

JULIUS “JAY” STERN

1913–2009

A Biography



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STERN

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Second Edition



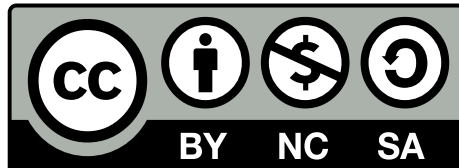
Natalie Hopkinson, Ph.D.

Fellow of the Interactivity Foundation

IF . . .

Interactivity Foundation
Parkersburg, West Virginia

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In Memory of
Jay and Margaret Stern

Thanks for 'keeping the faith'
in the people and the possibilities
of our democracy.

OVERVIEW

Julius “Jay” Stern (1913–2009) was the founder and patron of the Interactivity Foundation. A former banker, World War II veteran, and involved citizen, Jay was among the most colorful philanthropic figures in the history of the state of West Virginia. His career as a banker ended dramatically in 1981, when he donated his majority stake in the Wood County Bank to the U.S. government in protest over what he thought were usurious interest rate policies by the Federal Reserve.

Born to German-Jewish immigrants in Uniontown, Pennsylvania, Jay also worked in the family’s chain of retail stores, Stern Bros., Inc. He graduated from the Massachusetts Institute of Technology in 1935 and met his future wife, Margaret Grant Robertson, a native of Sydney, Australia, while serving in World War II.

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Although he served as president and board chairman of the Wood County Bank and provided testimony to the U.S. Congress about regulations in the banking industry, Jay’s real passion was for thoughtful discussion of public policy. He officially incorporated the Interactivity Foundation (IF) in 1987 and designated it as the primary beneficiary of his estate. Until the last days of his life, Jay worked six days a week on IF activities. The Foundation’s mission continues to reflect his lifelong dream of providing a safe forum—a sanctuary—for citizens to discuss and develop ideas for emerging public policy possibilities apart from the everyday demands of partisan politics, deadlines, and crisis. The text that follows is the story of Jay’s life.

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PROLOGUE

A GIFT TO THE UNITED STATES OF AMERICA



The Stern brothers and staff of Wood County Bank after its renovation in the 1950s.

In November of 1983, a typed letter arrived at the Parkersburg, West Virginia, headquarters of Stern Bros., Inc. addressed to Julius “Jay” Stern, the former president of Wood County Bank. The letter writer, Robert G. Robinson Jr., had left the Associated Press to edit a weekly newspaper in Petersburg, West Virginia. But since his newspaper had been sold to one of

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the “rags” in town, he was looking for new places to publish his work. He needed Jay’s help for an article for a national magazine. “I am writing in hopes that I can persuade you to tell your story and your reasons for doing what you did,” Robinson wrote.

By then, the story of Jay Stern and the Wood County Bank was more than two years old but already the stuff of legend. On Monday, March 30, 1981, Jay decided to walk away from the bank his family had owned for seven decades. He donated his majority stake in the bank to the federal government to be used toward reducing the national debt. The gift was made after more than a year of anguish. Jay was very upset over the Federal Reserve’s decision to lift interest rate ceilings under the leadership of Fed Chairman Paul Volcker. Jay thought that it was unconscionable for average citizens to pay interest rates of 18 percent or more for necessities such as homes and cars. The gift was duly recorded by the banking press. However, the news had been greatly overshadowed by another event that day: John W. Hinckley Jr., shot President Ronald Reagan in a failed assassination attempt.

In the 1983 letter, Robinson implored Jay to belatedly share his story with the wider public. “It is my belief that your reasons have never been fully explained in the popular press and that the gesture has never been understood,” Robinson continued. “There are important public policy issues that have not been brought out—which should be brought out.” Robinson proposed a couple of meetings to discuss Jay’s decision and its implications.

To Jay, his own personal crisis of confidence in the U.S. banking system and his frustrations with federal regulations that forced him to charge usurious rates were the point of his protest. But a reporter would likely be interested in more salacious details. Jay could tell the reporter a lot of things about the regulations he privately called “morally evil,” regulations that raised interest rates over 20 percent. His colleagues, in turn, could say a lot of unpleasant things about him and how they could or could not benefit from his community-minded ideals. (“Our stockholders wouldn’t particularly be interested in an economic treatise or the problems in our time,” one bank board member chided.)

Jay fully agreed with the journalist that there were important public policy issues that should be brought to light. But he replied in a letter to Robinson, dated Dec. 5, 1983, that he did not think an article about him would “serve any useful purpose.” The public policy issues related to the bank giveaway, Jay wrote, should be examined “on their own terms” and outside the narrative of the Stern family’s long climb from German-Jewish immigrant street peddlers to wealthy investors.

