

MUSINGS

BY MARJORIE KELLY



The Rising Storm

To transform our economic system, crisis may be necessary

IT WAS 10 P.M. when Henry called; his voice was troubled and the connection was full of static. Hurricane Marilyn had destroyed his family's property on St. John's in the Virgin Islands. Everywhere he looked, social order was in ruins. One of his staff members already had been mugged on the way to buy food; the others were too afraid to leave the ravaged grounds.

What he described was a chilling picture of collapsing civilization. "When the fabric of society breaks down like this, you get an idea what's on people's minds," Henry said. "And it ain't pretty."

Business was being conducted only in cash, making anyone in the market a target for roving gangs. In the midst of this, Henry was carrying thousands of dollars for relief efforts. "I will not be traveling alone," he assured me. "And I will not be traveling unarmed."

After I hung up the phone, the conversation lingered in my mind. It seemed a disturbing symbol of what can happen when disparities in wealth and power grow too large.

On this island—with lavish hotels just down the road from native shacks—the hurricane had revealed an undercurrent of rage. People had lived too long within sight of wealth they could not touch. And they seized it now with a vengeance. Nothing could stop the looting: not the presence of military police, not even curfews that restricted civilian movement to between noon and 3 p.m.

Days later, I turned on the TV to hear the verdict in the O.J. Simpson trial. Like many, I was stunned by how differently whites and blacks reacted. Here again was this undercurrent of rage: deep-seated and invisible. And I found myself wondering, where else is trouble simmering, where will it erupt? And when?

THESE AND OTHER EVENTS give me a palpable sense of urgency about the pace of change that is needed today—particularly the change needed in our economic system. I recently spent a weekend with a group of some of the brightest, most thoughtful people I've seen assembled. There, too, was this same tangible feeling of urgency—like the charge in the air before a storm.

One person at the meeting was Bernard Lietaer, formerly with the Belgian Central Bank (the equivalent of our Federal Reserve). He had been a currency trader for five years, but stopped because

he became convinced the system would blow apart. Each day, he said, a massive \$1.1 trillion in currency is traded. "And 97 percent of this is purely speculative. It's extremely unstable."

Lietaer foresees a time when we will experience 15 to 20 percent unemployment. And he's working around the world to help develop alternative local currencies, which he believes will eventually serve as social safety nets.

"We're heading for a brick wall," agreed Dee Hock, the former chief executive of Visa International. "Society has prepared itself for millennial change, and we're right on the cusp. We'll either see massive institutional collapse, or we'll see our way to new patterns."

Hock is a man who knows something about institutional collapse, and how it can open onto paths undreamed. Twenty-five years ago—in the midst of BankAmericard's impending failure—he led a group of quarreling bankers to create the innovative Visa structure. What had been a credit card system owned by one bank became a "chaordic" alliance owned by no one ("chaordic" is Hock's term, combining chaos with order). Member banks own their card portfolios, and there is no stock in Visa itself, so it

can never be raided or bought. It is a self-governing structure, with power vested not in the center but the periphery. To say this unconventional structure works is an understatement. Were Visa capitalized today, its market value would be about \$300 billion.

The story of creating this structure, Hock says, is a story of

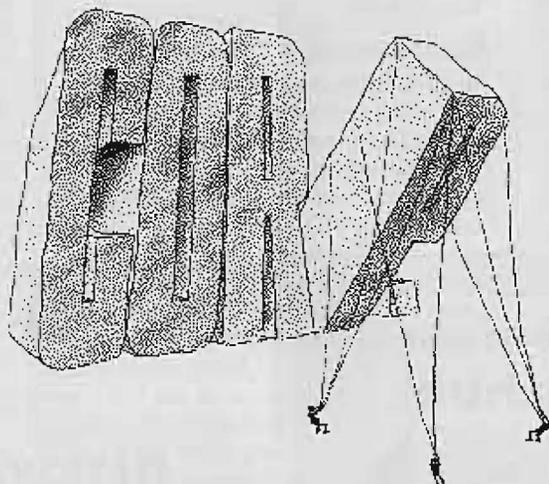
"collective intelligence rising." And it begins, not incidentally, in panic and collapse and failure. Because only when the old forms cease to work are we forced to search for the new.

"What looks like chaos includes its own emergent order, if we can evoke it," Hock says. As he discovered with Visa, the process begins

with one question: *What is our purpose?* Because if we start with a common goal, we can build the structures to achieve it.

Teaching this process to others is now Hock's life work, and his aim is to help solve what he considers our most critical problem: the increasing concentration of power and wealth in few hands.

If transformation is where we're headed, it may be that crisis is the way there. But here's hoping it takes a form less like St. John's and more like BankAmericard—where the door opened onto something new, and better. Here's hoping we have the wisdom to realize, as Dee Hock said: "The answer lies in the collective, not the individual." ✕



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