

New Options

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To Balance the Budget, Build a Sustainable Society

When Ronald Reagan submitted his eighth consecutive unbalanced budget earlier this year—calling for a “deficit target” of approx. \$130 billion—virtually no one objected. The entire traditional political spectrum from far right to far left seems to have reconciled itself to the permanently expanding national debt as a fact of life. Politicians and analysts no longer speak of balancing the budget, merely of “holding down” the deficit.

Everyone seems to believe we can be fiscally responsible OR socially constructive, but not both at once. It is NEW OPTIONS's contention—and the contention of a growing number of visionary economists and economic thinkers—that just the opposite is the case. The way to balance the budget is to build a sustainable society.

Soaring deficits

Many politicians are trying to convince us that—through the Balanced Budget Reaffirmation Act—the deficit will be brought down to \$23 billion by 1993. Even the Congressional Budget Office (CBO) laughs at the politicians' arithmetic.

In its respected *1988 Annual Report* the CBO states, “Under current budget policies . . . [and w]ith continued real economic growth [!], the baseline deficit is projected to decline to \$167 billion in 1990 and \$134 billion” — not \$23 billion — in 1993.

The CBO's figures are sobering. But even they underestimate the problem. “The budget deficit is going to be *going up again*,” Robert Hamrin, author of *A Renewable Resource Economy* (1983) and former economics advisor to Gary Hart, told NEW OPTIONS.

“This past year it went down substantially. But that was just a temporary aberration in the trend of rising deficits. We're probably going to see the deficit rising to \$180-190 billion over the next couple of years. If we get a recession in the next year or two—which is likely—then we're going to see the deficit climb well over

\$200 billion. . . .

“And the deficit problem is even worse than [that]. The Social Security system is starting to build up huge [albeit temporary] surpluses—and these surpluses are included in the overall ‘unified budget,’ as it's called. With the Social Security surpluses excluded from [the budget], the real deficit soars above the \$220 billion level in the early 1990s.”

Rising to the challenge

A \$220-plus billion deficit even *with* the Balanced Budget Reaffirmation Act? It's no wonder that Democrats and Republicans have virtually stopped addressing the issue. (The left's position was perfectly expressed in the cover story in this month's *Mother Jones*: “This is not a time to chop mindlessly at government spending, but to launch an economic strategy of high growth.”)

But for those of us who are committed to building a sustainable society—a society characterized by human growth rather than material growth—there can be no avoiding the issue.

Fortunately, many innovative economists and economic thinkers are rising to the challenge. All across America, in small state universities and feisty non-profit organizations, little-known thinkers are generating proposals for raising revenues or reducing expenditures that would—at the *same time*—succeed in fostering a sustainable society.

Over the last month, we interviewed 20 of these new-style economists and economic thinkers. They don't represent a distinct economic “school” or “tradition” — unless there's such a thing as an E.F. Schumacherian tradition. But you can find a good number of them in two organizations that are seeking to go “beyond left and right”: the Society for Human Economy (Box 14, Dept. Economics, Mankato State Univ., Mankato MN 56001) and The Other Economic Summit/North America (c/o Susan Hunt, Dept. Economics, Univ. of Maine, Orono

ME 04469).

Through these organizations, the New Economists are just now beginning to discover each other. Most of them don't yet realize how potent their collective message is. For example, most of them will be stunned to discover that, when we put 12 of their best suggestions together, we were able to *completely eliminate* Hamrin's projected \$220-plus billion deficit. We were able to increase revenues and decrease expenditures by \$250 billion a year—\$127 billion more than *Time* (29 Feb. 1988), \$175 billion more than *The New Republic* (30 Nov. 1987).

Come see for yourself.

The first six suggestions below would increase federal revenues by \$150 billion in 1993 (we're allowing four years to implement our suggestions). The next six would decrease federal expenditures by \$100 billion.

Merger tax (\$25b.)

“We might want to consider taxing mergers,” James Brock, professor of economics at Miami University (Ohio) and co-author of *The Bigness Complex* (1986), told NEW OPTIONS.

“The merger fever that's going around builds in all kinds of speculative value in stocks completely divorced from any kind of underlying economic reality. [Mergers also add to] the problem of bigness—the power that goes with sheer corporate size. . . .

“The old rationale for taxing liquor and cigarettes was as a ‘sin tax,’ right? Well, why not tax economic sin? Why not institute an economic sin tax?”

“You could have a progressive tax scheme like we do for income: Small mergers less, giant mergers more—because they're more destructive.

“Another thing you can do [to discourage mergers is eliminate] a lot of the deductions associated with mergers. The legal fees and the investment banking fees and so forth can all be written off now. And a lot of the deals are being financed with extremely large

amounts of junk bonds and debt on which the interest is all deductible. . . .

"Suppose we take \$200 billion a year as a rough figure for the size of all mergers and acquisitions. Figure a 10% tax on that, you're talking \$20 billion." If we also eliminated many of the deductions associated with mergers we could raise a total of at least \$25 billion in 1993.

Inheritance tax (\$20b.)

"I think we should have a high inheritance tax," Lon Smith, professor of economics at Mankato (Minn.) State University, told NEW OPTIONS. "We should all sort of start equal in this country.

"Some people earn a lot of income, and I'm willing to let them keep most of it. But when you see the second or third generation with its inherited millions—well, I don't see them deserving it.

"I think [a high inheritance tax] has some Biblical foundations; I think it's tied to at least the purpose of the Jubilee year. [Also,] in the pennant races they go for a year and the next year they start all over, don't they? They don't continue with the last team 15 games behind and just keep going and going.

"You'd want to allow people to pass on their family farms; you wouldn't want people to have to sell them. A certain amount of acreage could be exempt. Also, you'd have to [allow people to] pass on a family home. You don't have to pass on a mansion, or second or third homes, but I would say you have to treat homes the way you'd treat farms.