“As you know, I have never wanted to cast these issues in personal terms,” Jay wrote to Robinson. “From a personal point of view, I would greatly not like to review the harrowing events of the last five years or so, especially for publication. I do appreciate your kindness in inquiring, but would hope that you will agree.”

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Jay believed the volatile U.S. economic boom-and-bust cycles had created a system that ultimately exploited the average working American. But he saw no point in framing the conflict in the “he said, she said” conventions of journalism. At the heart of the bank giveaway were large conceptual and public policy questions that would be better explored in another venue. Outside the heat of the moment, it was easier to feel empathy for decision makers on both sides. The way Jay saw it, most of the blunders that had been made in regulating economies, planning for war, or managing private enterprise could be prevented with the benefit of knowledge gained from no-pressure, reasoned discussions by experts and average citizens.

“Wouldn’t it be better if there were mechanisms that allowed leaders to examine alternative approaches before decisions absolutely had to be made?” Jay would say decades later. “Wouldn’t it be better if leaders had the advantage of deliberation on possibilities from both experts and those of practical bent? Wouldn’t there be some benefit in combining the reflections of wise advisers with ideas that tapped citizen understandings of what choices should be made?”

Jay believed our practice of democracy could be improved through more concentrated efforts to look over the horizon and by hearing a variety of experiences and expertise. But he would not be giving any interviews in 1983. In fact, he would keep his public silence on the issue until he passed away, nearly three decades later, at age 95.

Instead, for the rest of his life, Jay would focus his empathy on his fellow citizens as they thought about the big issues of their day. This interest would eventually lead him to form the Interactivity Foundation and devote the greater portion of his family's personal wealth and nearly all of his considerable energy and intellect to it.

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PART I

IT'S A WONDERFUL LIFE



Jay's parents, Etta Barnett and Lee Stern (date unknown).

Today, mounted on the wall in the conference room of the Interactivity Foundation in Parkersburg is an imposing portrait of the late Lee Stern, Jay's father. It is appropriate that the photo of the late businessman is present at the Foundation, because, in many ways, it was Lee's sharp intellect and entrepreneurial daring that made the Interactivity Foundation possible.

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Around the turn of the 20th century, the extended Stern clan chased various economic opportunities throughout Pennsylvania, Ohio, and West Virginia, where Lee invested in real estate, stocks, coal land, and banking. Lee maintained roots in Uniontown, where he attended synagogue and continued to vote until his death in 1954. He had very high expectations for his sons, Jay, Gates, and Joel (better known as Pete). He sent them to Uniontown Senior High School and took them on business trips throughout the Upper Ohio River Valley.

Jay, born in 1913, was named after his grandfather, Julius, a German-Jewish immigrant who began his life in America peddling household goods on the back of a horse or donkey. Some years later, Jay’s grandfather used a loan from a customer to buy a cart, thus marking the family’s first foray into business. The family went on to operate a chain of retail stores across the region, including Stern Bros. Credit Clothing, located in downtown Parkersburg. Through Stern Bros., the entrepreneurial legacy lived on. “As far back as I can remember, I had been told by my father ... that I would be expected to carry on the family business,” Jay later said.

Lee purchased a majority share of the Wood County Bank in the early part of the 20th century and stayed active as president of the bank until his final days, approving bank loans and advising on bank assets and the buying and selling of bonds. He was particularly interested in coal lands and often visited properties in person to make appraisals. Lee discussed his financial

ventures and transactions with his son Jay each day and was “considerably more adventurous in his choice of investments than I was,” Jay later recalled.

One of the last things Lee did for his son before his death was to order geological maps showing where he had purchased coal-producing land, having snapped them up at tax sales throughout Ohio, Pennsylvania, and West Virginia. “I learned not only about the coal business but about trading in it from him and his long-range views on the subject,” Jay later said.

Yet for all he learned from his father about investing, Jay had his own dreams of living a life of intellectual pursuits, of books, and of travel. Much like the small-town fictional banker George Bailey in *It's a Wonderful Life*, Jay's wanderlust competed with his loyalty to family and community. Jay later said he “was keenly aware of a sense of responsibility to [his] family in general and, in particular, to those who were working hard to build something for the future.”

After high school, Jay attended MIT. He studied mathematics and later business and engineering administration. Even during Jay's college years, Lee held a tight grip on virtually every area of his life. Jay's experience at MIT was his first break from the family bonds.

