

>> Bob Smith: From WXXI News it's 1370 Connection. I'm Bob Smith and my guest this hour has often been called a social innovator. New York Times Columnist and best selling author David Bornstein will be speaking this evening at 7:30 at Ritz Carlton Auditorium as part of the Caroline Werner Gannett Visionaries in Motion Series. He is the author of How to Change the World, Social Entrepreneurs and The Power of New Ideas. And he's been quoted as saying we are close to a new enlightenment. We're going to find out that may mean to us during the course of this hour as we welcome David Bornstein to our program. Great to have you with us and thanks for joining us this hour.

>> David Bornstein: Thank you, Bob.

>> Bob Smith: Now first of all, maybe a definition might be in order because I've heard the term tossed about and I've heard several different meanings attached to it. What is, as you see it, a social entrepreneur?

>> David Bornstein: Well, everybody knows what an entrepreneur is in business, just someone who has the skills to take an idea and turn it into reality and, you know, usually what that means is kind of seeing over the horizon to a new opportunity that other people don't see and then being able to put together all the things that need to happen, the people, the money, the skills, you know, the execution to actually make that thing work. Well, if you take all of that and you just apply it to solving social problems, you get a social entrepreneur.

>> Bob Smith: We can probably get our arms around it in a way because we've had people like that in certain areas of our social and educational and cultural life throughout history. When I think of a social entrepreneur in that context, first thing you think about is somebody who starts up a university. Now that's been true since the days of John Harvard, and Eli Yale, and Ezra Cornell and all the people who have founded universe -- Ben Franklin founded the University of Pennsylvania. That was, I guess, kind of an act of social entrepreneurialship [phonetic] in their time and we've got lots of examples of that through the 18th and 19th Centuries, but we're talking about something else other than somebody with a lot of money doing something big with it, aren't we?

>> David Bornstein: Yeah, it's -- I mean, what -- these examples are fantastic and you can also look at Florence Nightingale, you can talk about the people who created hospitals, you know, there's many, many examples, you know, people who created new religious orders if you go back 500 years like St. Francis. I mean, you can -- you're talking about people who create new -- new -- or new types of organizations that do things that society hasn't historically done. What's happening now around the world and then this is -- although it's very strong in some countries, the United States in particular, is that you have millions of individuals around the world who are creating new sort of structures. Some of them are businesses, some of them are nonprofits, some of them work with governments, some of them are kind of hybrids, they're sort of half businesses half social organizations in that grey area between them to solve all sorts of problems, education, healthcare, poverty, environmental management, dealing with disability. And the reason why this is happening around the world and why it's taken off over the last quarter century is because there's been such a growth in the capacity of people around the world to solve social problems, and it has to do with the women's revolution, the movement of money, the fact that so many more people go to college today than they used to, the fact that many people are connected to global media. Most people around the world so they have much more information than they did in the past and ultimately the fact that many people

realize that governments are not addressing the problems, the most pressing problems in many societies around the world. And businesses also have major blind spots and don't have models to deal with them. So who's going to come in and solve those problems? We need new models, the pace of change is very fast, much faster than it used to be so new problems are emerging much more quickly than they used to in the past, you don't have ten years sometimes to sort of figure it out.

>> Bob Smith: In a way there's kind of good news bad news equation going on here. On the one hand, of course, you've got the entrepreneurs who were zooming in and coming up with new ideas and figuring out a way to put together their own money to help make it happen or other people's money in some case which they raise. At the same time does it say that the public sector is, well, dare I say it, walking away from its mission to the community in a fundamental way and maybe not in a good way?

>> David Bornstein: Well, you now have the public sector which -- when you say that you mean the government and then there's the private sector historically has been the business sector. What you now have is a third sector which you can think of as the citizen sector. And I wrote about this a lot in my book, How to Change the World. Now that -- now that you have these sectors and the citizen sector is the sort of self-appointed entrepreneurs who are solving social problems. What's happening is you have a new relationship between the public sector, the citizen sector and the business sector. But, I mean, the way -- the best way to talk about this is just to sort of think of some specific examples. You know, what you find today for example, you know, if you look in the United States, let's take the issue of foster care since it's a very interesting, a very troubled system in the United States. The foster care system produces a majority of the kids who age out of the foster care system in the United States after having consumed hundreds of thousands if not millions of dollars in services over the course of their lives, or the course of their young lives because they age out when they're 18 are not functionally independent as adults. They have a lot of problems with drugs, with homelessness, with the criminal justice system, with early parenting and so forth. So here's a system that's run by the government, by and large, that's very, very unsuccessful. The most successful systems now in the United States that are being developed to fix that are not coming from government, they're coming from individual social entrepreneurs. Probably the best one is an organization called youth villages which was started in Memphis, Tennessee and is run by a group of individuals and is basically teaching the State of Tennessee, as well as other states, how to actually deal with the foster care problem much more effectively. Now, you know, they have an 80% success rate for kids aging out of the system when they use their approach which is very family-based. They work intensively with families rather than taking children and putting them in institutions where -- because states cannot raise children very well, you need families to raise children; it's kind of a basic idea. Now how they do this, how they do it safely, how they're able to make these families recover and sort of re-stabilize themselves when they've had great problems is an art in and of itself, it's a very, very creative challenge. Their job now is to teach states all across the United States how to do this so that it can become part of the public system, but that will probably take about 20 years to figure out because that's a difficult sort of technology transfer if you think of it.

