INTERCOMMUNITY PEACE & JUSTICE CENTER

a matter of spirit

This issue: Economic Crisis

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Frank Rauscher is Senior Principal of Aquinas Associates, Dallas, TX

Who Spoiled Our Fun?

Frank Rauscher

"The time has come," the Walrus said, "To talk of many things: Of shoes—and ships—and sealing-wax—Of cabbages—and kings."[1] —Lewis Carroll

Shoes

Our story of what happened begins with the United States economy becoming the best in the world after World War II. Our standard of living expanded faster than any nation; yet, some parts of society did not share in that prosperity. In the mid-1960s, there were still people in the U.S. that had to ride in the back of buses, receive a second rate education, live in shacks, and go *shoeless*.

Ships

Two great ships of state were created—the Great Society and deregulation.

...America did not have enough math majors to support all of the new complex financial products.

In the mid-1960s, the Great Society promised a better life for those on the economic margins and racial minorities. Government programs were launched without an income tax levied on the middle and upper classes to pay for them, which made it acceptable for everyone. Unfortunately, there was a hidden tax called "inflation." Prices

Illustrated by Sir John Tenniel

of goods and services began to rise rapidly in the mid-1970s. Massive government action was required to quench inflation, including allowing the unemployment rate to reach almost 10%, much as it is predicted to become in 2009.

To restart the economy in the 1980s *deregulation* was launched and the banking industry was freed of its shackles. Bank executives read Adam Smith's *The Wealth of Nations* but neglected to read his book *The Theory of Moral Sentiments*, which Smith felt was his better book. *The Wealth of Nations* expounds that the free market, while appearing chaotic and unrestrained, is actually guided to produce the right amount and variety of goods by an *invisible hand.*

In *Moral Sentiments*, Smith explains humankind's ability to form moral judgments—hopefully beneficial to society as a whole—in spite of our natural inclinations toward self-interest. Smith proposes a theory of sympathy in which the act of observing others makes people aware of themselves and the morality of their own behavior. This process takes time, which bank deregulation did not allow.

Newspaper headlines should have read "Banks Deregulated:Rich to Get Richer and Poor to Get Poorer." For starters, banks needed to be able to pay the higher interest rates demanded by savers being "taxed by inflation." To pay higher interest on loans, banks needed to get more interest from loans and leverage their capital.

The banking industry quickly consolidated through mergers and acquisitions. New services and products were introduced at a breathtaking pace. National productivity was increasing through financial engineering instead of manufacturing or other services production. Unfortunately, America did not have enough math majors to support all of the new complex financial products. Bank executives were too busy looking to see who was going to try to acquire them to give thought to society as a whole.

Sealing Wax

Citibank was the first bank to change its social contract with Americans. Prior to their actions, if a person could not afford to pay for a credit request based upon prudent financial budgeting principles, the banks simply said "no." Citibank had become flush with deposits from middle-eastern countries as a result of the 1973-1980 oil crisis. They needed to loan money to collect interest. Citibank said to borrowers on the economic margins, "We will group you with a lot of other people into a high risk credit card pool. You can have what you want but it will cost you dearly." The first cost was a massive increase in personal bankruptcies. Other banks followed their lead.

The common good was a sub-theme, but it was without true commitment.

Most Americans have two sources of wealth—home equity and retirement plan assets. Financial products now provided unrestrained access to both through debt. Mortgages provided increased levels of comfort as house sizes and features increased faster than justified by increases in U.S. productivity. House ownership increased from a historic 65% up to almost 70% of households. The type and cost of homes also went up dramatically. While wages increased 3% per year, home prices increased at an unsustainable 6-8%. Personal debt levels reached historic highs and represented the elimination of escape doors from the economic crisis. With no more assets available for use, individuals were forced to retrench on their purchases, and thus start the economic down cycle.

Cabbages

In 1999, Congress urged the two government sponsored mortgage agencies, Fannie Mae and Freddie Mac, to allow more low-income households to qualify for mortgages. The US had experienced a wonderful economic boom from 1992-1999, and it was politically popular for Congress (and mortgage industry lobbyists) to provide a more limited version of the Great Society—this time limited to housing. Soon, more than half of Fannie and Freddie's mortgage portfolios were sub-prime mortgages. Often, no income or ability to pay had to be documented. If you were on the economic margins and told, "Come share in the American dream—everyone else is," you would have been tempted.

