We submit, based on a mixture of both observation and common sense, that a typical LP-100 owner is likely to be putting more of his or her personal assets and income at risk than a typical LP-1000 owner. This is likely to be even more likely in the case of an LP-10 owner.

Under THIS reasoning, we believe we can justify a preference for the SMALLER stations over the larger ones. However, we will not ask the Commission to go that far. We will not even oppose allowing LP-1000s (and/or LP-250s) to "bump" Secondary stations, while LP-100s and LP-10s cannot. Still, we DO urge the Commission to at least establish PARITY OF SECURITY between the Tiers -- by making stations in ALL of the Tiers "unbumpable".

(2) BINARY THINKING ABOUT "PRIMARY SERVICE STATUS". As we noted above, we can understand why the FCC proposes to make LP-1000s "unbumpable" -- but we do NOT understand why the FCC has not proposed PARITY OF SECURITY for the other LPRS Tiers.

After scratching our heads over this, we speculate that the FCC may be carrying over -- from conventional radio to Low Power Radio -- a BINARY, "Either/Or" concept of what constitutes Primary Service Status.

Under the CURRENT regulation of CONVENTIONAL radio, a station is either TOTALLY Primary or TOTALLY Secondary. A station with Primary Service Status cannot be "bumped" -- but it CAN "bump" other stations, with Secondary Service Status. As for Secondary Service stations, they can neither defend themselves against "bumping" NOR "bump" anyone else.

There is NOTHING in between the two extremes.

We hypothesize that the FCC has TRANSPLANTED this dichotomy into its Proposed Rule. Because it has tied together the issue of whether a station should be "bumpable" with the question of whether it should be able to "bump" others, the Commission's analysis may have begun and ended too quickly. That is, the issue of Primary Service Status for LP-100s and LP-10s may have been resolved by the question: Should an LP-100, or even an LP-10, be able to "bump" a 250 watt translator? With the Commission's CURRENT schematic in place, a "No" answer to THAT question is automatically ALSO a "No" answer to the question of whether LP-100s and LP-10s should be "unbumpable".

It DOESN'T have to be that way. There is no reason at all why the Commission cannot create A MIDDLE GROUND -- where stations can be secure from "bumping" but STILL unable to "bump" others.

THIS is what we have asked the Commission to do -- to carve out a NEW place for what we call "MODIFIED Primary Service Status". Whatever rationale the FCC may have for dividing the ranks of CONVENTIONAL stations into dominants and submissives, there is NO reason why LOW POWER stations cannot be EQUALS in their level of security.

(3) BINARY THINKING ABOUT "NON-COMMERCIAL STATUS". A similar dichotomy has traditionally been present in the regulatory concept of "non-commercial status" for radio stations. Stations have been either profit-making, perhaps with stocks and dividends, or TOTALLY commercial-free.

As with the dichotomy of FULL Primary Service Status versus FULL Secondary Service Status, the Commission may be tying its own hands with "Either/Or" thinking.

Thus, just as we have proposed MODIFIED Primary Service Status as A THIRD PATH for the FCC, so we have proposed "commercial-airing non-profits" as a similar middle ground -- where many stations may someday flourish.

While most of the aspiring LPRS broadcasters in Amherst would PREFER to be able to earn profits, their HIGHEST priority is simply getting on the air, and STAYING on the air, with a decent standard of living. IF they can escape the mandatory auctions for "commercial" stations, these aspiring broadcasters are willing to forego stocks and dividends -- AND to limit their commercials to a level that will cover decent salaries and other REASONABLE costs.

We urge the Commission to give these entrepreneurs and activists a chance to show what they can do -- IF they are allowed to pursue the revenues that will make them financially sustainable.

15. FOOD FOR THOUGHT: A POSSIBLE "SPILLOVER" EFFECT.
We note that the FCC may someday wish to "reverse the flow of ideas" -- taking concepts that are tested and proven in the world of Low Power Radio and transplanting them in the world of CONVENTIONAL radio. Commercial-airing non-profits, for example, may be a good option for conventional stations, too.

We ALSO note, however, that the level of possible "spillover" -- from one realm to the other -- is in THE COMMISSION'S hands. Low Power Radio is a NEW area, where NEW approaches can be tested -- and accepted, rejected or modified. These innovations will NOT be duplicated in the world of conventional radio UNLESS the Commission WANTS them to be duplicated.

In short:

The creation of a TOTALLY new Radio Service presents the Commission with a precious opportunity to try approaches it has never tried before -- WITHOUT having to disrupt ANY of the EXISTING arrangements in the world of conventional radio (unless, of course, it CHOOSES to do so).

Opportunity may, in fact, "knock more than once". For most of us, though, it doesn't knock OFTEN -- and, for the Commission, it is knocking NOW.

CONCLUSION

For the reasons stated herein, we respectfully urge the Commission to: (1) adopt the Proposed Rule in Docket MM 99-25 (aka RM-9208 & RM-9242); with (2) the modifications we have recommended in these Additional Comments AND/OR in our basic Written Comments (dated April 28, 1999).

Respectfully submitted,

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http://www.personal-expressions.dynip.com/Amherst_Alliance/

Dated: May 28, 1999
May 28, 1999

NOTE

We have sent a copy of these Additional Comments to all parties Who sent a copy of THEIR Comments, in Docket MM 99-25, to us.

We have also sent a copy of these Additional Comments To Senator McCain.

Appendix 1:

OUTLINE OF THE 35 POLICY RECOMMENDATIONS OF THE AMHERST ALLIANCE ON THE FCC'S PROPOSED RULE ON LOW POWER RADIO (FCC DOCKET MM 99-25 aka RM-9208 & RM-9242)

For details, see (in RISING order of specificity):

(1) The ADDITIONAL Comments of THE AMHERST ALLIANCE;

And

(2) The BASIC Written Comments of THE AMHERST ALLIANCE (dated April 28, 1999; filed April 30, 1999)

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1. License LP-100 stations and treat them as the STANDARD for the LPRS, with smaller stations common in areas with relatively high population density -- and larger stations common in areas with relatively high population density

2. Provide for LP-100s a MODIFIED Primary Service Status, shielding them from being "bumped" -- BUT ALSO preventing them from "bumping" anyone else

3. Provide FULL Primary Service status for LPRS stations at 250 watts or more: Also, subject to certain conditions, allow smaller LPRS stations to form 250 watt "consortia" with FULL Primary Service Status

4. License LP-10 stations

5. As with LP-100s, provide LP-10s with a MODIFIED Primary Service Status, shielding them from being "bumped" -- BUT ALSO preventing them from "bumping" anyone else

6. Issue LP-10 AM licenses as well as LP-10 FM licenses

7. Limit LP-1000 stations to areas where population density is 1,000 people per square mile or less

8. Create "Transitional" Tiers BETWEEN the Tiers that have been proposed -- by either raising TOWER HEIGHT limits as population density falls, OR by keeping the same elevation limits but raising THE WATTAGE: A Transitional Tier is needed MOST between LP-100 and LP-1000, with A WATTAGE-BASED TIER (250 watts) recommended in order to minimize zoning complications

9. To offset the natural "tilt" in the radio marketplace toward large urban areas, the FCC should be sure to insure that Broadcast Coverage Areas increase in size as population density declines

10. Both commercial-free AND commercial-airing stations should be eligible for LPRS licenses

11. Amherst Members will reluctantly accept a totally "non-commercial" Low Power Radio Service IF:
    (a) "non-commercial" is defined to mean "non-profit";
    AND
    (b) commercial-airing BUT non-profit LPRS stations are exempt from mandatory license auctions

12. LPRS station owners should be required to reside within reasonable proximity of their stations -- PREFERABLY within the Reception Contour, but IN NO EVENT more than 25 miles away

13. Possible investments in LPRS by existing broadcasters should be strictly prohibited

14. Local ownership requirements alone are NOT ENOUGH, since they will still allow LPRS licenses for entities which are local but LARGE -- AND/OR for small local subsidiaries, affiliates, franchisees or agents

of out-of-town institutions:
Therefore, the FCC needs to limit the SIZE and INCOME of institutions
that are eligible to seek LPRS licenses,
while ALSO setting a ceiling on the amount of permissible OUTSIDE CONTROL
(allowing licenses for PARENT institutions ONLY,
and PRINCIPALS ONLY in the case of individuals,
AND ALSO limiting the degree to which any LPRS station may rely upon
a single institution for financing, advertising, donations or other cash flow)

15. As A STARTING POINT for drafting such restrictions,
the FCC should review the size, income and outside control limits
proposed by Don Schellhardt, Nick Leggett and Judith Fielder Leggett
in their REVISED version of the RM-9208 Petition:
Please NOTE, however, that Amherst would ADD the "parent institution only"/
"principals only" policy mentioned in Item #14;
would raise the income limit from $100,000 to $200,000 in gross yearly revenues;
AND would raise the net assets ceiling from $200,000 to $500,000
(while also excluding from assets the radio station itself, related equipment and
any equity in an owner-occupied PRINCIPAL residence)

16. LPRS licenses should be "one to a customer" --
and, as noted in Item #14, granted to parent institutions or principals ONLY

17. The FCC should allow an opportunity for LPRS licenses to be renewed,
subject to a "public interest" standard,
after the end of one or more 7-year terms:
if the Commission considers it premature to establish renewability now,
the Commission should DEFER the decision for 4 or 5 years
AND communicate NOW, to LPRS licensees,
the kind of RESULTS that would, in the Commission's view, justify renewability

18. Wherever possible, licenses should be AWARDED
under a "public interest" standard as well
(as opposed to mandatory auctions, lotteries or "first come first served")

19. Where LPRS stations are concerned, he FCC should proceed with its
proposal to eliminate 2nd and 3rd adjacent channel spacing requirements

20. Part-time stations, with VOLUNTARY time-sharing agreements, should be allowed within the LP-10 Tier

21. Given the tremendous potential of LPRS stations to assist in warning of (and/or dealing with) disasters large and small, participation in the Emergency Alert System (EAS) should be mandatory for LP-1000s and LP-100s: for LP-10s and other exempted stations (if any), perhaps an examination of "ham" radio practices can suggest LOW-COST BUT EFFECTIVE IDEAS for adding small LPRS stations to the nation's emergency preparedness network

22. The Commission should proceed with its contemplated policy of retroactive amnesty for unlicensed broadcasting that occurred BEFORE notice of the MM 99-35 Proposed Rule was received (that is, no later than 10 days after FEDERAL REGISTER publication)

23. REASONABLE local programming content requirements are needed to deny LPRS status for stations that are really translators, "satellators", franchisees or other "outlets" for a central source feed: However, to prevent prohibitive costs for LPRS station owners, possible impairment of creativity and innovation, AND possible violations of the 1st Amendment, such requirements should be:
(a) very modest in scope; AND
(b) carefully targeted toward the goal of preserving programming autonomy (For example: Limiting ALL central source feeds, COMBINED, to no more than 49% of all station programming)

24. Nothing in the FCC's regulations should prohibit LPRS stations from syndicating and/or donating original material to each other

25. Nothing in the FCC's regulations should prohibit LPRS stations from syndicating original material to LARGER institutions: this could become a major source of income for some LPRS stations AND a way to "pre-test" innovative, but potentially popular, material for the American "mainstream"

26. Existing Class D stations should be "grandfathered" from all "bumping" AND given the option of guaranteed conversion to an LPRS license

27. Special case-by-case adjustments should be available when specific LPRS applicants can demonstrate, through a preponderance of the evidence, that topography, buildings or other factors beyond their control are substantially reducing the normally applicable signal range: If granted, however, any adjustments should be limited to restoring whatever Protected Contour is applicable for that station's Tier

28. We do not object to the establishment of self-regulation organizations, for those stations with an interest in joining them, PROVIDED that all Membership is VOLUNTARY: IF the FCC chooses to make Membership in such organizations mandatory, it should at least allow A CHOICE of self-regulation organizations (so that entrepreneurs do not have to answer to Marxists) AND it should NOT provide self-regulation organizations with ANY jurisdiction over programming content and/or internal station management

29. The Commission deserves commendation for considering the possible conversion of TV Channel 6 to Low Power Radio: However, we recommend that this option should be evaluated in conjunction with the possibility of Digitalization Implementation (NOT as part of Docket MM 99-25, where its complexity might delay a Final Rule)

30. If the Commission ultimately decides to implement the IBOC Digitalization system, or the Eureka-147 Digitalization system, it should take steps to avoid wholesale displacement of the LPRS stations it has just established: In particular, the FCC should not initiate a PROPOSED Rule on Digitalization until it has issued its FINAL Rule on LPRS, thereby identifying and establishing the rules and parameters for Low Power Radio

31. The Commission should be aware that the Low Power Radio community in general, and THE AMHERST ALLIANCE in particular, are committed to exploring the potential for DIGITAL Low Power Radio

32. The FCC should also be aware that some Low Power Radio activists are also beginning to explore the potential of LIGHT WAVE BROADCASTING AND have an especially strong interest in the 10 micrometers wavelength (aka the 30 Terahertz frequency)

33. "Non-commercial" LPRS stations should not be limited to one small corner of the FM Band

34. The Commission should bear in mind that the current microradio ban (on stations broadcasting at 100 watts or less) has been challenged, On The FCC Record, on Constitutional grounds -- as a violation of the 1st Amendment ("freedom of speech"), according to the Committee for Democratic Communications of the National Lawyers' Guild (among others) AND as a violation of the 14th Amendment ("equal protection of the laws"), according to the RM-9208 Petitioners and others

35. The Commission should ALSO bear in mind that MANDATORY AUCTIONS have ALSO been challenged, On The FCC Record, as a violation of the 14th Amendment -- according to the RM-9208 Petitioners and others

THE AMHERST ALLIANCE
DJS/djs
4/17/99

Appendix 2:
A RESPONSE TO SENATOR McCAIN

Many of us in THE AMHERST ALLIANCE are deeply concerned about the present and future state of representative democracy in America. In particular, we are concerned with concentrations of media ownership that can, and DO, impede the free flow of ideas and information -- favoring SOME values and interests over others. More broadly, we are concerned about the combination of a largely closed mass media Establishment AND a largely closed political Establishment. Each Establishment reinforces the OTHER Establishment's lack of diversity, to some extent disenfranching everyone who "doesn't fit the mold" -- from struggling teenagers in the ghetto to cultural conservatives on the farm.

