SHELTERING THE HOMELESS • CORPORATE CHILDCARE • TELEMARKETING HUSTLERS
EDITOR’S DESK

To inaugurate our second decade, the staff of Dollars and Sense decided to redesign the magazine—both in terms of editorial content and look.

Three new departments have been added: “Spotlight,” a short feature section devoted to enterprising entrepreneurs; “Off the Beat,” a section focusing on quirky, business stories; and “Cutting Edge,” a section devoted to new developments, be they lasers or leeches. We’ve also expanded our book review section and created “Update,” follow-up news briefs on stories that were previously published in the magazine.

Artistically, we’ve done a total redesign under the direction of Art Director, Brian Liston. Page size, typeface, columns, even our logo, have all been transformed—all reflecting our move to desktop publishing and computer-generated copy and design.

Last year’s magazine won highest honors, the Gold Crown Award, from the Columbia Scholastic Press Association. We feel certain that the new Dollars and Sense will win even more prizes. It is a unique business magazine, reflecting concern for social issues, and its new image and content should position us for the challenges of the 1990s.

Our cover story and photo essay deal with the problems of the homeless—with shelters and street dwellers, shopping bag existences and soup kitchens. It is a profoundly disturbing human issue, one that we have tackled in our business review because we believe it to be a business issue as well. Homelessness and the way we run our economic system are, after all, closely related. Closing our eyes will not make homelessness go away; walking on the other side of the street will not help a homeless person find a bed.

What can be done to remedy the situation? Beverly Bernard (“Sheltering the Homeless”) calls for assessing the needs of the homeless population and creating housing that goes beyond dormitory-style shelters. Visiting Professor Jack Newfield argues that passing the anti-warehousing bill to prevent landlords from stockpiling apartments is an important step in the right direction.

Photographer Joseph Burnett reminds us with his cover photo that the homeless are proud. It is up to each and everyone one of us to do something soon about their existence. Viewing the homeless as derelicts only serves to camouflage the real issues.

Victims come in many guises these days and this issue of Dollars and Sense considers the way some are fighting back. Employees victimized by corporate surveillance, for example, are refusing to cooperate, as Marianna Lisk points out in “Watching the Employee.” Workers are also victimized by organizations that don’t realize their responsibility to provide childcare services.

This subject of growing importance is explored by Melissa de Swart in “Corporate Childcare.” Jacqueline Mulhern discusses another expanding form of exploitation in “Dial-A-Dupe.”

Dollars and Sense staffers report some of the most disturbing social trends in this issue as well. In “Ethnic Piggy Bank,” Lin Wen describes the fascinating and inspiring way some non-English speaking and illiterate immigrants get a toehold in this country. Ever wonder about those plastic bags your magazines now arrive in? Read all about them in “Polybags” written by Margaret Pienczykowski. And, in case you have forgotten that Manhattan is an island, Linda Fabrizio reports on businesses that give people the pleasure of knowing that they are surrounded by water. If only this cleansing element could float away some of our city’s problems.
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OFF THE BEAT

Mason Shen in his Chinatown office.

MR. WIND AND WATER

The wind coming from the East River brings evil through the Manhattan Bridge to Chinatown," says Mason Shen. "But we know how to stop it."

Shen is one of more than 10 "Mr. Wind and Waters" in New York City's Chinatown. They study the wind, water and other natural powers so that they can avoid bad luck.

According to Shen, an 88-year-old who teaches philosophy at New York University, the evil of illness went into the Chinatown branch of the Manhattan Savings Bank which sits right in front of the Manhattan Bridge. The employees became ill. "The managers called in a Mr. Wind and Water," says Shen. "They followed his instructions to build a symbolic iron gate in front of the real door to stop the evils from entering."

"Some positions on our earth are vulnerable and easy to be invaded by mysterious powers. Since the secret force could be caused by the magnetic effect of planet revolutions, the moving of furniture, the shifting of decorations, or the reconstructing of the whole building could change the fate of the positions," explains Shen. "I don't know the credibility of studying Mr. Wind and Water," says Shen, "but I'm learning from it." He is now computerizing all the cases he has found and will try to figure out how each position is effected by the natural powers. "I'm not a magician, but an artist, philosopher and scientist," he says.

However, business is business. On the wall of his office, which he shares with a financial consultant, hangs his certificate of the study of astrology, some of his own paintings and a list of his instruction fees. The general conversation fee is listed at $40.00. Specific instructions can go as high as $1,000. "I often have two or three guests during my office hours, 2 p.m. to 6 p.m.,” says Shen. "My clients are American as well as Chinese."

So far, nobody knows whether employee health has improved to any degree but as a Mr. Wind and Water, Shen is definitely making a healthy profit.

— LIN WEN

AROUND THE WAIST

They are called waist bags and they are the latest hot item on the streets. Worn around the waist, they free up the hands to do other things. Many have two or three zippered pockets, and are large enough to hold keys, candy, money, eyeglasses and cigarettes. Made of leather, vinyl or canvas they cost between $3.99 and $20.00.

"They are cute, but they can be an easy target for a mugger who might believe I am carrying money," says Patricia Jackson-Shin, co-owner of a restaurant in Springfield Gardens, Queens. Beverly Bernard, a Manhattan resident, says she bought two of them—one in leather and the other in canvas—from street vendors for about $15.00. She also bought some as gifts for friends. Bernard, who works in a restaurant, says she finds waist bags useful when taking money to the bank. "I wear it around my waist but under my coat." She also knows a 12-year-old who wears one, which he decorated with studs, when he goes skateboarding.

According to "Darryl," a Mount Vernon cyclist, waist bags are offshoots of cycle bags. "Cyclists have been wearing them for years, and all of a sudden the world is catching up to them," he says.

The bags are sold mainly by small retail stores, like ABC Discounts or International Charm Trading on Canal Street in Lower Manhattan, and Oriental Gifts in Mount Vernon, and by street vendors. Large department stores like Macy's and Bloomingdale's are just beginning to sell them.

Most of the bags seen in stores or around waists are made in Taiwan or Hong Kong under brand names like Nas Bag,
PLASTIC GUNS

David Byron, a 38-year-old gunsmith in Casselberry, Florida, saw vast commercial opportunities in an all-plastic handgun. After eight years of work, his dream came true—a translucent, non-metal (except for seven tiny springs), non-disposable, 22 caliber semi-automatic pistol. Difficult to detect, it can be carried into a courtroom, prison or plane. If ever mass-produced, it could become a security nightmare.

Ironically, this innovation in weaponry fulfills a dream of military and law enforcement officials: a lightweight, corrosive resistant, easy-to-clean pistol with enhanced reliability because plastic guns are virtually maintenance free. Self-lubricating, they have fewer moving parts and can be broken down without tools because there are no bolts or screws. They simply snap together. Weighing roughly three and a half ounces, plastic handguns can be shipped in large quantities anywhere in the world, rapidly, cheaply and quietly.

The Pentagon has shown interest in Byron’s project. A polymer machine gun would weigh about 20 percent less than a steel one and Byron claims to have designs for guns all the way up to a 40 millimeter cannon. If a few pounds can be pared off a jet fighter/bomber, flight time would be extended by minutes, allowing a jet to reach distant targets with fewer refuelings.

In the 1960s, plastic was synonymous with junk. In the mid-1970s, however, U.S. chemists developed a whole new breed of plastics. Hi-tech plastics, which can be many times stronger than steel, began to replace glass and metal in consumer products.

Still, there were some problems. Plastic resins were so light that any standard caliber bullet weighed more than the entire barrel and firing chamber assembly of a polymer handgun. Instead of sending a massive bullet down the barrel toward the target, the chamber explosion would likely send the gun violently backward toward the shooter. To solve the problem of polymer softness, Byron experimented successfully with a superhard ceramic material that could be used to cast the gun’s barrel. Recoil is eliminated by Byron’s design because it allows gases to be vented completely whenever a shot is fired.

Byron says that he will not market a weapon for which there is no detection system available. John Floren, president of Red Arms Inc., the company that holds a utility patent on Byron’s invention which gives them legal control of the technology for 20 years, says that “a microchip could be built into the weapon to set off a detection device. Removing the chip would totally destroy the weapon.”

Despite these assurances from the manufacturer, airport security officials are investigating and testing sophisticated detection systems. Jack Killorin, spokesman
for the U.S. Department of the Treasury's Bureau of Alcohol, Tobacco and Firearms, believes that "in the coming years, these devices will be installed at security checkpoints around the world."

For example, an X-ray system developed by American Science & Engineering, Inc., in Cambridge, Mass. can highlight images of materials with low atomic weights, like narcotics, plastic explosives and polymer guns. This system, the Model Z, costs about three times more than the cost of conventional airport scanning equipment and has already been installed in some European airports. Unfortunately, Heathrow Airport, outside of London, was not among them. Otherwise, the luggage bomb that downed a passenger jet over Scotland earlier this year killing all passengers and crew and some people on the ground might have been detected.

But the weakest part of airport security remains the inspectors. When boredom sets in, suspicious objects are overlooked. Until these sophisticated systems arrive, airports will have to depend entirely on fallible human operators.

This potential threat to safety was recognized on October 20, 1988, when Congress passed a bill prohibiting the manufacture, importation, sale, shipment, delivery, possession or transfer of any firearm that is not detectable by machines designed to discover a weapon with 3.7 ounces of stainless steel. Byron's weapon is approximately 3.5 ounces.

"Plastic-gun technology presents enormous problems for our law-enforcement community," says William J. Hughes, (D-NJ) chairman of the House Judiciary Subcommittee on Crime. According to testimony taken by congressional committees, no plastic weapons are now manufactured in the United States.

— CHRISTINE BARDY

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**LIGHT YEARS AHEAD**

Once thought of as futuristic weapons, lasers are becoming the instrument of choice for hospitals, doctors, and their patients for their ability to perform delicate surgery. This growing popularity has also helped boost the revenues of hospitals and surgical-products companies to all-time record highs.

Laser surgery techniques have been in use for over 10 years, typically to remove breast lumps, tattoos, skin lesions, hemorrhoids, and to repair hernias, but it is only within the last few years that they have been adapted for more complicated and life-threatening operations. Coronary bypass, spinal and eye operations head the list of those that now incorporate laser techniques.

Doctors say that many patients are lured by the idea that lasers perform miracles, and by hospital advertising which touts lasers' multitudes of benefits.

Laser-assisted balloon angioplasty is one of the hi-tech procedures used today, that was born from regular balloon angioplasty—a popular non-surgical method used to clear clogged arteries and veins of plaque. In the procedure, a catheter is inserted into the patient's blood vessel and threaded toward the clogged area. Upon reaching the section, the optical fiber emits a laser beam which vaporizes the plaque and clears a passage. Then the balloon attached to the catheter is inserted into the hole and inflated. The balloon flattens the clogging plaque against the inside walls of the blood vessels, thus opening a pathway for better blood flow. The system, developed by GV Medical Inc. of Minneapolis, is still under scrutiny and further study is required before it becomes widespread.

Coherent Medical Group, another surgical products company, manufactures laser systems which are sold to hospitals across the country and range in price from $20,000 to $150,000. For that reason, laser procedures are costlier to the patient than standard practices.

Manufacturers were among the first users of laser technologies. At General Motors, technicians monitor engine performance by beaming a laser through a special portal in a running engine. In West Germany, designers obtain microscopically precise measurements with laser scanners to improve the aerodynamics of new car models. The list of laser applications lengthens as businesses discover that lasers can be highly cost effective, improving quality control and increasing efficiency.

—TIMOTHY FADEK
RECYCLING PLASTICS

 Shortly after the Civil War, the first plastic was developed as a substitute for ivory in billiard balls. Since then, the synthetic has symbolized our throwaway society. Most likely, the first piece of plastic garbage ever discarded is still lying somewhere at the bottom of a garbage heap.

This year, approximately 10.5 million tons of plastic waste will be generated and dumped, primarily in the nation's already overflowing landfills. This means of refuse disposal is the least environmentally efficient, asserts Christine Latella, director of solid waste solutions for Mobil Corporation in Rochester, N.Y.

Last summer, beaches were temporarily closed to the public because of medical waste, including plastic vials and syringes, washed up on our shores. These incidents were a visible indication that alternative methods for disposing of plastic waste must be found.

“The first piece of plastic garbage is still lying at the bottom of a garbage heap.”

Recycling is one alternative. The product most widely disposed of in this way is the beverage container. It is estimated that 20 percent of all plastic bottles used in states that mandate bottle-deposit laws are recycled. In the process, bottles are cleaned, crushed and then chopped into flakes. The material is then sold to plastic fabricators at a price significantly lower than that of newly produced plastics.

Since recycled beverage bottles can be used for various things, the bottle containing your soft drink today may end up in your pillow tomorrow. Other products such as mattresses, furniture, carpets, cushions and even bathtubs, shower stalls and sinks can be produced by incorporating the recycled material.

Simply recycling old bottles into new ones would seem to make sense. However, it is economically unfeasible because of the strict federal health standards required for food containers.

The first plant in the country to recycle used polystyrene foam products opened in Leominster, Mass. earlier this spring. The owners, Genpak Corp. of Glen Falls, N.Y. and Mobil Chemical Company of Stamford, Conn. believe there is a developing market for recycled polystyrene foam, especially for use as home insulation and industrialized packaging.

In 1988, about 200 million pounds of plastic waste, valued at $100 million, were recycled. By the mid 1990s, this number could be five times higher.

If efforts continue apace, one billion pounds of plastic could find new uses.

—JAMES CONNOLLY

MEDICINAL LEECHES

The slimy, brownish-black, bloodsucking leech, popular icon of centuries of medical barbarism, is wriggling its way into modern medical practice.

A growing number of hospitals are using leeches as a healing aid after microsurgery to reattach body parts. Procedures such as these can fail because of blockage in tiny blood vessels. The small European medicinal leech, Hirudo medicinalis, can help clear the way for blood flow when numbers of them are attached to clogged areas and allowed to suck out the clots.

One such case, reported in The New York Times in August 1988, involved a 5-year-old boy who lost an ear after a vicious dog attack. The surgery was unsuccessful and the boy's ear turned blackish-blue from a blood clot after a few days. His doctors decided to try leeches and the boy's ear was saved.

The use of leeches in medical applications dates back to Greece in the second century B.C. In the 19th century, people believed that these small creatures were able to cure everything, from a slight fever to insanity, by sucking the bad blood out of the patient. Their popularity peaked in Europe in the early 1800s when medicinal leeches were so widely sought that they nearly became extinct.

Leeches, U.S.A., in Westbury, N.Y., is one of the largest suppliers to hospitals in this country. "Many people can thank not only their doctors, but also leeches for still having their eyes, ears and arms," says Marie Bonazinga, president of the three-year-old firm. In 1987, the firm sold 10,000 leeches at five cents each. Most operations require between 5 to 25 leeches, depending on the extent of the surgical procedure. In any case, the cost of this old-fashioned medical support system is minimal when compared to the usual hi-tech hospital apparatus.

In addition to their modern surgical use, scientists are hopeful that anti-coagulants and other enzymes in leech saliva may prove beneficial ingredient for the treatment of heart attacks and strokes.

Leeches still have a long way to go; most doctors prefer a second operation rather than resorting to leeches in the case of unsuccessful vein reconstruction. But the blood-sucking creatures have certainly come a long way over the past 17 centuries.

—THURIDUR GUDMUNSDOTTIR
CORPORATE CHILDCARE
NO LONGER JUST A WOMAN'S ISSUE
BY MELISSA de SWART

This may turn out to be the most important employee benefit we have,” says James E. Burke, chairman of Johnson & Johnson. He was talking to reporters about corporate childcare after an October meeting of the Business Council. Childcare is an issue that is attracting increasing attention from employers, employees and the media. Nancy Kolben, a consultant at Child Care Inc., a firm that advises employers on corporate childcare, says, “Childcare gets national press attention; it is a national issue, adopted by both political parties in the recent election.” A number of significant demographic changes are focusing attention on this issue.

The composition of the workforce has changed radically. Women now make up a much larger percentage. The Bureau of Labor Statistics (BLS), in its bulletin, Projections 2000, indicates that during this decade women have accounted for 70 percent of the growth of the workforce. The trend is expected to continue into the 1990s. It is estimated that 60 percent of working women are of child-bearing age and 90 percent of these women will have children. The potential, and indeed current, demand for adequate childcare is enormous.

The size of the workforce is also changing. The annual growth rate of the population between now and the year 2000, is estimated to be 1.2 percent. This is a full percentage point less than the annual growth rate between 1972 and 1986. Young people are expected to make up a smaller percentage of the population and labor shortages are thus predicted for some industries. A survey by The Bank Street College of Education of 71 Fortune 500 companies found that six out of ten of them are feeling the employee pinch, or are expecting to within the next five years. In order to attract and retain some portion of the smaller working pool, employers will have to make themselves more attractive to potential employees. Ways of doing this include better training opportunities, career development plans, more creative recruitment strategies and improved benefits; one of the most crucial of these is providing childcare.

Employees are also beginning to consider the question of corporate childcare more seriously. Joseph Stulberg, a professor of management at Baruch College and father of a young family, says, “You look at day care in the same way as you look at schools for your kids.” As a result, demand for safe, licensed, professional care massively outweighs supply. Very frequently, the providers that parents do find are unregulated and untrained. A large number of parents cannot even find this inadequate service. The Children’s Defense Fund estimates that there are about 15 million “latch key” kids—children who care for themselves before and after school. Most states set some standards for day-care providers; however, these are often ineffective since an estimated 94 percent of the nation’s 1.75 million family day-care centers are unlicensed. Tragic accidents and even willful neglect and abuse are not uncommon.

Consequently, changing demographics and the growing awareness that childcare is a major cause for concern to many working parents are stirring change within companies. According to Child Care Action Campaign, a not-for-profit awareness raising organization, there has been an impressive 400 percent increase over the last decade in the number of employers providing some assistance with childcare needs. However, despite this increase, a 1987 BLS survey found that a mere 5 percent of 1.2 million non-agricultural establishments in the United States employing 10 or more people, sponsor its own, or provide financial assistance towards childcare.

The reasons usually given for not getting involved include expense and liability questions. Dana Friedman, of the Work and Family Research Unit of The Conference Board Inc., says these issues are just a smokescreen. “Employer attitude is the real issue—either ambivalence toward women in the workplace or the idea that companies shouldn’t get involved.” Many companies take the attitude: “Keep your personal problems at home.” “Fine,” says Friedman, “if there is someone at home.” Nancy Kolben says liability questions
are a red herring. "Insurance is available and necessary for any business venture. It is just a way to talk about not providing something you're not comfortable with in the first place," she says.

A 1986 Personnel magazine survey of 200 human resource managers found that more than half the respondents took the view that the parents, not the government or the employer, were solely responsible for childcare. Lee Gobrilovitch, at the New York State Childcare Coordinating Council, blames much of the attitude problem on ignorance. She says, "Attitudes are determined more by the amount of knowledge than the legal and legislative issues. There are so many options; it's just a matter of getting the information." Barbara Adolfo, corporate child-care expert at Buck Consultants Inc. and author of two books on the subject, reiterates that the lack of knowledge is a major problem: "Most firms don't do research and are not aware of the options." Stulberg adds that employers do not like to get involved in programs that are difficult to implement and whose benefits are hard to quantify. "This is a whole different dimension to medical care," he says. "Employers cannot just sign a contract saying as of January 1st everyone is covered by this."

For those companies that have done their homework and have opted for some form of corporate involvement, the rewards are many. Drastic reduction in employee turnover, markedly reduced levels of absenteeism and significantly higher employee morale are cited as the most frequent and manifest benefits. Patty Shea, senior associate in corporate communications at American Express says, "Employees are more productive and concentrate better on their jobs when they aren't worrying about their children. Recruitment and retention rates are also better."

EMPLOYERS BENEFIT TOO

Participants in a Childcare Challenge, prepared by The Congressional Caucus for Women's Issues, in which members of Congress were asked to nominate examples of innovative employer supported programs in their districts, estimated savings attributable to reduced employee turnover of between $25,000 and $2 million per year. They also mentioned increased morale, productivity, and loyalty as other by-products of their corporate child-care programs. One participant says, "The benefits of implementing the program far outweigh any costs incurred to start it."

American Express was one of the Pioneer Award winners of the Childcare Challenge." Some employers see [corporate involvement] as expensive," says Shea. "However, you can't measure the cost against the benefits of having happy, healthy productive employees." She points out this is particularly true for a service industry company like American Express whose main asset is its staff. The BLS survey supports this assessment, concluding that firms in
the private service sector and government agencies are more likely to provide care than firms in manufacturing industries.

However, some manufacturing firms have been identified as pioneers in providing this benefit. Merck Inc. in Rahway, New Jersey was another award winner. Merck helped set up a center near their Rahway headquarters in 1980. This was in response to a large and growing need identified by a brief questionnaire the company sent to employees asking, among other things, whether any of them were experiencing problems finding adequate day care. According to Art Strohmair, executive director of Human Resources, Merck noted the lack of quality facilities in their area and so provided the start-up funds for the center which is now self-sufficient. Strohmair says, "There has been a very positive response from employees." The very long waiting list for the center has prompted Merck to provide land and a start-up grant for a second center to meet the demand.

THE OPTIONS

Establishing an on-site or near-site center is just one of a number of direct and indirect ways a firm can address the issue of corporate day care.

On-site centers are most common in hospitals where the desperate shortage of nursing and auxiliary staff has forced immediate action. Ann Stuchiner, benefits consultant at Peat Marwick Main, says, "Hospitals are the main users of on-site facilities as they have the space and the expertise." This is not necessarily so in other industries, however. A self-sufficient, near-site facility staffed by child-care profession-
care providers. Employees can use the service, at no cost, to find day care; however, the cost of the care itself is borne by the parent. In addition to maintaining a list of their own, firms can use outside R&R services, such as those provided by Child Care Inc., Buck Consultants and the Day Care Council of New York. The BLS survey found that 5 percent of employers provide information and referral services. These included maintaining a list of providers, locating and evaluating providers and matching employees with appropriate providers.

OTHER ALTERNATIVES

Other forms of assistance include counseling, usually in the form of seminars, parental support groups, and providing literature and workshops. There are also a host of miscellaneous benefits, usually offered on an ad hoc basis. These can include: helping with additional costs incurred as result of sickness or overtime, and sick child-care leave and emergency provisions, available when an employee's usual arrangements fail.

None of these options need be used in isolation. American Express, for instance, employs methods to suit specific needs in different parts of the country. Shea says, "We offer a variety of services including resource and referral. We are constantly looking to improve the provisions we make." In addition to the benefits relating specifically to child-care issues, there are a number of more general benefits that may indirectly help parents.

Other policies also allow flexible hours, job sharing, work at home, part-time schedules, paid leave for family illness or crisis, and compressed work schedules. The Bureau of Labor Statistics found that 60 percent of employers allow some flextime; however, this is not necessarily due to child-care concerns. Therefore, it is not indicative of employer awareness of the issue.

The BLS survey found that only 2 percent of employers who do not offer direct or indirect benefits were "considering" doing something. Since this attitude evolves from perceiving childcare as a woman's issue rather than as a national issue, this lethargy may well change. Friedman says, "This was initially a women/work issue. But once it is investigated further, employers see the result of surveys showing just how many men are involved." In a 1987 survey by a research consulting firm, Work and Family Resources, of 1,200 employees in Minneapolis, 60 percent of fathers under 35 said family concerns were affecting their careers. They reported not seeking transfers and promotions in order to spend more time with their families. With only 10 percent of families fitting the "traditional" model of full-time working men with wives at home, child-care issues do not only affect the female work force. Shea adds, "This was always looked at as a woman's issue. Now, it is being looked at as a bottom-line business issue."