"But basically everything besides your home and your land [should be subject to the inheritance tax].

"[Ideally,] I'd set a limit rather than a tax. I'd go up to \$100,000 and that's all. I'm not tied to that figure. But I think \$100,000 is enough to get a person going."

The CBO estimates that, if we taxed capital gains at death (under the income tax), we'd raise approx. \$6 billion in 1993. So it is safe to say that if we adopted even the mildest, most watered-down version of Smith's scheme, we could raise \$20 billion in 1993.

Stock market tax (\$15b.)

"I think we have to consider a transfer tax on stock purchases," Don Cole, professor of economics at Drew University (Madison, N.J.), told NEW OPTIONS.

"[We need] a federal tax on stocks and bonds traded on the U.S. stock exchanges," echoed Mark Lutz, professor of economics at the University of Maine (Orono) and co-author of *The Challenge of Humanistic Economics* (1979).

"The tax would apply to the purchase or sale of securities," says Cole. "It's basically aimed at taxing financial speculation. I mean, financial speculation in my view contributes absolutely

nothing to real economic activity. So why not simply tax those transfers?"

"[The tax] would discourage short-term buying and selling," Lutz told NEW OPTIONS. "It would boost the cost of speculative transfers and therefore make them less attractive and discourage them. But [it wouldn't discourage] the long-term serious investor.

"Take 100 [shares of] U.S. Steel or Texaco or whatever at \$50 a share. That's a \$5,000 investment. If the tax were 1% that would be \$50 [in all]. That's really no big deal for somebody who [holds onto their stock] for three years. But if you do it every other day, you know, if you're buying and selling your stock three times a week and putting down \$50 each time, then it's more of a big deal."

Lutz suggests a tax of up to 1% on exchange of stocks and up to 3/4% on exchange of bonds ("speculation in bonds is much less harmful"). Lawrence Summers of Harvard recently calculated that a tax of 1/2% on exchange of financial securities would raise more than \$10 billion a year (*The New Republic*, Nov. 30 1987). So we can assume Lutz's tax would raise a minimum of \$15 billion a year.

"Health tax" (\$25b.)

"We have a concrete proposal," Patricia Taylor, director of the Alcohol Policies Project at the Washington, D.C.-based Center for Science in the Public Interest, told NEW OPTIONS. "What it would do is raise the beer and wine tax to the present liquor rate—and then double [all taxes on alcohol].

"The excise tax on beer and wine has not been increased since 1951! And the liquor excise tax was [only] raised nominally in 1985. Right now in many parts of the country it's cheaper to go out and buy a six-pack of beer than a six-pack of soda. . . .

"We like to talk about it as a 'health tax' rather than as a 'sin tax.' Research indicates that raising excise taxes on alcohol reduces alcohol problems, reduces the purchasing of alcoholic beverages by underage kids, and even has an impact on the purchases of people with alcohol problems—which is [quite a] startling finding! A number of researchers have suggested that raising alcohol excise taxes is one of the most effective ways we can deal with drinking and driving problems."

Taylor's proposal would raise \$12 billion in new revenues. But that's only part of the story. Public policy analysts like Charles Phelps, professor of economics at the University of Rochester (N.Y.), argue that "the declines in alcohol-related illness and injury would reduce federal outlays (Medicaid, Veterans Administration, military health care) by *comparable amounts*, a desirable double dip" (*The Wall Street Journal*, 17 Nov. 1987). Let's err on the conservative side and estimate that increasing

the alcohol "health tax" as Taylor suggests would improve things by \$20 billion in 1993.

There could also be a cigarette "health tax." "Cigarette smoking costs the American economy \$65 billion annually in lost health care and productivity costs," Clifford Douglas, assistant director of the Washington, D.C.-based Coalition on Smoking OR Health, told NEW OPTIONS. "A 16 cent increase to the cigarette excise tax [i.e., doubling the current tax] would in one year deter almost one million teenagers from smoking—and would prevent 860,000 premature deaths from smoking-related causes 30 to 50 years from now."

The Coalition estimates that doubling the cigarette tax would raise \$3.5 billion a year in new revenues. Assuming that a decline in smoking-related illnesses would follow, let's estimate that increasing the cigarette "health tax" as the Coalition suggests would improve things by \$5 billion in 1993.

Gas tax (\$45b.)

"We could increase the gasoline tax by 50 cents [a gallon]," Lester Brown, president of the Worldwatch Institute and author of *Building a Sustainable Society* (1981), told NEW OPTIONS.

"The idea of increasing the gasoline tax by 50 cents over current levels may sound somewhat far-reaching in U.S. terms. But that would probably take us up to [only] about half the level of the average gasoline tax in Italy or West Germany or the U.K.

"And it would do several things for us. It would make a major contribution to reducing the federal deficit—it would probably raise about \$45 billion. And it would reduce oil imports, [which] would have the effect of strengthening our balance of payments.

"From an environmental point of view, it would help reduce urban air pollution, acid rain, and the carbon dioxide buildup. So we would

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NewOptions

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Two paths, one movement

On the surface, Blueprint 2000 and the Social Movement Empowerment Project couldn't be more different. The former is the Massachusetts Lieutenant Governor's attempt to help citizens and policymakers think about where their state should go, the latter is activist Bill Moyer's attempt to help political activists think about where their movements should go. But the more we talked with Moyer and with Eleanor LeCain, executive director of Blueprint 2000, the more we realized that, beneath the surface, both projects are seeking to accomplish some of the same things—and are integral parts of the same movement.

A "blueprint"

LeCain was director of the 1984 Peace and Environmental Coalition, which despite severely limited funds managed to bring dozens of movement groups together to write a visionary political platform (NEW OPTIONS #4). Now she works out of a well-appointed office at the Massachusetts State House and supervises a staff of 10. But her passion is intact, and Blueprint 2000 may end up producing the most elegant "futures document" of any state or local government in the country.