Unfortunately, in a recent address before the National Association of Broadcasters (NAB), Senator John McCain -- a Republican from Arizona, a Presidential candidate and Chairperson of a Senate Committee which oversees the FCC -- challenged the need for a Low Power Radio Service (LPRS).

Senator McCain based his challenge on two basic contentions:

(1) Technology has created new opportunities OUTSIDE OF RADIO -- notably, Internet audio and the possibility of leasing cable TV channels. Also, the Senator claimed, current American radio has become "transitional" (although it is not clear whether he means radio itself or simply ANALOG radio). With the Internet and cable TV audiences growing, and Radio As We Know It on the road to becoming Something Else, aspiring LPRS broadcasters would be "better off getting a Web page or leasing a cable channel".

(2) The Senator declared that FCC concerns about "outlet and viewpoint scarcity", as reflected in the Commission's rationale for establishing the LPRS, are in fact "anachronistic". The Senator did not elaborate on the reasoning which led him to this conclusion. However, we presume, from the CONTEXT of his remarks, that he believes OTHER media are available as alternatives for those who find American radio too closed to entrepreneurs -- and/or too narrow in the concepts and programs it allows on the air.

In this special Appendix to the ADDITIONAL Comments of THE AMHERST ALLIANCE, we examine each of these propositions in turn.

APPENDIX 2-B

ARE THERE REALLY "GREENER PASTURES" FOR ASPIRING LPRS BROADCASTERS?

Senator McCain, as noted above, called radio a "transitional" technology -- although he might have meant just ANALOG radio. Aspiring LPRS broadcasters, he argued, will be entering the radio industry just as Radio As We Know It is starting to sink below the waves. Also, he added, they will be coming up against well-financed competitors who may decimate their ranks.

Thus, as we also noted above, the Senator concluded that those who dream of owning a Low Power Radio station would be better off "getting a Web page or leasing a Cable TV channel".

OUR question is this:

If Radio is indeed a sinking ship, why aren't any of the current passengers lowering the life boats?

To this day, media megacorporations are still BUYING -- not BAILING. As virtually any recent copy of RADIO WORLD (picked at random) will tell you, station acquisitions by voracious media chains are still a weekly event (and sometimes even a daily event). This megacorporate behavior does NOT suggest a belief that the radio industry is doomed.

Radio, in fact, continues to offer some IMPORTANT "strong points". Until and unless computer terminals and TV sets are built into the cars we drive, radios will remain UNIQUELY portable for their listeners. Further, as far into the future as we can see, radios are likely to remain UNIQUELY affordable for its listeners. Finally, radio's very "low tech" nature gives it a level of survivability -- in the face of disruption or disaster -- that more sophisticated and sensitive media technologies cannot match.

The continuation of the megacorporate "buying spree" suggests that NAB Members share our optimistic assessment of radio's POTENTIAL (although it is open to question how well they are DEVELOPING that potential).

With its WORDS, the NAB may be saying its largest Members paid too much for their past station acquisitions, that the stations can now be sold only at a loss -- and, therefore, that media megacorporations cannot afford to divest some of these stations (as recommended by the FCC Staff in 1998).

With their ACTIONS, however, the NAB's largest Members are voting for the proposition that radio has a promising -- if not a lucrative -- future. That is, they are continuing to BUY. Buying More of The Same Thing is NOT the attitude of someone who truly views prior purchases as a bad investment.

If "imitation is the sincerest form of flattery", surely plunking down dollars to purchase a company must be the sincerest vote of confidence in its future.

If a corporate acquisition ISN'T a vote of confidence in the acquired company, then the motive is probably the pre-emptive preclusion of competition. THIS motive implies that the buying company is secretly voting "NO confidence" on its own ability to compete.

Of course, it IS possible that this behavior of media megacorporations has no rational basis -- that "corporate herd instinct" has given endless acquisitions a momentum which lacks any basis in reason, logic or experience. Even if this is true, however, it is hardly an argument for leaving these companies with nearly total control of the radio spectrum.

As to whether LPRS stations can survive competition from established broadcasters, we compare LPRS activists to established broadcasters and ask:

Who's acting SCARED??

Are aspiring LPRS broadcasters sweating, twitching and losing sleep over the question of whether they can compete with larger broadcasters? Hardly.

Without a doubt, they are rightly concerned that loose FCC regulations may allow media megacorporations and/or non-profit chains to TAKE THEM OVER. They are ALSO rightly concerned that media megacorporations, and/or non-profit chains, may be allowed to scoop up many of the LPRS licenses by acting through subsidiaries, affiliates, franchises and direct or indirect agents.

As for their ability TO COMPETE FOR LISTENERS, however -- to hold their own, or better, in a FAIR fight with established broadcasters "at the Marketplace Corral" -- the aspiring LPRS broadcasters are far from quaking in their booths. If anything, they see widespread public discontent with current radio programming -- and they are eager to woo those listeners for fun or profit.

Of course, it IS possible that the aspiring LPRS broadcasters are "Don Quixotes" in reverse, charging a dragon that they think is a windmill. It is ALSO possible that the media megacorporations, in a reaction so extreme that the NAB even opposes Low Power Radio in areas where major broadcasters have no stations, are over-estimating the competitive potential of Low Power Radio.

All we can say with much certainty is this:

To the extent that ACTIONS betray ASSESSMENTS, the aspiring LPRS broadcasters seem to be motivated primarily by hope -- and the NAB's Members seem to be motivated primarily by fear. These attitudes, subjective though they may be, suggest strongly that both "sides" are reacting to the same reality: that is, LPRS stations DO constitute SOME degree of competitive threat to established broadcasters, rather than the other way around.

As a final response to Senator McCain's call for an involuntary exodus of LPRS enthusiasts to the frontiers of cable TV and the Internet, we must question the Senator's claim that cable TV and The Internet are more cost-effective than Low Power Radio.

If "The Name Of The Game" is reaching the largest potential audience IN THE SURROUNDING COMMUNITY, at the lowest reasonable cost, it is difficult to imagine cable TV or the Internet outperforming Low Power Radio as an investment.

That is, a local cable TV channel may reach a larger audience in the surrounding community, but it is likely to cost more than the startup and operation of a 100 watt Low Power Radio station (so long as mandatory auctions do not "put a thumb on the scale"). Further, if the cable TV channel is LEASED, there will be no opportunity to recoup its costs -- or even convert some equity into a profit -- through a future sale of the channel to someone else.

Internet audio may reach a larger audience (at least potentially), and might offer lower startup and operating costs, but Internet audio is not likely to be available for nearly as many listeners IN THE SURROUNDING COMMUNITY. Also, at least for now, potential listenership would be highly unrepresentative of Americans as a whole in terms of education, income and age. The cost and training barriers to Internet use place it out of reach for a wide range of everyday Americans -- the vast majority of whom COULD tune in to Low Power Radio.

For the moment, we do not have the resources to conduct our own comparative economic analysis. However, it is our strong suspicion that the capital and operating costs for (non-auctioned) Low Power Radio -- when divided by the number of potential listeners within the Broadcast Coverage Area -- would yield a "Cost Per LOCAL Potential Listener" that is lower than the comparable per capita cost of reaching each local listener through a leased cable channel or The Internet.

IS "OUTLET AND VIEWPOINT SCARCITY" REALLY AN OUTDATED CONCERN??

In his speech to the NAB, Senator McCain also expressed the belief that the mass media is growing MORE democratic. The Commission's Proposed Rule on LPRS, he told the NAB, is based on "anachronistic" concerns about "outlet and viewpoint scarcity".

Apparently, the Senator believes that scarcity of wavelengths and diversity is a thing of the past (though perhaps not fully, since he also claims there is no way to fit LPRS stations into the radio spectrum without causing interference). He implies that those who cannot air their views on the radio, or find as listeners the information or entertainment they seek, can simply shift to another medium.

WE COULD NOT DISAGREE MORE with the Senator's assessment of modern mass communications. From OUR vantage point, WE have been seeing diversity SHRINK -- within the world of radio AND outside of it as well.

"Error of opinion may be tolerated," Thomas Jefferson once wrote, "where Reason is left free to combat it."

But Reason can make its case ONLY IF there are people willing to speak out AND channels of communication for circulating their views. Thus, Jefferson made this additional statement: "Were I forced to choose, I would rather see newspapers with no government than a government with no newspapers."

200 years later, we have NOT run out of people willing to speak out -- but we ARE running low on media forums for open circulation of the ideas and information they want to share.

This problem extends across ALL major media. Ownership concentrations in conventional RADIO are only PART of the problem.

APPENDIX 2-F

We urge the FCC to consider what is happening in ALL of the major media.

1. NEWSPAPERS. Start with a look at Mr. Jefferson's newspapers. We may not have "a government with no newspapers" (yet), but in MOST of our cities -- large AND small -- we have a government with only ONE newspaper to report on it. If THAT newspaper makes an "error of opinion", Reason CANNOT combat it in the other paper -- because there IS no other paper.

2. PUBLISHING. Even the enormous world of PUBLISHING has become constricted. Professor Stephen Barber of Rutgers, in his provocative book JIHAD v. McWORLD, reports that 6 COMPANIES now control 50% of the publishing capacity in THE WORLD. Not the country, but THE WORLD.

For the most part, these 6 publishing giants didn't grow their way to dominance by building a reputation over decades, or even centuries, in the publishing business. They BOUGHT their way in -- by ACQUIRING companies with decades or centuries in the publishing business, and then turning them into something else. For the new owners, publishing was just another way to make money. Unlike the truly publishing-oriented owners they displaced, they had little tolerance for printing a book with a low profit potential in order to win CRITICAL acclaim and/or give a new writer a chance to grow. At the same time, ALSO unlike the truly publishing-oriented owners they displaced, the new owners had FAR TOO MUCH tolerance for "corporate herd instinct".

If he approached a major publisher today, James Joyce wouldn't stand a chance.

Further, this state of affairs has been aggravated by the concurrent "consolidation" of BOOKSTORES: fewer key retailers for fewer key publishers.

James Michener has described this New World Order In Publishing -- in a novel called THE NOVEL. It describes the hostile takeover of a publisher with which a certain bestselling author (reminiscent of Michener himself) is connected. BEFORE the takeover, this author takes pride in the fact that the large profits from his books make it possible for his publisher to seek only a small profit, or even LOSE money, on "riskier" books by new and/or unconventional writers. AFTER the takeover, the new owners -- with no emotional or experiential attachment to publishing -- simply KEEP the revenues from currently bestselling authors and HALT the unofficial investment in grooming the writers of tomorrow.

In any case, the Commission does not have to rely on James Michener's fiction to "get the picture". The Commission can look instead at the NEW YORK TIMES BESTSELLER LIST, bearing in mind that publisher-publicized books are the ones most likely to make it. On a number of occasions in the past few years, 6 or 7 out of The Top 10 Fiction Bestsellers were written by just two authors: Michael Crichton and John Grisham. With all due respect to Messrs. Crichton and Grisham, it is difficult to believe they account for 70% of all the highly marketable fiction in America. They must have been aided by extra showcasing, fed by "corporate herd instinct". This enabled them to take (between them) 5 extra "slots" on the bestseller list that COULD have been filled by OTHER writers.

If this sounds similar to the possible displacement of LP-100s and LP-10s by LP-1000s, and/or by conventional Class A stations, it is no coincidence. This effect is a natural reflection of overly concentrated ownership.

So far, we have no evidence that any publishing houses are engaging in the conscious censorship of particular political, spiritual, religious and/or philosophical views. They seem to be "censoring" purely on the basis of perceived marketability. However, even "market-driven censorship" has a political impact -- because "low risk" literature tends to encourage "low change" societies.

AND -- who can say this ECONOMIC power to censor will not be used for other goals tomorrow?

3. TELEVISION. Ownership concentrations in television are not as extreme as in radio, but they are moving in that direction.

According to the April 17 issue of BROADCASTING & CABLE:

"With 39 more stations than last year, the top 25 [station groups] now control a total of 38.6% of the nation's TV stations. In 1998, the groups controlled 35.9%, or 432 of the 1,202 total commercial TV stations ...

"Consolidation will accelerate if the FCC or Congress decides to lift the ownership cap on station groups, now set at 35% of all TV homes. Fox Television Stations Inc. has been pushing hard for such a change ... "

Tom Jicha of the SOUTH FLORIDA SUN-SENTINEL, in his syndicated column on the television industry, ALSO had something to say on April 17:

" ... A study released this week by the American Association of Advertising Agencies and the Association of National Advertisers shows that commercials and other clutter within programs is at an all-time high, almost 16 minutes per hour in prime time. Prime time clutter is up about five minutes from 10 years ago on ABC and NBC ...

"It isn't only the consumers -- the viewers -- that the networks are alienating. Fox and ABC recently took drastic steps to rupture the relationship with their distributors, the local stations. Fox informed affiliates it intends to take back 20 prime-time commercial availabilities a week. Fox stations now get about 90 half-minutes per week to sell, so the reduction is about 22 percent, a killer to a station's bottom line.

"Meanwhile, ABC announced it is going ahead with the establishment of a cable soap opera network. The heart of the new channel will be a rerun of the afternoon's soaps in prime time. This is a left-right combination to the gut of affiliates.