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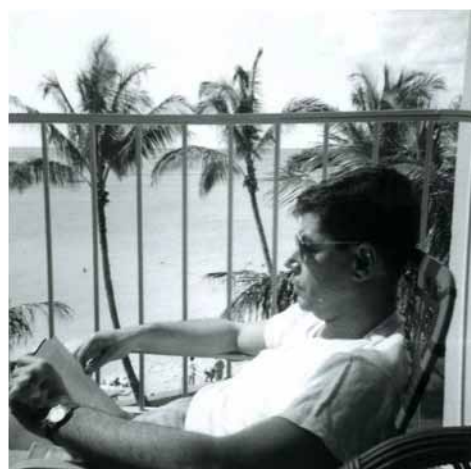
In a family portrait, Jay, at right of mother Etta, and opposite brother Pete.



Jay graduated from MIT.



Jay (left) tried his best to please his father, Lee, by going into the family business, the Wood County Bank (right). But his favorite pursuits were sitting in front of a book or discussing ideas.



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But Jay’s 1935 college graduation came soon enough, and he moved back home for good, he presumed. When he did, he did not hide his frustration about starting his career, working for \$18 per week, as a janitor and stock boy at Taylor Stores, Inc. (later Stern Bros.), a retail clothing chain run by his father and his uncle Joseph.

After the intellectual experience at MIT, Jay had a bumpy adjustment into the working world and its unglamorous tasks. It was difficult for “boys fresh from school and college to get down from that sub-rosa strata in the clouds with their ideals intact,” a store manager explained in a letter to Lee. Jay’s low position in the company worked “against his natural liking for this business.”

It all came to a head when Jay was fired after a clash with management. In a letter dated Nov. 6, 1936, the store manager, Al, begged Lee to reinstate Jay. Jay had proved “to my satisfaction in the last two months he worked here that he can do a man’s work. ... Why not give him one more chance?” The store manager continued: “If Jay hadn’t shown any results, I would never have mentioned his name. But he has the stuff, and I’m [bringing] it out of him by slow, methodical guiding. I need this man. Send him back to me.”

Lee complied, but he reduced his son’s salary to \$15 per week. In three years, however, Jay would scale the company ranks to manage his own store and supervise five clerks. But by 1938, he was still frustrated by the lack of

upward mobility in the company that his uncle Joseph, the family patriarch, ruled with a tight fist. By then, the headquarters for Stern Bros. had relocated to Parkersburg.

Jay's brother, Gates, also blanched at his father's and uncle's expectations and eschewed the family business altogether. Instead, he pursued a long, fruitful career in the military. Gates dreaded ever going back to live in Parkersburg. "From the first time I saw the place more than 45 years ago, it has been near the bottom of my list of attractive places to be," Gates wrote in a 1982 letter to Jay. "It is physically squalid, intellectually vacuous and emotionally disabling."

At age 24, partly inspired by his brother Gates's example, Jay decided to quit Stern Bros. to "achieve something of my own and on my own ability." He spent a couple of years working at an Ohio factory and tried unsuccessfully to get a job in government. Then, in December 1941, the Japanese bombed Pearl Harbor.

Jay decided to enlist in the U.S. military.

PART II

WWII PASSIONS FLARE & THE NEW GUINEA CAMPAIGN



Jay fell in step with an Australian woman, Margaret Grant Robertson.

At age 27, Jay enlisted in the U.S. Army as an engineer officer. He spent three and a half of his five years (1941–1946) on active duty overseas, including a memorable stint while stationed in the South Pacific. It was

during these years that he learned powerful lessons in love and leadership that would sustain him for the rest of his life.

In 1941, Jay took up a post in the engineering unit at the U.S. Army base in Sydney, where plans were developed to fight the Japanese. It was in that office that a 20-year-old Australian woman named Margaret Grant Robertson had joined the war effort and taken work as a receptionist.

Born on Nov. 10, 1921, to immigrants from Scotland, Margaret had been raised by an aunt in a Sydney suburb after her mother died when she was a child. Later, she returned to live with her father in the city when he remarried. While other newly patriotic Australian women were getting work in a canned-goods factory, Margaret decided to work in the U.S. Army office.

From the first time Jay and Margaret met, their attraction was “immediate and needed no development,” a friend of Margaret’s later recalled. When Jay walked into that engineer’s office in Sydney, Margaret found her “chum.” But their budding romance would have to wait as Jay got his first combat assignment.