Allan Greenspan, head of the Federal Reserve during this time period, acknowledged that he was shocked to find out in 2006 that so many sub-prime mortgages had been made. It was too late. Buyers of mortgage bonds used to finance home mortgages were also shocked to learn that the rating agencies were not regulated and there was no consequence for giving a bond an inappropriate rating. The only consequence was that lots of bond buyers figured out they were deceived and that they could no longer trust financial institutions. The U.S. Government is now recapitalizing the financial industry in order to convince investors that they can "trust the system."

Kings

Corporate CEO's are the kings. CEO's of the homebuilding, mortgage, and investment banking industries were making lots of money. The CEO's of the bond rating agencies were also making lots of money as they placed top quality AAA ratings on mortgage backed securities. The Securities and Exchange Commission even anointed five special investment banks to be "Kings of Kings," with special rules because they were the best and brightest of financial engineers. Those companies were Bear Stearns, Lehman, Goldman Sachs, Merrill Lynch, and Morgan Stanley—only Goldman Sachs survives today. AIG, primarily the world's largest insurance company, was unregulated and hid much of its imprudent bank-like products overseas. U.S. taxpayers now own 80% of the company.

What happened and how we got here was a long and slow process. Self-interest dominates the explanation. The common good was a sub-theme, but it was without true commitment. We all wanted something without really being willing to pay for it. Few leaders were willing to advance prudence as a moral judgment. Who spoiled our fun? Us!

"The time has come"—to reset our material expectations of life and our matters of spirit. ~

1 *Through the Looking-Glass and What Alice Found There*, 1872

Without a Vision, the People Perish

Carol Coston, OP

The current economic crisis evokes outrage, fear, frustration, and even a sense of helplessness. However, I remind myself that the whole economic system is based on millions of individual decisions made daily, hourly, or even instantaneously, and that all of these decision-makers operate out of particular values and life goals. In the face not only of an economic crisis, but a potential global warming catastrophe, the question becomes how can we change our own hearts and help others to change so that, together, we can help avert both crises?

Since one definition of transformation is a marked change in appearance or character, especially one for the better, an imperative is to have an articulated vision of where we want to be headed. We need to envision a different kind of world, and then try to live accordingly, rejoicing as bits and pieces of that vision emerge.

Reflection time is essential to imagine a preferred world.

When I worked at NETWORK: A National Catholic Social Justice Lobby in Washington, D.C., we established monthly reflection days to keep ourselves grounded as justice-seekers, to deepen our spirituality, and to build supportive relationships. In 1978 each staff person wrote a description of her "Preferred World." Here are excerpts from mine:

We need to envision a different kind of world, and then try to live accordingly…

A uniform monetary system which contains an equitable process for access based on present financial situation and providing for basic needs. The tax system is fair and sets limits on total amount of money able to be kept by individuals or enterprises at any level. The prevailing value system does not reinforce the profit motive and, cooperation, instead of competition, is encouraged.

The emphasis in production is on appropriate and non-violent modes. The engineering and technical skills formerly utilized by the military are now channeled into making transportation and communication systems available to all… Most local travel is by bicycle or other non-motorized forms.

Food production is decentralized and, as much as possible, is grown locally and distributed directly. The use of land for food is first priority and creative ways of maximizing productivity through intensive organic methods is practiced everywhere. Each person who so desires has access to a small growing plot.

Holistic health care is available to all with preventive living and natural healing as first approach. Efforts continue to be made to learn health methods from existing and past cultures. The gradual decentralization of fresh food production has eliminated unhealthy preservatives and there is no market for food with little or no nutritional value.

All production activity is decentralized and simplified as much as possible so that products are made close to where they will be needed.

We identified which values predominated in our individual, then our collective, preferred-world descriptions. After ranking them, the five main values that emerged were **mutuality, participation,**

Carol Coston, OP, is co-director of Santuario Sisterfarm.

cooperation, stewardship, and **integration.** These values became the lens through which we set our legislative agenda and made organizational decisions. For example, since we believed that all components of our organizational work were vital and needed, we decided that all should receive equal pay. We also shared in major decision-making, while each staff member retained authority in her sphere of work.

When the Dominicans of Adrian set up our Portfolio Advisory Board (PAB) in 1978, I incorporated these values in our corporate responsibility guidelines and alternative investing criteria. We looked for groups that provided opportunities for self-determination, community control, a living wage, access to transportation and health care; created alternative approaches to economic development; empowered low-income people to create and manage their own enterprises; demonstrated a stewardship approach to land, water, and air; and contributed toward integration—racial, urban/rural, or inner city/suburbs.