"We are developing an 'Action Plan' which will give an overall sense of direction for the Commonwealth [of Massachusetts]," LeCain told NEW OPTIONS amidst phone calls from bureaucrats and legislators. "It will [be] based on principles of sustainability and equality, and [it will] give specific action-step recommendations on what we should do now.

"There's three different sources feeding in to this final Action Plan. One source is the Committees [we're appointing]. There are eight in all, [in areas as diverse as] environment, employment and education. I've been doing a lot of active recruitment of Committee members who I think will bring some fresh, bold perspectives. I definitely don't want this to be a boring report of bureaucratic retreats!

"Another source feeding in to the Plan is the communities. We sent a questionnaire to each of the 351 municipalities across the state. It's a fairly extensive questionnaire on, you know, what are the key issues facing your community.

"The third source is these regional hearings that we've held. We went all across the state last fall and had a second round this February and March. We just kind of listened to what was on people's minds. Anyone could show up—you could just come and participate. . . .

"I'm trying to get all these meetings and all the input wrapped up by the end of June. Then

July and August is my write-up time—to kind of synthesize this and turn the multicolored threads into one beautiful tapestry!"

We asked LeCain how her work compared to her earlier, more ostensibly "movement" work at the Peace and Environmental Coalition. "The similarity is that the Coalition put out that whole platform and people could take [and use] whatever pieces of it they wanted. The difference is that this is connected to someone [the Lieutenant Governor] who will probably carry the ball."

A "map"

Once long ago, Bill Moyer was on the staff of Martin Luther King's Southern Christian Leadership Conference. Later he was co-founder of Movement for a New Society (NEW OPTIONS #8). Now he's director of the Social Movement Empowerment Project, which is based in a big old house in San Francisco's Haight-Ashbury district—geographically and metaphysically, about as far from the Massachusetts State House as you can get.

"The Project is an educational program to help activists 'wage' social movements," Moyer told NEW OPTIONS. "We provide strategic methods through publications and workshops. . . . The Movement Action Plan (MAP) is our key analytic tool. It helps activists understand and evaluate their movements [and] set short- and long-term goals and strategies."

According to MAP, successful social movements go through eight stages: "normal times," "failure of [mainstream] institutions," "ripening conditions," "movement take-off," "[perceived] powerlessness," "majority public support," "success" and "continuing the struggle."

Moyer's 16-page document describing these stages is a brilliant melange of strategic thinking, revisionist history, social psychology, political theory, and Norman Vincent Peale-isms. It is an underground best seller: activists have snapped up 17,000 in less than two years. Moyer's workshops have been sponsored by peace groups, environmentalists, feminists, gays, Greens, disabled-rights activists. . . .

"When people engage in social movements, they get very depressed after a while," Moyer told NEW OPTIONS. "Because even if people are having great nonviolent actions, or whatever, after a while they get tired of it. And they can't see any success. They keep evaluating how their movement is doing by whether or not it's 'won' yet, and not by how well it's doing along the road of success.

"MAP helps us measure what the road of success looks like. So it helps overcome that un-

necessary despair. People can see, Oh, *here's* the progress we've made. . . . We've already gone through *six stages*, you know, and [there's no point] expecting the president to change his mind yet. . . . So this is a highly successful movement. . . ."

The destination

LeCain's Blueprint 2000 is "establishment," Moyer's Social Movement Empowerment Project is "grassroots." But how much does that tell us, really? Both were designed to give us an unusually comprehensive ("holistic") view of things. And both are empowering.

"Our process objective," says LeCain, "is to encourage people to become more active citizens in shaping the future of their communities and their Commonwealth."

"MAP helps people feel more in charge of that whole [movement-building] process," says Moyer. "It helps everyone be strategists. And that's what I think all these movements are striving for—to help average citizens be more powerfully involved in the political process." *LeCain: c/o Lieutenant Governor's Office, State House-Room 259, Boston MA 02133. Moyer: SMEP, 721 Shrader St., San Francisco CA 94117; "Movement Action Plan," \$2.*

Twelve conferences, one movement

Pack your bags. Summer is around the corner, and so are some of the most challenging and substantial—and enjoyable—conferences you ever attended.

Every June-August, North America is abuzz with dozens of underpublicized conferences bringing people together to discuss the kinds of ideas we've been discussing in NEW OPTIONS. Every spring we designate 12 of them as "can't-miss," and every fall we get letters from some of you telling us what a great time you had.

So pack your bags, come see for yourself. . . .

Community living

● A good place to start is with Sirius community's workshop, **Alternative Communities Today and Tomorrow** (June 1-10, western Mass.). You can't go wrong exploring "the benefits and challenges of community living and the innovative ideas being pioneered by these 'research and development centers' for personal and social change." Workshop leaders Corinne McLaughlin and Gordon Davidson are authors of the best book on today's alternative communities, *Builders of the Dawn* (NEW OPTIONS #17). *Sirius Univ. Program, Baker Rd, Shutesbury MA 01072, 413-259-1505.*

● If you liked our piece on the "citizen bankers" (#46), you'll have to leave Sirius early—because

you won't want to miss even a day of the **Management and Community Development Institute** (June 4-11, suburban Boston). The institute is providing "intensive training" in "democratic management, affordable housing development, community and women's economic development, community organizing and conflict resolution." Among the 51 speakers and workshop leaders: Alisa Gravitz of Co-op America (#9) and Charles Rial of Shorebank Advisory Services (#46). *Center for Management and Community Development, Tufts Univ., 97 Talbot Ave., Medford MA 02155, 617-381-3549.*

● Be kind to your Self. Drive west through the Berkshires to the **1988 Peace Retreat** (June 16-19, northern N.Y.), "a chance for those working in the fields of peace and justice to reconnect with the original spirit of their commitment." Daily seminars will cover meditation and grassroots organizing, music and international politics; small affinity groups will help you think deeply about strategies and future plans. "Faculty" include Vincent Harding (#45), Patricia Mische (#24) and Abdul Aziz Said (#24). *Omega Institute, Lake Dr., R.D. 2-Box 377, Rhinebeck NY 12572, 914-266-4301.*