Although he asked to remain in Sydney with Margaret, he was instead sent to Port Moresby in Papua, southwest of New Guinea, where the Japanese had attacked and caused great damage. Jay was assigned the task of rebuilding and repairing two airfields and a building. He had been appointed company

commander of the 91st Engineer General Service Regiment, a segregated African-American combat engineering unit in New Guinea.

Racially and even religiously segregated units were common in the U.S. military. Segregated units like the 91st Regiment were always a low priority for supplies and even medicine. The experience leading the men of this unit would teach Jay some important lessons about how to get the job done through adversity. It also showed him that victory can sometimes come when you least expect it.

The assignment to rebuild the airfields included building roads and bridges through the mountain jungles of New Guinea. It was the height of the rainy season, and Jay's unit found itself bogged down by torrential rains, snipers, and disease, which ran rampant across the island. Conditions on the ground were grim; the topography, climate, and tropical disease created what Jay called a "scenic hellhole." Jay was losing men, and morale was suffering.

Jay was relentless with requests to his commanders to make the quality of life better for his men. Finally, after much finagling, he was able to obtain some old movies and a projector to at least provide some modest entertainment for the men. His troops celebrated the news, and spirits were high the whole week before the movies arrived. The men prepared the mess tent as a theater, cleaned and patched their uniforms, and paid attention to

their grooming in a way they had not in months. It was like a “Hollywood premiere in the boondocks,” Jay later recalled.

Jay was never a big fan of film, so he left the management of the evening to his battalion sergeant, a massive man from Mississippi. Jay settled into his own tent with a book and was soon lost in a world of words. He occasionally heard the laughter of the men from the mess tent. After about an hour, the noise grew louder and seemed more intense. Someone was standing in the way of the film, and Jay believed the troops weren’t happy about it. He began to suspect that a riot had broken out and found himself regretting the energy he had put into the evening’s arrangements.

Soon, the Mississippi-born battalion sergeant was at his tent. Jay figured he was being summoned to a disturbance, perhaps due to a combination of cabin fever and illicit moonshine. He walked into the scene prepared to demand that the projectionist stop the movie and turn on the lights. He was also prepared to read the riot act to the disruptors. But as soon as his eyes adjusted, he saw a clutch of starving and soaked Japanese soldiers, clad only in loincloths, shivering with their hands raised in surrender. They had come in out of the storm to turn themselves over to American custody.

The military police took the prisoners away. The movie resumed, and Jay’s unit subsequently received a citation for their actions in “capturing” the Japanese soldiers. Later, Jay jokingly wondered if he earned his Bronze Star medal because of that night.

By the end of Jay's three-year tour, the U.S. Army had moved its base from Sydney to Brisbane. Margaret had moved with it. Jay was also transferred to Brisbane and promoted to engineering plans officer. In his new position, he continued to work with Margaret on "top secret" plans.

But Margaret and Jay didn't keep their non-combat plans a secret. After work, they spent a lot of time together at the officers' club near their office, where Jay read poetry to his girlfriend. On one occasion, Margaret overheard a comment from the next table speculating on their marriage prospects. "I bet it doesn't take long."

Because Margaret had become a valuable asset to the Army's operations and had earned top-secret security clearance, Jay tried to have her commissioned in the U.S. Women's Auxiliary Army Corps. That didn't work, but it would not be necessary. Jay was relocated to Fiji. Soon, the Japanese surrendered, and Jay was sent back home. His love for Margaret went with him.

PART III

GROWING INTO HIS OWN MAN



Jay, with Margaret (left) and trying on the banker's suit (right).

After Jay came home from the war, he hungered for time to explore subjects such as philosophy and economics. He decided to spend a sabbatical year auditing liberal arts courses at Harvard and American Universities. When he wasn't studying philosophy, political science, and economics, he was writing his girlfriend in Australia. In 1947, Margaret came for a visit to Parkersburg under a 90-day visa. Jay and Margaret realized that if they wanted to be together, they would have to get married before the visa expired. Jay's mother, Etta, asked if Margaret had a trousseau—a collection of clothing and other items for marriage. Margaret said yes, and that it would be delivered via steamer trunk. It did not arrive in time. On

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April 23, 1947, with only seven hours remaining on Margaret’s visa, the Sterns summoned a neighbor who was a Presbyterian minister, and the couple married.

When Margaret’s trousseau trunk finally arrived several weeks later, much to everyone’s surprise, the box was filled with books. As it turned out, Margaret would need those books to keep her occupied in those first few years of married life in Parkersburg. Jay worked long hours as a bookkeeper at the Wood County Bank, where he earned \$200 per month.