And this bottom-line item will not go away. Many more American firms will have to address the question of corporate childcare in the near future or risk losing crucial, experienced employees. "Companies can't afford to ignore it," Shea says. "It is shortsighted not to give honest consideration to the concept of what will happen in 10 to 15 year's time," adds Stulberg. "After all, today's children are tomorrow's work force."
Another lazy Sunday in the city. How will you spend it? Brunch with friends at a neighborhood café? Maybe just stay in bed with The New York Times? Or maybe you'll decide to do something different? A walk around the South Street Seaport? Better yet, how about a boat ride? More and more often these days New Yorkers are not just looking to the city's 578 miles of waterfront as entertainment for visiting friends, but also as a site for their own recreation.

Ten years ago, the Circle Line had the only sight-seeing boat that circled Manhattan and allowed, not only tourists, but also residents to view Manhattan as the island that it is. In fact, the Circle Line has been conducting tours for 43 years. The three-hour cruise, which costs $15 for adults, lets people view the Statue of Liberty, Governor's Island, Ellis Island, the Cloisters, the Jacob Javits Convention Center, Roosevelt Island, all the bridges, and much much more from a different perspective.

In 1962, Circle Line acquired the Hudson River Day Line. The Day Liner, as it's called, is 308 feet long and can accommodate 2,000 passengers who travel to stops in Bear Mountain and West Point. The boat was in such demand for private parties during the summer of 1988, that it only made four trips up the Hudson that were open to the public. The rest of the time, it was chartered by corporations, social groups and even fund-raising organizations.
But Circle Line, and other sight-seeing enterprises like it at the South Street Seaport, have realized that there's now a great demand for a different kind of experience on the water. In 1987 Circle Line initiated its Harbor Lights Cruise. On summer evenings, from 7:00 to 9:30, for $15, passengers are offered a more romantic view of the New York City skyline. According to Beverly Meyers, a public relations spokesperson for Circle Line, the evening cruise has been an "overwhelming success," bringing in revenues of $8,600 for each two and one-half hour cruise. Beer and liquor are also available on board and add to the party-like atmosphere.

Also in 1987, Circle Line started the Long John's Restaurant Cruise which sails to Long John's Restaurant in Sandy Hook, New Jersey, every Thursday at 10:00 a.m. The yacht docks at the restaurant at noon and returns to the city around 5:00 p.m. The cruise offers sea-loving passengers what the line bills as "a true yachting experience" for only $29.50 per person.

In 1988, Circle Line added the T.G.I.A.F. (Thank God It's Almost Friday) cruise. Every Thursday during July and August, from 7:00 p.m. to 10:00 p.m., 575 passengers can rock 'n' roll to a live band aboard one of its party yachts.

All of the new cruises are doing quite well. According to Meyers, "sales are much better now." Eric Roeda, public relations spokesman for the Circle Line, adds that Circle Line carries over one million passengers and brings in over $15 million a year. These revenues could increase in the future because of the purchase, in October 1988, of World Yacht Enterprises—four luxury restaurant yachts. Now called World Yacht Cruises, these yachts offer lunch, dinner and Sunday-brunch cruises all year round. Cruise prices range from $22 to $50. These yachts are also available for private charters and have even been used for weddings.

The South Street Seaport also runs two, one and one-half hour cruises around the southern tip of Manhattan for $8.00 (adults). The Andrew Fletcher and the DeWitt Clinton are advertised as boats modeled after the excursion boats that plied the harbor at the turn of the century. There's also the Pioneer, a schooner which carries approximately 40 people and sails toward the Verrazano Bridge. Group rates during the day for the two-hour cruise aboard the Pioneer are $12 per person. Picnic lunches are offered for $7 to $12. Pioneer also has a three-hour cruise and evening cruises. "Lunch-time cruises on the Pioneer are booked almost everyday during the summer," says Randi Greenberg, a South Street Seaport spokesman. In fact, it is not uncommon for some of the firms in the downtown area to charter boats for their employees to use during lunch hours. One such firm—Mudge, Rose, Guthrie, Alexander and Ferdon—frequently charters the Pioneer for its employees. JoAnn Citterbart, a former paralegal with the firm says, "Management believes that lunch-time cruises help to create goodwill among employees."

**DEVELOPING THE WATERFRONT**

In recent years, waterfront property has gained popularity not only for recreation, but also for residential and commercial purposes. Over-development in New York City has led to an increased impetus to use the waterfront areas.
As early as 1982, two waterfront projects opened. One, The Water Club, is a restaurant located on the East River between 30th and 32nd Streets, which seats 550 people and offers a spectacular view of the harbor. The second, located on the Hudson River, is the Intrepid Sea Air-Space Museum. This restored World War II aircraft carrier, permanently docked at West 46th Street, is the city's largest museum and has created approximately 60 new jobs.

In 1985, New York City's Public Development Corporation, (PDC) became the city's leading agent for waterfront development. In 1986, PDC outlined 14 projects for commercial, industrial, residential and recreational space to be built over the next eight years. These projects are estimated to generate $4.3 billion in private investment and open up over 40 acres of public space for residents to use and enjoy.

The South Street Seaport is one such project. The Seaport, a $400 million undertaking, has generated $150 million in retail sales, $6.5 million in sales tax revenues and created 3,500 jobs.

PDC's current projects include plans for waterfront areas not only in Manhattan but also in Brooklyn and Long Island City, but these projects will take years before being completed. According to a PDC official, developing the waterfront is not a simple task. It took the city 12 years, for example, to allow the construction of the River Cafe at the foot of the Brooklyn Bridge.

Some of the reasons cited by PDC for the slow development are: 1. Most waterfront property is zoned in such a way that it prevents development. 2. Many agencies are involved in reviewing projects, but no single agency has responsibility for coordinating the effort. 3. A wide variety of staff is needed to get a project started, from planners, attorneys and construction managers to community relations people. Four projects were put on hold in the past because of the city's inability to pay for them.

Another major problem is that the city's waterfront, extensive as it is, has few onland sites available. So most development has to be in the water, which creates added costs and environmental problems.

A more recent factor that will slow development is the increasing criticism that Mayor Edward Koch has come under for his endorsement of these mammoth and costly projects. In January, he announced that plans should be scaled down for the development of Riverwalk, on the East River, and Brighton by the Sea, an apartment complex planned in Brooklyn. Riverwalk would extend into the East River between East 16th and East 25th Streets and include five residential towers, a hotel, numerous shops, a marina and a promenade.

Most residents don't think of Manhattan as the seaport it once was. And visitors most likely think of the city as all skyscrapers and bright lights—the city that never sleeps. With more and more waterfront development going on, people will undoubtedly be reminded of the fact that the Isle of Manhattan is indeed an island.
He is a Roman Catholic priest, member of the Society of Jesuits, an economics teacher, and a steel industry analyst. This man of cloth and steel is Father William T. Hogan, director of the Industrial Economics Research Institute at Fordham University in the Bronx. Father Hogan's involvement with the steel industry began more than 30 years ago. "I did my doctoral thesis on productivity in steel, and that got me started," says Father Hogan.

In 1950, he founded the Industrial Economics Research Institute to conduct basic fundamental research on various heavy industries in the United States, including the steel, petroleum, automobile, railroad and electrical industries. Why? "There was a lot of information that we feel was not generally available on these industries. Over the years, we have specialized more on the steel industry than we have on the others," Father Hogan says.

Father Hogan is a prolific writer. "I've done seven books on the industry, including a five-volume economic history of the steel industry in the U.S., covering a 100-year period. I have written one on the 1970s, and another one on the international scope of steel in the 1980s—a case for its survival. And one on the restructuring of the American steel industry, and I just published, within the last year, one on mini-mills and integrated mills," he says.

Isn't it unusual for a priest, a religious leader, to become involved in business? The answer, according to Father Hogan, is no. "The Jesuits operate some 28 colleges and universities, and many of our people teach in these schools. Consequently, Jesuits are in all fields: chemistry, mathematics, physics, theology, classics, English, economics and sociology," says Father Hogan.

Besides his work as a steel industry analyst, Father Hogan teaches economics at Fordham, one of the universities operated by the Society of Jesuits. He was also a member of the Presidential Task Force on Business Taxation, and a consultant to the Council of Economic Advisors to the President and the U.S. Commerce Department. He has testified before congressional committees, visited most of the steel producing facilities in the world over the last 15 years, and presented papers at steel conferences in 14 countries, including the Soviet Union.

In 1985 the American Iron and Steel Institute awarded the Gary Memorial Medal, its most prestigious award, to Father Hogan, one of the few recipients who was not a steel company chief executive officer.

— Jonathan Auerbach and Oswald Coombs
SAYRA AT 90

"I'm old hat as far as news goes," says Sayra Lebenthal the 90-year-old co-founder of the municipal bond house that bears her name. "To tell you the truth, I've been so busy selling bonds and answering clients, that I haven't had time to look at what's going on around me."

Busy indeed. This Keyport, New Jersey native attended Syracuse University and earned a law degree before entering the financial world with her husband, Louis, in 1925. His family invested in municipal bonds, and Louis grew up wanting to go into business although his early years were spent collecting rent for his family property in New England.

Shortly after Louis and Sayra married, they rented an office where "everything was second-hand except the seventeen-year-old stenographer." They took out an ad in The New York Times asking for "investors with capital." The couple received only one response from a man in Minneapolis who claimed to be a wheeler-dealer in utilities. The midwesterner was so impressed with the couple's talent that he persuaded them to fly to Minnesota to work with him. "We saw his flim-flam business and asked people in Minneapolis about him. Nobody had ever heard of him." The Lebenthals returned to New York and went back to what they knew best—selling municipal bonds.

"The only way to do well is to be focused and to believe in what you're doing," Lebenthal stresses. "Be honest in your advertising, in your approach, and try to serve your clients the best you can. We have never sold stock to get-rich-quick speculators—we built our business exclusively on selling bonds to wealthy individuals to keep their money safe."

Lebenthal and Co. has gone through some changes since its founding 64 years ago, including its move to newer quarters at 25 Broadway, and its expansion into a firm of 105 employees which bid more than $25 million on securities in 1987.

However, some things have not changed. The firm is still a family-run operation. Lebenthal, who has continued to run the business more than 30 years after her husband's death still starts her workdays before 8 a.m. And the couple's son, Jim, serves as the firm's president.

"I'm here because I want to be here," Lebenthal says. "Every Saturday and Sunday the same aches and pains that bother every other woman my age—bother me. But for the rest of the week I put those pains behind me and go on with my business."

—ROBERT COTTER
DAN DALEY'S DREAM

I'm a control freak I want control over what I do,” says Dan Daley, a Baruch College graduate who, at the age of 34, has never worked a day in his life for anyone but himself. “When you're the boss, you can always stop when you want,” he says.

As part owner of Pyramid, an upbeat music studio in the heart of Manhattan, Daley finds that he can have that control and enjoy it too. Yet record producing is just one of his many claims to fame. He is a freelance writer for several publications including Penthouse and The Daily News, an accomplished guitar player, and a song writer who wrote the 1983 hit, “Still in Saigon,” for country singer, Charlie Daniels. This eclectic alumnus has also written, of all things, a romance novel and is currently working on a music show for MTV.

With a career as multifaceted as this, and a proclaimed love for music, it seems a recording studio was the most natural outlet for Dan Daley's talent. He launched his business despite the fact that competition is aggressive and, "studios are going out of business all the time.” In 1986, when Daley and three partners set up shop, they ran their studio out of "someone's kitchen," and "someone's bathroom" doubled as the studio's isolation booth. While the partners had the experience and the expertise to run a studio, they had neither enough space nor money to expand the business. With the addition of another partner and more money, the business began to grow.

Today, Pyramid occupies two floors of prime Manhattan real estate, with two fully equipped recording studios on one floor and a business office on the other. The studio is homey. "It's a service business," Daley says, "customers want to feel good, so we have a relaxed atmosphere where they can feel comfortable.” According to Daley, he and his partners, "practically built the place from scratch," and truly believe in the comfort concept. The office is even equipped with a bed for exhausted clients who may need to rest after long studio sessions.

Daley does admit that things can get quite overwhelming. As the business's bookkeeper, he has to deal with the anxiety of "waiting for someone to send the check so you can pay your bills.” So, though he may be able to stop when he wants, 16-hour work days are not unusual.

Despite all this, Daley is strongly optimistic about the studio's future. With clients like Touche-Ross, the World Wrestling Federation, Whitney Houston, and Steve Stevens, lead guitarist for rock singer Billy Idol, his optimism is certainly not unfounded. He advises up-and-coming entrepreneurs to take chances, but more importantly, to know when not to. And, Daley adds, "make sure you have money in the bank.”

— VENICE STRACHAN
JOSEPH PAPP
WATCH OUT

What does zany pop singer Weird Al Yankovic know about game shows anyway? According to his song, he lost on Jeopardy. Bob Verini was luckier. He won big—$46,802—qualifying him for the show's tournament of champions, where he won another $100,000. Verini used the money to finance his lifetime dream, the Manticore Theatre Company.

Although he contributed about a quarter of his winnings to the business, and is its main investor, he refuses to call it his own. "It's not my company. I don't have the ego or vision to say that." His goal is to attract "like-minded people" to the venture. As luck would have it, he has already found them in his partners, Jon Krupp and Kevin Barry, as well as in the 15 volunteers who assist during productions. Verini believes that entrepreneurs today cannot survive without the solid backing that comes from partners and friends.

While the support of friends is important, a non-profit organization like Manticore also needs the support of corporations, specifically for the funding they provide. "You can't get corporate funding by doing it individually. You've got to be legal and organized," he says.

Though its first productions were a bit shaky, Manticore has already gained some recognition for its early productions. Its staging of Henry IV last summer was reviewed by Backstage and The New York Press with mixed reaction. But, as they say in show business, there's no such thing as bad publicity.

And though he may be a trivia expert, Verini admits he was no expert when it came to learning the details of running a theatre company. "It is a whole new world," he says. Even with the money in hand, the company's budgeting and planning for its premier production were dangerously haphazard. "We budgeted our first shows very badly, and we were basically throwing money at the problems," says Verini.

Verini and his partners have learned the necessity of planning and organization. "You've just got to do your homework," he says. He also advises entrepreneurs to clearly define their business' mission "whether it's making egg beaters or running a theatre company."

As for the company's long-term plans, the partners intend to attract more big name actors to work for them, and to build their image in the eyes of the theatre industry. "We want respect for our company," says Bob Verini.

— VENICE STRACHAN
BEYOND BRAILLE

BY MARYANN O'CALLAGHAN and VENICE STRACHAN

At age 22, Patrick Votta lost his sight during an operation to treat glaucoma. Although he worked on the presses at the New York Times, his job was only short term. Votta felt helpless: he lacked full-time work, he was unskilled and he was blind. He realized that there was no way for him to survive without a viable skill in the world of darkness that had been thrust upon him.

Today, Patrick Votta not only possesses a highly marketable skill but also belongs to an elite group of professionals: he is now a highly trained piano tuner who has worked for industry giants like Baldwin Pianos as well as for individual piano owners.

While Votta's success story is rare, a growing number of blind and visually impaired individuals are breaking out of a limited set of low status, often clerical jobs, into positions that require great technical skills, and offer even greater prestige. The list keeps growing as the visually impaired are successfully hired at various occupational levels—as scientists, computer engineers, librarians, administrators and yes, piano tuners.

Says Votta about his job, "It's not just tuning pianos, but you have to be a salesman, a businessman and a mathematician." Math is essential in order to handle technical skills necessary on the job.

Though the terms blind and visually impaired are sometimes used interchangeably, there are classifications of blindness. According to a pamphlet published by the Public Affairs Committee, "about 80 percent of those considered legally blind do have some useful vision. There may be as many as 11 million individuals in the United States classified as partially seeing; an estimated 2 million are considered to have severely impaired vision; some 489,000 are legally blind, and between 120,000 and 130,000 are totally blind." The Social Security Law, Section 208 defines a blind person as, "someone who, with the aid of glasses, has a vision of 20/200 or less in his better eye, or whose peripheral vision is limited to 20 degrees or less."

While it is undoubtedly difficult for the blind and visually impaired to manage in a workforce that is for the most part designed for the sighted, individuals like Patrick Votta prove that it is far from impossible. An employee at The Industrial Home For The Blind says, "Visually impaired people can master any job they are qualified for."

So-called experts have plenty of non-statistical evidence that blind and visually impaired people have entered a great variety of jobs at all levels of the occupational ladder. But just when critical legislation was being implemented, major cutbacks in funding for national surveys occurred. According to an unpublished article written by Corinne Kirchner, "lacking appropriate recent surveys, we still use studies from the late 1970s. The recent studies are either not national in scope or they cover many disabilities without being able to pick out the blind subgroup.

DEVICES OPEN DOORS

Technology, largely in the form of computers, has opened many doors for the visually impaired. As new and more sophisticated devices are created, a number of rehabilitation agencies have begun to provide specialized vocational training programs to meet the needs of these individuals. More and more colleges offer training programs as well. In the United States, over 11,000 students with visual impairments attended college in 1982 as opposed to the 1,000 who attended 30 years ago.

According to Karen Luxton, director for the Center for The Visually Impaired at Baruch College, "For the blind person, the greatest barrier is the lack of access to information." Computers have become the "electronic curb cuts for the blind," she adds. Baruch's Center offers such services
as the use of voice-activated tape recorders, braille typewriters and computer facilities. Students receive help from tutors and readers. Counseling services are also available for those who wish to utilize them. Luxton, who is also blind, has seen computers help students with everything from English homework to complicated mathematical problems.

One former student, Armand Bakalian, was so impressed with an introductory summer course he took at the College's Center, that he gave up his one-time dream to become a radio disc jockey to pursue a career in computers. Today, he is a data base administrator for Mobil Oil Corporation where he supervises 11 computer systems, is responsible for major computer installation projects within the company, and monitors the security system for two mainframe systems. Bakalian, who has been at Mobil for almost 10 years, has found the company very supportive as far as providing equipment and training.

All the equipment he uses on the job, including a Kurzweil reading machine, which converts print into voice; an OPTACON machine which converts print into tactile sensations; and a PC with a voice synthesizer, was purchased by Mobil.

Machines such as these have made information more accessible to the blind and the visually impaired, and are becoming common in facilities such as Baruch's. Though greater use has lessened the costs of some of this equipment—Luxton's voice synthesizing pocket calculator that cost $400 a few years back now goes for $80—most are still considerably expensive and often out of the league of the average personal user. Some of the lucky ones, like Bakalian, have employers who pay for the equipment in the office and sometimes, the equipment at home.

Alternate means of acquiring needed adaptive machinery are through state government agencies, voluntary social agencies or service groups that may be able to provide assistance. The government even offers tax incentive programs to companies who hire blind or severely visually impaired individuals.

Among the many organizations designed to serve the blind with access to information and training is The American Foundation for the Blind in New York City. The Foundation is a national non-profit agency working in cooperation with over 700 agencies, organizations and schools offering services to blind and visually impaired people.

According to Gerald Miller, director of National Services for Rehabilitation Employment, his organization provides national employment consultants, rehabilitation, education and communications technology. It also publishes books, pamphlets and periodicals including The Journal of Visual Impaired at Baruch College and Duran.
Impairment and Blindness, the leading professional journal in the field.

The Foundation houses the M. C. Migel Memorial Library and Information Center. It is said to be one of the largest collections of print materials on blindness in the world. The Lighthouse is another organization that offers counseling services as well as courses in a wide range of subjects to the visually impaired. It was here that Votta learned his piano tuning skills. Says Myrna Votta, Patrick Votta’s wife, who teaches computer courses at the institution, “We’re here to train and evaluate people.”

SLACK SALARIES

Despite these resources, employment figures for the blind are not entirely rosy. Although reliable statistics are scarce, the U.S. Public Affairs Committee estimates that between 216,000 and 240,000 of the 360,000 working age (16-64) job-ready blind and visually impaired adults are not employed. Even for those working, their salary is usually not equivalent to sighted co-workers. An unpublished 1981 study by the Rehabilitation Services Administration showed that the earnings of employed men and women with impaired vision were considerably below the national average for all households.

Even with the increase in adaptive technology, there is still a disparity between the types of jobs available to the visually impaired and the blind. According to Baruch’s Luxton, “Jobs for the blind are either in the highly professional areas or clerical and manual jobs.” Myrna Votta offers her explanation: “The people in the educational workshops are not leaving because of the new technology. These are usually the people who would be on the assembly lines or the mechanics if they were sighted.” But she admits the technology gives blind individuals who were in low level jobs because they could not use machines designed for the sighted, a chance to move up.

Then there is the issue of discrimination. According to the human rights section of New York State Law, Article 15 of the Executive Law prohibits discrimination in employment on the basis of disability.

Other legislation exists in order to protect the rights of blind and visually impaired persons in employment. Under the Civil Rights Law, Section 47-a, a blind person who is otherwise qualified to perform a job has the right of equal opportunity to obtain, retain, and be promoted in employment, unless it can be clearly shown that his blindness prevents him from performing the particular job.

Despite all the laws, the blind and the visually impaired have often been refused jobs or simply bypassed because of their disability. Employers were, and still are, often afraid that the cost of special equipment would be too much or that the individual simply would not be able to do the job.

Piano tuner Patrick Votta says customers are sometimes apprehensive and some even refuse to have him do their work when they learn of his blindness. Luxton recalls discrimination in many forms, most vividly in 1969 when she was refused entrance to the Bank Street College of Education, ostensibly because they did not have the facilities to accommodate her. “Things have changed tremendously at the college since,” she assures. Though Bakalian has no horror stories, he does say that when people in the business first learn of his blindness, there is usually some apprehension.

Other companies including Control Data, IBM, Du Pont, TWA and American Express also hire individuals with disabilities, including the blind. Du Pont employs 2,700 disabled persons. Its corporate study, The World of Work Report, found that 96 percent of its disabled workers were rated average or above on job performance, compared to 91 percent of its nonimpaired workers.

Not every individual will, or even cares to be the next model employee for Mobil or TWA. Many, like Patrick Votta have gained considerable satisfaction just from being their own boss.

Choice, and the chance to take chances, is what any employee requires. The synergy between adaptive techniques, specialized organizations and active hiring programs are at last providing these to the visually impaired.
A few years ago Rubik's Cube perplexed America and the world. In 1989, Harry Hui hopes Spectra will do the same. Spectra is one of the products made by I.Q. Company, Inc., located in Long Island City, N.Y. The company was co-founded in November 1987 by Hui, a 25-year-old first generation Asian-American, who is the vice president of marketing. Like Josh Baskin in the movie "Big," Hui's job is to create games. When asked what he does for a living, Hui replies with a chuckle, "I play games."

Harry Hui was born in Hong Kong in 1964. He and his family arrived in the United States in 1973 not knowing a word of English. Hui attended State University of New York at Albany and majored in economics with a double minor in business and Chinese. He says that in school he was not the stereotypical overachiever but quite atypical. He spent a great deal of time developing his "people skills" through participation in clubs and organizations.

After graduating from college in 1985, Hui worked as a buyer for Macy's where he learned a lot about vendor/buyer relationships and the language of businesses. "The idea of finding the needs of clients and trying to meet those needs was taught to me at Macy's. I found out that plenty of thought had to go into merchandise displays. Knowing if displaying 24 items is better than 48 is very important," Hui says.

A few factors contributed to his decision to leave the security of his job at Macy's and enter the perilous world of games. He says he is not one for a 9-to-5 job and does not enjoy routine things. "I am an opportunist and not risk-
averse. And at 25, I don’t have much to lose and too far to fall,” says Hui.

I.Q.’S ORIGIN

Hui’s inspiration for the creation of I.Q. came to him in 1984. “In that year, Trivial Pursuit was a cultic phenomenon,” he explained. “I felt that there was a great demand in the adult games market but not many products catering to that market.” He says he spent a year devising a business plan for his new venture.