" ... According to some estimates, as much as 70 percent of all taping is soaps. When a viewer tapes a program, the local station gets ratings credit as if the program were being watched live. With a rerun in prime time, who needs to tape? What's more, viewers for the evening encore will not be watching the network fare on the local station. While ABC would suffer here, too, it recoups on cable what it loses on the flagship network. Local stations lose all around ...

" ... ABC's cable soap opera channel all but screams at affiliates, "Who needs you?" It isn't just ABC. NBC has floated the notion of taking the network to cable numerous times during the past year.

"The day when networks truly won't need affiliates is drawing closer."

4. RADIO. If the pre-emption of 7 bestseller "slots" by 2 authors reminds the FCC of the displacement of several smaller radio stations by a single large station, then the ultimate absorption or destruction of locally owned TV affiliates should remind the FCC of what has ALREADY happened in radio.

Such results should NOT be surprising. They are among the NATURAL RESULTS of failing to regulate enough of the business activity in an industry that is prone to oligopoly control whenever the regulators look the other way -- AND/OR are told, by an Act of Congress, that they MUST look the other way.

5. OVERALL IMPACT. The mass media STATUS QUO does NOT foster capitalism in the 20th century sense of the word. It fosters capitalism in the 19th century sense of the world: capitalism without anti-trust laws.

The merger of Mobil and Exxon, in another industry, is eerily symbolic: turning back the clock to the Standard Oil monolith, whose breakup once ushered in the anti-trust era. Now, BP is forming a rival monolith by acquiring Amoco and attempting to acquire ARCO.

BLIND faith in capitalism is called "market fundamentalism" by George Soros, perhaps the most successful financier alive, in his book THE CRISIS OF GLOBAL CAPITALISM. A self-made billionaire, he warns that capitalism without oversight tends to swing toward destructive (even SELF-destructive) extremes.

Among other consequences, TOTALLY unregulated markets tend, ULTIMATELY, to produce FEWER companies, and FEWER consumer choices, not more -- with the leaders of the "winning" firms no less tempted to abuse their power than the leaders of sovereign governments.

The best test of market diversity is not how many companies populate an industry, but rather: (1) how much of the market is controlled by those companies which are LARGE; (2) how many of the companies that are listed as separate entities are IN FACT controlled by the same parent company; and (3) how many of the small companies can BECOME large, or even medium-sized, without being acquired by Someone Else along the way.

Applying these criteria to the nation's experiment with the semi-total deregulation of airlines, we can see a pattern of an INITIAL increase in consumer choices, FOLLOWED by a "market shakeout", FOLLOWED BY fewer airline choices than consumers had BEFORE deregulation.

Some observers of electricity deregulation (including the former energy lawyer who heads Amherst) are predicting similar results from THAT experiment. That is, there will be more energy providers, and therefore lower electricity prices, AT FIRST -- but we will ultimately move to a national, or even INTERnational, market in which 4 or 5 giants have absorbed the nation's hundreds of smaller, LOCALLY BASED electric utilities.

There was a reason for The Progressive Era, which gave birth to anti-trust laws AND to regulation of "natural" monopolies and oligopolies (such as railroads and energy utilities). It was a reaction to the excesses of the "Robber Barons" -- and of others in the business community.

In the mass media industries, the presence of current and aspiring "Robber Barons" is evident. THIS time, however, the stakes are higher than they were at the end of the 19th century. THIS time, with their ECONOMIC power to control the flow of IDEAS, the rising "Robber Barons" may do more than simply rob consumers of their wealth and competitors of their opportunities. They may ALSO rob the nation of its liberties.

AGGRAVATING FACTORS

The basic situation described above is aggravated by at least THREE additional factors.

1. The No. 1 Aggravating Factor is a set of CAMPAIGN LAWS that often give special interests (not just companies, but also unions, professional associations and ideologically driven non-profits) more clout with legislators than voting constituents have.

As the Commission is painfully aware, concepts such as Low Power Radio are more likely to face "an uphill battle" in an environment where some legislators look for guidance to campaign contributors first and constituents second. Nevertheless, this reality IN ITSELF underscores the importance of establishing forums, such as the LPRS, that can present under-acknowledged concerns to the public -- INCLUDING the need for campaign finance reform!!

The LPRS can also grow INDEPENDENT clusters of wealth and power, as a check against abuse of wealth and power by those who have too much of it.

2. The No. 2 Aggravating Factor, which is likely a product of the No. 1 Aggravating Factor, is the easing of statutory limits on CROSS-MEDIA OWNERSHIP. Now a single company, in a single large metropolitan area, can legally own several radio stations, the leading television station, THE newspaper and THE local Cable TV franchise. In the future, cross-media corporate acquisitions could allow the standing oligopolies in radio and television to extend their current control to cable TV, newspapers or even Internet Service Providers.

3. The No. 3 Aggravating Factor is the limited reach of current FIRST AMENDMENT LAW. In mentioning this, we are NOT referring to the claim, by CDC and others, that the FCC's current ban on licensing of small radio stations (of 100 watts or less) violates the First Amendment to the Constitution ("freedom of speech"). We AGREE that the ban is unconstitutional -- for reasons rooted in the FOURTEENTH Amendment ("equal protection of the laws") -- but we are NOT referring to the station licensing process here.

We are referencing INTERNAL institutional decisions to censor free speech.

When the founders of our nation wrote our Constitution, AND its Bill of Rights, they were fearful, with good reason, of the power of GOVERNMENT -- and especially the power of the FEDERAL Government. The vast British Empire, with its over-reaching King and its use of law against liberty, was their "role model" for what they DIDN'T want. However, with the important exception of fierce debates over slavery, not much consideration was directed toward possible abuses of power by STATE AND LOCAL governments. Further, today's abuses of power by CORPORATIONS, with some of the global versions larger than many of the national governments that regulate them, were too far into the future for even the brilliant architects of our Constitution to see.

Thus, for well over a century after its adoption, the Bill of Rights was largely interpreted in American courts as being ONLY a shield against the power of the FEDERAL Government. The Attorney General of the United States couldn't send you to jail without a trial, but in Alabama the Sheriff of Birmingham could.

Gradually, in an incremental process that required decades of individual Supreme Court decisions, it was finally decided that the Bill of Rights IS a shield against the power of STATE AND LOCAL governments, too.

Today, however, the Bill of Rights has still not been interpreted to address abuses of power by institutions that are NOT GOVERNMENTS AT ALL.

Such abuses of power are hardly unknown.

In the 1980's, a Washington lobbyist with a natural gas pipeline was fired at the personal request of James Watt, then President Reagan's Secretary of the Interior, after the lobbyist advised Secretary Watt to stop eating the meat of an endangered species. In the 1990's, a Sikorsky Aircraft worker in Connecticut was fired for failing to support The Gulf War.

In the latter case, an appellate court recently denied an employee lawsuit that included First Amendment claims. The court acknowledged that the Sikorsky employee's First Amendment right to free speech had been violated -- but stressed that this right had NOT been violated by an act of GOVERNMENT.

From the beginning, private employees have been free to coerce their employees to an extent that the Federal Government could not (legally) do.

More to the point of Amherst's Additional Comments:

Under the Bill of Rights, as interpreted by the courts, publishers and newspapers have had complete discretion to decide what they would and would not put in print; radio and TV stations have had ALMOST complete discretion in deciding what to include or exclude in their programming and so on. Censorship (and attempted censorship) by government has not been unknown in our nation's history, but it has been COMPARATIVELY rare. By contrast, decisions to "spike" stories in the news media, or avoid publishing unfashionable books, are made DAILY.

Of course, there really isn't room for "ALL the news that's fit to print" or ALL the books that might be offered to publishers. Someone has to pick and choose.

The NEW factor is THIS:

Now there are A LOT FEWER Someones doing the picking and choosing.

Today, if a writer wants to offer a book for publication, there are thousands of publishers who might review his or her manuscript, but MOST of them are tiny -- with a limited reach into the marketplace. If they start to become MORE than tiny, they are likely to be acquired by a larger company long before they can ever become both large and autonomous.

There ARE exceptions, but the dominant reality is this: Whatever his or her choices "on paper", a writer who wants to reach MILLIONS OF READERS must usually please one of the 6 companies that control 50% of the world's publication capacity. If he or she doesn't please one of them, there are 5 other places to go. Once there were dozens -- even hundreds.

The same situation can be found, with various degrees of severity, in newspapers, radio and TV. If a news story in Metroland U.S.A. does not appear in THE local newspaper, or THE group of 5 radio stations owned by the same company, OR the Station Group satellite station that used to be a local TV affiliate -- ALL of whom MAY have the same owner!! -- then, from the standpoint of most of that area's residents, the story never happened. If a news story is "spiked" for being too damaging to favored politicians, too radical or too "politically incorrect", or simply unlikely to boost newspaper sales and/or broadcast ratings, The People With The Story may have few other places to go.

"Today," muckraking journalist Jack Anderson said two decades ago, "95% of the media chases 5% of the stories."

Since then, concentrations of media ownership have grown considerably.

We ask the Commission:

What stories lie buried in the unreported 95%? Is there any information in there that American citizens SHOULD know -- but DON'T? Is The Invisible 95% more likely to reach the news with 4 corporations dominating radio, and 4 major TV Station Groups plotting to eat their own affiliates, and 1 newspaper often dominating an entire metropolitan area? OR is it more likely to be revealed if The People With The Story can knock on the doors of a long list of media outlets, SOME of which are small enough to resist "corporate herd instinct"?

We further note that ownership concentrations, coupled with an unbelievable "herd instinct" inside media megacorporations, have affected a much wider range of programming than news alone.

A few years ago, TV GUIDE article quoted a Hollywood executive on the unexpected success of TOUCHED BY AN ANGEL. The executive declared that "Religion is now stepping to the forefront of American life."

The TV GUIDE article responded that, in MOST of the country, religion has never LEFT "the forefront of American life". Religion is an honored, visible and PUBLIC presence in most locations outside the Northeast and the West Coast. TV executives are often blind to this reality because they -- and their writers -- mostly live, work and socialize in metro New York and/or metro L.A.: arguably, the two most secular cities in the country.

THIS is a clash of cultures -- fought on the battleground of entertainment programming, whose unspoken assumptions about the world may influence more votes than "sound bites". In modern entertainment media, however, only ONE of the world views is usually represented.

We are NOT asserting that secular world views should be driven from the airwaves. In fact, a number of our own Members are atheists or agnostics. What we DO advocate is allowing OTHER world views to appear in entertainment programming more often -- INCLUDING an increase in tolerant and respectful programming, such as TOUCHED BY AN ANGEL, or even J.A.G., which speaks to the values, beliefs and experience of tens of millions of Americans.

At this point, we see three basic courses that society can take in response to the increase in actual or potential for censorship by institutions OTHER THAN GOVERNMENTS:

ONE -- "Go With The Flow", or even INCREASE the flow by repealing the remaining restrictions on media ownership and cross-media ownership. This is our current course: "the course of least resistance". Its ULTIMATE price tag may be fearful, however: a continued hardening of the arteries of democracy.

TWO -- Establish some sort of government oversight of media programming decisions. Even if it survived review by the courts, this cure could easily be worse than the disease. PRIVATE SECTOR CENSORSHIP could be replaced by GOVERNMENTAL CENSORSHIP.

THREE -- Fight private sector censorship by offering people MORE PLACES TO GO, with a BROADER RANGE of institutional objectives, when they want coverage of a story, have a teleplay to sell or otherwise seek to "reach the world" -- or at least their communities -- on a scale that only mass media can usually provide. This is the WISEST course: DIVERSIFYING PROGRAMMING BY DIVERSIFYING OWNERSHIP.

The FCC has no jurisdiction over newspapers or publishing, of course. However, it DOES have jurisdiction over radio and TV broadcasting.

Because the disturbing concentrations of ownership in newspapers and publishing fall outside the FCC's jurisdiction, it is even MORE important for the FCC to stand for liberty wherever it has the power, authority and duty to do so.

APPENDIX 2-0

MITIGATING FACTORS

There HAVE been some major counterweights to the overall trends -- in the form of NEW FORUMS that bypass the excessive concentrations of ownership in more established media.

These forces, while not enough to offset the ground that has been lost, have nevertheless slowed the cultural and economic regression of our nation, created opportunities to REVERSE the current trends AND -- offered HOPE.

1. The No. 1 Mitigating Factor is, of course, THE INTERNET. It is perhaps the freest flow of ideas and information in human history.

The Net ALSO offers unprecedented opportunities for individuals to bond together in common cause, on a national or even global scale. THE AMHERST ALLIANCE is a perfect example of this creative, AND/OR political, potential: without the Internet, Amherst would probably not exist.

Unfortunately, determined efforts have been made to restrain the free flow of ideas and images on The Internet. So far, the courts have shielded The Net from subject matter regulation on Constitutional grounds -- but efforts to impose censorship were enacted in both Houses of Congress and signed by the President. This is hardly cause for comfort.

We also note that nothing appears to prohibit a media megacorporation from acquiring an ISP or, more likely, a search engine. (Nothing appears to prohibit a search engine from acquiring a media megacorporation, either: the point is that, One Way Or The Other, large media companies and large Internet search engines can unite.) When there may be 50,000 search engine responses to a single inquiry, that search engine's guidelines for what to find FIRST can make an enormous difference in terms of what information is actually read and used. There IS potential for deliberate "tilts" of the information flow.

The Internet is STILL a bastion of freedom and a huge step forward for the whole human race. Nevertheless, with The Net as with nations, "Eternal vigilance is the price of liberty."

2. The No. 2 Mitigating Factor is CABLE TV -- which may soon be joined by broader use of satellite direct TV.

In terms of the arts and entertainment, Cable TV has provided choices unknown on radio OR network TV. To cite the Amherst National Coordinator's personal favorites, Cable TV offers re-runs of QUANTUM LEAP and SPACE: ABOVE AND BEYOND on the SCI-FI CHANNEL; EMERGENCY VETS on THE ANIMAL PLANET Channel; AND time-tested cinema on the AMERICAN MOVIE CLASSICS Channel. (Now, if it only offered light jazz ...)

