

# SOUTHERN EXPOSURE

A JOURNAL OF POLITICS & CULTURE

VOL. XXI NO. 3 \$5.00

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**Smoking Tobacco Stocks**

**Junebug Jabbo Jones**



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# SOUTHERN EXPOSURE

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# M

agazines, like people, need to step back from time to time and look at where they're headed. Deadlines and daily struggles can wear us down unless we pause occasionally to reflect on the broader context of our work. What are our goals? Is what we're doing useful? Effective? Real? And — most important of all — how can we do better?

Last year, as our 20th anniversary approached, the staff and board of directors at the Institute for Southern Studies took the time to consider those questions. It had been five years since we redesigned *Southern Exposure*, and we wanted to see how our new format had weathered the passing years.

We began with the reader survey we conducted last year. More than 450 of you took the time to tell us what you think about *SE*. Most — 82 percent — said that the journal covers your interests well, especially when it comes to civil rights, economic justice, and labor. Eighty percent of you rely on the magazine in your work, and 71 percent add each issue to your personal library.

"Unlike other Southern publications, *SE* has more than an incidental relationship to the truth," wrote one reader. "You provide a much-needed view of the South," added another. "I only wish you could publish more than four times a year."

By and large, you told us that you like *SE* the way it is — but you also gave us some good suggestions for how to make it even better. Most said you'd like to see more investigative reporting and oral history, and a third want to see less fiction. You also told us to lighten up. "You could use more humor. I get depressed reading some of it," said one reader. "Stop harping!" commanded another.

After pondering such blunt wisdom, we also took some time to consider what a quarterly journal like *SE* can do to continue to foster lasting change in the region. How can we better connect research and investigative reports to grassroots organizing campaigns? In short, how can we better translate information and analysis into action?

Blending your advice with our own musings, we decided to make a few changes. We kept our basic format — an in-depth cover section complemented by feature articles and regular departments — but we have added several new departments. "Reviews" offers book essays by scholars and activists. "Resources" lists new and useful reports, handbooks, books, and films on Southern issues. "Blueprint" provides concrete strategies from organizers working for change. "Followup" updates stories from past issues, and a longer and newly revamped "Roundup" provides brief news reports from around the region.

With this issue we also welcome Junebug Jabbo Jones as a regular and raucous contributor. Junebug is a folk character who grew out of the civil rights movement of the 1960s. "Members of the Student Nonviolent Coordinating Committee created Junebug to stand as a symbol of the wisdom of common people," explains John O'Neal, who often embodies Junebug on stage. "Whenever someone summed up an experience in a unique way or used wit to prevail over power, the event was cited as an example of how Junebug gets things done."

Junebug is similar, O'Neal explains, to the African griots, who serve as custodians of local and regional history. He is not a person but a persona, drawn from the rich and varied tradition of African-American oral literature. In fact, he has a previous life as a columnist for a proposed news service, inspired in part by Jesse B. Simple, the character Langston Hughes created for the *Chicago Defender*. But the print venture never got off the ground, and Junebug turned from the written word to the theater.

For Junebug, then, his column in *SE* represents a return to his earlier, journal-istic aspirations. "It don't get no better than this," he told O'Neal. "If I was any better, I couldn't stand it."

For our part, we know we can always get better. Take a look at Junebug and the other changes we've made, and let us know what you think. We can stand it.

— Eric Bates

**"Stop harping!"  
commanded  
one reader.**

## FILM EXPLORES SOUTHERN GAYS

**E**llen Spiro was 17 when she discovered there was a word for people like her — women who love other women — and it terrified her. Like countless other lesbians and gay men who make that discovery in small-town America, she soon fled her childhood home in Charlottesville, Virginia for the freedom and community of the big city.

New York gave her a safe place not only to be queer, but to become a full-fledged activist. She co-founded DIVA-TV (Damned Interfering Video Activists) and got arrested — with her camera — in gay rights and AIDS demonstrations.

But 10 years after beginning to come out, Spiro found she wasn't done with the process. "Here I was, being an out dyke, and back home I was still in the closet," she says. "I started thinking about those gay people who don't flee, but who stay home and do the bravest thing of all — be *who* they are *where* they are."

Searching for those very people, Spiro and her dog Sam took to the road in an old VW bus. The result, after a year of travel, is *Greetings From Out Here*, a witty, subtly touching, highly accomplished exploration of gay culture in the South. The show aired on many PBS affiliates last July, and will be broadcast on 50 more stations this fall.

"The real liberation for our community is going to happen when people can stay where they are and be out," Spiro says. "I see it as a very courageous and exceptional act."

## GAYS BATTLE COBB COUNTY

**T**he suburban Atlanta empire of Cobb County, Georgia lashed out at its gay and lesbian residents twice in August. First the county commission passed a resolution denouncing "the gay lifestyle" as incompatible with "community standards." Two weeks later, commissioners yanked all county funding for arts groups that do not embrace "strong community, family-oriented values," targeting a local theater that has staged plays involving sexual themes.

The gay community was quick to respond. After the first vote, protesters deluged county offices with more than 3,000 phone calls and letters protesting the decision. Officials had to pull staffers from other departments to operate a 13-line phone bank set up in a conference room to handle community reaction.

A few weeks later, more than 1,000 demonstrators converged on Marietta Square for a "Queer Family Picnic," urging officials to embrace gays and lesbians as equal members of the community. "The God I worship loves the family — gay, straight, black, or Jew," said Mark Stevens, a picnic-goer and member of Integrity Atlanta, a gay and lesbian ministry with the Episcopal church. "We're not going to let them use our Bible to beat us over the head with it."

Police received two bomb threats and arrested a man who approached demonstrators carrying a fake bomb beneath his shirt. A crowd of 400 fundamentalist churchgoers also gathered after the picnic to pray "for the redemption of homosexuals" and advocate counseling to help gays and lesbians change their lifestyles.

"The queers up here have done messed up their lives," said former Governor Lester Maddox, a Cobb County resident who joined the religious rally. "I'm gonna pray for them. Even four-legged animals know better than that. It's contrary to God's will. It's unnatural, nasty, filthy, and sinful."

After the county slashed arts funding, gay rights activists launched a national boycott to divert business from Cobb County and its new \$43 million convention center. They also vowed to discourage Olympic officials from selecting Cobb as a practice site for the 1996 Games because the county "has demonstrated an intolerance of diversity." Conventions and tourism currently pump \$800 million into Cobb County each year.

"We don't want to hurt our own community," explained Lynne Patterson, an organizer of Cobb Citizens Coalition. "The guy that cleans my shirts and the person that delivers my mail don't need to be hurt. But there are lots of ways we can bring pressure to bear on the commissioners without hurting local merchants."

To document and celebrate that bravery, Spiro takes viewers to a gay rodeo in Texas, a Mardi

Gras ball, a gay pride march in Atlanta, and the annual Rhythmfest music festival in Georgia.

More remarkable, she focuses on an openly gay African-American minister in Alabama, a lesbian named Iris living in a bus in the Ozarks, a convocation of Radical Faeries in Tennessee, and John Blansett Jr., openly living with AIDS in small-town Mississippi.

Blansett showed Spiro how one person can make a difference. "He's as much of an activist as Larry Kramer, just by be-

ing himself and not hiding it." His willingness to appear in the video also helped her overcome her hesitation about including her own story. "I figured all these people were doing this for me. If they had the courage, then I had damn well better find it, too."

Spiro finds the truth through her sharp eye for subtle, telling details. She interviews Blansett walking down the main street of his town for the first time since the public disclosure of his AIDS diagnosis. As he talks, he casts wary sidelong glances at passing traffic — in a single look revealing the complex mix of fear, courage, and defiance with



ELLEN SPIRO AND SAM IN THE VW BUS THAT TOOK THEM ACROSS THE SOUTH.

which he faces the challenge of his life. In such moments, the program moves beyond mere document into the realm of superb visual art.

With funding from the relatively new Independent Television Service, Spiro spent up to two weeks with each of her subjects, getting to know them and become friends, often before shooting the first minute of video. Although proud and open, their stories often reveal the constant struggles that beset the lesbian and gay communities: a lesbian who lost her job after her boss found a gay rodeo brochure on her desk, efforts by Radical Faeries and Rhythmfest organizers to create safe spaces, a riderless rodeo horse in tribute to those who have died of AIDS.

Through James Cox, the openly gay black minister, Spiro makes a strong connection between racism and homophobia. Cox links his identity as a gay man to his struggles in the civil rights movement. "It's taken me to this point to be where I can be free with it," he tells Spiro, "just as free as when my ancestors were released from slavery."

Spiro says the video "provided a deep sense of closure for me about being queer. It was another important stage in a journey from supreme isolation and fear to great empowerment. And I did it without spending 50 cents on therapy!"

— Rob Nixon

*Spiro will be traveling across the South this fall to promote her work, appearing in Vero Beach, Florida (October 4), Columbia and Clemson, South Carolina (October 5 and 6), Atlanta (October 9), Raleigh and Durham, North Carolina (October 11 and 12) and Whitesburg, Kentucky (October 13). Video copies of Greetings From Out Here are available for \$29.95 from Video Data Bank, Chicago, (800) 634-8544.*

SCB

## THE SOUTH BEHIND BARS

**W**ant to get rich in the South? Think about opening a prison. For many Southern states, prison construction is now the biggest growth industry in the budget. According to the Bureau of Justice Statistics, more than 68,000 new prison beds were being built in the region last year at a cost of over \$2 billion.

Texas accounts for more than half the total. The Lone Star State is currently in the midst of the largest prison expansion in U.S. history, making room for another 37,800 prisoners. Over the past eight years, prison spending in Texas has leapt by 127 percent — while funds for higher education have risen by only two percent.

And the end is nowhere in sight. By the time the new cells are finished, says the Texas Board of Criminal Justice, the state will need space for another 28,000 prisoners. This year the board asked the state legislature

for an additional \$2 billion — an amount equal, coincidentally, to the entire state budget deficit.

Many of those tax dollars will end up in private hands, as Texas leads the nation in the number of prisons run by private companies. According to the Private Corrections Project at the University of Florida, there are currently 44 for-profit prisons with 22,121 beds already built or under construction in Texas, Louisiana, Alabama, Florida, Kentucky, and Tennessee.

Despite the soaring costs, Texas officials have yet to take any substantive action to reduce crime and avert future prison spending. "We're so busy killing alligators," says Comptroller John Sharp, "we haven't been able to drain the swamp."

In a recent report on the prison morass, Sharp cited the federal War on Drugs as one source of the mess. Thanks to strict mandatory sentences, the number of Texas prisoners serving time for drug-related offenses has more than doubled over the past decade.

As always, the new prisoners have been drawn primarily from the ranks of the most disadvantaged.

"Prison is for the poor, the uneducated, and the unskilled," says Carl Robins, an ex-prisoner who now runs a state-sponsored job training program for inmates. A former heroin addict, Robins shuffled through prisons in the South for 32 years before kicking his habit and going straight. He believes intensive drug and alcohol treatment programs are needed to avert future

prison expansions.

Statistics support his theory. Although 80 percent of its

## NEW PRISONS

Prisons are a growth industry in the South; thousands of new cells and additional beds were under construction in 1992.

	# of Beds	\$ in Millions
Arkansas	4,200	112.1
Florida	3,446	66.4
Georgia	7,129	218.4
Kentucky	550	36.7
Louisiana	200	2.5
N. Carolina	4,328	150.4
S. Carolina	4,496	136.0
Tennessee	1,104	24.0
Texas	37,800	1,110.7
Virginia	3,675	104.8
W. Virginia	1,284	61.9
<b>TOTAL</b>	<b>68,122</b>	<b>2,023.9</b>

Source: U.S. Bureau of Prisons

prisoners abuse drugs or alcohol, Texas is the stingiest state in the nation when it comes to drug treatment and prevention. The state spends \$175.13 per capita to put criminals behind bars — yet devotes only \$1.47 to prevent drug abuse and treat addicts.

Governor Ann Richards has approved a plan to provide 12,000 prison beds for inmates receiving alcohol and drug treatment. But Robins and others say cutting prison costs will require more than an ounce of prevention. Advocates say drug treatment, education, and job training should be mandatory for all prisoners — and taxpayers should support low-cost alternatives to putting more poor people behind bars.

"We have to re-think who goes to prison," Robins says. "These prisons will eat us alive if we don't do something."

— Robert Bryce

## CRIME PAYS

**F**ederal Judge Robert Collins of Louisiana receives an annual salary of \$133,600 from the taxpayers. For the past two years, however, the checks have been

## NICE HAT, OFFICER

Anyone busted in the South can rest assured that they have been arrested by some of the best-dressed cops in the nation. In August, police units from Kentucky, South Carolina, and Virginia took top honors among 527 agencies competing in a uniform contest sponsored by the National Association of Uniform Manufacturers and Distributors. "A uniform is a symbol of authority," explained Bernard Lepper, executive director of the association. "In a time of crisis, a well-dressed officer can be very reassuring."



sent to a Florida prison, where Collins is serving time for taking a bribe from a drug smuggler.

A convicted felon on the federal payroll? The Constitution, it seems, prohibits cutting the pay of sitting federal judges — and it takes Congress years to impeach wrongdoers. Judge Walter Nixon of Mississippi, convicted of perjury in 1986, collected more than \$320,000 in pay before his 1989 impeachment.

Judge Collins, for his part, appears to be a model prisoner: This year he received a \$4,100 cost-of-living raise. If he is not removed from office by his 65th birthday in 1996, he will qualify for a lifetime federal pension at full pay.

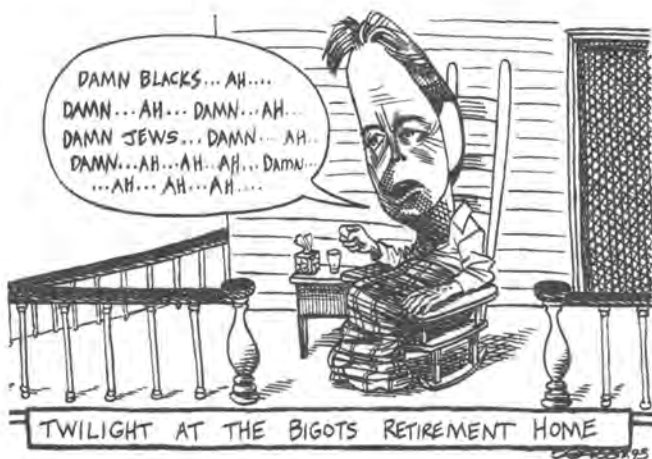
## GOVERNORS GO BANANAS FOR TRADE

Less political violence and more democracy have made Central America a good place for the South to do business — or so says Virginia Governor Douglas Wilder, chair of the Southern Governors Association. Accompanied by governors Edwin Edwards of Louisiana and Kirk Fordice of Mississippi, Wilder flew to Honduras in June to deliver the keynote address at the Conference on Investment and Trade in Central America.

"Along with greater political freedom have come market reforms and growth, creating new investment and trade opportunities throughout the region," Wilder told the gathering of government and business leaders.

The Southern governors hope the warming of Central America's business climate will pay dividends for the South, which has long had close ties to the region. The conference itself grew out of a meeting between Southern governors and Central American heads of state that Wilder hosted in Charlottesville last year. That meeting established a "Central American-Southern States Partnership Task Force" to promote trade and economic cooperation.

Central America — Belize,



## DAVID (YAWN) DUKE

**D**avid Duke, former grand wizard of the Ku Klux Klan, has been having a hard time since he lost his job as a Louisiana state representative last year. First voters soundly rejected his bid for governor. Then he tried peddling insurance. Now his daily call-in radio show in New Orleans is in danger of being canceled.

The reason? Duke is dull.

Bob Namer, the station manager who hired Duke last May, says he has tried to coach his new host to liven up, speak into the microphone, and quit talking about race because "even bigots get bored."

"Nothing's changed," Namer told the *Atlanta Constitution*. "He's on right now, and I can hardly hear him. This guy just doesn't listen. The guy really is into himself like nobody I've ever seen. I'm pulling the plug. Bottom line is, it's over."

Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama — includes some of the hemisphere's poorest nations. But its largely agricultural economy is closely tied to markets in the United States. Indeed, Central America is one region where the U.S. can still boast a trade surplus. The U.S. exported \$5.5 billion in goods to Central America in 1992, more than double the figure of five years ago. In his address Wilder noted that Southern states accounted for more than 70 percent of that total.

According to Liz Cleveland, a Mississippi trade specialist who accompanied Governor Fordice to Honduras, Gulfport is the number one port of entry for Honduran bananas. At the same time, Mississippi exports the fertilizers and pesticides used on the Honduran banana crop and the cartons used to ship the product. Honduran President Rafael Callejas is himself a graduate of Mississippi State University.

Mississippi hopes to increase shipments of Central American produce through Gulfport, sponsoring a series of seminars to instruct growers in how to prepare their products for the U.S. market. The state is also a major sup-



VIRGINIA GOVERNOR DOUGLAS WILDER WANTS TO DO BUSINESS WITH CENTRAL AMERICA.

plier to Guatemala's oil industry.

At the Honduras meeting, officials focused more on new opportunities than on traditional exports. Rufus Phillips, manager of Latin American exports for Virginia, says Governor Wilder would like to see Virginia engineering companies get a share of new development projects made possible by an influx of funding from the World Bank and Inter-American Development Bank. One Virginia company is already involved in a project to raise shrimp in Honduras.

Most of the feed for the shrimp-raising industry in Central America currently comes from Louisiana. In fact, the only tangible result of the conference may be an agreement to construct a new shrimp feed mill in Louisiana.

Nevertheless, Southern governors are expressing optimism that the Central American connection will bear new fruit. "The relationships we struck up down there can be very helpful," said Phillips. "It was an attempt, really, to network."

In the interest of networking, the Southern governors also managed to combine business and pleasure. They took time out from the conference to visit Copan, the site of a Mayan city that flourished around 700 A.D. The Hon-

durans want to develop the ruins into a tourist complex.  
— Karl Bermann

### FAST LINES, X-RAY FOOD

**P**oultry workers and consumer advocates are continuing their fight to slow down chicken processing lines that cripple workers and poison food. The rapid line speeds that demand stressful repetitive motions have been getting worse: Since 1987, the injury rate among poultry workers has jumped by more than 20 percent.

In May, 100 Latino workers at Case Farms staged a wildcat sit-down over lost wages, improper pay deductions, and working conditions. About 50 were arrested, but the company dropped the charges and settled some issues in return for workers dropping a counter-complaint. Fear of job loss is still pervasive, however, as workers turned down the help of union reps and wouldn't give their names to reporters.

In July, Perdue Farms settled a lawsuit for cheating workers out of pay, and two other North Carolina poultry processors face similar complaints. Workers say they lose several minutes of pay at the beginning and end of each day because of the way the processors manipulate the time clock — a cheap trick that adds up to hundreds of thousands of dollars for the companies.

That same month, Perdue began sending letters to injured workers performing "light duty," saying they would be fired after 90 days. The company promised to help find them jobs with other employers, but as one injured worker protested, "No one wants someone else's worn-out stuff."

The letters "make women shut up from even talking about 'I hurt,'" says Donna Bazemore, who counsels injured workers. "They know they're not going to find employment anywhere else."

The fast lines not only cripple workers, they also endanger consumers by increasing poultry



### FEDS CHEATED BLACK FARMER

**B**lack farmers have been losing ground rapidly over the past decade. Since 1980, the number of black-owned farms has declined from 45,000 to fewer than 15,000. Minority growers have blamed the federal Farmers Home Administration for speeding up the land loss with discriminatory lending practices; a 1990 Congressional report agreed that FmHA has been a "catalyst" in the crisis.

Now one farmer has been vindicated in his claim against the agency. The Department of Agriculture has determined that FmHA officials in Georgia blatantly discriminated against Welch Long, a 70-year-old black grower in Ebert County. Administrators knowingly lent Long more money than he could repay, denied him mandatory technical assistance, and withheld needed funds.

Long first borrowed from the agency in 1978 to plant wheat, cotton, and soybeans on his 162-acre farm. He got money to buy land — but no operating funds to enable him to plant. He got loans to buy herbicides — but the money arrived after weeds had already

killed his crop. He fell \$300,000 in debt, and FmHA moved to foreclose on his farm.

Long knew discrimination when he saw it. As a leader of the Ebert County NAACP he had worked for black voting rights and had helped integrate the county fire department. He charged FmHA with racial bias, but the state director of the agency dismissed the accusation in 1982, calling Long a "lifelong complainant about discrimination."

The case was reopened last spring after former Mississippi Congressman Mike Espy was sworn in as the first black Secretary of Agriculture. Since Espy took over, there have been more than 10 findings of racial discrimination in FmHA — compared to none during the dozen years of the Reagan and Bush administrations.

So far, though, officials have not said what they plan to do about the discrimination against Long, and FmHA has not forgiven his loans. "This illustrates the problems in the agency's civil rights procedures," said Randi Roth, an attorney for the farmer. "They've found discrimination, but it's stunning that they don't tell the person what remedy they'll offer."

contamination and making it hard for government inspectors to weed out diseased birds. Some food experts and regulators want processors to clean up contamination by irradiating chickens. Poultry would be

bombarded with the equivalent of 30 million x-rays, killing dangerous bacteria along with the kind that warns consumers when the meat is rotting.

Food & Water, Inc. and other advocacy groups say irradiation

is unproven, depletes nutrients, and creates more hazards than it corrects. Irradiation also poses a threat to workers and the environment. In 1988 some steel rods corroded at an irradiation facility in Decatur, Georgia, ex-



posing employees to cancer-causing rays and contaminating 25,000 gallons of water.

Despite the risks, the government legalized the technology for chicken last year. Vindicator, Inc. of Florida — the major irradiation company in the nation — is ready for business.

So far, no chicken company wants to be the first to test consumer reaction to store labels bearing the irradiation symbol. With the recent deaths from undercooked beef and new consumer warnings, however, chicken processors are under new pressure to legitimize irradiation. Consumer advocates say a better solution would address the root problem of contamination with slower lines and better inspections — not make it easier to produce unhealthy products.



—Bob Hall

To tell chicken makers to slow down processing lines, call the National Broiler Council at (202) 296-2622. To support the fight against irradiation, call Food and Water, Inc. at (800) EAT-SAFE.

## DUPONT PAYS FOR DAMAGING CROPS

Dupont agreed on August 12 to pay at least \$4.25 million to settle a lawsuit filed by four growers who blamed extensive crop damage on the fungicide Benlate DF. The case was the first of 400 Benlate suits expected to come to trial.

## DEAD IN THE LIVING ROOM

Two North Carolina men have invented Kas-Kit, a collapsible casket that doubles as a TV stand, night table, or footlocker. When someone in the family dies, the furniture has telescoping sections that can be extended to just the right length. At \$450, it's also thousands of dollars cheaper than conventional coffins. "That kind of expense can ruin a family," says inventor Urell Lowery. "A casket should be inexpensive. After all, it's just going in the ground."

The settlement came as a jury entered its second day of deliberations in a five-week-old trial in Columbus, Georgia — thus preventing jurors from reaching a verdict in the case.

Dupont immediately hailed the settlement as a victory. "It is apparent that there is no evidence to support the claim that Benlate harmed crops," declared Dupont Chairman Edgar Woolard Jr. "This settlement is simply a prudent business decision."

But advocates for growers said otherwise. "There's no way that a company like Dupont would have agreed to pay out more than \$4 million in this case unless company officials knew that their product was responsible for the damage," said Florida Agriculture Commissioner Bob Crawford. More than 200 Florida growers have filed claims of up to \$500 million against the chemical giant.

Crawford also said that Dupont hid the full amount of the settlement, which reportedly included \$7 million in attorney's fees and an unknown sum for 10 other growers represented by the same lawyers as the four in the Georgia lawsuit.

The Georgia case went badly for Dupont from the start. Before the trial began, Judge Robert Elliott fined the company \$1 million for withholding information from growers and refused to allow some Dupont evidence to be presented.

Many observers expect future settlements to be even bigger. "They got off pretty easy in Georgia," said Crawford. "I think the cases in Florida are very

strong, because we have more scientific evidence."

But while Florida farmers stand to collect millions for crop damage, those who work in the fields have been left unprotected. According to farmworkers and their advocates, the suits against Dupont do nothing to address the potential health hazards of

Benlate. "Nowhere do the farmers mention the farmworkers," says Margarita Romo, director of Farmworkers Self-Help in Dade City. "I think it is really sad that the farmers are so concerned about their crops, but not concerned about human life."

Romo and others are lobbying for right-to-know legislation that would require farmers to tell workers what pesticides are sprayed on the fields. "In Florida, farmworkers are the only group that do not have the right to know what chemicals they are exposed



## GIVE MY POOR HEART EASE

I walked 61 Highway 'til I give down in my knees  
I walked 61 Highway 'til I give down in my knees  
And I want somebody to give my poor heart ease.

61 Highway is the longest road I know  
61 Highway is the longest road I know  
It runs from way up North to the Gulf of Mexico.

— "Highway 61 Blues"

John "Son" Thomas, one of the great blues artists of all time, died in July at the age of 69. Thomas and his guitar were a familiar sight on the porch of his home in Eden, Mississippi, where he often performed favorites like "Catfish Blues" and "It Hurts Me Too" for friends and visitors. He was also the only artist to perform at every Mississippi Delta Blues Festival since the celebration began in 1977.

"Son was the epitome of what the Delta blues is all about," says Malcolm Walls, producer of the music festival. "He came from a humble beginning. He was a grave digger, worked as a sharecropper — he *lived* the blues. He would always say that the blues was a feeling, and you could certainly hear his experience in his music — so basic and pure. The strongest influence on his art was the reality of his life. He was a poor man, but out of all that he was able to express a level of creativity that was unique. He was also a sculptor, and his work was presented at the Smithsonian."

"Son was an unselfish person, very giving," adds Walls. "I think he found more comfort playing for people on his front porch than he did in a concert hall. He touched so many people. This year we are dedicating the festival to him in his honor. We'll certainly miss him."

to," says Romo. "We want to pass a law that changes the whole attitude of the state."

## ALABAMA SET TO REFORM SCHOOLS

For more than half a century, public schools in Alabama have suffered from inequitable funding. Because schools supplement state funds with local tax money, classrooms in wealthier communities have more resources than those in poor and rural parts of the state. Some Alabama children ride 20-year-old buses to deteriorating schools that lack basic supplies, while others attend small classes in well-maintained schools, study art and foreign languages, and learn on the latest computers.

But all that began to change last March, when Montgomery Circuit Judge Eugene Reese ruled the entire education system unconstitutional, terming it both inequitable and inadequate. Reese agreed with parents, stu-

dents, and school administrators who sued the state, maintaining "that children in poor school districts have less adequate school facilities, a less enriched curriculum, more poorly paid teachers, and generally less money for their education." The judge ordered the litigants to deliver a remedy plan by October 1, and appointed Auburn University history professor Wayne Flynt to facilitate the effort.

Since then, the litigants have been working in tandem with a task force appointed by Governor Jim Folsom Jr. to redesign the public school system. With Flynt serving as the court-appointed liaison, the two groups are busy drafting a plan — including ideas borrowed from other states that recently overhauled their school systems.

"There's no point in reinventing the wheel," explains Flynt. "We're looking at Oregon. We also are looking at Kentucky, South Carolina, and Washington State. I don't know that one of

those models has been more influential than another."

Dr. David Hornbeck, a consultant who helped develop a court-ordered plan for education reform in Kentucky, has been working closely with the Alabama groups. An initial draft of the plan calls for sweeping reforms to overhaul the system — improving teacher education and pay, rewarding local schools that meet state standards, providing social services to families in need, strengthening special education, and redistributing funds to ensure equal education.

"The quality of a child's education shall not depend on where the child

## CLEAN OUT YOUR DESK

Harried managers of non-profit organizations take heart. A newsletter called *Staff Leader* promises to "put you firmly in control of touchy staff problems." According to a free handbook for new subscribers, the potential nightmares include "staff who want to attend board meetings" and "the staff mutiny — every administrator's secret fear."

The handbook makes quick work of employee upstarts. Chapter Two is called "Everything you need to know about hiring staff." Chapter Three is entitled, "What every administrator must know about firing staff."

lives and attends school, nor upon the tax capacity of the local school system in which he or she happens to reside," the draft states. "Every child shall have equal claim to the educational benefits of the state. School funding shall be equitable."

The draft also calls for development of a long-term plan for high schools similar to one developed in Oregon. If adopted, Flynt says, the plan will establish a strong core curriculum "from the first year of high school right through the senior year." Every student will be required to pass the core classes, regardless of what career path or future schooling they intend to pursue later.

There will be no way to evade the stringent courses, no easy way through high school, Flynt says. Instead, students who fall behind will be given more time to master the required coursework. Once students pass a test and receive a "Certificate of Initial Mastery," they can begin taking electives leading to college or to high-skill vocational training.

The trickiest part of the plan, of course, will be how to pay for all the reforms. Alabama has long had the lowest property taxes per person in the nation, and timber and farm interests have fought to keep it that way. At one point, Flynt, a frequent and eloquent proponent of educational improvement in the state, called the Alabama Farmers Federation "not a good citizen" because it has fought property tax increases that would improve schools.

The federation president responded by threatening to cut off funding for programs at Auburn. University President William Muse defended Flynt's academic freedom, saying the institution



supported the professor's right to voice his views.