One part of the business plan entailed doing initial market research and studying market potential. He then projected his planned expenditures and revenues on a quarterly basis for three years. Seeing a resurgence in the puzzle market, Hui felt that the time was right to start his company, which he did in 1987.

Hui says he considers I.Q. Company a veritable family business. Besides himself, the I.Q. team consists of Henry Kong, Chief Executive Officer; Calvin Hui, President of I.Q.’s American office and Toni Smith, Creative Director. Henry Kong is Hui’s brother-in-law, Calvin Hui is his older brother while Toni Smith is close enough to be a brother. Henry Kong is responsible for the manufacture of the games and frequently shuttles between Hong Kong and New York. The company’s administrative duties are taken care of by Calvin Hui. Toni Smith is the person behind I.Q.’s packaging and is also the public relations man. Although his official title is vice president of marketing, Harry Hui is the one in charge and he makes most of the decisions.

“In order to be an entrepreneur, you have to be a jack-of-all-trades,” Hui says. In addition to being vice president of marketing, Hui is the company spokesman, merchandising manager and national sales manager. “You cannot be afraid to do the mundane and trivial work,” he adds. “On some mornings, I go to the office in my grubby clothes in order to pack the games and load them onto a truck and then change into my suit for an afternoon meeting.” Hui also writes invoices for orders being filled. He says I.Q. could use more help, but the lack of funds prevents the hiring of more people. “With only a few large accounts, I can’t justify the cost of the extra staff,” says Hui.

As national sales manager, Hui handles every account. This means frequently travelling across the country. On his visits he meets with retailers to see if stores are out of stock or if they are displaying the products properly. A group of 24 Spectras takes up less space than a microwave oven. “Retail positioning is very important,” he says, “if they aren’t shelved properly, nobody is going to see them. You have to fight for the ‘end caps.’” The end caps are the portion of the shelves near the front of a store where the big selling items are found.

I.Q.’S PRODUCTS

I.Q.‘s products range from individual puzzles to games for groups of four. All of them are based on mathematical principles. Besides Spectra, I.Q.’s line-up consists of The Rings of Ming, Level Q, Foresight, Sixty-5, Square Deal and Delta. Spectra and Level Q are I.Q.’s most promising prospects.

Spectra consists of 12 discs, each with six different pie-shaped segments. With eight different colors, no two discs have the same color configuration. The object of the game is to align the discs in such a way that the adjacent color sectors of adjoining discs match. Of all of I.Q.’s products, Spectra is the one promoted most heavily.

Level Q is a puzzle made up of 12 multi-colored barbell pieces and a game board. The object is to create seven columns of equal height using the barbells. In the November 1988 issue of Games magazine Level Q was chosen by the editors as one of the “Best Games of 1988.”

SMART TOYS

According to a report published by the Commission of Excellence in Education, American children of the 1980s are learning less in school than ever before. Math and science are two areas in which students are especially deficient. Hui has some thoughts on how this problem can be solved: “Children must be taught how to think,” says Hui. He believes that I.Q.’s games will help children do this while also having fun. Based on mathematical principles, the games teach mathematical and perceptual skills and open up new dimensions of thought. The National Council of Teachers of Mathematics has requested the games for their classrooms.
Hui describes it this way: “These games are one way to teach the beauty of math and its systems. But beyond that, these games, with the challenges they present, open people’s minds to creative solutions and dynamic new ways of thinking.” He cites the game Foresight as an example. Foresight uses the binary number system, so, according to Hui, if someone understands the theory behind the binary system, he or she can effectively solve the problems posed by Foresight in original, creative ways.

**CREATING THE GAMES**

“Thinking of new games is easy,” says Hui, “the trick is to find out which will sell.” The ideas for many of the games were formulated on dinner napkins at informal family gatherings. Hui says he and Henry Kong would sit around for hours and quiz each other, ask each other riddles, play number games and write puzzles on napkins. During these exchanges, new games would be created.

The criteria he uses to decide whether to go ahead with a game are: (1) the game must be easily explained; (2) it must have mass appeal; (3) it must allow for different levels of skill; (4) it must have lasting play value; and (5) it must show promise of bringing in profits. Current market trends also play a big part. “We have a few games in our files which fulfill these criteria,” Hui says. “The success of our current crop will dictate what’s next.

“The toy and game business is notorious for stealing ideas,” says Hui. Whenever he presents his products to potential buyers, he requires them to sign disclosure agreements. These disclosure agreements are designed to prevent the theft of the concept of the game. But Hui says that there is a fine line in distinguishing what is a new concept and what is stolen. “There are a few games on the market now which are very similar,” he says.

Being a small company, I.Q. does not have the funds for large advertising campaigns. “The games industry is very trendy. In order for games to be successful, they must be heavily promoted,” says Hui. Games are usually promoted in certain areas of the country before being pushed nationally. This is done to minimize losses. In November 1988, I.Q. launched a successful advertising campaign for Spectra in Massachusetts, using commercials on cable television there.

Hui says that because of his young age he often is not shown respect by other members of the industry. “At trade shows, people always come up to me and say ‘What a great summer job you have’ or ‘What college do you go to’. When I have business meetings, I am not taken seriously. The toy industry is an old boy network,” he says.

Is this lack of respect due in whole or in part to the fact that he is Chinese? “Not at all,” he says. “The Chinese from Hong Kong and Taiwan are major players in the manufacture of games, so sellers are accustomed to dealing with them regularly.”

I.Q. suffers from many other problems. Some of them are cash flow, production and projection.

“In order to play with the big boys,” Hui says, “you have to have cash flow. To sell $1 million, you need $500,000 to make the products and you don’t see any returns for a year.”
Being a new company, I.Q. has to extend credit in order to sell the games. I.Q.'s credit sales are in the region of $150,000. "For a small company, that's a lot. Credit sales do not bring in the immediate cash necessary," he says.

Production is another big problem. It takes from 30 to 40 days to produce a product at the factory in Hong Kong and another 30 days to ship it to the United States. This lag-time of 60 to 70 days is a problem if the demand is there. "In the trendy industry of toys a 60 day delivery time is too high," says Hui. To alleviate this problem, he carries a large inventory of games.

I.Q. also faces the problem of projecting demand. Says Hui, "the toy business is an inventory business. When demand is immediate, you have to meet it. At year end, you don't want too much inventory and too many unfulfilled orders."

**FORECAST FOR I.Q.**

The future of I.Q. depended heavily on how well the company did in the 1988 Christmas toy sales. But, "sell-through was between 75 percent and 85 percent," Hui happily reports. "Sell-through" is the percentage of goods purchased by retailers that are sold. According to Hui, I.Q.'s revenues for 1988 were approximately $1 million, with Spectra accounting for 55 percent. They were carried by such stores as Macy's, Toys-R-Us, Bradlees and Spencer Gifts. "We are projecting revenues of $3 million in 1989," he says.

Toni Smith concurs. "Spectra did phenomenally well; most of the stores who took the game sold out before Christmas. Spectra was sent to over 1,000 stores. Level Q also sold very well, but it didn't do as well as Spectra, because Spectra had TV advertising, plus word-of-mouth advertising, while Level Q had no advertising at all," he says. Wouldn't it have helped to advertise Level Q? Answers Smith, "The premise we worked on was we would work on one game at a time, use it to establish a name, then introduce another game."

Hui's plans for 1989 include keeping Spectra as I.Q.'s main money maker. Based on I.Q.'s successful TV advertising campaign in Massachusetts last November, which resulted in a dramatic increase in sales of Spectra, Hui says he plans to air the ad for Spectra in the top five markets in the U.S. "Our ad will be shown during teen programs with gross-rating points of 75," he says. These are ratings of television viewership similar to Nielson ratings, ranging from approximately 40 to 150. In addition, I.Q.'s products are being displayed this year at toy shows in New York, Paris, Toronto, Dallas, Los Angeles, Seattle and Atlanta. "Toy shows are mainly a screening process for goods," Hui says.

New orders are not placed at these shows, Hui says. Retailers ask for samples and then try to figure out if the product will sell at their stores. "It's a long process, and you never know when it clicks," he adds.
It's a few minutes after 5:00 p.m. and you have just finished work. You hop on the subway and think of dinner. Your mental shopping list has but four items on it. For them you will not brave the lines at a huge supermarket 10 blocks from your house.

So you head to your neighborhood bodega and are greeted with a warm smile and a "como estas?" You purchase plantains, a piece of highly seasoned sausage or salchichon, a freshly cut palomilla steak, and a half a pound of Bustelo coffee. Within minutes, you are on your way home, dinner ingredients in hand.

HISTORY

The bodega, "a turn of the century general store that carries everything from stamps to pots and pans, can be traced back to the 1930s," says Ricardo Fernandez, the director of Mertec Marketing, a New York City marketing consultant group that specializes in the Hispanic market. According to Fernandez, the first bodega in New York opened in 1936 to provide Hispanics, mainly Puerto Ricans and Cubans, with products from their homelands, instead of imported goods from Spain.

Puerto Ricans became citizens in 1917. At that time, they began their U.S. migration in great numbers. Many settled in the New York area where they brought with them their culture and their salsa music.

Over the years, as Puerto Ricans branched out into other lines of business or retired, and as their children became better educated and sought other careers, another immigrant group began to take over the bodega business. After 1965, Dominicans leased many bodegas in their search for a piece of the American dream. Presently, 97 percent of all bodegas in the metropolitan area are owned by Dominicans.

WHAT IS A BODEGA?

Bodegas epitomize the phrase "family business" in more than one sense. Run by family, customers too are treated like relatives in a small environment where people know one another's names—a store that offers personalized service to Hispanic as well as non-Hispanic consumers.

"The bodega involves something beyond the exchange of money," says Fernandez. Alberto Maceo, a bodega owner, or bodeguero, who runs Maceo's Grocery at Amsterdam Avenue and 85th Street in Manhattan adds, "There is more personal contact for the Hispanic in bodegas when compared to a large supermarket. In addition, I offer stupendous prices and service. Most importantly," Maceo says, "I don't try to trick or fool my customers."

Such service evidently pays off. A recent survey conducted by El Vocero Mercantil, a Spanish monthly merchant news publication with a national and international circulation of more than 15,000, indicates that 76 percent of all Hispanics in the metropolitan area shop at bodegas. Why? "There is the personal touch of the owner with the customers," says Victor Cepeda, owner of Metro Superette at 880 Amsterdam Avenue. "The bodega owner serves as a priest,
psychologist and friend," Cepeda adds.

A real effort is made to be part of the community, to solve problems and to give advice to those who need it. Owners are also sensitive to the cash flow problems of customers, bending the rules to help those whose finances are a little tight. "Customers know the owner and can purchase items without having to pay for them on the spot," says one bodeguero who prefers to remain anonymous.

To cut down on costs and salary expenses, employees of bodegas are mostly family members. "This family atmosphere helps to reduce employee theft and creates a secure work environment," says Maceo whose own bodega is entirely run by relatives. Even outside employees seem dedicated to the friendly work environment of the bodega. Joe Cruz, an employee at Raymond's Food Market at 842 Amsterdam Ave., says that "we anticipate the needs of our customers and always try to keep the store clean."

Bodegas also accommodate consumers who need one item instead of a dozen. In supermarkets, pre-packaged items are sold as is and customers are not allowed to break open packages in order to buy one or two items. "This creates a problem for the shopper who cannot afford to buy the whole package," says Jacinto Gonzalez, owner of the Dominican Grocery on 88th Street in Manhattan.

"It is more difficult to shop in a supermarket if you can only afford one-half pound of ham or cheese," says Gonzalez. "The bodega generally caters to the poor of its neighborhood who do not have much disposable income." As a result, bodega owners are willing to open up boxed goods and sell them as individual items.

To broaden their sales base, bodegas also carry diverse non-Hispanic food and non-food products. As around-the-corner convenience stores, they must meet the shopping demands of the neighborhood. A survey of 15 customers in one bodega produced some interesting results: two-thirds stressed the convenience angle. "If this bodega was not here," one customer says, "I'd have to walk four blocks to the supermarket just for a few things."

Of course, bodegas are best known for their ethnic products including those made by Goya, a company which celebrated its 50th anniversary in 1986, Iberia, Condal, and La Flora spices. Some bodegas also stock foreign newspapers such as El Vocero from Puerto Rico, and El Nacional and El Listín Diario from the Dominican Republic.

According to the Metropolitan Spanish Merchants Association, the average New York City bodega—there are about 7,000 operating in the metropolitan area—has gross weekly sales of $6,000 to $7,000. Although the number sounds small, annual aggregate sales figures for bodegas are impressive: $1.87 billion. These numbers have grown along with the substantial increase in the United States' Hispanic population. Hispanics in the United States now number 22 million, up 34 percent in the last five years. In fact, present projections are that within 25 years, Hispanics will become the largest minority group in the U.S. The number of Hispanics legally in this country is expected to reach 40 million.

Since their business is small-scale, bodega owners face many problems in meeting the discount prices of supermarket chains. Bodega owners buy from wholesalers and small distributors in small quantities; as a result, their prices are often well above supermarkets. In order to overcome the impact of their mark-ups, bodegueros put high-demand items on sale on a weekly basis.
While they cannot offer customers the lowest prices in town, they are open at odd hours and they offer credit to selected customers. Unfortunately, offering credit creates other problems. When customers do not pay their debts on time, bodegueros can find themselves in deep trouble. Because of the familial nature of the business, this is especially true of friends and family who quickly forget that bills and expenses must actually be paid.

**OBSTACLES TO OVERCOME**

Like any other New York City businessperson, bodega owners face other obstacles as well—shoplifting, drug trafficking, problems with the New York City Sanitation Department, and high rents.

Drug trafficking within the vicinity of a bodega can adversely affect that store's operations. Gil Torres, owner of La Vida Market at 896 Amsterdam Ave., would like to see the drug problem solved. "There's no doubt about it," says Torres, "drug transactions which take place directly in front of the store discourage sales."

Relations with the Sanitation Department have also been a little shaky. Some bodegueros claim that they receive far too many violations for failing to keep their sidewalks clean. If the Sanitation Department kept fixed schedules, they insist, the situation would be vastly improved. The owners argue that they cannot possibly be sweeping in front of their stores 24 hours a day.

But the biggest problem faced by the bodega owner is high rent. Jumps in rent have forced many bodegas to close. Nancy Barretta, the director of El Vózeco Mercantil, says that it all boils down to a "pay or leave situation." Small bodegas have limited chances for growth when the rent jumps from $500 to $1,500 monthly. Those who are able to renew their leases must raise prices in order to cover expenses.

The Metropolitan Spanish Merchants Association, an organization set up by Johnny Torres about 20 years ago, has as its mission educating the Hispanic merchant in obtaining legal aid and political assistance. Metro is currently sponsoring a program to educate merchants about the advantages of coupon sales, since coupons are unknown in Latin American countries.

Another helping organization is the New York National Bank, created to meet the banking needs of the small Hispanic businessperson. Set up in the South Bronx in February, 1982 by Mariel Serafin, the bank helps Hispanic businesspersons fund start-up costs and expansion. The small business loan-loss ratio—less than one percent—compares favorably with the over 30 percent loss ratio common to government program loan portfolios, according to a Dun & Bradstreet Report of July/August 1987. National Bank's low default rate has been attributed to efficient management.

According to the Dun & Bradstreet report, community-based private sector programs can do as well as, or better than, United States government investments in foreign loans and other ventures.

**NON-HISPANIC OWNERS**

Recently, particularly in Queens, the Bronx, and in Westchester, non-Hispanics have been buying bodegas. The new owners, who include Filipinos, Koreans and Arabs, face the challenge of serving Hispanic customers. Mohammad Saleh, a Jordanian who recently took over a bodega previously owned by Hispanics in a predominant Hispanic area of Manhattan says, "This is my first ownership of a Hispanic operation. Whatever my customers ask for, I'll bring in — American or Spanish products." Saleh is confident that he will be able to establish a clientele, especially because his store is the only one on the block that is open 24 hours a day—a real advantage.

With the growing Hispanic population, the question remains: Can small-scale bodegas successfully compete with supermarkets and other grocery stores, especially the ubiquitous Korean greengrocer?

In order to compete successfully with supermarkets, some bodegueros are seeking ways to become more efficient, especially in the matter of sales and inventory. One area slated for upgrading is the cash register, which has not
kept pace with retail store technology. Retail Control Registers, Inc. (R.C.R.) President Lawrence Spiro says that the new electronic cash registers will allow items to be rung up on the register simply by passing the bar code of each item over the electronic scanner. Elisa Cotto, an assistant to Spiro, says that these computerized registers will be leased to the bodegas for as little as $175 monthly.

Electronic cash registers and product scanning, according to Mertec’s Fernandez, will transform the bodega environment by speeding up sales, keeping track of inventory and, generally by making the bodega “just as good as a supermarket.” In addition, the system will also allow for the redemption of coupons.

Meeting the competition from Korean greengrocers is another matter. “Korean stores are not complete,” says Nancy Barretta, of El Vocero Mercantil. “Their specialty is fruits and vegetables and they seem to be competing directly with the produce departments of supermarkets.” Few greengrocers, according to Ms. Barretta, concentrate heavily on Hispanic grocery items. “The Koreans specialize in arranging and preserving produce. It is those displays that attract passers-by,” says Ms. Barretta.

Unfortunately, few bodegueros stock crystal balls. But several recent developments are worth following. One is the arrival of the Hispanic superette — a mini-supermarket that meets the demands of Hispanic customers. More sophisticated than the average bodega, with more merchandise and more competitive prices, the superette may itself squeeze out neighborhood bodegas.

That fear is unfounded, says Pedro Cedeno, owner of Taíno Discount Store in the Bronx. The former bodeguero says, “Bodegas will never disappear because they are community-based.” Cedeno also believes “bodegueros are learning how to be better administrators.” Hispanic marketing consultant Ricardo Fernandez is optimistic too. He plans to create a bodega museum with displays of these cash and carry operations and wholesalers. “The bodega is here to stay,” he says. “Where else could one get a stamp, a pen, an envelope, and even a sheet of paper?” Not to mention black beans, guava nectar and coconut cream.
SHELTERING
THE HOMELESS

A TEMPORARY SOLUTION TO A PERMANENT PROBLEM

BY BEVERLY M. BERNARD

The facts stare us in the face everyday when we turn on the television news or pick up a newspaper—approximately 75,000 people are now homeless in New York City. Most of us don’t need to be told the statistics because the faces of these people stare back at us from subway stations, vestibules, park benches, cardboard boxes and abandoned buildings. We step over and around them and turn deaf ears to their pleas for help. It has become just another annoyance of city life that busy New Yorkers must ignore in order to survive. But even the most inured will admit that the numbers of homeless on the streets today seems to be increasing.

The fact is that the number of homeless increases every year. The national average is now approximately three million. It is also a fact that it is very difficult to measure the number of homeless or how fast they are increasing. But shelter and service operators throughout the country report an increase in requests for beds and services annually.

In America, the history of periodic homelessness dates back to the Industrial Revolution of the 1850s up until the Great Depression of the 1930s. Federal and other government programs, however, put an end to mass homelessness for many years. The hobos riding the rails and the Bowery bum drinking away thoughts of unrequited love became a somewhat romantic notion to be experienced only in a novel or folk song. But the times they were a-changin’.

CAUSES OF HOMELESSNESS

Experts may differ on some of the causes for the increase in homelessness but they agree that it was a combination of factors that all fell into place in the mid-’70s.

One of the much publicized reasons for homelessness was the de-institutionalization of the mentally ill. Because of advances in drug treatment thousands of patients were released onto the city streets. Although stabilized with drugs, they were lacking the necessary skills to survive. Many had no place to live; those who did have homes simply couldn’t hold on to them.

Another factor was that families began to change. More and more women became the head of the household and had to struggle to support children. According to a report by the Coalition for the Homeless, women and children now comprise one third of the homeless population. Of the 5,200 families (12,000 children and 7,000 adults) living in the City’s Emergency Housing System, the Coalition reports that the average family is a female-headed house-

Trinity St. Pauls accepts referrals from the Partnership for the Homeless

hold, 27 years of age with two or three children.

As reported by Kim Hopper and Jill Hamberg, in The Making of America’s Homeless; From Skid Row to New Poor, by the 1980s households were disintegrating. One of the main reasons was the increase in the divorce rate. Hamberg and Hopper found that divorce was often devastating financially, especially for women. This led to what they refer to as the “feminization of poverty.” Half of all female-headed households lived below poverty lines. And according to the U.S. Bureau of the Census, (1982), 42 percent of the 11 million households living below poverty lines in 1980 received no welfare, no food stamps, no Medicaid, no school lunches and no public housing. Many of these families without the added support of any extended family had to depend on the support of last resort—the city shelters.

THE HOMELESS FAMILY

Families remain in city shelters on the average of 13 months. The length of stay for single adults is harder to estimate—there is a much greater range. A report by Elmer Struening of the New York Psychiatric Institute, in 1987, found that one fourth of the single
adult shelter residents sampled had spent most or all of the past three years in the shelter system while an additional 11 percent had spent half the time as a shelter resident. Staffing also found that 30 percent expected to spend the next six months in shelters; 13 percent didn't know where they would stay. His data supported the conclusion that about one-third of the population of the shelter system had become permanent or near-permanent residents.

In an effort to alleviate some of the problems of permanent and even long-term residence in the shelter system, the city developed a plan early in 1988 to stop using welfare hotels to house homeless families. Conspicuously absent from the plan was any mention of single adults. A major component of the plan, which was updated by Mayor Edward I. Koch in August 1988, is the U.S. Department of Housing and Urban Development to give priority to homeless families who apply for public housing. The New York City Housing Authority will also make available 600 of its apartments which become vacant in 1989 and 600 apartments in 1990 to permanently house homeless families referred by the Human Resources Administration (HRA). Still, at the end of 1990, the city expects to have 3,534 families living in shelters.

John Beckman, spokesman for HRA, which is in charge of running the city's shelters says, "There will always be a need for shelters. Families will always be homeless but the number is declining." Beckman adds that families will always get burned out, evicted, or if they are living with friends, they will be asked to leave. Hopefully all existing shelters and those now being built, will be of a different variety. Referred to as Tier II style shelters, they are no longer the vast dormitory-style shelters but consist of small, individual apartment-type rooms.

Increased focus on the homeless families instead of the homeless singles may be "objectively valuable," according to Douglas Muzzio, professor of urban government at Baruch College. "With scarce resources, this is the way to go. Concentration on the families will continue to happen. There is a generalized feeling that solving the problem [of homelessness] lies with the children. There is the feeling that even if the adults are unsalvageable the children are not."

Muzzio adds that homelessness is a symptom of a larger problem. "Giving them homes solves one element of homelessness—the fact that they don't have homes. But they have a myriad of other problems, such as unemployment."

But those who don't have jobs are not the only ones who suffer. Minimum wage, in fact, has not increased in the last seven years. And statistics show that 25 percent of homeless adults are employed full or part time and are still unable to find decent affordable housing.

Lily M. Hoffman, professor of urban studies at the Eugene Lang College at The New School, says, "Homelessness is very much a story of income. Low-wage jobs have not kept pace with the housing market; in fact, some jobs have been lost. Many former middle-class are now unemployed homeless. Even though there have always been poor, in the past only a small majority of them were homeless." Hoffman also cites lack of planning by the Koch administration between paying their rent or using their money for the other necessities of life. Many had to double up. Estimates by the Coalition show that at least 100,000 families now live doubled-up or tripled-up with friends or family. This kind of living very often leads to homelessness. In fact, according to the Coalition 50 percent of all homeless families reported a doubled-up situation as their last residence.