Once again, Lee went to great lengths to avoid the appearance of favoritism. Although Jay was eventually promoted to assistant trust officer, he remained frustrated by his career at the bank. “I thought many times of leaving the bank and seeking my career in the academic world, despite a rather late start,” Jay later recalled.

His new bride wasn’t thrilled about being in Parkersburg either. “All Jay does is work night and day,” Margaret complained in a 1953 letter to a friend back in Australia. She playfully complained about working as a cashier in the store. “What dullness because even the opportunities for smart repartee are excluded by the fact that in this damned country the customer is always right.” Margaret enjoyed reading *The Economist*, *The New Yorker*, and *Encounter* magazines. She gobbled up books by Gore Vidal, Desmond McCarthy, George Orwell, and newly translated Italian books by Alba de Cespedes and Aldo Palazzeschi. “I’ve given up fighting the idea, and now

cheerfully admit that I do really prefer books and dogs to most people,” Margaret wrote.

She joked in a 1952 letter to Gates and his wife, Barbara, that their lives were filled with “the monotony of work, work, work for Jay and rush, bustle, and complain for me.” Margaret took up much of the correspondence to friends and family on behalf of her husband. Her letters were filled with details about their travels abroad.

She began one playful letter to a childhood friend:

Footnote from a New Yorker—“Paris, Nov. 21 (AP)—Princess Margaret saw Paris from the Eiffel Tower today and exclaimed in French ‘C’est marvelous!—Boston Globe.” New Yorker comment—“Ain’t it la verite!”

In her letters, Margaret gushed over her “inability to exist without the magazine.” She described their friendships with other expat families living in Parkersburg, and their search for a car and perfect home on 30 acres. Margaret loved to gossip about family comings and goings.

Upon the 1950 death of his uncle Joseph, Jay was finally granted a bigger role in the family company. He was made assistant treasurer, and in 1951, he was elected a director of the bank. In 1952, his father gave him, for the first time, stock in Stern Bros., Inc. Following the 1954 death of his father to lung cancer, Jay took over as president of Wood County Bank.

Jay quickly worked to assume his father’s duties overseeing Stern Bros., including the remodeling of the clothing store and bank, overseeing oil, gas, coal land, and stock investments. Although he finally got the responsibility he craved, the banker’s suit still didn’t fit.

In August of 1961, Jay added a curious task to his memo of things to do: “developmental institute.” That year he observed with great interest an announcement in *The New York Times* of a \$400,000 grant by the Roger Williams Straus Memorial Foundation to create a “unified studies” department at Princeton University. From 1961 to 1971, the school was tasked with developing a “new approach to the problems of human relations, through integrated rather than specialized study of the social sciences.” Jay started to imagine his own academic development institute.

The concept of a development institute gave Jay a glimpse of his true calling, but he dutifully continued his job as president of Wood County Bank. His displeasure with the limits of banking seeped into his remarks to the National Savings Conference of the American Bankers Association in New York on March 4, 1963. The title of his speech was “Needed Changes in the Savings and Time Deposit Operating Environment of Laws, Regulations and Supervision for Commercial Banks and Competing Financial Institutions.”

In his speech, Jay railed against the essentially conservative nature of banking. “The only way to get experience is to try to do something,” Jay

told the group. “But somehow, we feel we have to have the experience and cautious calculation in advance.” The speech was later entered in the U.S. Congressional Record.

By 1965, Jay was prepared to incorporate a nonprofit organization called the Upper Ohio Valley Self-Help Foundation, a precursor to the Interactivity Foundation. But the biggest demand on his time came from Stern Bros. and the management of the family’s energy holdings in coal lands throughout north-central West Virginia.

Jay also began keeping an “intellectual journal,” which helped him collect his thoughts about the tumultuous era in which he lived. It was in his journal that the self-taught philosopher jotted notes about Kant, Hegel, and Marx and the evolution of time. He scribbled notes on cultural anthropology, the theories of Newton and Einstein, and the meaning of Tolstoy. This journal was the place he began his day “in the cool of the morning—before my discontents have been submerged by duty, habit and old patterns of survival.”

During his travels with Margaret in 1966, Jay took to his journal on a five-week trip to Scotland, Finland, Sweden, Denmark, London, and Bar Harbor, Maine. In it, he wrote responses to the anthropology of Levi Strauss, an article on Lenny Bruce and Bud Powell in *The New Yorker*, articles on Oppenheimer, and a study of Tom Wolfe. He pondered deep concerns

about “keeping one’s cool in the flood of communications, data, consumer appeal, marketplace of ideas, etc.”