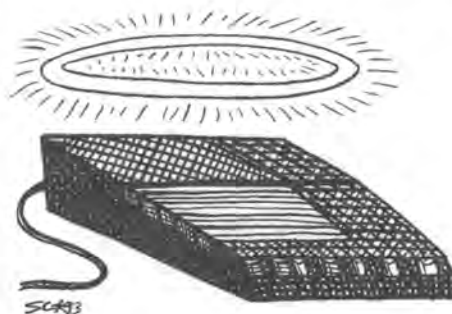
Flynt said recently that the first task of the reformers is to design a "world-class" education system. After that, planners will put a price on the package and calculate how much Alabama can afford to spend on educating its children. Then comes what Flynt calls "the most painful step" — going through the plan and deciding what to cut.

Flynt says the reforms will go a long way toward providing an equal education for all children, rich and poor alike. "When it's done, I'll be ecstatic," he says. "For the first time, I can see Alabamians coming together to give their kids an even chance at a decent future."

— Judy Johnson

*Illustrations by Steven Cragg.*

*Readers are encouraged to submit news articles to Roundup. Please send original clippings or photocopies with name and date of publication, or articles of no more than 500 words.*



## WAIT FOR THE BEEP. AMEN!

Should employees be allowed to quote the Bible in voice-mail messages at work? The answer is no, according to Duke Power. The North Carolina-based utility has forbidden its 18,000 workers from citing Bible scripture on voice-mail recordings, messages sent over computers, and fax cover sheets.

The edict came after several employees complained about the frequent appearance of *deus ex machina*. "A lot of employees were using little taglines," says spokesman Randy Wheelless. "We felt it didn't fit in. It should stay strictly business."

Some employees say the directive infringes on their freedom of expression. "It's terrible to think God's being taken out of the workplace," complained one worker. "It's by the grace of God that Duke Power is making a living."

## CITY CLEANS LABOR POOLS

When *Southern Exposure* first wrote about labor pools in "Workaday Blues," (Fall 1990), the temporary agencies were doing big business across the region. Since then, a growing number of companies in need of part-time employees have turned to labor pools, which employ poor and homeless men for \$25 a day to work in dirty, often dangerous conditions.

The abuses have continued. Just last month, for example, a labor pool in Atlanta paid one worker \$1.69 after he had worked for more than two days. The agency had deducted transportation and equipment charges from his pay, and refused to pay him for some hours he worked.

Now advocates for the working poor in Atlanta have won an important victory in their fight to eliminate such abuses. Following the recommendations of a task force that studied labor pools for two years, the city council has approved a landmark ordinance that regulates and monitors all labor pools operating within the city limits.

Greg Payne, a staffer with the Atlanta Task Force for the Homeless, says the new rules provide for the toughest regulation of labor pools in the country and offer a model for other cities that want to protect the rights of poor and homeless workers. "It will serve notice to



labor pool operators that they can't cheat workers out of their pay and expect to get away with it," Payne says.

Under the new rules, all labor pools that do business in the city must:

- ▼ pay \$1,500 for a city license.

The city will review

the license annually and revoke the permit if a labor pool breaks the law.

- ▼ keep daily records for each worker sent out on a job, including the name and address of the employer, the type of job assigned, and the number of hours worked. Workers must sign the logs daily, verifying the information.

- ▼ give workers a written pay stub with their paychecks listing all hours worked, the hourly wage, and any deductions. Labor pools are also prohibited from

charging workers for equipment and for transportation to and from work sites.

Advocates for the homeless hope the annual license review will force labor pools to play by the rules. "Previous attempts to regulate labor pools relied on enforcement through lawsuits brought by labor pool employees," says Payne. "Since most homeless people can't spend the time or money to access the court system, virtually every violation

went unpunished."

The new regulations come as labor pools gear up to get in on construction work for the 1996 Summer Olympics. "In the next

few years, the labor pool business will be booming," says Payne. "The new regulations and protections for workers couldn't come at a better time."

Nevertheless, Payne acknowledges, the new regulations allow labor pools to continue profiting from unskilled workers. Fraud and abuse may be curbed, but the steady march towards a part-time economy will continue.

"The only thing that will lift people out of poverty will be full-time jobs that pay a livable wage," says Payne. "Unfortunately, our economy is moving farther and farther away from that."

— Adam Feuerstein

## FEDS BITE FOOD LION

Food Lion was unhappy when *SE* reported on unfair labor practices at the rapidly expanding supermarket chain in "The Lion Roars" (Summer 1991).

The investigation documented how Food Lion harasses employees and forces them to work overtime without pay. The company responded with a smiley-faced TV ad campaign that dismissed reports in "certain publications" — and launched a less-publicized effort to pressure shopping centers to ban several weekly newspapers that reprinted our article.

A few months later, the U.S. Department of Labor charged the company with widespread violations of overtime pay rules and child labor laws. In August, Food Lion agreed to pay \$16.2 million in fines and back pay to settle the case — the largest wage-and-hour penalty ever paid by a pri-

vate employer in U.S. history.

Under the terms of the settlement, the grocery chain will pay \$13.2 million to nearly 40,000 current and former employees. Food Lion must also provide quarterly reports about its labor practices and hire an ombudsman to investigate problems.

Despite the fine, Food Lion maintains its innocence, calling the thousands of violations "isolated incidents." The government says otherwise. "Food Lion is one of the most blatant, arrogant, irresponsible violators of labor laws in the nation," according to Representative Tom Lantos of California.

Food Lion's troubles are far from over. Company co-founder Ralph Kettner resigned from the board of directors earlier this year, and a top executive who masterminded a marketing push into Texas quit abruptly in August. Profits and stock prices continue to plummet following

reports that the chain routinely sells out-dated and spoiled food. And another 900 workers are still suing the company over additional violations of labor laws at its more than 1,000 stores across the South.

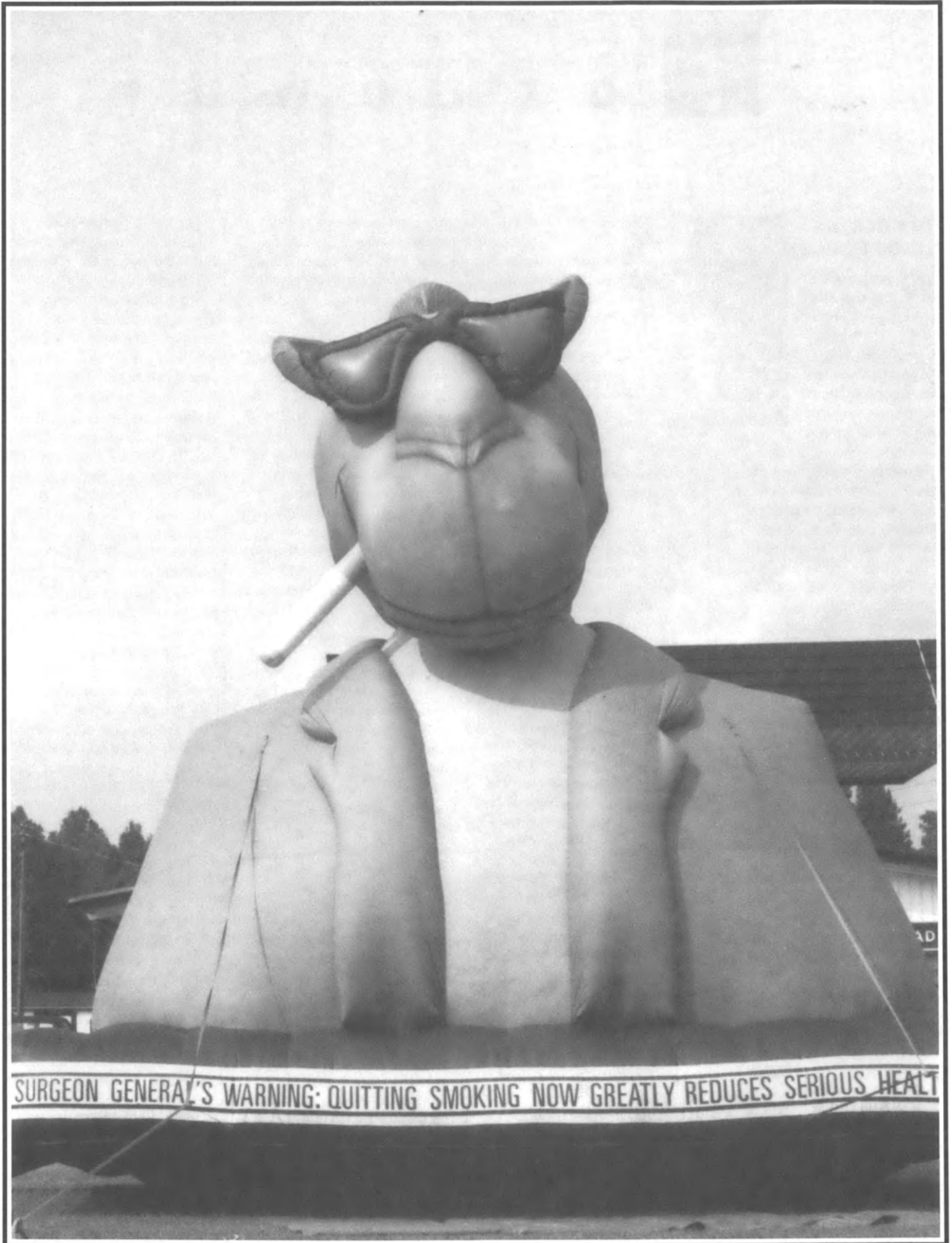
Some advocates for workers and consumers are calling for

even tougher fines against the supermarket chain. "Companies like Food Lion should not be able to abuse workers and minors as a means of immoral profiteering," says Keith Mestrich of Consumers United With Employees. "Unless companies are forced to pay a severe penalty for these transgressions, the law will not protect citizens, consumers, or employees."

— Eric Bates



*The new rules provide for the toughest regulation of labor pools in the country and offer a model for other cities.*



FILLED WITH HOT AIR, JOE CAMEL LOOMS LARGE IN THE BATTLE TO TAKE PUBLIC MONEY OUT OF TOBACCO INDUSTRY STOCKS.

# THE FIGHT

**AS CANCER HOSPITALS AND  
PUBLIC INSTITUTIONS PROFIT  
FROM TOBACCO STOCKS,  
ACTIVISTS ARE PUSHING THEM  
TO DIVEST.**

# TO



# SWITCH

**By Jay Root**

**HOUSTON, TEXAS** — A few words, delivered by his doctor, ended the addiction that led Everett Hanlon to smoke two packs of cigarettes a day for more than four decades.

"I think you got lung cancer there, fella," his doctor told him over the phone. Hanlon, then chief executive officer of an electronics company, crushed out the cigarette he was smoking at the time and never lit another. Surgery, radiation therapy, and a fifty-fifty survival prognosis finally enticed him to kick the habit.

Yet lung cancer has done nothing to end a different kind of tobacco habit practiced by the very institution that treated Hanlon — the prestigious M.D. Anderson Cancer Center at the University of Texas.

For years, the school has invested its endowment in the stocks of tobacco companies — among them the makers of Camel, Marlboro, and Lucky Strike cigarettes, to name a few. Despite pressure to divest, current university investments in four top-ranking tobacco companies figure at just over \$50 million.

Those mega-shares give UT System the dubious distinction of holding perhaps the largest investment in tobacco stocks of any public university. Former U.S. Surgeon General C. Everett

Koop singled out the university during a campus speech as "kind of schizophrenic," given its "world-renowned reputation for treatment of cancer at M.D. Anderson Hospital, where 10,000 people are there a year because they smoke."

The stocks do not, however, qualify the school system as the only institution fighting cancer while trying to maximize returns on investments — even if that means supporting the makers of a product deemed by the Centers for Disease Control to account for 435,000 deaths a year, more than all illegal drugs combined.

Pension systems, retirement funds, and universities across the nation have been profiting from tobacco stock for years. A 1990 study by divestment activist Dr. Gregory Connolly details some \$21 billion worth of tobacco stock held by state pension funds, insurance companies, investment funds, banks, college endowments, and academic retirement funds as of December 1987. The state of Texas alone holds nearly \$400 million in tobacco stock, including \$250 million in its Teacher Retirement System.

Connolly, head of the Massachusetts Office for Non-Smok-

ing and Health, has also uncovered \$7 billion worth of tobacco stock held by 37 state retirement funds. The California system contains some \$500 million in tobacco investments — even though the state is considered a leader in anti-smoking initiatives.

The glaring contradiction between public health and healthy investments has sparked grassroots efforts by students, doctors, and other concerned citizens to force public institutions like the University of Texas to divest. But the growing campaign to dump tobacco stocks has encountered opposition from university trustees, public officials, and money managers who would rather fight than switch.

“By and large, these are decisions made by a very small number of people behind closed doors,” says Connolly. “It’s like the FBI buying stock in the Mafia.”

### NEW PATIENTS

The justification most often used for resisting divestment is three-fold: that it breaches the “fiduciary responsibility” of an institution to maximize investments, that tobacco companies are most often diversified conglomerates, and that dumping stock would do little to change the tobacco industry.

Indeed, even Everett Hanlon, the 62-year-old cancer patient treated at the M.D. Anderson Cancer Center, offered that line of reasoning. Occasionally coughing as he spoke over lunch at a westside Houston restaurant, Hanlon said the mission of UT’s financial advisors is to maximize income. Period.

“Maybe it’s because I’m a businessman,” he said. “I’m a big boy. And I’ve known for more than 30 years that smoking ain’t good for you. And anybody that does smoke is a Goddamn fool.”

By contrast, divestment proponents argue that while tobacco conglomerates may be diversified, they get most of their profits from selling a product that is addictive and deadly. As anti-tobacco activists often point out, cigarettes are the only product on the market that harms consumers even when used exactly as intended.

But what impassions activists the most, what leads them to criticize their own employers, is the hypocrisy of institutions that claim to abhor the use of tobacco — all the while investing in companies accused of enticing children, targeting minorities, and hooking others on smoking.

“The only way these companies are going to continue to make new profits is to recruit new smokers,” says Dr. Joel Dunnington, a member of Doctors Ought to Care (DOC) and a radiologist at M.D. Anderson in Houston. “New smokers — and new patients.”

Dunnington cites a 1990 study by the Journal of the American Medical Association showing that two million children take up smoking each year — 5,479 a day, or 228 every hour. Another JAMA study found that 91 percent of six-year-olds can match

cartoon character Joe Camel with a picture of a cigarette — making the grinning tobacco pusher nearly as familiar as Mickey Mouse. Since “Old Joe” was introduced, illegal sales of Camel cigarettes to children have skyrocketed from \$6 million to \$476 million a year.

Armed with facts like these, Dunnington and other members of DOC send letters urging institutions to divest, organize protests of museums and charities that accept money from tobacco companies, and ask organizations to divulge their tobacco holdings.

DOC, a Houston-based group founded and chaired by Dr. Alan Blum, has rallied grassroots support for anti-tobacco causes and has generated countless headlines, both locally and nationally.

The group was instrumental in removing tobacco advertising from the view of television cameras at the Houston Astrodome and has relentlessly criticized Rice University for owning more than \$40 million in tobacco holdings. DOC also uncovered crucial internal documents of tobacco giant Philip Morris, maker of Marlboro cigarettes, detailing strategies for donating \$17 million to schools, charities, cultural groups, and hospitals in an effort to defeat anti-tobacco legislation.

According to Blum, who says he collects 100 pounds of materials each month on tobacco-related activities, the industry supports projects such as the arts and hospital research because “charity” buys a desperately needed commodity: respect.

“The tobacco industry wants image so badly,” he says. “The ceremonial, the ritual, and the symbols are all very important.”

### SMOKE FREE?

Ron Turk, another anti-tobacco activist now on the Houston scene, was a college student at the University of Texas at Austin when he first became interested in divestment. After reading in *The New York Times* that Harvard University and City University of New York had dumped their huge tobacco holdings, Turk turned his attention to his own school.

He first got in touch with the Tobacco Divestment Project in Boston, the non-profit group that convinced CUNY to divest itself of \$3.5 million in tobacco holdings in 1990. Turk also spent countless hours on the telephone with Dr. Phil Huang, a Harvard student and Rice University alumnus who developed radio ads critical of the Harvard holdings as part of a course on the role of the media in public health.

Those were heady times for divestment activists. Two prominent institutions had taken the moral high ground, placing the public good above private profits. The city of Pittsburgh, the Presbyterian Church, and the Robert Wood Johnson Foundation soon followed suit, and the Texas Board of Education nar-



Photo by King Chou Wong/The Houston Post

**MEMORIAL SOUTHWEST IN HOUSTON SPONSORS QUIT-SMOKING CAMPAIGNS FOR ITS EMPLOYEES — YET INVESTS \$2.3 MILLION IN TOBACCO STOCKS.**

rowly rejected a move to sell \$100 million in tobacco stocks.

"Tobacco is an addictive substance and causes illness," said the Reverend Belle Miller McMaster, director of social justice and peacemaking for the Presbyterians. "We need to learn to deal with that so that it is not destructive."

But for Turk and the University of Texas System, the road proved steeper. The Houston native formed a group called Students Against Tobacco Investments, but says he realized from the outset that he could not count on an active student lobby. "I didn't spend any time on students because they were such a waste of time. It took me the same amount of time to get the support of the former surgeon general as the future dentists association."

Moreover, then UT Board of Regents Chairman Louis Beecherl firmly opposed dropping the stock. In an October 1990 letter to Turk, Beecherl wrote that he did not believe "divestiture of tobacco securities is consistent with the obligations of the Board of Regents to nurture the long-term interests of the University of Texas System." He went on to say that the board rejects the use of UT funds as a way to "advance social or political causes."

Around the same time, however, regent W.A. "Tex" Moncrief wrote Turk to say he agreed with the student's recommendations and thanked Turk for his interest in "an obnoxious habit that is a killer and should be eliminated."

With months to go before the measure came before the board for a vote, Turk used the time to garner the support of alumni, faculty members, and public officials like Surgeon General Koop, the Texas Board of Health, and Governor Ann Richards.

"I do not believe that it is good public policy for state institutions to have major holdings in the tobacco industry," Richards wrote. "We spend millions of dollars each year in state hospitals and clinics treating the cancers and other respiratory problems associated with smoking."

A month before the key meeting on June 6, four of the nine regents told *The Houston Post* they would vote to divest. Another — Regent Sam Barshop — said it was "probably a good idea."

When the anticipated meeting arrived, the four were true to their word. But Barshop — citing legal interpretations relating to divestiture — cast a "no" vote. Since one regent was absent, it was a tie 4-4 vote and the motion to dump the stock failed. In its place, the regents made all UT system campuses and stadiums smoke-free.

Though Turk said at the time he was "delighted" that the divestment campaign pushed regents to ban smoking, he is now much more critical of the vote. "I'm proud that they went smoke free," says Turk, now a law student in Houston. "But that move only highlighted their hypocrisy. Now the UT System is the largest smoke-free institution in the world. Yet it is simultaneously one of the largest investors in America's corporate drug pushers."

### "KING OF CONCEALMENT"

Joel Dunnington, the radiologist at the M.D. Anderson Cancer Center, also points to the move to substitute the smoking policy for stock divestiture as proof that holding tobacco securities influences university decisions. Without the divestment campaign, he says, UT would not have banned smoking.

"We've got to tell institutions to quit investing in tobacco stocks because it influences their decision making," Dunnington says. "I don't care what they say."

## A NEW CAMPAIGN

The group that went after Nestle and General Electric has now turned its sights on the tobacco industry. INFACT, a non-profit group based in Boston, announced the kickoff of its "third corporate accountability campaign" in May. "We're putting the tobacco industry on notice," said campaign director Kelle Louaillier. "We're letting them know that there's a huge group of people out there that want them to stop marketing tobacco to children."

INFACT — which stands for Infant Formula Action Coalition — got its start in 1977 organizing a boycott against Nestle. It earned the spotlight again last year by winning an Academy Award for its documentary *Deadly Deception*, a devastating expose of General Electric and the nuclear weapons industry. The group credits the film and its seven-year consumer boycott of the company for GE's decision to sell off its aerospace division last April.

GE officials claim the INFACT boycott had nothing to do with the sale, pointing instead to the shrinking defense industry.

Louaillier says it is "quite possible" that the war against the tobacco industry will include another documentary, but she declined to release specifics on the strategies, saying details will be forthcoming this fall.

INFACT has already launched a letter-writing campaign and has printed up buttons, stickers, and T-shirts. In keeping with its emphasis on stopping life-threatening abuses by transnational corporations, the group will focus on worldwide tobacco industry activities.

"Tobacco-related illness kills about three million people worldwide every year," said Louaillier. "It makes you sick, basically. Tobacco is very profitable and this industry has a lot of money to throw around."

The main thrust of the campaign will center on the marketing of cigarettes to children. According to the Centers for Disease Control, half of all smokers begin smoking regularly before 18 years of age.

Louaillier says the industry hooks 3,000 children a day to serve as "replacement smokers" for customers who quit or die from lung cancer or other diseases.

Walker Merryman, a spokesman for the pro-industry Tobacco Institute, denies tobacco companies have targeted children in their advertising. "We've been at the forefront of attempting to prevent not only the sales to youngsters, but their interest in smoking for many, many years," he said.

Merryman said he had heard of INFACT, but was unaware of the tobacco campaign. "It sounds pretty redundant to me," he said. "I haven't heard anything in your comments that hasn't been done already."

But INFACT promises its campaign will provide consumers with concrete ways to fight the tobacco industry and safeguard public health. Although it has not yet called for a boycott, organizers say they may coordinate direct action against tobacco companies.

"If necessary," the group said in announcing the campaign, "public pressure will escalate through the use of economic disincentives and other strategies, including direct challenges to companies at their shareholder meetings next spring."

—J.R.

For more information, contact INFACT, 256 Hanover Street, Boston, MA 02113, or call (617) 742-4583.

Dr. Charles LeMaistre, head of M.D. Anderson, declined to comment on the tobacco stock issue, pointing to his comments at the regents meeting. In an excerpt of the minutes, however, it does not appear that LeMaistre specifically took a position on divestment, though he did say that M.D. Anderson would be one-third smaller if it were not for tobacco-related disease.

Tobacco stocks are not the only way in which M.D. Anderson shares in industry profits. The cancer center has also accepted \$235,774 in research funds from the Council for Tobacco Research, a group set up and funded by the tobacco industry.

Michael Courtney, media specialist for the center, calls the CTR "an extremely prestigious council of scientists." But Richard Daynard, a Northeastern University law professor and editor of the monthly newsletter *Tobacco on Trial*, says the goal of the industry group is to create doubts that smoking is harmful and cancer-causing.

"The whole purpose of the CTR was to create a pretense for the public that the industry is really confused," he said. "It was a PR operation."

In addition, a report by the New York brokerage firm M.J. Whitman points to the CTR as the potential source of a new wave of "conspiracy" litigation charging the tobacco industry with having actively concealed the dangers of smoking from the public.

The report advises against investing in tobacco companies, noting that the recent case *Haines v. Liggett Group* could prove disastrous for the industry.

In that suit, Federal District Judge H. Lee Sarokin pointed to the activities of the CTR, concluding that "the tobacco industry may be the king of concealment and disinformation."

The M.J. Whitman report was released in April, a few days after Philip Morris sent tobacco stock prices plummeting with its announcement that it was cutting the price of Marlboro brands by 40 cents a pack to stem the flow of smokers to cheaper brands.

"We would advise people not to buy the stock of any tobacco companies because the litigation risk is so high," said Jack Hersch, a researcher with M.J. Whitman. "When it eventually hits home, it could potentially consume the equity value of the company."

As for the impact of divestment by institutions, Hersch said even relatively large liquidations have only a short-term impact on stock prices. However, if a large number of major institutional investors decided to quit holding the stock, it could potentially have a "major detrimental effect."

The latest large divestment came in April, just a few days after the price plunge. Blue Cross and Blue Shield of Michi-

gan announced it would dump \$20.4 million in tobacco and alcohol investments after Detroit newspapers began investigating the holdings. Pressure from tobacco companies failed to stop the divestment. "If someone is going to divest the stock, we're going to try to let them know why Philip Morris is a good investment," company spokesman Nick Rolli told the *Detroit News*.

Jason Wright, a spokesman for R.J. Reynolds parent RJR Nabisco, declined to comment on the divestment issue, saying only that the decision to divest rests with those who hold the stock.

## HOSPITAL HYPOCRISY

In Houston, the depressed stock prices have energized those fighting for divestment. After the price drop, City Councilwoman Eleanor Tinsley — who spearheaded measures to ban smoking in all public buildings, theaters, and shopping malls — called on the city's three employee pension funds to dump their \$10 million in tobacco holdings. In August, Tinsley reaffirmed her intention to propose a resolution to take city funds out of tobacco.

*Photo by Barry Yeoman/The Independent*



**MAINSTREAM MEDIA HAVE HIGHLIGHTED THE PLIGHT OF TOBACCO FARMERS WHILE LARGELY IGNORING THE CAMPAIGN TO DIVEST.**

Another Houston institution that recently announced plans to divest is St. Luke's Episcopal Hospital, which holds nearly \$1 million of tobacco stocks in its pension fund. "St. Luke's does not condone the use of tobacco and does not have any holdings on its balance sheet," the hospital announced in a statement. "The employee pension plan contains a small percentage of holdings in

tobacco companies. The outside firm which manages these securities has been instructed to divest these holdings as opportunities arise."

Ron Turk, the Houston activist, initially uncovered the stocks while researching holdings among hospitals last year. He also found that the pension funds of the Memorial Healthcare System, which owns four hospitals in the Houston area, have \$2.3 million invested in tobacco stock. Last November, Memorial System promoted the Great American Smokeout — urging consumers to quit smoking the very products the hospital invests in.

Undaunted by bad publicity, the hospital board voted in January to retain the tobacco stock. "It was decided that they would not inhibit the investment counselors in any way," said spokeswoman Michele Smith. "From what I was told, they did not sell any of it."

Turk blasted the hospital for its decision, saying the loss of money on the declining stocks was a "severe breach of their fiduciary duty."

"If there's any doubt in your mind as to whether hospitals should own tobacco stock," he said, "go to a smoker's funeral." □

*Jay Root is a reporter with The Houston Post.*



# POVERTY, INC.

**D**ot Woods used to be a teller at the old Fidelity bank on the corner of Driver and Angier in East Durham, North Carolina. “It was such a beautiful building,” she recalls. “It was so old-fashioned, with high ceilings and marble floors. It even had a balcony in the lobby.”

That was back in the 1950s, when the neighborhood bustled with life and local merchants prospered in the rows of red-brick shops that line the streets. Today the storefronts look worn and tired — and the imposing columns of the old bank now mark the entrance of East Durham Jewelry & Pawn.

Second-hand tools and stereos line the counters where local residents once made deposits and balanced their checkbooks. A sign next to a display of rifles announces, “Absolutely No Loaded Guns.” Customers can hock their belongings in exchange for loans that carry annual interest rates of 240 percent.

The bank-turned-pawn shop underscores a trend in inner-city neighborhoods and small towns across the nation. As mainstream banks have closed their doors in poor and working-class communities, unregulated money changers have moved in. Pawn shops and check cashers, rent-to-own stores and used-car dealers, finance companies and trade schools — all target the poor for profit, charging exorbitant fees and interest for basic services.

Credit is the lifeblood of the community. Loans enable people to invest in their future by buying a home, to get the education they need to find decent jobs, or to buy a car that will carry them to and from work, school, the store.

But those paths out of poverty are also the means by which financial predators now push people deeper into debt. Fraudulent home-loan deals, trade-school scams, and used-car rip-offs keep people poor — and enrich the businesses that lend them money.

The poor have always paid more — for groceries, household goods, insurance, and especially for credit. As more Americans sink into poverty or succumb to the lure of easy debt, however, the businesses that target them are bigger and more powerful than ever. They are increasingly owned by corporate giants like Ford, Westinghouse, and American Express, and underwritten by the same banks that refused the poor credit in the first place.

The poor aren’t the only ones hurt by predatory lending. As corporations pour money into pawn shops and other “fringe banks,” entire communities suffer. Hometown banks and S&Ls close their doors. Small businesses find it harder to get loans. Middle-class consumers, forced to borrow to pay their bills, find their credit ruined and their savings sucked dry. The entire nation becomes a financial ghetto, where usury is a trap, and bankruptcy the only escape.

Many who get in over their heads have few economic options, and lack the financial sophistication to avoid loan scams. But millions of well-educated consumers have also fallen prey to intricate schemes.

“We are convinced that the proverbial Philadelphia lawyer could not explain all the legal issues raised by these confusing documents,” said a Florida court after reviewing the paperwork on one 690-percent loan from a pawn company called Quick Cash. “This transaction could easily be the feature question in a difficult law school exam.”

This special section of *Southern Exposure* explores how the poverty industry works — and how average citizens are fighting back. Beating the credit predators won’t be easy. Consumer laws won’t solve anything unless they are accompanied by grassroots activism that educates people about their rights and develops non-profit alternatives that offer credit at a fair price. Without real reform, consumers will continue to sink deeper into debt.

Lilly Hunter tried to pull her four children out of poverty by enrolling with a trade school in Roanoke, Virginia. “Drive big trucks,” read the ad. “Make big bucks.” But the promise of a job proved to be a lie — and Hunter wound up \$3,600 in debt.