In New York City the housing crisis becomes blatantly obvious when banners advertising co-ops for sale fly proudly on newly-renovated buildings surrounded on all sides by burned-out and abandoned shells. Real estate agent Martin Santomenno points out a new building on Avenue A on the Lower East Side. The co-ops are selling for $250,000 and up. "They are a little high-priced now but eventually the market will catch up," says Santomenno. Most investors feel confident about the real-estate market in New York City, as young professionals still opt to buy first apartments instead of first homes in the suburbs. And this doesn't bode well for those looking for low-cost housing.

LACK OF AFFORDABLE HOUSING

Many experts agree that Reagan's cuts in welfare benefits have contributed to the decline into homelessness. However, most still cite the lack of affordable housing as the number one cause. Hamberg and Hopper found that as early as 1980, rents increased almost twice as fast as tenant incomes. They found that seven million households, mostly low-income renters, were paying more than half of their income for housing. Many eventually had to chose

THE SINGLE ADULTS

Hopefully, the particular problems of homeless families will continue to be dealt with by the city. But what of the growing number of single adults? The Coalition estimates that approximately 10,000 single adults now reside in shelters. Eighty-five percent are men and fifteen percent are women. Thirty
percent are veterans and the median age is now 33 years old. If a conservative estimate of the homeless single adults is correct that would leave over 20,000 people living on the streets and in the subways. But if there were enough beds for everyone, would people seek shelter? Many say no.

Common complaints range from bad food and unsanitary conditions to ill treatment by city workers and lack of security. James, a veteran, who admits that when he returned from Vietnam his “head wasn’t screwed on straight” says the only difference in sleeping in a shelter and sleeping in the street is that in a shelter “maybe you can close your eyes for two hours at a time.” James, who was hooked on Valium but is now clean, has recently resumed his studies at LaGuardia Community College. He studies in the hallways of the shelter he is living in because, he says, “that is where the best light is.”

Another Vietnam vet, Anthony, has been living in the Bellevue men’s shelter since August of 1988. Anthony was originally staying in the Palace Hotel but he says it was so bad he decided to try Bellevue. He shares a room with nine other men. “We look out for each other,” says Anthony. “There are no locks on the lockers, so we keep an eye on each other’s stuff.”

Since it is Sunday afternoon, Anthony’s room is relatively quiet. The man across from him is reading a novel. Two of his roommates are sleeping. Anthony has been worrying about one of his roommates three beds down because he “coughs all night.” Besides the lack of security, Anthony feels this is a major problem. “Everybody comes in here coughing. No one gets a physical examination. They just get a bed.” Anthony, who was a social worker in San Francisco years ago, feels that 90 percent of the social workers are not trained well enough to handle the vast needs of a shelter this size. Anthony, who suffers from alcoholism, attends a program in the shelter. He says, “I want to get out but right now I’m looking to stay sober.”

The man in the bed next to Anthony is packing. He removes the clothes from his locker which look as if they have just been returned cleaned and pressed from a Chinese laundry. His underwear hangs drying on the metal bed post. He does his laundry by hand everyday in the bathroom sink. He is packing because he is one of the lucky ones. He has found a room in a SRO hotel. But decent one-room dwellings continue to dwindle along with low-cost apartments. Another avenue may soon be blocked for others who are looking for ways to get out of the system.

THE CRACK EPIDEMIC

Recently, other factors have contributed to the increase in homelessness, particularly in the single population. One is the use of crack. According to Paul Dinilla, spokesman for the State Division of Substance Abuse (SDSA), “Since the appearance of crack, the amount of people asking for treatment and the demand for beds has skyrocketed.” Dinilla says that because crack is cheaper and more prevalent, the population of the homeless gets younger all the time. “Young people are not just runaways but throwaways. Their parents can only take so much before they throw them out.”

SDSA originated a program in the shelters to interview residents about past drug or alcohol abuses or any psychiatric problems. SDSA doesn’t actually run rehabilitation programs but refers those in need to various organizations such as Phoenix House, Narcotics Anonymous or Alcoholics Anonymous. Recently SDSA has been involved in helping in AIDS referrals also. Dinilla could only give an estimate of substance abuse in the transient population in shelters since a recent statewide study has not yet been completed. “The majority of people we deal with in the shelters are using drugs or alcohol. A conservative guess would be 60 to 80 percent.” He added that drug use also has been traditionally more prevalent in the male population than the female population. “But the gap is closing,” says Dinilla, “especially with crack. It used to be five-to-one; it is now three-to-two.”

Employees of HRA, who operate the woman’s shelter on Lafayette Street, say they did experience some problems about six years ago when they attribute to the use of crack and the fact that the shelter population was getting younger. It’s very quiet now they say because they scared the women residents by threatening to throw them out permanently if they brought drugs into the shelter.

Oscar Mockridge, director of the Lexington Avenue Armory, a women’s shelter which houses approximately 160 women, has not one desk but three—all piled with masses of folders, reports and papers. He works on top of the papers as he speaks of the drug problem and other particular problems of the women such as victimization. “A study was done in this shelter by mental health experts. One hundred and forty one women were interviewed. They were asked for a full history of their housing as far back as they could remember. What they wanted to determine was the amount of abuse or violence these women suffered. They found overall that 46 percent had been physically abused. Forty-three percent had been raped. Thirty-eight percent had been attacked with a weapon. And 23 percent had been molested as a child.” Mockridge points out that by the time they end up in a shelter many are “bruised and battered” emotionally and

HOMELESS

James and Angie Hill, married and homeless, wander around Penn Station during the day, and sleep on the subway train at night as the cars snake their way through the city. Hill, a 22-year-old unemployed carpenter, tries to look for jobs when he can.

James and Angie had no reason to believe they would one day be part of the cold statistics of homelessness. Laid off from his job in Brooklyn and with family problems mounting, James and his wife were evicted from their uptown apartment.

Having no real family to turn to for help, the Hills turned to the streets. “We’re on our own just trying to survive,” they say. And survive they do. The street is their education and, as James Hill says, “You learn fast—which are the warmest subway cars to sleep in, where to hide your blankets so nobody can steal them.”

Standing there, by the A train entrance, clinging to his wife, Hill says that the possibility of going to a shelter has crossed his mind. But, in order to qualify for an emergency shelter, he would have to split up from his wife. “I don’t want to leave her,” he says.

— MICHAEL E. KEELY
physically. Efforts at employment training may appear unsuccessful from the statistics but, says Mockridge, the state of depression most of these women experience when they get here is so great that any amount of success is amazing. "They really lead an existen-
tial kind of existence," says Mockridge. "They just want to get through today."

The statistics on the amount of homeless in New York may not be accurate, adds Mockridge, because "many of these women will not admit that they have children. Many are left with relatives or friends, or are in foster care. If you pull together the numbers the figures could go much higher."

QUALITY VARIES

Besides the problems of the inhabitants, there are a vast amount of problems with the shelters themselves. There is a great variety in the size and quality that is provided from shelter to shelter. The Partnership for the Homeless has organized approximately 160 shelters which are housed in churches and synagogues throughout the city. These shelters are small (7 to 10 beds) and operated solely by volunteers with private donations. John S. Turcott at the Partnership says, "It's a lot cheaper to house people in our shelters. It cost us about $2 or $3 a night compared to $20 to $40 for a night's stay in a city shelter." The Partnership also runs Drop-In Centers where people are screened and sent to shelters with available beds. Anyone on drugs or under the influence of alcohol is not accepted in these shelters, however.

The city does not have the luxury of turning away the undesirable elements that enter its shelters. According to Mockridge, "There are only three reasons to deny any- one entrance: if they appear threatening or dangerous, if they use a controlled substance on the premises and arson. Even so, if it is cold outside and an effort is made to calm the person down." Mockridge admits that city shelters would be very different if they were only 10 to 12 beds. People could be treated as individuals instead of numbers.

Other charitable agencies run small, clean, safe shelters. The city runs most of the rest. In 1987 NYC spent $280 million on shelters and plans for safer, cleaner and more humane type of structures are regularly proposed. Still, thousands of single adults are now housed in vast dormitory rooms in armories, abandoned schools and old hospital wings such as Bellevue. As advocates such as the Coalition for the Homeless and the American Civil Liberties Union continue the fight for low-cost, afford- able permanent housing, thousands exist, sometimes for years, in the squalid conditions of what is referred to as "temporary" shelters.

According to Leland T. Jones, assistant press secretary for Mayor Koch, "The ideal would be a different style of shelter with four to ten people to a room. There would be more privacy but there would probably have to be congregate dining. The capacity of these shelters would be set at a maximum of 250 people."

Size, particularly in the men's system, seems to be an issue. Several of the shelters house as many as 600 to 1,000 men. HRA authorities say that the buildings that are available are primarily armories or schools, neither of which is suitable to house people. They are large enough but other facilities such as bathrooms and showers may be lacking. So even though future plans for a different style of shelter may be proposed, according to Jones, "The armories are under control of the National Guard so there are no plans to remodel."

At the shelter on Lafayette Street there are only 60 women in residence. The small number and the style of this shelter are an example of the "ideal." Thirty women are housed on one floor in a dormitory which is partitioned off for privacy. Ten handicapped women occupy another floor. There is a laundry room, an infirmary and a large sunny room for recreation and counseling. On the top floor there is an outdoor deck which is opened in the summer. Different groups volunteer their services; many of them giving help with practical skills. Daily-living training was cancelled this morn-
Lexington Armory women’s shelter, says the smaller facilities are much better. In the Lexington shelter there is one large room which sleeps 70 women whose beds are simply lined up row after row. But there are also several smaller rooms with only 10 beds. Even from one side of the shelter to another there is a big difference in the “style of life.” Mockridge says there may be a chance to remodel this facility with private donations. What they would like to do is to partition the large dormitory off and make more of the smaller rooms.

The “ideal” according to Mockridge, would be not only for smaller shelters but also for segmented shelters. There are some segmented shelters now such as the employment shelters and the 50-years-old and over shelters. An important aspect of the segmented plan is that all shelters would be designated and all residents would be screened at an assessment center for two weeks before being assigned to a particular shelter. “Of course,” Mockridge says, “it is very hard to intervene. The transient population as a group are very destroyed people.”

Mockridge adds that some of the residents have been in this shelter for years. Ethyl, he says “has been here practically since day one—over six years ago.” In fact, when Ethyl, who appears to be in her 70s, suffered a stroke last year she didn’t want to leave. Police had to be called in to forcibly take her to the hospital.

In light of statistics which show that many people consider these shelters their homes, experts still would not admit that shelters are anything other than “temporary.” Leland T. Jones says, “The city sees a permanent need for transitional housing. I don’t believe we accept the notion that homeless are going to be permanently housed in shelters.” Norman Siegel, a lawyer for the American Civil Liberties Union agrees, “The general position is that shelters are not a viable option and continued reliance on shelters is misdirected policy.” Siegel went on to say that most of the homeless that he deals with choose not to be in shelters because they are dehumanizing. He did admit, however, that years ago a woman in the Third Street shelter told him that shelters were the new poor people’s housing. Siegel says he periodically thinks about what she said.

Reid Kramer, of the Coalition, says the shelters are not only dehumanizing but many times when a person enters a shelter “his civil rights are suspended.” The function of the Coalition is to advocate for these people who are basically outside the political system. Kramer feels that shelters should be smaller, more secure and offer more services, however, they should not be considered as permanent housing. “What [the homeless] really need is low-cost housing,” he says.

Paul Dinilla of SDSA agrees that shelters shouldn’t be considered permanent homes. But he says, “[The city] basically takes the ostrich defense—put your head in the sand and think temporary. But someone has to open their eyes. [The shelters] are here now and they will be here in 10 years,” Dinilla feels the city does not want to make the shelters too desirable because it will attract the homeless from other states and it will increase reliance on the shelter system.

But increased reliance is evident when talking to residents of shelters. And it is difficult to walk through a shelter, such as the Bellevue men’s shelter, and not think of homes and the lack of them. This shelter is not considered good in terms of safety or cleanliness but it is considered good in relation to room size. Since it is in the old psychiatric wing of Bellevue Hospital, there are enough bathrooms and showers although most of these are in various states of filth and disrepair. Most of the rooms are small (two to four beds) and some clients, as they are called by the security guards, even have their own rooms. Almost everybody has a window with a view of the East River or part of the New York skyline, unless of course the window is cracked and covered with a blanket. Every room has a radiator but not every room has heat. Every room has a thick, heavy door with the remains of a peephole which conjures up images of past social undesirables. Residents are not allowed to hang things on their doors so they write on them. Some write their names: Michael the barber has his office hours listed. Most just write, “knock before entering” or “please knock.”

The state of the rooms is as varied as the clients. From bed to bed there is a vast difference in the way these homeless men care for what constitutes their “homes.” Some lie sleeping with no evidence of any belongings at all—probably new arrivals. Others sweep and clean their rooms. Some people hang their belongings in “their” window. One window with a fantastic view of a light-bedecked yacht is decorated with a scapula, a crucifix and rosary beads. A small imitation grandfather’s clock hangs from the shade. Another bed nearby has a small throw rug placed just where a person’s feet could touch it first thing in the morning. In another corner of a room a man sits with his slippers on and reads a book about the economic history of the United States.

When residents leave their “home,” however, their path takes them down the dark and dusty halls; past the guards who sit at various locations on each floor. If they live on the top floor, the eighth, they have to walk down seven flights of caged-in stairs to get to the cafeteria. If they are very hungry, they line up with the other 800 men who will be served. If they can afford to they will continue on to the exit and go to the neighborhood diner. At the exit door they leave their home behind for a while and everything that goes with it. They leave behind what most people think of as the lingering smell of a hospital, but what is actually the smell of the sick and the dying.
POVERTY IN AFFLUENCE
FEEDING WESTCHESTER’S HUNGRY

Westchester County: affluent, yuppie dream towns where mansions and meticulously manicured lawns pay tribute to the upper middle class. But Westchester County holds another distinction. It has the highest per capita homeless population in the United States, and, like many other places in the country, Westchester also has to find ways to feed its homeless.

This monumental task has been undertaken by County Harvest, a Yonkers-based food distribution program responsible for getting food to the soup kitchens and food pantries that feed many of county’s homeless and hungry.

“It can be done—but it has to be done right,” says Tim Caulfield, project supervisor of County Harvest, referring to the already operational food-distribution network that will help feed any one of the over 60,000 people in Westchester, living day-to-day without enough money to buy food.

The network serves 53 soup kitchens and food pantries that feed thousands on a daily basis. These soup kitchens and food pantries, set up in the 1980s, were originally organized on a community-by-community basis, independent of each other. The hope is that with the network, food will be distributed more efficiently to all of these facilities.

FREE LUNCH

“Anybody finished eating, please leave,” Henrietta Edwards yells out. She is simultaneously stirring mashed potatoes while showing another volunteer a quicker way to dis-

Pension a balanced meal. “You just put it on the plate, baby,” she says. Edwards is in charge of this particular soup kitchen located in Mount Vernon, and serves about 100 lunches a day, seven days a week. Today she is serving turkey with mashed potatoes, string beans and coffee. It is almost noon and the four tables are filled with 18 people. Another 10 to 15 begin forming a line that is now backed up to the door. A County Harvest driver has just dropped off two huge green bags filled with loaves of bread, picked up just hours earlier from a distribution center in Thornwood.

“Anybody's got any extra food, they bring it here,” Edwards says. She doesn't seem to know of any food network, and right now she doesn't seem to care. She just wants to feed her people, to get through another lunch. She, and the hundreds just like her throughout Westchester, are the backbone of the fight against hunger in the county. “Move along if you're done,” she shouts from behind the counter.

And exactly who is being fed under the County Harvest program? “They are the homeless, senior citizens, the working poor and children,” Caulfield says, back at the County Harvest office. There are no set criteria for being eligible for a meal at one of the soup kitchens besides being hungry and unable to buy food.

What seems to bother Caulfield the most is the dichotomy in Westchester. “There are the haves and the have-nots,” he says. “The haves claim that there's a job out there for everyone, but what they don't say is that some of these jobs are in the service industry and pay minimum wage. Some of these people have apartments, but at the end of the month, lunchtime, they have no money left for food.” Mr. Caulfield adds, “How can you pay $700 a month for rent on a $3.35-an-hour job?”

Up until now, County Harvest has been operating on funds received from public and private donations. Federal, state and county grants for the program total approximately $200,000 for 1989. General Foods, a major contributor, has given $200,000 through fiscal year 1990. The distributor is also in the process of installing a computer system in the offices of County Harvest, which will help keep track of the 53 soup kitchen and food pantry throughout Westchester. This will enable County Harvest administrators to know immediately when and where donated food is available, and where it is needed.

In 1987, the employees of General Foods Corporation of Barker, New York, part of their United Way Fair Share donation, pooled over $12,000 for the purchase of a refrigerated van to pick up and distribute food. Food donations are made daily to County Harvest from wholesalers, retailers, food distributors and just about any type of organization that has surplus food available. And with County Harvest vans, that food is sent where it is needed most.

There is one more step to making the network complete—a warehouse. "A warehouse," says Caulfield, "will bring it all together. We have the capability now of covering the entire county—pick-ups, deliveries, emergency calls." He tells how public awareness of the program is way up and sometimes donations of perishable and non-perishable foods greatly exceed demand.

County Harvest, along with representatives from General Foods, the United Way, and the Westchester Coalition of Soup Kitchens and Pantries combined to form FOOD-P.A.T.C.H. (Food People Allied To Combat Hunger.) The group's first goal is to find a much needed warehouse and, according to Caulfield, FOOD-P.A.T.C.H. will consolidate all aspects of the hunger relief program in Westchester.

"With representatives from all these groups working together, we can't help but do a better job," he says, as he leans back in his chair and smiles for the first time. Directly outside his open office door, another free lunch is being served to another group of the many people grateful for County Harvest's efforts.

— ED WRIGHT
Homelessness has become both the prism and the fulcrum of politics.

It is the prism through which we can see the failures of government—welfare, education, drug rehabilitation, hospitals, prisons, jobs and housing. Our streets, parks, and subways have become the catch basin of every failed policy.

It is the fulcrum of politics because The Homeless Problem has become either the excuse for passive government or the energizing catalyst for activist government.

There are those who argue for lower expectations, who say government cannot help the homeless. Mayor Ed Koch has said we should not give them any spare change. His words imply we should avoid their desperate eyes and pleading fingers, and keep on walking.
Council President Peter Vallone has said they should be rounded-up and placed in shelters, even if they resist such "help."

But there are also voices of sanity and morality. Robert Hayes—our modern Dorothy Day—and Episcopal Bishop Paul Moore say, "build permanent housing." Council members Ruth Messinger and Stanley Michels say pass a law that would ban warehousing of vacant apartments by landlords.

Holding habitable apartments off the rental market is like hoarding bread during a famine. But many landlords do it because it is profitable. They can then convert these empty apartments into condos and co-ops.
Money talks. Landlords make contributions to politicians like Koch and Vallone. So the anti-warehousing bill is locked in a Council committee for three years, without a vote. Twenty-three of 35 Council members sponsor it. But parliamentary politics prevents a democratic vote.

Experts say there are between 10,000 and 50,000 apartments warehoused by landlords in New York. Other experts count between 60,000 and 80,000 homeless. This is the math of misery, the equation of frustration.

The anti-warehousing law is no panacea. But it would make a difference.

Is government active or passive? Does money speak louder than helping 2,000 homeless people? Louder than ending the shelter famine for 1,000 children?

In 1860 Abraham Lincoln asked whether a nation could endure half slave and half free.
Today the question is: Can New York endure as half Paris and half Calcutta?

What does it do to the human spirit to feel nothing when you walk around a human shape under a blanket?

What does it do to the soul of a government to abdicate all responsibility for the homeless, and claim “private charity” should take care of the problem?

In the New York of Koch-Trump-Vallone, campaign contributions speak louder than human flesh without political vocal cords.

But if a local government could begin to ban warehousing, renovate housing, and restore apartments, then it would gain the confidence to attack crack, and other problems that now seem insoluble to timid politicians.

Our images of the homeless are almost all negative. We see them as helpless and hopeless. They see themselves as defeated and resigned to a bad fate.

The homeless need to win something, to gain self-confidence, to act politically. We need to see government do something positive and constructive for the homeless, so that we don’t see those desperate eyes only as pitiful victims.

The construction of permanent housing may be a utopian remedy at this point in history. But passing the warehousing bill is the common sense, attainable, meaningful step that won’t cost the taxpayers anything.

If we can accomplish this, then the homeless can be the fulcrum of politics in New York, the point of leverage to change our notion of government, and the image the homeless have of themselves.

— J ACK NEWFIELD

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THE ETHNIC PIGGY BANK

WHY IMMIGRANTS TURN TO LOAN CLUBS

BY LIN WEN

Although Singling Pao has been in New York for 20 years, the only English she can say is “I don’t know.” No, she doesn’t know anything about the credit system or banking services, but she does know where to get money.

Recently, for the down payment of her son’s new apartment, the 60-year-old woman received a loan of $12,470 in Jackson Heights, Queens where many new Oriental immigrants can be found.

The loan was not from a bank, but arranged by Pao’s friends, relatives, and former residents from her hometown, Dachen, China. Through their loan club, each of the 30 members contributes $500 a month to raise a pool of money of about $15,000. This month Pao offered the highest interest — $70 per $500 — meaning that she only received $430 from each member, or a total of $12,470.

These kinds of loan clubs are called hue in Chinese. They are informal, small-scale banks organized by immigrants to help each other. The participants of each loan club — usually 20 to 30 people — pay in the same amount of money every month, and rotate to take back the entire loan month by month.

Among ethnic groups such as Chinese, Koreans, and West Indians in New York City, this rotating credit system is a popular way to get immediate money. It is impossible to know exactly how many people are participating in loan clubs, but they are common in immigrant groups. “In my community,” says Pao, “either you are participating in loan clubs or you know someone who is joining them.”

Collecting money for her son’s new apartment was not the first time Pao participated in loan clubs. During the past 20 years, she has employed the same method to solve several financial difficulties. Some of these include raising money for her daughter’s wedding, paying the bill for her 80-year-old mother’s hospitalization, and even pooling the start-up money for her “Be-chin-quen”—a Chinese restaurant in Buffalo.

Pao is not the only immigrant who has joined a loan club to start a business. Actually, the rotating-credit system en-
ables minority groups such as Orientals and West Indians to capitalize and underwrite their small businesses, according to Ivan Hubert Light, a scholar who studies ethnic enterprise in America at the University of California, Berkeley.

"Immigrants from South China and Japan employed traditional rotating-credit associations as their principal device for capitalizing small business," says Light, "and West Indian black immigrants brought it to the United States to finance their small business."

Native blacks often fail to prosper in their small enterprises in big cities, according to Light, because they have the same difficulties getting loans from banks as other minority groups, and they don't have the advantage of a rotating-credit system in their community.

**MUTUAL BENEFIT ORGANIZATION**

While Light suggests that immigrants bring rotating credit associations with them to the United States, Maxine Seller, an historian who studies ethnic life in the United States, says that these mutual benefit organizations originated here. "When disaster struck, immigrants turned to neighbors who spoke their language," says Seller. "Soon the idea arose that if everyone paid a small amount at regular intervals into a common fund, money would be on hand for emergencies." That is how the mutual-benefit societies that provide funeral expenses, unemployment and sickness insurance, and even capital loans, came to be, Seller says.

Mutual benefit organizations among "black immigrants in Brooklyn have been around for at least 50 years," says Aubrey W. Bonnet, an associate professor of sociology at Hunter College, CUNY, who studies West Indian immigrants. In most instances, organizers of West Indian loan clubs recruit members among friends who are reliable, trustworthy, and have regular and steady incomes.

