

BUSINESS

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Can LDS Aid Meet Demand Of 3rd World?

BY PEGGY FLETCHER STACK

THE SALT LAKE TRIBUNE

It started with a handful of rice.

A Mormon congregation in the Philippines was devastated by soaring unemployment. So, in a novel system of economic cooperation, employed members brought a bit of rice and a can of food to church each Sunday.

They also piled the chapel high with broken toys, weathered furniture and torn clothing.

Week after week, those without jobs — more than 68 percent of the congregation — would repair the used items. Work translated into credits that were then used to "purchase" whatever the members needed from the makeshift storehouse. No cash was ever exchanged.

The program, dubbed "A Handful of Rice," was so successful it has been replicated throughout the Philippines and other Third World areas.

Small, local efforts like this one will be essential to meet the growing chasm between rich and poor Mormons in the 21st century, say two LDS authors in a new book, *Working Toward Zion: Principles of the United Order in the Modern World*.

Brigham Young University Professor Warner Woodworth and New York City attorney James Lucas argue further that the church's Welfare Program, intended as a stop-gap solution to temporary crises, is inadequate to meet the needs of Third World Mormons.

It does not offer economic development or job creation, which is precisely what most non-American members need.

The church "would be out of money in a week if they tried it," Woodworth said in a recent interview.

But other LDS economists note that the church's welfare system is constantly changing to adapt to the evolving needs, including employment.

The Mormon welfare system "will always be pragmatic," says Garth Mangum, University of Utah economist and author of *The Mormons' War on Poverty*. "Flexible, heterogeneous and adaptable."

Mormon Experimenting: For Latter-day Saints, the spiritual and the material are indistinguishable aspects of God's universe. Striving in the workaday world is part of the quest for salvation.

Indeed, some critics say The Church of Jesus Christ of Latter-day Saints, with its financial holdings and businessmen apostles, is too interested in worldly success.

But the LDS Church is committed to economic equality, according to the authors. It is mandated by the faith's scripture, the *Doctrine and Covenants*. Experiments in communal living and cooperative businesses are part of the fabric of Mormon history.

In 1831, church founder Joseph Smith introduced "the law of consecration and stewardship" to his followers. Under the law, all members would give their property to the church, which then would deed back the property to the individual according to his needs. Thus each person was a "steward" over his own property.

Any surplus would be held in a common unit known as the "bishop's storehouse." Goods were distributed to those who had fallen on hard times.

The law of consecration and stewardship worked haphazard-

Mormons Have Reared Titans In Business

BY PEGGY FLETCHER STACK

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PROVO — The LDS Church has raised more than its share of corporate titans.

J. Willard Marriott founded the Marriott hotel chain and George Romney led American Motors. Lee Bickmore is chairman of Nabisco; Jay Parkinson of Anaconda; Jon Huntsman of Huntsman Chemical; Robert Kirkwood of Woolworth; Mark Willis of the Times Mirror Corporation, and Nolan Archibald of Black & Decker. The list goes on and on.

These powerful and wealthy Mormons have climbed the corporate ladder while keeping their eyes glued to the bottom line. Yet, as faithful members of The Church of Jesus Christ of Latter-day Saints, they must also grapple with the church's teachings on economic equality, ethics, compassion and morality.

Last month LDS Church-owned Brigham Young University sponsored a two-day seminar for executives and managers, bringing together some of the faith's biggest stars and grittiest dilemmas.

The conference focused on

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ly during the Mormons' time in Ohio and Missouri in the 1830s and '40s.

But 25 years after the Mormons migrated to Utah in 1847, Brigham Young reinstituted it with more success.

Woodworth and Lucas identify four different kinds of cooperatives established by Young:

■ **Multiple Cooperatives**, where the businesses in a particular community such as Brigham City were organized into several cooperatives. A single board oversaw the cooperatives and every citizen was a stockholder. In Salt Lake City, LDS merchants merged their businesses into Zion's Cooperative Mercantile Institution — ZCMI — and the stock was distributed widely.

■ **Unified Cooperatives**: In St. George, a single corporation was established and stock was distributed according to the amount of property or labor contributed.

■ **Urban Cooperatives**: Individual wards, or congregations, established single enterprises capitalized by members.

■ **Rural Communes**: In remote, newly settled areas of southern Utah and Arizona, the entire community ate together, wore similar handmade clothes and shared all assets. The best remembered was Orderville, on the Virgin River in Utah. It was a going concern well into the 1880s, after most of the other attempts had been abandoned.

All these enterprises were known as United Orders.

"United Order principles encourage equality by entrusting economic resources and possibilities to the people, not to the state or a wealthy elite," Woodworth and Lucas write.

Unlike communism, private property was basic to the system; unlike capitalism, equality, not personal profit, was the goal.

Ultimately, the 19th-century experiments in communal living failed because of individual greed and the federal government's economic sanctions, which were intended to force the church to abandon polygamy.

The Welfare Program: In 1936 the LDS church established its Welfare Program to shore up members hard hit by the Great Depression. It bought farms and built canneries to supply necessities and work for the unemployed. Over 450 projects were begun within weeks of the Welfare Program's inception. By 1940, more than 16 percent of members had received some church assistance. The program, funded by tithing and other member contributions, has been constantly updated and expanded with the changing times.

However, the Mormon Church of the 21st century will face massive economic demands that may overwhelm the welfare system. Current projections estimate that church membership in 2030 may top 100 million, with 85 percent from Latin America, Africa and

Asia, where large segments of the population live in poverty. Given those sobering statistics, how can the church achieve the scriptural imperative to have "no poor among us?"