“This was me and my family’s way out,” she said. “I was proud of myself for doing something. And my kids was, too. But really all they got was their heart broke.”

— Mike Hudson and Eric Bates

*Mike Hudson, a reporter with the Roanoke Times & World-News, has been investigating the poverty industry for two years. Eric Bates is editor of Southern Exposure. Support for this project was provided by the Alicia Patterson Foundation, the Fund for Investigative Journalism, and the Dick Goldensohn Fund.*



# THE POVERTY INDUSTRY

BY MIKE HUDSON

**A**cross the South, big corporations are making billions of dollars in profits by targeting the region's most economically vulnerable citizens. Poor and working-class people. African-Americans, Hispanics, and other minorities. Middle-class consumers who suddenly find themselves jobless or overwhelmed by bills.

Each year, millions of Southerners are swindled, ripped off, or gouged by exorbitant prices for loans and basic financial services. They are targeted because they lack the income, credit history, or skin color to qualify for the fair-market rates and above-board treatment offered to more affluent — and mostly white — consumers.

They are people like Deborah James.

**D**eborah James shushed her baby as he cried and wriggled in her arms. She was worried. She was in debt and could see no way out. "Stop Adrian," she told her son. "Quit, quit, get up."

Across the table, a loan officer with ITT Financial Services in Jacksonville, Florida was oozing concern.

"He's just tired, that is what his problem is," the loan officer said. "I'll get you out of here buddy, just give me a little time. He can smile, give me a smile."

He pushed some papers in front of James.

"Look at that. OK, then this one right here. And this one right there. And this one right there."

She signed a few more, and it was over.

"If you've got any problems at all don't hesitate to call me," he said. "I'll give you my card, so don't get behind that eight-ball anymore. You can always call me and I am sure that we got a solution."

James thought ITT was helping her

climb out of debts to a waterbed store and health spa. She was wrong. It was digging her in deeper.

Once the finance company took over her debts, it rewrote her loan contract five times over two years — lending her \$2,669 to pay off bills.

James paid back all but \$45 of that in monthly installments, but her debt now totals more than \$4,000. Why? Because ITT charged her interest rates between 21 percent and 30 percent, tacked on fees each time it rewrote the loan, and billed her more than \$1,600 for credit insurance, an item consumer advocates say is virtually worthless to borrowers.

When James couldn't keep up with her payments, collectors working for the company called her home. Sometimes late at night. They called her at work. They called her mom.

"It really and truly hurt me that they would take advantage like that — in such a disguise that everything they were doing was for my benefit," James says.

Other ITT customers report the same mistreatment. The company charged Art Wrightson, a restaurant manager in Tampa, more than \$600 for credit insurance on a loan of less than \$2,600. "They're flat-out slick," he says. "They're taking advantage of a lot of people."

Gertrude Stuckey, a cafeteria worker in Jacksonville, ended up more than \$4,300 in debt after borrowing money from ITT to pay a \$500 dental bill. When she couldn't pay, she says, the company harassed her unceasingly.

"They laughed," she recalls. "They

thought it was funny when I said: 'You're violating my rights.'"

## THE NEW LOAN SHARKS

Low-life leg-breakers and con men operating from grimy storefronts aren't the only ones preying on the vulnerable. These days, most of the profits made from gouging disadvantaged consumers flow into the balance sheets of big banks and major corporations like ITT. They are well-known, respected, insulated by the advice of powerful law firms, oftentimes traded on Wall Street.

Some break the law. But most simply take advantage of harsh economic realities and lax government regulations that leave many consumers with few choices and little clout in the marketplace.

"Everybody is taking their pound of flesh every time a poor person does a transaction," says Gary Groesch, a housing activist who now heads the Alliance for Affordable Energy in New Orleans. "If poor people got an even deal, that would be a miracle."

The poverty industry begins at the bank door, where poor and minority consumers are shut out of mainstream sources of credit. Government studies and media investigations in recent years have repeatedly demonstrated that major banks systematically "redline" entire neighborhoods, refusing to lend money to the people who need it most. They also charge stiff fees for small accounts and bounced checks, making it tough for consumers with modest incomes to get access to basic financial services.

As a result, more and more Americans find themselves living in a financial ghetto, cut off from affordable credit. Yet the banks that put them there still find a way to make money from their discrimination. Major financial institu-

tions advance money to front companies — trade schools and tin men, used-car dealers and pawn brokers, finance companies and second-mortgage lenders. These businesses then loan the money — often at sky-high interest rates — to people the banks won't do business with themselves.

"These scams have existed for a long

power and economic resources brought into communities on very predatory terms."

The result is a debtors economy where everybody profits — except the poor. They are trapped into a separate but far-from-equal banking system where they pay more for everything.

There is no way to calculate exactly how much consumers pay for unfair credit; consumer debt now totals \$4 trillion, and many transactions go unreported. It is clear, however, that millions of Americans lose billions of dollars each year. Marty Leary of UNAC estimates that mortgage lenders and finance companies alone make at least \$70 billion a year in predatory loans.

The list of businesses that target the poor for profit is long. Among the biggest money gougers:

▼ **Second-mortgage companies** work hand-in-hand with mainstream banks to target poor and African-American homeowners. Contractors and mortgage brokers prowl minority neighborhoods offering loans with interest as high as 30 percent to pay off bills or make home repairs. Big banks finance the operations — and then "buy" the loans to collect the interest themselves. Fleet Finance, the Atlanta-based subsidiary of the largest bank in New England, has been accused of fleecing more than 20,000 borrowers in Georgia.

▼ **Fringe banks** — pawn shops and check-cashing outlets — make big profits by serving customers who have been locked out of mainstream banks. Check cashers typically charge two percent to 10 percent of a check's value to cash it. In many states, pawn shops charge interest as high as 240 percent.

*Photo by Keith Reynolds*



**DEBORAH JAMES THOUGHT ITT FINANCIAL SERVICES WAS HELPING HER CLIMB OUT OF DEBT. SHE WAS WRONG — IT WAS DIGGING HER IN DEEPER.**

time," says Marty Leary, research director of the Union Neighborhood Assistance Corp. (UNAC), which is investigating lending abuses across the nation. "What makes them different is the massive scale, the fact that they're very efficient profit generators for a very small number of people. It's a centralization of

Business is booming. The number of pawn shops has doubled in the past decade to an estimated 10,000. Since 1987, the number of check cashers has jumped from about 2,000 to an estimated 5,000.

▼ **Used-car dealers** take in billions of dollars a year, often working in tandem with banks and finance companies to set up low-income and credit-damaged customers for price gouging and loan schemes.

"For people who have bad credit, you're gonna have to take what they give you," says Rick Matysiak, special investigations coordinator for the Georgia Department of Insurance. "If you're gonna pawn off a car that has been cut in half and put back together, you put it to the people who have the least ability to fight back."

▼ **Finance companies** like ITT Financial Services make huge profits by serving as high-interest lenders of last resort for borrowers with limited income or shaky credit. Consumer debts to finance companies now total more than \$115 billion.

All but three Southern states allow finance companies to charge maximum interest rates of at least 36 percent a year — including 109 percent in Tennessee and 123 percent in Georgia.

▼ **Rent-to-own stores** have become a \$3.7 billion-a-year business by selling appliances and other household goods by the week or month to low-income customers — charging them as much as five times what they'd pay for the same items at traditional retailers. The industry has tripled in size in the past decade amid a frenzy of corporate buyouts and increasing chain ownership. A third of its 7,500 outlets are in the South.

▼ **Trade schools** use easy access to federal loan money and the promise of

better jobs to take advantage of low-income students. The schools — and the banks that finance them — have left hundreds of thousands of students stuck with the bill for billions of dollars in fraud-tainted profits (see story, page 28).

▼ **Debt collectors** do the dirty work when consumers can't pay, using threats and manipulation to make sure lenders get their money. One consumer advocate told

in the Republican Party in Georgia, once represented big companies. Now he defends consumers. "I got tired of being the guy who had to go out and screw somebody," he recalls. "You'd say: This is illegal, you can't do that. They'd say: We're gonna do it anyway."

Long says the small-time shysters that have long ripped off the unwary are nothing compared to the big corporations that now prey on the poor. "These guys that do it today — they've got it down to a science."

Photo by Jackson Hill



**"YOU CAN'T NEVER GET ON YOUR FEET," SAYS BUFFORD MAGEE, A NEW ORLEANS CABBIE WHO PAYS \$308 A MONTH TO THREE LOAN COMPANIES — INCLUDING ONE THAT FINANCED HIS BEDROOM FURNITURE.**

Congress that collection agencies and in-house bill collectors working for lenders have become "nothing more than terrorists" holding people hostage to their debts.

John Long, an Augusta attorney active

two guys riding up and down the streets. They stopped me one day. I said, 'Man, I don't need no bedroom.'" But he finally relented. "Come to find out the bedroom ain't worth nothing. It was sheet material. They made it themselves."

## **"THEY KEEP YOU POOR"**

One reason getting cheated on a loan hurts so much is that it usually leads to a cycle of more and more debt. That's what happened to Audery Duncan after she signed up for classes at the Crown Business Institute, a trade school in Atlanta. She says school officials promised to teach her to read, but never did. She ended up stuck with a \$2,500 student-loan debt to First American Savings.

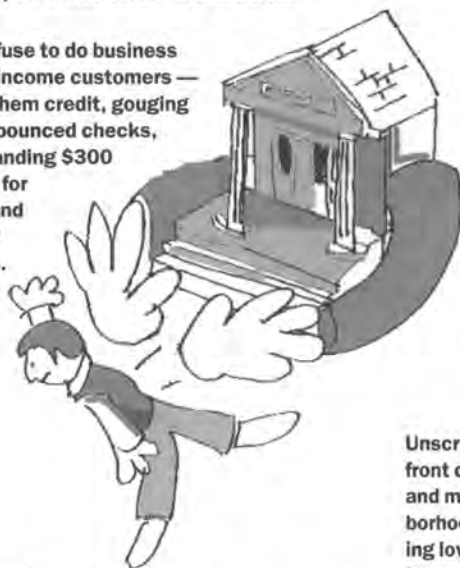
Her credit was ruined, and Duncan had to go to a rent-to-own store when she needed bunk beds for her daughters. She pawned her engagement ring to pay for food and clothing. And because she cannot get a checking account, she now pays a \$5 fee to cash her welfare check at a downtown Atlanta bank.

Bufford Magee, a New Orleans cabbie, pays \$308 a month to three finance companies, including one that financed his bedroom furniture. "They've got

# THE NEW LOAN SHARKS

Low-life leg breakers and con men operating from addresses unknown aren't the only ones preying on the poor. These days, many of the profits from pawn shops, check cashers, rent-to-own stores, and used-car dealers flow into the balance sheets of mainstream banks and major corporations. Here's how it works:

Banks refuse to do business with low-income customers — denying them credit, gouging them for bounced checks, and demanding \$300 balances for savings and checking accounts.



Banks meanwhile extend huge lines of credit to unregulated companies that loan money to the poor — the very customers the banks turned away. Mainstream lenders can thus support financial predators without getting their own hands dirty.



Unscrupulous contractors serving as front companies for banks prowl poor and minority neighborhoods, pressuring low-income homeowners to take out second mortgages for home repairs. Banks and big investors then "buy" the loans so they can collect sky-high interest and foreclose on homeowners who can't pay.



Pawn shops, check cashers, and finance companies gouge consumers with exorbitant interest and fees for basic financial services. Many are underwritten by major banks and owned by corporate giants like General Electric and American Express.



Used-car dealers often work in tandem with banks to set up customers for loan scams and hidden finance charges, while big rent-to-own chains make billions every year selling appliances and other household goods for five times the retail price.



Trade schools lure the poor with promises of better jobs and federal loans — and then offer no training. Students wind up deeper in debt — while banks enjoy enormous profit from the fraud-tainted loans.



Debt collectors do the dirty work when people can't pay, terrorizing consumers with obscene language and threats of jail to make sure lenders get their money. The result is a cycle of spiraling debt, as harried consumers borrow more and more money to pay off their bills.



Magee tried to get bank loans, but they refused him. "When the banks won't lend you money, what you gonna do? I try to live decent. I work seven days a week."

He held out an olive-green payment book from one of the finance companies. "You end up paying 40, 50 cents on the dollar," he said. "They keep you poor that way. You can't never get on your feet."

## THE SEVEN DWARVES

For decades, one of the most profitable ways to keep poor people poor has been to go after the money they have invested in their home. Second-mortgage companies persuade homeowners who have been turned away by banks — especially African-Americans — to take out high-interest loans for bill consolidation or home repairs (see sidebar, page 22).

Over the past decade, however, a new innovation has fueled the rapid growth of this scam: A growing number of banks and S&Ls now buy these loans on the "secondary market." By purchasing the right to collect on these debts, bankers can earn money on the loans while claiming that they bear no fault if the deals turn out to be tainted by fraud. Companies hit with allegations of mortgage abuse include ITT, Security Pacific (now owned by Bank America), and Chrysler First (recently purchased from Chrysler Corp. by NationsBank).

In Georgia, Fleet Finance has been sued for buying thousands of mortgages from a group of loan brokers nicknamed the "Seven Dwarves." Almost all the loans had high fees and interest rates — especially for blacks. A state judge determined that black homeowners held 60 percent of the Fleet loans with the highest interest rates. Blacks also paid upfront fees of 11 percent, while whites paid eight percent. Homeowners nationwide averaged less than two percent.

Fleet officials deny they ever had control over the brokers. But court records show that four of the companies sold more than 96 percent of their loans to Fleet, and Fleet admits it "pre-approved" many of the loans before the brokers closed the deals.

Last summer, the Georgia Supreme Court ruled that Fleet has not violated the Georgia loan-sharking limit of 60 percent annual interest. But the justices said the bank's practices "are widely viewed as exorbitant, unethical, and perhaps even immoral" and urged state lawmakers to put stricter limits on second-mortgage rates.

Fleet has meanwhile profited handsomely from the absence of real regulation. In 1990, the finance company made

take over the Bank of New England in 1991. Thanks to that deal, company assets now total \$45 billion.

## FROM WHISPERS TO WALL STREET

Banks not only shut off credit to poor consumers, they also make it expensive to maintain a checking account. According to a survey of 300 large banks by the Consumer Federation of America and the U.S. Public Interest Research Group, the average annual cost of a regular checking account hit \$184 this year — up 18.5 percent since 1990, nearly double the rate of inflation.

Such price hikes have left many consumers unable to afford a bank account.

*Photo by Ft. Worth Star-Telegram*



**WHY IS THIS MAN SQUINTING? JACK DAUGHERTY OWNS A PROFITABLE CHAIN OF 245 PAWN SHOPS AND LAUNCHED A USED-CAR EMPIRE THAT TOOK IN \$38 MILLION A YEAR.**

\$60 million on its national portfolio of 71,000 high-interest loans, at a time when many of its parent company's mainstream banking operations were losing money. Those profits — along with money from the student-loan business — gave Fleet the clout it needed to

According to the Federal Reserve, the portion of American families without an account has increased from 9 percent to 14 percent in the past 15 years.

That's where "fringe bankers" come in. Pawn brokers and check cashers offer themselves as one-stop financial centers

for the bankless. They sell money orders and lottery tickets, make wire transfers, take payments for utility bills, distribute food stamps under government contract, and make high-priced "fast tax loans" to customers who can't wait for their IRS refunds.

The "non-bank" market is being tapped by entrepreneurs like Jack Daugherty. Daugherty started small: Ten years ago he owned a single pawn shop in Irving, Texas. If he said "pawn shop" at a country club, people would turn away and whisper. If he had gone to an investment banker for a loan, they'd have shown him the door. Corporate America believed it was somehow *above* pawn shops and check-cashing outlets.

But thanks in large part to Daugherty, all that has changed. Back in 1983, after years of dabbling in night clubs and dry oil wells, Daugherty had an idea. The pawn business could boom, he thought, if it could overcome its shady image. His plan was simple: Give customers self-esteem. Make sure things look nice and the employees are friendly and fair, so people won't have to feel like they have to slink into a pawn shop. Daugherty poured money into advertising, public relations, and charity drives, and soon found his Cash America chain of pawn shops on *Inc.* magazine's list of the nation's fastest growing companies.

Cash America is now traded on the New York Stock Exchange. Its symbol: "PWN." It's the largest of four publicly traded pawn chains based in Texas. All but a handful of its 245 pawn shops are located in the South. Last year, Cash America reported nearly \$13 million in profits on \$186 million in revenues.

With profits high, the rest of Corporate America is now rushing to cash in on fringe banking. A five-bank syndicate led by NationsBank Texas recently extended a \$125 million line of credit to help Cash America expand. Western Union and American Express are diving into the check-cashing business, which collected about \$790 million in fees in 1990.

But despite their image-polishing and new corporate look, there is one thing about the business that Cash America and other fringe-bank conglomerates have not tried to change: the prices. The average loan rate at Cash American hovers over 200 percent. Indeed, the chain makes no attempt to undercut the competition, charging the highest finance fees allowed wherever its stores are located.

"The reason for that," Daugherty

explains, "is we don't want to alienate the industry." If his prices were unfair, he adds, his customers would go elsewhere.

But many don't have much of a choice. When Pacquin Davis, a public-housing resident in Atlanta, decided she wanted to break away from pawn shops and check cashers, she had to try three different banks before she found one that was willing to give her a checking account. The first two she visited, First

American and Georgia Federal, turned her away because a furniture store had left a bad mark on her credit history. Georgia Federal refused to even allow her to open a savings account, she says.

Her Legal Aid attorney, Dennis Goldstein, says at least a dozen of his clients have been turned down for savings accounts at Atlanta banks because they have bad credit. That makes no sense, he says, because there's no chance

## BANKING ON DEBT

As the United States has become the largest debtor nation in the world over the past decade, household and business debt have also soared to record levels. Consumer credit alone is now a \$4 trillion business.

To cash in on the debt frenzy and evade regulations that govern the nation's 11,300 commercial banks, a diverse range of new businesses have started performing banking functions. The result has been the rapid rise of a "parallel" financial system. Giant corporations — including Ford, General Motors, General Electric, Westinghouse, Sears, and American Express — all have huge financial service businesses that are not subject to the same federal regulations as big banks or small-town S&Ls.

These unregulated companies are not covered by federal laws that require banks to disclose financial transactions, maintain healthy reserves, limit interstate wheeling and dealing, end racial discrimination in lending, and serve the needs of the entire community, rich and poor alike.

Banks have cried foul. Ironically, however, they themselves have nurtured the growth of their unregulated rivals — and increased their own financial risk — by issuing credit lines to finance companies. The companies obtain most of their funds by issuing commercial paper — a sort of short-term corporate IOU. Banks support the process by issuing huge lines of credit to back up the debts, or by creating their own consumer-finance subsidiaries.

According to a study conducted for the Economic Policy Institute, a Washington-based think tank, banks currently guarantee 90 percent — \$112 billion — of the commercial paper sold by the 15 largest finance companies. Westinghouse, for example, draws on a

\$6 billion line of credit issued by 49 banks.

This leaves the banks in what the study calls "a classic Catch-22 position." If the finance companies prosper, they will lure more borrowers away from banks. If they continue to run into financial trouble — as several have done in the past year — the banks will inherit the risk.

Taxpayers and communities also suffer the consequences. Since the Federal Reserve System backs up the banks, taxpayers will ultimately be expected to foot the bill if finance companies default on the money they have borrowed. What's more, such short-term speculation ties up billions of dollars in paper-swapping deals — leaving the entire economy thirsting for the kind of productive investments in people, factories, research, and infrastructure that would create jobs and promote stability.

Banks have responded by lobbying for less regulation, saying they want to be free to compete with the new companies. But Tom Schlesinger and Jane D'Arista, the authors of the study for the Economic Policy Institute, argue for the opposite. They say that all financial institutions should operate under bank-type regulations. They propose a Financial Industry Licensing Act that would put all financial firms operating with the public's money and trust under a similar set of standards for soundness.

"Since soundness regulation clearly is needed for banks, it should be extended as well to institutions that have assumed many of the functions of banks," they write. "In an increasingly integrated marketplace, single-industry fixes cannot succeed. It's time to level the financial playing field by raising — not lowering — standards of prudence and public responsibility."

— Eric Bates

of bounced checks with savings.

Snubbing credit-damaged customers is one more way banks drive the poor away. "They just put that fear in your heart," Davis says. "It kinda scares you to walk in that door."

## "DEAD IN THE WATER"

Customers like Davis who get turned down for bank accounts wind up paying more for access to their own money. John Caskey, a Swarthmore College economist who monitors fringe banks, estimates that a bank-less family earning \$16,500 spends nearly \$300 a year on check cashing and money orders.

Some check cashers take even bigger cuts. Last year, when the federal government sent checks to thousands of poor families whose children had been wrongly denied disability benefits, a big chunk of the settlement went directly into the hands of check cashers.

Delores Hagler, director of Social Security in New Orleans, says one parent reported that a check casher charged her 50 percent to cash a \$16,000 government check — an \$8,000 fee — because she didn't have an ID. Other parents reported paying from three to 10 percent — often hundreds of dollars — to cash their settlement checks.

Such abuses are widespread. In Florida and Texas, dozens of check

cashers have been accused of loan-sharking. In Virginia, the attorney general has sued five check-cashing companies that lend customers money in exchange for post-dated checks. In a typical transaction, a check casher loans a customer \$200 in exchange for a \$260 check that can be cashed on the customer's next payday. The interest bite on these brief loans can equal annual rates of 2,000 percent.

Pawn brokers across the South, meanwhile, have been bilking the poor by pawning car titles. Customers sign over their title, pocket a loan, and drive away. If they can't repay the money, the pawn broker gets the car. Interest rates can reach 1,000 percent.

One 66-year-old customer in Atlanta pawned his 1979 Mercury Cougar for \$300. He agreed to pay back \$545 over 12 weeks.

When he fell behind toward the end, the pawn broker tacked on late charges and threatened to put him in jail. So he went to Legal Aid for help. His attorney found the loan contract listed the annual interest rate at 24 percent, even though the real rate was 550 percent.

"These people exist on people like myself who are stuck and broke," says the man, who asked not to be identified. "If I haven't got a car, it means I'm dead in the water. So they knew that and it means they can charge most anything they want."

**One 66-year-old customer in Atlanta pawned his 1979 Mercury Cougar for \$300. He agreed to pay back \$545 over 12 weeks.**

## REPO MEN

As the number of people who are "stuck and broke" has risen over the past decade, so have efforts to make money off them. Jack Daugherty, the pawn shop king, estimates the "non-bank" market includes 60 million Americans. So far, he says, pawn brokers and check cashers have tapped only 10 million to 15 million of those.

That leaves lots of room for expansion for the pawn industry — and for other businesses that serve the bankless. So it was no surprise when Daugherty and his chief financial officer at Cash

America decided to open a chain of used-car lots for people who couldn't get bank loans.

Urcarco opened in a big way. In 1989, it raised \$43 million from investors across the U.S. and Europe. It became the nation's first publicly traded chain of used-car lots.

## "THEY WON'T GIVE YOU A CHANCE"

*One homeowner who testified before Congress last year described how a major bank profits from shady home-repair deals. The following is excerpted from her testimony before the U.S. Senate Committee on Banking, Housing and Urban Affairs.*

My name is Annie Diggs. I have lived in the same house on Blakley Street in Augusta, Georgia since 1936. On January 17, I celebrated my 78th birthday.

I was born in 1915 in Macon and was raised in Shady Dale. My father was born in the West Indies, but drowned six months before I was born. My grandparents were born as slaves. My mother was forced to work for the fair, so she left me to be raised by a great aunt, who is my namesake, Annie Virginia Coleman. The Colemans were originally farmers in Georgia, but had to give up

farming after the boll weevils invaded.

When I was 14 years old, I married Will Diggs, who worked as a fireman for the Georgia railroad. My husband and I was blessed to have 10 children.

After I became a widow in '46, I worked as a maid at University Hospital, a clerk at a grocery store, and I worked in a food processing plant known as Castleberry. For the last 27 years of my working life, I was employed as a domestic at Elliott's Funeral Home.

I stopped working in 1979. Since that time, my only source of income is my late husband's railroad retirement, which is now \$515 a month. I also receive food stamps worth \$60 per month. Frequently, I have to go without food.

In 1987, my home needed major repairs due to a leaky roof. I went to a bank. I had a \$343 balance on my existing mortgage. The bank turned me down.

Later, I was contacted by a woman

working for a local loan company. She looked at my house and contacted a company that agreed to do repairs for \$3,300.

The manager of the loan company told me I should pay off several other little bills so I wouldn't have nothing to pay but my loan and so I could get some extra money to buy a washer and dryer, too.

They never told me the rate or how long the loan would last.

When I went to sign the papers for my loan, I was asked to sign a stack of papers I did not understand. Instead of the \$3,300 which I originally needed, I ended with a note to Tower Financial for \$15,000 at an interest rate of 18.9 percent. My house is pledged security. My monthly payments are \$251 a month, almost half of my total monthly income.

I was charged \$2,595 in fees. My loan documents show that I received \$4,328 at closing, but I didn't receive that. I don't



Loan rates were high — 18 percent to 27 percent — but the company promised low down payments and better-quality cars. Its TV ads parodied its competitors by featuring a cowboy-fied salesman named “Bubba.” When he slapped the hood of a car, its fender fell off. Urcarco sales soon hit \$38 million a year.

Then the bottom dropped out. So many loans were going into default, the company’s repossession rate hit 50 percent. Urcarco lost \$24 million in three months. Company officials blamed over-expansion and the recession.

But were there other reasons why so many people were having trouble paying? In Houston, a class-action lawsuit accused the company of slipping hidden finance charges into its contracts and selling credit insurance at illegal rates to customers with shaky credit. One salesman told *Forbes* magazine that a customer needed just one thing to pass a credit check at Urcarco: “a down payment.”

“I did a lot of deals that I was told, ‘I don’t care what you do, but make it look like that guy can afford the car,’” a former Urcarco collector told the *Dallas Morning News*. “They try to act totally professional, but if you sit behind the doors at the lot, you find it’s not.”

A company spokesman denied any wrongdoing. In the end, however, Urcarco settled the class-action suit for \$100,000. Late last year, the company sold off its

inventory, changed its name to Ameri-Credit, and shifted to the consumer-loan business.

Michael O’Connor, a Houston consumer attorney who won the settlement from Urcarco, says he’s seen lenders all over Texas tacking on extra charges — especially for customers who have been denied bank credit and have to rely on “second-chance” financing. “That’s when they turn the screws up,” says O’Connor.

In Tampa, Florida, one of the nation’s largest car dealers ran newspaper ads urging people with bad credit to call and ask for “Betty Moses,” a made-up name. Royal Buick and a loan officer at Florida National Bank then falsified paperwork to secure loans from the bank. Many buyers defaulted within weeks, losing their cars and their down payments. The banker and more than 20 Royal Buick employees were convicted of fraud.

## INSURANCE RIP-OFFS

Perhaps the most lucrative way that car dealers and lenders cheat customers is by selling credit insurance. Studies by the Consumer Federation of America and the National Insurance Consumers Organization show that borrowers are overcharged between \$500 million and

\$1 billion a year on credit insurance.

Credit insurance is supposed to pay off a loan if the borrower becomes sick, dies, or loses the items put up for collateral. But consumer advocates say it’s overpriced and usually worthless, since borrowers rarely collect on their claims.

The law says borrowers cannot be forced to buy credit insurance. But the commissions that lenders earn from selling it are so generous, it’s hard to resist sneaking it into a loan.

ClayDesta National — a Texas bank controlled by Clayton Williams, the unsuccessful Republican candidate for governor in 1990 — has admitted it broke the law by forcing low-income, black, and Hispanic car buyers to buy credit insurance. The bank came up with \$1.3 million to repay the victims.

A prosecutor said the scheme targeted people who had been denied auto loans, because it was easier to get them to “take it or leave it.” ClayDesta had been losing money since the mid-1980s and was ranked as one of the worst banks in the nation. But the illegal insurance sales brought in \$500,000 a year and helped put the bank in the black.

A former loan broker said in a sworn statement that he had warned

Photo by Wide World Photos

know why they got me charged. I never had this money.

The home repair work was very poor, the paint peeled off, and my roof continued to leak. I learned my loan had been sold to Fleet Finance. I complained to Fleet about the sorry repair work.

They said that was my problem. All they was interested in was getting the monthly payment on time.

My ceiling finally fell in. For more than five years, I have lived in my house with the roof still leaking. All the while, I have paid Fleet.

I have paid more than \$13,000 on my loan since 1987, but Fleet Finance tells me I still owe more than \$16,000 on my loan. How can that be? I cannot understand how I could owe \$16,000 on a loan that was originally only \$15,000.

I am scared of losing my home; I really am. I go to bed and get up in the morning looking for the mailman thinking I’m going to get a letter telling me to move. Every time I turn around, they badger me and badger me. They won’t give you a chance.



**ANNIE DIGGS OF AUGUSTA, GEORGIA TESTIFIED THAT SHE SOMETIMES WENT HUNGRY TO MAKE PAYMENTS ON AN 18.9 PERCENT LOAN TO FLEET FINANCE.**

ClayDesta's consumer lending chief it was illegal to force borrowers to buy insurance.

The banker's only response, he said, was a smile.