The members contribute to the fund in cash, according to Bonnet, and the order of rotation to receive the money is determined by general agreement among the members. "No receipts are given when payments are made," says Bonnet. Moreover, "there are no lists of rules and regulations, and

**TO THE HIGHEST BIDDER**

In some more elaborate loan clubs such as Pao's, there are no written contracts either—an advantage to Pao who is illiterate in English and Chinese. "We only have a simple list of members’ names, addresses and phone numbers," says Pao. However, Chinese loan clubs in Queens are somewhat different from the West Indian ones in Brooklyn. The Chinese participate in loan clubs not only to help one another but also to collect interest as an investment.
Members of loan clubs who need a loan in a hurry offer high interest in order to get the funds. Whoever offers the highest interest wins the loan. Those who don’t need the loans immediately offer lower interest but may run the risk of the available money being given to those willing to pay more for it.

According to Pao, the average interest in her loan club is about $90 per $500 or 18 percent. But it sometimes can go up to $110 or $120, which translates to 20 percent or higher. Someone who doesn’t need the money immediately might offer only $50. “The organizer will then draw lots to decide who is going to get the fund at the interest of $50,” says Pao.

However, the need to draw lots is rare. Some participants use their own schedule to decide whether to win the loans or not, and they join several loan clubs at a time. Pao explains that if someone joins three loan clubs, for example, at the same time, he might bid on one of the loans first. If he gets the loan, according to Pao, he can use the money to pay the other two clubs’ monthly fees. “Some people join several loan clubs at the same time,” says Pao, “and participate in a new one when the old one ends.”

Moreover, there is another benefit in this kind of loan club game, according to Pao. If someone uses the money from one loan club to pay other loan clubs, he is not afraid of default. “From the beginning to the end, there is no money out of their own pocket,” says Pao.

THE DANGERS OF DEFAULT

The instance of default seems to be rare; at least it is rarely reported. According to Aubrey W. Bonnet, so rare is default that most organizers of West Indian rotating-credit associations in Brooklyn do not know how they would deal with such a situation.

Yu-lin Hsieh, another loan-club participant living in Bayside, Queens, faced this situation a couple of months ago. The organizer spent the money and subsequently promised to return it. “I trusted him before,” says Hsieh. “Now, I have to trust him again.”

She is not going to file a lawsuit in the court; neither are the other members in her loan club. Reports of default are rare, according to an article in Time magazine, and there is only one lawsuit on loan-club default now pending in a San Francisco court.

Since loan clubs are informal organizations, they are beyond legal protection. “The best solution to avoid default,” says Pao, “is selecting the right persons as participants. I know every member of our loan club well,” she adds. “I even know every member of their families well.”

In addition to limiting membership to known people, default may be prevented by using social connections with relatives and friends, according to Bonnet. “Members who fail to keep up payments are traceable unless those members have left the city,” he says. Further, the news of such a misdemeanor would be quickly communicated among the immigrants in the community. This would give the offenders a bad name and affect their future relations in the community. Reputation and respectability are important elements in these immigrant groups. “I always try to pay the money,” says Pao, “because I have to see the other members almost every day.”

No loan club can be successful without mutual trust and reputation. In Yu-lin Hsieh’s case, “the organizer is my sister’s best-friend’s husband,” she says, “so I believe that he doesn’t intend to cheat us. I also think that he will pay the money back to me when he has it,” she adds. Pao trusts her partners too, even though one of them had a previous record of loan-club default in Taiwan. “She is hiding in New York because of her loan-club default and now there is nowhere for her to escape. I trust my friends more than banks,” Pao concludes.

DISTURB OF TRADITIONAL BANKS

Although she is not able to answer why she doesn’t trust banks, Pao never thinks of getting a loan from them. According to Bonnet, new immigrants’ distrust comes from the impersonality of banking services. Some immigrants do save their money in banks, although they join loan clubs as well. There is an overlap between loan-club participation and the use of savings banks, according to Bonnet. Sixty-one percent of first-generation West Indian immigrants have savings accounts and yet they still participate in rotating-credit associations.

New immigrants come to the United States with poor English skills and no credit history; it is not easy for these people to get loans from banks. However, in some communities, there are ethnic banks that also offer loan services. Andy Chiu, an assistant vice president of Asia Bank in Flushing, Queens, says
that loan service is active in ethnic banks. But not everyone is qualified to get a loan says Chiu. In Chiu’s opinion, loan club participation reflects ethnic customs. “It is not necessarily true that people who are rejected by banks join loan clubs,” he says.

In his studies of ethnic banks in San Francisco, Ivan Huber Light believes that ethnic banking has failed to serve these immigrant groups. He points out that the Hong Kong and Shanghai Banks are English institutions and that the Bank of Canton is owned by Mainland Chinese. These banks are primarily interested in dealing in foreign exchange. Their deposits are not available for the commercial purposes of local Chinese.

WOMEN AND CHURCHES

Singling Pao and Yu-lin Hsieh are typical of many women who participate in loan clubs. The organizers, especially of small clubs, are usually women, often homemakers.

“Loan-club income is not the main source in the households in my community,” says Hsieh, “therefore, sometimes homemakers are responsible for joining loan clubs.” Pao believes that women are the intermediaries among relatives and friends in a close community. “So it’s more convenient for them to organize loan clubs,” she says.

In addition to women, ethnic churches in local communities also play a role in organizing loan clubs. Ilsoo Kim, a professor at Princeton University who studies the Korean community in New York, says that ethnic churches often act as a place to exchange business information. Although the churches don’t organize loan clubs, the rotating credit associations are arranged in private by the congregation.

A survey conducted by Aubrey Bonnet indicates that the second-generation immigrant prefers banks and, consequently, there has been a sharp decline in usage of the rotating credit association. Among the first generation, however, there is still a strong preference for these personalized loan clubs that does not seem to be declining. Consequently, as long as there are new immigrants from China, Korea, and the West Indies, it’s a safe prediction that loan clubs will thrive—helping new immigrants to capture a piece of the American dream.
WORK AFTER WORK
THE ELDERLY RETURN TO SHARE THEIR SKILLS
BY. TIMOTHY WHITCOMB


The thought of growing old in America often conjures up images of Medicare hassles, nursing homes, Florida condominiums and Winnebagos. The post-work years are said to be golden. But, for many, the golden years could use a good polish.

The over-65 population in this country is growing faster than any other segment. In 1900, one of every 25 Americans was a senior citizen. In 1986, it was one of every eight. In 2030, when the youngest of the baby-boomers become golden, it will be one in five.

And when today's yuppies join the ranks of the elderly, America will have a surplus of well-to-do, well-educated and well-seasoned people. But, chances are, millions of tomorrow's retirees will also be bored.

Recognizing these trends in the last 25 years, programs in New York and across the country have been springing up, trying to match still-energetic retirees with young businesses and not-for-profit agencies in need of assistance. Program directors say there is much to be gained from this matchmaking.

Fran Kleiman is the director of one such program in New York, Second Careers Volunteer Program of the Mayor's Voluntary Action Center. "We have thousands of opportunities for retired people," says Kleiman, whose program can place retirees in any one of over 5,000 New York not-for-profit agencies. She says older people are "more affluent now and need meaningful work. We need to be doing something constructive with our lives."

Founded in 1977, Second Careers is young, yet it is already one of the strongest volunteer programs for retirees. Initially funded by a private grant, the program became successful enough in its first three years to be supported by the city. "In the beginning, Second Careers was strictly a referral service. Now, we have lots of peripheral things going on," says Kleiman. The office, with a staff of 10 volunteers, has grown to accommodate a variety of community needs. Every once in a while, Kleiman says, "a psychologist comes in to help people see their potential." Kleiman boasts that they often have lively discussions with 35 people or more.

In recent years, Second Careers representatives have been called upon to give presentations on retirement options at local universities and corporations. "We've branched out," Kleiman says, "The service is needed."

It is a similar story at the New York City Executive Volunteer Corps, an organization that handles over 130 cases a month, according to Liz Gribner, its director. At E.V.C., unlike Second Careers, volunteers work primarily in the office, counseling proprietors of fledgling businesses. "They have a fantasy of going into business and suddenly they'll be rich. We cut that idea down to size," says Gribner. Volunteer retirees come from a range of backgrounds, from finance to exporting, and counsel anyone needing help with a business problem. Most who seek assistance have little more than an idea for a product or service. "Our volunteers translate their concept into a working and functioning situation," says Gribner.

Kenneth Preston, an E.V.C. volunteer, says that "seventy-five percent of all businesses fail in their first three years. We help them become one of the other 25 percent."

Also in New York is one of the 400 chapters of S.C.O.R.E., the Service Corps of Retired Executives, an adjunct of the United States Small Business Administration. The services offered by S.C.O.R.E. volunteers are similar to those of the E.V.C. except that S.C.O.R.E. can generally be of more help when those who ask for assistance are also in need of a bank loan. Abe Greenberg, New York chairman, describes the primary needs of the people his program helps as "money, money! Money which we don't have!" The Small Business Administration is able to guarantee the loans of businesses S.C.O.R.E. assists, but Greenberg notes that the comparatively small loans these businesses need are difficult to get. Until three years ago, the federal government provided funds for S.C.O.R.E. assisted businesses. Since then, the program
has had to adjust to being strictly a counseling service. But, Greenberg insists, “We can handle anything and everything. We run the gamut.”

ADVISING THE IDEALISTIC

The New York City chapter of S.C.O.R.E. operates with 28 volunteer counselors and assists 6,000 people a year. Greenberg says their “specialties range from food to plumbing” and that they can advise people in hundreds of fields. He believes, however, that one of the best services they now offer is advising people not to go into business. “We recognize when they have no potential. Some don’t have the mind or mentality to become entrepreneurs.” Yet, despite this advice, only three of nearly 120 people who recently sought help from S.C.O.R.E. decided not to go into business. It is often ironic that those who so passionately want to remain an integral element of the business community that they volunteer up to five days per week must tell newcomers that they should not attempt a business of their own.

Seventy-five percent of older Americans say they would prefer to work in some way after retiring. Yet, in spite of the 1967 Age Discrimination in Employment Act, older Americans now spend nearly twice as many weeks unemployed than their younger counterparts. Furthermore, the older an employed senior citizen is, the greater the likelihood that a person’s job is in the service sector. At the same time, white-collar jobs are more likely to be held by younger people. Findings such as these support the complaint of many senior citizens that too often the only jobs available to them are at fast-food franchises, movie theaters and the like. Meaningful and reasonably well-paying jobs, they say, are hard to come by.

For older Americans, volunteering seems to be the most viable alternative for a variety of reasons.

Ruth Berkman found a volunteer position through Second Careers and believes “volunteer work gives life a purpose and direction.” Following a career as an early childhood consultant for the N.Y.C. Division of Day Care, Berkman now volunteers at F.R.I.A., Friends and Relatives of Institutionalized Aged. Her work there is often similar to the work she was once paid for, but as a volunteer, she says, “I’m freer to do the things I want to do. I have leeway. If I were paid, things would be in an entirely different light.”

“I’m a softie,” confesses Gabin who permits E.V.C. volunteers to devote as little as one afternoon per week to the program if they wish. She explains that many who rely on the program’s volunteers often need as little as an hour of counseling and some volunteers need to give just that much time to feel useful.

Volunteers do not seek monetary compensation, according to Gabin. They seek fulfillment. “How many books or movies can one person go through? After a week or two, if you have a brain left, you want to use it,” says Gabin, who offers free coffee and insists on providing carfare.

“They’re not all rich either,” she says.

Others, however, would like or need to find paid employment and view volunteering as a means to that end. Kleiman of Second Careers says, “Some are just learning something new to go make money at, like word processing.” For these individuals, volunteering acts as an educational device, introducing them to new fields.

“We are learning new things ourselves so we can help other people,” says Greenberg of S.C.O.R.E.

“Now is their time to expand,” says Kleiman. “Many have worn blinders” throughout their careers before retirement and now “they seek another side of their self they never developed before,” she says.

But all too often, development is not on the minds of those who have recently retired. Many who consider a 30-to-50-year career a great part of their identity, do not recognize retirement as a time for expansion; when their career ends, a part of them dies, and energy and motivation are hard to muster up.

CREATING OPPORTUNITIES

Eventually, Kleiman says, their “wives or husbands get after them, because a month of all Sundays” becomes too much to bear, and an outlet for their untapped energy is needed. It
is people in these situations that the volunteer programs must seek. "We have to reach out and create opportunities," says Kleiman.

The directors of Second Careers, E.V.C. and S.C.O.R.E. agree that if more retirees were aware of their programs, fewer would be content with spending their "golden years" at home and alone. "Getting enough people to know about our program is a constant job for us," Kleiman continues, "We need to be doing something active with our lives."

Like most volunteer agencies, Second Careers, E.V.C. and S.C.O.R.E. rely heavily on "word of mouth" to advertise their programs' value and services. Gebiner of E.V.C. says her greatest challenges are to "make the program known to the world and to make the best and most efficient use of volunteers."

Once retired volunteers are placed and trained, their usefulness is readily apparent. "I'm surprised at their youthfulness. They're like a shot of adrenalin to me," says Gebiner.

Benita Levine, an E.V.C. volunteer for almost a year now, points out that "small businesses can't afford experienced professional consultants and they can't afford to fend for themselves." She says that the advice offered by the E.V.C. can be "the difference between success and failure. I don't know who else they could call."

According to Kenneth Preston, an E.V.C. volunteer, "Volunteers are the only truly unbiased source of management counseling," although "some won't believe a volunteer's free advice. Sometimes I have to send them to a professional management consultant who will say the same thing, but charge a hundred dollars or more."

"What you have here," adds Levine, "are the resources of a fairly large management consulting firm."

But the service is not completely free of costs: New York City tax dollars are used to pay administrative expenses. Seymour Birken of the N.Y.C. Office of Economic Development oversees the management of E.V.C., and says that city "tax levy dollars" support the program. Birken declined to give exact dollar amounts and would only say, "I can't even put a dollar figure on it because it's really a nominal amount."

Birken justifies the "nominal" expense by explaining that the program "creates employment and generates taxes. That's what economic development is all about, expanding the tax base. That's where the money comes from," he says, adding "90 percent of the city's businesses are small."

Preston, who specializes in counseling small businesses, recognizes that "more and more businesses have problems." Often, he says, consulting an experienced counselor helps to find workable solutions.

Preston tells the story of an entrepreneur who buys pumpkins for a dollar in Florida, trucks them to New York and sells them for just a dollar. But somehow the man can't see the problem. "A bigger truck is not going to do it," says Preston. "My own goal is to give them two or three things they can do tomorrow. I give them very practical advice, not just a lot of theory."

Such advice and assistance often rejuvenates retired people. Volunteer programs for retirees recover otherwise lost years of experience and represent one of the community's few sources of professional support that require little or no cost. From the retiree's perspective, these programs help alleviate loneliness, boredom and frustration and save them, they say, from their clichéd destiny of shuffleboard in Florida.

"Florida? No! Never! I like to be active. Singapore, maybe. There are too many things that can be done in New York," says Berkman who volunteers through Second Careers.

Gebiner explains that, "one volunteer thanked me his first day. He had all this experience, then he retired, and it was almost like he had wasted it. He wasn't passing it on to someone else. Retirement institutes agonies."

"When you've been successful," says Benita Levine, an E.V.C. volunteer, "it's a nice, good thing to give back to the community. When I work with someone I can help, it's very rewarding. The person who comes here is getting the benefit of a very large team of talent. I wish I had had it when I went into business!"
LONG BEACH RIDES THE GENTRIFICATION WAVE

BY ROBERT COTTER

Over the years, property values in Long Beach, a city of 35,000 on Long Island’s south shore, have risen and fallen just as the Atlantic Ocean’s waves wash back and forth along the suburban community’s three and one-half miles of sandy beaches.

Developers first sought out Long Beach as a resort for Manhattan’s well-to-do shortly after the Long Island Railroad extended its tracks to the city in 1880. A boardwalk was constructed, and luxurious hotels, including the Grand Nassau, were built. During the Roaring ’20s celebrities such as Diamond Jim Brady, Rudolph Valentino and Babe Ruth could be seen strolling along the city’s shore.

However, Long Beach did not weather well against the tides of change. Reductions in airfare and the extension of the Long Island Expressway to the Hamptons turned vacationing eyes away. Entrepreneurs who ran the once glamorous hotels along the Atlantic watched their structures deteriorate in the 1960s and ’70s. Many desperately began to accept welfare recipients, the elderly, and state-released mental patients. The flood of this new dependent population washed away middle-class businesses from the commercial strip along its “Main Street”—Park Avenue.

NEWCOMERS

Edwin Eaton, the city manager since 1979, estimates that as many as 2,000 ex-mental patients and welfare clients roamed the streets of Long Beach, tattered, oblivious and hurling obscenities. He adds that a corrupt and poorly managed city government begun under Phillip Kohut in the late 1950s, “helped accelerate the once-fashionable city’s decline further by developing the city on a catch-as-catch-can basis.” Talk about halting the city’s decline could be heard in City Hall during the 1960s and ’70s, when the Long Beach government experienced a turnover of nine different city managers. “That’s all it ever was, talk,” says Eaton. “Nobody could get anything done in this town because the leadership kept going through a revolving door.”

Meanwhile, Long Beach property values dropped to among the lowest in Nassau County. Its police and fire departments were exhausted by having to break up the fights and put out the fires caused by the residents of the ocean
Police Department declined to make statistics available. Long Beach earned the reputation of being the “Coney Island” of Long Island: an aging community where scores of neglected senior citizens fed seagulls on the boardwalk while youths loitered on street corners and committed petty crimes. Angry residents also point to the news media as a partner in building Long Beach’s bad reputation, just as the media are now condemning city officials as insensitive and racist. Eaton cites a 1981 visit that Channel 7 news paid to the city as an example. “We watched in our living rooms as some guy who had probably never been here before covered a story about an ex-mental patient who jumped off the roof of the Promenade Hotel. He spoke about the conditions at the hotel and what a snakepit Long Beach had become,” Eaton says. Residents say the result of this bad publicity was a decrease in the number of shoppers along the downtown business strip. And property values “dropped so low that banks couldn’t give property away,” according to City Supervisor Bruce Nyman.

Edward Graff, a public relations coordinator at Long Beach City Hall, described the decline of Long Beach as the “failure of the welfare state created by the administration of Franklin Delano Roosevelt. It created a permanent underclass, which learned to adapt itself to not going to work while supplementing themselves with the proceeds of petty crime.” He adds that “for years we served Nassau County as a warehouse for human beings that nobody else wanted. These people weren’t sent to Great Neck. They weren’t sent to Garden City. Many of these people were sent here to live in unsupervised conditions so the city got burned by its social responsibility. The number of social-service clients here exceeded the number that could be helped.”

Despite the hard times, many of the well-to-do who remained in Long Beach had average family incomes, according to the 1980 census, well above Nassau County’s average of $33,702. This was not an easy feat, given the large number of indigent residents in the former hotels and decrepit apartment complexes, and the fact that the city is in one of the most affluent counties in the nation. Graff stressed that many of these residents decided to stay even during these lean years because “this is an island community. We are cut off from everyone else geographically, so we tend to develop a close-knit island mentality.” This close-knit mentality was so strongly entrenched in residents that they began to look for ways to rebuild their washed away resort community with greater zest even as property values declined during the 1970s. Former Democratic Leader Lawrence Elovich echoes the feelings of many residents, “Sure there were people who packed up and left. But it never entered my mind to leave. I always knew that this place would turn itself around.”

Homeowners’ hopes and efforts were realized in 1979, when a new city council moved into city hall. Their agenda
along the boardwalk, and by conducting two public auctions of the seized properties. Supervisor Nyman explained that the actions taken by the city government were for “survival” because “the tax base was shrinking and we were in the midst of bankruptcy.” He says, “The council believed that they had a mandate from the city to do something about the downward spiral that Long Beach was experiencing. In my opinion, they chose a path that worked very well.”

Adele Grodsky, a local resident who owns four houses in the city with her husband Alan, echoes Nyman’s sentiments on the renaissance that her community is experiencing. “The Long Beach of the last 10 years has changed for the better,” she says. Potential buyers seem to agree. Marilyn Topper, a partner in one of the largest real estate agencies in Long Beach says, “Prices of homes here have gone up with the changed perception of the community, as well as because of inflation.” Topper, who was told by friends 20 years ago not to buy in Long Beach, mentioned that she has a listing for $179,000 in North Park, considered one of the city’s poorer neighborhoods. “Such a price would have been unheard of in the past,” she says. The best evidence of the city’s turnaround is the proceeds of the two city-run auctions. Eaton says that “a 30-foot by 60-foot plot on the West End went for $2,000 at the first sale in 1984, and was sold for $40,000 just two years later.” He adds, “A house built on the same land could sell for more than $120,000 today.” Rick Riccioni of Monarch Realty adds, “Prices are still going up three to four percent as opposed to zero in most places.”

Signs of rebirth are evident almost everywhere in Long Beach, from the new Spanish-style storefronts in the downtown shopping district to the modern cedar contemporaries in the West End. The city’s rise in property values is most noticeable along its shore. Massive earth-tone complexes

was to navigate Long Beach back onto the maps held by wealthy investors. Such investors had the means to lure back the middle class and at the same time tear down the deteriorated dwellings of the dependent population, who “I never wanted here in the first place,” says Eaton. Assemblyman Arthur “Jerry” Kremer, a Long Beach Democrat, secured a federal grant to fund a $10 million Walbaum’s shopping plaza in the downtown business district during this period.

“We looked at Long Beach, asked ourselves what we wanted, and then compiled a listing of all property owners who were delinquent in paying their property taxes,” says Eaton. “All of these homeowners were issued a notice of redemption, which stated that they must pay their taxes in full or their property will be foreclosed on.” In total, $1.5 million worth of back taxes was collected and 60 properties were seized by the city. Eaton noted that other ambitious measures included renting a van that drove council members around looking for properties with excessive building code violations, and a city-sponsored luncheon for prospective investors at the Sands Beach Club in neighboring Atlantic Beach. City government spurred development further by relaxing the zoning laws to allow buildings 10 stories high

Sales sign for one of the many beachfront condos.
with terraces, glass lobbies and names like "The Ocean Club" and "Sea Pointe Towers" have replaced the ramshackle apartment houses and decaying hotels. Yet, critics worry that the city may suffer the side effects of overbuilding: a drain on the city's water supply, an increase in traffic and a glut in the condominium market that may result in yet another downturn.

Scutari, noting that many condo units in the oceanfront buildings still appear to be empty, says, "If these apartments are in such demand, then why aren't they being lived in by either the people who bought them or renters?" Nyman concedes, "We could be experiencing a softening in the condo market." He says, "I've been trying to get them to slow down the rate of construction."

A real estate salesman, who calls himself "Larry Smith," cautions that there has been a slowdown in Long Beach's real estate market, as well as everywhere else. "Black Monday slowed the market down and we have seen a softening of the housing market because people may be reluctant to move if they feel that we are heading into a recession," he says. Another sales agent acknowledges that "there has been a slowdown in the 'middle-of-the-road' market," although she adds that it is not affecting her firm. "Are we having trouble selling units in the mid $200,000-300,000 range?"she says. "Frankly, no. Newspapers talk of the real estate slump—well, we're getting these people to come down here regardless. You should have been here a week ago; the office was so crowded that people waited up to two hours to see the model."

Real estate transactions still seem to be taking place at a fast pace along the boardwalk, probably because of the city supervisor's claim that "they just don't manufacture waterfront property anymore." Smith says that 13 of his 16 units have been sold primarily to investors looking to cash in on the hot real estate market here. Two people from Manhattan, who enjoy the solitude of the community, also bought. Smith points out that five rubble-strewn acres across the street from his project have been bought for "about $8 million by the Zuckendorf Company." The firm plans to put up a 10-story complex with penthouse condominiums that will sell for up to $1 million each over the next five years, according to a 1988 article in Crain's New York Business. "I'm trying to get into this town," says Dr. Yinchen Lee, a physician from Brooklyn. "Long Beach is booming. Everyone at the hospital is talking about it," she says.