In the more than 30 years since our alternative investment program started with $100,000, the fund has grown to $4,560,800. Reading our congregation's 2008 Annual Report, I was struck by the stark contrast between our lending practices and those of so many currently failing big banks, and I was really impressed with the cumulative payback record of our borrowing partners. To date, there have been 347 loans made, totaling $14,831,129. The average loan amount is $43,000 with an average interest rate of 3.5%. Only eleven of these loans (3%) have defaulted. The total net loss of $254,577 represents less than 2% of the total lent out.

My preferred world vision helped me again in 1989—2001, when, as founding director of the over $11 million Partners for the Common Good Loan Funds, I needed to recommend investments in low-income housing projects, small businesses, micro-credit organizations, minority-owned credit unions and community banks. Utilizing criteria similar to PAB's, we established mutually respectful relationships with borrowing partners throughout the United States, as well as internationally. We made clear that this wasn't a grant; it was a loan, and we expected it to be paid back. Through accountability reports, site visits, phone calls, and emails, we kept up the relationships. Though we lost a few loans, we paid back in full the original investments of the 186 lending partners, plus yearly interest payments.

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In 2002, Elise García, OP and I began a new nonprofit, Santuario Sisterfarm, in central Texas. We envisioned a mission of honoring diversity—cultural diversity and biodiversity. We also wanted this seven-acre site to be a model of living lightly on Earth, as one life form among many others—four-leggeds, finned and flying creatures, microscopic life in the soil and water, and two-leggeds.

We are guided by a maxim from organic gardeners—to give back to Earth as much or more than we took from her. I wonder how our global community would be transformed if we asked ourselves daily, do I do give back to others as much, or more, than I took from them? ~

RESOURCES

Books

Eisler, Riane. *Real Wealth of Nations: Creating a Caring Economics*. Berrett-Koehler Publishers, 2008.

Jones, Ellis. *The Better World Shopping Guide*. New Society Publishers, 2008.

Korten, David. *Agenda for a New Economy: From Phantom Wealth to Real Wealth*. Berrett-Koehler Publishers, 2009.

Multi-Media

In Debt We Trust: America Before the Bubble Burst. 98-minute DVD investigates the deregulation of the lending industry. www.indebtwetrust.org

The Story of Stuff. 20-minute look at the underside of our production and consumption patterns. www.storyofstuff.com

This American Life. Award winning radio-documentary series on the economic crisis. Download podcasts or listen online for free. www.thislife.org/economy.aspx

What Would It Look Like? 25-minute video that reflects on what is being asked of us at this time of unprecedented global transformation. www.globalonenessproject.org

Websites

Catholic Teaching on Economic Life. Interactive resources for education, prayer and reflection. www.usccb.org/jphd/economiclife

Global Rich List. See how your wealth compares to the rest of the world's population. www.globalrichlist.com

Responsible Shopper. Learn about the social and environmental impact of corporations and shop accordingly. www.responsibleshopper.org

Reflection Process

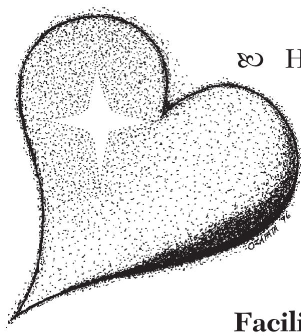
Invite a small group for contemplation and conversation around the theme of the economic crisis. Ask them to read this issue of AMOS prior to the gathering.

Set Up: Arrange chairs for participants around a small ritual table. Put on the table a cloth and candle.

Song: Select a song such as *Canticle of the Turning, Companions on the Journey, God Whose Purpose is to Kindle.*

Reader 1: I meet many people who are worried and fed up these days. There seems to be no end to the bad news—unemployment rising, pensions wiped out, uncertainty everywhere and an ugly mood of discontent. I wonder was it like this for Job? Or for the Psalmist who asked "how long must we wait?" —Gerry O'Hanlon, SJ (www.sacredspace.ie)

Reader 2: Why do those closer to God have to wait in vain? The villainous change boundary markers, and rustle sheep for their own pastures. They steal the donkeys of the dispossessed; they take the ox of the widow through extortion. They push the needy off the path, and force the poor into hiding. —Job 24



Reader 3: How long, O God? Will you utterly forget me? How long will you hide your face from me? How long must I carry sorrow in my soul, grief in my heart day after day? —Psalm 13

Facilitator: Let's take a few moments of quiet to reflect on the readings. Maybe you have been personally affected by this economic crisis. Or, perhaps like Job you have seen the poor and dispossessed suffer in your community and around the world. After the silence, I will invite us to join in a conversation.