Bankers aren't the only ones smiling about credit insurance. Finance companies make much of their money from such deals, often by refinancing loans for the same borrowers over and over so they can collect new fees and more commissions. A national survey by First National Bank of Chicago found that two-thirds of finance company loans are made to existing customers, either through refinancings or add-ons to earlier loans.

What do consumers get in return? Not much. While other types of insurance typically pay 70 cents in claims for every dollar collected in premiums, credit insurers pay an average of only 42 cents. In 1991, the credit insurance subsidiary of ITT Financial Services paid only 29 cents on the dollar. That same year, one Georgia company, First Franklin Financial, sold \$10 million

worth of credit insurance — and paid out just 8.5 cents on the dollar.

All this adds up to incredible profits for lenders. In 1991, the small-loan subsidiary of Fleet Finance in Georgia pulled in \$6.7 million and posted a profit margin of 75 percent, thanks mostly to credit insurance. ITT's Georgia subsidiary did even better — taking in \$9.7

million with a profit margin of 82 percent.

Last year the Georgia insurance commission fined Fleet \$325,000 for overcharging borrowers for credit insurance. Court documents and statements by borrowers across the nation also show that ITT has aggressively packed credit insurance onto consumer loans — despite repeated warnings from state regulators that it was breaking the law.

Insurance abuses and other questionable practices push many borrowers into debt they cannot escape. By 1990, ITT had 100,000 customers in bankruptcy — about a tenth of the annual number of personal bankruptcies in the entire nation. The company also found itself facing a tidal wave of

**While other types of insurance typically pay 70 cents in claims for every dollar collected in premiums, credit insurers pay an average of only 42 cents.**

lawsuits in Florida, Alabama, and other states. It settled a class-action suit in Minnesota for nearly \$49 million and an attorney general's probe in California for \$30 million.

Deborah James is one of hundreds of borrowers in the Florida case. She paid as much as \$895 for insurance on a single loan. On her first few loans, James says, ITT added in credit insurance without asking whether she needed it. She didn't. She already had all the insurance she needed through her job at Sears.

As ITT came under fire across the nation over its insurance sales, it began tape-recording its loan closings. Transcripts of James' last two closings show that ITT did tell her insurance was optional on those loans. By then, James says, it seemed to be a regular part of the loan. She thought it was for her own good.

But when she tried to make a claim for jewelry and a TV that had been stolen from her home, the insurance company said no. The same thing happened when she made claims for medical complications after two pregnancies.

Kristie Greve, a spokeswoman for ITT, denies charges that the company has systematically cheated borrowers. "To have a few people stand up and say things like that . . . I think that's a real slap in the face."

Swimming in \$600 million in red ink, ITT announced earlier this year that it was selling its portfolio of consumer loans as part of a "strategic refocus." It plans to concentrate on second-mortgages — an area where it is also facing lawsuits in several states.

## ON ADVICE OF COUNSEL

It's an old pitch: *Escape the frigid Northeast and come to the Florida sun. Oranges right from the tree. Easy Financing. Own your dream home at bargain prices.*

The homes-in-Florida hustle has been around for decades. But during the 1980s, one of the state's biggest developers found a new way to profit from an old scam: tricking disadvantaged buyers into taking out loans that were sometimes double the actual value of the homes.

Prosecutors say General Development Corporation used slick salesmanship to lure more than 100,000 unsophisticated buyers of modest means — most of them minorities and recent immigrants — and then rigged appraisals to overstate the value of the properties by as much as 100 percent. The company provided financing through a subsidiary, and then sold the fraud-inflated loans on

the "secondary market" to banks and S&Ls.

GDC was no fly-by-night operation. Its board included such powerful figures as ex-Governor Reubin Askew and Howard Clark Jr., former chief financial officer for American Express.

Banks and corporate officials weren't the only ones to profit from the fraud. Cravath, Swaine & Moore, one of the most respected and richest law firms in the nation, reviewed every step of the home sales program and advised GDC on sales tactics. In 1989, Cravath took \$5 million in fees from the developer.

In August 1992 a federal jury in Miami convicted four top company executives — including former Cravath associate and GDC board chairman David Brown — of conspiracy for their roles in the scheme.

— Rita Henley Jensen

## RENTING THE DREAM

Global conglomerates, intent on creating new markets beyond paper loans, have taken to peddling dinette sets and color TVs to the poor. Thorn EMI, a recording and electronics company based in the United Kingdom, pocketed \$443 million in profits last year thanks to assets like music superstars Garth Brooks and Tina Turner. In 1987, it jumped into a whole new venture, buying the Rent-A-Center chain for \$594 million. Since then, Thorn has expanded its empire to 1,200 stores nationwide and now controls one-fourth of the nation's rent-to-own market.

Why is the business booming? A trip to a Rent-A-Center in Roanoke, Virginia gives a hint: There you can buy metal bunk beds for \$16.99 a week for 78 weeks

— a total of \$1,325. Across town at Sears, a comparable bed set can be had on sale for \$405.

That, in essence, is the story of rent-to-own: selling on time at markups that are astounding. Three million customers a year pay the price. Nearly 60 percent of Rent-A-Center customers earn less than \$20,000 a year. Just four percent earn \$45,000 or more.

The rent-to-own business got its start in the 1960s as a way to skirt new laws designed to limit interest rates that inner-city merchants were charging customers who bought on credit. By redefining such transactions as rentals with "the option to buy," rent-to-own dealers are free to charge interest rates of 100, 200, even 300 percent a year.

Rent-to-own dealers say their prices are higher because their repair costs are high, and because customers can return items at any time with no penalty. Bill Keese, a former Texas state legislator who leads the industry's trade association, says rent-to-own helps people who have been shunned by banks and depart-

ment stores. "Our customers have as much right to the American Dream as anyone else," Keese says.

But behind the red-white-and-blue sales pitch is an industry that cannot break away from the crude habits of the old-time ghetto merchants it has replaced. Legal Aid attorneys say many rent-to-own dealers still sell used goods as new, break into homes to repossess merchandise, charge unfair insurance and late fees, and threaten late-paying customers with criminal charges. A West Virginia rent-to-own company paid cash settlements last year to four customers jailed on bogus theft charges sworn out by the dealer.

Several Southern states have laws that make "failure to return rental merchandise" a crime. Rent-to-own stores frequently use these statutes — aimed at people who steal rented cars or video tapes — as a powerful collection tool.

Donna Smalley, an attorney and law professor in Alabama who represents the rent-to-own industry, says many people who work in

the business simply don't understand that it's not a crime to owe money. "You would be amazed at how many managers I have who say: 'I can't wait to pick that sucker up and put him in jail.'"

## COLLECTORS AND PALLBEARERS

That sort of attitude is common among businesses that profit from the poor. Whether renting furniture to low-income consumers or getting debt-ridden homeowners to pay a second mortgage, many lenders use take-no-prisoners collection tactics to squeeze payments out of financially strapped customers.

Deborah James says ITT telephoned her at work so often she was afraid she was going to lose her job. An ITT office file on James dated June 16, 1988 contains a brief notation: "Pull File — Call all relatives. Ph POE [Phone place of employment] & get dept she work in —

*Photo by Florida Times-Union*

## THE DEBT MASSACRE

Three years ago, James Pough walked into the General Motors Acceptance Corp. office in Jacksonville, Florida and opened fire. He killed nine people before he took his own life.

At first, the worst mass murder in Florida history looked like just another example of a gun nut gone mad. But now court documents charge that predatory credit and collection practices by the loan company helped push Pough to the breaking point.

Pough bought a 1988 Grand Am from a local Pontiac dealer. According to WJKS-TV in Jacksonville, the dealer valued the car at \$9,125, but warranties and other tacked-on costs increased the price to \$15,300. On top of that, GMAC financed the loan at 19.8 percent interest. Payments were \$392 a month. Pough, a laborer earning about \$400 a week, paid \$3,500 before he couldn't pay anymore.

GMAC took back the car and auctioned it off — and then informed Pough he still owed \$6,394. Yvonne Mitchell of the city Consumer Affairs Division says Pough complained to

her that GMAC collectors were arrogant and nasty. "I remember him telling me he offered to make a payment, and they refused it," Mitchell told the *Florida Times-Union*. Instead, she says, GMAC wanted the whole amount — right away.

After Pough's rampage, husbands of two of the victims sued GMAC, saying officials had endangered workers by making loans "to people that they knew couldn't pay." As far back as the early 1980s, a top company executive had similar concerns. He wrote branch offices to ask, "Are we buying marginal or poor risk paper knowing that extremely difficult collection measures are going to be necessary? Are undue pressures being exerted on field employees and credit employees to conclude assignments, at any cost?"

The lawsuit has yet to go to trial. GMAC denies it did anything to put employees at risk. It has asked a judge that documents in the case be sealed as "trade secrets."



**MOURNERS PLACE WREATHS THE DAY AFTER THE WORST MASS MURDER IN FLORIDA HISTORY.**

Call at home late at night."

Although she had no money in the bank, James says, company agents asked her to write post-dated checks that they could cash as soon as she got her hands on any money. "I told them I did not do that," James says. "But sometimes I'd do it just to get them off my back. I said: OK, I'll do that and they'll leave me alone — 'til the next time."

Consumer attorneys and government regulators in several states say ITT has routinely harassed borrowers who have fallen behind. Last year the company paid \$1.3 million to settle charges of collection abuses in Wisconsin.

Many creditors hire bill collectors to put the squeeze on debtors, and consumer advocates say collectors routinely use psychological torture to terrorize people.

Payco American Corp. — one of the biggest debt collectors in the nation — goes after \$3 billion in debts each year. In August, federal officials accused the

**"It's not local slum lords that are doing the damage, it's corporations that are unaccountable, mysterious — and somewhere else."**

publicly traded company of threatening debtors with jail, misrepresenting collectors as attorneys, using obscene language, and other illegal tactics.

Carleton Fish of the American Collectors Association says reports of serious wrongdoing are "aberrations." But government regulators report a growing number of protests about collection hassles. Complaints to the Federal Trade Commission about collection agencies have doubled since 1990 — to 2,000 a year. The FTC gets another 1,000 complaints a year about lenders who do their own collecting.

Many more abuses go unreported because victims are afraid to complain. A study by the Wisconsin attorney general estimates that only one in 100 people harassed by bill collectors ever complain to authorities.

The FTC has gone after individual

collectors, but state and federal agencies have yet to tackle the industry in a systematic way. Lone consumers often feel they have nowhere to turn.

Carver Jones was living the American Dream: a home in an exclusive neighborhood in Houston, two BMWs, a generous line of credit. Then he hurt his back in a car wreck and lost his job.

His creditors sicced a New York-based collection agency on him. "They yelled and screamed at me," Jones says. "It was unbelievable." The calls were so vicious he thought about killing himself. "I pounded on my bed, cried, got a pistol out, made a list of pallbearers."

When Jones complained to the New York attorney general, however, he was told the state could take no action "because your complaint basically involves a disagreement between you and the merchant regarding what occurred."

## THE COMPANY STORE

The modern poverty industry exercises awesome power over the lives of working-class and minority borrowers. It may not control the poor as completely as the company store once dominated coal miners, or wealthy planters tyrannized sharecroppers. But the principle is the same: The company makes money while those who work for a living sink deeper and deeper in debt.

Activists agree that fighting big businesses that profit from the cycle of debt will take intense research and organizing. "It's not local slum lords that are doing the damage," explains Marty Leary, research director of Union Neighborhood Assistance Corp. "It's corporations that are unaccountable, mysterious — and somewhere else."

And growing bigger every day. Many now reach across the nation — and around the globe. Jack Daugherty of Cash America intends to use Wall Street respectability and bank financing to expand his Southern pawn empire to every state in the union. Beyond that, he dreams of adding more international holdings to the 27 pawn shops his company already owns in Great Britain.

"We're looking at Europe," Daugherty says, his voice rising with excitement. "Canada. Australia. New Zealand. Russia. South Africa. It's the world — worldwide." □

*Eric Rorer, an associate with the Center for Investigative Reporting, provided research assistance.*

## THE GREAT MOBILE HOME RIP-OFF

For many Southerners with modest incomes, mobile homes have long afforded the best hope of having a place of their own. "Manufactured homes" are the fastest growing form of housing in the nation — with sales jumping 60 percent during the 1980s and 23 percent last year alone. The \$6 billion-a-year industry also holds another distinction: It's been riddled with more fraud in recent years than just about any other business in America.

In the mid-1980s, manufacturers representing more than half the mobile-home market were indicted for padding factory invoices in order to inflate profits they earned through loan programs run by federal housing and veterans agencies. Investigators said the scheme gouged more than \$100 million from low- and moderate-income borrowers. Veterans officials estimated manufacturers padded invoices on at least 80 percent of the 295,000 mobile homes shipped in 1984.

Such corruption was widespread. "I'm glad everybody else has been told to stop," said former First Brother Billy Carter, a top executive with Scott

Housing Systems in Waycross, Georgia. "It would have been hard to stop if everybody else hadn't stopped." Scott paid a \$50,000 fine.

Many who were cheated were unable to repay their federally guaranteed loans. In 1990, federal officials estimated that veteran and housing programs had lost more than \$650 million on bad mobile-home loans. Federal investigators urged — without success — that the loan programs be scrapped because of widespread mismanagement and fraud.

Michael Calhoun, a Durham, North Carolina attorney who has represented more than 5,000 mobile home owners, says new buyers often pay interest rates of 14 percent, and many earlier buyers are still locked into through-the-ceiling rates from the 1980s. Mobile homes drop so quickly in value, Calhoun adds, that it's almost impossible to refinance and get lower interest rates.

"I've got people paying over 20 percent on a 15-year mobile-home loan," Calhoun says, "and they're still paying it today."

## "A BRUTAL BUNCH"

*Richard Bell worked as a bill collector in Texas for over a decade before quitting to become a consumer advocate. In this excerpt from his testimony before the House Subcommittee on Consumer Affairs, he describes how the industry operates.*

One day at work, I was doing the usual, making phone calls and screaming at the mother of a person who owed money to my client. After I repeatedly slammed the phone on my desk, I looked up and saw my 18-month-old son staring at me. I had brought him to my office, and he was stunned at what he saw his father doing. I will never forget the look of terror on his face. My son wouldn't talk to me for a long time after that. It was two days before he would sit on my lap again.

After that day, every time I got back on the phone and started yelling at a consumer, I saw the image of my son's face filled with terror. My son and my conscience got to me. I left the industry and vowed to help clean it up.

This nation's bill collectors are a brutal bunch. I know. I worked for over 19 different agencies. At some, I held management positions or trained collectors. I have worked for some of the largest companies in the industry, including American Creditors Bureau, Debt Collectors Incorporated, and G.C. Services.

While I worked in Texas, the consumers in 90 to 95 percent of my accounts were out of state. Texas has no licensing for bill collectors, and creditors from all over the country use bill collectors from states with little regulation or enforcement.

Initially, when you get a file from the creditor showing that someone owes them money, you call the consumer. If you cannot get ahold of the consumer, you call the references the consumers provided in their application and frighten them into divulging the whereabouts of the consumer.

Parents are the first line of attack. They always know where their kids are, and they are often listed as references. Since they are usually reluctant to

divulge information about their children, bill collectors say something like:

"I'm with the investigations unit of Walter County, we are investigating a gang of thieves and I do not know what this is about Ma'am but your son has been implicated. And, by the way Ma'am, if that stereo that is missing is in your home, you may be aiding and abetting a crime. Like I say, I don't have all the information but this is urgent! Have him

*Photo by David Scarbrough*



**RICK BELL HOUNDED DEBTORS FOR PAYMENT BEFORE QUITTING HIS COLLECTION JOB TO BECOME AN ADVOCATE FOR CONSUMERS.**

call me right away."

After being frightened like that, it's easy to get the elderly to pay their children's bills. But since so many elderly are on a fixed income, they often do without needed medical care, heat, or food as a result of paying collection agencies.

When I would get called back, I would answer the phone: "Investigations" or "Law Office" or "Legal Department." Then I would likely say:

"Hello, Mr. Smith? You live at 500 Elm Street don't you? The client has

placed a delinquent account with a collection agency. The agency has forwarded me the affidavit requesting criminal investigations, as well as capital gains tax fraud. Charges will be filed, according to federal and state codes. The bond has not been set, the warrants have not been issued. At this point, I believe the client is willing to forgo this procedure provided you're prepared to send the balance of your account by Western Union or overnight delivery to the collection agency. If I receive a call by 1700 hours tomorrow and find out you have paid this bill, I will go to the courthouse and have the judge sign a Stay of Execution Order and your criminal record will be expunged."

The trick that bill collectors have mastered is sounding helpful yet threatening at the same time. This technique silences those who would likely complain about a collector who screamed and insulted them.

One of the biggest myths is that people who don't pay their bill are deadbeats. Approximately 96 to 98 percent of consumers truly want to pay their bills. Every consumer tries to work out something with their collector, some form of monthly payment. This is not profitable for the collector. Collectors are only interested in immediate payment in full.

The philosophy of the vicious bill collector is that the more trouble he creates in the consumer's family, the quicker the bill will be paid. We would tell kids their father was having an affair, or tell the consumer that they could lose their children to local child welfare

agencies. This is especially successful when used against single mothers.

Collectors who turn to illegal and predatory tactics to collect debts have the clear consent of agency management — and more than likely the consent of the creditor. My research shows that many of the creditors do not check with the Federal Trade Commission or state attorney general about the agencies they use. Why? Because the most brutal collectors provide creditors with the greatest return. They are interested only in the bottom line.



**KATHY WALBERT PAWNEED HER WEDDING RING FOR GROCERIES AFTER AN ATLANTA TRADE SCHOOL LEFT HER BROKE AND JOBLESS. "I WISH I NEVER WENT TO THE SCHOOL," SHE SAYS. "IT REALLY MESSED UP MY LIFE."**

# “THE PERFECT JOB FOR YOU”

BY BARRY YEOMAN

**Banks make billions loaning students money for trade schools — even when the schools turn out to be a scam.**

**J**uanita Shorter looked on as her classmates plunged used, contaminated needles into each other's arms. Their teacher stood by silently.

Shorter had come to Connecticut Academy, a private trade school in downtown Atlanta, to train as a medical assistant. The school's recruiter had promised her a free, government-funded education that would prepare her to work in a hospital or doctor's office.

Instead, she found a school where needle-sharing was common and waste disposal was cavalier at best. “We was fooling around with needles, blood,” she says. “We could throw the blood in the garbage cans. We could discard urine anywhere. I wouldn't let them inject me with the same needle, though. I knew that needle was contaminated.”

Despite her revulsion, Shorter stuck with the seven-month program. The school, after all, was accredited. And with the prospect of a good job to support her two children, “I wasn't ready to give up.” So she sat up nights in her trailer memorizing medical terms until she cried. She bought colored markers and wrote the words over and over until

she learned them. She even brought home clean needles to practice on her boyfriend.

It wasn't until she graduated that Shorter realized the training was useless. No hospital would hire graduates with Connecticut Academy diplomas. One doctor “told me he could not hire me with that,” she recalls. “He said they'd throw him a malpractice suit quick.”

During the past decade, thousands of poor and working-class Southerners like Shorter have been defrauded by private trade schools that lure them with promises of jobs — and then saddle them with big debts. In the process, the schools function as cash machines for big banks, enabling them to pocket billions of dollars in student loans guaranteed by the federal government.

Less than a month after Shorter graduated, a woman from First American Savings called her and ordered her to begin repaying more than \$5,000 in student loans. “What loan?” Shorter replied. “I didn't make a loan. I filed for a grant.”

The bank said otherwise. Without telling her what she was signing, Shorter learned, Connecticut Academy had

tricked her into applying for a student loan.

Before long, the lender turned her account over to a collection agency, which called her four or five times a day, sometimes as late as 11:30 p.m., threatening to sue. Living on food stamps and \$235 a month in federal aid, Shorter couldn't repay. The collection agent persisted. “She would ask me, do I have a car, do I own my house, how much furniture did I have?”

Shorter continues to look for work, without success. “To be honest, my future is at a standstill,” she says. “I wanted to show my kids that you can always better yourself. But you look at my situation. What I'm showing them is: Your mama went out there and did the stupidest thing in her life. She listened to someone who was supposed to be trustworthy. She worked hard to get a diploma, and she can't even stick it up on the wall because it makes her so mad, because it's no good whatsoever.”

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## HOLE IN THE WALL

With public job training programs slashed and jobs hard to come by, private trade schools have become a big business. As of 1990, the last year for which the U.S. Department of Education has figures, more than 4,500 accredited for-profit trade schools enrolled 1.4 million students. The schools promised them careers as beauticians, bookkeepers, medical assistants, computer operators, truck drivers, secretaries, and security guards.

The schools take credit for training an entire class of workers. “If these schools were to come to a halt, so would America.”

says Stephen Blair, president of the Career College Association, an industry trade group.

Whatever their value, the schools have flourished on government hand-outs: More than 80 percent of their students get federal grants or guaranteed loans. In fact, trade schools collect al-

and a guaranteed job, students come to the school, take a token admissions test, and sign some financial aid forms. It is only when they get to class that they realize it's a sham.

In Miami, a respiratory-therapy school was equipped with broken machines; students had to enter through a

Connecticut Academy and found herself unemployable, she and her disabled husband needed money to eat. But with their wrecked credit, they couldn't take out a loan against the modest house they own in East Atlanta. So Walbert hocked her wedding ring and a pistol at a pawn shop, and now she pays \$12.50 a month — at 150 percent annual interest — to keep them from being sold.

"We don't even have money to buy groceries with. We can't even afford nitty-gritty. We've got \$3 in the bank," says Walbert. "I'll tell you the truth: I wish I never went to the school. It really messed up my life."

Phil Mebane attended a training session the school held for its recruiters. In an affidavit, Mebane said the director of admissions "made it clear that the school's sole purpose was to make money by obtaining federal financial aid funds. It appeared that the school's teachers were employed simply to keep the students entertained so that they would stay in school for at least six days — until the student loan check came in."

According to Mebane, the admissions officer "said that the school did not care if the students learned anything."

Michael Sykes, the director of the now-defunct Connecticut Academy, insists that he

ran a legitimate school. The teachers, he said in a court deposition, "were dedicated to what they did and had backgrounds important to the fields."

Sykes acknowledges that health inspectors had cited the school for unsterile conditions and improper handling of medical waste. "It's possible," he said, "that someone got a little lax."

## THE TRUCK MAN

Trade school officials like Sykes aren't the only ones who profit from the fraud. According to the Department of Education, banks make \$1 billion a year processing student loans — earning a higher rate of return than what they make on auto loans, home mortgages, and government securities.

Typically, a school bundles up batches of loan applications and sends

*Photo by M.J. Sharp/The Independent*



### **RUTLEDGE COLLEGE LURED TILTON THOMPSON WITH THE PROMISE OF A GUARANTEED JOB — AND THEN BOARDED UP ITS DOORS.**

most 20 percent of all federal student loans — some \$2.5 billion in 1991 alone.

Some trade schools do offer solid training and good job prospects. But many have used shady salesmanship and outright fraud to exploit the dreams of the poor.

The trade school swindle is relatively simple. Across the South, hundreds of schools advertise on daytime television, and their recruiters comb poor neighborhoods and welfare lines looking for new students.

"Do you love money — the feel of it, the smell of it, the way it sounds when you crunch it up?" asks one TV commercial. "If green is your favorite color, we have a perfect job for you. Become a bank teller and get paid to work with money... You'll be rolling in the dough before you know it."

Lured by promises of a free education

hole in the wall of an X-rated tape store. In Albany, Georgia, a school charged more than \$4,000 to train students as low-wage nursing-home aides — while a nearby public school offered the same course for \$20. In Florida, a chain of schools for travel agents spent more than half its budget on recruiters — and less than two percent on teachers and classroom materials.

Confronted by such scams, some students drop out. Others graduate, only to discover that their school has no job placement service. Many are hounded by banks and collection agencies to repay their student loans. They cannot get a job because their diplomas are worthless; they cannot go back to school because they have defaulted on one student loan and can't get another. The disasters start spiraling.

When Kathy Walbert graduated from



them to a lender. Since the government guarantees the loans, the bank has no incentive to check out a student's credit or a school's reputation. The lenders advance money to the school, confident they'll get their money back, no matter what.

Even when students get cheated, banks make money. Lenders accused of profiting from trade school fraud include Florida Federal Savings and Loan, Crestar Bank of Virginia, Wachovia Bank of North Carolina, and Charleston National Bank of West Virginia.

The banks like it that way. "It's very hard for a banker, operating at arm's length in making loans, to assess just how good or bad a particular academic program is," says David Hardesty, an attorney for the West Virginia Bankers Association.

For years, the federal government made at least nominal attempts to ferret out the swindlers. But when Ronald Reagan became president in 1981, he began his crusade to dismantle the Department of Education. Over the next six years, the number of government reviews of trade schools dropped from 1,058 to 372. At the same time, the amount of federal aid skyrocketed.

"It was like throwing money into an open field," says Brian Thompson, a spokesman for the Career College Association.

The abuses skyrocketed too. In Nashville, Tennessee, a beauty-school owner named Tommy Wayne Downs applied for — and received — \$175,000 in loans for imaginary students. He got caught only when his secretary accidentally tipped off the federal government.

Downs began his career as a recruiter for a home-study course in truck driving. He was so eager to recruit students that he would take them to pawn shops to sell their belongings for tuition down payments.

"I focused my attention on welfare offices, unemployment lines, and housing projects, where I became so familiar that some of the residents referred to me as the 'truck man,'" he told a U.S. Senate panel. "My approach to a prospective student was that if he could breathe, scribble his name, had a driver's license, and was over 18 years of age, he was qualified."

"What you sell is basically one thing," Downs added. "You sell dreams. And so 99 percent of my sales were made in poor black areas."

Many schools began accepting students who couldn't possibly finish the course work — but who could help rake in guaranteed loan money. In Durham, North Carolina, Rutledge College lured a mentally retarded man named Tilton Thompson with promises of special tutoring and a guaranteed job. He received neither. Thompson got his loan canceled only after a Legal Services attorney threatened to sue.

The recruiter "said I would be guaranteed a job," recalls Thompson, who was already enrolled in a training program with Goodwill Industries. "He said I would get a grant. He never mentioned the word loan. He said the government had set aside this money for young people like me to go to school, and if I passed it by I was letting go of an opportunity."

Like many trade schools, Rutledge College was no fly-by-night operation. For years it was part of a nationwide chain of 27 schools owned by George Shinn, owner of the Charlotte Hornets pro basketball team and a major donor to Republican candidates like South Carolina Senator Ernest Hollings and former North Carolina Governor Jim Martin. Banks like Manufacturers Hanover Trust were pleased to do business with his trade schools — even though they boasted a student dropout rate of 20 percent every six weeks.

"It's a rip-off for poor people," Rutledge graduate Vivian Green told *The Charlotte Observer*. "It feeds poor people's dreams — people who want to do better."

### "FRAUD AND ABUSE"

Although trade school fraud occurs nationwide, widespread poverty in the South has made the region a particularly fertile territory for the scam artists. In Virginia this past May, the attorney general charged Commonwealth Educa-

tional Systems with encouraging students at five business schools to forge spouses' signatures on loan documents, falsifying records to collect loans from dropouts, inflating the credentials of

instructors — even telling prospective students that the eight-year-old school was founded in 1889.

"Where the most vulnerable exists, that's where there seems to be the most ripoffs," says Jon Sheldon, an attorney with the National Consumer Law Center.

As early as 1985, the U.S. Government Accounting Office charged that two thirds of trade schools were lying to students — overstating job placement rates for graduates, for example, or offering "free scholarships" that did not reduce tuition.

It took Congress until 1990 to do anything about it. That year, more than 40 percent of all trade school students defaulted on their loans. "Usually it's the students who have not gotten an education who are most likely to default," says Darlene Graham, a North Carolina assistant attorney general. All told, unpaid loans cost taxpayers \$2.9 billion

last year — or 44 cents out of every dollar spent on federal student loans.

A Senate subcommittee chaired by Georgia Democrat Sam Nunn investigated and found "fraud and abuse at every level" of the student loan program — particularly among trade schools. In response, the Department of Education cut off aid to 828 schools with high default rates, forcing many to close. And Congress passed a law toughening accreditation standards and forgiving loans to some defrauded students.

Brian Thompson of the Career College Association insists the new measures have eliminated abuse by forcing the worst offenders to shut down. "Granted, there were abuses in the past," he says. "All of that has been changed.

**When Ronald Reagan became president in 1981, he began his crusade to dismantle the Department of Education. Over the next six years, the number of government reviews of trade schools dropped from 1,058 to 372. At the same time, the amount of federal aid skyrocketed.**

All of that has been corrected."

But while the feds can now cut off aid to outlaw schools, it may take years to shut them down. "That's a slow way of getting at fraud," says Sheldon of the National Consumer Law Center. "You need day-to-day policing." What's more, thousands of students still owe money for the worthless education they were sold before the new law took effect.

## LANDMARK CASE

Tim Tipton wanted to spend his life doing more than working in a tool-and-die shop. He saw his future in his hometown paper in West Virginia.

There, in an advertisement, Northeastern Business College promised to train students in computer-aided drafting. It seemed like a perfect career move: "I figured with my background, working with blueprints, I shouldn't be bad off."

But once he signed the papers for a \$3,500 student loan, he learned the school didn't even have computers. "When we went in, they gave me shit that I could have bought for 30 or 40 bucks at any bookstore," he says. The only equipment was a "very basic manual drafting kit," and the textbooks were outdated. "Any kid in the eighth grade can get into any vo-tech school and get those books or better," he says.