Woodworth and Lucas find the solution in a variety of local cooperatives and individual initiatives. But can such projects work in today's global free market economy? The authors look to other successful worker cooperatives as models for future Mormon efforts.

A Spanish Success: In the early 1940s, a young Catholic priest was sent to Mondragon, a town in the Basque country of northern Spain that was devastated by the Spanish Civil war. When his sermons about endurance and heavenly rewards fell flat, Father Jose Maria Arizmendiarieta rolled up his sleeves and began organizing.

He started with a soccer league to get the people working together and boost morale.

When that proved successful, Arizmendiarieta — or Don Jose Maria, as he was known — established a small technical school. Little by little, Don Jose Maria built a series of cooperatives the workers governed and shared.

Today the Mondragon complex includes 170 cooperative enterprises throughout northern Spain employing more than 23,000 workers. They produce home appliances, electrical equipment, machine tools, ships, furniture and many other products. The Mondragon bank is one of Spain's largest.

The businesses are more efficient, more profitable, better capitalized and have grown faster than any comparable Spanish private firms, according to Woodworth and Lucas. Mondragon productivity is higher and turnover and absenteeism far lower than national and regional averages. The companies even survived the severe economic crisis of the late 1970s without laying off a worker.

"While the Mondragon model cannot be said to be the complete united order, it may approach the united order more closely in many broad essentials than any other available proven models," Woodworth and Lucas write.

The Israeli Kibbutz: Woodworth and Lucas also point to Israeli kibbutzim as successful experiments in communalism. In the self-governing communities known as kibbutz, meaning "group" in Hebrew, members live, work and eat together. Adults live in separate units while children are housed together. Resources are distributed fairly among the participants.

"Unlimited medical care, high priority on education and an emphasis on high quality child rearing are important values as well," Woodworth and Lucas write. "The dignity of work and the right to rotate jobs so that no one is constantly stuck with boring, repetitive labor are also important."

There are more than 270 kibbutz farms and factories in Israel, each with an average of 400 residents and fully democratic governments.

Slouching Toward Zion: The LDS Church is not currently in-



Reggie De Aro, owner of machine shop helped by loans, instructs one of his employees.



Part of a Manila neighborhood where police pushed the poor off rich man's parkway.

Mormons Reared Titans In Business

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the question of successful leadership.

A leader is focused, sets high standards, builds trust and kindles passion for the work among his employees, Mark Willis said in a keynote address.

"These things are so simple, it is easy to miss their importance," he said. "If a leader truly leads, he or she must give energy, rather than take it away, and help people feel purpose. If we can all of these things, we can be successful in our homes, our non-profit organizations, corporations or governments."

Mitt Romney heads Boston's Bane Capital Investments, buys companies, improves them and then sells them for a profit. He said leaders should be bold, unafraid to try innovations and push into unknown territory. Many companies fail for lack of nerve, said Romney, who ran for U.S. Senate in 1994 but lost to Democratic powerhouse Ted Kennedy.

But being in business is also a "test for us to see whether we

fall in love with money or whether we can instead be true to our covenants and worship our Father in Heaven," Romney said.

He also said many Mormon business people are "achievement-oriented," which is not altogether a positive trait.

Too often they want success so much that they focus on goals that are short term and measurable, sacrificing relationships and service to others.

"The only goals in my view that make sense are these: obtain eternal life for yourself and your loved ones, help others do the same and lay up treasures in heaven," Romney said.

Other presenters discussed the LDS view of wealth, what kind of consumers Mormons should be, how to generate employee loyalty, being motivated strictly by profit, and how Mormons can be vigorous competitors and at the same time compassionate and cooperative members of the community.

Of particular interest was the question of downsizing.

LDS businessman Kay Whitmore, originally from Utah, took the helm of Eastman Kodak in 1982. He gave employees paid leave to assist part-time in teaching math and science in the inner-city schools of Rochester, New York, where Kodak had its headquarters.

Whitmore was fired in 1993.

According to press reports at the time, one of the reasons was that Whitmore had trouble laying off people.

As an LDS stake president and business leader, he "was constantly face-to-face with, and responsible for, the people who would have their incomes terminated, their families disrupted and their futures put at risk by his decision," said Warner Woodworth and Jim Lucas, two of the seminar's participants.

Willis said among the hardest things he has ever had to do was cut many jobs at Times Mirror, including closing down *New York Newsday* and reducing staff in every operating division in the company.

"Because of changes we have made in our organization in the last year, trust in our organization has been diminished," he said. "If we are to be successful, we must refill that reservoir."

However, Willis said in a question and answer period, "more and more organizations are turning from downsizing to asking themselves, 'How do we grow?'"

Though companies like Times Mirror must continue to find way to cut costs, Willis said, "if you are growing, you can take resources and redeploy them."

involved in any cooperatives on the scale of Mondragon or an Israeli kibbutz, but it does back many micro-enterprises such as "A Handful of Rice," say Woodworth and Lucas.

Often loans of between \$50 and \$100 can help an individual family set up a small business.

Some regional Mormon leaders and the church institutionally have offered loans to help members — particularly women — get established. Enterprise Mentors, a development project founded

by Woodworth, makes many such small loans and otherwise fosters micro-enterprises.

The LDS Church is wary of offering loans officially, Mangum says, lest church officials appear to favor one member over another.

The church also has established employment centers in Manila, Mexico City, Guatemala City and Puerto Rico, as well as U.S. urban centers, including Atlanta.

The Mormon church's future welfare efforts, Mangum says,

will combine micro-enterprise and employment centers and continue to provide emergency needs.

To Mangum, the name of the game is adaptability.

"The economies, political systems, and social structures around the world are so varied that there will never be one blueprint that fits all," he says. "Most welfare will always be member-to-member, through extended families and within local congregations."