>> Bob Smith: Seems like there are different models for that particular problem among many, but that one in particular that we're all aware of because we're all

worried about how kids are growing up and adapting to changing society that in some cases, and I'm thinking of here in the upstate New York region you have governmental institutions and some charitably-minded businesses as well putting their lot together with a private non-profit. Tale Side [assumed spelling] Children's Center comes to mind immediately in that context that you just mentioned and they kind of do it together in partnership based on evolving models but seem to be working well for a lot of kids. Nobody claims 100% success of course because there isn't 100% success in any aspect of life. But that's worked out pretty well. Are those going to be the kinds of models that we're going to increasingly see public institutions to provide the accountability in some of the resources, private nonprofits to provide a lot of the ideas and some of the money and some of the facilities and working together that way?

>> David Bornstein: I think you'll see partnerships like that a lot. I think the biggest change that's going to happen over -- in government is that it's going to recognize, or each of these sectors it's going to recognize its core competency, what it's really good at. What the social sector or the citizen sector is really good at are crafting new solutions to problems and having a very high level of flexibility and responsiveness to problems so that they can really be very, very innovative. You'll find that many government programs start off great. You look at something like Head Start. It emerged out of a very, very successful series of programs working with early childhood education. If you look today at Head Start, you look at some of the evaluations. A very big one just came out in 2010. It's not that successful en masse, you know, and this is like the biggest federal funded education program.

>> Bob Smith: Although you might get an argument about it in individual states. It's going to depend -- or individual communities. It's going to depend to a lot of degrees on the administration at the local level, on a regional level that's right there on the ground, isn't it?

>> David Bornstein: Right, well don't get me going -- don't get me wrong. I'm not interested in seeing health -- Head Start defunded or anything like that.

>> Bob Smith: Right.

>> David Bornstein: The question is, what -- why is it that some of these individual innovators around the country can produce tremendous education games in after school programs, in summer enrichment programs and in early childhood programs that are in many cases considerably better than the standard approach that you see if you do these widespread evaluations of the normal, the standard programs whether it's after school or early childhood. And I think what you have is this level of it's kind of -- it's this level of high touch, it's when you have entrepreneurs building systems that can be flexible, they can change things much more quickly, they can hire people and move things around. In a way there's a kind of creative excellence that you can get out of it. Now the government's job should be not to say, okay, let's pull that into government and now government will scale it up and roll it out across the country. Historically that's how you take a really creative idea and turn it into a kind of a more bureaucratic idea and you lose a bit of its excellence. What you can now -- the government can now do is say, hey, let's be the financier or the enabler of this idea, and allow this organization to spread in the way and so in some sense government could become a really good banker for social change ideas because government has the money, it also has the legitimacy, it can create new laws and make things easier, it can create tax incentives and so forth. What government

has historically weak on is on the operational side and where the entrepreneurial sector or the citizen sector has been very, very strong is on the operational side. So why not work with those strengths and work with government strengths. Government has the bully pulpit, it has the power of taxation, it has legitimacy and government's the only organization that represents the will of society and can legitimately claim to be -- to be in the public interest.

>> Bob Smith: From what you've said, it's almost as if we started out on the right foot in a lot of things, Head Start, some of the early anti-poverty programs with Uncle Sam or perhaps the state providing the money, well, the direction, the ideas were more localized and more closely community bound and you had that kind of mix of local administration, local idea generation and national funding and a certain level of national accountability without a heavy handed bureaucracy over it all. We started out that way 40, 50 years ago when we were doing these programs and then something got lost somewhere along the way. Is the problem that the big guys with the big money insisted on having all the big power?