Facilitator: We have all, like the Psalmist, carried sorrow in our souls and grief in our hearts. We bring these experiences to our circle. We also bring our trust in God's faithfulness. God will provide. God will provide neighbors to help us in our time of need, strength for the journey, and new insights to guide our actions for justice.

Take a few moments to read over the following questions, inspired by this issue of AMOS. After the silence I will invite us into a conversation about ways we might be called—collectively and individually—to respond to the current economic situation.

Reflection Questions:

"The message most people take from the economy is: 'You are on your own.'"

—Chuck Collins

- What possibilities could I support in my church, neighborhood or local community that would facilitate a community response to the current economic hardship?

"We need to envision a different kind of world, and then try to live accordingly."

—Carol Coston, OP

- What vision is living in me that I would like to explore and live into?

"The time has come to reset our material expectations of life and our matters of spirit."

—Frank Rauscher

- How am I experiencing a call to simplicity? What steps do I need to take to respond?

Sharing

Which question speaks to the movement in your own heart?

Facilitator: In their economic pastoral letter, the U.S. Bishops wrote:

"The transformation of social structures begins with and is always accompanied by a conversion of the heart. As disciples of Christ each of us is called to a deep personal conversion and to 'action on behalf of justice and participation in the transformation of the world.'" —*Economic Justice for All*

Let's end our time together by each briefly sharing *one way* we feel called to transformation and conversion of heart. Our response to each person's sharing will be, "May we have a conversion of heart." After everyone has shared, we will end by exchanging the sign of peace. ~

Chuck Collins is a senior scholar at the Institute for Policy Studies where he directs the Program on Inequality and the Common Good.

Common Security Clubs: Facing Hard Times Together

Chuck Collins

How do we respond pastorally and practically to the economic insecurity, dislocation and pain that we and our neighbors are experiencing? How might we prepare ourselves, personally and congregations, for the economic and ecological changes ahead?

Hortencia Flores had been a widow for two years when she joined a "common security club" at her suburban church near Tacoma, Washington to discuss her anxiety about the changing economy. "We were talking about ways we could help each other," she recalled. "I told people what I had to offer the group was the use of my late husband's pick-up truck. I had held onto it thinking it might be useful, but it had just sat there in the driveway. The help I needed was doing some of the things my husband used to do—standing on ladders, helping with yard work. It opened up a beautiful exchange with my neighbors."

This is but one of the many "holy moments" experienced by people coming together to form Common Security Clubs. The clubs have three purposes: to learn together, help one another through mutual aid, and engage in social action. Participants usually find one another through existing religious congregations and neighborhood associations. Others form because an individual gets a copy of the Facilitator's Guide and invites their neighbors for discussion. An informal network of clubs shares lessons, learning tools, and mutual aid ideas from other clubs.

"Many people are still puzzled as to how this economic meltdown happened," said Andrée Zaleska, who helps to coordinate the network of clubs. "This is not a one-time discussion, but an ongoing process of dialogue, readings, videos, speakers, and reflection." Typical clubs are made up of ten to twenty adults who agree to meet for five initial sessions.

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"It is hard to face the fact in isolation that we are not going back to some economy we've known in the past," said Zaleska. Clubs commit to face together the deep transformation that is occurring as a result of the economic upheaval and the reality of the ecological crisis. "We're not going back to cheap energy or bubble economics. We need to fundamentally adapt to the new realities. A small group of people is a great place to do this."

> ***A club is a place to break down the isolation and shame that keep many of us from talking with others about our personal economic situation.***

Getting our mutual aid muscles in shape is a key purpose of the clubs. The message most people take from the economy is: "You are on your own." A club is a place to break down the isolation and shame that keep many of us from talking with others about our personal economic situation.

"We can't do this if we're not in relationship with one another," said Zaleska. "A Common Security Club can begin to recreate the social network that used to exist in neighborhoods, churches, and family groups." Some clubs have done "barn-raising" style home insulation parties, made get-out-of-debt pacts, bartered, and brainstormed with trusted club members about their personal budget situations.