Their summit—and ours

● Since 1984, decentralist/globally responsible thinkers and activists have been sponsoring "alternative economic summits" alongside the official annual economic summits of the seven richest nations (#10 & 17). This year the official summit will take place in Canada, and so will the **Summit Citizens' Conference** (June 17-21, Toronto). Panels and workshops will be sinking their teeth into such "second-order" questions as, Is international trade necessary? Are localized food systems feasible? What are the alternatives to dependence on "defense" spending? Section facilitators include Michael Closson (#38), Joan Gussow (#43) and Larry Martin (#35); presenters include Hazel Henderson (#43) and at least half a dozen economists from our cover story above. *The Other Economic Summit, % Susan Hunt, Dept Econ., Univ. Maine, Orono ME 04469.*

● If you want to pursue some of the ideas from the "alternative summit" in depth, check out the courses, workshops and seminars at the Institute for Social Ecology's **Ecology and Community Summer Program** (June 24-July 24, northern Vt.). According to the Institute, "We need to develop a coherent social perspective that makes possible a new, ecologically sound society. . . ." Among the courses: Community Development, Bioregional Agriculture, Community Health, Feminism and Ecology, Green Politics, and Ecology and Spiritual Renewal. Among the course leaders: Margot Adler, Murray Bookchin, Ynestra King (all #40) and Brian Tokar (#39). *Institute for Social*

Ecology, P.O. Box 89, Plainfield VT 05667.

● Conversely, you can go off in a very different direction—geographically and metaphysically—and sign up for **The Gaia in You** (June 24-July 2, northern Wisc.), a conference at the High Wind intentional community. "[We use] the concept of Gaia as more than just an image of the living Earth. We use it to examine a model for relationships, a call to a new form of politics and economics, and a spiritual cosmology that transcends the usual hierarchical and polarized models." Among the "participants": Katherine Collis, a human relations consultant; Belden Paulson, co-convenor of the New Synthesis Think Tank (#43); and David Spangler, perhaps the most respected "New Age" philosopher (#3). *Kathy Christie, C.U.C.D., Univ. of Wisc.-Milw., 929 No. Sixth St., Milwaukee WI 53203.*

Lifelong learning

● If you were intrigued by Andy LePage's book on the "new three R's" (*Transforming Education*, #46), you won't want to miss **The Education Summit** (June 25-29, Fairfax, Va.). Dozens of innovative educators will be coming out of the woodwork to argue that "we can improve our capabilities throughout life, from the earliest hours to the final years." Some typical presentations: "Loving and Learning in the Prenatal Period," "Cultural Differences as Strengths," "Schools that Are Succeeding," "Grassroots Lifelong Learning and Community Development," and "How a Whole Nation Can Foster Intelligence." *New Horizons for Learning Conference, 4649 Sunnyside No., Seattle WA 98103.*

● You have a week to catch your breath. Then, head west for the 1988 Telluride Ideas Festival, **Perestroika: Restructuring USA/USSR** (July 8-10, western Colo.). "Bringing together Soviet experts closely linked to Gorbachev's reforms with [a variety of] American analysts, [we] will critically examine the meanings and consequences of perestroika." American participants include Patricia Aburdene and John Naisbitt (#20) and Hunter and Amory Lovins (#31). *Telluride Institute, Box 1770, Telluride CO 81435.*

● Resist the impulse to spend your next few days in the Rockies. If you catch a plane, you can make the beginning of **Alternatives for the 1990s** (July 10-16, Washington, D.C.), easily this summer's most Third World-oriented conference. "Resource people from the U.S., Europe and the Third World who are proposing decentralizing alternatives will join participants [and] together we will identify and refine alternative visions and practical strategies." Third World resource people include Peggy Antrobus, a major player at the *World Development* conference (#42), and Fantu Cheru, associate of *The Development Gap* (#28). *Center of Concern,*

3700-13th St. N.E., Washington DC 20017.

"Come a little early"

● Stay on in Washington to attend **Multiple Realities: Personal, Professional, Political** (July 27-31), the 26th annual meeting of the Association for Humanistic Psychology (AHP). "Slotted right in between the two major political conventions, we feel this will be an ideal time to explore what contributions psychology can make to the crucial issues facing our society. . . Come a little early and help us build Community." Topics include "Leadership," "Peace and Humanistic Activism," "Planetary Consciousness," "Risking Change in Organizations," "The Politics of Consciousness" and "Women's Ways of Knowing"; speakers include Jack Canfield (#42), Fritjof Capra (#47), Barbara Hubbard (#45) and Anne Schaefer (see ballot). *AHP, P.O. Box 7226, Stanford CA 94309.*

● The AHP conference ends around 1 p.m. Catch the 1:55 p.m. Amtrak south for **Community Economics as If the Earth Mattered** (July 31-Aug. 4, Raleigh, N.C.), the seventh assembly of the Fourth World. "The 'Fourth World' [is] the politics of tomorrow—the world of small nations, small communities and the human spirit. . . . [We hope] to clarify the objectives upon which our economy and social order should be based [and] stimulate the growth of a 'global grapevine' which informs and empowers." Forums include "Bioregions as a Basis for Community Organizing," "Community [and] Personal Power," "Community Economics" and "Profound Spirit Transformation"; forum leaders include Peter Berg (p. 5 below), Jim Berry (#44), Carolyn Estes (#35) and Susan Meeker-Lowry (#47). *School of Living, 3030 Sleepy Hollow Rd, Falls Church VA 22042.*

A different drum

● Now that you've run yourself ragged all summer, it's time to cool out and think *through* what you've seen. Take a leisurely trip to the west coast for the third **North American Bioregional Congress** (Aug. 21-26, one hour north of Vancouver, B.C.), a biannual event whose organizers see "the revitalization of local places, peoples and cultures as perhaps the only sure way of healing the planet." The agenda isn't set yet, but a look at the minutes of the most recent steering council meeting reveals that it's considering: daily committee meetings (on topics like bioregional education, eco-defense, ecofeminism, green cities, spirituality); sweats; coffee houses (music, theatre/performance); plenaries; fire circles; workshops; spiral dances; speeches; separate men's and women's councils (one day only); and the use of a drum to mark time. See our writeup of NABCII (#35). *Bioregional Project, New Life Farm, Box 3, Brixey MO 65618.*

Letters . . .