>> David Bornstein: Well, you know, I mean, I have a lot of -- I place a lot of faith in Oscar Wilde's aphorism never ascribe to malice that which would -- can be adequately explained by ignorance. I think just a lot of the problems that we haven't solved in the past we just really didn't know how to solve them that much. I mean, some of these problems whether you're dealing with poverty, how to run excellent schools, how to create a health system that reduces cost and still creates great outcomes, these are really, really hard problems to solve, especially to solve them at a massive scale which you're now seeing across the United States as you have these places or these kind of oases of excellence where people are running an after school program or a summer enrichment program and they're getting -- they're really moving the academic needle in ways that ten years ago a lot of people would have said, that's impossible. Some of the results coming out of these charter schools that are working with very tough disadvantaged populations. Social scientists are saying we never believed that we could see these kinds of gains coming from kids who have had, you know, such disadvantages. So now we kind of know it's not impossible to get these gains. Now the big challenge is, okay, how do you do it not in one school that has 400 kids and you have, you know, a very strongly motivated group of people who give them extra time and they have extra resources. How do you get it into the water supply? But this is a much, much better problem. The question is now how do you actually take the -- take these oases of excellence and make them the pattern? And actually if you look at the history of entrepreneurship and you say what are entrepreneurs good for, what's the number one thing that entrepreneurs do better than anyone? It's actually scaling ideas and maintaining the integrity of those ideas, that's the one thing that, you know, if you look at even something like McDonald's whether you like McDonalds or not, you have to admire that the newest McDonald restaurant is probably better than one that came out 20 years ago. These things get better as they -- in terms of the organizational excellence they get more efficient, whereas a lot of programs actually get, you know, the most recent version of the program is nowhere near as good as the pilot. So you say, well, what happened there, why is one getting worse, and why is one getting better? There's an organic growth process to a kind of an entrepreneurial initiative, they learn as they go, they get better. Now by the way, I learnt this not out -- this is not a theory, I mean, I wrote my first book on the Grameen [phonetic] Bank. I mean, this is the organization that pioneered micro finance, micro-lending in Bangladesh and now lends money to millions and

millions of people in Bangladesh. Poor women in villages get these tiny loans. Grameen Bank won the Nobel Peace Prize in 2006 for taking this idea of what they call micro credit and spreading it not only across Bangladesh but it's now been spread all around the world reaching about 200 million families. The interesting thing about micro finance is that historically there were many government credit programs in Bangladesh and in India that tried to bring credit to farmers and small villagers. And by and large they were not very successful and they were often became very corrupt in all that. The Grameen Bank managed to take this idea and prove that you could apply it at great scale and actually the idea would get better as it grew. So this is the new -- this is kind of like a new realization and it's only really in the last ten years that we've come to see we can solve problems and we can improve as we solve them at greater and greater scale if we create -- if we find a different way of organizing the problem-solving work of society. And that's really what the field of social entrepreneurship is all about.

>> Bob Smith: Of course then what you have to do is convince the larger source of funding, which is probably going to be a public institution which is probably going to be an organ of government to let go. How do you convince them to let go and let somebody on the ground close to the need decide how those resources are going to be used in that area which may not be the same as what somebody else decides to do somewhere else where conditions are a little different.

>> David Bornstein: Yeah, that's the biggest challenge and that's really the challenge that social entrepreneurs have run into. You know, you've had some pretty cool things happening in the Obama administration with the Social Innovation Fund. You know, the What Works fund in the Department of Education is a great example of money that's going to ideas, you know, based on their merits. You have a lot of states now that have evidence based policy making which is to say they actually look at the evidence and they put money into things that are working based on these randomized control trials and evaluations and typically that works much better than the old, you know, this is my friend, or these people have a strong constituency so they get the funds and so forth. Ultimately political people do have to solve their problems getting reelected so the social entrepreneurs over time we have to figure out, you know, how to make the best ideas also really politically comfortable for them to fund. And that's, I think, that's a big challenge. It also -- it helps that people like Bill Gates, you know, with the Gates Foundation are very much behind this way of advancing social change too because, you know, a lot of the big funders whether it's Jeff Skoll [assumed spelling] or Pierre Omidyar [assumed spelling] who founded eBay, or Bill Gates, of course, from -- you know, the wealthiest person in the world, or Warren Buffett, they are now putting their money into solving social problems focusing on organizations. Looking specifically at organizations and their execution ability.

>> Bob Smith: 263-WXXI by the way is how you get involved and become a part of the conversation on 1370 Connection . We have with us New York Times columnist and best selling author David Bornstein. His books include How to Change the World, Social Entrepreneurs and the Power of New Ideas. He's going to be talking about that subject of social entrepreneurship this evening at Ritz Carlton Auditorium as part of the Caroline Werner Gannett Series. He's here with us right now on 1370 Connection. Your thoughts on how to solve problems in a perhaps different way than we thought of before either total dependence on private charity in and of itself, or total dependence on government. How do we do in a different way that's going to be suitable the 21st Century life and

realities? We'd like to hear what you have to say, 263-WXXI, I'm Bob Smith with you on 1370 Connection. Let's look at what has happened throughout history and see if maybe a third way is what we're dealing with. I mean, in the past up to the 1930s we depended almost entirely on private charity and we found out by 1930 that wasn't working out too well. The country was going into an abyss and we weren't able to pull it out. FDR steps in, injects the public sector into the mix in a way we never seen before. That juices the economy. There's debate on whether it was that or the onset of World War II or a combination of the two that played the biggest role. But nonetheless things got better. We became convinced that government had a role, the public sector on every level had a role in making the community better. And things got better for a long time. We hit a wall again, discovered that maybe there are some limits, but what are the limits? And is it a limit of will or is it a limit of capability and power? And where does the private sector and its flexibility and entrepreneurial instinct fit into all of this? I guess that's where we are now, isn't it? We're still trying to figure out how all these things come together and more effective solution. So where are we so far and what have we learned about what the ideal mix is going to be?