There are limits, however, to what we can achieve in a small group and at the local level. For this reason, clubs are also engaged in social action. Some clubs were involved in pressing for the federal stimulus bill and are now involved in ensuring that federal money gets to their communities. Others have worked to address the home foreclosure issue at the local and federal level. Some clubs are presently responding to local budget cuts and pressing for financial system regulation, so we don't go through this economic disaster again.

There is a free 126-page facilitator's guide that is available through the network to assist clubs in formation. You can learn more by visiting the web site www.commonsecurityclub.org or contacting the network at 617-541-0500 x302.

The Maze of Predatory Lending

Rachel Anderson

Rachel Anderson is the Director of Faith-Based Outreach at the Center for Responsible Lending.

When Florida resident Milton Barreto purchased his $260,000 home in 2006, it came with a monthly mortgage payment of $1,900. A year later, his monthly payment jumped 24 percent to $2,353 and he incurred delinquency fees. He earnestly sought and secured a mortgage amendment. Forbearance, as it is known, is a temporary postponement of loan payments usually extended to give borrowers time to catch up on overdue payments. Despite that effort, Mr. Barreto was notified in January that his mortgage was still $10,000 behind. Today, his hopes to re-structure his loan with a lender might be his last chance to keep his part of the American dream.

One in ten homeowners faces a similar mortgage dilemma. Over the next four years, more than eight million families will likely lose their homes to foreclosure as banks foreclose at a rate of approximately 40,000 per week. At the crux of the financial crisis are two equally important issues: reckless lending practices and scant regulation.

Subprime Mortgages and Predatory Lending

In the late 1990s, mortgage lenders began issuing a large number of subprime loans intended for borrowers with lower credit ratings. The resulting increase in homeownership was accompanied by a host of problems: high upfront fees, adjustable rates that increase payments several years after origination and prepayment penalties that denied refinancing to better terms.

Mortgage brokers operating with little or no regulatory oversight steered borrowers to loans that would provide the broker with the largest financial benefit. Subprime loans often were sold to households who would have qualified for lower-cost, prime market loans. Additionally, African-American and Latino borrowers were at a greater risk of receiving higher-rate subprime loans than white borrowers with similar credit scores (see box). It is estimated that six out of ten borrowers with a subprime loan could have qualified for a better one.

This maze of subprime mortgage lending is only part of a wider epidemic of predatory lending that today strips billions of consumer dollars annually. In its various forms, predatory lending brings consumers excessive interest rates and high cost fees in a difficult cycle of debt. The typical short-term payday loan at 400 percent interest winds up costing over $800 for a $325 loan. Banks automatically enroll checking account holders in overdraft loan programs that often result in several hundred dollars of charges each month when low-income customers inadvertently spend amounts that exceed available funds.

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Lending Reform

Until the mid 1970s, state usury laws capped interest rates at approximately 36%. Federal law considered loans with nominal interest rates of 42% or higher as evidence of extortionate loan sharking. The repeal of these laws in the 1970s and 1980s opened the door to the host of predatory lending products on the market today. Now that lending reform is gaining national attention, legislators at the state and federal level are taking a second look. The following principles should be included in lending reform legislation:

- **Eliminate abusive fees and penalties in mortgage lending.**
- **Ensure that loan products are sustainable and benefit borrowers.**
- **Assess borrower ability to pay.**
- **Enact a 36% interest cap on small loans.**

Visit the IPJC Legislative Action Center at www.ipjc.org to take action on predatory lending.

RACE, ETHNICITY AND SUBPRIME MORTGAGES

African-American and Latino borrowers were more likely to receive a higher-rate subprime loan with a pre-payment penalty than White borrowers with similar credit scores.

	Subprime Fixed Rate	Subprime Adjustable Rate
African-American	31% more likely	15% more likely
Latino	45% more likely	37% more likely

Source: Center for Responsible Lending

Brian K. Steverson is the John L. Aram Chair in Business Ethics at Gonzaga University.

Entrepreneurship and Trust

Brian K. Steverson

Our economic world is changing before our very eyes, and unless the current course is altered, not for the better. Those who have shaped the tenor and form of corporate America have lost sight of the fact that business exists to serve the common good. Since its inception, our social contract with business has been grounded in the trust that those who manage our economy will do so as economic stewards, not as value extractors intent on mining markets for their own personal gain.