Tipton tried to stick with the program. When he complained about the poor equipment, school officials claimed new machines were coming. It didn't take him long to figure out the computers would never arrive, he says, and three months after enrolling, Tipton dropped out. Soon after, Northeastern Business College closed down.

When Charleston National Bank started hounding Tipton, he contacted the Appalachian Research and Defense Fund, a legal-aid group based in Charleston. That's how he became the lead plaintiff in a landmark case involving trade schools.

"A lot of people have a misconception of West Virginians being hillbillies," Tipton says. "I wasn't one of them. I knew right off I was defrauded, I was misled, I was fried."

Since the school had already closed, it couldn't be sued. So Tipton's attorney, Dan Hedges, took on some even more powerful institutions. He sued a slew of banks and S&Ls for ignoring the fraud while raking in profits. He charged the Department of Education with slacking

off on inspections and allowing schools to regulate themselves. And he accused the Higher Education Assistance Foundation (HEAF), a private group that insures student loans, of collecting fees without supervising schools or banks.

"It's not just the ripoff artists," Hedges says, "it's the government that sanctions it."

The banks and their insurer contended they shouldn't be expected to check out the schools. "I am not about to defend certain of these schools. There may have been fraud going on. I don't know," says HEAF attorney Wendie Doyle. "The fact is, the borrower made the choice to go to the school. If we were to be subject every time a borrower is dissatisfied with his education, I don't think there'd be much of a loan industry."

But a federal court in West Virginia ruled that banks can be held liable for acting in partnership with fraudulent businesses. The suit was eventually settled out of court. Tipton and three of his classmates got their debts canceled, and Hedges plans to file suits on behalf of 100 other students from Northeastern Business College.

## PROFITS VS. TRAINING

Students in other states, including Virginia, Georgia, Texas, and Florida, have filed similar lawsuits. Juanita Shorter has become the lead plaintiff in a class-action suit involving former Connecticut Academy students.

LaRonda Barnes, the Atlanta Legal Aid attorney who filed the suit, hopes the spate of lawsuits will give pause to educational predators. But she knows that court cases alone won't end the scams as long as the loan system offers easy money instead of adult education.

"Once you put the profit element in there," Barnes says, "you're running the risk that people will be doing this only to make money."

Others agree. "It's a ridiculous sys-

tem to take kids who are very unsophisticated about a lot of things and give them a sea of loan papers from people who pull them off a welfare line," says Jon Sheldon of the National Consumer Law Center.

"Why is the federal government juicing this as a way of training people?"

The government has taken some steps to reform the system. In August, Congress passed a law that will take 60 percent of the student loan business out of the hands of banks — lending the money directly to students, without going through commercial lenders. In addition, the Department of Education now says banks can be held accountable for fraud committed by trade schools.

Sheldon and other consumer advocates say the government needs to go even farther, establishing uniform accreditation standards for trade schools and performing the type of surprise inspections that restaurants and other businesses routinely face. The government should also encourage real job training

by contracting with businesses or non-profit groups to provide training in targeted fields where jobs will be available, supporting community colleges that hold classes in housing projects, and providing counseling to assist students in making the right career choices.

Without such community alternatives and tougher regulation, trade schools and the banks that finance them will continue to profit from fraud. "Were I released from prison tomorrow, I could go out and do the very same thing again," says Tommy Lee Downs, the Nashville beauty-school operator serving time for fraud. "I mean, you are talking about the ability to steal unfathomable amounts of money." □

*Barry Yeoman is associate editor of The Independent newsweekly in Durham, North Carolina. Jay Huber provided research assistance.*

**The government has taken some steps to reform the system. In August, Congress passed a law that will take 60 percent of the student loan business out of the hands of banks — lending the money directly to students, without going through commercial lenders.**

# REFORMING HIGH FINANCE

BY MIKE HUDSON AND ADAM FEUERSTEIN

**Efforts to stop predatory lending and clean up the financial system are gaining support from consumers across the region.**

**I**t was a rare sight under the gold dome of the Georgia state capitol, where white lawmakers and business lobbyists are used to being in the majority. Last February, hundreds of black citizens packed a committee room and choked the hallway outside. They came to support a bill to cap the huge interest rates that poor and minority homeowners pay on second mortgages.

With millions of dollars in bank profits on the line, Loyce Turner — chair of the Georgia Senate banking committee and a banker himself — moved to squelch the uprising. Turner warned the audience not to clap or shout support as the bill's sponsor, State Senator David Scott, made his plea for the rate caps. He also said that because the meeting was not a public hearing, the assembled citizens had no right to speak to the committee. "We are not trying to railroad or stop anything," Turner said.

Scott didn't try to hide his anger. "If this committee isn't going to represent the people, I don't want to serve on it," he said. "This is a strong miscarriage of justice. If this room was full of white people, this wouldn't happen. The banks run this committee."

The committee put the bill aside, but continued pressure from citizens and the media paid off. After Scott agreed to raise the rate cap by three percentage points, the committee passed the bill on to the full Senate, which approved it by a vote of 44-11.

It seemed like a great victory for consumers. In the end, however, the banks won. When a House panel — also chaired by a banker — took up the bill, the pockets of its five members had already been lined with nearly \$8,000 in campaign contributions from lenders. With industry lobbyists packing the meeting room, the subcommittee killed the rate-cap legislation. "They don't want this bill *whichever* way we write it," Scott lamented.

It's an old story in Georgia and in statehouses across the South, where consumers have won few victories over the past decade and a half. Consumer laws in the region remain weak and ineffective — thanks to the predominance of free-market-at-any-cost rhetoric, confusion at the grassroots, and generous campaign contributions from banks and other financial businesses.

The result is a patchwork system of state and federal regulations that effec-

tively exempts low-income and working-class consumers from government protections that more affluent consumers take for granted when they enter a bank or S&L. Across the region, predatory lenders operate virtually unchecked. No Southern state except Georgia regulates fees charged by check-cashing outlets. All but two allow pawn shops to charge interest rates of 240 percent or more. Most put no limits — or extremely high ones — on the interest and fees charged by finance companies and second-mortgage lenders. And government regulators have only recently shown much interest in making banks obey fair-lending laws.

Jean Ann Fox, president of the Consumer Federation of America and its Virginia affiliate, says the message to disadvantaged consumers is simple: "You're on your own, and we're not going to protect you. We're putting our trust blindly in competition — even though competition doesn't work when consumers don't have a real choice."

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## STOP THE SHARK

But as the turnout for the Georgia hearings indicates, things are beginning to change. More and more, consumers who have been gouged and ripped off are pressuring their lawmakers to clean up the financial system.

In Atlanta, a grassroots group called Citizens for Fair Housing has sprung from experiences with Fleet Finance and other lenders that prowl the second-mortgage market. In nearby Augusta, a similar coalition, Citizens Addressing Public Service,

has marched on Fleet headquarters wearing bright yellow T-shirts that say, "Stop the Fleet Loan Shark." Members of CAPS have taken the bus north to lobby Congress and the Federal Reserve Bank.

Union Neighborhood Assistance Corporation, an offshoot of a Boston hotel workers union, is coordinating a national grassroots campaign against Fleet and other predatory lenders. UNAC has set up a toll-free consumer hotline — 1-800-96-SHARK — and has pressured corporations that own shares in Fleet to sell their stock.

Community-reinvestment advocates like ACORN — Association of Community Organizations for Reform Now — are stepping up the pressure on banks to lend money and provide services to low-income and minority neighborhoods. The second-mortgage scandal across the South has provided them new ammunition in their fight against lending discrimination by bringing forward people who can attest, in a very personal way, to its effects.

Dorothy Thrasher, a 61-year-old homeowner in northwest Atlanta, told state legislators how two vinyl siding salesmen pressured her for weeks with an offer to make her home a low-cost demonstration model. She finally gave in, and ended up with an \$18,000 home-repair loan at 23 percent interest. Fleet Finance purchased the loan and began collecting the monthly payments of \$335, leaving Thrasher only \$90 from her government pension check to buy food, utilities, and medicine.

"When I testified, I just told the truth about what those people had done to me," Thrasher says. "The whole place was filled with so many sad folks, most worse off than me. I felt like we was going to get some response, but I was disappointed. It looks like Fleet has too much control. They got the money, and all we got is our stories."

## MONEY AND VOTES

Why weren't those stories enough to sway the legislature? An examination of campaign finance reports indicates why lawmakers remain deaf to the voices of disadvantaged consumers — and why legislation to protect consumers is so often subverted in Georgia and other Southern states.

The banking industry is a patron of most key members of the Georgia legislature:

▼ The 10 members of the Senate banking committee received a total of more than \$22,000 from the lending

ing Fleet Finance in a class-action suit charging the company with racketeering and fraud.

▼ The Georgia Mortgage Bankers Association funneled more than \$18,000 in campaign contributions to Georgia lawmakers last year through its Good Government Fund.

▼ Three key members of the House and Senate banking panels are bankers themselves. Turner chairs First Bank and Trust Co. of Valdosta and is a director of its holding company, Synovus Financial Corp.

Other Georgia politicians also enjoy close ties to the industry. Governor Zell Miller received \$9,600 from Fleet's PAC during his 1990 campaign. Fleet said Miller gave a motivational speech at a company management meeting a few years ago.

With industry money in their pockets, legislators replaced the rate-cap bill sponsored by Senator Scott with one requiring licenses for mortgage brokers. Legislative leaders say licensing will stop "99 percent" of mortgage abuses. Consumer advocates say it's a minor reform designed to head off real regulation. Second-mortgage lenders can currently charge annual interest

rates of 60 percent; Scott's bill would have capped interest at 11 points over the prime rate.



Photo by W.A. Bridges Jr./Atlanta Constitution

**WHEN GEORGIA STATE SENATOR DAVID SCOTT TRIED TO CAP INTEREST RATES, LENDING INDUSTRY LOBBYISTS RALLIED TO DEFEAT THE BILL.**

industry last year. On the House side, the 25 members of the banking panel — including those who killed the rate-cap bill — pocketed over \$29,000 in contributions from the banking industry.

▼ Turner, chair of the Senate bank committee, has received nearly \$7,000 from the banking industry since 1990, including \$1,000 from NationsBank. The Charlotte-based banking giant has drawn criticism for its recent purchase of Chrysler First, a huge mortgage company accused of predatory lending against low-income borrowers.

▼ Senator Chuck Clay, the committee vice chair, took in more than \$3,000 from banks last year, including \$500 from NationsBank. He is also represent-

## GUARDING THE HENHOUSE

Like other Southern legislatures, the Georgia assembly has always been hostile to regulations on business. Culver Kidd, a Georgia slumlord and president of a string of small-loan companies, fought fiercely against business regulation during his 45 years as a state legislator. "He would let nothing come through that looked like consumer protection," recalls Donald Coleman, an Atlanta Legal Aid attorney.

Kidd also helped his silent business

partner win appointment as a judge in Baldwin County, where he ruled on collection actions against their tenants and borrowers. Before Kidd was voted out of office last year, the powerful Democrat — known around the Capitol as the “Silver Fox” — sponsored a bill that would have discouraged his customers and other small borrowers from filing bankruptcy.

Despite Kidd’s loss, good-old-boy politics and corporate power maintain a stranglehold in Georgia. Across the region, a number of trends over the past decade have left disadvantaged consumers even more vulnerable:

▼ Budget cuts have forced many consumer-protection agencies to curtail their already modest efforts. In Virginia, the state Office of Consumer Affairs has laid off workers and eliminated its toll-free hotline for citizen complaints. Reagan-era budget cuts and growing caseloads have also forced many Legal Aid programs — which provide legal advice to the poor — to cut back on their consumer efforts.

▼ Many newspapers and TV stations have given up hard-edged consumer reporting in deference to advertisers, and to owners who increasingly value profits over public service. In North Carolina, for example, the *Raleigh News and Observer* transferred its auto and real estate editor to the advertising department. The reason? Executive Editor Frank Daniels III says the paper does little real reporting on the car business because “it doesn’t make much sense to piss off advertisers.”

▼ Government cutbacks and increasing poverty in many communities have forced advocates for the poor to concentrate on providing for immediate needs like homeless shelters and food. In the midst of a lingering recession, the fight for better finance laws and long-

term reforms has often taken a back seat.

The Reverend Minnie Davis, chair of the newly formed citizen coalition in Augusta, says that many people assume that financial reform has “been taken care of, somebody’s handling it. They find out it’s really not being taken care of — and we’re really in a stew.”

With consumer attention diverted over the past decade, many states passed “deregulation” bills that reduced protections for consumers — often with little or no opposition. In 1983, Georgia lawmakers opened the flood gates to second-mortgage abuses by eliminating a 16-percent interest cap. The proposal to kill

who profit from the poor — and on the lawmakers who support them.

But citizens fighting for reform face an uphill battle against the massive resources of predatory lenders like Fleet. The bank — the 14th-largest in the nation — has hired the Atlanta law firm of former U.S. attorney general Griffin Bell, who represents George Bush in the Iraqgate scandal. It set up a \$30 million fund to repay borrowers who have been wronged, hoping to stave off criminal investigations in other states. It held a press conference with Atlanta Mayor Maynard Jackson to announce an \$8 million donation to revive minority

neighborhoods. And it has tried to shore up its image by joining with the National Consumer League, a respected non-profit group, to start a financial-education program for high school students.

Other lenders have tried different methods for ducking lawsuits and government investigations. After it was hit with millions of dollars in lawsuits, ITT Financial Services began having borrowers sign agreements requiring that most disputes be decided by a private arbitration firm called Equilaw.

Equilaw tells creditors like ITT that arbitration puts an end to “excessive jury verdicts.” But a California judge has ruled that the arbitration program illegally denies borrowers the right to sue, and a Florida lawsuit says the arbitration clause is unfair because it imposes a \$750 hearing fee on consumers and suggests they must travel to Minnesota for a hearing.

“Basically you can create a collection agency with ultimate powers if you call it an arbitration organization,” says Gloria Einstein, a Legal Aid attorney in Jacksonville, Florida.

Consumer advocates have had some success in exposing abusive practices at Fleet and ITT. But things remain business as usual for most companies that

Photo by Rudy Nyhoff/Augusta Chronicle



**THE REVEREND MINNIE DAVIS LED 50 PROTESTERS ON A MARCH AGAINST FLEET FINANCE, CHASTIZING COMPANY OFFICIALS LIKE VICE PRESIDENT RONALD WALKER FOR PREDATORY LENDING PRACTICES.**

the cap passed the House that year by a vote of 156-0. “The votes were lined up in favor of that bill long before the opposition even heard of it,” former State Senator Todd Evans remembers.

## MASSIVE RESOURCES

Such obvious pro-business maneuvers will be harder to pull off in the future, however. The statewide scandal over second mortgages has sparked a sense of sustained outrage among low-income consumers and their allies. Grassroots advocates, attorneys, government regulators, and Atlanta newspapers have joined forces to put heat on lenders

profit from the poor. Even as the second-mortgage industry has come under siege in Georgia, small-loan companies in the state continue to operate under some of the worst lending laws in the nation.

With the help of sympathetic legislator-businessmen like Culver Kidd, the small-loan industry has blocked attempts to improve fair-lending laws. The industry PAC, Consumer Credit People for Responsible Government, tells members that campaign contributions are crucial to their profits, because the industry is "a creature of the General Assembly." Last year, the industry dished out more than \$28,000 to state lawmakers.

Such influence-buying has paid off. Georgia law allows small-loan companies to collect stunning interest rates: from 123 percent on a \$50 loan to 45 percent on a \$1,000 loan.

The rent-to-own industry also enjoys legislative sponsorship for price-gouging, thanks to a strategy of preemptive regulation. In state after state over the past decade, rent-to-own lobbyists have persuaded lawmakers to introduce industry-sponsored bills that include token protections for consumers, such as requiring that stores be honest about whether an item is new or used. More important, the legislation exempts rent-to-own stores from retail credit laws and traditional interest-rate caps.

Legal Aid attorneys call it "disclose and anything goes." So far, at least 35 states — including 11 in the South — have passed such laws. And the industry is now lobbying Congress to pass a similar federal law.

When it cannot head off regulation early, the industry attacks. In 1983, North Carolina legislator Jeanne Fenner introduced a bill to limit what rent-to-own stores could charge. The measure was gutted, but the industry still took revenge. During Fenner's next two campaigns, rent-to-own dealers from as far

away as Texas gave more than \$20,000 to her opponents. Fenner, who spent a fraction of that, lost both races. Since then, there has been no serious attempt in North Carolina to pass a law to limit finance charges at rent-to-own stores.

## FOOD AT CHRISTMAS

Consumer advocates say changing the economic patterns that allow rent-to-own dealers and the rest of the poverty industry to thrive won't be easy. They call for a comprehensive range of steps to reform the system, citing the need to:

▼ educate consumers about their rights and create effective organizations to ensure that grassroots voices are heard at the local and state levels.

▼ pass immediate regulations to limit the usurious interest and fees charged by pawn shops, check cashers, finance companies, second-mortgage lenders, and used-car dealers.

▼ create a unified system of federal regulation that puts the entire financial industry under one set of standards, requiring all lenders to disclose financial transactions, end racial discrimination, and provide loans in poor neighborhoods.

▼ expand non-profit, consumer-based alternatives such as

community credit unions and empower people to create their own economic development initiatives from the bottom up.

Ultimately, consumer advocates say, real reform depends on shifting the control of credit from huge corporations to local communities. Backed by current fair-lending laws governing mainstream banks, grassroots groups have already forced some commercial lenders to promise millions in loans for credit-starved neighborhoods. But so far, critics say, most pledges of community reinvestment are just so much public relations.

**"They're just hard-working people trying to make a living." But it took a while for them to get organized. Most thought they were all alone — that they had somehow brought their problems on themselves.**

In Atlanta, Carrie Copeland has been trying for years to get downtown banks to open up to her fellow public housing residents. Copeland wants banks to lower the minimum balance they require for checking accounts — which run as high as \$200 — to \$25.

"The banks are good at everything except banking," Copeland says. "Other things, helping us in the community, they're very good at that. They give food at Christmastime. They never turn us down on good things like that. But we want to go a step further. We want to save a little money."

Other activists are starting to make the connection between banking discrimination and predatory lending. In Augusta, CAPS has gone from raising hell about Fleet to pressuring local banks to lend money in redlined neighborhoods and appoint minorities and women to their boards of directors.

The group started early this year. Its first meeting drew 60 people. The next, more than 300. They marched on Fleet, on the state Capitol, and on Washington.

"We have so many people in this area who have been hurt by Fleet," says Davis, who chairs the group. "They're just hard-working people trying to make a living." But it took a while for them to get organized. Most thought they were all alone — that they had somehow brought their problems on themselves.

"They were ashamed at first, because nobody was saying anything," Davis says. "When other people start speaking out, they kinda overcome their shyness and say, 'That's happened to me, too. You need to do something to help these people.'"

Next year, when the Georgia assembly meets, CAPS will be there. So will Dorothy Thrasher and Citizens for Fair Housing in Atlanta. Working together, they will try again to overcome the financial power of the lending industry.

"I feel like one day some good will come out of it," Thrasher says. "You can't keep mistreating people and have the problem ignored forever. God doesn't let good people suffer and suffer without no justice." □

*Adam Feuerstein, a former reporter with the Atlanta Business Chronicle, is spokesman for the Task Force for the Homeless in Atlanta.*

# LENDING SUPPORT

**Citizens are forging consumer alliances and homegrown credit alternatives that put money back into their communities.**

**C**onsumer advocates say that shackling financial predators with tougher legislation won't be enough to stop lending abuses. Poor and working-class communities need alternative sources of affordable credit — ones that place people over profits and provide money to support grassroots economic development.

Across the South, citizens are working to create a variety of homegrown institutions that provide hope and economic stability to their members. Consumers who have been ripped off by credit scams are learning to stand up for their rights, creating grassroots groups to fight predatory lenders. Self-help groups are relying on sweat equity and creative financing to reverse years of apathy and decay. And “community development” credit unions are demonstrating how mainstream institutions — banks included — can serve impoverished communities without going bankrupt.

The Institute for Southern Studies is currently completing a year-long assessment of community-based economic development in the region, detailing the history and organizing strategies of the movement. We'll report on our findings in a future issue, profiling more of the many groups that are empowering ordinary citizens to take control of their own lives and communities.

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## GRASSROOTS ORGANIZING

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### COWETA COUNTY, GA.

Soon after Lora Kling moved her family into a new home in Coweta County, Georgia, their neighbors started calling them “the people with the lake.” That’s because every time it rained, knee-high water flooded their yard.

Inside the house, the pipes and toilets gave off odors and bubbling noises. Sewage from a bad septic line seeped into the basement.

The problems didn't end there. The builders, Jimmy and Dennis McDowell, financed the loan on the house and then sold it to Fleet Finance, the Atlanta-based mortgage giant. For years, Kling says, Fleet refused to provide an accounting of the loan — or even verify that payments had been credited toward the mortgage.

Kling fought back. She talked to hundreds of neighbors in the Peachtree Landing subdivisions that the McDowells helped build. Many had similar tales of brand-new homes with faulty construction and mortgages cloaked in mystery. She also confronted the McDowells, Fleet, and officials who supported them. Her grassroots hell-raising has sparked an uproar in this semi-rural county south of Atlanta — and has once again raised disturbing questions about one of the nation's biggest mortgage companies.

Attorneys for the homeowners are preparing a class-action lawsuit accusing Fleet and the developers of working hand-in-hand in a scheme to cheat buyers. The companies deny any wrong doing.

Like the Klings, most of the homebuyers were blue-collar or middle-class people who had been denied conventional financing because of bad credit or a lack of credit history. They bought their homes through mortgages that were financed by the builders and then sold to Fleet.

Dawson says many homeowners told her that Fleet tacked on erroneous charges and late fees and made it nearly impossible for them to get information about their loans. Meanwhile, Dawson says, the builders refused to fix construction problems. Many buyers were forced to spend thousands of dollars for repairs, pushing them deeper into a financial hole — and often into foreclosure.

Fleet officials say they owned about 400 McDowell mortgages, but sold many of them back to the developer because of incomplete paperwork. Fleet

women wrote a 40-page report to federal officials that includes charges that county inspectors were paid off by the developers to overlook building-code violations in the subdivisions.

In response, 23 people named in the report filed a \$50 million lawsuit accusing Kling and Dawson of libel, invasion of privacy, and stalking. The women say the lawsuit is simply an attempt to silence them.

But they won't be quiet. The problems with her home have transformed Kling from a private woman to a public

figure. She has helped bring together hundreds of other homeowners who are pushing for justice. She ran for county commissioner, losing with a respectable 46 percent of the vote.

As Kling sees it, the choice facing her and other homeowners is simple: walk away and lose everything, or stay and fight.

"I'm too proud a person to allow someone to control my life," she says. "I'm not going anywhere, so we decided to fight."

— Adam Feuerstein

Photo by Jeff Bishop



**LORA KING HAS MOBILIZED HUNDREDS OF HOMEOWNERS TO PUSH FOR JUSTICE AGAINST FLEET FINANCE IN COWETA COUNTY, GEORGIA.**

When they fell behind on their payments, their homes were foreclosed and then resold — often to be foreclosed and resold again in a vicious cycle.

"The people who bought these homes were at great risk from the start," Kling says. "Most were grateful because under normal circumstances they would never have owned a home. It is clear that this was a willful scheme to force people to fail. Frequent foreclosures make way for more mortgages and more money for the developers and Fleet."

After two years of digging, Kling took her information to Diane Dawson, chair of the Coweta County Commis-

sion. Dawson says many homeowners told her that Fleet tacked on erroneous charges and late fees and made it nearly impossible for them to get information about their loans. Meanwhile, Dawson says, the builders refused to fix construction problems. Many buyers were forced to spend thousands of dollars for repairs, pushing them deeper into a financial hole — and often into foreclosure.

William Brennen, an Atlanta Legal Aid attorney who has been investigating Fleet for years, says the Coweta County case mirrors others across the nation.

"Every time Fleet gets caught doing something illegal, they say they're stopping," he says. "But that's like saying Charles Manson has stopped killing people — it doesn't do the victims any good. Fleet only stops after they get caught."

The efforts by Kling and Dawson have prompted the Georgia Office of Consumer Affairs and the U.S. Justice Department to investigate. The two

## CONSUMER EDUCATION

COLUMBIA, S.C.

*Dorothy Garrick became interested in consumer issues after she lost her job and went into debt to pay her bills. She is*

*now Southern regional director of the National African-American Consumer Education Organization and president of its local chapter in Columbia, South Carolina.*

It's hard to get help in hard times. Around 1985 I was terminated at the telephone company, and while my case was being arbitrated I was unemployed. It put me in a financial bind. So I had to try to get assistance with my utility bills and it was hard to find. Well, where would you go?

I was one of those consumers, I didn't get involved. When you're working, making a good salary, you think every-



thing is okay until you hit rock-bottom. Then you go to these agencies and the people that they have at the front desk, they treat you like you're less than a person.

The company didn't have cause to terminate me, so I was rehired back to my same salary. But by then I had ruined my credit, because I didn't know how to handle a creditor. It's always hard to catch up. That's why I feel that I'll always be active in the consumer arena: I know what it feels like to be treated *less than*, because you don't have.

I can see how easy it would be to get caught up in it, if you need to make a mortgage payment, or a car payment, and they say, "Okay, we'll lend you money." You know you're paying almost 25 cents on the dollar in interest, but you feel the need is so great you have nowhere else to go. So you will borrow, borrow, borrow 'til you can't borrow any more. Some of the scam artists, that's a way for them to take your homes and your cars, and to own you where you never get out of debt. That's why consumer education is so important.

I became interested in consumer issues and started attending conferences in Washington, D.C. with Florence Rice, who is now president of our national organization. There were times we went to conferences and there were just maybe two or three blacks, including Florence and myself. So we noticed there was a need. We don't have enough people attending the conferences to spread the word in our communities.

Right now we're still in the organizing process. Mainly we're working out of our homes. We have about 20 members. We have people if you need 'em I can call on them. Some of them have been through the same thing I've been through.

We're grassroots people. I have a job: I work 10 hours a day, four days a week. But I can do a lot along with the other volunteers. We can network and provide information in our spare time. We can schedule workshops and seminars for different groups, just empowering people to find the information they need.

It's basically what we can afford out of our pockets, and friends who give money to help us with something. If we need some printing done someone will say, "I'll give you some money to help you with that." Or: "Give it to me and I'll take it to my office and make you some copies."

I'm also active in the Communica-

tions Workers union and the NAACP, so I can blend consumer education with other organizations I work with. My spare time is spent doing volunteer work. I was raised up with that — that you're supposed to put back what you can into the community. I'd rather go to a meeting or a seminar than go to a party.

## LOCAL DEVELOPMENT

### FOUR CORNERS, LA.

Five years ago, Irma Lewis remembers, Four Corners was a dying community. The hamlet set among the sugar cane fields of southern Louisiana was full of decaying clapboard homes. Many of its 400 residents — whose average income fell below \$10,000 a year — saw little hope for the future.

"Four Corners was a place forgotten," says Lewis. "But we're on the map now. People know Four Corners exists."

The people of Four Corners turned their community around by uniting to rebuild it. They've been inspired by a simple idea — neighbor helping neighbor to save their own homes.

The Southern Mutual Help Association, which has been fighting for the rights of sugar cane workers for more than two decades, came to Four Corners in 1989 with a proposition: It would bring in plumbers and other contractors to provide training. Residents, in turn, would pledge to pitch in and work until every house in town was renovated.

The 15 black women who attended that first meeting founded the Four Corners Self Help Housing Committee and began recruiting other residents. Together they pounded nails. They sliced through plywood with power saws. They sealed busted pipes. In all, they refurbished three dozen homes. Now the idea has spread to the neighboring communities of Sorrel and Glenco.

Lorna Bourg, assistant director of

Southern Mutual Help, says that some Four Corners residents have been victimized by shoddy contractors. Although such abuse was not the impetus for the rebuilding campaign, Bourg says the self-help idea provides a grassroots model that could be transplanted to other towns and even urban neighborhoods as a way of heading off unscrupulous home-repair and second-mortgage companies.

To make it work, Bourg's group has helped secure more than \$750,000 in federal support. It has also worked with Iberia Savings Bank to arrange loans at one percent interest for home repair. So far 28 of 30 applications have been approved, with loans ranging from \$500 to \$17,000. No borrower has defaulted.

And Four Corners shows no signs of turning back. When Hurricane Andrew swept into Louisiana last year and destroyed much of what it had taken residents three years to accomplish, they simply started over and rebuilt their homes better than ever.

The storm blew one woman's home off its piers. She was ready to call it a total loss and

move away — until Irma Lewis told her to close her eyes. "I want you to visualize your house the way you want it," Lewis told her. "Think about how you want it painted. Think about how you want your porch." The woman closed her eyes. Soon she was smiling. Today, Lewis says, the house is back on its piers. "And it's beautiful."

—Mike Hudson and Bernard Chaillot

Photo by Shin Yun/Point



DOROTHY GARRICK

## COMMUNITY CREDIT

### MT. VERNON, KY.

Dwight and Shana Mahaffey have been paying the Beneficial Mortgage Company \$230 every month for four years to buy a mobile home and three-

acre lot near Mount Vernon, Kentucky. Beneficial, a subsidiary of one of the largest consumer-finance companies in America, charges them 16.5 percent interest.