Winter into spring

Four things struck me about the bankers in your article "Rebuilding America—the Old-Fashioned Way" (NEW OPTIONS #46):

- Their back-to-basics approach (community-oriented banking as we used to know it) informed by contemporary thinking—multiculturalism, small-is-efficient, etc.;
- Their having the guts to look around for other successful models, *even* in the Third World;
- Their concern with replication;
- Their willingness to provide the expertise to launch the replications and then *get out of the way* so local communities can take over.

It still amazes me that when things look hopeless due to overwhelming complexities and some dumb thinking, that is when—and only when—creative new ideas emerge to fill the void.

—Frank Knutson
Dearborn, Mich.

Summer into fall

Is it my imagination, or is NEW OPTIONS becoming subtly . . . post-Green??

I sense in it a growing sense of the inadequacy of all "movements," a progressive weaning from infatuation with ideology, a getting down to just plain basic decency and action, which is nice. Also, a need to keep moving on, broadening one's context and questioning assumptions—which leads to the same result, a paring away of inessential mental paraphernalia.

Since ideology (political or religious) has always alienated people from each other, maybe this is the only way to make a small-m "movement" that won't provoke "antibodies" (antipathies) in others sharing the same basic needs.

—Annie Gottlieb
Author, *Do You Believe in Magic?* (1987)
New York, N.Y.

Cheap shot

Your readers probably recognize that your cheap shot at the Green movement (that it's "spending the election year passionately debating social vs. deep ecology," #46) stems from your strong personal commitment to the success of the Greens. At the same time, some may have obtained a false impression from your remark as to what the Greens are up to.

Certainly, at Amherst, some of the most vocal discussion was on the philosophical level,

including the merits of the various "ecologies" [see NEW OPTIONS #40—ed.]. Such discussion is important to the coherence of the movement and challenging to many Greens individually.

However, the Green movement by and large is involved in more practical matters. A glance through the Committees of Correspondence's newsletter shows Green groups around the country working on recycling, waterfront development, farm politics, electoral politics, trash incineration, the peace march, housing, the rain-forest, etc., etc.

Fundamental to Green politics is decentralized, grassroots activity. Thus, you will not find Greens primarily in the spotlight debating the stances of Jackson or Dukakis. Nonetheless, the Greens nationally have begun work on a common set of Strategic and Policy Approaches in Key Areas (SPAKA) for completion in 1989. These include items on sustainable community-oriented economics similar in principle to that discussed in your article.

I hope that in the future you'll refrain from tarnishing otherwise fine articles with cheap shots at your friends and allies.

—Daniel A. Coleman
Chapel Hill, No. Car.

Dear Dan: Since the Amherst gathering Greens have expressed themselves plenty of times nationally, through the pages of The Nation, Z Magazine, Kick It Over, and many other periodicals. All the articles I've seen have been about either internal matters (e.g., local organizing) or high theory: biocentrism, deep ecology, social ecology, ecofeminism, etc. We're just not getting the word out about practical Green approaches to health, housing, education, crime, jobs, welfare, or any of the other bread-and-butter issues that concern most Americans in this election year. And that is regrettable, don't you think?

Crucial conflict

I recently wrote a review of Walter Anderson's book *To Govern Evolution* for the British journal *Futures*. Contrasting it with yours in NEW OPTIONS #38, a dispassionate observer might wonder if we had both read the same book.

You seemed to feel that [Anderson's book is important primarily because it helps us think about] whether to be pro or con on subjects like genetic engineering. I don't think that's what Anderson really represents at all.

Anderson attempts to put the case for a kind of super-management of the planetary biosphere that goes [a lot] further than the dabbling with fisheries and forests that's done now. From his point of view, [even wildness exists] only at human behest—and therefore ceases to exist as wildness at all, really.

Anderson represents an extension of human-centeredness. Another view for the next epoch of human history would be that human life is *part* of the biosphere.

This is a crucial point of conflict in the next phase of the ecology movement: Are human beings interdependent with all other life forms or is all life dependent on us?

This distinction is much more significant than the out-dated squabble between "deep" and "social" ecology and has a great deal to do with the philosophy and terms of the post-industrial future.

—Peter Berg
San Francisco, Calif.

Berg is a "founding father" of the bioregional movement and an editor of the national bioregional periodical, Raise the Stakes (P.O. Box 31251, San Francisco CA 94131).

Huckster or savior?

Joe Dominguez's audiocassette course, "Transforming Your Relationship with Money and Achieving Financial Independence" (NEW OPTIONS #45), may be excellent for some, e.g. for those who don't know how to spend money wisely. But for those already off the "production-consumption treadmill," it is much less useful.

The definition of money central to the course is incredibly [conventional and] superficial. This leads to the questionable reliance on independence through government-backed bonds. Is the government's power to tax unlimited? Is that what we want to support?

On the positive side, Dominguez's money-back guarantee is for real.

—Carl Wilson
Boonville, Calif.

I am another NEW OPTIONS reader who has been following Joe Dominguez's program for financial independence. For me the course is not simply about achieving financial independence, [as you imply,] but more importantly about achieving your purpose in life.