In a startlingly prescient passage from their 2001 *Building Trust in Business, Politics, Relationships, and Life*, Robert Solomon and Fernando Flores note that, "'Management,' in most of its incarnations, is an institutionalized form of distrust. For that reason, many of today's managers are ill-suited to assume leadership roles in a fast-changing world."[1] Internally, many firms have come to be governed by distrust and fear—distrust of one's superiors and even coworkers, who, it is believed, are out for only their own benefit. This distrust, in turn, breeds fear; fear that one's livelihood and well-being hang by a thread and that others hold the scissors.

Sadly, like a highly contagious virus, this distrust and fear have spread beyond the corporate body to the larger society where there is an abiding mood of cynicism and loss of hope that the common good can and will be served by business. A collective sense that government allowed the very behaviors which led to the economic meltdown has created a very similar distrust and lack of confidence in the government's willingness to meet its obligation to protect the common good. This in turn has led to a growing belief that the democratic trust at the very heart of our social contract has been betrayed.

…responsible entrepreneurs are one of the last good hopes for restoring confidence in the ability of businesses to serve the common good.

Enter entrepreneurs, or more properly as Craig Hall has designated them, "responsible entrepreneurs."[2] As creative economic agents, not mere cogs in precast business machines, responsible entrepreneurs are one of the last good hopes for restoring confidence in the ability of businesses to serve the common good. Reflecting on his work in Eastern Europe not long after the dissolution of the Soviet Bloc, Hall argues that entrepreneurship and democracy exist in a mutually reinforcing relationship. Without basic economic freedoms, entrepreneurs cannot work their magic. At the same time, however, the existence of sustained entrepreneurial activity is vital to maintaining democracies. In the absence of the economic opportunities that entrepreneurship makes possible, social unrest will grow and political democracy becomes threatened. Responsible entrepreneurs, because they see their ventures not only in terms of profits but in terms of their contribution to the common good, provide much more than just new products and services. They provide the opportunity for a revitalization of social confidence for the future. As Solomon and Flores note, entrepreneurship is not only about "inventiveness" and the "creation of new ideas," it is primarily about "creating and participating in networks of trust."[3]

What we need are not new product ideas, new business models, or new marketing strategies. None of those strike at the heart of the matter. What we need is a rebuilding of trust. As Solomon and Flores so nicely sum it up, "To say that companies must learn to be entrepreneurial is to insist not that people need to be independent inventors but that they need to work to develop bonds of trust both internal and external to the organization. That is the true path to innovation in the global economy."[4] This, I believe, is the clarion call to entrepreneurs that needs to sound across the land. ~

What we need is a rebuilding of trust.

1 Robert Solomon and Fernando Flores, *Building Trust in Business, Politics, Relationships, and Life* (Oxford University Press, 2001), p. 43.

2 Craig Hall, *The Responsible Entrepreneur: How to Make Money and Make a Difference* (Career Press, 2001).

3 Solomon and Flores, p. 50.

4 Solomon and Flores, p. 51.

Social Collateral: Micro Lending in Community

Michelle Gronke

Dr. Muhammad Yunus was granted the Nobel Peace Prize in 2006 for his work in developing the Grameen Bank—a model where small loans are granted to low income and underserved individuals in order to successfully unleash their creativity, equip and empower them to start their own businesses, and ultimately break free from the poverty cycle. Micro lending has become a proven economic strategy in combating poverty, both in the developing world and domestically under the umbrella of "microenterprise development."

There are more than 500 microenterprise development organizations (MDOs) in the United States—each uniquely equipped to serve the needs of individuals wanting to start their own small businesses. Many domestic MDOs have adopted a training-led model, providing training in addition to access to capital. 61% of U.S. MDOs now provide such training, in order to help loan recipients better manage external factors such as market competition, legal structures, and tax requirements.

Washington CASH (Community Alliance for Self-Help) is one of the twenty organizations in the U.S. that have chosen to replicate Dr. Yunus' Grameen lending model as a way to provide its members access to capital. Located in Seattle, Washington, this organization provides aspiring entrepreneurs with low-cost business training that teaches them in a basic, practical way the various business concepts necessary to run a successful business within the U.S. social and legal framework. Clients also have access to 1-on-1 staff consulting, advanced workshops, access to markets in the form of client showcases, use of a computer lab, and access to capital via microloans, business builder accounts, and Individual Development Accounts.

Washington CASH currently has a clientele of 308 individuals—76% are women, 68% are people of color, and 95% entered the program at or below the 200% poverty benchmark. 71% of client businesses were still operating two years after receiving services. 37.5% of Washington CASH clients who were in poverty at intake left poverty after receiving services—compared to the national benchmark of 15%.

