

# STANFORD SOCIAL INNOVATION

*review*

VOLUME 5, NUMBER 3

## The Merger Proposal

• **Go Ahead – Pop the Question**

*Why more nonprofits should merge*

by Kevin T. Kirkpatrick

• **Before You Say “I Do”**

*Why nonprofits should be wary*

*of merging* by Denise L. Gammal

• **Uniting for Survival**

*Case Study: How four Chicago-area cancer support centers created a fifth nonprofit to pool their strengths*

by Don Haider

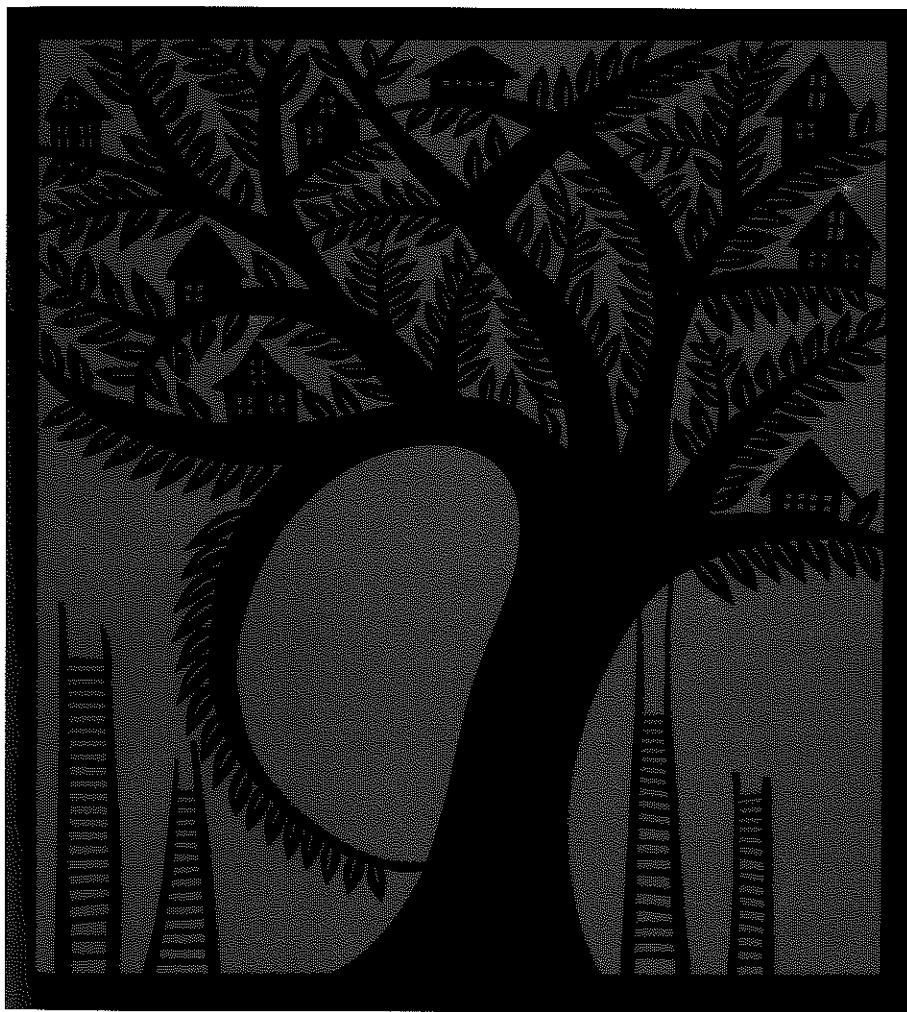
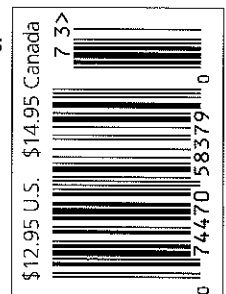
## A New Era for Business

*Business leaders need to manage their social contracts more wisely*

by Scott C. Beardsley, Sheila Bonini, Lenny Mendonca, & Jeremy Oppenheim

### ALSO IN THIS ISSUE

- Q&A: Head of newly merged community foundation
- NGO gets corporations to call for a pollution cap
- The Public Radio Fund saves nonprofit airwaves



## Microfinance Misses its Mark

P A G E

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Despite the hoopla over microfinance, it doesn't lift people out of poverty. But stable jobs do. If societies want to help the poorest of the poor, they should support large, labor-intensive industries.

by Aneel Karnani

# notable books

very dark and long tunnel. Many of us who have been engaged in public life, either as public officials or employees, or as citizen activists attempting to empower communities, will have a great deal to learn from this thoughtful assessment. And those of us committed to the democratic experiment can hardly afford to dismiss the potential that exists in shared governance. Indeed, we might benefit from applying what we learn to our own democratic community efforts.

*Mike Rotkin is a lecturer and the director of field studies in the community studies department at the University of California, Santa Cruz. He has been mayor of Santa Cruz four times and is currently serving his sixth term on the Santa Cruz City Council.*

## THE REAL WEALTH OF NATIONS: Creating a Caring Economics Riane Eisler

250 pages (Berrett-Koehler Publishers, 2007)

Reviewed by Mal Warwick

According to a seemingly trustworthy person whose name I've long since forgotten, the amount of new human knowledge that we generate in one year is equal to the sum total of all knowledge generated throughout time. Whether or not you believe the assertion would depend, I suppose, on what you call "knowledge."