Most of us are so busy "making a dying," as Joe puts it, that we never even get around to asking "Why am I here?" or "What do I have to contribute to this planet at such a critical moment in time?" And if we do ask, the need to support ourselves seems to get in the way of our acting fully and contributes to our compromises. Joe's course shows us that we are more powerful than this "nine to five till we're 65" paradigm that we're living out of, and that we have more important things to do. We *can* take control of our lives.

I am working with a hunger lobbying group called RESULTS which you have discussed on two occasions [#19 and 37]. The results that

we could produce with just a few financially independent "full-timers" working amidst the "part-timers" would be PHENOMENAL. I intend to become one of those full-timers.

—Karen McQuillan
Tucson, Ariz.

Out of the bottle

I wanted to thank you for what you wrote about my book (*The Sixties*, reviewed in NEW OPTIONS #45).

As you know, writing a book is quite a lot like sending a message in a bottle. You don't know where it's going, you don't know what anyone will make of it, you anticipate running up against all the screens people erect to ward off difficult rethinking. Well, you read my book exactly the way I meant it to be read, and I was moved by your response.

—Todd Gitlin
Berkeley, Calif.

Life after growth

Your write-up of our "Case Against Growth" conference (NEW OPTIONS #44) was much appreciated.

I believe that economics should continue to occupy center stage, *and* that our values must be reversed so that we produce as little as possible rather than as much as possible. Distribution is the real problem—as Paul Wachtel did such a good job pointing out.

—Jim Berry
Center for Reflection on the Second Law
Raleigh, No. Car.

Wish I had gone to the North Carolina conference. Wish they had expunged [the term] "growth" and talked in other terms, so that they could help the country start talking/debating specifics.

—Richard Grossman
Washington, D.C.

Grossman is former executive director of Greenpeace USA. His newsletter, Wrenching Debate Gazette, is consistently intelligent and original on the subjects of growth and the environment (1801 Connecticut Ave. N.W., 2nd flr, Washington DC 20009).

You say, "Our larger socioeconomic problems may have more to do with values than economics. . . ." Is it possible that the human race is on the verge of coming full circle?

Who, pray tell, is going to impose this new concern with morality?

You *know* this will just play into the hands of organized religion (I spelled *organized* like I meant to). And these leaders of organized religion will spout bulls---, and do even more

than they already have to foul up our nation and world.

The middle ages aren't over yet!
—John Prewett
Fairbanks, Alaska

Although I found the treatments of the stock market crash (#43) and economic growth (#44) to be quite provocative, I still felt that no one had asked the basic questions. What is wealth? How does wealth come into existence? How does it go out of existence? What is money? What about debt? How are they all interrelated?

—Gerald L. Kincaid, Ed.D.
Tucker, Ga.

Paul Wachtel and Herman Daly's pieces on economic, human and moral growth are very, very sad.

Wachtel says that "to be 'successful' in the modern world, you have to be willing to live a certain kind of life; you have to be willing to give first priority to work and accumulation and so forth." I'm sorry he feels this way. I think it's a bunch of nonsense.

Success depends on each individual's desires, not on the expectations of some unnamed others. For some, success may mean creating a business, providing a few jobs and earning a good living. For others, success may mean concentrating one's efforts on developing intimate relationships. If Wachtel and Daly prefer the latter, then they should focus their energies in that direction.

Instead, they speak as if they're trapped in somebody else's set of priorities and see no way out but to hold an election so we can all vote on the one true way.

—Terry Inman
Florissant, Mo.

Did we self-destruct?

Your review of Willis Harman's new book, *Global Mind Change*, is most interesting (NEW OPTIONS #45). It is the second book from Knowledge Systems Inc.—the first was Robert Theobald's *Rapids of Change* (#29)—which might have been criticized for "wishing that change was happening" rather than presenting hard evidence for real changes occurring.

While it was the hope of many that the next "paradigm" might arise out of more humane disciplines such as psychology, sociology, political science, and perhaps a melding of eastern and western cultures, it appears that the god of science is far from dead. And is about to birth a new metaphor which is already having profound effects.

I am referring to what is now being popularly called "Chaos" [see esp. James Gleick, *Chaos* (1987)—ed.]. As "Chaos" is developed across

disciplines and combines with the tools of artificial intelligence, it will force a resurgence in the need for intellectual rigor and put to bed forever, hopefully, the naive dream of the 60s that critical knowledge could be accessible to all.

Perhaps, in writing your review of Harman's book, your fear and concern was not just for Harman but for NEW OPTIONS and New Age politics in general. In fact, I would go further. It is my concern that those of the 60s—out of a desire for egalitarianism—destroyed their intellectual armamentarium, and now stand naked before a rising storm.

—Tom P. Abeles, Ph.D.
Socially responsible investment banker
Minneapolis, Minn.

The real American dream

Really enjoyed "Visioning Our Way Out of Here" (NEW OPTIONS #44). Great to see alternative scenarios put to good use in *so many different* settings.

—James Ogilvy
Co-author, *Seven Tomorrows* (1982)
Berkeley, Calif.

I just had a chance to really *read* "Visioning Our Way. . . ."

In 1975, when Willis Harman and Mark Markley and Peter Schwartz and I were struggling with the issue of how to come up with effective scenarios for our forecasts, we started using a technique called "guided imagery" to access our intuitive understandings. Since then I've used the technique in all kinds of planning, visioning and forecasting sessions with all kinds of people—executives, students, non-profit boards, neighborhood groups, you name it.

And guess what? *Every* "ideal" image they come up with is the same:

Strolling through a neighborhood. Lots of green plants, trees, flowers, vegetables. Lots of people walking, a few bikes and carts, cars/trucks only in the distance, some form of quiet, fast, fun mass transit nearby.

Mostly "single-family" houses, some clustered housing. Shared open space. Shared centers where old, young, parents get together for classes and meetings and access to information.