>> David Bornstein: You know, it's kind of like, you know, I you wanted to create a great movie, if the government was in the business of saying we want to produce great movies. I mean, they're not in that business and that's a good thing. But let's say they were. The first thing you'd say is should they set up an agency, hire 1,000 people and ask those people to start making movies? Your answer could be no, that you would not get good movies. But if they set up an agency and said, we're on a talent search for great movie makers around the world wherever they are and they can audition for us and send us their scripts and so forth and we'll pick, we'll have a bunch of other people who really know the movie business and then we'll fund the best ones. We'll pick the best hundred out of a million entries. You'll get a lot of good ideas from that. So if the government was in -- were sort of like talent scouts for social innovation rather than thinking that they have to do it all themselves, you would find, you know, and if they kind of open source it. Now this is interesting. You know, we -- we're seeing this now, I mean, for example the Obama administration has this thing called challenge.gov. We wrote about it in the New York times a few weeks ago. The headline was Innovation For the People By the People, that was the headline, it was very catchy. But the idea was there's many challenges that agencies want to solve, whether it's the Department of Labor, HHS, NASA, and it turns out, you know, even if NASA has, I don't know how many engineers they have, thousands, there's a lot more out there in the world who are not working for NASA. No matter who you are, the smartest people are not working for you. That's basically true in the world today. So how do you actually figure out some -- who's the person in the world, or the group of people in the world who are best positioned to figure out how to solve your problem. Well, you have to open source it. You have to go ahead and basically put a challenge to the world and say anyone can work on this problem and we guarantee whoever comes up with the absolute best solution to this problem we will support, and we will try to make that problem grow. Now if you -- you can apply this, for example, New York City's Administration for Children Services has a very big problem and the New York Times has written about it consistently for the last six years. Children who are under the supervision of the agency still end up abused and in some cases even killed. There has been a number of stories that have come out in the last six years and the agency really struggles to help these families even though 4,000 children last year were removed from families. Now there are programs, there's a program called the Nurse Family

Partnership so it's not invented by a government, it was just invented by a researcher basically, a man named David Olds that has shown very, very remarkable results in terms of they match up a nurse with a family and the nurse visits this family with a low income mother the first time she has a child will get a visit from a nurse every week for two-and-a-half years. And they have now studied this and they show that the results are dramatic. Even 15 years later you have much lower incidence of abuse, or criminality, the kids do better in school, they're healthier, the mothers work and earn greater income. If you want to prevent these problems there are models out there. It wasn't invented by government. But, boy, the government could say let's take the Nurse Family Partnerships, let's turn that into a model for our state because it's expensive, but boy it's a lot less expensive than if you have to deal with the problems after the fact.

>> Bob Smith: Pay me now or pay me later.

>> David Bornstein: That's right.

>> Bob Smith: And pay me a lot more later on by putting somebody in a prison.

>> David Bornstein: And in some ways the relationship is kind of similar. You have the entrepreneur who creates this model. It usually takes five or ten years to iterate the model until it's really working and it can grow. By the way, while you're going from working with five kids to working with 20 to 100, you're solving all your problems. All of the problems that are going to come up are going to come up in the first five or ten years. Once you're at that point the challenge is, okay, how do we spread this model to more cities, to more counties? Now if you bring it inside the Administration of Children's Services with their existing staff, they're not the people to implement that model. That's not how it works, that's not how a business would ever grow. They wouldn't just, you know, and when companies merge, by the way, it's often a very messy and difficult process. You need to figure out how to grow that company. Well, we know how to do that in the private sector. We finance companies all the time. We have venture capital, mezzanine capital, we have consulting services to make that happen. We're constantly taking companies with 80 employees and turning them into companies with 1,000 employees and still making them good ones. Why can't we do that with social problem-solving?

>> Bob Smith: In other words, keep it decentralized, keep the people who know what they're doing in charge of it even if there is an over arching governmental presence funneling in the money asking for a reasonable level of accountability but not ruling with a heavy hand.

>> David Bornstein: That's right. The government could be the IPO for the social entrepreneurs, but without taking them over.

>> Bob Smith: That's a tough thing to, again, persuade Big Daddy to do either at Albany or Washington or in city hall, you've got to persuade them to operate and govern and manage with a light hand.

>> David Bornstein: With a light hand. You see some mayors doing it, you know. Bloomberg has done some interesting things in New York, you see it happening. I think Mayor -- I think his name is Hickenlooper in Denver has done some interesting things. You know, where you have people who get to know the entrepreneurs at the local level because they're hanging out together, they go

to the same functions, perhaps they know each other from business or their previous experiences, they kind of get -- I want this guy building this organization. I trust these people to do a great job. I trust them ethically. We know we have to supervise, but I also have a high level of belief that they're going to be doing, you know, the right things for the right reasons. But, you know, it's difficult for, like as you say, to let go of the purse strings and to give people, you know, the permission to fail because as you know, many entrepreneurs fail. For an entrepreneur who fails, you know, we're very forgiving in the United States. We say his first three businesses failed but his fourth one's great and we celebrate that. But when someone fails solving a social problem we're very unforgiving. We say, oh, my goodness, you know, this person should be -- should lose his job, they should be banned from ever working for us again and so forth. So fear of failure and worse, fear of scandal is the biggest thing that governments worry about and in some ways they construct the way that they fund things and do things to avoid fear of scandal and have the appearance of success even if they don't actually get the substance of success.