The Mahaffey's borrowed \$15,000 from Beneficial in April 1989. Come next spring, the five-year note comes due — and they'll still owe a final "balloon payment" of \$13,713.

Fortunately, the couple has a better deal waiting for them: Central Appalachian People's Federal Credit Union has promised to write them a loan at 10 per-

cent interest. Central Appalachian will refinance some small consumer loans the Mahaffey's already have with the credit union and add them into a loan to pay off Beneficial. In all, the Mahaffey's monthly debts will be cut in half.



**LORNA BOURG OF SOUTHERN MUTUAL HELP ASSOCIATION CONFERS WITH IRMA LEWIS ABOUT HOUSING RENOVATIONS IN FOUR CORNERS, LOUISIANA**

without tacking on insurance charges and other hidden fees. In the process, they have established themselves as grassroots centers of community pride, economic development, and consumer education.

There are an estimated 300 credit unions nationwide serving limited-income borrowers. Nearly half are in the South, and all are non-profit institutions owned and run by their depositors.

In many ways, these credit unions are the mirror images of banks. Banks drain money out of low-income and minority

employee-owned businesses, and other agents of social change. Founded in Durham a decade ago with bake-sale proceeds, Self-Help now manages \$40 million in assets. It was recently touted on Capitol Hill as a model that could help President Clinton live up to his campaign promise to create 100 "community development banks."

▼ In the northwestern panhandle of Florida, the North East Jackson Area Federal Credit Union sits in a trailer in Pearl Long's side yard, surrounded by fields of peanuts. Its members — many of them independent African-American farmers — pool their money for crop loans and used-car financing.

▼ For hundreds of miles around Berea, Kentucky, Central Appalachian People's Federal Credit Union lends out \$1.2 million a year to poor and working-class borrowers. It has 1,500 individual members, as well as more than 40 member organizations that serve as branch offices, including schools, housing projects, and even a plastics factory.

### **"THEY WORK SO WELL"**

Despite their successes, such "limited-income" credit unions represent barely two percent of the 13,000-plus credit unions nationwide. "It amazes me there aren't more of these, because they work so very well," says Mike Eichler, a

community organizer in New Orleans for the non-profit Local Initiatives Support Corp.

They also remain tiny compared to banks and employer-based credit unions. In 1991, these poor people's institutions averaged less than \$2 million in assets, compared to \$17 million for all credit unions.

History — and government intransigence — have something to do with why there are so few of them. Grassroots credit unions first emerged in Southern black communities during the 1940s, enabling those cut off by mainstream banks to pool resources and borrow money. The federal government copied

communities by taking deposits from poor neighborhoods and using the money to make loans to people in more affluent areas. By contrast, credit unions funnel money into low-income communities by making loans only to their members, and by attracting "non-member" deposits from corporations, foundations, churches, and other non-profits.

Bankers say loaning money to low-income and minority people is too risky. Credit unions across the region are proving them wrong:

▼ Throughout North Carolina, the Self-Help Credit Union offers mortgages to low-income home buyers and provides credit to non-profit groups, em-

Community credit unions loan money to factory workers, the elderly, and welfare recipients at affordable rates —

the idea during the 1960s, creating at least 400 as part of the War On Poverty.

The feds invested lots of money in setting them up, but did little to ensure training and stability. "By 1967 or 1968, they pulled the rug out completely," says John Isbister, an economist at the University of California in Santa Cruz who has studied credit unions. "They just stopped funding them — and most of them just failed."

One hundred or so survived, but the casualty rate from that haphazard effort provided a ready excuse for Republican-appointed regulators who didn't care much for the idea of credit unions for the poor. During the 1980s, Isbister says, federal officials repeatedly held back federal loans to grassroots credit unions and limited the amount of "non-member" deposits they could take in. In the late 1980s, the savings and loan debacle — created largely by Reagan-era deregulation — offered yet another rationale for hindering the growth of community credit unions.

Many have had a tough time of it. Federal regulators have repeatedly threatened to shut down the North East Jackson credit union in Greenwood, Florida. Created during the 1960s to support civil rights activists denied credit by the local white power structure, the credit union earned only 35 cents in interest during its first year. By 1980, its loan delinquency rate had soared to 30 percent. But under the leadership of Pearl Long, a retired teacher whose equipment shed housed the credit union for a while, the lender has squeezed its late-payment rate to 2.5 percent — close to the national average of 1.6 percent.

In Kentucky, Central Appalachian has also cut its late-payment rate in recent years and now writes off barely three percent of its loans as a loss. Marcus Bordelon, a former banker and VISTA volunteer who manages the credit union, says the lender works with borrowers who fall behind, stretching out payments and helping them get on their feet.

Bordelon says the credit union is also there for anyone who gets into trouble with for-profit lenders. One member who didn't know Central Appalachian offered loans in addition to savings accounts went to Kentucky Finance Company to borrow \$500. The lender made him put up his car as collateral, and then added on \$300 in insurance, car club membership, and other fees. At 36 percent interest, the borrower would have owed more

than \$1,000. He escaped by refinancing with the credit union at 16 percent — with free credit insurance and no collateral required.

Another credit union member signed up to "rent to own" a TV and stereo from Curtis Mathis for \$37 a week. After three months, she realized she was going to pay \$4,000 for items priced at \$1,700. When her phone and cable hookup were cut off, she went to the credit union and borrowed money to buy the things outright.

Dwight and Shana Mahaffey have

check. They don't care what the interest rate is."

To educate consumers about their financial options, Central Appalachian holds workshops and includes "scam alerts" in its newsletter. Credit union advocates also hope federal officials will expand access to affordable credit by providing seed money and fairer rules governing financial institutions. President Clinton, they point out, could have been talking about grassroots credit unions when he said before the election: "I think every major urban area and ev-

*Photo by Randall Patrick*



**FACING A HUGE PAYMENT ON THEIR MORTGAGE, SHANA AND DWIGHT MAHAFFEY WENT TO A GRASSROOTS CREDIT UNION — AND CUT THEIR DEBT IN HALF.**

used loans from Central Appalachian to cover hospital bills for their children and repay a student loan that put Shana through business school. "Anytime I want anything," Dwight says, "all I have to do is go to the credit union."

Dwight, who works as a manager at a McDonald's and helps run his parents' sporting goods store, is also using the credit union to get out of the 16.5-percent mortgage on the trailer and land he and Shana bought from her parents. His in-laws already had a mortgage from Beneficial, and the Mahaffeys thought it would be convenient to stick with the same lender.

"The thing with finance companies, they make it so easy," Dwight says. "Somebody needs some money real fast, they go into Kentucky Finance or Beneficial and in 30 minutes walk out with a

ery poor rural area ought to have access to a bank that operates on the radical idea that they ought to make loans to people who deposit in their bank."

Mike Eichler, the New Orleans-based activist, says credit unions don't cost much to run, especially when other nonprofits and churches donate office space and staff. Most of the time and money goes into start-up — investing the leg work needed to drum up community support. Such effort, he emphasizes, brings results.

"I don't think there's apathy about the fact that people are stuck with having to pay 30 percent for a loan," Eichler says. "It's just a matter of convincing them through organizing that there is an alternative." □

— Mike Hudson

# RESOURCES

To help fight businesses that profit from the poor, the Institute for Southern Studies is sponsoring a new newsletter called *Poverty, Inc.* Published quarterly by journalist Mike Hudson, the newsletter will serve as a resource for consumers, community activists, social workers, scholars, journalists, attorneys, and others concerned about poverty.

Each issue will combine in-depth investigation and analysis with "how-to" articles that tell consumers and their advocates how to avoid rip-offs and create non-profit, community-based alternatives. The newsletter will also focus on poverty-related issues such as labor pools, urban "renewal" programs, and real estate speculation.

To subscribe, send \$18 to Poverty Studies, P.O. Box 4691, Roanoke, VA 24015, or call (703) 989-4127.

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## ORGANIZATIONS

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### ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW

1024 Elysian Fields Avenue  
New Orleans, LA 70117  
(504) 943-0044

Fights bank discrimination and works for home ownership by low- and moderate-income citizens.

### CENTRAL APPALACHIAN PEOPLE'S FEDERAL CREDIT UNION

P.O. Box 504  
Berea, KY 40403  
(606) 986-1651

Offers savings accounts and personal loans and conducts financial education seminars.

### CITIZENS ADDRESSING PUBLIC SERVICE

The Reverend Minnie Davis, chairwoman  
3534 Prince Road  
Augusta, GA 30906  
(706) 796-1571  
Combats predatory lending and redlining in minority and low-income neighborhoods.

### COALITION FOR ABUSED CONSUMERS

Richard Bell, director  
P.O. Box 770306  
Houston, TX 77215  
(713) 343-9639  
Fights harassment by bill collectors.

### CONSUMER FEDERATION OF AMERICA

1424 16th Street NW, Suite 604  
Washington, DC 20036  
(202) 387-6121  
Conducts studies on credit insurance, access to banking services and other areas of importance to low-income consumers.

### HOME DEFENSE PROGRAM-ATLANTA LEGAL AID

William Brennan, director  
340 W. Ponce de Leon, Suite 100  
Decatur, GA 30030  
(404) 377-0701  
Serves as an information clearinghouse for lawyers and journalists investigating mortgage abuses.

### NATIONAL AFRICAN-AMERICAN CONSUMER EDUCATION ORGANIZATION

Dorothy Garrick, Southern regional director  
1613 Fairhaven Drive  
Columbia, SC 29210  
(803) 772-0204  
A new organization developing local chapters throughout the nation.

### NATIONAL CONSUMER LAW CENTER

11 Beacon Street  
Boston, MA 02108  
(617) 523-8010  
Assists attorneys who represent low-income consumers and provides information to journalists and others.

### NATIONAL FEDERATION OF COMMUNITY DEVELOPMENT CREDIT UNIONS

120 Wall Street, 10th Floor  
New York, NY 10005  
(212) 809-1850  
Provides technical help to low-income communities that want to maintain or start their own credit unions.

### PUBLIC INTEREST RESEARCH GROUP

215 Pennsylvania Avenue SE  
Washington, DC 20003  
(202) 546-9707  
Lobbies on consumer issues and conducts surveys on rent-to-own prices and access to banking services.

### SOUTHERN FINANCE PROJECT

329 Rensselaer  
Charlotte, NC 28203  
(704) 372-7072  
Monitors financial markets and policy issues.

### SOUTHERN MUTUAL HELP ASSOCIATION

5002 Old Jeanerette Road  
New Iberia, LA 70560  
(318) 367-3277  
Fights for the rights of farmworkers and sponsors a community home-repair program.

### UNION NEIGHBORHOOD ASSISTANCE CORPORATION

321 Columbus Avenue  
Boston, MA 02116  
(617) 267-1144  
(800) 96-SHARK (hotline for mortgage-abuse complaints)  
Organizes against predatory lenders and conducts a nationwide study of exploitive mortgage lending.

### VIRGINIA CITIZENS CONSUMER COUNCIL

Jean Ann Fox, president  
7115 Leesburg Pike, Suite 215  
Falls Church, VA 22043  
(804) 867-7523  
Lobbies for better laws on used-car sales, check cashing, and other consumer transactions.

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## BOOKS AND REPORTS

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Alan Andreasen, *The Disadvantaged Consumer*. New York: The Free Press, 1975.

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John Isbister, "The Lending Performance of Community Development Credit Unions," (October 1992). Center for Cooperatives, University of California, Davis, CA 95616.

*Surviving Debt: Counseling Families in Financial Trouble*. Boston: National Consumer Law Center, 1992.

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# The Freedom Movement Lives On

By Isaiah Madison

I was around in the early 1960s, during the heyday of the civil rights era. I remember the excitement at feeling that we were on the edge of history, that we were in the process of creating a more humane society. I remember the sense of pride we felt as we stood up and challenged racial discrimination and oppression in the South, eventually seeing our faith materialize into national public policy. As I sat-in in Memphis and registered black voters in Mississippi, I knew both the fear and excitement, the anxiety and exhilaration of challenging the entrenched forces of racial apartheid in the South. I knew the feeling of being irresistibly caught up in the currents and cross-currents of a powerful history-making movement.

Representative John Lewis, a leader of the Student Non-violent Coordinating Committee during the early '60s, recalled those days in the August issue of *Emerge* magazine.

"You know," he said, "whether it was sitting in or going on the Freedom Rides

or marching for the right to vote or marching on Washington for jobs and freedom, you were part of something much larger... and you were involved in

something that was exciting. We felt like the force of the universe was on our side. I think it's good to be in Congress, but it's no comparison, really. I don't feel like I'm involved in a crusade here."

Reading this statement brought to my mind how much less hopeful and confident I am today than I was during the '60s. It caused me to wonder what took so much of the excitement out of my life, the sense of being involved in a "cru-

I picked up the phone. We called several current social activists and asked their opinions as to why the movement has lost its luster. Much of what we learned was not only exciting and encouraging, but extremely reminiscent of the '60s.

We discovered that things are not nearly as gloomy as I had come to feel. We learned of dozens of dedicated and unsung people and groups around the country whose work is just as exciting as

Photo by K. Condyles/Impact Visuals



THOUSANDS GATHERED IN AUGUST TO COMMEMORATE THE 1963 MARCH ON WASHINGTON.

sade," of being "part of something much larger" than myself.

Not trusting my personal understanding of what went wrong, an associate and

our activities were 30 years ago. They are just as convinced of the historical significance of what they are doing, just as empowered and liberated by it.



**A NEW GENERATION IS JOINING THE FREEDOM MOVEMENT. BOSTON YOUTH ACTIVISTS RECENTLY TOURED CIVIL RIGHTS LANDMARKS ACROSS THE SOUTH — INCLUDING THE SITE OF THE HISTORIC BUS BOYCOTT IN MONTGOMERY, ALABAMA.**

One of the people we discovered was Lillie Webb, a grassroots activist in Hancock County, Georgia. Webb criticized the “unbelievable stagnation” among established political leaders who insist on “doing things the way they did them 20 years ago.”

“The people have lost hope in the government” she said. “The government needs to be returned to the people. And the people need to accept the responsibility of government. The people are the government; but we no longer see ourselves as the government. We need to take the full responsibility for what’s happening to us, and not just give that responsibility to somebody else.”

Like other grassroots leaders we interviewed, Webb’s disappointment with traditional leaders has not caused her to despair. Instead, it has motivated her to take the lead in creating the Center for Community Development of Hancock County, which seeks to foster comprehensive, grassroots development in the area. This is her way of putting into prac-

tice her idea of returning the government to the people.

We also learned of Margarita Romo of Farmworkers Self-Help of Dade City, Florida, who for 14 years has been organizing farmworkers to create their own jobs, develop their own housing, and rescue their own children from teen parenting and inadequate education. The work of Romo and her organization is a model of leadership development, as numerous farmworkers have successfully moved into more responsible, influential, and financially rewarding positions.

Equally impressive were the organizing efforts of Virginia Sexton and Lisa Montelongo of the Cherokees of western North Carolina. The two women were instrumental in galvanizing the Native American community to successfully resist the siting of a waste disposal facility on their land. They also led a successful challenge to the exploitation of Indians by local tribal leaders and non-Indian owners of tourist businesses.

Particularly inspiring was the work

of Phyllis Miller of the Mountain Women’s Exchange in Jellico, Tennessee. The group provides residents in eastern Tennessee and Kentucky with access to housing, adult literacy programs, and opportunities for leadership development, skills training, enterprise development, and cultural expression. Miller believes that “economic development in the mountains must come from within. We must help ourselves and each other if we are to survive.”

**A**ll of these activists appear to share the conviction that while citizens in a democracy may entrust the responsibility of government to elected officials, we should not permit ourselves to be removed completely from the process. They would

no doubt agree with Lorna Bourg of Southern Mutual Self-Help in New Iberia, Louisiana. “Democracy functions best,” Bourg said, “when people are empowered.” Their shared commitment to this idea has enabled them to accomplish things many consider impossible. For this reason, I view them as harbingers of a powerful new grassroots uprising for democratic empowerment.

After speaking with these activists, I was startled by how much more positive they are about their work and achievements than most public officials and established leaders are about theirs. One organizer of this year’s march in commemoration of the 1963 March on Washington repeatedly called for the need to “inspire and revive the imagination” of the people, because their “hopes have been dashed.” I could hardly square this discouraging description of life in local communities with the optimism and excitement voiced by the grassroots activists I interviewed.

I cite their stories because I believe they address a critical need in our society

— a need to give more public recognition to the success stories in our midst. The great lost opportunity of the recent March on Washington is that its organizers did not see fit to use it as a platform to give national visibility to the many harbingers of hope who labor out of sight.

Maybe giving them more attention at the March would have helped restore the faith of people who have become disillusioned by exposure to too much cynicism and despair. Maybe it would have reminded the rest of us who have succumbed to the pessimism and sentimentalism of our day that we have good cause not only to remember the past, but also to look to the future with renewed optimism and hope.

The exhilaration we felt in the '60s stemmed from our direct involvement in a powerful movement in which oppressed people stood up and took personal responsibility for their lives, throwing off the shackles of racial domination. I am convinced that strengthening personal responsibility and community empowerment is in our time the first step we must make on the road to freedom. To liberate the oppressed, we must do what Lillie Webb and Margarita Romo and other activists are doing. We must engage the oppressed in liberating themselves.

After the March, columnist William Raspberry questioned the relevance of marching and demanding federal ac-



**THE YOUNG ORGANIZERS VISITED THE WOOLWORTH'S LUNCH COUNTER IN GREENSBORO, NORTH CAROLINA, WHERE CIVIL RIGHTS ACTIVISTS ONCE STAGED SIT-INS. THE TOUR WAS RUN BY PROJECT HIP-HOP — HIGHWAYS INTO THE PAST, HISTORY, ORGANIZING, AND POWER.**

tion to address the serious problems confronting African Americans today.

"Apart from the demand for statehood for the District of Columbia, unspecified job creation programs, and support for health care reform, it was hard to see what Congress — or anyone else — was being asked to do," Raspberry wrote.

"The leadership — in curbing black-on-black crime, redeeming our communi-

ties, and rescuing our children — must be ours."

This is precisely what community activists across the nation told me. Some are engaged in work which is highly successful in combating inner-city violence and rescuing children from lives of self-destruction. Among them are some of the most "inspired" and "inspiring" leaders I have ever encountered. Imagine how the March on Washington might have awakened people in the inner cities if the organizers had used it to give national visibility to gang members in South Central Los Angeles

who have laid down their guns and taken up the task of ridding their neighborhoods of gangsterism, drugs, and violence. That would have been news worth shouting from the rooftops.

William Chafe, a professor of history at Duke University, captures the essence of this point in his book, *Civilities and Civil Rights*. "The surge for racial justice in North Carolina came not from the City

Hall in Greensboro nor from the State Capitol in Raleigh," writes Chafe. "It emerged from a thousand streets in a hundred towns, where black people, young and old, acted to realize their vision of justice long deferred."

If we listen close enough, we can hear all over the nation and the world the escalating sound of internal, bottom-up empowerment rumbling in the countryside and the city streets.

Those who have ears to hear, let them hear. □

*Isaiah Madison is executive director of the Institute for Southern Studies in Durham, North Carolina.*



**THE NEW ACTIVISTS MARCHED ACROSS THE EDMUND PETTUS BRIDGE IN SELMA, ALABAMA WHERE CIVIL RIGHTS PROTESTERS WERE BEATEN BY POLICE IN 1965.**

# Stick woman

*By William Pleasant*



ou have to know this I tell you.

Here is what I do have: I got a stick and I got legs to carry me to see my boy every week now. Used to be every day, but I gets tired nowadays. And they say, "Look at that fool woman!" I walk ten miles to the graveyard and ten miles back. The people along the way, I know they talks about me. I see their heads turning and their jaws working. I hear the whispers: "Shame... poor thing... lunatic woman." They in my business, even white folks got a look in their eye for me when they see me coming. But ne'er one of them will stop and ask me why I hobble down this here sand road every week. Ne'er one of them don't have to feel sorry for me neither. You neither... but you come to listen.

I know, I see, I hear — can you grant a poor old black woman that? Can you grant me, though I can't read nor write,

that I have birthed volumes of poetry as I breathe? But then all you can see is an old woman wrapped in rags that don't match. I ain't got no teeth and my hands are black and knotted like roots of some tree. And these hands dig deep — I got a stick.

You know, this dirt was always for my stick. The cemetery is on the road to Hamalata. All the colored boys was buried in the pasture there that belonged to some crackers before it did to the government up-North. And they marked Gabby's grave like they did all the rest: with tin crosses. It took only a couple of rains and they, the crosses, began to rust. They was red in the red Georgia clay that was churned and blistered with sores that would be new graves, staved with some more bleeding crucifixes — in the clay and scattered with no sense, like weeds, like so many crumbling fence-posts lining a madman's acre. Gabby's cross, too. My



boy's head was under it, the cross. Six feet, as long as my stick, for twenty odd years. It was for the clay that I sharpened it. You know, I dig in the ground over his grave. I push the sharp stick down as hard as I can. And it got harder to do as time went on. The clay got harder and I got older, frailer. But I dig down, I testify! I dig a hole with my stick until I hit something solid that won't give. That be Gabby, my boy, right under my stick. See? But in 20 years the hard thing gets deeper — through the clay, through the dirt. I push this stick through the unsapped wood that was his casket and then the bones and then back into the dirt. Stabbing Gabby's grave. And I'd tap on his casket when it was there before it was dust. Everyday. Once a week now, I tap and feel connected through my stick to something. Down deep things wash back and forth like a tide. I remember having a little and then having nothing but memory that comes unstuck; like beads from a broken string in the dust and nonsense. Like me and my stick.

What for do I tell you these things?

Do you smell the honeysuckle? Lawd have mercy. Twenty years alone. Buster gone long before that. Buster, my man.



You could smell the honeysuckle then — always that smell, sweeter than anything you can put in your mouth. Acidy, like it wants to burn your insides. But it hangs, that smell, swelling up in your throat and choking you the way tears do. Carry on. Carry on.

Buster was gone this time around, near about 35 years ago. Buster went, then Gabby — he gone too. My man and my boy. Losing this thing or that thing, they say. Lawd, you can lose your soul — is that not your teaching? And then you can be poor and lose everything like me, except your soul. Ain't no consolation in this darkness, the darkness what the preacher pray over — an empty nothing — except what I put imagine to. Sweet Jesus can have that too, my soul.

Buster, my man, he was one of those Turks from up Georgetown way. They say the Turks come from over the water somewheres. They ain't colored like the rest of the niggahs that around up in the country or around here in DeRenne neither. Buster was one of them Turks

for sure he was tall, slender, red-color-brown like ginger. His nice hair, it was that ginger color too. His eyes: they was dark in a way that didn't go along with the rest of him. They was wild eyes. And let me tell you, when me and my girlfriend

seen him for the first time on the excursion boat, out Daufuskie way, she say, "Chile, you better grab that pretty man before them high-yallah gals do." And I say to myself: I ain't studyin' him. I ain't looking for no man nohow.

But I seen all the high-yallahs, them teachers', preachers' and undertakers' gals just rolling they eyes at him and switching cross the deck like they was August she-dogs and I say to myself: "I'm gonna get him just to spite them gals. They could kiss my black ass," I says. And I got him.

Buster and me lived together and had Gabby. The baby come out black like me with nappy hair — like me. I still loved him, though. But then something happened. Buster got killed working on the docks as a stevedore. In DeRenne if you black you work the docks; if you white, then you get rich or drown in hate. And that man Buster brought home some money, let me tell you. We was living so good that I sent Gabby to the Catholic school and everything. That was so he could mix with a better class of children. But all that ended when a crate or a bag or something crushed my man. Burst his backbone wide open so much so that the undertaker say a piece of bone shot clear through my ginger man's big heart. Busted that heart like a skin sack of wine. I cried, Lawd, I cried. And dreamed that if I had kept him home that day or laid up and pleased til noon, if I had done something to keep Buster off that dock where somebody loosed his grip or wasn't looking or was too drunk or tired to catch whatever fell on my man... I cried because he was gone, and I cried because I could've saved him. I cried because I was alone with a baby who would never really know his daddy, the man that was sprinkled in brown spice all over.

*I cried  
because I  
was alone  
with a baby  
who would  
never really  
know his  
daddy, the  
man that  
was  
sprinkled in  
brown spice  
all over.*

**t**hings got bad and I moved in with my mama. No money, no nothing. Buster had some insurance, but the policy man come to my mama's house and say that me and Buster was living in sin. We weren't married in the eyes of the law. I told that cracker that the sin was that I was a woman alone with a baby and no way to support herself. That was the gattdamn sin — forgive me Jesus. At least some money shoulda come to our little boy! The cracker reared back on his heels and stuck his gnawed thumbs in his suspenders and said that unless I had

some papers showing that Gabby was Buster's baby, then the child could be any nigguh's bastard. White folks always got to have some paper when it comes time to give something up, but when it's time for taking they got no use for formality, I thought then. "Business is business," he said and marched off the porch like he had conquered something.

Mama heard everything that the insurance man said, so she knew I wasn't getting any money. And it didn't take long for her to start acting funny-like. I knew she didn't want me and Gabby around if I didn't have nothing to give her. And she knew I knew.

So one morning I got our things together and just walked off. Mama didn't even ask where I was going, she just stood in the screen door humming some church song. But all that was long ago and I don't spite her none how she acted. Mama's dead and I still don't cry for her neither. Nothing leaves nothing. You can't pretend that ain't the world.

Anyway, Gabby and me made okay, I cooked for white folks, some nice, some nasty — especially the men that would try to get up my dress. And Gabby grow up big and fast, got a job and started looking out for himself. And he would bring his wages home to me every week, and say, "Here's our money, mama." Did not do no drinking, cussing or cutting-the-fool, my Gabby. As a man, he didn't remind me none of his daddy — at least lookswise. But he was a worker like his daddy and I was proud.

Then the war come and they called Gabby. I seen him in his uniform too, marching down Bull Street, stepping high with the other boys. Over there was where the war was and he was stepping! I was so proud that day, so nobody could tell me nothing. Even the crackers who was up on the balconies of the fine Bull Street houses, the ones with the iron banisters tipped with gold — even those crackers who'd be cursing and shouting at the fine colored boys, the ones like Gabby in the green shirts that matched the color of oak leaves, even they couldn't make me mad that day. Gabby always done right.

A colored lady was standing next to me in the street and I say to her that them crackers gonna be shamed when they see how brave the colored boys gonna be in the fighting over there. The lady's boy was in the parade too and she said to me that she had hoped her boy had run off to Camden or somewheres as long as he could get away from the crazy crackers who wanted our black boys to die for them. I says to

her that the boys be fighting for their country. She looked at me as though she didn't know what I meant by "their country." But I meant country the way it was something other than those devilish crackers on the balcony. That's the way it was always taught to us. But that woman must've heard nothing about that and so she drifted away from me.

Getting killed? My Gabby looked too good to be laid out in some pine box. He looked too good in his green suit like oak leaves.

**G**abby sent me letters from France. He sent me a postcard too, with a picture of him and a white gal. I remember that one good because I had to go down to the post office and get it. The man wouldn't deliver it to my house. I even had to see the postmaster, on top of that. He, the postmaster, was one of them brown-teeth peckawoods. Chewed tobacco so long that when he talked his mouth looked like it was full of shit instead of gums and teeth.

The postmaster handed me the postcard. It was just a picture of a little white girl giving Gabby a basket of flowers. She was just a child. Then the postmaster looks at the picture and looks at me like I done something to him. He spit some of the stool from his mouth and says, "I'm from Mississippi." I knew right then just what he meant.

I wasn't gonna put up with no mess. I says to him, "Well, I guess you feeling pretty homesick." I was being uppity. That made him mad, so he hocked up his britches and shook his finger in my face. "Mammy, you batter watch yo' black ass!" I told him, "Sugar, if I'm yo' mammy, then you better watch yo' black ass." That fool didn't have no come-back for that. I took my postcard and my pride and just walked on out of there.

Gabby sent me more pictures and letters. But for four months I didn't hear nothing from him. I started to get a little scared, but I was still sure that he was coming home, marching up Bull Street the same way he left.

Then I got a letter saying Gabby was alive and coming back. He was just hurt a little, so he had to spend some time in Charleston, in a hospital for soldiers. Well, he wouldn't be marching home but he'd be close by. I was excited. This was something good.

**I** went to Charleston the first day Gabby was to be back from overseas. I took the Silver Meteor first-class-colored all the way. That was the fastest train. To see Gabby I had to go up to this nice white lady nurse. She sat behind a big counter like they have in the post office. She was right pretty in her white dress and funny bonnet, just like the picture of an angel. I thinks to myself: a nice white lady, she must come from up North. And she spoke to me so sweet — I was about to bust. I asked her about my boy Gabby. She leafed through a yellow-paged book as thick as a Bible and spotted Gabby's name. She sucked air between her teeth — they was so white and straight — and tells me Gabby had come in the day before. My heart sunk. I had traveled fast and hard to meet him getting off the boat and this white lady angel was telling me that I was too late. I said, "How come, ma'am? I come like the letter say."

She scrunched up her face like I had bothered her and said, "Aunty, those plans were changed. The hospital ship was supposed to have made a stop at Norfolk to let some of the nigra soldiers off, but the whole Virginia bunch of them died before getting there. So, you see, the ship made the run in a little less time."