On April 4, 1968, Rev. Martin Luther King Jr. was assassinated. Once again, Jay picked up his pen. No doubt recalling the inequities of his experience directing an African-American combat unit in World War II, he unleashed an outpouring of emotion at the news. He sympathized with those who took to the streets in anger all over the United States. He thought there was something “very Old Testament, very romantic, very eternal about the cry for justice, equality, rights (and all the rest).” He wrote in his journal:

“Violence, like virtue, is its own delightful reward to the practitioner and so much simpler and nobler than drudgery and endurance. If the matter is hopeless, self discipline is useless. All thought is meaningless only violence gives any satisfaction.”

And equally frustrating to him was that the problems with the status quo in public policy were not given a forum or a voice. “What about our press (etc.) do they recognize these problems? What could and what should they do about them?”

Jay could empathize with those who sought violence. But he would later learn that drudgery and endurance also had their own rewards.

PART IV

MALaise AT WOOD COUNTY BANK



Jay Stern at the Wood County Bank, 1970s.

By the mid-1970s, the U.S. economy was in serious distress. In the early part of the decade, overheated economic expansion around the globe had risen to unprecedented—and unsustainable—levels. This runaway expansion, combined with war in the Middle East and the Arab Oil Embargo in late 1973, led to an unprecedented spike in the price of oil and consequent supply bottlenecks in nearly all basic industries. The result was a combination of inflation, an energy crisis, and a recession. In

1974, policy makers feared a malaise in the U.S. economy would turn into a depression. So the Federal Reserve pursued a tighter monetary policy, which led to higher interest rates. At the behest of both the president and Congress, Alan Greenspan, then head of the Council of Economic Advisers, prepared an economic stimulus plan that was a combination of tax and banking regulations to cool things down.

These global economic pressures were also keenly felt in Parkersburg. In these years, Jay was enmeshed in complex negotiations with the coal industry for his share of profits derived from mining the Stern Bros.’ coal properties. It was no easy thing to be a small-town banker either. Prime interest rates rose to 11 percent, making it difficult for working people to get loans. And Wood County Bank’s earnings had dropped as a result of fewer loans and other assets.

But while Jay eventually reached a settlement with the coal industry, the headaches at the family bank kept coming. Jay had a formidable thorn in his side in the form of one Wood County Bank board member, Charles A. Agemian. Then a 63-year-old Syrian-born, nationally known banker and top executive at Chase Manhattan Bank, Agemian was passionate about delivering results to investors. He closely examined the recent earnings report for Wood County Bank, and he was not pleased. Agemian pointed out in a furious 1974 letter to Jay that the bank was pulling in profits at a “feeble” 7 percent, when it should have been closer to 18 percent.

Jay had shared with the bank's board of directors his concerns about the larger problems related to the boom-bust economy and the effects of free markets on the stability of banks. Agemian shot back that national and regional events were "no excuse for your poor earnings performance."

"My opinion is that our stockholders wouldn't particularly be interested in an economic treatise or the problems in our time by you or myself," Agemian wrote. "They would be more interested in what success you or I had with the money they invested with us." Agemian regretted that "these are not happy letters for me to write," but added, "You can thank your lucky stars that I am not one of your stockholders."

The next year, Jay retired as an active officer in the bank. In 1979, he resigned as a member of its board of directors and placed an unusual ad in *The Wall Street Journal*, noting that he wanted to sell his interest in the bank. "He ran the ad because he decided to get out of banking," his attorney, Ronald G. Pearson, told the *American Banker* in a 1981 article, when the ad did not produce a buyer for the stock.

Jay's concern only increased in 1981, when the Federal Reserve set the federal funds rate at an all-time high of 20 percent. With the prime rate even higher, Jay felt that the bank was being legally prohibited from giving its customers loans they could afford. "What has been done to me, my wife, and the Wood County Bank, by the banking regulatory agencies is morally

evil,” he later wrote in a never-released memo. “It is also economically, socially, and politically wrong.”

Jay lived by several simple principles that 30 years in banking taught him made the most common sense:

“I am for low and steady interest rates on all loans to all people ... which they can undertake without overcommitment of their income.”

“I am against obscene and truly usurious interest rates on all such loans to people, whatever short-term justification.”

“I am against compulsions by any government agency ... to seek the highest possible annual profit, rather than the most reasonable profit over the period of the several years of the ups and downs of each business cycle.”

After considerable thought and much anguish, Jay decided to give away the bank.

Some months earlier, in a July, 22, 1980, letter, Pearson had pleaded with Jay to reconsider this idea. “My principal objection to what you are considering is that it is such an absolute waste and does commit the future of the tremendous asset you have built to the whim of the bureaucracy.” Pearson said if Jay hung in there through the economic storm, the bank could be in a position to “fight for independence another day.”