Problems concerning supply and demand, and environmental issues, are not the only controversies stemming from Long Beach's aggressive push for development. Some residents charge that city council members are profiting financially, as well as politically, from the new construction. Last year, Eaton remembers overhearing two well-dressed businessmen on the Long Island Railroad insinuating that the Long Beach city government had gotten rich from developers. "People should be careful about what they're talking about. These two men know nothing about what's been going on at city hall," he says.

ALLEGATIONS

Not everyone has the faith in the Long Beach city government that Eaton and other council members would like them to have. New York Newsday ran a four-part series in April of 1987, which alleged that more than one zoning board member accepted an insider price for a new condo in exchange for approving zoning variances. The articles also cited the case of a former city planning director who failed to mention that his grandfather was a major developer in an earlier large condo complex in the city. Democratic leader Evovich describes the charges in the Newsday article as being totally inaccurate. "The biggest misconception from the Newsday article was that the city council has made a calculated effort to rid the city of its black and Hispanic populations, and profited personally by doing so," he says.

Others believe that the renaissance is a well calculated plan to rid Long Beach of its poor and minority populations. Tony Taylor, who is black, is the building superintendent in
a yellow brick tenement near the boardwalk. He calls the
city's revival "a plan to reclaim the area, to remove blacks
and the poor and bring in money." Taylor says that he doesn't
think Long Beach has sunk to the level that people would
like to believe. "It's even going to be hard for the middle
class to live here. In four or five years this place will have
nothing but the rich," he says.

Other residents opposed to the revitalization efforts were
more stinging in their criticism. Local businessman Scutari
says, "The city wasn't criticized enough for the damage it
has done to people's lives." He adds, "The Newsday series
was the only coverage by a major newspaper to show the
tactics at city hall in a negative light." Scutari likens the city's
revitalization plan to "the master plan of Nazi Germany."
Another critic of city hall, a middle-aged white woman who
decided to give her name, expressed outrage at the way
the city has treated its poor residents. She has decided to
put her house up for sale and leave Long Beach. "They are
horrible. They're worse than the Ku Klux Klan," she says.

Most residents interviewed, however, discounted the
notion that city council members were not acting in the best
interest of the community. They believe the community
bounced back quickly because of its abundance of water-
front property and architecturally unique Byzantine man-
sions adorned with red-tile roofs, arched windows and
wrought iron terraces. The city, which is less than an hour
train ride from midtown Manhattan, has what a real estate
broker calls the three rules of real estate, "Location, loca-
tion and location." Nyman says, "It was physically impos-
sible for us not to come back because of our geography. We
are the ultimate bedroom community to New York, the
world's greatest city."

Public relations coordinator Graff says, "The same forces
which brought the city down are responsible for bringing it
up again: changing leisure habits, older housing and the
waterfront." He adds, "Long Beach is part of a national trend
that is affecting most other cities on the waterfront. People
are coming back because they realize what they have missed.
Younger, affluent couples who grew up in the split-level de-
velopments of Oceanside have become tired of conforming
to the degree that their parents were forced to. They appre-
ciate the architectural appeal of older homes."

From his office on the corner of West Broadway and Long
Beach Boulevard, Larry Smith says that most of his buyers,
even area residents, don't have knowledge of Long Beach
politics. "The average purchaser doesn't know or care what
goes on in city hall," he says. "The bottom line is that he'll
buy if it looks like a good investment."
POLYBAGS
PLASTIC WRAP BATTLES
THE BROWN PAPER SLEEVE

BY MARGARET PIENCZYKOWSKI

I like to unwrap it. It’s fun,” says Helene E. Matrejek. She is not talking about a gift or a piece of bubble gum but an issue of a popular woman’s magazine wrapped in plastic. Like other subscribers, Matrejek remembers the old days when magazines came in a paper sleeve, often folded at the corners or torn down the middle of the cover.

Despite new regulations and concern for plastic pollution, these magazine wrappers, called polywrap or polybags, have virtually replaced the traditional brown sleeve and many magazines are capitalizing on the polywrap trend.

Publishers began wrapping magazines in plastic on a noticeable scale three years ago, ostensibly in order to preserve pristine copies. “Readers correlate polywrapping with a more prestigious product,” says David Hickey, director of manufacturing at Conde Naste Publications. “The quality level is higher because there is more care taken,” he adds.

A GIANT ROLL OF PLASTIC WRAP

Polywrapping technology works as an assembly-line process. “[The polywrapper] is a machine that has a giant roll of Saran wrap on it. That’s what it boils down to,” says Jim O’Brien, director of field services at Time Inc.

The magazine is fed from a shuttle feeder that puts one magazine on a table and pin pushes it along. A big roll of polyvinyl-chloride-plastic film comes up underneath the magazine and plows fold one half over the other. A hot bar in the middle heat-seals the two sides together. At the end of the machine, another bar chops off the end of the plastic roll and simultaneously seals in the magazine.

Polybags protect the magazine from the misfortunes of mailing. More importantly, and to the delight of advertisers, they serve as an inexpensive container for supplements. “It’s a merchandising technique rather than a money-making technique,” says Jennifer Humphreys, marketing services manager of Manhattan, Inc. magazine. A typical full-page, four-color advertisement inside the magazine costs $11,000; an outsert advertisement provided by the advertiser and enclosed with the host publication in a polybag costs approximately $3,500.

While polybagging is fine for a magazine’s appearance and an advertiser’s pocketbook, the U.S. Postal Service thought it was being cheated by publishers that allow practically any type of supplement to be enclosed in a polybag. Advertisements and catalogs for other products and services normally sent third class mail were enclosed with polywrapped magazines and mailed second class. The result: a blur in distinction between second- and third-class mail, and a loss of revenues for the U.S. Postal Service.

Second-class mail is used by subscription magazines, newspapers, and periodicals; its rates are generally computed based on destination. Third-class is casually referred to as “advertising mail” because it is comprised of promotional material and advertising, ranging from catalogs to circulars to cents-off coupons. Because third-class mail is deferred, its average delivery time of 10 days is much longer than other classes, which take between two to five days. Because second-class rates are based on destination rather than weight, catalogers could save as much as 50 percent for a large mailing by using this class. “Second-class normally comes out cheaper than third-class,” says Frank Titus, supervisor of mailing requirements at the James Farley Postal Building in New York. “They’re paying the cheaper rate but getting a better delivery service.”

To maintain the integrity of second-class mail, regulations
on loose supplements—those not inserted into a magazine—have now been implemented by the USPS. As of March, to continue mailing at second-class rates, supplements in a polybag must now contain at least 25 percent editorial (textual) content. Third-class catalogs may not be mailed with second-class publications at second-class rates but must be charged at third-class rates.

Though not in total agreement with the stringent regulations, the Magazine Publishers Association (MPA), is pleased the two-year long fight over proposals is over. “I don’t think it’s necessarily the end of the world,” says Chapin Carpenter, senior vice president of the MPA. “The problem is the confusion that results if there are no ground rules.”

Still, these new rulings appear to have put a dent in the profitable practice of piggybacking catalogs and host magazines. As a result, some magazines including Manhattan, inc. have ceased their polybagging process. “We have never done [supplements] with editorial content,” says Humphreys. “We don’t charge much for polybagging so it’s not economically feasible anymore.” Manhattan, inc. will permit an advertiser to enclose a catalog in the magazine as long as it pays the third-class rate. “If it’s a good advertiser and we want to keep their goodwill, we’ll decide on a price even if we have to charge them more,” says Humphreys.

**Polywrap Prevails**

Undeterred by the rulings is the publisher’s privilege to continue sending subscription forms for its own publication in the polywrap.

Publishers are realizing that reader response to renewals increases when the renewal notice is enclosed in the polywrap. The June 1987 issue of Folio reported that reader response rate to polywrapped renewals of Good Housekeeping showed an increase of 3.1 percent over separate mailings. In addition, publishers renewal notices are approximately 60 percent less expensive to polywrap than to mail separately in third class.

The chances that a renewal soliciting will go unnoticed are greater when mailed separately from the magazine. According to a Gallup Survey published in the June 1988 issue of Target Marketing, one in four surveyed said that they throw away unopened almost 10 percent of their week’s mail. The probability may be that one of the pieces of mail is a renewal notice.

At Time Inc., magazines are polywrapped when the subscriber’s renewal notice is attached to that particular issue. People tend to get involved with their magazines. “Subscribers are more likely to renew because it’s the renewal notice attached to a magazine they enjoy—it’s a ‘ruboff effect’,” says John Needham, assistant circulation director for Fortune magazine.

Time Inc. realizes that this polywrap effort is a way to keep the renewal information fresh in the reader’s mind as well as a means of cutting down on the postal cost of incurring a separate first-or-third-class renewal notice. The relative simplicity of the polywrapping process allows computerized letter personalization and subscriber names to appear in bold print. “Sports Illustrated uses polywrapping solely for the purpose of combining the person’s invoice or renewal notice with the magazine, so that it is not just another piece of junk mail,” says O’Brien.

**Biodegradable Plastics**

With a growing concern to curb plastic pollution and curtail the landfill crisis, environmentally conscious subscribers are hoping to see biodegradable plastics.

“Within the last year or so we’ve had increased reaction to [pollution]. Some readers have cancelled subscriptions because our polywrap is non-biodegradable,” says Hickey of such publications as Vanity Fair, Vogue and The New Yorker. Conde Nast has begun testing a biodegradable polywrap; results show that it is not as attractive or as strong as the traditional plastic film. “We have found that it tends to jam up machines,” says Hickey. “There’s a good chance that we will move, however, from traditional polywrap to biodegradable. It may or may not be in 1989.”

As a result of predicted reader discontent, Harrowsmith, a conservation-oriented magazine, was the first in North America to use a biodegradable polybag. The July/August 1988 issue was enclosed in a polybag produced with Ecostar.

“Ecostar is a specially modified corn starch, which when incorporated in common polymers such as polyethylene, renders them biodegradable when disposed of by burial,” says Joan Polyzotas of the St. Lawrence Starch Co., Ltd of Toronto, Canada, manufacturer of Ecostar. “The addition of this material adds between 10-15 percent to the final cost of the product.”

It is estimated that plastics take up to four centuries to decompose. A product made of Ecostar can decompose in less than six weeks in a landfill and in less than 44 days when composted outside of a landfill. The St. Lawrence Starch Co. expects its sales volume of Ecostar to rise as legislation and consumer pressure cause plastic manufacturers to use biodegradable material in their plastic products. Magazine experts expect to see biodegradable polywrap on a larger scale as the quality improves and costs decrease.

Despite all the flap, postal rulings and the pollution issue do seem to be discouraging the use of polywrap and causing a return of the paper sleeve. “If people want to use polywrap, they’ll find a way to do it,” says Carpenter.
Congratulations! You have just won a free vacation to Hawaii! We need your credit card number, only for identification, of course. And for a small fee, you can automatically become a member of our travel club....

This offer is an example of the slick sales campaigns used in telemarketing to dupe innocent consumers. When a deal over the telephone sounds too good to be true, the odds are that it is a fraud. The gullible person who falls for this pitch may find fraudulent charges on his/her credit card bill which can ruin a credit rating. Moreover, money voluntarily given to disreputable firms that make outrageous claims results in an angry and poorer consumer who will think twice about buying anything over the phone.

Telemarketing is a growing industry and its sleazy side is growing right along with it. Almost every conceivable product and service is sold over the telephone from diamonds and vacations to oil and gas leases to real estate. Though many telemarketers conduct their business honestly, their criminal counterparts defraud the public of at least one billion dollars a year, according to the Federal Trade Commission. Three factors worsen the problem: consumer ignorance, criminals who shuffle their ill-gotten gains from state to state, and the government’s difficulties in prosecuting fraudulent telemarketers.

The origin of telemarketing goes back to the 1920s, when financial service marketers telephoned their investors daily to give information updates. During World War II, businesses developed telephone sales operations because most of their salesmen had been drafted, and sales visits had to be reduced. Telemarketing made great advances in the 1960s with the introduction of the Wide Area Telecommunication Service, known as "WATS." This invention by AT&T allowed companies to make a high volume of calls to consumers at a discount, thus sparking the development of permanent regional and national telemarketing centers. In 1967, technology broke the communication barrier between consumers and businesses; the creation of toll-free 800 numbers allowed consumers to buy over the phone without the burden of long-distance charges. The Direct Marketing Association says this service has become so popular that six billion calls were made in 1988.

There are two types of telemarketing. Outbound selling occurs when a firm makes an unsolicited call to a consumer. Inbound selling is a consumer call to the firm made in response to an advertisement.

Back in the 1970s, business magazines spoke of the coming “age of telemarketing” and predicted a boom in the 1980s. But even the most psychic experts could not predict the explosion of telemarketing onto the American business scene. The number of in-house phone sales operations has multiplied almost 150 times between 1980 and 1987. In 1980, there were 15,000 firms employing telemarketing as a form of distribution. This number skyrocketed to 224,000 in 1987, according to Eugene Kordahl, publisher of The Eighth
Chenson, Winnick, Este Sports, USA, New York, Porox and Omega. The tags attached to the bags do not reveal the name of the manufacturers or the importers. Spokesmen for the Luggage and Leather Goods Manufacturers Association of America, the National Luggage Dealer's Association, and the National Retail Merchants Association say they do not know who imports the bags, where they are made, or how many of them are sold.

Ellen Goldstein of the National Fashion Accessories Association, located in Manhattan, says, "None of our members make those things." Irving of Ace Manufacturers, located at 330 Fifth Ave., does, but says, "We make the nylon ones, the cheap ones. We don't make the leather ones."

Street surveys done in Manhattan and in Mount Vernon, show an average of one in every twenty or twenty-five persons, mostly young people, wearing the bags.

Retailers' declined to give any information about waist bags. A salesman at ABC Discounts on Canal Street, who also declined to give his name, merely nodded his head when asked to comment on the bags.

Despite the mystery of the waistbag's origin, the real question remains: Will this craze of 1988 still be with us by 1990?

— OSWALD COOMBS

CATALOGING CATALOGS

Catalogs: from Sears Roebuck & Co. to the Sharper Image, from Banana Republic to LL. Bean—everyday another one arrives in the mail. But who has the time to read them all? Given the boom in catalogs, many consumers now find themselves in "catalog overload," particularly because catalog mailings have risen steadily and are expected to be around 12 billion in 1988.

Anita Lipson, vice president at New Japan Securities, an executive who has been bombarded with catalogs since her first purchase of a set of baby spoons from Tiffany's, Lipson says that she manages to read "almost all" of the ones she receives, and still finds catalog shopping convenient "for sending gifts out of the city since it saves time in wrapping packages and taking them to the post office." Although she wouldn't purchase clothes through the mail because "you never really know sizes, it's great for ordering specialty items."

Judging from the success of the Sharper Image, specialty items may be one corner of the market, or mailbox, that still attracts attention. According to Lesley Walker, spokesman for the Sharper Image, the business started "purely as a catalog business. The Sharper Image now has 62 stores, including three in Japan." The monthly catalog (about five million were sent out during the Christmas season) is still considered to be their number one advertising vehicle. "In fact," says Walker, "the success of the catalog in the United States and Japan was the reason we expanded into retail stores." Walker says the business does very little print advertising but recently tried something new—the entire catalog was inserted into newspapers.

*BAZAAR* magazine inserts an advertisement for catalog subscriptions. Compiled by a company called Inserts, Inc., 60 catalogs are offered. There is a charge for all of these catalogs but many offer discounts toward your first purchase.

FROM $2 TO $10

The Spiegel catalog is offered at the price of $2.00 which is applicable to any purchase. Bill Ligas, corporate communications specialist at Spiegel, says it doesn't usually send catalogs for free but always supplies a gift certificate. Ligas says, "The catalog industry has always been successful [for them]." Sales revenues for Spiegel in 1988 were in excess of $1 billion. Spiegel offers several small specialty books (44 to 60 pages) and their main book, which sells for $10.00, can even be found in some bookstores.

Companies such as Spiegel that are firmly established in American households, obviously have it easier than those just breaking into the catalog market. Tupperware, for instance, recently tried to expand its business by sending out a catalog. After 36 years of selling in the home, it found fewer women had the time to give demonstr-
PETFINDERS

Since 1976, Petfinders, a New York City firm, has been helping locate lost pets—not only cats and dogs, but ferrets and even a race horse. Irving West, the organization's executive director and founder, says he began his one-of-a-kind establishment because "there just seemed to be a need for it." The numbers support his conviction. An estimated 3,000 pets are either lost or stolen in the United States each day.

Petfinders is more than just a lost-and-found service. It is also a pet registry. Currently, "over 7,000 pets are registered and less than 1,000 of them are lost," says West. For $24.50 you can become a lifetime member and register your pet with this nonprofit organization. In the event your pet is lost, not only is a computer search one of the fringe benefits of membership, but the chances of recovering the animal are 66 percent better. "Ninety-nine percent of missing pets that belong to previously registered owners are found," according to West, while the success rate for non-members, who receive parallel services for $49.00, is only 33 percent.

When a pet is lost, a six-month search is launched. During this period, the description of the missing pet is continuously compared with found pet calls until a match occurs. The description of the pet is also sent to all animal shelters, humane societies, and rescue groups within a 60-mile radius. The organization works with one central computer and codes that correspond to a grid on a map.

Since Petfinders has been in business for the past 12 years, the organization has acquired a great deal of knowledge about what actually constitutes a successful search. Some of the steps suggested are:

1. Alert the facility that provided any tags for your animal; 2. Call all animal shelters, pet shops, grooming shops, and veterinarians in your neighborhood; 3. Post flyers that give the pet's description, sex, size and breed—the more postcards the better. And don't give up easily. Many pets are found after a search of several weeks.

— DINAH OLANIYAN

GREEN ARC IN THE PARK

Aside from such dangers as falling branches, pigeon droppings, and even the occasional not-so-save-footed squirrel plummeting from the trees above, managing an outdoor book kiosk is fraught with many more serious dangers. One feels vulnerable, especially at the end of a successful day, when the bulge in one's jeans pockets comes from a big wad of bills, or when confronting a shoplifter alone, since that person is usually accompanied by a group of accomplices--or when lunatics happen along, screaming bloody murder, eyes glinting fearfully.

However, outdoor book-selling does have several advantages and disadvantages over working for the "Man" under fluorescent lights in a dingy office. If the weather is bad, there's no work. If it's good, an entrepreneur gets to sit around in the park and be paid while listening to Mozart or Muddy Waters on the Boom Box.

The clientele at The Green Arc at Union Square covers a broad spectrum of society, from the best-dressed executive, newly indigenous to Little Egypt, those healthy people who shop at the Farmer's Market, tourists who have strayed off the beaten path, to the junkie who stands falling, falling, falling but always managing to remain on his or her feet, struggling to figure out exactly what the merchandise is.

There are books, hundreds of them, ranging from Grimm to Greer, from Og Mandingo to the Gawain poet. Prices start at around half a dollar and only a few of the books are priced at more than four or five dollars, so no one needs to liquidate his assets in order to make a purchase. Audio cassettes and postcards are also sold at the outdoor stand.

The business is seasonal, and during the summer months a large percentage of any day's take is made up of postcard sales. On the other hand, there seems to be no sure way of predicting, from one day to the next, what and how much will be sold. The best time of year for sales is usually the pre-Christmas rush, weather permitting. Last year, one fur-bedecked, desperate buyer spent over $70 on leather-bound, remaindered children's books, although a purchase of this size is rare. When conditions are perfect, when people are enjoying themselves on the streets, and when The Green Arc's inventory is top notch, a lot of people who shop there can walk away with a bag full of great images, music and literature for under $10. But you can't win 'em all; 1988 will go down as perhaps the worst year in the store's history. Spring was a complete wash-out. It seemed to rain every day. Summer was just too hot and too muddy for anyone but the most determined to browse along the shelves and tables, and by fall it was too late. No wintering in Acapulco this year. Then, to add insult to injury, on the last three shopping days before Christmas, when great sales were expected, the heavens opened and The Green Arc didn't.

Yes sir, working outside on the streets of the Big Apple is a double-edged sword, but you can keep Wall Street. It's more fun in the park, dodging the droppings and the squirrels.

— DAVID BUXTON
Annual Guide to Telemarketing. A reported 2.6 million people are employed by these firms. U.S. News & World Report estimates this number will reach eight million by the year 2000. "The growth has been incredibly dynamic," Kordahl comments.

The astronomical growth and popularity of telemarketing has occurred for several reasons. "WATS" lines and 800 numbers unleashed the power of the telephone. Selling over the phone is more cost-effective than in-person sales visits, especially when customers are located across the United States. The technology has had a powerful effect; in 1987, gross industry sales of $142.2 billion were reported.

"WATS" MY LINE

Small businesses frequently order office supplies over the phone. The FTC often receives complaints about telephone solicitors who use illegal tactics to make sales or send merchandise that is misrepresented, unauthorized or unordered. These solicitors earned the sobriquet "WATS-line hustlers" because they often use the Wide Area Telecommunication Service to sell to businesses.

These hustlers target all kinds of firms ranging from professional offices and hospitals to religious groups who cannot afford to absorb losses from scams. The hustlers sell often-replenished office supplies such as pens, typewriter ribbons and light bulbs, so firms are vulnerable at all times. These are samples of often-used tricks:

Con-artists rarely deal with the boss. Instead, they try to talk to an employee who is unfamiliar with purchasing procedures such as a clerk or secretary. These employees are susceptible to scams because of their ignorance.

WATS-line hustlers may pretend to be the firm's regular supplier. They pose as the "authorized" dealer and try to sell things such as toner for the copy machine.

High-pressure sales tactics are a common ploy. Salesmen may offer a "bargain price" if an order is placed immediately. In reality, the merchandise is overpriced and of inferior quality. The sellers often invent stories to explain why certain goods are available for a limited time and that the prices are going up tomorrow. These stories are designed to create a feeling of panic and urgency to close a deal.

Some hustlers can fool street-smart business people by sending them unordered merchandise, insist they did order it, and refuse to take it back. If the business person protests, the salesperson may try to make them keep the shipment for a discount-price. Federal law states that unordered merchandise sent by the U.S. Postal Service can be kept as a free gift. It is illegal to send a bill by mail for unordered merchandise. A shipment can be legally refused if it is left unopened.

These scams have devastating consequences for American business because the majority of telemarketing is business-to-business selling. In 1987, business customers represented 81 percent of all telemarketing sales and had gross sales of $115.2 billion, according to The Eighth Annual Guide to Telemarketing. The Guide says the average value of a business sale in 1987 was $1,100 but the amount can be much greater than this figure.

A recent FTC case involved Mytel International, Inc., a telemarketer of photocopy supplies. The California-based company has also operated under the names District Copier Center, Regional Distribution Center, and Interstate Distribution Center. Mytel deceptively marketed supplies directly and through other sales companies. The FTC charged that Mytel misrepresented itself and its merchandise to small businesses and non-profit organizations. A complaint was filed against Mytel in October 1987. One month later, a consent decree was filed in the U.S. District Court for the Central District of California. The decree, which is only a settlement and not an admission of a law violation, required Mytel to pay $250,000 to the U.S. Treasury to settle the FTC charges against them. Mytel agreed not to make any further misrepresentations in the sale of office supplies.

Like the archetypal WATS-line hustlers, Mytel claimed to be affiliated with the customer's regular supplier, servicer or equipment manufacturer. They told customers that their
prices were the same or less than the competition. Another common ruse was to quote the customer a subtotal for products and tell them this amount was the total sales price. When the bill arrived, it was higher than expected.