To tell the truth, I wasn't much listening to that nurse no



more. All I wanted to do was see my boy, since he was already there. The nurse told me I could see Gabby any time I wanted because the doctors was going to let him loose the next day anyhow. She pointed me in the direction of some steps and said Gabby was that way.

I shot up those stairs like a cat-on-fire. But I didn't know where I was going. The place was big with people, mostly white folks running in every direction. So I looked around until I found a colored face. Walking through some swinging doors, I got lucky. It was a boy in white clothes carrying a white porcelain bowl with a rag over the top. He was a short-fat joker with the kind of pale yellow skin you usually find on the nastiest Pullman porters. I walked up to him and asked where I could find Private Gabriel Ben Sidon.

The man rolled his eyes up in his head like he was looking for something in there, then he asked, "Is this Sidon guy your boss' boy or your'n?" I say he probably knows my boy by the name Gabby. The man asked me the same question again.

"Gabby be my boy!" I sort of hollered and the man's eyes focused. I was standing close enough to him that I could feel the warmth from whatever was in the bowl he was carrying. It was food, I thought. Gabby wasn't doing so bad after all! They got colored waiters in this place. I was impressed.

I started to describe how my boy looked, but the man cut me off. He said there weren't but four or five colored boys in the whole hospital and they were in the colored wing. I asked him if he worked there. He said, "Sometimes." He said he was going in that direction, so I could walk along with him. I followed him back down the stairs to the first floor and out a side door to another building. This building wasn't as nice as the others. The windows were small and high and they were smeared with what looked like grease. We came to a stairway and I started walking up. The colored man yelled for me to follow him. We went down instead of up, down into the cellar. This is where they keep my boy?

The stairs down stopped at a long hallway that had one naked hanging lightbulb way down at the other end. I let the man lead, it was dark. After a few steps, he said, "Wait here. I got something to do." And he stepped into a doorless sideroom. Like the hall, it was dark, but a lot hotter. The waiter with porcelain bowl went over to the far wall of the room and flicked a switch. The wall opened up like jaws and

in its mouth was a fire like I had never seen before. It turned the room orange! The man reached under the rag over his bowl and pulled out a white hand. I saw it! I saw it. He chucked the thing into the fire and flicked the switch again. The wall closed up and the room was pitch-dark again.

"Well, ma'am, that's my job," he says, now wiping the pus and blood from his hands with the rag. "Now let's see if we can find Private Gabby."

I followed him down the hall again. My legs felt numb. The closer we got to the lightbulb, the lower the ceiling got. The man was stooping over to keep from hitting his head on the pipes that hung down. There was a door under the light.

"This is it!" he said. I didn't want to believe that this was the place where the proud boys in green oak-leaf uniforms were put. "This is the colored wing and if your boy ain't croaked, then he's gotta be in here."

Behind the door was a little room, the ceiling was as low as the hallway — no windows. You could smell the sickness, that sweet smell that isn't pleasing. It swells up in your throat and chokes you like tears. It's a smell that says to you whatever you done and whatever you gonna do is useless.

There were four cots in the room and three men. Gabby wasn't there! The nurse-lady's yellow Bible was wrong. I had just known my boy was gonna come back. I start thinking Gabby was probably in a croaker sack, down in the water off Norfolk. No, I didn't want to believe that. Gabby dead? I wanted to scream.

Not thinking right, I spun around to ask the burning man where the rest of the colored boys are kept at, but he was gone. The tail of his white coat was disappearing down the hall. I coulda chased him, but I didn't, I didn't move. I didn't say nothing.

The three boys laid in their beds just looked at me. They didn't say nothing. They didn't move. Standing there in the only colored place in the whole sickhouse, standing there in the middle of a stinky little room — in a cellar, in Charleston — standing for such a long time and wondering, I was all drawn up. I was sucked up to one hellified spot to find out that I had lost SOMETHING. My boy Gabby. I was all drawn up and shoved in this corner with the eyes of them boys on the cots. They were red and glittering with cold and pain like the eyes of some sorry rats. And my boy wasn't even among the rats.

I had to ask the boys, if just to hear myself talking, to make

*The wall  
opened up  
like jaws  
and in its  
mouth was a  
fire like I  
had never  
seen before.*

sure that I wasn't as dead as I felt in that hole. "Where is Gabby?" I said it loud and it seemed as though glass was breaking. The boys in the bed began to mumble and shiver. The boy in the bed next to the empty one talked.

"Gabby? Gabby? My man is here! He on the toilet now, right 'round the side."

"Mama?" My boy's voice came from a near place.

"You here, boy? Where you at?" I shouted back. And then he came out from a side door. I didn't look at him. I didn't see nothing. I was blind — the tears, the kissing. My boy. My boy. Gabby? I didn't feel his bones where once flesh wrapped him with mannish power. I didn't hear him cough so deep from inside that it seemed that his innards were liquid. I didn't notice the sagging air that followed him to his cot where he melted wearily from my arms.



lad to have you back, son," I said to him as we walked into our house. It wasn't much of a house, just a tarpaper shotgun on the edge of Frogtown. At first he didn't hear me, he rubbed the bare wood banister on

the porch and then as though he was waking up from a dream he nodded and smiled my way. He was tired. The coughing seemed to get worse on the train ride back to DeRenne. A Pullman porter, a nice one, had some tabs of tar — tar always cleared up Gabby's coughing when he was a baby. I'd just slip him a piece, he'd suck on it and the coughing was gone. The porter charged me half-a-dollar for the stuff and it still didn't do no good. Gabby just coughed until he cried from the paining in his chest. When he talked on the train it was about the fighting over there — not looking at me when he talked. His eyes couldn't face mine. And when he weren't talking he'd just stare out the window, looking at nothing in particular, just staring.

"Mama, I seen..." he kept saying over and over again. "Mama, I seen too much." I'd say that I knew, but I really didn't. I knew nothing of the fire he spoke, must've been horrible fire and smoke, must've smell like Hell almighty, that flaming he said was over there.

"It took his — Booty Boy, my partner. The thing come out the dark and took his head off. Booty Boy's head was in the hole by my foot. And his lips were moving like they was saying, 'Run, Gabby. Run!' His lips was still moving and I loved Booty Boy like a brother and I got scared. I got scared and kicked the thing out my hole, out my face, up in the bushes. Mama, I seen..."

Then my boy's eyes would water up and he'd look away from me, off in the corner of the room. Or if we were on the front porch, he'd look at the sky, but it was a look of emptiness, a look of shame.

"And Mama, they put smoke on us that burned your insides like somebody done poured hot grease down your mouth. I got a little bit of that smoke," he say to me on the porch one night when my eyes had asked him for the um-teenth time of his sickness. I knew he wasn't going to get better. I knew he hurt all the time. If he had a hole in him, I could patch it. If his leg was cut off, I could find a fine sapling and make him a crutch or he could just lean on me. But there was some thing inside of him, some white folks' smokey demon devouring the organs and sucking away his young life. Lawd, if I could've reached in him and yanked that thing out. But it was a private something. If he could say, "Here, Mama. This is ours. Take it and do what you will," like he'd do every Friday with his wages. But Gabby didn't earn this thing! "Take this thing and get the fixings for a sweet potato pie I likes so much." And I would've took it and run, run deep into the biggest pasture and buried it, buried it next to the Hell that it came from.

One day I went out the house to tell him to come eat. It wasn't more than a month since I brought him back from Charleston. He wanted to go back to work, make some money, make me happy like before. Gabby was like that. But I say he ought to take it easy with his gagging and coughing. And he say, "No matter, Mama. I gets better day-by-day. You see it." I'd lie to him and to myself. I'd agree.

It wasn't a month since he'd been back when I walked around the side of the house and found him. He was on his hands and knees like he was praying. I found him there in the dust coughing and gasping for air. On his hands and knees — like a dog — he seemed to bark. The water in his chest growled and bubbled like happy feet on a church floor. Then he coughed hard once and strangled on that thing. I would've taken it and made him happy again and made things like they used to be.

Strangling, he looked at me with his eyes full of tears. He was so ashamed. I wanted to snatch him to his feet and say, "You a man, my son! You a man!" But the thing took his air away. He shuddered like he was cold and then it come out. A long black rope of blood spilled from his mouth into the sand. And already the green flies had gathered for the feast.

If you become a mother in this mean world, then you'll need a stick one day. □

*William Pleasant grew up in Georgia and now lives in New York City.*



**MAZIE BROWN MAKES AND SELLS TRADITIONAL SEA ISLAND BASKETS AT HER STAND ON HIGHWAY 17 IN MT. PLEASANT. ACCESS TO THE MARSH GRASS BASKETMAKERS NEED IS NOW BLOCKED BY RESORTS.**

SEA ISLAND COMMUNITIES ARE FIGHTING

# CULTURES IN

FOR THEIR SURVIVAL, STIRRING NEW HOPES

# CONFLICT

ALONG THE COAST OF SOUTH CAROLINA.

**By Ron Nixon**

**DAUFUSKIE, S.C.** — The island Yvonne Wilson knew as a child was vastly different from today. Isolated from the mainland and relatively undisturbed by outside influences,

the descendants of slaves thrived on the tiny coastal island.

Islanders tilled the soil, hunted small game, fished and shrimped and harvested the oyster beds from the surrounding waters. Everyone took responsibility for raising children. Everything was shared, strengthening the sense of community.

"It was like you lived on Jones Street and you knew everyone on that street," recalls Wilson. "Here on Daufuskie, the whole island was like a big Jones Street. You knew everyone and everyone knew you."

"You were raised on Daufuskie to enjoy the simple things in life," she adds. "It wasn't like you were better than I was or I had more than you had; we were all basically poor. But it gave us a sense of independence."

Today, Daufuskie islanders no longer enjoy the simple things in life. Exclusive resorts have spread across the island over the past 15 years, surrounded by imposing walls and guarded by armed sentries. "No Trespassing" signs bar the dirt roads islanders once traveled; hunting grounds and fishing spots are off limits. Pollution has ruined the oyster beds.

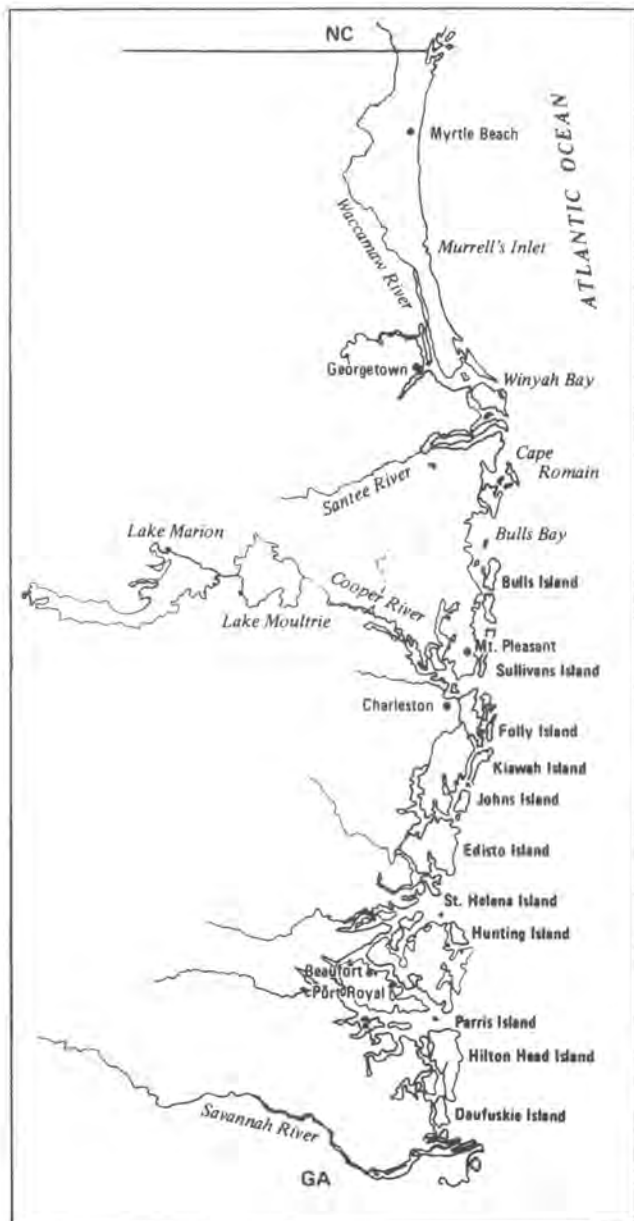
"It's not a truly neighborly feeling on the island anymore," Wilson says. "Now everyone is competing against each other. It was so different

from the way I was raised. We were raised to be as one. But developers have come in and divided us. I hate to see this happening to us."

The changes on Daufuskie mirror the rapid transformation experienced by dozens of the Sea Islands that hug the coast from north of Charleston to the Florida line. Since Charles Fraser, the son of Georgia timber magnate General Joseph Fraser, launched the first island resort on Hilton Head in the 1950s, air conditioning and new bridges have opened beautiful vistas for thousands of tourists and retirees from the North. Today, few of the islands have eluded development.

The influx of new settlers has placed the eight coastal counties of South Carolina among the fastest growing areas in the Southeast. Berkeley County ranked sixth in the region for population growth during the 1980s, and Dorchester ranked eleventh. The rapid growth has also made tourism the second largest industry in the state, earning an estimated \$3.3 billion a year.

By the year 2010, experts predict, an additional 500,000 people will live on the South Carolina coast. Many will occupy the fashionable "plantations" that have sprung up on Daufuskie, Hilton Head, Edisto, Kiawah, and other islands. But while these walled communities offer their mostly white residents the best of coastal living, they threaten to ruin the fragile environment and obliterate the historic way of life for black islanders, once the area's majority population.



**BLACK LANDOWNERS ON THE SEA ISLANDS GO BACK TO 1865, WHEN GENERAL WILLIAM SHERMAN SET ASIDE THE LIBERATED LAND FOR FORMER SLAVES.**

The number of islanders speaking Gullah, a coastal language containing over 4,000 African words, has dramatically declined from more than 100,000 a decade ago. Folk medicine, once a mainstay of the Gullah culture, is rapidly being replaced with modern methods. Midwives, barred from practicing their age-old traditions without state certification, no longer deliver babies along the coast. And the centuries-old African art of sweetgrass basketmaking is in danger of being lost, as the resorts encroach on swamplands and lure younger islanders with jobs.

Islanders say the lack of respect for

the "old ways" is epitomized by Melrose Plantation, where developers built a welcome center on top of a graveyard near the sea. The burial spot symbolically linked generations of islanders to their African ancestors.

"Most people in the new culture don't appreciate the indigenous culture on the Sea Islands," says Emory Campbell, a native of Hilton Head and executive director of the Penn Center, an organization fighting to preserve Gullah life. "I believe the incoming culture perceives traditional lifestyles as something lesser than their own."

#### **TABLE SCRAPS AND ARSON**

The clash of cultures sometimes involves simple — yet significant — differences in lifestyles. Consider the case of Diogenes Singleton. A lifelong resident of Hilton Head, the 68-year-old islander survives on a small farm that has been in his family for 125 years. Although he has never had a run-in with the law, police came to his home in July and arrested him. His crime? Feeding his pigs food scraps in violation of a state law that prohibits feeding household garbage to pigs sold commercially.

The table scraps cost Singleton six hours in jail and \$400 for bond — an expensive reminder that many traditions that islanders have known all their lives are no longer welcome.

Charlie Simmons, another lifelong resident of Hilton Head, also paid the price for his way of life. The 82-year-old islander was fined \$238 this summer for refusing to remove old cars, stacks of wood, and other belongings from his yard. Officials say the debris violated an

ordinance prohibiting "unsanitary, unsightly, and unsafe conditions."

The fine surprised Simmons. "I live so far out of town, I don't see how this could bother anyone," he said. "The lumber and other stuff has been there for years. It's never bothered anyone before."

The day after a local newspaper reported Simmons' defiant reaction to the fine, his home burned to the ground. Some islanders believe arsonists set the blaze as punishment for his public obstinance.

Other clashes strike at the heart of native culture. Alberta Robinson is one of the few remaining "basket ladies" who sell their hand-crafted wares along Highway 17 in Mount Pleasant, just north of Charleston. Resorts have threatened their livelihood by limiting access to the sweetgrass needed to make the coiled baskets. "We used to walk out through the swamp area in my back yard and get the grass," says Robinson. "Today we can't even get to it."

African slaves brought the art of sweetgrass basketmaking with them to the coast, originally using the baskets to carry the rice they harvested. Their descendants now sell the baskets to survive, often supplementing their meager incomes from low-paying jobs at resort developments.

Although island families have passed the art of basketmaking from generation to generation, many younger islanders brought up in the midst of development are more interested in finding steady employment. Numbering more than 1,200 just a few years ago, the ranks of sweetgrass weavers has dwindled to barely 300 today.

Sweetgrass supplies have declined even faster, says Robinson. What little sweetgrass remains accessible has been depleted — killed by overuse or the runoff from chemicals used to maintain resort golf courses.

"Everyone started using the same grass because it was the only grass we could get to," says Mary Goggins, another basketmaker. "I haven't seen any in the area now for over 20 years." To get the sweetgrass they need, some women travel to nearby Georgia or as far away as Florida.

"It's ironic," says Mary Jackson, a basketmaker whose work has appeared in the Smithsonian Institution. "Increased development has brought more potential customers to our region, but it has also wiped out many of the wetlands that we have historically relied on to supply us with sweetgrass."



## STORYTELLING AND SWEETGRASS

In spite of such devastating encroachment, sea islanders aren't ready to relinquish Gullah culture to the history books. Nor are they willing to see their communities and natural resources further damaged by the continued influx of new residents. A number of local and regional organizations have initiated programs to preserve and enhance the indigenous way of life:

▼ Residents on at least four different islands hold weekend-long festivals each year to showcase the Sea Island traditions. For example, the Heritage Days Festival on St. Helena Island celebrates its 14th year this November with music, food, crafts, storytelling, and "praise house" services.

▼ Concerned about the ill effects of sprawling development, the South Carolina Coastal Conservation League has begun pointing to traditional island communities as the foundation for self-reliant, sustainable development. The League offers technical assistance on land-use planning, trains native leaders about environmental regulations, and operates a Land Development Project that promotes alternatives to the car-dependent, suburbanization of the islands and neighboring region.

▼ On Daufuskie, Yvonne Wilson and other residents are working to get their homes on the Historic Register as a way to preserve their heritage and attract tourists who will help their economy. Local and national groups in a coalition called Friends of Daufuskie have helped islanders raise money to retain their land and way of life. Funds have already paid for a much-needed ferry, and negotia-

tions are underway to get the county government to maintain the service on a convenient schedule.

▼ Basketmakers have also joined forces to stimulate interest in their art and find new sources of sweetgrass. Coastal weavers pooled their resources to form the Mt. Pleasant Sweetgrass Basketmakers Association. The organizing paid off earlier this year when the owners of Little Saint Simons, a private 10,000-acre island resort off the coast of Georgia that enjoys an abundance of sweetgrass, invited weavers to visit as often as they like to harvest the plant.

The group has also teamed up with the Historic Charleston Foundation and the Clemson Coastal Research and Education Center to sponsor a joint project to cultivate the sweetgrass that once thrived on the coast. The project got a boost from Charleston Mayor Joe Riley, who created a task force in 1991 to study ways of saving the coastal plant. "I knew that our community, our state would not want us to lose this culture," Riley said.

Recently, more than 100 people turned out to plant 2,000 sweetgrass seedlings at the McLeod Plantation on



**HENRIETTA SNYPE HOLDS BASKETS MADE BY HER GRANDMOTHER, HER MOTHER, AND HERSELF.**

the Stono River, where slaves once harvested rice, cotton, and indigo. The city of Charleston set aside the area for the project earlier this year.

"For 300 years, the basketmakers have maintained a tradition in the face of incredible obstacles," says Barry Bergey, assistant director of the Folk Life Programs at the National Endowment for the Arts. "Today they are more than determined to continue. It seems the least the rest of us can do is to pave their way into the 21st century, rather than pave over them."

## TRANSLATION AND TRAINING

At the heart of the struggle for cultural preservation is the Penn Center. Founded during the Civil War as the nation's first school for former slaves, the center now works to preserve the Gullah heritage. It operates a museum and archive, conducts educational programs for children, helps islanders retain family land, and works with the local community on environmental issues. At workshops and conferences it hosts, the center regularly includes performances featuring local artisans and storytellers.

"Since developers have come into the islands, we've been taught that Gullah is a bad language," says director Emory Campbell. "But we explain to people here that Gullah is not English. It's a different language, and they have nothing to be ashamed of."

Campbell says Beaufort County schools are allowing teachers to visit the center to expose them to Gullah and help them recognize the language. The center is also translating parts of the Bible into Gullah with the Wycliffe Bible Translation Team, a national organization that records unwritten languages worldwide.

Claude Sharpe, a coastal native who is doing the translation for the center, says his

## FULL UP ME CUP

The Gullah language (sometimes called Geechee) found on the Sea Islands developed in an oral tradition from the blending of English and several West African languages. The isolation of the African-American majority on the islands allowed their language to develop a complex structure, with unique and borrowed phrasing, inflections, and accents. E, for example, is the pronoun for he, she, or it, similar to gender-less pronouns in Igbo and other African languages. Tense, voice, and number are also often absent from Gullah verbs. And repetition can indicate degree, as "hungry hungry" to mean "very hungry."

Here's how the Wycliffe Bible Translators, working in a team with Sea Islanders, render the 23rd Psalm in Gullah:

De Lawd me shepud!  
 A hab ebryting wa A need.  
 E mek me fa res een green fiel  
 en E lead me ta still wata wa fresh en good fa  
 drink.  
 E tek me soul en pit em back weh e spos to be.  
 E da lead me long de right paat,  
 fa E name sake, same lok E binna promise.  
 Aaldo A waak tru de walley a de shada a det,  
 A ent gwine faid no ebul, Lawd,  
 kase You dey dey longside me.  
 Ya rod en ya staff protec me.  
 You don papeah nof bittle fa me,  
 weh aal me ennyem kin shum.  
 You gib me haaty wilcom.  
 You nint me hed wid ail en full up me cup tel e  
 run oba.  
 Fa true, You gwine lob me en tek cyah a me  
 long es A lib.  
 En A gwine stay ta ya house fareba.

interest in the language goes beyond the Bible. "We are also encouraging people to write short stories, novels, and other works in Gullah," he says. "A lot of problems with illiteracy in the area could be done away with if there was greater respect for the Gullah language here. People learn a lot faster if you teach them in their own language and then translate it into another."

Perhaps the most ambitious program at Penn Center is the Sea Island Preservation Project, which offers intensive training to island landowners and community leaders. The goal, says project director Nina Morais, is to empower local residents to find ways to balance cultural preservation and environmental protection with responsible development.

"This project will take Penn Center back to its original purpose," says Morais, an Ohio native and attorney whose love for the Sea Islands lured her away from a successful private practice. "Penn was founded as part of an effort to demonstrate that former slaves could become self-reliant citizens, could control their destiny. It was also an effort to show that there were economic alternatives to slavery. There are strong parallels to what we're trying to do today."

Working with the South Carolina Coastal Conservation League and the Neighborhood Legal Assistance Program, the center holds workshops to teach landowners their legal rights and counsel them on tax and inheritance issues — something few older islanders had to worry about before.

The workshops explain how landowners can avoid "partition sales," a tactic used by developers to take land from long-time residents. A developer buys one heir's share of a family's undivided parcel of land, and then gets the court to sell the entire parcel since his share has no fixed boundary. Typically, the outsider can outbid everyone else and walk away with the whole tract of land. Penn Center shows residents how to make out wills and deed transfers to ensure that their land will remain in their families for future generations.

"So many native people have never



**ISLANDERS PLANTED 2,000 SWEETGRASS SEEDLINGS FOR BASKETMAKING.**

left wills," Morais says. "We want to ensure that they have adequate protection against unscrupulous people."

The center sponsors a 12-day training program for community leaders from surrounding islands and coastal areas. Much of the curriculum focuses on the nuts and bolts of zoning, tax laws, land use, and environmental regulation.

"The goal is to develop teams of leaders throughout the Sea Islands with a sophisticated understanding of key coastal issues,"

Morais explains. "We want to especially focus

on promoting development that won't damage the islands' culture and environment — family-run agriculture, aquaculture, and eco-tourism focusing on African-American culture and history.

"Millions of dollars are made each year from tourism," she notes. "We want to make sure some of the money flows into and helps preserve the Sea Island communities."

### DEVELOPERS AND DOLLARS

Despite the potential of the workshops and other organizing efforts, residents know they are in for a long haul. State laws are designed to protect coastal wetlands, endangered animals and plants, and commercial development — everything except people and their heritage. "That's the flaw in the law," says Alan Jenkins, an attorney with the NAACP Legal Defense Fund. "Nothing says you have to protect the native culture."

To make matters worse, island taxpayers are effectively being forced to finance their own cultural demise. More than 50 federal programs support construction along the coast, from road construction and beach restoration to public flood insurance that underwrites building in flood-prone areas considered too risky by private insurers. Taxpayers paid over \$1 billion to bail out the nearly bankrupt insurance program in the 1980s.

Worse still, the state agency charged with protecting the coastal region has several developers on its board of directors, and is exempt from state ethics laws prohibiting such conflicts of interest. Wes Jones, the former chair of the agency, was

the chief attorney for the exclusive Melrose Plantation on Daufuskie. The private resort also includes Governor Carroll Campbell Jr. among its members.

To Charles Joyner, a former professor at the University of South Carolina and native of the Sea Islands, such close ties mean that no coastal area — and no island traditions — are safe from the onslaught of unrestricted development.

"To endure, a community must bequeath its traditional, expressive culture to the next generation," Joyner says. "Without the living context in which that expressive culture arises, cultural endurance is by no means certain."

Nina Morais and others at the Penn Center concede that efforts to preserve the heritage of the islands won't change things overnight. Nevertheless, they are excited about the emerging coalition between blacks and whites, environmentalists and cultural preservationists, and believe it can empower islanders as they struggle to shape their own destiny.

"This effort requires a vision of the coastal region's future that can gain broader support," Morais says. "Opposition to resort development is necessary, but not sufficient. Islanders must also learn how to work with those in power and how to imagine an alternative future for their communities that is feasible and persuasive."

At the same time, environmentalists are learning that saving a culture is critical for saving an ecology. "The two are very inter-related," says Dana Beach, executive director of the Coastal Conservation League. "For too long, environmentalists have thought in terms of quality standards and ignored the human communities that live with those natural resources, often quite efficiently."

In 1986, Patricia Jones-Jackson ended her book on Gullah culture, *When Roots Die*, with a dismal conclusion: "The islanders' ineffectiveness in resisting the often reckless advances of developers must be laid at the door of the very insularity that for so long protected the culture. Adherence to traditional ways has by and large robbed them of the ability to respond to the intrusion with equal and opposite force."

Seven years later, there's a new spirit of building bridges between the old ways and the new, between local leaders and outside allies, between cultural preservationists and environmental conservationists. The success of these delicate alliances may well determine the fate of the Gullah culture. □

*Ron Nixon is a freelance writer and former research analyst with Citizens Local Environment Action Network in Columbia, S.C.*

# Mama Dolly's Tale

By Junebug Jabbo Jones

I used to stay in the home of a strong community leader in southwest Georgia named Mama Dolly when I was working in the Civil Rights Movement. Seeing I was upset about leaving Georgia for the Mississippi Delta, she told me, "Well, son, every goodbye ain't gone." Ever since then I've tried to get back to places that

I've been before, especially when there're people there I want to keep up with.

Mama Dolly's dead now but I was visiting with her during the early '70s after "Black Power!" had turned up the temperature so much that some Jews felt like they had to pull their support out of the Civil Rights Movement. I asked Mama Dolly what she thought about what was going on.

As best as I can recollect, this is the story she told:

I tell you what, baby. I been living in Lee County since the day I was born and, the Good Lord willing, that will be 97

years on the 26th day of July next, the Good Lord willing, yes indeed. So I was an old woman when the first Jew I ever knew to live in Lee County got here. The first time he come here he sat right there in the same chair you sitting in right now, yes he did. He looked like an ordinary white man to me. If you was to look at him I'll wager you couldn't tell the difference between him and a white man neither.

To tell you the truth, when Reverend Wells come over here to ask me if I would keep one of the "Jewish Freedom Riders" who were coming in here to do voter registration work the only Jews I knew anything about were the ones you find in the Bible.

No, that's not exactly true... Christine Pruitt's daughter, Angeline, hooked up with a man that called himself a

"black Jew, a Hebrew Israelite." He moved in with Angeline and they had a child and it looked like they was going to do all right. He always wore white clothes and a little white skull cap, but he was a good worker and everything. He said his whole family was Hebrew Israelites, that he had been born in that condition. Said his people

had sent him down here looking for land they could "colonize."

That Israelite had took to preaching in the empty lot behind Booker T.'s club on Saturdays, which he said Saturday was his Sunday, so he said it was like holding church to him. People listened to him cause he was such a curiosity, the way he dressed and all, but fact of the business, he could hold his own with any Baptist Preacher I ever heard. He said the Israelites were African people and that Jesus was a black man, and he was preaching the Black man's natural religion.