BEYOND the arts and entertainment, however, Cable TV has ALSO given birth to "in depth" coverage of Congressional deliberations, and of OTHER forums where public policy is discussed, by C-SPAN 1 and C-SPAN 2. This has certainly increased the pool of knowledge for C-SPAN viewers -- and has probably influenced the outcome of some elections.

3. The No. 3 Mitigating Factor is the literary world's growing acceptance of SELF-PUBLICATION: that is, publication of a book directly by the author, at his or her own expense, with marketing by the author often involved as well. If the book does well, in effect proving its commercial value, an established publisher may pick it up at some point.

While ALWAYS an option -- as shown by the 18th century poet, William Blake, and more than one Pulitzer Prize winner since then -- self-publication has grown greatly in popularity during the past decade. Its popularity has grown in rough proportion to the tendency of increasingly consolidated publishers (AND increasingly consolidated BOOKSTORES) to cling to the supposedly predictable.

The primary RECENT example of successful self-publication is the book EMBRACED BY THE LIGHT by Betty J. Eadie. An account of a reported Near Death Experience, it was rejected by more than 40 publishers for being too "unconventional". Once it was self-published, it hit the NEW YORK TIMES BESTSELLER LIST and stayed there for over a year.

We note here that Amherst is neither accepting nor denying Ms. Eadie's account of a Near Death Experience. We mention her book to demonstrate the relative rigidity of many publishers, AND the potential impact of self-publication, but we do NOT endorse (or oppose) Ms. Eadie's metaphysics. On such matters, the individual Members of Amherst speak for themselves.

4. The No. 4 Mitigating Factor is the development of AN ALTERNATIVE PRESS, such as THE CITY PAPER in Washington, DC and the Westchester (County), Fairfield (County), New Haven, Hartford and (Pioneer) Valley ADVOCATE newspapers in New York State and New England.

We note, however, that the latter chain of "alternative weeklies" has just been purchased by THE HARTFORD COURANT. There has been, we add, no opposition so far from the Justice Department. However, in yet another example of citizens filling a vacuum left by their society's "official" leaders, there HAVE been lawsuits by private individuals, invoking the anti-trust laws that the Federal Government apparently will not. Other conventional newspapers are reportedly watching this development to see whether they will be allowed to do the same.

5. The No. 5 Mitigating Factor is the growing, if highly intermittent, public acceptance of INDEPENDENT POLITICAL PARTIES -- carrying messages that neither the mass media nor the major political parties have taken seriously.

The classic modern example is the Presidential candidacy of Ross Perot in 1992, which earned him 1 vote in 5. Had he first invested in 3 or 4 years of therapy, he might have won.

Whether you love Ross Perot or hate him, he demonstrates dramatically what can happen when the mass media and political Establishments refuse to deal with an issue that millions of Americans find consuming.

In the 1992 Perot campaign, that issue was the federal budget deficit. He called the Republicans on it for bloating the deficit with defense spending and tax cuts; he called the Democrats on it for refusing to re-examine entitlement programs; and he spoke in a style that crackled with "I Mean Business!"

In the end, he created some long overdue Establishment Embarrassment that finally led to SOME resolution of the problem.

This "whistleblowing" COULD have been done by the news media and SHOULD have been done by the news media. Perhaps, however, their prime reporters were too busy accepting 5-figure speakers' honoraria for addressing global corporate conferences, where the United States was just another market and its possible bankruptcy a peripheral concern.

The point here is NOT to paint Ross Perot as a hero. The point here is that the mass media and political Establishments ARE CREATING candidates like Ross Perot -- or Jesse Ventura, or Pat Buchanan -- by refusing to acknowledge there is a LARGE body of INTENSELY MOTIVATED CITIZENS who dissent from the STATUS QUO on one or more FUNDAMENTAL issues.

The federal budget deficit MAY be under control for the moment, thanks to the leadership of THE PEOPLE, but OTHER fundamental issues are still being left to simmer until they boil over. OTHER anti-Establishment candidates, besides Ross Perot, are available to speak for injured parties when this happens.

As of this writing, in early May of 1999, the most visible of The Invisible Issues is the current war in Serbia. News coverage of the DETAILS of the war has generally been good to excellent, but news coverage of the REASONS for the war has been terrible.

Polls show roughly half of all Americans initially opposed our involvement in Serbia -- but the interviews, sound bites and questions at White House Press Conferences focused almost exclusively on the TACTICS of the war.

Rarely was heard a discouraging word about the PURPOSE of the war.

From ABC to CBS to NBC, criticisms of THE WAR ITSELF -- as opposed to the TACTICS being used -- were few and far between. You would never have known, from TV and radio coverage, that HALF THE PEOPLE IN AMERICA initially opposed this war -- AND that many of them still do.

No wonder the recent resistance in the House of Representatives took the nation by surprise!!

As for the POLITICAL Establishment, it is still joining the mass media in a lockstep. Republicans Elizabeth Dole and Steven Forbes support the war; Democrats Al Gore and Bill Bradley support the war; and George Bush Jr. says he cannot decide what he would do until he has first been elected President and has the secret information which is available to Bill Clinton.

Please realize that AMHERST is neither opposing nor supporting this war. Like most groups in America, we have a wide range of views within our ranks. We just want to see this "range of views" reflected in the mass media as well.

What we ARE opposing is a phalanx of "Group Think", in the mass media AND political Establishments alike, so pervasive that the opinions of HALF THE AMERICAN PEOPLE go largely unreported -- or at least unarticulated -- by EVERY major television network and EVERY major Presidential candidate except Pat Buchanan and Alan Keyes (joined by a current non-candidate, The Reverend Jesse Jackson, on the Left).

APPENDIX 2-S

We can also name other MAJOR issues -- notably, the unblinking worship of "free trade" and the shameful silence toward tyranny in China -- where ONLY THE OUTSIDERS, from Pat Buchanan and Alan Keyes to Jesse Jackson, dare to proclaim that people are being hurt while their government stays inert.

Does this disgraceful situation REALLY serve the long term interests of the mass media and political Establishments?

Does the nation's mass media Establishment REALLY want its viewers and listeners to conclude they can ONLY hear BOTH sides of an important issue by finding ALTERNATIVES to conventional TV and radio?

AND -- does the nation's political Establishment REALLY want a situation where those voters who seek withdrawal from Serbia, AND/OR an end to the "blank check" for "free trade", AND/OR an end to the "blank check" for China, can ONLY get what they want by electing someone from the extremes of Left or Right?

THE AMHERST ALLIANCE
DJS/djs
5/16/99

Appendix 3:

25 EXAMPLES OF POSSIBLE COMMUNITY-ORIENTED PROGRAMMING

Nickolaus E. Leggett -- of Reston, Virginia -- has assembled the following list of 25 ways in which a "community-scale" LPRS station could serve a neighborhood or a municipality. Nick is one of the 3 Co-Petitioners in Docket RM-9208 and also a Member of the LPRS Task Force of THE AMHERST ALLIANCE.

This list of 25 examples should NOT be regarded as exhaustive. Indeed, possibilities are almost as limitless as the human imagination.

Neither should any of these 25 activities be made MANDATORY. They are EXAMPLES of what CAN be done -- but individual LPRS station owners may be able to come up with better programming choices on their own!!

---

1. Cover PTA Meetings
2. Cover School Board Meetings
3. Cover performances of local musicians (young and adult)
4. Cover services of all religions
5. Provide "Community Watch" broadcasts and bulletins
6. Provide a forum for political commentary by citizens and local groups (as opposed to NPR "talking heads")
7. Cover issues facing condominium and homeowners' associations
8. Provide On-Air instruction on learning English as a foreign language
9. Provide On-Air instruction for earning a GED diploma (equivalent to graduation from high school)
10. Provide On-Air instruction for earning an Amateur Radio license

11. Broadcast coverage of Power Squadron instruction for safe boating

12. Provide On-Air instruction on job hunting, as well as information on locally available job opportunities

13. Provide local merchants with radio ads they can afford

14. Provide a forum for listeners to suggest, AND discuss or debate, possible community improvements

15. Offer a Legal Advice Show for citizens and/or employees In the community

16. Allow local writers and poets to read their works on the air

17. Offer Weekly Reports by State legislators, Town or City Council Members and/or other locally rooted elected officials

18. PROD elected officials with a Weekly "Pot Hole Report"

19. Offer the community a Medical Advice Line

20. Provide information, including times and places, for Adult Education courses and/or other training programs offered in or near the community

21. Cover sporting events, plays, concerts and other events at local high schools, junior high schools and/or elementary schools

22. Cover Little League baseball games

23. Cover Soccer Club games

24. Cover Chess Club Championships, perhaps with move-by-move commentary

25. Cover local theatrical performances, INCLUDING Community Theatre

NEL/djs
4/18/99

Appendix 4:

Amherst's INTERNAL POLL
On Policies Toward LP-1000s

INITIAL REACTIONS TO THE LPRS RULE

It was late January of 1999 when the Federal Communications Commission issued its Proposed Rule (in Docket MM 99-25) to establish a Low Power Radio Service (LPRS). That Proposed Rule contemplates a top Tier for the LPRS -- LP-1000, for stations that broadcast at levels up to 1,000 watts -- which would have the Primary Service Status authority to "bump" any LPRS station(s) in the LP-100 and LP-10 Tiers.

It was clear IMMEDIATELY that virtually ALL Members of THE AMHERST ALLIANCE were STRONGLY -- even viscerally!! -- opposed to the envisioned "bumping" authority for LP-1000s.

Amherst quickly reached a consensus that LP-1000 stations should be allowed Primary Service Status IF -- AND ONLY IF -- two conditions are met:

(1) The status of LP-100 and LP-10 stations should be upgraded from Secondary Service Status to MODIFIED Primary Service Status. Under the latter Status, which would be a NEW concept, LP-100s and LP-10s could neither "bump" stations NOR be "bumped" by other stations themselves.

AND

(2) LP-1000s should be kept totally outside of large urban areas, where they could easily absorb ALL of the spectrum available for "newcomers" -- at the clear and direct expense of other, smaller LPRS stations (with a more authentically local focus). After detailed discussion over how to define a "large urban area", Amherst reached an internal consensus that LP-1000s should be licensed ONLY in areas where the population density is 1,000 people per square mile or less. Shortly thereafter, it was noted that this is roughly the average population density of the Nashville/Davidson area, which ranks 48th in population density among the 50 largest cities in the U.S.A. Therefore, Amherst Members quickly agreed that we could also accept the REC Networks' proposal for a ban on LP-1000 stations in or near The Top 50 Media Markets.

Amherst's position on the FIRST Condition, MODIFIED Primary Service Status for LP-100s and LP-10s, has remained solid ever since. There has been no visible second-guessing.

HOWEVER:

In the case of the SECOND Condition -- Limiting LP-1000s To Areas With 1,000 People Per Square Mile Or Less -- there has been growing support within Amherst for even TIGHTER geographical restrictions on LP-1000 licenses.

There ALSO appears to be growing support for this in THE REST of the Low Power Radio movement.

Upon reflection, Amherst itself may have helped to start this trend.

HOW LP-250s "CHANGED THE GAME"

By early April, Amherst's research and analyses had uncovered a number of DIFFERENT LEVELS OF POPULATION DENSITY where LP-100 stations (with a Broadcast Coverage Area of 38 square miles) might not be financially sustainable. In the same areas, however, LP-1000 stations (which are ALMOST 7 TIMES LARGER, with a Broadcast Coverage Area of 250 square miles) would have strong market incentives to act more like conventional Class A stations than stations focused on serving "niche markets" and specific communities. Thus, at THESE levels of population density, generally found in places which are neither fully metropolitan nor truly rural, we saw the need for a Transitional Tier -- large enough to make these stations FINANCIALLY SUSTAINABLE but still small enough to encourage A COMMUNITY AND/OR "NICHE MARKET" FOCUS.

After more discussion, we selected 250 watts -- WITH full Primary Service Status -- as an appropriate power level to "fill the gap".

Specifically, we advocated licensing of LP-250s at 100 feet (with a Broadcast Coverage Area of 61 square miles) and 200 feet (with a Broadcast Coverage Area of 125 square miles).

We stressed, however, that LP-250 stations should be licensed ONLY in areas where the population density is 1,500 people per square mile or less. (This is roughly the population density for Virginia Beach.) We also decided we could accept, as an alternative, banning LP-250s in The Top 40 Media Markets.

Once our support for LP-250s, at 100 feet and 200 feet, became an established feature of the Amherst policy recommendations, much of the internal support for LP-1000 stations began to evaporate -- at a surprisingly rapid rate.

Subsequent analysis has indicated that some of our aspiring LPRS broadcasters in small cities and rural areas, when presented ONLY with a choice between 100 watts and Secondary Service OR 1,000 watts and Primary Service Status, had felt literally FORCED to opt for the latter. From their perspective, the Commission had "stacked the deck" by presenting them with LP-1000 as the ONLY way they could avoid insolvency and/or displacement by another station.

However, once the alternative to 1,000 watts and Primary Service was presented as 250 WATTS and Primary Service, instead of 100 watts and SECONDARY Service, Member after Member after Member told us: "For small cities and the countryside, 100 watts is too little. And 1,000 watts is too much. 250 watts is JUST RIGHT -- and 'Thank You' for putting it On The Table."

AMHERST'S INTERNAL POLL

By the middle of May, we decided to conduct an internal poll of Amherst Members -- to confirm or deny the sea change we were sensing. Here is how the participating Amherst Members voted on the following options, ALL OF WHICH assume the availability of LP-250 licenses with Primary Service Status:

1. License LP-1000s WITHOUT Any Geographical Restrictions: 0%. We DID receive ONE "Yes" vote, from an aspiring LPRS broadcaster in a "Second 50" Market, but that Member subsequently withdrew from active Membership in Amherst. Therefore, the vote has not been counted.