>> Bob Smith: And scandal and failure are two different things too so we'll talk a little bit more about that. Got to take a short break but we'll be back with more with our guest of the hour New York Times columnist, best selling author David Bornstein author of How to Change the World, Social Entrepreneurs and The Power of New Ideas. A different approach to solving problems that either total reliance in private charity or total reliance on centralized bureaucracy a third way, if you will, that we're finding out about this hour on 1370 Connection. I'm Bob Smith, we're back in a minute on WXXI.

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>> Bob Smith: 1370 Connection continues on WXXI, I'm Bob Smith. We are talking with David Bornstein, New York Times columnist and author of How to Change the World, Social Entrepreneurs and The Power of New Ideas. He'll be speaking this evening at 7:30 at Ritz Carlton Auditorium as part of the Caroline Werner Gannett Visionaries in Motion Series. He's talking about what he says is an impending new enlightenment in which we're ready to fight a third way other than pure reliance and private charity or pure reliance on government bureaucracy to solve social problems. Taking a look at that third way, what it's going to mean this hour. Let's go to the phones at 263-WXXI, we're going to hear from Bernard on the line. Hello Bernard, you're on the air with us.

>> Bernard: Hi, Bob, very interesting. I guess my question to your guest is, or my comment that I'd like his comments back on is I think that here in the United States and by the way, my wife works in the nonprofit industry. She's been very successful and she is just a matter of fact leaving her job, but one of the things that I've noticed over the decades that I've been involved in it as a kind of observer is that I think in the United States there is this, for lack of a better term, and I apologize for the description, a lot of meanness, either meanness as well as perhaps a certain amount of ignorance about just how serious our problems are. You know, our death rate among babies, our uninsured healthcare people, our uneducated, our education system. I mean these systems, they need work, they need lots of work and there's real numbers that say they need work. But the truth of the matter is, is that A, people are ignorant of it, or the interesting thing that I've noticed, that I'd appreciate your comment, you can go into a meeting to talk about, you know, the mission of an

organization and the finances and there will be one person, typically a -- at least a minority who will stand up and have this incredible fight over the finances and over, you know, this is going to put this organization out of business and so on and so forth and my response to that is, yes, this organization may go out of business, but we will save the life of three dozen children. So which would you rather have? And unfortunately I think in our economic environment, there are these people, these meanies that can stand up and they can basically they can make, you know, make Congress do something that is very mean and unnecessary in the long term. And yet that one loud person can stifle all of the advance and the good work that needs to be done. And, Bob, on your show not too long ago you had an author from Nazareth College who was lambasting Bill Gates because he thought that Bill Gates wanted to take over the education system. And I did call in and I commented the guy was being a meanie, if you will. He wants to stop Bill Gates because he thinks Bill Gates has this motivation and completely ignoring the fact that Bill Gates is trying to fix a broken system he has the experience to fix it and he has the resources to fix it. And yet the one meanie wants to stop the activity. So I'd be interested in your comments on meanness and minority control of the environment. Thanks, Bob.

>> Bob Smith: Okay. Thanks very much for calling. Although the Gates Foundation here in the Rochester Metropolitan area I don't know what it's doing elsewhere in the country, basically has either limited or focused its presence just providing hardware and software for the kids to access information online and in the whole cyber universe and left it at that, and left it to the teachers and the professionals in education to determine just how they go about using that power. So I don't know. What is Gates doing elsewhere?

>> David Bornstein: Well, could I address the meanness question?

>> Bob Smith: Sure can.

>> David Bornstein: Because I think that's a profound observation. Matter of fact, I just saw the movie Bully which is coming out at the Weinstein film and it's -- it's just heartbreaking about the -- what happens in schools across the country with children being bullied, you know, vulnerable children, oddballs and so forth. And that's a -- I think that's a very astute observation. There's two things happening there. One is, I think, we have seen in the United States a lot of -- a lot more certainly polarization and a kind of, you know, a deterioration of public discourse and it does lead to a lot of meanness. I also think that we've seen and also all the studies have shown the general social survey has shown that there's been significant decline in trust over the past 40 years, the number of people who say that you can trust strangers has dropped from about 60% to in the 30s now. This is a survey. So -- and I think public discourse has really damaged our confidence in our institutions too. People who trust medicine, law, universities, the only institution that's done better in the past 30 years is the military according to the general social survey. So there's a kind of lack of trust that has built up in the society and I think this is the context in which we all work and why it's difficult to get people to agree that problems can even be solved. That one person in the room becomes very powerful who's negative because they're in an environment where everybody else is saturated with information that tells them it's impossible to solve any problems and so that voice tends, you know, ends up being quite decisive. That's why my colleague Tina Rosenberg and I started the Fixes column at the New York Times. It's a column and every week we write about a solution. It's -- and one of the things that's quite interesting is these columns are actually quite popular. A

