

Joseph Vittoria, CEO of the national car rental company Avis, Inc., spoke at the May 1988 ESOP Association Conference in Washington, D.C., which was attended by nearly 1,000 people.

When Avis was sold to its 11,000 employees in Sep. 1987, it became one of the largest ESOPs ever. At that time, many observers expressed skepticism over Avis' prospects. However, according to Mr. Vittoria, the response of the new employee-owners to the ESOP has been tremendous. Since the ESOP's formation in September, the car rental industry has grown at an annual rate of 7.8%, but in the same time Avis has grown over 20%. The ESOP is already far ahead of schedule in its debt repayment, and Avis has completed its first allocation of shares to the worker-owners.

The new spirit of the employees is reflected in a revision that Avis has made to its famous slogan. "We try harder" now reads "Owners try harder."

- An April 1988 paper written for the National Defense University, entitled "Stability with Justice," calls for a "framework for U.S. security policy in the developing world, emphasizing assistance to [developing] nations in their transition from authoritarian systems to stable and just governments responsive to their people." The paper also stresses that "broad-based capital ownership needs to be encouraged" and calls for the use of ESOPs as a means of privatization. CESJ members Frances Johnson and Helen Soos contributed to the document.

- The World Bank's Debt Management and Financial Advisory Services Department cited in its overview of debt conversion techniques the proposal of the CESJ-initiated Presidential Task Force on Project Economic Justice (PEJ) regarding the use of employee stock ownership plans in debt-equity swaps. (Source: "Market-Based Menu Approach," Jan. 1988, p.38.)

- Dr. Andrea Love of the AID-funded Center for Privatization has offered to do a French translation of CESJ's *Every Worker an Owner* for distribution to the

Francophile nations serviced by the U.S. Agency for International Development. Last month, this compendium of writings on expanded capital ownership was sent out by Administrator Alan Woods to every USAID mission around the world.

- CESJ's Kris Ludwiniak is working with the owners of Finca L'Ensayo, a 6000-acre citrus fruit and ornamental seedling plantation in northern Costa Rica, to convert their family-owned operation of five years into a model employee-owned agricultural and industrial community. Because of the owners' prominence as business leaders in Costa Rica, and because of their commitment to building real private property rights for the workers, Finca L'Ensayo could become an ownership sharing model for other agribusinesses in Central America and the rest of the world.

- CESJ president Norm Kurland will be spending two weeks in June helping to design a leveraged ESOP for the TRENCOPirelli tire company in Egypt. The new company, which will employ 600 people, will implement the first ESOP in the Middle East.

- CESJ member Joe Recinos reported on a conference he attended in Istanbul, Turkey on "Participation: A Pragmatic Agenda for the 1990s." The conference, sponsored by the Center for Strategic and International Studies, brought together leaders from the developing world, including Turkey's Prime Minister Turgut Ozal. The prime minister mentioned in a conversation with Joe that his government now considers employee ownership in the privatization of state-owned enterprises, one of its highest priorities.

Also significant, the conference report mentioned the PEJ Task Force and included in its "11 Recommendations to Promote Participation" Joe's statement that "Parastatals should be sold to their employees by, where possible, swapping foreign debt for equity in the parastatals and then selling that equity to the employees through employee stock ownership plans."

- CESJ member Bill Bishop recently taught several classes on employee ownership at Archbishop Carroll High School in Philadelphia and followed them up with an essay contest on "Why Capital Ownership is for Every American: The Fuel that Fires the American Dream." Bill hopes to develop similar essay contests on the state-wide and national level.

- On May 24, Norm Kurland spoke before the Heritage Foundation on "Expanded Capital Ownership: A Moral and National Security Imperative."

June Meeting of CESJ CHANGE OF DATE!!!

When: Saturday, June 25, 1:00 p.m.

Where: National Graduate University

1101 N. Highland St., Arlington, VA

(across from the Clarendon Metro station)

Information: Call Dawn Kurland at (703) 243-5155

Norm Kurland will report to us on his trip to Egypt and the developments with the Middle East's first ESOP at the TRENCOPirelli truck tire plant.

Brainstorming Session: June 25, 9:30 a.m.

*** Closing Thoughts ***

"Taxation has its limitations as a method of achieving better economic distribution since for this purpose it is essentially remedial. We must also take a positive approach by finding new ways to spread ownership of future capital growth more broadly in our society."

John D. Rockefeller, III
(From *The Second American Revolution: Some Personal Observations*,
New York: Harper & Row, 1973, p.83.)