2. RETAIN The Established Amherst Position: 43%. For details of this position, and how it developed, see the preceding discussion.

3. TIGHTEN Amherst's Currently Proposed Restrictions: 43%. Specifically, in the case of LP-1000s, reduce the geographical "ceiling" to 500 people per square mile or less -- AND/OR keep LP-1000s out of The Top 100 Media Markets. In the case of LP-250s, reduce the geographical "ceiling" to 1,000 people per square mile or less -- AND/OR keep LP-250s out of The Top 50 Media Markets.

4. Replace All LP-1000s With LP-250s: 14%.

APPENDIX 4-D

"THE BOTTOM LINE"

Given the relatively narrow margin by which poll participants favored tightening of restrictions, and also considering that participation in our poll was less than ideal, Amherst will not drop its established position COMPLETELY.

What Amherst WILL do is this:

We present our established position to you as THE OUTER LIMITS of our willingness to accept LP-1000 stations into the LPRS.

That is, WE WILL NOT OPPOSE any action by the Commission to tighten our proposed geographical restrictions on LP-1000 stations.

NOR we will oppose action to abolish LP-1000s completely, SO LONG AS the LP-1000 Tier is replaced by an LP-250 Tier that has Primary Service Status.

WE **WILL** OPPOSE any Commission action to license LP-1000s in areas with MORE than 1,000 people per square mile. WE WILL ALSO OPPOSE action to license LP-250s in areas with MORE than 1,500 people per square mile.

In short:

We ask the Commission to view our established position as THE **MINIMUM** LEVEL OF RESTRICTION we can accept for LP-1000 stations.

We ALSO stress again that Amherst has CONSISTENTLY favored MODIFIED Primary Service Status for LP-100s and LP-10s.

DJS/djs
5/27/99

Appendix 5:

"ECONOMICS
As If Values Mattered"
By
Charles Mattei,
Community Development Practitioner

At
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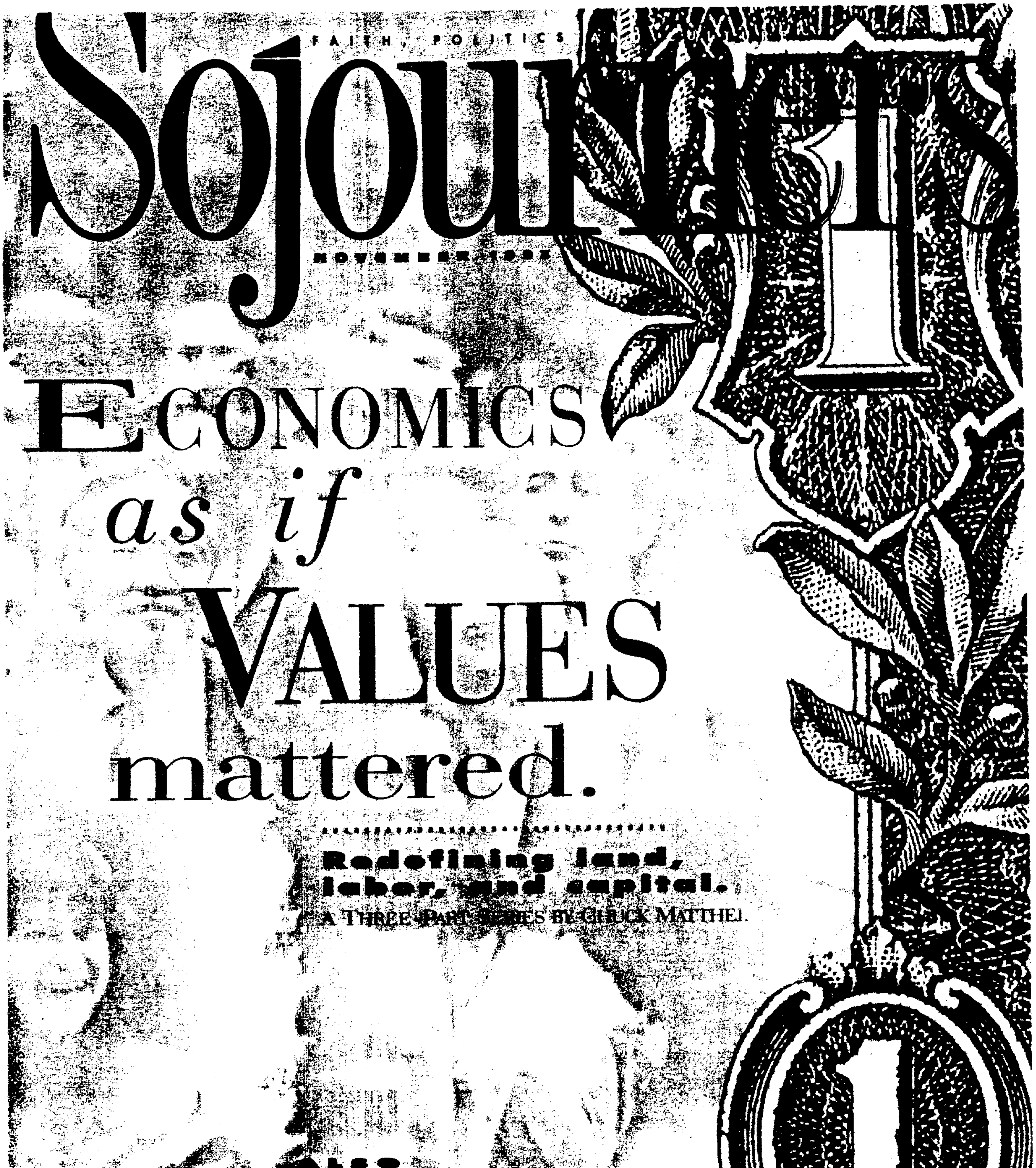
(The text of Appendix 5 is printed text, which must be "scanned in" for purposes of electronic transmission. Unfortunately, the FCC's Electronic Filing System appears unable to accommodate it. Therefore, after a week of unsuccessful efforts to transmit Appendix 5, we have DROPPED IT from the ELECTRONIC version of these Additional Comments. However, we are also submitting 15 PHYSICAL copies of these Additional Comments, plus an original, and all of these "hard copies" DO contain Appendix 5.)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A COMMUNITY TO WHICH WE BELONG

The value of land in economics.

BY CHUCK MATTHEI

AS OFTEN AS economic issues occupy our personal thoughts or dominate public discourse, the subject of "economics" remains confusing and even intimidating to many people. It seems to be vast, highly technical, and quite impersonal—yet we are each so profoundly affected by its realities.

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First in a three-part series redefining land, labor, and capital.

Despite appearances, economics is in essence a very personal and fundamentally moral discipline. It is nothing short of the web of our material relationships with one another and with the natural environment. Economic relationships have personalities and personal histories. Inescapably, these relationships physically manifest our social and spiritual values.

Our language expresses this duality. "Values" are both moral principles and economic measures. "Equity" is defined both as a financial interest in property and as fairness or justice. The root of "property" is also the root of "propriety." But perception and practice often reflect a division between them.

Many of the economic problems confronting us can be understood as the result of neglected or broken relationships. Americans celebrated the fall of communism, citing its failure to respect individual rights and the legitimate role of individuals in the economy. But we have a tendency to polarize public and private interests and, in our case, to mythologize the private sector and ignore the community as a genuine economic actor.

If it will, the church can play a critical role in healing these divisions. It has a unique contribution to make: philosophically, by drawing on its theology of creation, its understanding of the individual in community, and its preferential option for the poor; practically, because it is the largest and most widespread non-governmental institution and one of the few stable institutions in low-income communities.

The encyclicals and pastoral letters of recent years bear witness to the intellectual acuity and moral insight of church leaders. But, by omission, they also highlight a particular challenge. What's too often missing is a simple, straightforward discussion of how individual Christians, parishes, and other religious institutions should live their economic lives. What's needed is practical, faithful advice on the myriad economic decisions each of us must make: when and how to acquire, use, lease, or transfer real property; where and on what terms to place investments; what employment structures, working conditions, and compensation scales to establish or advocate; and more.

In practice, the division of faith and finance is nearly as common within the church as it is outside. Some of these issues are complex, with real institutional and personal consequences; it's important to avoid oversimplification. Still, one cannot help remembering G.K. Chesterton's observation that our problem "is not that Christianity has been tried and found wanting, but that it has been found difficult and not tried." In this time of rising need and diminishing charitable resources, the challenge of restoring the commonwealth is not only a matter of theological consistency, but may well be the only way to keep our social fabric from tearing apart.

The following is the first in a series of three articles reflecting on relationships along the three legs of the economic triangle—land, labor, and capital—from the perspective of a community development practitioner. They are by no means comprehensive, but they will offer an overview of several constructive new initiatives and serve as an invitation to readers to participate in such efforts.

LAND

TRADITIONALLY, land is the first leg of the economic triangle. Even in a modern economy, it is the source of shelter, nourishment, and raw materials for production—and literally the common ground on which all social and economic activity takes place. It shaped the character of American society and, for many individuals, real property remains the greatest personal investment and economic asset.

Nevertheless, the most prominent domestic problem in the United States in the past decade was homelessness and the crisis of affordable housing. In the same period, tens of thousands of family farmers left the land, and an already troubled national economy was further burdened with nearly a trillion dollars in debt that is significantly related to the involvement of financial institutions in speculative real estate ventures.

Despite many good efforts, the problems still persist. In housing as in health care, the evidence is that conventional social welfare programs simply aren't working. The subsidies are inadequate and inefficient. Needs are growing faster than available resources, and political will is limited. But more fundamentally, conventional programs cannot ultimately succeed because they are based on false premises.

THE MYTH OF POVERTY

THREE WIDESPREAD myths distort popular perspectives on property. First is the "myth of poverty," or the tendency to judge the poor by their apparent deficiencies, ignoring very real economic capacities.

Most low-income people are renters. Before Mrs. M became one of the first homeowners in a new community land trust in Cincinnati, Ohio, she was paying $350 a month for a dilapidated apartment with a market value of less than $15,000. Over her lifetime, with normal rent increases, she would have paid several hundred thousand dollars for a slum dwelling, far more than would have been required to purchase the same (or better) housing on conventional terms. In fact, many low-income families pay not only a higher percentage of income, but a greater total amount than many homeowners pay—with none of the same benefits.

Poverty is not simply a lack of income. Examine the economy of most low-income communities and you will find far more money flowing than one might suspect. The problem is that what flows in flows right back out; and that is a problem of ownership.

From small urban neighborhoods to large areas, one of the most common characteristics of low-income communities is a prevalence of absentee ownership that rivals any Third World country. These patterns may not represent our national average, but they are the circumstances of the poor and a root cause of their continuing poverty.

The poor need equity before subsidies.

The Myth of Wealth

NEXT IS THE "MYTH of wealth," which is very respectful of private initiatives and protective of private investment, but often ignores the social contribution to property value. When individuals purchase or improve properties, they create value. But when a city government installs a subway line, giving another neighborhood the amenity of convenient transportation, that also adds value.

And when low-income tenants organize to transform vacant lots into mini-parks or otherwise make their community more desirable, that too enhances property values. They themselves will receive no economic return for their investment and may inadvertently accelerate a process of gentrification that will displace them altogether.

Many low-income families pay not only a higher percentage of income, but a greater total amount than many homeowners pay—with none of the same benefits.

The legal conception of property as a "bundle of rights" (air rights, development rights, time-shares, etc.) has an economic corollary. Property value is a "bundle of values." It comes from many sources, both individual and communal. And this realization may hold a key to solving our land and housing problems.

When we fail to measure the social contribution, then we also fail to utilize the social increment in value, the "commonwealth," for the common good. This is true when public funds are used to subsidize housing in the private market, and it has been true of the management of public timber, mineral, and grazing lands in the West and elsewhere. If private trustees or investment managers were so heedless, they would be dismissed or held legally liable for breach of fiduciary duties. But we have become accustomed to the neglect of public interests.

The Myth of Public Assistance

LAST IS THE "MYTH of public assistance," which portrays efforts to bridge the economic gap as a process of taking from those who have fairly earned and giving to those who have not (but probably should have). This characterization stigmatizes the poor and fosters resentment among the tax-paying public, creating a political climate in which appropriation levels will never be adequate.

Even more important, it reflects only a partial understanding (perhaps a willful blindness) of subsidies in the housing market. In fact, while the poor receive some services through direct appropriations, a second set of indirect but very substantial subsidies are embodied in the tax code. It is significant that these subsidies are not even acknowledged as such; they are not subjected to annual review and renewal; and, in great disproportion, they benefit the wealthier sectors of society, not the poor.

If you ask a group of middle or upper-income homeowners, "How many of you live in subsidized housing?" no hands will be raised. But ask, "How many of you take advantage of the federal and state home mortgage interest deductions?" and virtually every hand will rise. Through this deduction alone, the federal treasury gives up several times as much each year as the total amount spent on housing assistance for the poor—and 80 percent of the financial benefit accrues to the wealthiest fifth of the population. The rationale for this policy is the national commitment to helping every family realize the American Dream of home ownership, but this can hardly justify the deductions on million-dollar homes, second homes, or equity loans unrelated to housing acquisition.

Property as Partnership

PROPERTY CAN never be wholly private or wholly public, but must be seen as a partnership between the individual and the community. This realization is implicit in the religious doctrine of stewardship or Gandhi's concept of trusteeship. "The Earth is the Lord's." It is not of our making and cannot be, in absolute terms, a private possession.