People working together at home and nearby, a sense of cooperative effort, availability of support. A blend of hi-tech (communications, information, transportation, tools) and people-tech (consensus processes, support groups, professionalism/craftsmanship, arts & crafts). Most of all, a sense of Community in a world of interconnected communities.

It's uncanny, but true. *This*, it seems, is the *real* American dream.

—Ruth Miller
Portland, Ore.

Continued from page two:

gain on three major fronts.

"It would also encourage the use of public transportation, which would increase the revenues there and make it easier to develop first-class public transport systems."

Fair income tax (\$20b.)

"There's a lot of unfairness in the tax system," Don Cole, cited above, told NEW OPTIONS. "One of the big questions is how you can reconstruct the tax system so it's more fair."

"I don't think it [would be] unfair to freeze tax rates for the highest income-earners at the 1987 levels. We're talking here about freezing them at 38% versus the scheduled 28% rate that would apply next year. The maximum rate in 1980 was 70%, so that's not unfair at all."

"One thing that could possibly work is to have a surcharge," Susan Meeker-Lowry, author of *Economics as If the Earth Really Mattered* (#47), told us from her office at the Institute for Gaean Economics in Worthington, Mass. "We could have a temporary tax surcharge on wealthy individuals that would [last] until the deficit was taken care of."

"[I favor] raising the tax rate of the higher income brackets," Lloyd Lill, professor of economics at Empire State College (Canandaigua, N.Y.), told NEW OPTIONS. Lill spoke of setting the top rate in the low 30% range.

Under current law, the income tax structure has two marginal tax rates, 15% and 28%. The CBO estimates that raising the top marginal tax rate to 30%—exactly double that of the bottom marginal rate—would generate approx. \$20 billion in new revenues in 1993.

Health incentive (\$10b.)

According to Tom Ferguson, M.D., editor of *Medical Self-Care* (#36), we can lower federal expenditures on medical care by paying people to stay healthy.

"You could have a [medicare] plan that had cash bonuses [built] right into the rate structure," Ferguson told NEW OPTIONS from his office at the Center for Self-Care Studies in Austin, Texas.

"The government could give you a bonus if you scored well on some health measure. Or you could get a bonus if you didn't use doctor services much.

"When people know they're going to get a bonus if they don't use doctor services, [they go to the doctor much less]. This has [already been proved] in some school districts.

"If all the people under federally-funded health insurance [were to] get, you know, \$10 for every month they didn't use any medical services, it would cut down unnecessary visits to doctors—and it would give people an immediate economic incentive to keep themselves

healthy."

Let's assume that by 1993 Medicare, Medicaid, Federal Employees Health Benefits and the Veterans Administration all offered economic incentives for "wellness." Federal outlays for medical care are estimated to be \$130 billion in 1989 and are projected to increase by an average of 10% a year between 1989 and 1993 (Office of Management and Budget, *The U.S. Budget in Brief: Fiscal Year 1989*). Even if incentives for wellness were to decrease medical care outlays by only 5% in 1993, that would still save nearly \$10 billion.

Energy efficiency (\$10b.)

According to Richard Heede, research associate at Rocky Mountain Institute who testified before Congressman Ed Markey's Subcommittee on Energy Conservation and Power in 1985 (#22), we can lower federal expenditures on energy in three ways.

"One way," Heede told NEW OPTIONS, "is [by reducing the] program obligations that are spent on behalf of the energy industries or consumers of energy. I have a list of 60 programs that are energy-related. I totalled them up a few years ago and got over \$8 billion.

"Most of that money is devoted to increasing our supply of energy. Not very much at all is spent on how to use that supply more efficiently. [Doing] the latter would be far more cost-effective. . . . I'm pretty confident we could cut the \$8 billion in half.

"The second way to reduce energy expenditures is by eliminating energy-related tax breaks, [now approx. \$10-15 billion a year]. It's my position that almost all tax [breaks] skew the market and skew rational investment." Not incidentally, it's also Heede's position that a "level playing field" in energy would doom nuclear power and permit conservation and renewables to attract a far higher percentage of the private money now spent on energy.

The third way Heede would reduce federal energy expenditures is by reducing the amount the government spends on its own energy costs—its own utilities, buildings, vehicles, etc. Simply by increasing "energy efficiency" (conservation), Heede is convinced the government could cut its annual \$7-8 billion energy bill by at least a quarter.

So: If we reduced energy program outlays by \$4 billion, eliminated most energy subsidies, and reduced the government's own energy costs by \$2 billion, it seems safe to say we could save \$10 billion in 1993.

Sustainable farms (\$10b.)

According to Jeff Bercuvitz, director of the Regeneration Project (#15), we can lower federal expenditures on agriculture by moving to a system of sustainable or "regenerative" agriculture.

"The solutions that are needed do not require large-scale federal dollars," Bercuvitz told NEW OPTIONS.

"For the most part, [today's huge] agricultural subsidies are part of the problem. They're perpetuating a mode of agriculture that is bad for farms and farmers in that they're encouraging [overuse of] chemicals. And the subsidies are skewed to larger farms.

"Provided we had a plan in place to help farmers make the transition from conventional farming techniques to regenerative farming practices, over the next five years or so we could get to the point where we could eliminate the entire subsidy program.

"The 'plan in place' would first of all shift some of the subsidy funds on a temporary basis to farmers who are making a transition to low-input techniques.

"It would [encourage] land-grant colleges and the extension program to help farmers learn more about direct-marketing techniques, alternative crop uses and agricultural diversification. It would encourage development of processing facilities [that could] generate more money for local economies."

Expenditures on farm subsidy programs are estimated to be \$20 billion in 1989. Let's assume that, by 1993, a "regenerative" approach to farming will have permitted the elimination of half the subsidies (and the redirection of most of the remainder). That means a savings of approx. \$10 billion in 1993.

Worker democracy (\$10b.)