But, Pearson said finally, if this is “your final decision, I respect it.”

On March 3, 1981, Pearson traveled to Washington, D.C., to meet with Treasury officials, who worried about liability issues if they accepted the shares. “They are afraid to talk, afraid to make decisions, and pretty much caught up in the bureaucracy of the Treasury, which is especially awkward at this time during the change of administration,” Pearson reported in a letter to Jay.

Pearson explained to the Treasury officials that Jay “did not desire to be part of an organization which charged usurious rates.” One of the officials “sympathized a bit with this point and began telling me about her own home mortgage situation.”

Once the U.S. Treasury figured out the logistics of taking the gift of Jay’s shares of bank stock, it accepted. Jay donated 116,000 shares—approximately 58 percent of the bank’s entire capital stock—to the Treasury in July of 1981. The gift was then worth \$585,000.

“Through the Deeds of Gift to the United States government, my wife and I took what seemed the only honorable course available to us,” Jay said. Jay did not claim to have the answer for how economic regulators should proceed. However, he knew this: “Logical alternatives deserve full consideration now.”

PART V

THE INTERACTIVITY FOUNDATION



Margaret and Jay Stern at their home in Parkersburg, West Virginia. Today, the Interactivity Foundation continues to operate the home as a conference and retreat center, the Stern Sanctuary.

There were some lean years after the bank giveaway. Jay and Margaret were forced to liquidate some of their assets. But Jay's father's advice to pay close attention to his investments in coal lands turned out to be prescient. Over several years, Jay focused on restructuring his family investments in coal lands. With the help of Washington, D.C.-based attorney Bob Klayman, Jay restructured a long-term coal-mining contract. This restructuring provided the financial means to realize his dream of

spending his days discussing public policy with everyday citizens. “I have always wanted to use the income from the coal reserves accumulated by my family to improve the way our society practices democracy,” Jay said.

Both his experiences in World War II and his tangles with federal bank regulators led Jay to believe that the health of our democracy depended greatly on how well citizens discuss, explore, and develop public policy. Ideally, Jay thought that public policy choices should be based on careful consideration of all reasonable alternatives and their likely consequences. But often in the real world, Jay reasoned, policy choices were made in response to crises or in a highly charged political context. Jay felt that there was rarely meaningful citizen input, and that policy options were too often lacking in meaningful contrasts, lacking in foresight regarding emerging concerns, and lacking in a clear and consistent conceptual vision. Typically, citizens only got to choose between the lesser of two evils. Jay wanted to create an organization, a foundation that could find ways out of this morass.

Critical in helping him figure out concrete steps toward developing such a foundation were discussions with Joseph Albright, then speaker of the House of Delegates of the West Virginia legislature; Klayman, an attorney at the firm of Caplin and Drysdale; and Jack Byrd, a professor of industrial engineering at West Virginia University.

With their assistance and counsel, Jay eventually returned to the work he started in 1965, when he incorporated the Upper Ohio Valley Self-

Help Foundation. In 1987, he changed the name of the nonprofit to the Interactivity Foundation and set up shop in the Parkersburg headquarters of Stern Bros. Through trial and error, and with the input of experimental projects, Jay developed the “IF discussion process.”

The Foundation’s development has followed two parallel paths: The first path has been to develop the discussion process itself. The discussion process has evolved through internal conversations and through the use of practical and hypothetical policy-development exercises.

The second path was to fund a series of test projects for the discussion process, initially through grants to external researchers. In the 1990s, the Foundation made grants to fund seven different discussion projects on a wide range of topics. Three of these projects were somewhat successful in generating public policy possibilities, and all of them were useful in providing valuable tests in the development of the Foundation’s discussion processes for developing contrasting conceptual policy possibilities and exploring their potential practical consequences. However, the experience with these initial projects also made it clear that for the Interactivity Foundation to move ahead with its discussion process, it would need to move beyond the model of making grants to external researchers. It would need to seek out and employ its own “fellows” to help the Foundation more thoroughly explore, develop, and put into practice the discussion process Jay had envisioned.

In 2001, IF hired several fellows to work internally for the Foundation, first on further and intensive development of the IF discussion process and then, beginning in 2002, on conducting a new round of discussion projects. Thus far, this second-round of projects has produced upwards of 12 published reports for public discussion, with additional discussion projects ongoing. The completed reports are published by the Foundation, distributed free of charge, and available for download from its website: www.interactivityfoundation.org.