lot of them hit the most e-mailed list. I mean, my editor comes to me and he says, wow, we never saw a column on homelessness or on foster care make the most e-mailed list on the New York Times and go viral. And the point that we say usually is, well, you know, when you're writing about the solution, that there is a potential solution or something that appears to be really working in homelessness or in foster care and you draw attention to that, people actually are quite interested in that and they want to hear that and they actually embrace that. And what we've found is that when you bring conversations around problem solving and you show that there are these bright spots around the country and that there's a lot more Americans who are not just mean and bullies, but who are very, very competent and very dedicated and are solving these very difficult problems at a high level, and you draw attention to them and you show how they're doing it and you don't just do it at Thanksgiving time, you know, when you're allowed to sort of talk about heroic individuals, but you show it as part of the daily news, the daily information that people get when they're driving home from work. It reduces the level of meanness, it creates more trust in society, more belief and I think it creates more space for people to cooperate with one another, to have more affinity with one another and those mean voices, those negative voices become less powerful.

>> Bob Smith: I can't help but thinking that maybe FDR was on to something in one way though, because he had the idea of trying a whole lot of different things, empowering a lot of different people who had a lot of different areas of the federal bureaucracy, state bureaucracies, local communities to try something to see if it would work and put some federal dollars behind it. So could it be that maybe revisiting the early days of a new deal might help us out in some way because it would return us to that idea of marrying big funding with small focus local entrepreneurship?

>> David Bornstein: Well, you know, we don't talk about it much but we have that now. I mean if you look at the Affordable Care Act, so-called Obamacare, which of course right now is, you know, is being debated in the Supreme Court, it's full of funding for experiments, for innovate, you know, how can we deal with all sorts of problems? There's tons of pilots that are being funded through the Affordable Care Act for new ways of delivering care, new ways of having, you know, coordinated care where doctors work together in groups, new ways of paying doctors for outcomes rather than paying them for procedures. There's tons of experimentation happening all across the United States and the Affordable Care Act has basically opened up its arms to say we want to fund experiments that will help us remake the education system. We don't believe that. We don't know what the answers are but we believe that there are thousands of people out there in the country who are inventing new models and we want to make sure that those models have the funds that the need and ultimately the attention that they need to grow and spread. So this is happening now. We just need to pay more attention to it when it is happening and not always go back to the old political arguments of whether governments should be privatized or public or whatever. That's -- you know, the old argument about whether something should be governmental or whether it should be the free market, this ideological divide that people on talk radio are -- you know, get into every single day is becoming more and more obsolete. That's not where innovation is happening between those -- the [inaudible] that argument.

>> Bob Smith: So don't be talking polarities, talk about maybe the answer being a mixture of both hand.

>> David Bornstein: Problem solving, it's all about problem solving and you need to find people who love solving problems and who are good at it and who self-select and will dedicate their lives ultimately if necessary to solving those problems and then make them as powerful as possible. Give them the resources they need to succeed. Hold them accountable of course, but give them, you know, be a greenhouse in a good way that lets them grow and flower.

>> Bob Smith: 263-WXXI, 263-9994, join the discussion on 1370 Connection from WXXI. I'm Bob Smith and across the table from me David Bornstein, New York Times columnist and the author of How to Change the World, Social Entrepreneurs and The Power of New Ideas. Let's go to Vincent on the line right now and hi, you're on the air, welcome to the show.

>> Vincent: Hey, Bob, thanks for taking my call. I am a bit of an entrepreneur, I have two very unique businesses, but what I'd like to do is if I could, expand the parameters of what you're talking about today and draw attention to two ideas that are already out there. The first one being a fellow by the name of Jacques Flores [assumed spelling] who has the Venus Project which I think eventually is where humanity needs to head. I'm not saying that we're there or anywhere close to where he's talking about where we have to go but people should research the Venus Project, he's been around for a long time and he's an industrial engineer. I'm a big fan of his work. But there's another guy who's closer to where I think we need to be and his name is Richard C. Cook, and he's an ex-treasury official, and he's working based upon the back of a guy in the last century who predicted our economic model would start breaking down as it has and what happens is mature companies start exporting jobs to low wage markets and he predicted this at the turn of the century. Richard C. Cook who's an ex-treasury official has come up with a social credit system and at first it seems a little absurd but the closer that you look at it it makes a lot of sense and it's based upon the fact that if you add up all the wages that all Americans in this country earn and subtract that from our gross domestic product, okay, you're going to come up with a \$2.77 trillion shortfall which we typically wind up going to finance that shortfall. Okay. And the system gets worse and worse, so he's come up with a social credit system where you take that shortfall because we built these mature companies and they've now exported our jobs and everyone gets a social credit of say anywhere from 15 to \$17,000 depending on which age you start collecting this credit at. And then that is the social safety net for all individuals in this, you know, somewhat advance society and at first I was a little bit put out by it. I thought that it sounded a little crazy, but the more you analyze the numbers I think it makes a lot of sense. And not to take away from the good ideas that your guest is proposing today, I don't want to do that, I just wanted to expand the parameters a little bit and put a couple of what I think are good ideas out there for people to start thinking about.

