

Great World

By Ross W. Cortese
Rossmoor Corp.



To give Leisure World News readers an expression of people in the community, I will, from time to time, have guest columns selected from members of the growing list of "Leisure Worlders of the Month," whom a special committee of residents selects for Rossmoor Corp. to honor. The first of these guest columns is written by Merwin H. "Jim" Waterman, president of the Golden Rain Foundation in 1977 and 1978, and professor emeritus of finance at the University of Michigan.

By Merwin H. Waterman

What is Leisure World? Is it Communistic? Is it Socialistic? Maybe a little of each! But, hold it! It's also one of the most capitalistic enterprises that I know of. Several millions of dollars worth of property are owned by "the state;" i.e., Golden Rain Foundation. Also, more millions are owned by the residents in common; i.e., the common areas of eight condominium mutuals and all of the properties of the cooperative United Mutual are owned by groups of residents. These are characteristics of communism and socialism, but that's about where the similarities stop.

The residents of Leisure World are not forced to accept a system where the "Government" owns its recreational, transportation and maintenance facilities. They do so freely, of their own accord and they pay good money for the privilege of making that capitalistic investment. Residents are not forced to accept the age and housing modification restriction; they are self-imposed by their free choice of an investment in a condominium or cooperative.

Ownership of property in the capitalistic system embodies income potential, risk and control. Single ownership lumps all three of these elements in one individual, whereas ownership in partnership or corporate form embodies and requires organization, limitations and delegation as in the Leisure World set-up. In Leisure World the responsibility of running the community is delegated by charter to elected representatives. In the case of mutuals, common properties are the responsibility of the respective mutual boards of directors elected by the residents of each mutual.

In the case of community-wide property the responsibility is that of the GRF Board of Directors elected, in their turn, by the directors of several mutual boards. Together, these boards direct the policies of hired management to minimize the risks, exercise the day-to-day control and provide the profits. What profits? Not in the form of dividend checks as for a usual corporation, but profits in the form of satisfaction, personal comforts and security.

The practical question is, "Does this system work?" For some people "yes" and for some people "no." But the "yesses" so far outnumber the "noes" that there is always a waiting line of people wishing to pay a price to become residents of Leisure World. The freedom of choice test, which is the prime characteristic of the capitalistic society, works well for this community.

Why does the system work? There are two main reasons. First, the people who become residents can know what they are getting into when they buy a manor in Leisure World, and they know they can leave without loss if they should find the community incompatible. The other reason is the residents themselves; they have been screened by the circumstances of life and from their midst comes a cadre of residents who offer their services as directors of the several board of directors. These boards, on behalf of the whole community, assume the responsibilities for directing the financial, operating and "living" policies of the enterprise. What motivates these residents to devote the time required to fulfill such responsibilities?

It is the income they receive for the job which is 100 percent taxfree. Neither the Congress of the United States nor the legislature of the State of California has yet devised a scheme for paying "psychic income" and that is why more than 65 residents of Leisure World are now working for that kind of pay.