In these IF “sanctuary projects,” which are conducted over the course of a year or more, a project facilitator gathers two panels to meet for monthly discussions on a given topic. One panel is composed of everyday citizens, and the other panel is composed of specialists or experts in the topic area. After a year of parallel discussions, both panels come together to draft a set of contrasting public policy possibilities. The project facilitator, an IF fellow, then uses those policy possibilities to draft an IF discussion report.

Beginning in 2006, the Foundation sought to share what it had learned about the IF discussion process with college educators. It selected faculty from colleges and universities all around the country to participate in an IF “Summer Institute.” Faculty members were taught techniques for facilitating student-centered discussion in college classrooms. A second Summer Institute was held in 2009. The faculty from both Summer Institute

programs have integrated these discussion techniques into college courses on their home campuses nationwide.

In addition to sanctuary projects and college courses, IF also supports various shorter-term public discussions of its discussion reports. To date, more than 100 such discussions have been held all over the country. Fellows, Summer Institute faculty, and others who are trained in the IF discussion process facilitate these public discussions.

Over time and under Jay's leadership, the three missions of IF have evolved: sanctuary project discussions, student-centered college classroom discussions, and public discussions.

For Jay, his final decades as president and founder of the Interactivity Foundation represented the fulfillment of his dream of engaging citizens in the exploration of policy possibilities. His beloved Margaret passed away in 2004. (They had no children.) Up until his own death, he was a vigorous participant in developing all aspects of IF. He enjoyed conversing with the fellows when they met in Parkersburg. He reviewed all drafts of their discussion reports and offered detailed feedback. And he continued to keep his long working hours until he passed away in 2009 at age 95.

Jay left nearly his entire estate to the Foundation. Today, Foundation fellows and staff continue to develop and fine-tune its discussion processes and procedures. IF also sponsors and supports public discussions by its

fellows, Summer Institute faculty, and other trained facilitators around the country. Although Jay’s physical presence is gone, the Foundation remains a living, breathing, and evolving tribute to the highest ideals of its founder.



Learn more about IF's [Project Discussions](#)

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Welcome!

The interactivity Foundation (or IF) works to engage citizens in the exploration and development of possibilities for public policy through small group discussions. We group these discussions and our work generally into 3 main focal areas:

Project Discussions

⇒ Longer-term projects with selected panelists that develop our [Discussion Reports](#) with different possibilities for future public policy.

Public Discussions

⇒ Shorter-term discussion series that use our [Discussion Reports](#) as a starting point for further discussion and exploration.

Classroom Discussions

⇒ We also work with educators to support student-centered discussions in a variety of educational settings.

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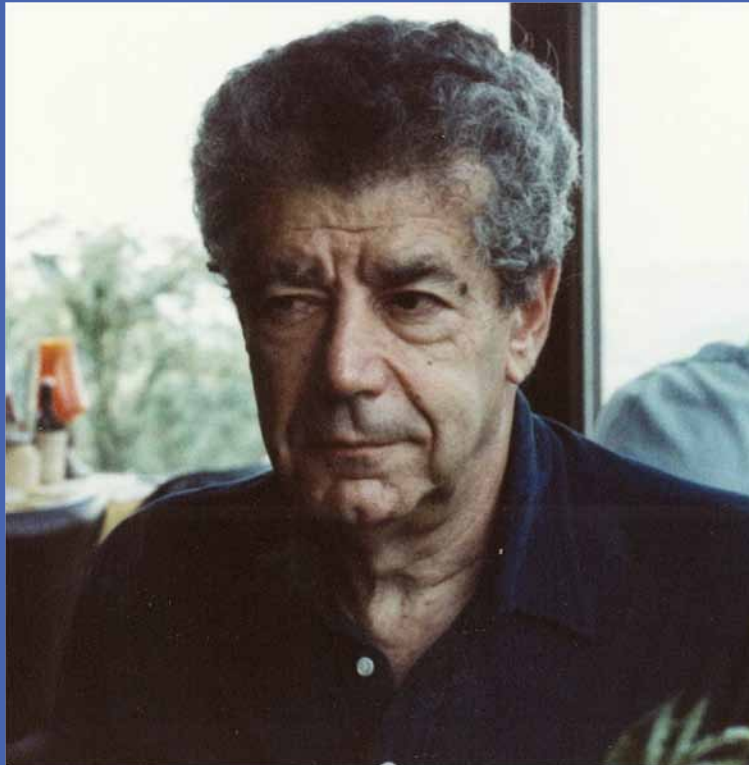
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