He got to where he was getting so many people down there on Saturday afternoons that it got too crowded so he told them that day to "come on, let's go up to the court house square, they got plenty of room up there!" Well, don't you know, it was several people didn't have no better sense than to march down there with him!

It didn't take no more than about five minutes for Billy Noble to get there and tell him he had to move on. That boy looked Billy Noble square in the eye and told him, "This is a public square. We got every right to be here." Billy said, "Nigger, I told you it was time to move on!" "I am not a 'Nigger.' I am a Hebrew Israelite, a black Jew! We got the right to be here like anyone else. If it's a 'Nigger' round here it bound to be you."

The Hebrew Israelite won the war of words but Billy



Noble won the fight, yes he did. He beat that boy to within an inch of his life. Angeline's little girl must be about 20 years old now. I ain't heard nothing about that Hebrew Israelite since he left town. Anyway, he's the first one I ever met who was known to be a Jew before Larry came so I didn't think twice when Reverend Wells asked if I could keep a "Jewish Freedom Rider."

When the Reverend brought him in here, I told him straight to his face, "I wasn't expecting no *white* Freedom Riders." Larry said, "I'm not white, I'm Jewish." I told him, "That don't make a hair's breadth of difference. Far as I'm concerned, you the first white person to even much as set foot on my land since 1937. When the High Sheriff wants to see me he puts a letter in my mailbox."

"What keeps the white people from coming here?"

"That 12-gauge, double-barreled shotgun yonder by the door. I got another one by the back door and a 30/30 rifle 'neath my bed. I cleans and oils them all every Saturday night."

"But I thought this was a non-violent movement."

"That's right, son, and we aim to keep it that way."

**W**ell, baby, Larry was to stay here for most of a year. I don't know that he did all that much good work but some good things did come from him being here though it was sometimes a sure 'nough struggle. I never could get it straight what it was he meant by saying he was a Jew. For an instance, the first morning he was here, trying to be hospitable, I got up early and made a big breakfast: biscuits and gravy, ham and eggs, home-fried potatoes, apple butter, fresh apple juice, fresh milk from the cow, everything. He picked at the food for a while, but I could see he wasn't going to eat it, so I asked him, "What's wrong, Larry, you don't like Soul Food?"

"It looks like most everything is cooked in lard and it's against the Jewish religion to eat pork."

We settled that right quick. I told him if he was going to have special rules 'bout what he could and could not eat, he was going to have to do his own cooking. It took him a while to get the knack of it but he got to be a right good cook before he left here.

Since he was so religious I invited him to go to church with me that first Sunday he was here. The way he started jumping around, I thought he was going to get happy himself when the Young People's Gospel Choir got to singing, "Satisfied With Jesus," but then when the sermon got hot and the preacher shifted into high gear, Larry looked like he thought the man had gone crazy or something. Then when Doreen McCalister got happy and started shouting, I just knew that Larry was set to buck and run. Coming home from church that day he had a million questions. When I finally got a word in edgewise, I asked him, "What do they do at your church, Larry?"

"First of all, Mama Dolly, they call a Jewish church a synagogue, and I'm not all that religious myself, so I really haven't been to synagogue that often —"

"So what did you mean by saying eating pork is against your religion if you ain't got no religion for it be against?"

"Well, what I mean is that ... well, being Jewish is a way of life."

"So if I was to join the Jewish church, would I be Jewish?"

"Yes, we have converts, like Sammy Davis Jr., he's a Jewish convert."

"Yes, uh huh, poor thing. So being Jewish is kinda like being Baptist, huh?"

"Yeah, I'd say so ..."

"So I guess they have white Jews and black Jews and all different kinds of Jews, huh?"

"That's certainly true!"

Then I told him about Angeline Pruitt's husband and I said, "I don't think he meant the same thing about being Jewish as you do. And I still can't say that I understand how you figure that you ain't white. You could join the New Zion Baptist Church but it sure would not make you Colored. Naw, it seems to me that as long as you got black you going to have white. It don't seem to make too much difference how many different brands of white folk you got in some other country, they all get white when they get to America, that's just the way it is." □

*Junebug Jabbo Jones came to life sometime during the turbulent '60s. He sends along stories from his home in New Orleans through his good friend John O'Neal.*

*The way he started jumping around, I thought he was going to get happy himself when the Young People's Gospel Choir got to singing, "Satisfied With Jesus," but then when the sermon got hot and the preacher shifted into high gear, Larry looked like he thought the man had gone crazy or something.*

# Repealing the Death Penalty

By Leigh Morgan

**S**ince the United States Supreme Court reaffirmed the death penalty in 1976, more than 210 people have been executed nationwide. The South accounts for most of the state-sanctioned killings — 44 percent in Texas and Florida alone — and another 1,392 Southerners are locked up on death row. As lawmakers call for more “get tough” measures to combat violent crime and an edgy public demands blood for blood, supporters on both sides of the capital punishment debate expect the death toll to climb.

Fortunately, in this chilling climate the winds of change are slowly gaining strength. Across the region, activists who oppose the death penalty are gradually making headway in the quest to abolish executions. In North Carolina, for example, state lawmakers recently voted to repeal the death penalty for mentally retarded defendants and for juveniles 17 and under. Activists have revived North Carolinians Against the Death Penalty, a statewide coalition that broadens support for reform. And last year, then-Governor Jim Martin granted clemency to Anson Maynard, a Native American wrongly convicted of murder — underscoring how fallible our criminal justice system can be.

Such accomplishments represent significant milestones that offer encouragement to human rights advocates everywhere. Yet pressing questions remain. What next? Where is the anti-death penalty movement headed? How do we

make our message accessible and compelling to a fearful public?

The immediate answer to “what next” lies in lobbying. As the number of executions in the South continues to rise,

tion in most states, but a dozen mentally retarded people have been put to death in recent years. We must convince policymakers to act immediately to prevent such tragedies from happening again.

In the South, Georgia, Arkansas, Tennessee, and Kentucky have exempted the mentally retarded from capital punishment, but similar reforms were defeated this year in Mississippi, Louisiana, and Texas. In North Carolina, both chambers of the General Assembly voted this year to end executions of the mentally retarded, but the Senate effectively undermined the measure by lowering the I.Q. criterion from 70 to 60 — well below the level of most mentally retarded people. North Carolina Senate and House conferees will meet next spring to work out a compromise on the bill. Anti-death penalty activists and advocates of the developmentally disabled should call or write state representatives, urging them to raise the I.Q. criterion to its original level.

▼ **build coalitions that broaden our support and tap the leadership of new constituencies.** In North Carolina, death penalty activists joined forces with child advocates in the fight to exempt juveniles from capital punishment, and with advocates for the developmentally disabled in the push to exempt the mentally retarded. Although the

nature and politics of each initiative were distinct, both produced important human rights victories.

▼ **develop relationships with legislators to gauge their interests and perspectives on criminal justice issues.**



we must step up our efforts in state legislatures across the region. At the top of the agenda are efforts to:

▼ **narrow the range of defendants subject to the death penalty.** Children already receive protection from execu-

Virginians Against State Killing conducted a "Listening Project" with state lawmakers last year, asking them to share their personal feelings about capital punishment and explore its alternatives. As a result, legislators felt like they were listened to instead of yelled at — while activists gained important insights and laid the foundation for further discussions.

**B**eyond the immediate demands of lobbying, the "what next" of the anti-death penalty movement must involve a long-term effort to reframe the debate and reclaim the voice of reason and justice. The movement to abolish executions is too diverse and multifaceted for any single strategy to work. Yet one thing is clear: Those of us who oppose the death penalty must become more effective in connecting with ordinary citizens who support it.

All too often, conservative supporters of capital punishment pigeonhole opponents as liberals who are "soft on crime." This predictable argument suggests that we care more about murderers than victims, marginalizes the movement, and creates an "image roadblock" that hinders our real message from being heard.

To overcome this misperception and reach out to new constituencies, activists need to:

▼ **emphasize the common ground we share with those who support the death penalty.**

Most people who support executions want safe communities and a criminal justice system that is fair and responsive; anti-death penalty activists desire the same. These common interests offer fertile ground for creating a more humane criminal justice system devoid of capital punishment.

▼ **present our case unapologetically.**

We must not be afraid to articulate the values, principles, and facts that lead us to oppose capital punishment. Different constituencies offer different strengths:

Church groups often provide the clearest moral vision for repealing the death penalty, while grassroots organizers and legal advocates can marshal strong research underscoring the importance of alternatives.

▼ **emphasize cost-effective ways to reduce crime and offer alternatives to death.** Every study demonstrates that even with fewer appeals, the death penalty costs significantly more than life imprisonment. And violence prevention is even cheaper than punishment. Teaching children conflict mediation skills, treating substance abuse, providing meaning-

also provide a key link to victim's rights groups, drawing attention to the violence of the death penalty.


▼ **develop relationships with the media.** Newspapers and television fuel the public fear of crime and oversimplify our case against the death penalty. Activists and our allies need to respond to specific misinformation perpetuated by the media. We must also provide resource packets that present the facts clearly, as well as credible spokespeople who can define our agenda in a concise and persuasive manner.

In the world of the 30-second sound bite and *USA Today*-length newspaper articles, perception is three-fourths of the battle. To reclaim the public image of our movement and reshape the substance of the death penalty debate, we must devote more attention and resources to marketing our message. That means developing "catch phrases" that both perk the ears of a restless citizenry and affirm our commitment to an effective criminal justice system. One organization in North Carolina, for example, has broadened its appeal and attracted new members by emphasizing the phrase "working for safe communities."

Whatever the specific strategy, reaching out to ordinary citizens is critical if we hope to repeal the death penalty in its entirety. It won't be easy. The number of state executions continues to rise each year, and federal and state officials want to speed up the killings by putting more limits on legal appeals. We must step up our efforts to take our message to

the public in an effective and unwavering manner. Doing so can only hasten the winds of change, drawing more and more people into the movement to abolish the death penalty. □

*Leigh Morgan is a staff member at the Carolina Justice Policy Center in Durham, North Carolina.*



**TOOLBOX**

For more information about the death penalty, or to locate the groups in your area working to abolish executions, contact:

**National Coalition to Abolish the Death Penalty**  
1325 G Street NW  
Lower Level B  
Washington, DC 20005  
(202) 347-2411  
FAX 347-2510

**Death Penalty Information Center**  
1606 20th Street NW  
Second Floor  
Washington, DC 20009  
(202) 347-2531  
FAX 332-1915

**Carolina Justice Policy Center**  
P.O. Box 309  
Durham, NC 27702  
(919) 682-1149  
FAX 688-1723

ful employment and job training — these strategies address the root causes of crime, reduce the need for punishment, and make communities safer.

▼ **recruit the family and friends of murder victims as visible allies.** Many don't want revenge, and say state-sponsored killing cannot heal their wounds. Their stories are compelling — and their voices command genuine respect from the media and policymakers. They can

# Appalachian Hopes

By Rachel Tompkins

## THE UNQUIET EARTH

By Denise Giardina  
W.W. Norton. 367 pp. \$22.95

## FIGHTING BACK IN APPALACHIA:

**Traditions of Resistance and Change**  
Edited by Stephen Fisher  
Temple University Press. 365 pp. \$19.95

**C**oal miners are on strike again this fall in southern West Virginia. Eastern Associated Coal and other companies are taking out large newspaper ads inviting miners back to work, bashing minefield violence, and proclaiming their commitment to coalfield communities.

In McDowell County, where the local economy has depended on mining for most of this century, mining jobs dropped from 7,587 to 1,718 during the 1980s. Personal income fell by 35 percent, and the major source of income today is government assistance. The official unemployment rate remains in double digits; the only question is whether it will be in the teens or twenties.

The grim statistics are repeated throughout the coalfields of southern West Virginia. Behind the numbers are workers and their families struggling to adjust to decisions about their lives and communities over which they have no control.

Against this bleak landscape of coalfield restructuring and community struggle, *The Unquiet Earth* offers an abundance of insight. The author, Denise Giardina, grew up in the coal camps of McDowell County. She knows this land in her mind and spirit, and she understands the hopes and despair of its people. "There is not a thing to write about, only hillbillies," laments Jackie, one of the heroines of the novel, "and nobody cares to hear about hillbillies."

Unlike Jackie, Giardina finds a lot to write about as she chronicles 60 years of life in places called Number 13 and Winco. Her earlier work, *Storming Heaven*, focused on union organizing efforts and climaxed with the Battle of Blair Mountain. *The Unquiet Earth* picks up the story in the 1930s and concludes with the break of a coal company "dam," loosing a torrent of water and debris down a narrow valley. All that remains after this Buffalo Creek-style deluge are destroyed homes, churches, and lives.

Throughout such powerful scenes, Giardina gets the language just right — and I don't mean incorrect hillbilly grammar or proper Elizabethan cadences. Each of the main characters tells a section of the story in their own words, which sound just like what you would hear in Matewan or Logan.

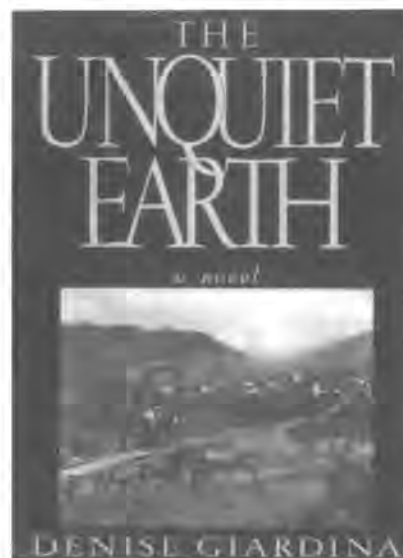
But it isn't only the language that's real: it's the smell of bacon grease and wild greens, the sound of peepers in roadside ditches, the contents of lunch buckets, car radios that play Roy Acuff singing about car wrecks, mainline churches that look like a company store with a steeple, and powerful feelings about home and homeplaces.

Giardina's gift, better in this novel than in *Storming Heaven*, is to make the land and people alive and real in the reader's eye. If that were all she did, it would be enough. But there is more. She tries — and succeeds, in large part — to counter the traditional stereotype of Appalachians as isolated and inferior

people. When Jackie's mother Rachel arrives at nursing school, for example, the director Miss Kurtz — who has come from Pittsburgh to civilize mountain natives — compares Appalachians to barbarians. "If you are to make nurses," she tells the incoming class, "you must overcome the handicaps of your backgrounds. You must rise above the handicaps of inbreeding and the filthy living conditions you are used to."

How well I know the feelings of anger

and hurt that engulf Rachel. Her friend Tommie, with no handicap of inbreeding dulling either her mind or her tongue, makes quick work of Miss Kurtz in a short question-and-answer duel. Some attacks on stereotypes are even more direct; Rachel refuses throughout the story to marry her first cousin Dillon whom she loves, believing their intimacy to be a sin.



In addition, none of Giardina's characters are particularly lazy or apathetic, another set of attributes often associated with Appalachians. Hassel Day, who calls himself the Mayor of Number 13, would never show up in statistics on wage labor, yet he is always hard at work. A civic leader, he spends much of his time trying to convince politicians to build a car bridge across the creek leading to the coal camp. An entrepreneur, he starts a business in his trailer parked on the Free Patch, an unclaimed piece of land. A community organizer, he launches a food

co-op and mobilizes his friends to rig a TV antenna in the right spot on Trace Mountain so Number 13 can pick up all three major networks. It's not a lack of energy or vision or spirit that keeps Hassel down; it's that his life is confined by an economic and political system that precludes the creation of large-scale enterprises, a diversified economy, or a politically active citizenry.

**F**ighting Back in Appalachia, a collection of true stories and analytical pieces, is all about mountain people trying to be politically active. Editor Stephen Fisher, a political science professor at Emory and Henry College in Virginia, organizes the book as "a direct response to my frustrations over the portrayal of Appalachians as passive victims, the dearth of material documenting the extent and nature of dissent in the Appalachian mountains, and the lack of Appalachian voices and examples in national discussions of community organizing strategies."

In these terms, the book is a success. The first two parts on building grassroots citizen organizations and new strategies in labor organizing are the best. With the exception of a chapter by Fisher, however, the third part on "Culture, Class and Gender in Appalachian Resistance Movements" seems loosely attached to the first two sections. The final 21-page annotated bibliography on dissent in Appalachia is a valuable contribution for teachers and students; it alone is worth the price of the book.

The most hopeful chapters describe three organizations—Save Our Cumberland Mountains, Kentuckians for the Commonwealth, and the Community Farm Alliance. Each group recognizes that local struggles against a particular strip mine, polluted creek, or out-of-state garbage dump will not change very much in the long run, even if organizers win the immediate battle. Yet they also recognize that local issues are what matter most to people as they begin the process of trying to make change. So the

groups design community fights to accomplish two important goals: to teach people skills of analysis, leadership, and organizing, and to link local groups to state, regional, and national networks pressing for changes in law and public policy.

The four chapters on the labor movement are both heartening and heartbreaking. Chris Weiss writes of the gradual inclusion of women in mining, construction, and trade jobs, offering largely good news. Richard Couto analyzes recent walkouts at the Massey and Pittston mines, providing the context for the current strike. Jim Sessions and Fran Ansley remind us vividly of the power of partici-

literally fighting for their existence this fall. For all its foibles, the labor movement is the only effective national and international voice for working men and women. As exciting as grassroots victories are for local community groups, jobs will continue to decline as long as capital can move unfettered around the globe, leaving places like Number 13 and Winco in its wake.

Are there ways to avoid the suffering of communities and families like those in McDowell County today? Or is there no alternative to rusted out factories, closed up mines, and dying towns? I would like to think there is. I would like to think we can temper the capitalist impulse for maximizing profit

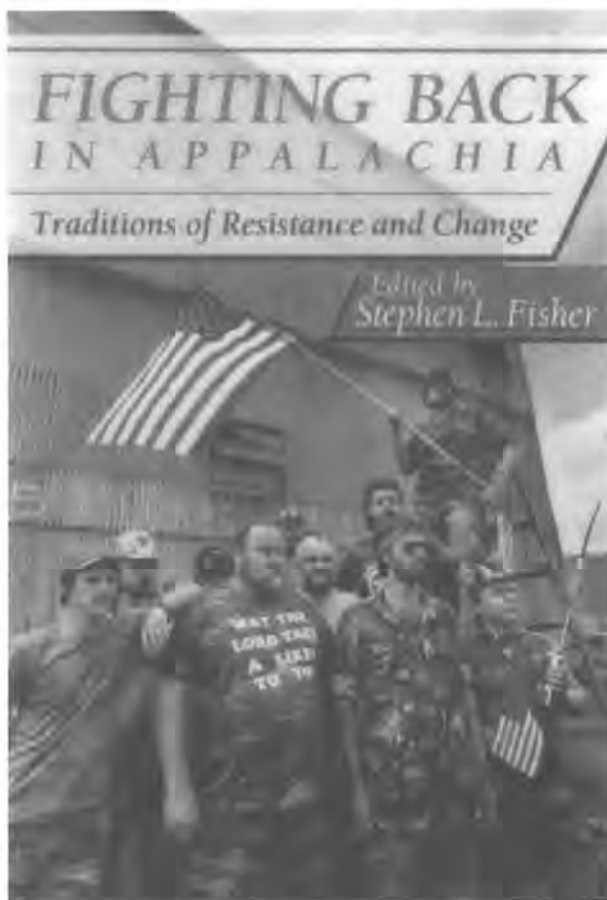
with laws and direct action that support community transition, worker retraining, and diversification of local economies. I would like to think that communities divided by class, race, gender, and family histories can come together to articulate what they need in a clear and united voice. I would like to feel with Fran Ansley "the possibilities that reside in each of us, in the people around us, and in the groups of which we are or can be a part."

*Fighting Back* suggests that a life of struggle against injustice is worthwhile, even if progress is slow. Perhaps, as Richard Couto concludes, the most significant outcome of strikes and other social movements "is the personal transformation they engender: bright, shining moments when democratic imaginations are stirred and people dare to take organized action for the benefit of the group."

The alternative is the epitaph for the entire region that Dillon offers in *The Unquiet Earth*:

"Someday there will be nothing left. Kin will die, the mountains will be ground to dust. Wooden coal camp houses were not built to last the ages." □

*Rachel Tompkins is associate provost for extension and economic development at West Virginia University in Morgantown.*



pation in direct action. And Bennett Judkins assesses the ongoing struggle over occupational health after the black lung movement.

Yet despite some shining moments and incremental changes, the bottom line is troubling. These chapters make clear that the United Mine Workers are



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### FREE TRADE

As the Clinton administration gears up to sell Congress on the North American Free Trade Agreement, grassroots groups are working to educate citizens about the dangers of the trade deal. One good source of information about local organizing is *Free Trade Mailing*, a newsletter published by the North American Worker-to-Worker Network. The publication includes resource listings, a calendar of events and tours, organization updates, and news from Canada and Mexico. To subscribe, send \$15 to:

North American Worker-to-Worker Network  
P.O. Box 1943  
Rocky Mount, NC 27802  
(919) 985-1957

To educate journalists about trade issues, the Institute for Alternative Journalism has published *Facts and Fictions About "Free Trade."* The book provides a brief history of NAFTA, along with interviews and analysis, suggestions for local stories, and examples of good reporting on trade. The reader also highlights activism by unions, environmental groups, and local organizers, as well as what it calls "one of the most explosive aspects of the trade story — the tens of millions of dollars that Mexico is spending to lobby for passage of NAFTA." To order, send \$15 to:

Institute for Alternative Journalism  
2025 Eye Street NW, Suite 1124  
Washington, DC 20006  
(202) 887-0022

### EDUCATION

Citizens for Media Literacy, a non-profit public interest group, has published a comic book that gives teenagers an inside look at how TV advertising influences their lives. "Get a Life!" follows the adventures of student Billy Bored as he is sucked into a television set in his school classroom and receives a behind-the-scenes tour from a fast-talking salesman. By the end



of the tour, Billy realizes that TV creates a false reality in which every teen anxiety and urge can be resolved by purchasing a product. Though the comic book critiques commercial television in general, its specific focus is Channel One, the "educational" TV service now beamed into 12,000 schools nationwide. "Get a Life!" is available for \$1 plus postage from:

Citizens for Media Literacy  
34 Wall Street, Suite 407  
Asheville, NC 28801  
(704) 255-0182

### ENVIRONMENT

Public Citizen, the non-profit research and advocacy group founded in 1971 by Ralph Nader, has released its annual ranking of the worst nuclear reactors in the U.S. The 64-page report — entitled "Nuclear Lemons" — holds General Electric accountable for 14 percent of the 20 riskiest nukes. Copies of the report are \$40, with discounts available for schools and citizen groups, from Public Citizen, Publications Department, 2000 P Street NW, Washington, DC 20036. For more information contact:

Public Citizen  
215 Pennsylvania Avenue SE  
Washington, DC 20003  
(202) 546-4996

*Toxic Nation*, a new book by journalists Fred Setterberg and Lonny Shavelson, explores the links between toxic wastes and human health, offering detailed, dramatic stories of communities threatened by chemical contaminants. From the blackened waters of Yellow Creek, Kentucky to the world's largest hazardous waste dump in Emelle, Alabama, the authors illuminate why thousands of ordinary citizens have become overnight activists in a grassroots struggle to save their communities. To order, send \$22.95 to:

John Wiley & Sons  
605 Third Avenue  
New York, NY 10158  
(212) 850-6497

# College Football

By Ron Morris

**W**hen the Florida Gators and Georgia Bulldogs, two old rivals and perennial national football powers, play each November in Jacksonville, the game is tabbed "The World's Largest Outdoor Cocktail Party." Upwards of 80,000 people attend the showdown each year to toast their alma maters and party with friends they may only see five or six Saturdays a year.

The Southern love affair with football dates to before the turn of the century. In 1895 a game played in Richmond between Virginia and North Carolina attracted a crowd of 12,000. Fans were apparently just as rabid then as now — Tar Heel runners were twice tackled by overzealous Virginia spectators who ran onto the field.

Since then, the number of spectators has grown dramatically. By 1950, the National Collegiate Athletic Association reported that nearly 19 million fans were watching college football games. Last season, the number hit 36 million.

Five of the 10 states with the highest per capita attendance in the nation are Southern — Virginia, South Carolina, Alabama, Tennessee, and Mississippi. The region also boasts the nation's two best-attended conferences: the Southeastern Conference, with a dozen schools from Tennessee and Arkansas to Louisiana and Florida, and the Atlantic Coast Conference, with nine schools stretching from Maryland through the tobacco belt to Florida.

Part of the sell of college football is that most SEC and ACC schools are located in small towns. The six or seven home football games each season are often the only show in town.

There are occasional fall Saturdays in South Carolina when Clemson University and the University of South Carolina both play home games. Some 80,000 fans attend in Clemson, while another 65,000 view the spectacle in nearby Columbia. On those days, the crowds at the two stadiums rank as the third- and fourth-largest cities in the state.

Perhaps nowhere does college football fever run higher than in Alabama, where former University of Alabama coach Bear Bryant remains the most revered person in the history of the state. When the Crimson Tide claimed the national football

championship last season, *Sports Illustrated* quickly sold out of a special regional edition it printed to commemorate the victory.

"In Birmingham and Tuscaloosa, they have six or seven Saturdays each year when the place to be is where the Tide is playing," says Bob Goin, athletic director at Florida State. "The same is true here. We're the only show in town. They're coming from all over the state to see Florida State football."

On many college campuses, home games are two-day affairs that last from Friday night until game time Sunday afternoon. At the University of Alabama and Auburn University, students parade around campus on Friday nights, honking their car horns as a prelude to the big event. Fans arrive at the stadium as early as sunrise, unloading lawn chairs and picnic tables in the parking lot and feasting on chicken with all the trimmings.

At Clemson, fans deck themselves out in the school colors. At kickoff, "Death Valley" is a sea of orange, with fans dressed in neon overalls and nearly every face sporting a painted tiger paw.

Such football festivities and traditions have been passed from generation to generation. "There are people buying tickets now whose grandparents

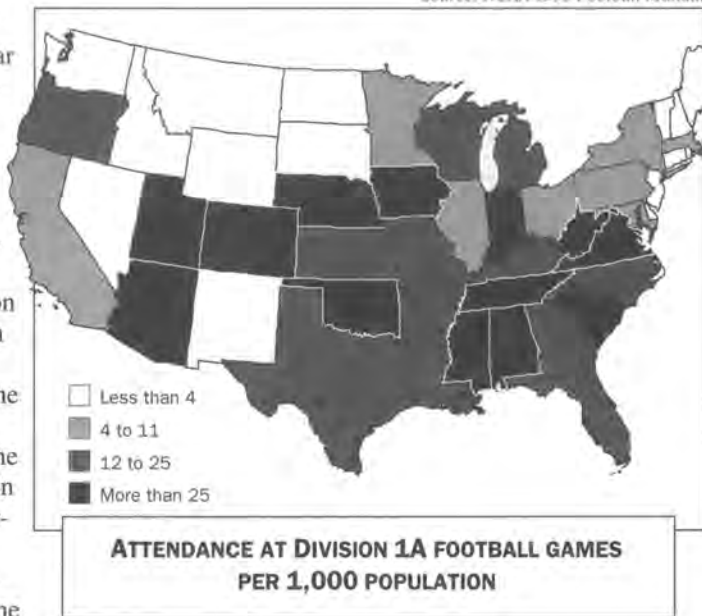
bought the same tickets," says Bob Goin at Florida State. "In our community, we're the wholesome event. Daddy, Mommy, son, and daughter can save up all year to go to this and have a lot of fun."

At \$18 to \$25 per ticket, it can take some families all year to save for a game. College football is not inexpensive, and high prices provide lucrative profits for school athletic departments. At Florida State, where the stadium was recently expanded to seat 70,000 fans, six home football games generate \$10 million in revenues. FSU sold nearly 40,000 season tickets this year.

"You can't get that many people to go vote," Goin says. "We might be mixed up, I don't know. It's a science that I don't quite understand. All I know is that it's the socially acceptable thing to do. Rah, rah for the home team, and if they don't win, it's a shame." □

Ron Morris is executive sports editor of the Tallahassee Democrat.

Source: NCAA 1993 Football Manual



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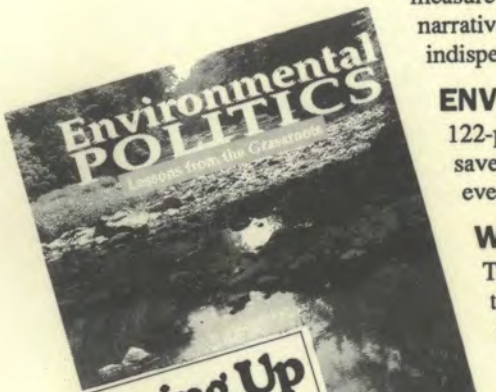


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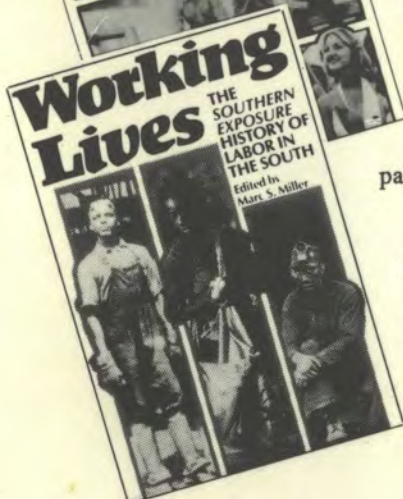
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