**DIALING FOR Dali**

Telemarketing affects not only American businesses, but also American consumers. Inbound selling, when someone places an order in response to an advertisement, has increased in popularity. In 1987, the average consumer sale had a value of $71 and the industry grossed $27 billion, according to Kordahl.

However, outbound selling—unsolicited calls to consumers—is a breeding ground for the dishonest side of the industry. Often these hustlers will call people late at night or on holidays. If refused, they may call dozens of times until a deal is made. With the benefit of hindsight, the stories told by these con-men are easily discernable frauds. But when one is caught off guard, they can be difficult to resist. “These are very smooth and slick operators,” says Cassandra Toone, a lawyer with the FTC.

The Commission charged that Federal Sterling Galleries, Inc. of Scottsdale, Arizona bilked consumers by selling fake Salvador Dali prints which they portrayed as low-risk, highly liquid investments. According to the FTC, Federal Sterling and its associated firm, Churchill Gallery, Inc. of Miami, falsely claimed that it was selling authentic, limited edition graphic art by Salvador Dali. The prints, which were sold for between $900 and $3,500, were not created by the famed artist, but clever imitators. The actual value of the artwork was about $50. They told customers that the artwork would soon increase in value and could be resold for a substantial profit. But the prints had no investment or resale value because they were not authentic. Federal Sterling has an estimated annual income of $12 million.

The Gallery charged prints to the accounts of people who refused to buy them. Its sales people told consumers that they wanted to run a credit check, just in case they changed their minds and wanted to buy. Incredibly, the consumers complied with this request.

The U.S. District Court for the District of Arizona issued a temporary restraining order to stop Federal Sterling from conducting business and froze their assets, at the request of the Commission. The FTC also asked the Court to issue a permanent injunction to stop misrepresentations in the sale of artwork and to pay damages to victims at the conclusion of the case.

While the case is pending, the government prosecutors are not allowed to comment about Federal Sterling Galleries, Inc. or Mytel International Inc., which has been charged with other civil penalties. The names of victims are not released to protect their privacy.

These two cases are only two examples of thousands of scams perpetrated by con-artists across the country. The scams continue to flourish, and, according to Arkansas Attorney General Steve Clark, “Everyone who owns a telephone is vulnerable. Unfortunately, even people with unlisted phone numbers are targets because the telemarketers dial randomly.”

Toone explains, “I recommend highly that no one give their credit-card number over the phone. You don’t know where that number is going to end up.”

**Yaks and Moochers**

The kind of firms that perpetrate these frauds are commonly known as “boiler-rooms” because they work in seedy, obscure offices, staying one phone call ahead of the authorities. Salesmen are known as “yaks” and customers as “moochers.” When caught, the boiler-room operations typically move to another state and reopen under a new name with the same employees, and continue the same fraud. Their assets move even faster than they do, making it difficult for the government to get back victims’ money. The credit-card industry has fought telemarketing fraud for years by mak-
ing it difficult to open credit-card accounts. However, a new
problem has emerged. Crooks now avoid restrictions by
laundering money through legitimate businesses. They take
the charge slips to the legitimate businesses, which collect
the money through their accounts and take a hefty (some-
times 20 percent) service charge. This process, known as
factoring, makes it difficult to track down fraud. The credit
card industry has had limited success fighting this problem
because banks are lax in enforcing the rules.

CALLING FOR JUSTICE

Both the public and private sectors are fighting to discon-
nect telemarketing fraud.

The FTC has put over 165 individual and corporate telemarketers under federal cease and desist order. Since 1983,
it has prosecuted 28 federal district court cases against law
violators and has won $91.8 million in damages for victims.
Approximately 6,500 consumers have received checks rang-
ing from $50-to-$15,000. However, most consumers, if they
get anything, receive less than ten cents on the dollar of
their original investment.

The Commission has had difficulty prosecuting telemarketers for several reasons. FTC Lawyer, Cassandra
Toone says a criterion for prosecution is based “on what we
can get back for the consumer.” A company must have a
long-term pattern of fraud and cheat thousands of people
before the FTC takes action, often years later. Toone explains
that “people are just starting to get stiff sentences. Before it
was just a slap on the wrist.”

When the FTC does take action, it has difficulty estab-
lishing venue. Under current law, it must be established that
the telemarketers are located or conduct business in the
same state as the prosecutors. When the firms know they
are under investigation, they move their money and them-
selves to another state. This action forces the Commission
to “reinvent the wheel,” and start all over again in that state.
Bills have been introduced in the U.S. Congress to solve the
problem of venue. They are currently pending a vote.

State governments have also prosecuted telemarketers,
notably in California and Florida, where the number of scams
have multiplied. The National Association of Attorneys Gen-
eral has worked in conjunction with the FTC. A telemarket-
ing fraud data base has been formed to computerize all state
and federal information and, therefore, shorten the road to
justice.

Organizations such as the American Telemarketing
Association (ATA) and the Direct Marketing Association
(DMA) are active in consumer education and industry self-
regulation. They publish brochures to warn consumers about
fraud and how to avoid it. They have conceived a set of ethi-
cal standards to guide telemarketers. These lists are only
suggestions and do not have the force of law.

“We want to raise the sullied reputation of the industry,”
said Robert Brookler, director of publications for the ATA.
Kordahl estimates that only “two-to-three percent of all telemarketers are boiler-room operators. That’s not based on
fact, that’s based on [my] 30 years of experience in this
industry.”

Honest telemarketers are anxious to stop the fraud because
it gives them a bad reputation. The DMA has a telephone
preference service which allows consumers to request that
they not be called for outbound selling. The service claims
to reduce the number of calls consumers receive about three
months after they sign up. Despite all this activity, the best
solution to telemarketing fraud is an educated consumer.

BUYER BEWARE

How to avoid becoming a victim of telemarketing fraud:
#1 Be suspicious of “great deals.”
#2 Question the deal.
#3 Get it in writing.
#4 Don’t give in to high-pressure sales tactics.
#5 Don’t give your credit card number over the phone.
#6 Don’t send money by messenger or overnight mail.
#7 If in doubt, refuse the offer.
GIVE CREDIT WHERE CREDIT IS DUE
CREDIT CARD COMPANIES ON CAMPUS

BY WILLIAM SHEPPARD

To millions of students nationwide, the word credit now brings two questions to mind: How many credits should I take this semester and should I choose Visa, MasterCard or American Express?

Katherine Friedman, a senior at the University of Georgia, answered the second question happily. She chose American Express. "I was excited when I first got my own card with my name on it," says Friedman. "I was so excited that I went out and used it right away and haven't quit using it since."

Friedman isn't alone. There are 12.4 million college students in the nation, according to Eric R. Weil, publisher of College Marketing Annual, a comprehensive source of college-market data. Weil estimates that 57 percent of college students have credit cards. They use them to buy textbooks and school supplies, pay for unexpected situations, get emergency cash, rent cars and take vacations. "The trend has been incredibly aggressive over the last several years and that is probably a by-product of what has happened in the mass market."

What has happened is spelled out in a study entitled "Credit Cards: Competing in a Hostile Environment," published by SMR Research Corp. One of the study's findings is that credit-card use by consumers is continuing to grow but at a reduced rate. Total credit cards outstanding held by all FDIC regulated banks climbed approximately 20 percent in 1986, but grew only about 11 percent in 1987. Also, new sources of competition have entered the bank-card market and are having an impact. American Express' recent launch of the Optima Card in 1987 earned it the "Product of the Year Award" from the American Marketing Association. In 1986, Sears introduced a multipurpose financial services card. Meanwhile, home equity lines of credit, an alternative to credit-card borrowing, are causing a slowdown in the credit-card growth.

Finally, the public's perception of the credit card as a fair deal is declining. The Tax Reform Act of 1986 called for the gradual elimination of credit card deductions but still allows deductions for home equity interest.

Mark Kamm, co-founder and executive vice president of SMR, says, "The report concluded that the credit-card market as a whole has become a mature market. One of the last bastions of opportunity remains college students, because as fresh wage earners, they become new prospects for the industry and haven't become buried with solicitations as the general population has."

Although students tend to keep low account balances, are often unemployed and usually don't pass typical credit-screening criteria, bankers realize that students represent their future business. As a result, credit-card issuers are
targeting students more aggressively than ever before.

John Pollock, editor and publisher of the Bank Credit Card Observer, believes college students are a good market for banks in another respect. “Unlike senior citizens, who pay off their balances in full every month, college students are more likely to carry over their balances. They’re from a generation that didn’t experience the Depression and World War II. Simply put, you’re getting a generation more comfortable with debt and buying on credit.”

This brings up the flip side of the coin. “The problem in dealing with this market is that many young consumers simply don’t understand the world of credit,” says Ellen Foerster, consumer relations representative for TRW, a credit reporting agency. “There are various facets of credit that they don’t understand; most importantly, to read the initial contract before they sign it. Very often they are not even aware of what their consumer rights are, when in fact, there are many fair-credit-reporting laws that are working in their favor.”

For psychotherapist Linda Barbanell, educating students on the appropriate management of funds starts long before reaching college. Barbanell’s expertise is the psychology of money. As a writer, speaker and consultant, she can be heard frequently on radio and TV and has been quoted in over 300 articles. “This kind of understanding comes from an individual’s earliest experiences in handling money. The responsibility falls with the parents. Allowance management is the kind of preparation that provides the readiness for this kind of independence,” she says.

Brian O’Hare, senior vice president in charge of card products and services for Bank of America, concedes this point: “There are a couple of sides to this thing. If you give someone a credit card and they can’t really handle it because they haven’t developed the financial maturity, you’ve probably done them more harm than good.”

Bank of America is actively soliciting student cards, although only for college juniors and seniors and graduate students with ongoing pilot testing of the financial worthiness of sophomores.

American Express, widely recognized as the pioneer in targeting the college market, initially offered its card exclusively to graduating seniors 10 years ago. Today, the company has moved to all-around, automatic approval. SMR suggests that this position has allowed the American Express student-green-card portfolio to grow roughly 500 percent over the last four years.

“It’s been a very evolutionary process,” says Elizabeth Ludlow, vice president of consumer-card marketing for American Express. “Over time, we’ve expanded our channels of distribution on campus, testing and retesting different messages and packages. There are an infinite number of variables which can be changed to see what lifts response rates.

“The challenge is to offer a message that will really appeal to each age group and also allow for transition with time,” she continues. “The fact is that banks are now dealing with five or six different classes, from freshman through second year graduate school. Obviously, this is not a homogeneous group. The needs, wants, and attitudes of a freshman are distinctly different from the needs, wants, and attitudes of a graduate student.”

Give credit where credit is due. Banks are getting more sophisticated in marketing to college students. And American Express’ slogan probably sums up all their efforts: “Don’t Leave School Without It.”
Among their inalienable rights, many Americans include the right to privacy or freedom from unauthorized intrusion. Their employers do not always share this view. This was made clear to Nancy (who does not want to jeopardize her job by giving her real name). As a sales clerk, Nancy was required to take a lie detector test. That did not bother her too much, but some of the questions did. "Some of the questions were just too personal," she said. "At one point, they even started to ask about my childhood."

Management claims that it has rights too: the right to monitor an employee’s performance, the right to see whether an employee is giving a company its money's worth, or whether an employee is a health risk who would damage a company’s credibility or be a risk to fellow employees.

The issue focuses on two key questions: what rights to privacy do employees have, and where does the boundary lie between a worker's right to privacy and an employer’s right to monitor performance?

Though employee monitoring programs come in various forms, electronic surveillance is rapidly becoming the preferred means. However, the extent of electronic surveillance programs is not known because many companies do not want to admit that they are monitoring employees this way.

**COMPUTER MONITORING**

Computer monitoring is one type of electronic surveillance. Employers use computer monitoring to measure quantifiable tasks such as the number of keystrokes a secretary enters per second, the amount of time it takes a reservations agent to complete a transaction, how many errors an employee makes, or how much time a telephone operator spends on each call. Pacific Southwest Airlines, for example, monitors how long reservations agents spend on each call, when they log on and off the computer, and how long they spend on breaks and lunch.

In addition to computers, employers also monitor telephones, and eavesdrop to check the quality of customer service. Phone monitoring is a common practice among companies that rely heavily upon telephone sales, such as airlines, hotels, car rental agencies and mail order firms.

Opponents argue that telephone monitoring is a constant invasion of privacy. Currently the Communications Workers of America (CWA) is lobbying for a bill in the New York
State Legislature designed to curb eavesdropping. The bill will require a beeping tone on the line to alert both employee and customer to the fact that their conversation is being monitored. As things now stand, customers don't know when confidential calls (such as to an insurance agent) are being monitored.

The bill's future is uncertain. It has been in the State Senate for two years now. It has already passed the State Assembly and the Senate Codes Committee but, according to Robert Masters, research associate of the CWA, the bill is being blocked by Majority Leader Ralph Marino. Masters claims that Democrats support the bill and that the bill has 40-44 firm votes out of 61.

Finally, a third form of electronic surveillance is the use of video cameras to record a worker's every move.

Proponents of electronic surveillance claim that it is a fair way to measure workers' performance and that it helps improve worker productivity. The use of advanced technology helps employers gain accurate data on worker productivity, allowing for fair and unbiased evaluations.

Civil libertarians fear, however, that employers will get carried away with monitoring and cross the fine line between monitoring performance and invading personal privacy. Critics also charge that being watched all the time is stressful to workers and has adverse effects on morale, creativity and initiative.

How well work-place monitoring is accepted by workers depends on the way it is used. As an evaluative tool, employees are generally receptive, but only if managers collect relevant information and give employees access to collected data. Employees also want to have the right to challenge information which they consider erroneous.

When workers feel that monitoring is used as a form of harassment over small details, they are quick to retaliate. For example, computer operators press the space bar or hold down a key when they want to take a break, or telephone operators hang up on customers with complicated problems. By behaving this way, employees risk disciplinary action, but because of poor morale and resentment, they often do not hesitate to do it.

Some companies supplement their electronic surveil- lince programs with personal surveillance. This involves the use of “spotters” or “shoppers” who pose as either customers or employees. According to the New York Hotel and Motel Trades Council, spotters solicit and encourage workers to take part in criminal activities. In other words, they entrap workers. For example, they will encourage waiters to take too much money or try to persuade a clerk not to ring up a purchase on the cash register.

**SPOTTERS**

The union claims that spotters' reports are invalid, containing more speculation than fact, and contend that the reports frequently depend on gossip or hearsay. Spotters, especially those posing as workers, eavesdrop on private conversations in cafeterias, locker rooms or at parties. They collect information that the union contends is irrelevant to job performance such as an offhand comment by a worker about his supervisor.

According to the union, the conversations are personal and management has no right to know about the private lives of its workers.

Finally, the hotel workers' union, citing experts on employee surveillance, argues that many spotters are themselves former criminals, and that they draw from past experience to incriminate workers.

In an interview, John Turchiano of the Hotel Voice, the hotel workers' union newspaper, cited the Marriott Marquis Hotel as a user of such surveillance techniques. According to Turchiano, the Marriott, which is not unionized, goes after employees who have joined the union. In a recent case, the hotel fired a maid, who was a union organizer, on charges of theft. The case is still pending since the worker has filed a $3.2 million slander suit against Marriott in federal court.

The Marriott Marquis personnel manager, Pamela Bradley, flatly denied the union's charges that the hotel used spotters' reports. Bradley says, "We don't do that." However, another high-level source at Marriott confirmed the use of such reports. According to the management source, the surveillance is done for the protection and safety of employees and guests. The source went on to say that the hotel chain has a fair treatment policy and a progressive discipline policy for employees. Within any 12-month period, unless group misconduct has occurred, the hotel tries to correct the undesirable behavior of an employee by giving
counseling and then a verbal warning followed by two written warnings. The employee would then get a “day of decision,” which is a paid day off to resolve the problem. Finally, the employee would get a third written warning.

Spotters are also common in the retail industry. At the Love Stores, a chain of New York City drug stores, spotters often pose as customers or employees. According to one employee, “I would prefer having a camera watching me than a spy. They only know half the story. They observe only three minutes, not my entire eight-hour day.” Workers have complained that spotters cause stress, such as headaches, tension, stomach pains, etc., and have a negative effect on morale. Employees know that they aren’t trusted by their employer and that in turn don’t trust the employer or, for that matter, each other.

Security guards also double as worker watchers. According to one drug-store-chain employee, the guards inspect employees’ bags and personal belongings at the end of the day.

EMPLOYMENT TESTS

Another front in the growing controversy over employee privacy is the use of employment tests. These tests attempt to broadly define an individual’s psychology. Employment tests over the years have included pen-and-paper tests that measured intelligence, handwriting samples that assess character, and polygraph tests to determine honesty.

Polygraph or lie detector tests attempt to determine a person’s honesty by measuring changes in blood pressure, breathing, and perspiration when answering questions.

Critics claim the tests are intimidating, racially discriminatory, and scientifically inaccurate. “Lie detector tests are racist and inaccurate,” says John Turchiano of the hotel workers’ union, and for that reason the union doesn’t recognize them.

“Ridiculous,” says the Marriott Marquis’ Bradley, adding that there is no study to back the union’s claim. As to the validity of the tests, Bradley claims they are 95%, 95% valid.

The 22,000 member union won’t allow any of its members to be subjected to polygraph tests. In the case of a suspected theft, the union claims that many times guests report things missing for insurance fraud purposes. According to John Turchiano, “If they (the hotel) want one of our members to take the test, they have to give it to the guest.”

The management at the Marriott Marquis says that workers are not fired just on the basis of failing a polygraph test. They claim that the test was one of several elements of the decision making process.

Polygraph testing is widely used at the retail level. At a local chain of drug stores, employees are given two chances to pass the test. If a person fails both, according to an employee source, management comes up with an excuse to fire him or “makes him miserable until he quits.”

Polygraph tests were used for pre-employment screening purposes by many businesses until late 1988 when a law making them illegal went into effect. Representatives of the American Civil Liberties Union claim that the law has banned 80 percent of the approximately two million pre-employment polygraph tests given. The new law does not affect the use on those who are already employed.

DRUG TESTING

Drug testing is another common company policy. Job applicants who are required to take a physical as a condition of employment are often screened for drug use without being told. If the test results are positive, the applicant is rejected, although some companies allow applicants to retest within a certain time period.

Even more controversial, some companies randomly test all their employees, even those who have not shown any signs of impairment at work. Proponents of random testing claim that it results in lower accident rates, greater productivity and a safer working environment since employees are not under the influence of foreign substances and can devote their full attention to working.

Critics oppose random testing for several reasons. First, the company presumes employees and applicants are guilty until proven innocent. Second, such tests are a gross invasion of privacy. Third, the program should focus only on people who show signs of drug dependence, not on everyone else. Finally, the tests are fallible.

Many factors contribute to fallibility of drug tests. Chemicals in the body like caffeine, cough syrup, and anti-asthmatics can distort test results. Also, many companies see confirmation testing as a luxury that can be dispensed with.
These companies do just the initial test to save money, sacrificing reliability and accuracy.

Another facet to this controversy has been the recent push on the part of many organizations to test employees and job applicants for AIDS.

The Department of State has already instituted a compulsory AIDS testing program for all employees. The American Federation of Government Employees sued to stop the program, but lost. According to Elizabeth St. Clair, a lawyer for the union, the court ruled that the program was not an "unreasonable invasion of privacy." Any applicant who tested positive for the AIDS virus would be rejected. Any employee who tested positive would be placed on restricted assignment. According to St. Clair, the court ruled that the State Department needs to know about the health of people it sends overseas.

In addition to drug screening, a few companies such as E.I. du Pont, conduct genetic testing to determine employee susceptibility to different diseases such as sickle cell anemia. Opponents of these tests argue that they are generally unreliable but the market is expected to expand in the future.

The claim made by these companies is that they are concerned about being held negligent if they place genetically unsuited employees—those in greater danger of being adversely affected by workplace hazards—in high-risk jobs. These companies could no doubt find themselves charged with discrimination suits since certain genetic traits are related to race and sex.

Critics argue that companies should make the workplace safer, instead of relying on employees' ability to stand certain specific exposure levels of hazards.

By its very nature, employee surveillance is based on management's mistrust of workers. Implementation of a surveillance program results in a change in workers' attitudes from one of mild worker-employer antagonism to one of increased stress and strain. The knowledge that workers are considered intrinsically unreliable by their bosses causes low employee morale and decreases loyalty and motivation. In order to be productive, management and workers have to be able to maintain a healthy working relationship.

This involves striking the right balance between trust and vigilance, something much easier said than done.
SAMPLING
SOUND

IS IT LIVE OR
IS IT DIGITIZED?

BY JORGE MARTINEZ

In 1984, a British group, Frankie Goes To Hollywood, recorded a song called "Relax." The following year, the group was forgotten but the song remained popular in dance clubs across the nation thanks to its driving, pulsating beat. No one at the time realized that the song's distinction was created by sampling the drumming sounds made by John Bonham in an old Led Zeppelin tune, "Whole Lotta Love."

Two years later, David Earl Johnson, a drummer known for his use of rare drums capable of creating unique sounds, sued Jan Hammer, composer of the "Miami Vice" television show theme. Johnson claimed that Hammer sampled his drum sounds without telling him that they would be used in a recording. Johnson was moved to start court proceedings after recognizing his drumming behind the percolating beat of the Miami Vice theme.

And just last year, soul singer James Brown threatened to sue recording engineer, Frank Doyle, after Doyle disclosed that he had sampled some sounds contained in a recording by Brown.

The cause of all the litigation both actual and threatened is a relatively new device called a digital sampler. Put simply, digital samplers allow recording engineers and artists to record a sound, any sound, in short increments measured by the second (samples). Samples can be taken from live sources, a bird screeching, for example, or from a pre-existing recording, an old Led Zeppelin song. Samplers have completely changed the way recordings are put together within less than a decade. It is now possible to sample a few short seconds worth of a Phil Collins song and use an altered version of those same snippets of sound in a different recording. By using a sampler creatively, a recording engineer can alter the original sound so drastically that it would be impossible to detect. Pitch, tone, speed, any characteristic of a sound, musical sounds in particular, can be changed using a digital sampler. Digital samplers work by feeding sampled sounds through a keyboard that stretches the sound over the range of the keyboard. Basso profundo can be made to sound like falsetto. A one second sample can become the basis for a fifteen minute suite.

Digital samplers are the cause of a major controversy within the music industry.

According to John Glazel, President, Local 802 of the American Federation of Musicians, "Hundreds of musicians who used to make a good living in this town are suffering because jobs are drying up. It's no secret that digital sampling technology is one of the main causes of this problem."
STORING SOUNDS

Glasel is referring to the ability of digital samplers to store certain sounds such as orchestral and instrumental sounds that are used much in the way television sitcoms use canned laughter in place of live audiences, to get a realistic effect without hiring the real thing.

Recording engineer, Frank Doyle disagrees, “Imagine the costs if you had to hire musicians to record the same sounds that are sampled.” He adds, “Without sampling, recording costs would increase.” Still Doyle concedes Glasel’s point, “Sampling puts musicians out of work.”

Underlying the whole issue of replacing musicians with sampling machines is a legal tangle that will not be unraveled anytime soon. At stake is the question of who owns a sound. Legal experts say that sampling is illegal if done for commercial purposes. Sounds can be sampled legally only if used in the privacy of a home. But, according to Elizabeth Granville, an entertainment and communications lawyer, “A sound is not copyrightable. You can’t copyright a sound such as a note from a horn, flute, or any other instrument. The issue here is substantiability. Only whole recordings can be copyrighted.”

COST CONSIDERATIONS

Legal or not, digital sampling machines are used by most people in the music industry. A source at Sigma Sound Studios in New York says, “Sampling is a readily available, widespread and common practice. It’s cheaper than hiring musicians. A producer with a tight budget can sit at home and with the right expertise, make a good demo tape without spending much money.”