There is growing public awareness of the environmental dimension of land stewardship, but less attention to the social and economic implications. A half-century ago, the early environmentalist Aldo Leopold observed, "We abuse the land because we regard it as a commodity belonging to us. When we see land as a community to which we belong, we may begin to use it with love and respect." It is not only the land itself, but the entire community that is affected.

In this partnership, individuals have a legitimate economic interest; the community has a legitimate interest; and the original, essential value of the creation may be considered, in the spirit of the gospel, to be held in trust for the good of all and especially for the poor.

Historically, the church has affirmed the legitimacy of private ownership—but always qualified its affirmation by recognizing that the private interest is not singular or absolute and that there is a "social mortgage" on property. Our challenge is to give this principle a practical, personal application in a modern market economy.

Models for Community Development

A NUMBER OF community development practitioners are doing just that today. Perhaps the most distinctive of these new models, and the most deliberate in its delineation of individual and community interests and the relationship between them, is the community land trust (CLT).

CLTs are democratically structured, non-profit corporations that own land and make it available to individuals and organizations for residential, commercial, agricultural, public service, or other appropriate purposes. Occupants may own the buildings and other improvements they make on the land, and a lease agreement defines the relationship and the rights and responsibilities of each party.

Through a CLT, individuals gain the essential benefits of ownership: lifetime security and a legacy for their heirs, as long as they will actually use the land; and fair equity for their personal investment of capital and labor. But the community democratizes access, protecting itself from the effects of absentee ownership and monopolization. It has a stronger voice in planning decisions. And it reserves subsidies and the social appreciation in land value for multi-generational benefit.

In different ways, public and private interests are also balanced by limited-equity cooperatives (in which every resident owns a share but the transfer value is limited to preserve affordability) and mutual housing associations (MHAs, which are resident-controlled, not-for-profit housing corporations), and by deed restrictions, "sleeping" mortgages, and other legal and financial devices.

Many of these techniques can be used in combination with one another. For example, it is common for a CLT to hold land on which a group of families own their building as a limited-equity coop.

These models can be applied in cities, towns, and rural areas. Over the past 15 years, there has been dramatic growth in the number of such organizations, the scale of their development activity, and the breadth of popular and institutional support. In important ways, they bridge traditional political divisions. On the one hand, they are cost-effective and create opportunities for individual home ownership; on the other, they give low-income communities security, economic power, and greater control over their own destinies.

For churches in particular, these efforts have both practical appeal and spiritual affinity. From the outset, churches have provided facilities, board and staff members, volunteers, and substantial amounts of investment capital. For example:

- The West End Alliance of Ministers and Ministries initiated the development of the Community Land Co-op of Cincinnati (a CLT); black and white churches joined together to establish the Time of Jubilee CLT in Syracuse, New York.
- The United Methodist Church sponsored a pastor/organizer to work with developing CLTs in Atlanta, Georgia; the Catholic archdiocese in New York City assigned personnel to the sweat-equity homesteading projects of the RAIN CLT.
- The Dominican Sisters of the Sick Poor donated property in Ohio and have now offered to donate land adjacent to their motherhouse in Ossining, New York.

Companion Initiatives

THERE ARE NOW more than 100 CLTs across the country, and many individual coops or MHAs. Yet their numbers are still limited and most of this development takes place in low-income communities where the need is most urgent and where these models have obvious advantages over conventional market or public sector options. Companion programs are now needed to engage socially concerned property owners in every geographical and economic sector, to make it clear that the social mortgage is not a form of "second-class ownership for the poor" but, rather, a guiding principle for an equitable market.

MANY OF THE ECONOMIC PROBLEMS CONFRONTING US CAN BE UNDERSTOOD AS THE RESULT OF NEGLECTED OR BROKEN RELATIONSHIPS.

The new Equity Trust Fund (see box below) is designed to be a vehicle for this commitment. It invites gifts from the social appreciation in property value and gifts of property, to be used to meet the needs of those who are disenfranchised or disadvantaged by the same market that gives current owners a windfall profit.

The Equity Trust Fund is unique. There are many conservation organizations that solicit land gifts, but this program addresses human needs as well. It does draw inspiration, however, from the Bhoodan/Gramdan ("land gift/village gift") movement of Gandhi's successor, Vinoba Bhave, and Jayaprakash Narayan in India in the 1950s. While that effort failed to meet its ambitious goal of providing for every landless peasant, it did redistribute more than a million acres, achieving more than any government program.

The purposes of the Equity Trust Fund are educational and political, as well as financial. It is designed to focus public attention on basic questions of property and equity as participants go beyond traditional charity to reform their own economic relationships.

Of course, CLTs and Equity Pledges alone cannot equal the volume of need, but they can play a role in developing a political constituency for property reform. In Gandhi's conception, social change has three dimensions: personal commitment, the "constructive program," and political campaigns. CLTs, co-ops, MHAs—this emerging "third path" between the strictly public and private—represent our constructive program.

The Equity Trust Fund offers individuals and institutions an opportunity to express the values that underlie these efforts and to demonstrate the will to make the personal changes that meaningful political reform will require. For religious persons, it effectively combines practical economic action with prophetic witness.

AN AMERICAN LAND REFORM

LAND REFORM in the United States will not take the same forms as in the Third World, but land reform is what we need. It should not be seen as a confiscatory program but, rather, one that reflects a renewed respect for one another and a new regard for equity in the economic relationship between individuals and communities.

Three principles should guide the development of a platform for reform. First, public contributions should be treated as long-term investments for the common good. Second, the poor should be able to make full use of their assets. And third, the playing

A UNIQUE OPPORTUNITY TO RESPOND

The Equity Trust Fund

IF YOU ARE A PROPERTY OWNER who is concerned about those who are excluded or disadvantaged in the real estate market, the Equity Trust Fund offers you a unique opportunity to respond to their needs, support innovative community development and conservation projects, and stimulate an important public dialogue. You can:

1) ***Sign the equity pledge,*** **promising that when you sell your property, you will donate a designated percentage of the "social appreciation" in its value to the Equity Trust Fund;**

OR

2) ***Make a land gift*** **by retaining a life estate and donating the remainder interest, or by simply donating a property today, so that the property can be maintained for charitable purposes or the equity used to achieve similar goals in other communities.**

Any property owner, whether individual or institution, can make a pledge on any kind of property. There is no minimum or maximum pledge—you choose the percentage, whatever you are able or willing to give. And you may express geographical or other preferences for the use of your contribution.

Every dollar of your equity gift will go directly into the Equity Trust Fund, to provide loans (and occasionally grants) to community land trusts and similar organizations, for projects in the United States and abroad. Property gifts will be transferred to local land trusts whenever possible, or leased for charitable or environmental purposes; if necessary, they may be sold and the proceeds added to the Equity Trust Fund.

Join an attorney in Maine, a professor in New York, a youth worker in Wisconsin, a hydrologist in New Mexico, a filmmaker in California, a religious order, and many others. The Equity Trust Fund is flexible enough to enable any socially concerned property owner to participate. It is the only "land gift" program in the United States that serves not only conservation purposes but the social needs for land as well.

For more information or technical assistance with community land trusts and other land trust development, contact the Equity Trust Inc.: Equity Trust Fund, 539 Beach Pond Road, Voluntown, CT 06384; (203) 376-6174. —THE EDITORS field should be leveled, so that all have the same opportunities, and preferential subsidies are allocated to those who genuinely need them.

Conventional land and housing programs are constrained by budget limits that may well be a permanent feature of our political economy. But many reform measures need not be costly, and some will actually increase revenues or reduce the demand for future spending.

- Appropriations can be used much more efficiently if they are allocated on a priority basis to projects that ensure long-term affordability.
- Tax-default properties and the inventories from failed banks and S&Ls should be placed in land trusts, with only buildings sold, and long-term lease fees used to recoup the public investment.
- The flow of investment capital could be increased by encouraging public and private pension funds, ensuring liquidity to give community development funds greater access to institutional assets, and applying the Community Reinvestment Act to insurance companies and even charitable institutions.
- Tenants and community trusts should have a first right of refusal for the purchase of rental properties and properties that have received public subsidies, as is true for housing in Washington, D.C., mobile home parks in Massachusetts, and farmland in Vermont.
- Tax reforms should be pursued, including capping mortgage-interest deductions (or relating them to the percentage of income paid for housing) and legislating more progressive capital gains and property taxes.

Facing the Challenge

THESE ARE BUT A FEW of the measures that might be included in an American land reform agenda. They reflect the moral imperative to help first those in greatest need, but this would not be a "poor people's policy." Rather, it would be an inclusive effort to establish a socially, as well as environmentally, responsible land ethic and more equitable market.

It is interesting that in the current national debate on health care, an unusual degree of consensus has emerged that the private market alone cannot solve the problems, traditional subsidy programs are financially ruinous, and structural reform of some kind is required. In the previous years during which homelessness and the housing crisis were in the spotlight of national concern, no similar call for structural reform was heard.

Property is both a very basic issue and perhaps the most controversial. Genuine reform will be a very difficult challenge. Nevertheless, as both social and environmental problems related to land continue to mount and resources dwindle, it will become clear to more and more people that we have only four alternatives.

We can ignore these problems and suffer the terrible social and economic consequences of that neglect. We can continue subsidizing the private market, generation after generation, at ever higher levels of spending. We can expand the public housing sector which, though it provides an important service, offers only a limited range of housing benefits to residents and meets considerable resistance in many communities. Or, finally, we can renew the covenant between the individual, the community, and the land on which both depend—and embark together on the path of economic reform.

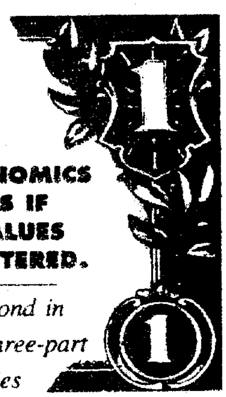
For some, this process will bring new opportunities. From others, it will also ask for sacrifices. It is appropriate—and perhaps even necessary—that the initiative be taken by people of faith. As the French philosopher Albert Camus said in response to a question from a group of Dominicans, what the world expects of Christians today is that they "speak out clearly and pay up personally."

CHUCK MATTHEI, a community development practitioner for the past 20 years, is president and founder of the Equity Trust Inc.

A RETURN ON THE GOSPEL

BY CHUCK MATTHEI • BENEATH ALL OF THE EMBOSSED certificates, deposit books, and daily market reports, investments are human relationships. Capital, after all, represents labor and land, and whether it is accumulated from wages or donations, rents or product sales, inheritance or other unearned income, we might appropriately ask three questions: With whom are we called to enter into economic relationship? What is the purpose or intended product? Are the interests of the parties fairly balanced? In other words, who should have use of our money, and what should be their obligation to us and our claim upon them?

In the religious community in recent years, there has been steadily growing interest in "socially responsible investment." From the shareholder resolutions of the Sisters of Loretto (dubbed "The Stinging Nuns" by *Time*) against the health and safety practices of the Blue Diamond Coal Company, to the South Africa divestment campaigns, to various attempts at screening out weapons producers, major polluters, and alcohol and tobacco companies—and affirmatively selecting companies with fair labor practices or environmental sensitivity—hundreds of religious institutions and many parishioners are trying to integrate faith and finance.

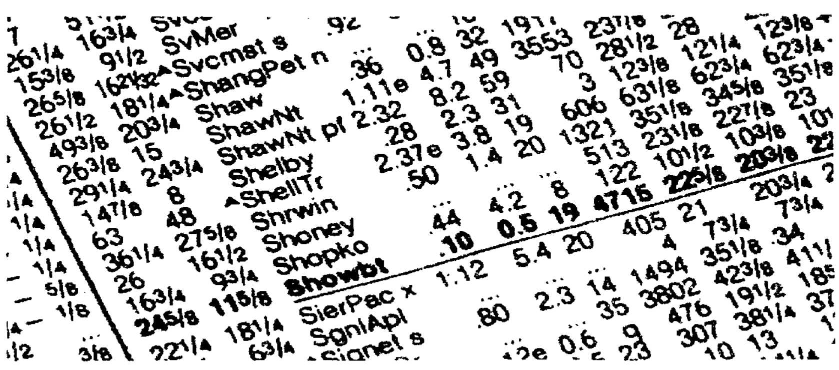


ECONOMICS AS IF VALUES MATTERED.

Second in a three-part series redefining land, capital, and labor.

There is a social mortgage on capital, resulting in the need for economic initiatives that can effect a just distribution of equity and earnings. Within the spectrum of social investment activity, "community investments" are the best reflection of gospel priorities. Community investments target resources to the poor; meet urgent needs for housing, employment, and essential services; and support structural

Photo by Rick Reinhard



THOUGH A SERIOUS BUSINESS DECISION, THE COMMITMENT TO COMMUNITY INVESTMENT IS ALSO AN OPPORTUNITY FOR REFLECTION ON THE RELEVANCE OF THE GOSPELS IN MODERN LIFE.

change in the economies of low-income communities—objectives that are difficult, if not impossible, to achieve through conventional securities. Moreover, community investments compare well with many conventional options and, thoughtfully chosen, can be a responsible course for any investor.

Community Investment Options

FOR MOST PEOPLE, investment decisions begin with opening a bank account. It's not always easy to choose the most responsible institution, but you can review a bank's CRA file (the federal Community Reinvestment Act requires banks to provide a measure of service to the communities from which they draw capital), talk with bank officers, and, perhaps most helpful, ask community development organizations about their actual experiences with local banks.

There are a small number of community development banks that welcome non-resident deposits. Best known are the South Shore Bank, which since 1970 has been dedicated to revitalizing a neighborhood on Chicago's South Side, and the newer Community Capital Bank in Brooklyn, New York. The Elkhorn bank established in Arkansas by South Shore was the original model for the Clinton administration's pending Community Development Banking and Financial Institutions Act.