These days, humanity produces incalculably large amounts of data. But, as the information technologists have taught us, data is not information. And

information – whatever that really is – can rarely be equated with knowledge.

In a world of splintering specialties, where a physician may focus entirely on the pituitary gland, and anthropologists are labeled cultural, physical, social, industrial, or paleo, we have largely lost sight of knowledge, and its ultimate expression: wisdom.

I won't presume to define *knowledge* and *wisdom*. But, like the Supreme Court justice who can't define pornography, I know wisdom when I see it. I found it in abundance in the latest book by interdisciplinary scholar Riane Eisler.

*The Real Wealth of Nations* tackles the dismal science of economics and proves conclusively that it deserves that description. Eisler wrestles conventional

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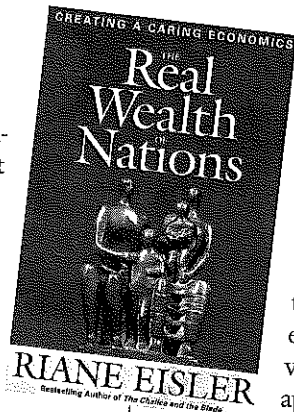
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“wisdom” to the ground, challenging the assumptions that have supported the practice of business and economic policy for the last two centuries, since Adam Smith’s original *Wealth of Nations*. In contrast, Eisler prescribes a “caring economics” that assumes the

obvious: people really matter. As she argues, “the real wealth of nations consists of the contributions of people and our natural environment.”

If you learned economics as I did, you may dimly recall talk of capital, which was paramount, and the widgets that lots of capital permits us to produce. We were assumed to be excited about the prospect of turning out lots of widgets. After all, making lots of widgets is the only way to make big profits, which in turn allows us to accumulate lots more capital, and later, produce more widgets. It was never clear to me where people fit into this scheme, except as “labor,” which is little more than a commodity like iron, coal, or oil.

Eisler’s “caring economics” draws upon two themes that are emerging among the critics of contemporary economic theory and practice. On one hand, her approach owes a great deal to advocates of full-cost pricing – among them environmentalist and entrepreneur Paul Hawken and European business leader Stephan Schmidheiny – who recognize that natural capital is fundamental to our economic well-being, and that the destruction of the environment imposes great costs on society. Like these visionaries, Eisler wants to factor such value and costs into a rational economic theory.

On the other hand, Eisler pulls from other feminist thinkers who have long argued that caregiving – or, as it is traditionally mislabeled, “women’s work” – is the foundation upon which all eco-

nomic activity rests. Caregiving and the “productive work” of traditional economics should be given equal weight. Eisler’s contribution is to weave the environmental and feminist values into a cohesive approach – an economic theory that comes as close to

the Native American ideal as contemporary society can manage: Every action must be considered in terms of its impact on the next seven generations.

*The Real Wealth of Nations* sets forth “six foundations for a caring economic system”: (1) a “full-spectrum economic map” that encompasses the household, unpaid, natural, and illegal economies, as well as the traditional market and government economies; (2) a set of cultural beliefs and institutions that shifts the reigning social paradigm from domination to partnership; (3) caring economic rules, policies, and practices for business and government that meet basic human needs, direct technological developments to life-sustaining applications, and consider effects on future generations; (4) inclusive and accurate economic indicators that reject benchmarks like the GDP, which grows larger with every massive oil spill and every bullet used in war; (5) relationships between economic and social structures that don’t result in the concentration of economic assets and power at the top; and (6) an evolving economic theory of what Eisler calls “partnerism”: human interaction that goes beyond capitalism and socialism to recognize the essential economic value of caring for ourselves, others, and nature.

Yes, most of this territory has been covered by others. But Eisler’s art – her wisdom – lies in her ability to integrate learning from many disciplines and translate her vision of the future into

vivid prose that awakens our sense of possibility. It’s no accident that such an insightful synthesis has come from a social scientist who is unrestricted by the boundaries of a single discipline. Eisler’s venture into the realms of economics, sociology, history, political science, and other fields underlines the value of interdisciplinary inquiry in an era when so many of our best minds are peering obsessively into the minute. If the world is to be saved, salvation will come from people like Eisler, who have made it their business to think outside the proverbial box. Let’s hope Eisler’s wisdom finds its way into the decision-making circles in government and business before it’s too late.

*Mal Warwick is the former chair of the business organization Social Venture Network. His most recent book is Values-Driven Business: How to Change the World, Make Money, and Have Fun (Berrett-Koehler, 2006), co-authored with Ben Cohen.*

## LIVING INTO LEADERSHIP: A Journey in Ethics

**Bowen H. “Buzz” McCoy**

232 pages (Stanford University Press, 2007)

Reviewed by N. Craig Smith

Socrates believed that an unexamined life is not worth living. *Living Into Leadership* is Bowen McCoy’s examination of his 27 years at investment bank Morgan Stanley. Although McCoy hails from the business world, his insightful exploration of ethics would be of value to leaders in all sectors – private, public, and nonprofit – and to anyone seeking that elusive balance between work and personal life.

McCoy’s central anecdote is a story that he first penned in 1983, “The Parable of the Sadhu,” in which he and his climbing partner, Stephen, cross paths