According to Jon Wisman, professor of economics at American University in Washington, D.C., and winner of the Universal Stock Ownership Plan essay contest (#29), we can lower federal expenditures by moving to a system of workplace democracy.

"Workplace democracy would, itself, reduce the deficit," Wisman told NEW OPTIONS. "Workplace democracy is [America's] only way of competing in an increasingly competitive world.

"We are locked into capital-labor strife, and the only way we can overcome all the impediments to productivity that result from that strife is by 'marrying' capital and labor: that is, [encouraging] ownership and control of capital [by] workers themselves.

"That move would greatly enhance productivity—and that alone would increase the tax base dramatically."

How greatly would it enhance productivity? The San Francisco-based National Center for Employee Ownership recently conducted some studies. Among its findings:

- A sample of 43 "majority employee owned" firms grew at about 3.9% per year compared to a weighted rate of about 1.1%.
- A sample of 13 "publicly traded firms that

were at least 10% employee owned" outperformed their rivals 62-75% on such measures as sales growth and return to equity.

• A sample of 13 failing firms that were "bought out" by their employees had an employment growth rate twice that of comparable conventional firms.

Four years into a concerted move to workplace democracy, it does not seem unreasonable to expect that enhanced productivity would generate an additional \$10 billion in federal revenues.

Military spending (\$30b.)

According to many of our visionary economists and economic thinkers, we can—and should—lower federal expenditures by cutting military spending.

"It is just ridiculous that in 1987 55% of [federal expenditures] went to various different things related to the military," Susan Meeker-Lowry, cited above, told NEW OPTIONS. "Knowing what I know about the way major corporations work and the way defense contractors work, I [am convinced] we could cut the defense budget considerably."

"The bottom-line tragedy of this is that we have less of a defense, less of a military capability, as a result of having [weakened our economy through defense spending]," Wayne Silby, president of the Calvert Social Investment Fund, told NEW OPTIONS. "We have less world power than we would if we were more lean-and-mean in our military strategy."

Our economic thinkers disagree on how to cut the military budget. Silby is considering calling for a 10% cut. "The best way to deal with the military is you put X number of dollars on the post and just run," he told NEW OPTIONS. "Let [the Pentagon] go after it," let the Pentagon decide how the reduced military budget should be spent.

"I would try to eliminate or streamline specific programs," Meeker-Lowry told NEW OPTIONS. "I'm not quite so sure—given the way the Department of Defense works—that I would necessarily trust them [to cut programs intelligently]."

"I'd freeze military spending with no adjustment at all for inflation," Lloyd Lill, cited above, told NEW OPTIONS. "I'd freeze everything but wages—not [just the programs in the] Department of Defense, really I'm freezing the total account for national defense [much of NASA, much of the Department of Energy, all of international affairs, etc.—ed.]. I figure with a freeze over a five-year period [we'd save a total of] \$209 billion! It accelerates as you go—the last two years [alone would save] \$120 billion."

Let's assume a 10% cut in the official military budget, and let's permit military spending to keep pace with inflation. (Let's put further cuts

on hold until we come up with an alternative defense strategy). Since the official military budget is approx. \$300 billion, that means we'd save \$30 billion in 1993.

Interest payments (\$30b.)

Time magazine (29 Feb. 1988) estimates that if we raised taxes and cut outlays by \$110 billion, interest payments on the national debt would fall by \$18 billion in 1992. Assuming we raised taxes and cut outlays by \$220 billion (as suggested above), interest payments should fall by over \$30 billion in 1993.

C'mon. \$250 billion?

Last year, Congress sweated for weeks to cut the deficit by \$76 billion over two years (and the effort did Congress in; nothing like that was even contemplated this year). And yet, NEW OPTIONS has just managed to suggest new taxes and savings amounting to \$250 billion a year by 1993. What's going on here? What's the NEW OPTIONS difference?

The main difference, we suspect, is that Congress—every member of Congress, from the farthest left to the farthest right—is intent on preserving the Old System: the growth-oriented economy, mammoth wealth and income differentials, giant corporations, a medical care system that rewards illness not wellness, and all the rest of it. And there's just not that much slack in the system (unless you go after the income of middle-class Americans). In fact, as Congress' own budget projections show, just keeping the Old System afloat is an increasingly expensive proposition.

NEW OPTIONS's budget suggestions—and the visionary economists and economic thinkers who helped us to them—would set in place a different system. A New System favoring human growth, economic equity, small community-based businesses, a medical care system that rewards wellness, and all the rest of it.

One of the reasons people may have shied away from contemplating such a system in the real world (as opposed to in their hearts—see the Ruth Miller letter on p. 6 above) is that they suspect it would be prohibitively expensive. The moral of this article is that the opposite is the case: When implemented fully, decentralist/globally responsible proposals can be expected to raise revenues or cut costs. Or both.

Jeff Bercuvitz, cited above, put it well and made the essential political point when he told us, "There are a lot of people who assume that if you are concerned about farming in America, then you need to vote more money for federal subsidy programs. You have slogans like 'More farms—less arms.' Whereas the fact of the matter is that [the] more innovative solutions require fewer subsidies."

Dualism vs. realism

Under the Old System, some of us get to play the role of the Compassionate Ones, others of us the role of the Hard-Headed Ones. It's at the heart of the old left-right political game (and also, of course, the old sexual division of labor).

As our economic thinkers' proposals demonstrate, however, the New System would collapse that basal dualism. For the humane and sustainable choices are also the economically rational ones. To balance the budget, we have to build a human growth-oriented society. To become fiscally responsible, we have to risk feeling and dreaming.

Besides the people mentioned above, we'd like to thank the following for their insights and patience: Herman Daly (World Bank), George DeVault (New Farm), Romesh Diwan (Dept Econ., Rensselaer Polytech.), William Halal (Dept Mgmt, George Washington Univ.), Susan Hunt (Dept Econ., Univ. Maine) and Donald Stone (Dept Mgmt, Univ. Mass.).

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