Among conventional institutions, Vermont National Bank's Socially Responsible Banking Fund is the most innovative initiative. Any depositor may participate, and the bank is committed to using all designated deposits in or near Vermont for affordable housing, family farms, small businesses, and environmental conservation.

In a relatively short time, the SRB Fund has grown to more than $60 million. Last year, in the difficult climate of continuing recession, the bank would have recorded a decline in overall deposits except for the unique appeal of this program. And though some initially feared that community investment might be riskier and less profitable than conventional lending, the SRB Fund had the lowest delinquency rate of any department in the bank.

Most low-income communities are poorly served by banks, and some not at all. But in 300 communities across the country, community development credit unions (CDCUs) provide basic consumer banking services. All credit unions are financial cooperatives, owned and controlled by their members. Unlike parish, workplace, and other traditional credit unions, however, CDCUs are defined by the geography of a low-income community and are allowed to accept non-member deposits to bring additional resources into under-capitalized areas.

According to the National Federation of Community Development Credit Unions, based in New York City, CDCUs currently manage more than $500 million in deposits. The federation will direct potential investors to individual credit unions, and it also manages a central fund to enable large investors, through a single investment, to channel funds to many CDCUs.

BOTH COMMUNITY development banks and credit unions are chartered and regulated financial institutions that offer a full range of savings, checking, certificates of deposit, and other options, with the protection of federal (or state) deposit insurance. Community development loan funds (CDLFs), on the other hand, are non-profit corporations that fulfill their charitable purposes through the activity of borrowing and lending.

CDLFs are distinguished by their ability to commit 100 percent of the capital under management to community development, by their flexibility, and by their analysis of poverty and philosophy of development. From the outset, the movement has set for itself a three-fold mission: 1) to assist those who need capital in meeting their immediate needs and changing the patterns of ownership that perpetuate their poverty; 2) to engage those who have capital in reflection on the origins and social responsibilities of wealth; and 3) to challenge those who manage capital to recognize the creditworthiness of the poor and allocate resources more equitably.

Most CDLFs serve metropolitan areas or states; several are regional or national in scope. They solict loans from many individual and institutional investors, on terms set by the investors within parameters established by the fund. The money is pooled and used to finance a broad spectrum of community development and service programs, including community land trusts, worker-owned businesses, soup kitchens, health clinics, and day-care centers.

The National Association of Community Development Loan Funds in Philadelphia counts 44 member funds, with others in development. Together they have placed more than $135 million in project loans throughout the United States. The association provides training and technical support, and administers a program of peer reviews or self-regulation. Its central fund also enables large investors and donors to distribute loans and equity capital among member funds. The Episcopal Church has made a $1.6 million investment in the central fund, several charitable foundations have provided large loans, and Citibank recently made a $1.1 million equity grant.

In addition to these institutions, there are other business development and micro-enterprise funds affiliated with the Association for Enterprise Development, and a variety of additional community investment programs. Together they offer a broad spectrum of opportunities for conscientious investors, and many will utilize a combination of investment vehicles.

Social Impact and Financial Performance

EVEN MODEST INVESTMENTS can have considerable impact. To date, loans made by NACDLF members alone have been responsible for the development of more than 18,000 units of affordable housing, the creation or preservation of more than 4,000 jobs, and vital services for many thousands more.

In some cases a fund will provide all of the financing for the first project of a young organization; in others, it will be the "missing piece" of a much larger financial package. NACDLF members' loans have leveraged at a rate of more than 10:1—but even more significant, more than 2,000 loans have gone to first-time borrowers, both organizations and individuals, who had nowhere else to turn, but now have a credit history and a record of real economic and personal achievement.

NOW, WITH THE SUCCESSFUL RECORD THAT HAS BEEN ESTABLISHED, AND WITH GOSPEL IMPERATIVES IN MIND, PERHAPS IT'S TIME FOR COMMUNITY INVESTMENT TO BECOME THE NORM OF RELIGIOUS PRACTICE.

Perhaps the most important contribution of a community development lender is this catalytic effect on other institutions. The New Hampshire Community Loan Fund's (NHCLF) first loan, for example, went to a small group of low-income families who were threatened with displacement by the pending sale of their mobile home park. They had neither the security of owners nor the legal protection of tenants.

NHCLF established a co-op conversion program, offering a combination of community organizing, technical assistance, and financing to mobile home parks throughout the state. Over time, the success of these efforts persuaded several banks and the state housing finance agency to alter their policies and extend mortgage loans—and the state legislature passed a bill giving mobile homeowners a first-right-of-refusal before their parks can be sold to any other party.

The financial performance of community investment institutions has been equally impressive. NACDLF members report loan losses of approximately one-half of 1 percent, with investors protected by loss reserves and the funds' equity. Community development banks and credit unions typically perform better than industry averages. Of course, care must be exercised in the selection of an intermediary, and community investments are not the most lucrative options in the financial markets, but there should no longer be any doubt that they can be a prudent—and faithful—commitment.

Mobilizing Religious Commitment

THE EARLY FORAYS OF the churches into community investment in the 1960s produced mixed results and some substantial loan losses. The lesson of that experience is the value of qualified intermediaries.

A qualified intermediary has already assembled a staff, board, committees, and consultants with the necessary mixture of social concern and financial skills. It assumes responsibility for evaluating applications and negotiating, documenting, managing, and monitoring project loans. In most cases, the investor's legal claim is on the entire portfolio of the intermediary, and you are not dependent on the individual performance of the projects you support. When needed, the intermediary will provide or locate technical assistance for the project.

As new models and a new generation of intermediaries began to emerge in the late 1970s and early '80s, religious institutions and representatives did play a central role—and they still do. The Boston Community Loan Fund was initiated by Old South Church, a United Church of Christ congregation, reaching out to other denominations and secular organizations in a broadly ecumenical effort. The New Mexico Community Loan Fund was sponsored by the New Mexico Council of Churches and the Catholic Diocese of Las Cruces. And religious investors provided a substantial portion of the initial capital for virtually all of the new institutions, with Catholic orders of women often in the lead.

The process of proposing, debating, and implementing community investment commitments with your own board of trustees can be enlightening, enlivening, and also quite challenging. Make sure that you bridge the common gap between social justice and investment committees, and include financial decision makers in the process from the outset. Use community investment practitioners as advisers to review practical experiences and relevant precedents. Ask for a detailed description of the percentage allocations and performance of each type of security in your current portfolio, as the basis for accurate comparison—and then establish clear principles, specific criteria, and an appropriate percentage for community investments.

Most important, use the process of investment planning as an opportunity to renew and enlarge the faith of your community. Though a serious business decision, the commitment to community investment is also an opportunity for reflection on the relevance of the gospels in modern life. It is an occasion for evangelization—a decision that not only applies to institutional resources but may inspire many individual members as well.

When Rev. Douglas Theuner was called to be the Episcopal bishop of New Hampshire, he initiated a relationship with the New Hampshire Community Loan Fund. First he made an investment from the bishop's discretionary fund, and then he went to the trustees of the diocese to propose a much larger investment from the resources in their stewardship. He and his wife have made a personal investment, and now he is convening a series of meetings in all of the regions of the diocese to encourage the participation of individual parishes and parishioners.

Similarly, the leadership conferences of Catholic religious orders in the New England area launched a collaborative investment program in low-income housing, using the services of an established intermediary. Individual orders can determine the amounts and terms of their investments; a steering committee establishes the social criteria and priorities; and the intermediary performs the financial evaluation and manages the loans. The program was announced in what some would call a prayer service and others might call a political demonstration in City Hall Plaza in Boston, and news of the event immediately brought inquiries from numerous individuals and other religious organizations.

ANTICIPATING RESERVATIONS

THERE ARE NOW many good examples, but one can still expect some hesitation in response to a community investment proposal. Virtually everyone will acknowledge the potential social benefits, but many trustees will be concerned about financial issues—and perhaps even their legal ability to take this action.

Individuals are free to make any investments they choose, but trustees have specific legal and fiduciary responsibilities in their management of corporate assets. In a legal memorandum prepared for the Episcopal Church, however, New York attorney William McKeown concludes that community investments are permissible. He says, in part, "...charitable purposes, and particularly religious purposes, are not as readily measured in monetary terms as commercial or business purposes are. The law recognizes this fact....A charity's governing board must manage the assets of an ongoing enterprise in order to carry out its purposes, not merely to conserve assets and generate income."

Traditionally, investors and investment managers are concerned about risk, return, and liquidity: preserving wealth, deriving income, and maintaining sufficient flexibility to meet changing personal needs or take advantage of new market opportunities. The practical relevance of these considerations is obvious, but Christian tradition offers unique perspectives and may impose unique criteria.

All investments involve some element of risk. Each intermediary or project must be evaluated realistically and the portfolio balanced carefully. But it is a mistake to assume that community investments are inherently riskier than conventional investments. If they are properly packaged, they may be just as secure, and sometimes even more so. The record briefly cited above bears witness—as does the fact that most of the dramatic losses in the Savings & Loan and banking industries in recent years have come at the upper end of the market.

In any event, financial risks must also be weighed against the vulnerability of a project's intended beneficiaries.

IF THE "LEAST OF THESE" ARE TRULY THE FOCUS OF A CHRISTIAN ECONOMY, ONE CANNOT HELP WONDERING IF EARLY CHRISTIAN TRADITIONS MIGHT YET HAVE RELEVANCE.

What is the risk of human suffering if the project does not proceed? The central metaphor of the Christian faith is the story of Jesus coming to terms with risk, fear, and sacrifice. The challenge for Christians is not to avoid all risk, but to accept necessary risk for the right cause.

A greater concern for many investors may be the rate of return. The potential varies from project to project, but in general, community investments offer only modest returns, the lower end of conventional market opportunities.

At first, trustees may respond to a community investment proposal by comparing its anticipated return with the overall portfolio average, but this is like comparing the proverbial "apples to oranges." Most community investments should be compared with other fixed-rate securities or deposit accounts, not equities. Properly calculated, it should be possible to transfer a meaningful percentage of virtually any portfolio to community investments with limited impact on total return.

The need for income may also bear some scrutiny. Religious institutions typically look to investment income for both operating expenses and mission funds. It is understandably tempting to make every effort to maximize return if those earnings are supporting charitable programs. However, community investment can enhance the social contribution of the church, even if it somewhat reduces investment earnings, because the combined impact of charitable gifts and investments—of social services *and* com-

Continued on Page 49...

FAITH AND FINANCE

Continued from Page 24

munity economic development—will be greater than the impact of a somewhat larger grant fund alone would have been.

If $100,000 from bonds paying, say, 7 percent is moved into community investments at 4 percent, the institution will lose $3,000 per year of grant-making capacity. But for every grant dollar lost, $33 of community investment capital will be committed to similar purposes!

Catholic Worker founder Dorothy Day was fond of reminding religious leaders that money lending at interest was forbidden in the early church. Most church members today are neither aware of this prohibition nor can they imagine its rationale. But the economist John Kenneth Galbraith explains that the "economy" in biblical times was very primitive. Most people labored to meet their basic needs—and borrowed only when they did not have enough. In that context, it was considered inconsistent with the spirit of Christian community to take advantage of someone in a time of distress by imposing an interest charge.

With the advent of market capitalism, people began to borrow in order to go into the marketplace and make more money. In this context, it seemed reasonable to expect a share of the profits. Nonetheless, despite the dramatic economic changes of the past two millennia, it is important to acknowledge that there are still millions who labor to meet basic needs and are unable to do so because they lack access to the capital necessary to acquire productive resources. If the "least of these" are truly the focus of a Christian economy, one cannot help wondering if early Christian traditions might yet have relevance.

Finally, there is the concern for liquidity. Investors typically accept lower return on some investments in exchange for lower risk or greater liquidity, and this can also be a barrier to increasing the volume of capital for community development.

Here it is useful to repeat that community investments offer a wide range of opportunities and terms, from liquid accounts to deposits and loans of virtually any length. Remember that the term "faithful" implies not only belief and commitment, but perseverance as well.

THE WIDOW'S MITE

ULTIMATELY, investment should be as much of a sacrament as any other act of a faithful person. Many charitable institutions define their charitability solely by their use of investment earnings, not the nature of the investments themselves. But the consistency of ends and means is a basic tenet of moral philosophy.

Mahatma Gandhi, who recognized the inescapable relationship between faith and finance when he said, "To the poor, God can only appear as a loaf of bread," also observed:

They say "means are after all means." I would say "means are after all everything." As the means so the ends. The Creator has given us control over means, none over the end. Realization of the goal is in exact proportion to that of the means.

The investments referred to throughout this article as "community investments" are still known to many as "alternative investments." To date, in fact, they have been an experiment for most investors. Now, with the successful record that has been established, and with gospel imperatives in mind, perhaps it's time for community investment to become the norm of religious practice.

The Interfaith Center on Corporate Responsibility, which tracks the social investment initiatives of 250 Protestant denominations, Catholic orders, and other religious institutions, estimates that their community investments currently total approximately $250 million (with the United Methodist General Board of Pensions accounting for $100 million in low-income housing). It is an impressive amount of money—but it still represents only two-thirds of 1 percent of the $35 billion value of these portfolios.

When Jesus compared the offerings made by the wealthy men and the poor widow, he observed that the measure of faith is not the number of dollars, but rather the degree to which we give of our substance rather than our surplus. Religious institutions have provided critical leadership in the community investment field, affecting the lives of thousands of low-income people, and set valuable precedents for other institutions and individual investors. But we can do better. ■

CHUCK MATTHEI, a community development practitioner for the past 20 years, is president and founder of the Equity Trust Inc. in Voluntown, Connecticut, which manages a community investment fund and advises individual investors on the range of community investments.

IS ALL USEFUL WORK OF EQUAL VALUE?