Upon graduating from the business development training class, Washington CASH members join a peer lending group in order to apply for a microloan and provide and receive advice, support and encouragement. If a group member wants to take out a microloan they need the approval of their group to do so. Microloans range from $1,000 to $35,000. Members must begin at the minimum amount, and can apply for a larger loan only after the original loan is repaid in full. The groups are self-governed and based on the concept of "social collateral." Each member is held responsible for the person in their group that currently has an outstanding loan, and if for some reason there is a default on the loan, the entire group is frozen—no new loans—until they can communally decide on the best way for that person to repay the loan. This dependency model has proved widely successful yielding a 98% repayment rate on the loans and an ever-increasing sense of community.

Organizations like Washington CASH across the country are helping small, locally operated businesses succeed. They are also providing members with the tools they need to become economically sufficient and participate in the rebuilding of our nation's economy. ~

Michelle Gronke is evaluations coordinator for Washington CASH.

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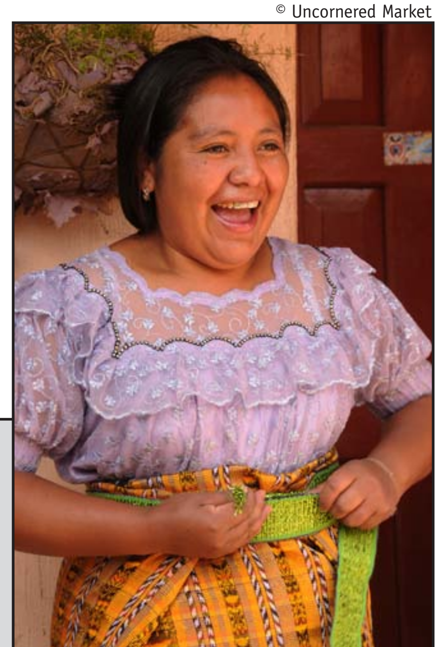


KIVA.ORG

Kiva is the world's first person-to-person micro lending website, empowering individuals to lend directly to an entrepreneur with a minimum loan of $25. Kiva partners with in-country microfinance institutions that vet and approve loan applications from low-income entrepreneurs. Rosario Cristina is a 24 year old small business woman from Guatemala. She used her $725 loan to expand her business selling traditional women's clothing. Her 24 lenders—from Australia, Canada, Denmark, the United Kingdom, and the United States—can track her progress on the Kiva website. When Rosario repays her loan, her lenders may re-loan to another entrepreneur or withdraw their funds.

Northwest Catholic Women's Convocation IV May 1-2

"I am forever grateful to be counted in the numbers of people who represent life, love and compassion, to be a woman."

Young adults shared their convocation experiences over lunch.

"We were inspired, humbled, exhilarated, moved to tears and blanketed by such love, hope and compassion."

Three generations of Brennan women, presenters at the convocation.

"From the keynote speakers to the salt on the table, every detail was thought of and executed on our behalf. You are true visionaries and leaders."

"I loved the emphasis on our global sisterhood (and brotherhood) as we live out gospel values."

"An oasis of courage and truth among Catholic women."

Justice Circles: A Recipe for Independence

When the immigrant women of the Jubilee Reach Center Justice Circle in Bellevue gathered this spring, they discovered they had two things in common: a desire for economic independence and a shared love of cooking. They also identified a lack of restaurants in their local community serving quality food from their Central American culture. They decided to combine these three things in a recipe for success. In early June, the women will share their culinary skills at a workshop for 35 other immigrant women. They hope this will be the first in a series of skill-sharing workshops. The circle has also contacted Washington CASH to explore options for micro lending and business development training. Their ultimate goal is to open a business to sell their culinary creations.

Women's Justice Circles

NWCRI: Shareholders Call for Transformation of the Credit Card Industry

In the Fall of 2007, faith based shareholders became increasingly aware that credit card issuers were boosting their short-term profits by promoting imprudent approaches to consumer borrowing, leading to family fiscal instability, elevated consumer bankruptcy levels and cardholder defaults.

A year later, NWCRI and ICCR members filed shareholder resolutions and engaged in dialogue with six of the largest credit card issuers, representing 85 % of the market. The resolutions asked American Express, Bank of America, Citigroup, Discover, JP Morgan Chase, and Wells Fargo to report on marketing, lending and collection practices.

At the 2009 company annual meetings, our resolutions were applauded and received overwhelming support from shareholders, 26% at Citigroup and 33% at Bank of America. The other resolutions were withdrawn because of productive dialogues.

