as even George Bush recognizes—between our social and economic problems and the kind of education we've been giving our kids. But who knows, really *knows*, how to make our schools better?

The several recent blue-ribbon "reports" on education call for (a) more discipline and (b) more money. They teach what some have called the new Three T's: toughen up, tighten up and tax 'em up. Meanwhile, the author of *Deschooling Society* (1971)—last season's bright new idea—has taken a teaching job at Penn State.

But things are less bleak than they seem. Outside the glare of the media spotlight, thousands of dedicated educators—public school principals and alternative-school founders, school board members and "home schooling" advocates, Waldorf School teachers and ghetto-kid tutors—are pursuing a new direction in education, one that pays a great deal of attention to the student-as-person and to the interconnectedness of all things.

Many of these educators are "local heroes," in Bill Berkowitz's felicitous phrase (NEW OPTIONS #45); that is, many of them are simply doing what they feel makes sense, and are entirely unaware that they're part of a larger trend. Now comes a book that seeks to define and celebrate that trend—Andy LePage's *Transforming Education: The New Three R's* (Oakmore House Press, 6114 La Salle Ave., #328, Oakland CA 94611, \$17 pbk).

Only connect

LePage, who is himself a teacher and seminar leader, laments that education belongs "much more to industry than to art" in this country. The consequences are severe: "If the goal of a system of education is the teaching of a specific content for an industrialized society, with little or no expectation or acceptance of creativity," then people who come through that system will be damaged as human beings and incapable of contributing to economic and political change.

The alternative is clear: "Education has to deal first with the inner person of the student so that his or her psychological health can be maintained. . . . The new educational system must be based on a firm psychological foundation, with nurturance as the footing." Teachers should concentrate on helping their kids learn to accept, touch and trust each other ("When students trust each other with a temple massage, it becomes easier to trust in other areas . . ."). That accomplished, "the building up of the student's personality structure continues with the addition of admiration and encourage-

ment."

The other prime task of the educational system is to teach us to "stop thinking in dichotomous ways [and] start thinking in integrative ways." First and foremost that means changing the curriculum to one that's "inclusive" and "Earth-related." It's time for English, social studies, chemistry, algebra, etc., to be folded into seven even larger subjects. Among them:

- **Our planetary home.** Encompasses "the [physical] universe," and atoms, and much in between: genetics, geology, chemistry, bioregions. . . .

- **The human family.** Population statistics, levels of nutrition, definitions of wealth and poverty, levels of morality. . . .

- **Our place in time.** Includes our relationship with the natural world over time and our cultural heritage.

- **The miracle of individual human life.** "A study of individual human life as a unique form of universal or divine consciousness—mind—on the planet."

Is compassion enough?

Despite its many excellences, LePage's book also reflects some of the weaknesses of some of the more New Age-oriented advocates of "transforming education."

It is too wordy, and too abstract. Sometimes you get the impression LePage thinks he's inventing the students-are-people/everything-is-interconnected approach from whole cloth, with only Matthew Fox and Robert Muller and a couple of others to guide him. He'd have done better if he'd spent more time in the trenches reporting on what countless numbers of educators and administrators are—in bits and pieces, and against formidable odds—already doing.

And sometimes LePage tries so hard to be nurturing that he becomes overprotective. For example, he'd only have grades be self-applied ("placed on students by the students themselves"). Or, for example, he writes this: "Why can't all those who feel led to be cheerleaders, lead cheers? Why won't we let those who feel led to write, write? What kind of thinking allows some to 'make it' while others don't? What message do we send to those who don't make it? Only one message. It is loud, clear, devastating and deadly: 'You did not make it because you are not good enough.' That is discouragement in its highest form. . . ."

But most people are not particularly good at what they do, and the world can always be counted upon to remind them of that fact. It

would have been far better for LePage to stress—as many of the new-style educators do stress—that besides developing kids' sense of self-worth and sense of the interconnectedness of all things, education has a third main task. That is to help kids discover one thing that they love to do, one thing that is uniquely "theirs," and then help them develop the skills and knowledge and grit to pursue it until they *are* "good enough" to succeed at it. American education not only fails to encourage compassion, it also fails to encourage passion; and it may be that the discovery and pursuit of a special passion will do more for a person's self-image and sense of connectedness to the world, than even the sweetest massage.

Naming of parts

So what are the new Three R's according to LePage? Responsibility, renewal and reverence. "*Responsibility* means 'staying with' students in good times and bad. . . . *Renewal* happens when knowledge and ideas are brought together in such a way as to be made fresh. . . . *Reverence* refers to the quality of holiness for what is." Yes, yes, yes. And the new Three R's don't just characterize a life-giving educational movement. They also characterize a life-giving political movement—as the headlines below indicate.

Responsibility: Rothschild's co-ops

Joyce Rothschild and Allen Whitt's *The Cooperative Workplace* (Cambridge Univ. Press, \$30) has got to be one of the most honest books ever written about the social change movement. Co-ops are presented not as we wanted to experience them, but as we did—and do—experience them: as a mixed blessing.

A couple of years ago, when the authors were graduate students at the University of California-Santa Barbara, they embarked on an "intensive study" of five cooperative workplaces in the area: medical clinic, alternative high school, food co-op, collective newspaper and legal collective. (They also read seemingly every study ever done on co-ops.) Their overriding ambition was to challenge the sociology profession's famous "Iron Law of Oligarchy," which states that as an organization grows, internal democracy always collapses.