How much money is involved?

According to Milton Brooks, General Manager of A&R Recording, a studio located in New York, “The rates at recording studios vary greatly but they generally run from as low as $50 an hour to a high of $325. We charge $275 per hour,” says Mr. Brooks.

A single pop song, according to figures provided by Pyramid Recording Studio in New York, can use up to 50 to 80 hours of studio time to record. Again, cost and time vary tremendously. Musicians playing on a popular song are guaranteed a three hour session by their contract at $212.44 an hour. Put all these costs together and it isn’t hard to understand why recording is such an expensive process.

High costs have contributed to the proliferation of companies catering to the cost consciousness of recording studios. A recent issue of Keyboard Magazine included an ad...
for a new product, Sound Composers Series, consisting of ten 3 1/4" micro diskettes intended for use on the Ensoniq Mirage digital sampling machine and the E-MU SP-12 drum machine. The ten diskettes contained drum sounds, orchestral brass, bass and strings sounds. Also included in the set was a disc containing combinations of the sounds contained in the other nine discs. A London Sound Composers Series set contained real "Phil Collins" bass drum and snare drum sounds. Price: $200 for sixty sound samples of varying length.

The same issue brought forth another ad trying to sell sampled sounds:

"Disappointed with those thin, 'twinkly' sounds you bought? Not anymore! Prominent studio musician and programmer has collected and developed the hottest, fattest, most realistic sounds you'll ever hear...banks of 32 sounds organized into categories: pianos, organs, percussion, strings and bells, horns, flutes, basses, synthesizers. Send $500 for seven sample program sheets."

How long before Congress passes legislation that will clear up the legal murkiness surrounding digital sampling? Those who use sampling aren't worried. "At our studios, we keep a library of 5,000 sounds we've sampled from the live and pre-recorded sources," says Dan Daley, an independent record producer.

Elizabeth Granville, lawyer, expressed anger at the uncaring attitude of people in the industry to the plight of unemployed musicians: "Many people in the industry became hysterical when blank tapes came into the market and it became possible to copy entire albums and record music off the air. Their lack of concern for musicians being ripped off is ironic." Don Shirley, a pianist and composer famous for his Carnegie Hall concerts says, "I think the whole situation is unfair."

**NO REGULATION**

Concerning the future regulation of digital sampling, Granville says, "I don't think anything will be done. The American Federation of Musicians has the power to pursue the issue but they won't consider it as important as other issues in the industry."

Granville points to the high cost of litigation as a factor in the American Federation of Musicians' failure to lobby more strongly against sampling. High court costs may have contributed to the standstill in David Earl Johnson's suit against Jan Hammer. After two years of legal wrangling, the case was quietly settled out of court. Granville believes the AFM should have gone after Jan Hammer, "It would have made sense for the money, royalty checks and resources.

"Sampling is a widespread practice. It's cheaper than hiring musicians."

The case could have been used as a litmus test against which all other digital sampling cases could be measured."

John Glasel, AFM President responds, "We never pursued the Jan Hammer case. I'm not a legal expert but I suspect most lawyers think the case would have been lost. It would have come to a decision."

Meanwhile, throughout the industry, digital sampling continues. "In this industry it's strictly a question of survival of the fittest," comments a spokesman for Sigma Sound Recording Studios, "You must adapt to survive. Many musicians out there can't find jobs. Again, it's because they can't adapt to technology. If it weren't for sampling technology, many talented young musicians would not get a chance to be heard."
David Garth was Ed Koch’s media consultant for his 1977 re-election campaign. During Koch’s run for mayor, Garth created an image everyone bought. He principally engineered what City for Sale authors Wayne Barrett and Jack Newfield describe as “the Immaculate Deception,” the wild rumors that Bess Myerson and Ed Koch were engaged in a secret love affair and speculation that they might get married. These were much happier times for Koch and his administration. A little less than ten years later, major scandals about Koch and his cronies would hit the press.

City for Sale digs much deeper into the scandals that rocked the Koch administration. Newfield and Barrett are primarily concerned with Koch, his relationships with the other major politicians in New York City and the hows and whys of people he appointed as city commissioners. Many of his appointees had serious conflicts of interest and were basically unqualified for their positions. Numerous people mentioned these problems to Koch. When commissioners broke the law by taking bribes and kickbacks, and when mob ties in the government became apparent, Koch was warned anew but still wouldn’t listen.

City for Sale cites several examples of this nasty Koch habit. One concerns Anthony Ameruso’s appointment as transportation commissioner. Sally Goodgold, a member of a search committee charged with recommending qualified candidates, warned Koch that Ameruso was unsuitable for the position. But Koch appointed him anyway and to put the icing on the cake, suggested that Goodgold was anti-Italian for not recommending Ameruso. Eventually, Ameruso was indicted on perjury charges and Koch admitted he “made a great mistake” in ignoring his search committee and appointing Ameruso.

Stories like these fill the pages of City for Sale. Indeed, they are the book’s heart. “He’s the mayor who didn’t want to know,” Newfield says, explaining that every time someone tried to help or warn Koch about a brewing scandal or dirty politician, Koch paid no mind. Ameruso, in the long run, turned out to be one of Koch’s lesser troubles. The big three in N.Y.C. politics, Stanley Friedman, Meade Esposito and Mario Biaggi, are the stars of political corruption in City for Sale. Newfield and Barrett spare no harsh words while exposing the scandals that eventually brought Friedman, Biaggi, Esposito, Myerson and all of the other players to their subsequent downfall.

Newfield picks up the mayor’s story with Koch in high school, but quickly moves to Koch’s first entry into the political arena. At one point, Koch was a lawyer for the Village Voice, where Newfield worked for 24 years. At that time, Newfield and Koch were friends. Koch’s major political activities started in the late 1960s. His involvement with an organization of demonstrators opposed to the construction of Latimer Gardens, a public housing project in Queens, is carefully examined. Jerry Birbach, who spearheaded the opposition, generated fear and controversy over the project. It eventually grew into a demonstration with many racial overtones, which included demonstrators
carrying signs with the word “nigger” on them. The proposal for the project specified that 35 percent of the apartments would be set aside for blacks and Hispanics. Birbach said property values would decline and crime would increase. Koch showed up at one of Birbach’s rallies and supported the demonstrators. Friends of Koch, who were shocked and appalled, could only guess that it was political ambitions that brought Koch to the demonstration.

HARD NEWS

City for Sale isn’t another novelized, pseudo-spy novel based on a particular scandal. It is a long-playing news story, written with the insight and aggressiveness of hard-boiled reporters. Barrett is a writer for the Village Voice and Newfield, who used to write for the paper recently joined the staff of The Daily News. City for Sale is the culmination of their years of covering Koch and his administration. While the book sometimes bogs down under the weight of the information presented, it is, nevertheless, an impressive story of political movers and shakers, corruption, romance and murder.

Reports of Roy Cohn’s and Donald Trump’s dealings with the city under Koch are unsettling. More disturbing is the suicide of Donald Manes and the sordid affairs leading to it. Manes’ trail of corruption is exhaustively examined, and tied into Koch’s own incompetence and unwillingness to acknowledge abundant warning signs.

Friedman’s scam with Citisource, his plan to create a company to make a computer that would automatically record parking tickets, and Meade Esposito’s kickback scam with Wedtech, also get top billing. Myerson’s judge-fixing scam merits a chapter, together with some of the smaller scandals that have hit Koch over the years. Newfield and Barrett’s book is an impressive compilation of scandals that will be read for years to come.

But as the story progresses, Koch emerges as the centerpiece of all the scandals. Koch refused to be interviewed for the book and the reader gets the distinct feeling that there is personal animosity between Koch and Newfield. Whatever the personal relationship, the book reads like a Greek epic that ultimately involves everyone in New York City. Newfield and Barrett make the case that all New Yorkers were somehow victimized by the events. Even people like Esposito and Biaggi emerge as pathetic characters. And after the events, the protagonist Koch himself does not emerge any better or smarter than before the scandals. Barrett and Newfield observe: “In the end, Ed Koch had not been different enough. His tragic flaw had been a desire for power, not money. Admiring his own performance, he didn’t notice anyone else’s. While he had been gazing into the mirror, his city had been for sale.”

— ERIC KUN

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Q & A

S: How is the book selling so far?
JN: I don't have any official figures. Friends of mine say it's hard to get a copy; they're going to stores and it's sold out. My journalistic instinct tells me it's selling quite well.

S: What made you decide to write a book on this subject?
JN: I've known Koch since 1962. He used to be the lawyer for the Village Voice when I was a young reporter there. I've followed his career, probably as intimately as any other journalist. I used to like and admire him when he was a councilman. I began to get disillusioned with him when he started to pander for votes over the death penalty issue when he ran for mayor. As soon as he became mayor, I began to think, 'Someday I want to write a book about what's happened to this guy.'

I wish I could be a novelist. I wish I could be like Saul Bellow or Philip Roth or Norman Mailer and describe the transformation in somebody's character, to see close up what power, ambition, narcissism and arrogance can do to someone who was once quite a decent person. But I'm not a novelist; I'm a journalist. I began to write investigative articles about the Koch administration for the Village Voice in 1980—'81, '82, and '83—trying to say it's becoming corrupt, that he's giving too much power to these political bosses, like Donald Manes and Meade Esposito and Stanley Friedman and nobody believed it. The daily newspapers ignored it. Koch said I was a hater, a crank, a fanatic and it became very frustrating to write what I thought was the truth week after week in a medium-sized, medium-respectable newspaper that 150,000 people read every week. It was frustrating to have no effect and to have nobody believe it. It was only after Donald Manes attempted to commit suicide in January of 1986, and the PVB scandal began to get into the papers and on television, that the average citizen began to pay attention to what was happening. People began to say, 'Gee, what you were writing eight years ago is true.'

Publishing companies suddenly remembered Wayne Barrett and I were saying this for years and years and years. Two publishing companies, New American Library and Harper & Row approached us to write the book. We finally signed with Harper & Row in April '86 and we spent two and a half years writing. I feel I've been researching the subject all my life.

S: How was it writing with another person? Did you have any difficulties collaborating?
JN: I had done two other books in collaborations. I wrote a book called A Populist Manifesto with Jeff Greenfield and I wrote The Permanent Government with Paul DuBrul. Paul was dying of cystic fibrosis, (he died a year ago) and his health was too weak to do another collaboration. Wayne and I agreed to do the book together and I think there has been a balance. Working with Wayne Barrett was a terrific, positive experience. We had disagreements; in fact, we thanked Nick Pileggi for being our official mediator. We were two independent, strong personalities and there were differences. An interviewer asked me, 'Theor you and Wayne are going to sue each other.' That's crazy, we're friends. It was basically O.K., but we had some differences and I said 'Well, you can say we got along better than Lennon and McCartney, but we didn't get along as well as Madison and Jefferson.'

S: Why did Koch refuse to speak with you?
JN: Koch is very immature. He's like my seven year old son. He cannot take any differences of opinion. He takes personally any honest difference about policy. As soon as I began to question his policies towards minorities and the poor, he said I'll never speak to you again. One of the basic premises or theses of the book is that he is the mayor who didn't want to know. One of his basic flaws as a leader is that he can't admit he is wrong about anything.

S: Sort of like the Teflon President and the Reagan Administration?
JN: No, Teflon is a delusion of criticism. This is more inside him and inside his mind and spirit. I think the key to being a great leader is being able to admit you were wrong about something. Robert Kennedy and Martin Luther King were great leaders. So are Jesse Jackson and Ralph Nader. They can look at something and know whether they made a mistake and change. Koch can't admit he was wrong about anything; therefore, he was the mayor who didn't want to know. All the people who went to him; in the book, we tell 15 different stories of people who, in good faith, came to see him. Sally Goodgold, Jim Smith, dozens of whistle-blowers, journalists like Marcia Kramer who tried to help him and warn him about corruption, and all he did was attack them. And then when the book comes out, he says 'I'll never read the book,' which in my mind confirmed the premise of the book, which is he's the mayor who doesn't want to know. Here, we spent two and one-half years writing a book to teach him about where things went wrong and how things became so corrupt in his government and, if he wants to run again, maybe he should read it to discover how he trusted the wrong people, how he didn't listen to certain people who tried to warn him. But all he says is, 'I'll never read the book,' which I understand to be a confirmation of the book's premise.

S: Were you able to get the other major players like Myerson and Friedman to talk with you?
JN: Well, Friedman I knew in college. When I went to Hunter College, Friedman was going to City College. Friedman and Esposito and Manes always spoke to me and were friendly to me. We have a picture in the book of me clowning around with Esposito. I found them always accessible. Also some of the defense lawyers like Tom Pucillo, prosecutors like Giuliani and FBI agents like John Pritchard as well as Nancy Capasso and Sukhreet Gabel. Together, we did about 505 interviews. Virtually everyone but Koch spoke to us. Manes' best friend Sid Davidoff talked to us for 10 hours. Only Koch, I think, was afraid of the truth.

S: Did Jimmy Breslin speak with you?
JN: Every day. Jimmy is a close friend.

S: I take it you like Jimmy Breslin as a writer?
JN: Yes, he has his share of eccentricities as we all do, but I think he is a great journalist who manages to combine legwork and reporting with clear thinking. I think that is the key to being a great journalist, to combine the two. There are some journalists who go out and get the facts, but have no confidence to analyze them and understand them and to put them in a historical context. There are jour-
nalists who just sit in a room and write essays of opinion without having direct person experience to modify or document their opinions. I think people like Jimmy Breslin and Murray Kempton have the right mix between ideas and information.

ST: What problems did you experience writing this book?

JN: Winning the confidence of some people to talk with us. Mike Dowd, who was a key person who blew the case open, was reluctant to talk with me.

ST: As described in the book, he was a very paranoid and distrusting person.

JN: Yes, he was afraid of the Mafia's tie to Manes. He was afraid he was going to get assassinated. He was in an extreme emotional state. He didn't know whom to trust. He was afraid he was going to be disbarred because he did take bribes, even though he did stop voluntarily. It took about a month of communicating through intermediaries to get Manes to trust us. It took time to develop a relationship of trust with Rudy Giuliani.

ST: Made in Japan, Akio Morita and Sony, tells his view of what made the Sony corporation a success in Japan and internationally. Key management skills caused the seed to germinate and become a beanstalk. Written with Edwin R. Reingold, Tokyo bureau chief at Time Magazine, and Japanese journalist Mitsuko Shimomura, known for her political and international affairs analysis, the book's style is both candid and casual. When Morita critiques the American style of management, the reader senses his years of experience dealing with his economy's most important resource—the work force. "I do not like to have my managers think they are a special breed of people elected by God to lead stupid people to do miraculous things," says Morita.

He recalls his American managers and the poor job they did marketing the Betamax video system, which was eventually shouldered out of the market by the VHS format. Morita's idea of promoting it, with informative advertisements would have required that management increase its promotion budget.
The American managers fought this until they were ordered to increase the budget. They did it by removing money from other areas, an action which weakened the company and in the long run prevented the success of Betamax. Morita was disappointed by this failure. He believes the goal of management should be long-term profitability rather than short-term profits.

Akio Morita’s way of management, which is people rather than product-oriented, is quite opposite to the Western style. He says, “the most important mission for a Japanese manager is to develop a healthy relationship with his employees, to create a family-like feeling within the corporation, a feeling that employees and management share the same fate.” In assessing American management, Morita not only looks at the internal structure of companies, but also considers the environment in which they operate. As he sees it, “America is full of lawyers.” In American companies so many corporate actions must be approved by, if not discussed with, lawyers. And lawyers are not just involved with management, but there is involvement on behalf of the employees and the government. All this legal interaction Morita sees as a hindrance to companies because it is time consuming and it can delay or obstruct needed changes.

Although Morita may seem at times to be too critical of that which is American, he cannot escape attributing the success of such products as the SONY television, to Americans. In fact, readers will find that herein lies the irony. Morita observes, “(when) we chose an industrial park in San Diego, we started with an assembly operation of components shipped from our factories in Japan, but now just about the only things we send from Japan are the electron gun and some special integrated circuits. To get maximum U.S. input into our sets, we have always bought as much as possible in the U.S., and as a result our sets are more completely American than some famous U.S. brand sets that are actually built in the Far East by American companies and their subcontractors and shipped to the United States. One of the ironies of the situation today is that almost any ‘American’ television set is about 80 percent Japanese inside, but ours is more truly American than theirs.”

Made in Japan, Akio Morita and SONY provides the reader, be he a novice or experienced businessman, with tremendous insights into the Japanese style of management—an approach that transformed Japan into the world’s top producer.

—J. GRECO and A. MARTINEZ

APOCALYPSE 2000:
ECONOMIC BREAKDOWN
AND THE SUICIDE OF
DEMOCRACY 1989-2000
by Peter Jay
and Michael Stewart
246 pp. New York:
Prentice Hall Press.
$18.95

Accurately predicting the future is a difficult task; accurately predicting the future of the world economy is an impossible one. It is much easier to reflect on the past 20 years, with the benefit of hindsight, and safely criticize what went wrong and how today’s problems could have been avoided.

The authors of Apocalypse 2000 have taken this approach. Instead of telling us what will happen in the next 11 years, they pretend to live in the 21st century and describe the decay of the world since the 1980s. America has been overrun by rioting and terrorism. Its people have become illiterate and unemployed. The rest of the world has not fared any better: Europe has become one large, neo-Fascist country and the Far East has been financially ruined.

Two favorite targets for blame are the governments of Ronald Reagan and Margaret Thatcher. But the causes of the world’s problems are too complex to be pinned solely to these administrations. One obvious error in the book is the prediction that Ronald Reagan’s successor would be a Democrat. Although subtle, the authors seem to be biased against right-wing politicians and politicians. They believe that the world’s salvation rests solely with left-wing governments.

Apocalypse 2000 is a harrowing and compelling account of what can happen if today’s problems are not addressed by workable solutions. Looking backward to the future is a clever, insightful strategy to provide those solutions. The book is accessible to the layman. However, the British authors do not pander to the ignorant; they assume their readers have a basic understanding of political science, economics and foreign policy. People looking for fun and an easy read should by-pass Apocalypse 2000, but thoughtful readers interested in world affairs will be riveted by it.

—JACQUELINE MULHERN
AIDS

The AIDS crisis continues to be of the utmost importance. Federal health officials project that by 1992 as many as 365,000 people could develop AIDS. Homosexuals still remain the highest risk group, but recently the number of new cases reported appears to be leveling off.

Not so for the heterosexual drug users, however, who now represent 23 percent of newly reported cases. In fact, a 1988 Presidential commission recommended an increased program to curb the spread of AIDS in intravenous drug users. In New York City where there are approximately 200,000 drug addicts, pilot programs have sprung up. The main focus is on giving free needles, condoms and counseling. However, more innovative techniques such as the development of a needle that self-destructs after one use may be coming in the future.

As of now, look for changes in the focus of education. Recent surveys have found that drug users believe their chances of getting AIDS to be slim. And women who are their sexual partners are often afraid to demand safe sex. In light of this, the New York City Department of Health has recently begun a door-to-door survey of women in New York “about their knowledge, attitudes and behavior with respect to AIDS.” The Department of Health hopes that the results will help guide their education and prevention efforts in the future.

And there are still those companies who have managed to make a handsome profit from the pain and fear of the infected. Of course, condom sales are at an all-time high, since they are considered essential to the prevention of the spread of AIDS. Sales in 1988 were expected to surpass $450 million.

Some strides have been made, however, in the quest for treatments. AZT, although not a cure, continues to top the list. We reported in our last issue that the cost of AZT in some cases was prohibitive. According to a spokesman for the Gay Men’s Health Crisis, most of those who need the drug are now able to get it.

The controversy over another anti-AIDS drug, AL-721, seems to have been resolved. Ethigen, the patent holder, can now market the substance as a dietary supplement as long as it makes no claims to the drug’s therapeutic use.

The quest for a cure continues to be the top priority. But drugs that appear to prolong life are also very important. Aerosol pentamidine, an experimental form of the drug pentamidine which cures a form of pneumonia that kills 80 percent of all AIDS patients, has recently been approved by the FDA.

The search for an effective vaccine still eludes researchers, however. The main difficulty lies in the fact that there are several strains of the HIV virus, all of which have the capability of mutating rapidly. Added to this is the fact that the virus works its way into the healthy cells and can remain hidden from the immune system or a vaccine.

Diagnostic testing for the disease continues to stir up its own controversy. A representative of the Gay Men’s Health Crisis says there are groups that advertise drug testing at a cost sometimes as high as $250. But consumers should beware—the New York Health Department offers these same tests for free.

— BEVERLY M. BERNARD

MORE FAX

As reported in Dollars and Sense, Vol. 10, fax machines rapidly became integrated into the business world. Sales still seem to be on the increase and current usage is estimated at 10 million. According to Peter Toomey, vice president of National Reprographics, “I have used my fax machine more in the last six months than I did in the past three years.

For the past seven months, K-ROCK, has been using a fax machine for their all-fax request weekends. A spokesman for K-ROCK, says the machine is always busy and termed the fax-request line “very successful.”

The sale of fax machines is also booming. But increased competition has caused the price of machines to drop about 15 percent annually. Average cost is now about $2,000 and even the lower-priced machines offer a number of options.

Some users, however, report receiving large amounts of unsolicited advertisements over their fax lines. This high-tech junk mail now called “junk fax” can be annoying since it ties up fax lines and doesn’t allow important documents to get through. Marketers love it, however, since response to junk fax advertisement is five times higher than a regular mailing.

Private fax numbers could alleviate this problem and may be coming in the future but for now Americans will just keep on faxing.

— BEVERLY M. BERNARD

COMEDY CLUBS

America keeps on laughing (Dan Quayle...ha, ha, ha)

And comedy clubs keep on rolling. In Manhattan, the newest addition to the full-time comedy club circuit is Rags to Riches, located at 226 East 54th St. While most clubs are dimly lit, cramped and use a brick wall and mike stand for a stage, Rags to Riches has been described as “swank” and seats 300 people amid boldly decorative features.

Catch A Rising Star is rolling towards becoming America’s premiere comedy conglomerate. According to the Comedy USA Newswire, Catch inked deals with the Hyatt Hotel chain to open a series of clubs within a number of the Hyatts across the country and with ABC/CAP Cities to develop comedy programming.

It seems 1988 was the “Year of the Stand-Up Comic.” “Punchline,” starring Tom Hanks and Sally Field, chronicled the life of stand-up comics-in-the-making. “Roseanne,” starring comedienne Roseanne Barr, is THE hit of the TV season and may just be ABC’s “Cosby.” Rolling Stone devoted one of its 1988 issues to comedy with Johnny Carson and David Letterman standing shoulder to shoulder on the cover. (Even though Letterman is taller than Carson).

The biggest news of 1988? Two of the cable networks are planning full-time comedy channels. Stay tuned.

— E.J. CASSIDY
The Gold Crown Award is presented to Dollars and Sense in recognition of outstanding achievement in the writing, editing, design and production of a superlative student publication through the cooperative efforts of students, faculty and administrators which epitomizes the high ideals from which this Association has drawn its strength and inspiration:

In testimony whereof, the GOLD CROWN, the highest award given to a student publication evaluated by the Association, is hereby conferred.

March 16, 1989

The tenth anniversary issue of Dollars and Sense, May 1988, received the Gold Crown Award from the Columbia Scholastic Press Association for “superlative excellence in student publishing.” Evaluated for its design and content, the issue ranked in the top one percent of all entries to the competition.

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Dollars and Sense is a publication of the Baruch College Business Journalism Program. Our purpose: to provide the Baruch community with a business magazine written, designed, and edited by Baruch students.