Meanwhile, the Federal Reserve Board issued credit card rules in December 2008 designed to curb some of the industry's most unfair and abusive practices. Unfortunately, these rules won't take effect until July 2010.

This spring Congress passed the *Credit Card Holders' Bill of Rights*—by a vote of 357 to 70 in the House and 90 to 5 in the Senate. The bill will protect card holders from aggressive practices and abusive interest rates and fees.

With the credit card industry now under pressure from regulators, Congress, consumer advocates, *and* investors, it is increasingly clear the model of the past two decades is failing. Our goal as religious shareholders is to transform credit card companies into strong partners in creating a sustainable consumer economy.

—Resource: *www.helpwithmycredit.org*

Justice Circles:

Grassroots Community Organizing

IPJC is organizing in cities throughout Washington State. Highlights of our winter and spring Circles and issues.

SPANISH SPEAKING

Mattawa: Creating Access to English as a Second Language

Yakima: Working for Community Safety

Woodland: Access to Affordable Housing

Centralia: Improving Housing Conditions for Immigrants

Sunnyside: Providing Alternatives to Violence for Youth

Mt. Vernon: Advocating for Affordable Housing Conditions

ENGLISH SPEAKING

Bellingham: Access to Senior Dental Care

Seattle:
Nickelsville: Supporting Homeless Encampments' Search for Housing

Elizabeth Gregory Home: Publicity Campaign about Women's Homelessness

Jubilee Center: Advocating for Affordable Housing

Chief Seattle Club: Creating Awareness of Native American Homelessness

Spokane:
Women's Hearth: Promoting Crime-free Multi-Housing

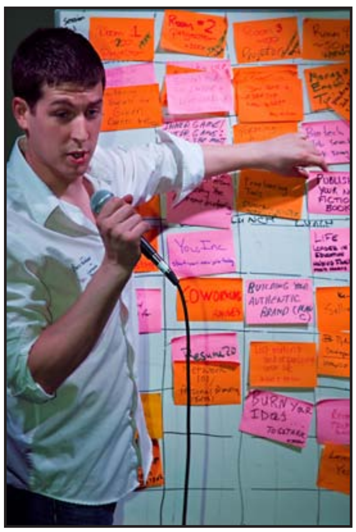
Creative Responses to the Economic Crisis

Community Relief Funds

Fundraisers are common after natural disasters, providing much needed food, shelter and safety to survivors. A coalition of non-profits in Portland, Oregon has applied the same concept to the current economic crisis. The "Community Relief Fund"—a joint effort of the United Way, Oregon Food Bank and local community action programs—is a three month project to raise relief funds for those most affected by the recession. One hundred percent of donations will go to food, rent and utility assistance for families in need. www.give10tell10.org

LaidOffCamp

At Summer Camp, kids gather while school is out of session to have fun with other kids and maybe learn a thing or two. LaidOffCamp isn't that much different. At LaidOffCamp, unemployed folks gather to share ideas and learn skills that will help them survive unemployment. Campers lead workshops on topics of interest to other job seekers, such as finding affordable health insurance, becoming a freelancer, and transitioning to a new industry. Recent LaidOffCamps have taken place in San Francisco, New York, and Dallas. Camps are planned for Seattle, Chicago, and Miami. www.laidoffcamp.com



LaidOffCamp organizer Chris Hutchins at the San Francisco camp.

Community Kitchens

One World Spokane is part café, part community center. Based on the "Community Kitchen" model, there are no fixed prices for the organic meals at this Spokane, Washington non-profit. Customers decide what is a "fair and reasonable price." Guidelines are available, and those who are able pay a little extra to help provide for those in need. Volunteers may also earn one meal voucher per hour of service, or choose to contribute their time. Since opening in October 2008, One World Spokane has provided almost 3,000 healthy meals. www.oneworldspokane.com

Local Currencies

Residents on both the Oregon and Washington sides of the Columbia River Gorge are able to use RiverHOURS to make purchases at 80 local businesses. RiverHOURS can be acquired by accepting them as payment for goods or services or by purchasing them at face value. The all-volunteer organization that created this local currency decided to name them "hours" in order to reframe how the community thinks of money. "Using hours as our denomination places value on the time a person spends providing goods and services," said steering committee member Deanna B. www.riverhours.org ~

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206.223.1138
f: 206.223.1139
ipjc@ipjc.org
www.ipjc.org