Akin to tragedy

The authors begin by "proving" that collectives are a separate and unique *kind* of organization (the sociology profession maintains that there are only three kinds of organizations: patriarchal, charismatic and bureaucratic). They

go on to ask, What conditions support the existence and good democratic health of collectives? (In other words—what conditions permit us to get around the “Iron Law of Oligarchy”?)

Here are some of the conditions that successful democratic collectives are said to require: ongoing internal processes of mutual and self-criticism; strictly enforced limits to organizational size; financial dependence on members and clients (rather than, e.g., foundation or government grants); provision of clearly “oppositional” services; and relatively homogeneous ethnic and/or cultural bonds among members.

So far, so good. But—and here’s the authors’ other main point, the point that takes their book out of the realm of mere sociology and elevates it to something akin to tragedy—each of these “conditions” exacts a real price from collective members, a price that many of us might rather not pay. For example, how many of us really want to put up with a barrage of constant criticism? How many of us want to constantly reign in our personal and organizational ambition? How many of us want to maintain our opposition to the powers-that-be yet, at the same time, master the marketing techniques that can permit us to live without foundation or government grants?

And there are other problems with “organizational democracy” that the authors choose to dwell on. It takes time. It is emotionally intense. There are all kinds of external constraints—legal, economic, political, cultural. . . .

Despite the authors’ relentlessly clear-eyed view of things, in the end they come out on the side of collectives. Here they are in their Alvin Tofflerian guise: “The move from the mechanical age of moving parts to the electronic age of integrated systems will lead us to seek organic forms of organization to replace mechanistic ones. . . .” And here they are in their Murray Bookchinite guise: “Although they don’t put it this way, members [of collectives] are trying to integrate the world of work with the sentiments of play.” The authors’ supportive conclusion is entirely convincing given their willingness throughout the book to point out collectives’ dark side.

Renewal: Korten’s villages

Despite some stiff competition, David Korten’s new anthology wins our Most Boring Title award: *Community Management, Asian Experience and Perspectives* (Kumarian Press, 630 Oakwood Ave., #119, W. Hartford CT 06110, \$20 pbk). But Korten himself is hardly boring—he’s the maverick Asia Regional Advisor to U.S.A.I.D. whose xeroxed position papers circulate around the world and whose incendiary

speech lit up the Foreign Assistance Working Group meeting last summer (NEW OPTIONS #41). And the anthology promises to upset not just traditional conservatives, liberals and socialists, but some grassroots activists as well.

Throughout the book, development experts from all over Asia (as well as the U.S.) critique “centrally mandated development programs” and describe and defend programs generated by ordinary people meeting democratically at the community level. As in the Rothschild-Whitt book, reviewed above, these programs are not romanticized; they’re presented warts and all. But the authors leave no doubt that locally-inspired and locally-run programs have at least the *potential* to be infinitely more productive than the kinds of programs U.S.A.I.D. has traditionally supported.

But there’s a second, and deeper, agenda here. Some of the authors (and especially, the editor) claim that the small-scale local development model is insufficient. The scale of most local initiatives is *too* small to affect national development policies; moreover, local initiatives can easily be squelched by centrally administered service delivery programs (not to mention, centrally administered repression). Clearly, something more is needed.

According to the editor, “sustaining the outcomes of self-reliant village development initiatives depends on . . . integrat[ing] local initiatives into a supportive national development system.” In other words, it’s not enough for public and private development organizations simply to fund local development efforts. They must also seek to catalyze broader policy and structural changes at the level of the Third World governments themselves. Third World governments must be encouraged to *work out public policies in conjunction with* grassroots development efforts.

Can it be done? It’s too dicey, say some grassroots activists; most governments will

surely seek to control what they assist (cf. NEW OPTIONS #42). In response, Korten et al. point out that some public and private development organizations have already managed to catalyze supportive national reforms: International Planned Parenthood, CARE, Bangladesh Rural Advancement Committee. . . .

Reverence: Starhawk’s psyches

Let’s face it. Even as we try to make the world a decent place, we are torn by less-than-decent emotions: bitterness, envy, etc. Our relationships are, too often, unpleasant, our political gatherings, venomous. At one o’clock in the morning, it occurs to every one of us: How can beings so torn ever create a decent world?

That’s the question Starhawk seeks to answer in her new book, *Truth or Dare: Encounters with Power, Authority and Mystery* (Harper & Row, \$20). “Starhawk” — aka Miriam Samos—is a practicing witch, but don’t let that throw you. *Truth or Dare* is at least as grounded and practical as anything you’d get from a psychologist (and in fact it draws on a sophisticated knowledge of psychotherapy and social psychology as well as of witchcraft).

I was thrown by the book. I spent my first two hours paging through it in a state of deep confusion. It’s chock-full of advice, poetry, exercises and meditations for individuals and groups, first-person accounts of political demonstrations, political theory, and more advice—all mixed together like a chocolate sundae. It wasn’t till I figured out the book’s underlying structure that I began to get the hang of it.

It’s structured like a witchcraft ritual. The first 100 pages or so serve as a kind of transition.

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