>> Bob Smith: Wow, what's new -- what's old is new again because I remember social credit was something that they were experimenting with on a provincial level in Canada 90 or 100 years ago and political parties came out of Western Canada to play with something like that and they even took power in a couple of provinces out west. I don't know, are we ready to revisit that?

>> Vincent: Well, I think that if you really look at, you know, I mean, the cover story on the Current Economic Model is that we're exchanging goods and services, but, you know, the more you study it it's really there to support an oligarchy around the world that -- I mean, when you have a hedge fund manager,

okay, who's made \$12 billion in one year, okay, what value has he added to the world to make \$12 billion? Okay? So the system is not working. And it's failing around the world, there will never be in the current economic model, there will never be enough jobs for people. If China grows their work force to 300 million people, okay, which is a fraction of their population and happens to be the exact discrepancy on how many people live there, they don't know if it's 1.2 or 1.5, okay, billion people, so which is actually represents the whole population of the United States, okay, if they grow their work force to that level, who can compete with them? Okay. Maybe India, okay. And under the current model where it's extreme models to the top -- extreme profits to the top, okay, there's never going to be enough jobs for people, and this is a loss to humanity.

>> Bob Smith: Wow, I'm going to stop you here in a sense.

>> Vincent: Sure.

>> Bob Smith: Because what we're talking about, I do thank you very much for calling. What seems to be suggested by Vincent's call is a massive restructuring of the whole foundational principle of our economy. I'm going to figure out that most folks who look at social entrepreneurialship are not looking at that, they're looking at something different, less root and branch change and more a reform and a reorientation of the way we do business on things. Would I be right on that?

>> David Bornstein: Well, I mean, it's interesting. People often -- well, I gave the example of, I'm going to talk about the Grameen Bank. I gave the example of the Grameen Bank before which provides these tiny loans to women in villages in Bangladesh. Now when the bank first started out in the 1970s, it had two big enemies. The first enemies were the Moolahs who -- religious leaders who felt that if a woman took loans it would bring her away from religion and it wasn't a sort of a dignified thing for a woman to do. They were able to pretty much deal with that successfully because men wanted their wives to be able to have access to these loans. What was more difficult was convincing the socialists in Bangladesh that, in fact, if you provided small loans to women, this wasn't going to be sort of throwing crumbs to the poor and keeping them quiet so that the revolution would never happen. And people -- people were very, very opposed to that because they had this idea of massive restructuring was kind of the only way that social change happens. Well, the Grameen Bank persisted and it started giving small loans to these women over time and it grew and grew and grew and grew and grew, and suddenly what happened was that people failed to see that, in fact, when you provide tiny changes to millions and millions of people over time it adds up to a very big change over time. What happens is that people start sending their girls to school and the girls start going to university. And then they actually start running for political office. And so you now have a situation in Bangladesh where you have more women voting than men in the country because the Grameen Bank and there's another large micro-lender BRAC are in every single village in the country. There's 70,000 villages and every single one of them is represented by these micro-finance programs. You also have, if you add up the number of the families in the country that borrow money from these programs and you look at all of the locally elected officials across the country, you now find that one in five officials comes from a family that received assistance so they were among the poorest of the poor and now they're in local office. Now you could still look at Bangladesh and say it still has a lot of problems, its politics are certainly not very enlightened today. I mean the prime minister is a serious problem. She's forced Muhammad Yunus [phonetic]

out, the head of the Grameen Bank out on a -- in a manner that was not right. But what you see is that over time you're seeing generational change. You're seeing exactly what all of the sociologists and the development experts predicted. If you provide more support and more education, especially for women, for adolescent girls, you will see restructuring of families, you'll see restructuring of political discussions over time and ultimately you'll see major changes. Now everybody said this won't happen or it will take too long. But the social entrepreneurs are sort of like, I mean, in some ways social entrepreneurs are kind of like if you look at it they're like the immune system of the world in a way, they're like antibodies running around. There's millions of them all around and they're all trying to fight infection so-to-speak and they're all doing their own thing in different ways and if you pull -- if you don't have a microscope it's very hard to see that, in fact, things are being healed. It's not like an operation where you lop off someone's leg and you say we've done a really big change here, it's not visible to the outside eye. And so appreciating how grand social change can happen through the integrated decentralized social changes that are hard to put on a television screen because they're scattered all around the world is one of the big challenges. And that's why people often deny that this is a really powerful field because it's not something that is coming down from the Supreme Court or the federal government as a massive new program. But I don't really think massive new programs, I don't think we can -- we can predict what really will be the effect of massive government programs now. I mean, it's just -- it's too difficult to -- you need to create, I think ultimately you need to create as much flexibility and support as possible for as many people in society to be positive change makers. And work with children too so the children have the support to change their elementary schools, to change their high schools, to respond to problems in their communities, and the teachers and the parents should be there, they should have courses, they should be -- they should provide funding for young children to figure out how to improve their own communities because if the kids are starting off in elementary school, they go through high school, by the time they get to college and into their professional lives they'll be very skilled at solving social problems and we'll have an army, you know, of millions of people who are really, really good at this and if the governments and the private sector are really -- and the media is really wired into all this, we'll have a lot of reinforcement for this world and we'll have a new role in society, that of a creative change maker. People will want to do it just as much as they want to become movie stars today and this will be really good.