BY CHUCK MATTHEI

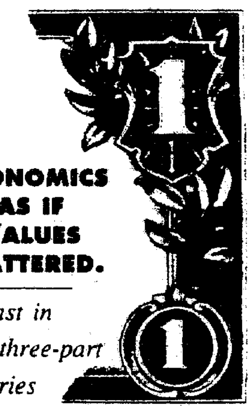
THE SPIRIT OF WORK

OF ALL THE ECONOMIC challenges confronting us, none is more complex and contentious than the problem of employment. The character and culture of labor are changing, even more than that of land or capital. From the definition of meaningful work to salary scales, corporate structures, and strategies for job creation, less consensus exists in this sector about values, goals, and the means of achieving them.

WORK AND WAGES

WHEN THE PUBLIC LEARNED that the president of the United Way of America received nearly a half-million dollars in annual compensation, all hell broke loose. Contributions dropped off, the president was forced to resign, and, for a few months in 1992, a flurry of investigative reporting about salary scales in both the non-profit and for-profit sectors of corporate America filled the airwaves.

The *Chronicle on Philanthropy* surveyed CEO salaries among major non-profit institutions, discovering that three-quarters of the CEOs received more than $100,000 a year and nearly a third more than $200,000. A study by City Limits focused on the low wages paid to rank-and-file service workers by some of the same organizations. And when President Bush traveled to Japan with an entourage of American auto executives, the national media pointed out that the ratio of highest-to-lowest paid in the average Japanese corporation is only 15-to-1, while in the United States it is nearly 100-to-1.



ECONOMICS AS IF VALUES MATTERED.

Last in a three-part series redefining land, capital, and labor.

In the midst of this debate, the *MacNeil/Lehrer News Hour* assembled a panel of experts to discuss appropriate standards for charitable organizations. One argued that non-profit executives should be paid according to conventional business norms because the leaders of charities also have substantial responsibilities and have to socialize with their corporate counterparts. Another said instead that compensation should be based only on the practices of other non-profit organizations (a rather circular argument). But no one spoke of the other employees of these organizations; no one acknowledged the many other satisfactions and privileges of leadership; and no reference was ever made to the poor, whose needs are the *raison d'etre* of so many of these institutions.

Should a foundation officer's salary reflect in any way the circumstances of the foundation's grantees, or a community development worker's salary the condition of the community? What's the responsibility of a pastor to the flock or to the "least of these"? Perhaps the panelists didn't address these questions because so many practitioners don't.

GANDHI CREDITED JOHN Ruskin's book, *Unto The Last*, with bringing about "an instantaneous and practical transformation in my life," citing its teachings that the good of the individual is contained in the good of all and that all useful work is of equal value. It is an appealing philosophy for those who profess that all are equal in the eyes of God, but one that seems difficult to put into practice in the modern market economy. In fact, very few churches and charitable organizations even try to articulate a philosophy of compensation, to explain how they value life and labor and the respective contributions of their employees.

Of course, some interesting exceptions and experiments are well-known. The Catholic Worker continues in its 60th year of voluntary poverty. A few organizations have experimented with compensation based solely on need. One owned several buildings and a small fleet of vehicles; staff received housing, food, transportation, medical care, as well as payment for school debts, dependents, and other special needs, and a small stipend.

The practical advantages of such an approach can be significant. For an average of roughly $8,500 per adult per year, it was possible for that organization to ensure staff members a standard of living and supportive environment that would have been difficult to replicate even with three or four times that amount as an individual or individual family unit in most markets. Low operating costs meant that very little time and few resources were spent on fund raising; services could be provided to those in need regardless of their ability to pay; and new programs could be initiated, or staff added, without the usual delays and limitations imposed by conventional costs.

At the same time, it's often hard to sustain such a practice. Policy making and administration can be time-consuming and complicated. Age and family life may bring additional pressures and concerns. And if intimacy and a close community of support are the positive side of the coin, for many modern Americans, an uncomfortable feeling of dependency or invasion of privacy may sometimes be the other. As Dorothy Day used to say, somewhat ruefully, "Voluntary poverty means giving up your privacy; anyone can wear old clothes."

The organization mentioned above is now moving toward a more conventional salary scale. Another switched to a modest standard, equal for all staff regardless of position, but with some additional consideration for dependents. Some continue the original experiment.

Enormous discrepancies in income, and persistent discrimination based on factors such as gender, suggest that the "social mortgage" on labor is not being paid.

Perhaps there is no single standard. If the world is a supper table, the serving bowls are in front of us, and we are asked to fill the plates, perhaps the best we can do is look across the table at our brothers and sisters and follow St. Augustine's advice to "love God and do as you please." Still, enormous discrepancies in income, and persistent discrimination based on factors such as gender, suggest that the "social mortgage" on labor is not being paid.

Equity in the Workplace

ALL OF THESE EXPERIMENTS are instructive. Unfortunately, there's not yet any provision for non-profit managers and members to meet regularly and share their experiences. In a small but growing segment of the for-profit sector, however, an active exchange is taking place.

The Social Investment Forum first brought together individual and institutional practitioners of socially responsible investment. Then came the Social Venture Network, an eclectic gathering of CEOs, entrepreneurs, developers, high net-worth investors, and even a few non-profit leaders. These have now been joined by Business for Social Responsibility (BSR), with a national membership of 700 firms of varying sizes and types.

"Socially responsible" is self-defined. None of these associations has established specific standards, though they do publicize the "best policies and practices" in categories including pay scales, benefits, and other labor practices. They don't take stands on public policy matters, but many BSR members actively supported the recent national family leave legislation, for example.

Ultimately, equity in the workplace has to be measured not only by salaries, benefits, or working conditions, but by the structure of ownership itself. Some of these "responsible businesses" have made provisions for profit-sharing; relatively few, however, have yet taken steps toward employee participation in ownership.

Some employee ownership programs are initiated by management, as with Springfield Remanufacturing in Missouri, which followed a management buy out by offering workers a role in ownership, even training them to read balance sheets and participate in the financial operations of the company.

Others represent an effort by workers to save their jobs. Traditionally, many unions were wary of integration into management or ownership, but attitudes are changing. And in cases like the airline industry, a share in ownership has been the only available compensation for employees faced with the prospect of making multibillion-dollar concessions.

The National Center for Employee Ownership estimates that employees hold the majority interest in approximately 2,000 U.S. companies, with more than 1.5 million workers represented. A much larger number have some kind of employee stock ownership plans. Some of these plans were motivated by tax benefits for the business; increasingly, however, employee participation in ownership is becoming a part of organizational development and management strategy.

Ownership issues should also be a concern for conscientious investors. Perhaps the reason that the furor surrounding United Way didn't spill over to other non-profit institutions (whose practices are not very different) is that United Way's income is so directly related to payroll contributions, while many others rely on endowments and investment portfolios. We immediately contrasted the United Way president's salary with our own, but we ignored these issues in other organizations because we've lost sight of the human origins of stock dividends.

Catholic social teaching, for example, asserts the "primacy of labor over capital." If a choice must be made, the dignity and needs of the person, the worker, are to be given priority.

In the community development field, some hybrid debt-equity instruments have been designed that provide start-up enterprises with the more flexible and risk-tolerant capital characteristic of equity investments, but respect the interests of workers by limiting the potential for appreciation, regulating the control of shareholders, or providing an option for a future employee buy out. But unless workers are also stakeholders, the "partnership" represented by conventional stocks is really no partnership at all.

Any Job or No Job

OF COURSE, FOR MANY AMERICAN workers today, the overriding concern is not income or even equity, but simply finding or keeping a job. Despite recent improvements in monthly unemployment statistics and other economic indicators, millions of blue- and white-collar workers alike are still jobless or very much at risk.

Unions are struggling to preserve existing jobs. Some have made important progress in internal reform and renewal. A few notable victories have been achieved, but overall their role in the work force has continued to decline as industries

change and companies downsize.

Most, though not all, of the BSR members are small, non-union businesses. Some show encouraging signs of growth, and some offer unusual benefits and quality jobs, but their long-term potential for job creation is still uncertain.

As traditional jobs disappear, a great deal of media attention has focused on micro-enterprise or self-employment. Inspired by the extraordinary example of the Grameen Bank of Bangladesh, which pioneered the peer-group model of lending to overcome the lack of collateral, and has successfully made tens of thousands of small loans to the rural poor, a growing number of U.S. micro-loan funds have become loosely grouped under the Association for Enterprise Opportunity.

The largest of these is the Working Capital Fund in New England. With initial funding and capitalization from four foundations, three banks, and the federal government, Working Capital has made nearly 800 loans in less than three years, with a repayment rate of more than 98 percent. A network of 52 local non-profits and public agencies serve as the fund's "enterprise agents," marketing the program and providing training and technical assistance.

Prospective borrowers form groups of four to eight members, complete a five-session training program, and become eligible for loans between $500 and $5,000 for terms of six months to one year. Working Capital enables the working poor, earning 60 to 80 percent of median income, to supplement family income. The fund estimates that $5,000 in credit can often produce $2,000 to $4,000 in increased earnings.

Through this experience, people in the informal sector may develop skills that will give them access to the conventional job markets. As yet, however, most micro-enterprise programs in the United States do not reach the very poor, and they're more a strategy for income enhancement than true job creation. They aren't a substitute for the jobs being lost in established industries—as was painfully clear when, on the same day that the province of Ontario unveiled an ambitious new lending program with hopes of generating more than 300 new micro-businesses, IBM announced another 1,900 layoffs at its Windsor plant alone.

GENERALLY SPEAKING, EMPLOYMENT initiatives for the poor follow one of two strategies. They may try, through training and advocacy, to gain access to good jobs in industries that do not now hire many poor people. Or they may try to improve the quality of jobs in industries that do. In this latter category, one of the most interesting and successful ventures is Cooperative Home Care Associates (CHCA), an 8-year-old worker-owned business in the South Bronx.

CHCA employs 300 African-American and Latina women, 90 percent of whom were formerly on public assistance. It has begun to transform home health care into meaningful full-time employment, setting new industry standards and influencing public policy in the process. Wages for CHCA members have risen to $6.90 per hour plus benefits, and work has increased on average 20 to 34 hours per week, with opportunities for participation in governance and a culture of respect for workers. As a result, turnover at CHCA is only 20 percent, compared to the industry average of 45 percent.

Some experiments in low-income worker buy outs, such as the Workers' Own Sewing Company in North Carolina, have been successful, but start-ups provide an opportunity to choose a new work force for their personal qualities and interest in cooperatives. CHCA established the non-profit

Home Care Associates Training Institute with the goal of launching four similar businesses within five years. The first of these began operation in February 1993 in Philadelphia, and now has 25 employees; the next is due to open in Boston in March 1994.

Will any or all of these strategies be sufficient to meet employment needs, especially those of the poor and marginalized? At this point, no clear solution exists. These and other strategies may have roles to play, yet in the wake of the recent NAFTA debate, one is left with the feeling that both sides may have been right: the proponents in arguing that the world economy is heading in that direction and others might step forward if the United States did not; the opponents in recognizing that, with or without NAFTA, the poor and traditional workers in every country are increasingly disadvantaged, and far too little is being done to protect or assist them.

THE JUGGERNAUT of the modern market economy often seems unstoppable. Traditional cultures continue to decline and people leave the land, though millions have yet to find any meaningful place in an urban economy.

A minority of social scientists, like Charles Geisler at Cornell University, point to a significant correlation between landlessness (urban as well as rural) and poverty, yet public policies give no serious consideration to resettlement, even for immigrant populations of rural people. The Catholic Diocese of Oakland, California, is trying now to assist a community of Southeast Asian families who may spend a lifetime on welfare in a Bay Area slum because there is no credit or other assistance available to help them obtain farmland.

Another lesson that Gandhi claimed to have learned from Ruskin was "that a life of labor, i.e., the life of the tiller of the soil and the handicraftsman, is the life worth living." Because of this conviction, he was once called "the greatest living anachronism of the 20th century" by a leading Western social critic. But Gandhi was not opposed to technology as such, nor deluded by the romantic beauties of the rural landscape. He simply argued that "progress" should ensure for the masses of people the opportunity and dignity of labor and a better quality of life.

He never lost sight of the fundamental value of the human being or tried to separate the concept of "labor" from life itself, and his commitment to "bread labor" had more to do with overcoming the barriers of class than promoting an agrarian ideal. Perhaps he foresaw what we are now witnessing: the growing disintegration, for rich and poor alike, of the essential relationships among labor, production, compensation, and consumption.

> Ultimately, equity in the workplace has to be measured not only by salaries, benefits, or working conditions, but by the structure of ownership itself.

Respect for labor has diminished, and millions are without sufficient skills or meaningful opportunities to work; much of what has come to be known as "work" yields no certain or tangible product; popular culture celebrates many whose wealth bears no relation to their real productivity; and yet all of us are acculturated to increasing consumption.

When *The New York Times* observed that, "pushed by poverty and pulled by a perverse interpretation of the American Dream," thousands of children are being lured into the drug trade, you could hear an echo of the early American Quaker, John Woolman. Distributive issues have always been with us, and they are becoming increasingly insistent, complex, and global.

This isn't an easy challenge to face. In a workshop on the reality of class in American society, at the University of North Carolina's Institute of Arts and Humanities, a panel of professors presented a pyramid-shaped chart of income distribution in the United States. An eager freshman raised his hand and asked, "How do you think the chart should look?" but no one would venture an answer.

Such silence underlies the cynicism in a review of the new book by former Harvard president, Derek Bok. *Newsweek* ended its comments on *The Cost of Talent: How Executives and Professionals Are Paid and How It Affects America* by saying "...if values are the crux of the matter, change will be tough. Bok ends up exhorting politicians, CEOs, and lawyers to scrutinize their own consciences—and act. He will be lucky if they just read the book."

Few issues are more personal, but few are more important. The church has been reading The Book for a long time. If leadership is needed—in philosophy, advocacy, investment, community organizing, and community development—who should be better prepared to act? ■

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