>> Bob Smith: In a nutshell, give people the tools, let them do the job.

>> David Bornstein: Let them do the job, give them lots of examples, connect them using Facebook so that they can talk to other young kids who are doing different things so they can share ideas people around the world. I mean, this is happening, by the way. This is not something I'm theorizing about. I see young people all around the world. I was just in Hong Kong a few months ago, 1400 people came on a beautiful Saturday to a conference near the airport to hear about social entrepreneurship, and I was stunned and the organizer said, the kids in Hong Kong are crazy about this, they all want to change Hong Kong, they're not happy with the way it's being run and they all have ideas about what can be done better.

>> Bob Smith: I don't imagine Beijing likes that too much because they'll lose control, won't they?

>> David Bornstein: Beijing had a little bit more difficulty with this idea, that's true.

>> Bob Smith: But if they're willing to step back and simply provide the resources and let people do the job, well, they'll get better results but they'll have less control.

>> David Bornstein: Yeah, people don't realize how much change is happening. I mean, you can go to Harvard, for example, the biggest conference is the Harvard Social Enterprise Conference which is thrown by the Kennedy School and the Business School. It's 1200 or 1400 young people get together to discuss how to use the skills that they're getting at this very prestigious school that they've paid a lot of money to attend to solve social problems. Now a lot of people don't realize that there's a real [inaudible] change that's happening especially among young people in colleges. I've seen this all across the country, in colleges around the country. The most popular groups on campus and clubs are the social enterprise club which is basically that's the name that's given to the kids who want to start some sort of a venture. It could be a business a nonprofit, a quasi governmental organization to solve a social problem. A lot of people don't realize how big this change is and how it's proving up. It's kind of like the '60s but they're not marching on the mall in Washington with banners, they're building different organizations and they're connected with each other. It's very dramatic.

>> Bob Smith: It occurs to me, as I mentioned before, what's old is new again. This was the original concept that FDR had for a lot of his New Deal programs. It was also the original concept that Lyndon Johnson had in the early stages of the war on poverty. Federal funding but local control and direction and focus and for a while it worked really well, then people started worrying about well, are we going to have the proper accountability, are we going to have the proper oversight, et cetera, et cetera and the bureaucracy came in at that point. So I guess the question is, how do you stop things from getting too bureaucratized once you marshal the initial resources and start trying to turn people loose to get things done. How can you keep it from going that way of becoming more bureaucratized and maybe as a result based on history less effective.

>> David Bornstein: That's a key -- that's a key question and that's why when I talk about are we going through an enlightenment, part of -- what was the enlightenment, it was the move from, you know, from doing things without the scientific method to observation. It was blood letting and leaching to germ theory. It's trying things out and -- versus having a system to do it. Now if you look at, for example, what we're seeing now across the country, you know, the way people are scaling up organizations, the way they finance them, the way they hire people and govern, it's much more sensible in terms of preserving the integrity that you're talking about. You talk about the whole issue of behavior change. How do we actually get people to do things that will help them with their health? You know, how do we get people to change their behavior because so many of the problems in the United States require behavior change. Okay? We're getting much smarter about that. We know it's not -- people aren't rational, we can't just give them information and assume they'll go home and use it. We have to work with behavior change and then there's the evidence base policy making. So many organizations that are actually realizing, my goodness, something we've been doing for 20 years we never realized it wasn't even working and this thing over here that we were doing is the most effective curriculum we've ever tried. Until they start measuring things and actually looking at the data, they don't

actually even know what's happening. Now this goes back to Florence Nightingale. She was the first person to use statistics to figure out why people were dying in military barracks in England 130 years ago. We're doing it again.

>> Bob Smith: Sounds like we not just want a new enlightenment, it sounds like we're going to need it. And my thanks to David Bornstein, the author of How to Change the World, Social Entrepreneurs and The Power of New Ideas. They're helping us see these problems and consider some of the possibilities. He'll be speaking tonight at 7:30 at Ritz Carlton Auditorium as part of the Caroline Werner Gannett Visionaries in Motion Series. He spoke with us this hour on 1370 Connection for WXXI AM and FM HD2 Rochester. For Dave Kappo [assumed spelling] our technical director, I'm Bob Smith. It's been a pleasure.