

Costa Rican ESOP Project Gets Underway

- The Costa Rican government has initiated a comprehensive review of its tax and trust laws and monetary policies to see what changes should be made to encourage ESOPs and other expanded ownership mechanisms. A professional team comprised of CESJ members Norman Kurland, Joseph Recinos, Norman Bailey, and Costa Rican attorney Hubert Steinworth and economist José María Quiros gathered in San Jose to meet with high-ranking government, business and labor leaders to introduce expanded capital ownership concepts and to solicit their inputs.

The team met first with Alberto Martén, the founder of Central America's Solidarista Movement and long-time advocate of expanded capital ownership. In 1951, Martén had proposed a series of reforms aimed at democratizing access to productive credit. Many of his ideas are precisely consistent with those promoted by CESJ. Alberto's son Marcelo Martén, who was the Costa Rican ambassador to Great Britain, has been hired by FINTRA (a government-funded group involved with privatizing state-owned enterprises) to work with the team on this landmark project.

Norm reports that the ESOP team later met with the Chief Economist of Costa Rica's Central Bank, Dr. Luis Carlos Mora, who expressed strong interest in the monetary proposals they presented. Dr. Mora commented that present Costa Rican regulations could permit the adoption of the proposals for reforming the banking and credit system to spur counter-inflationary growth linked to expanded ownership.

The team also had "excellent" meetings with the Vice Minister of Finance, Guillermo Zuniga; the Executive Director of the Central American Chambers of Commerce, Carlos Echeverria; AFL-CIO representative Jim Holway, and the board of directors of FINTRA.

- At the request of the United States Information Agency, CESJ representatives met on Feb. 1 with Christo Nel, a businessman and political activist from South Africa. Mr. Nel, visiting America under the auspices of USIA, came seeking ideas from business and union leaders here on ways of achieving a harmonious solution to South Africa's problems.

During a two-hour discussion with CESJ's Dawn Kurland, Vincent McGrath, Ron Gilbert, and David

Binns (who is also the Executive Director of the ESOP Association), Mr. Nel was introduced to the expanded capital ownership approach to economic and social justice. He expressed interest in learning more about Employee Stock Ownership Plans (ESOPs), particularly as they might fit into a long-range transitional strategy for replacing apartheid with a new and more unifying paradigm for South African society. Mr. Nel facilitated the formation of South Africa's Consultative Business Movement, whose purpose is to bring business and labor leaders into positive dialogue.

- The Heritage Foundation, a Washington-based conservative think tank, has just released a guide book outlining a comprehensive governmental program that recommends the innovative use of ESOPs as part of U.S. domestic and foreign policy. Entitled *Mandate for Leadership III: Policy Strategies for the 1990's*, this book urges that the new administration adopt as part of its domestic policy the FED-COOP program and similar approaches for "spinning off" government-owned enterprises that would enable federal employees to become stockholders in these newly private firms.

The book's international development strategy is based extensively on the recommendations in the 1986 report of the CESJ-initiated **Presidential Task Force on Project Economic Justice**. It advocates the use of employee stock ownership plans in privatizing state-owned enterprises and building a growing constituency for private property rights in the developing nations of Central America and the Caribbean. One of the specific actions urged is that the U.S. Agency for International Development provide \$50 million in loans each year for the establishment of new employee-owned companies in those regions.

For information on the guide book, call The Heritage Foundation at (202) 546-4400. The task force report *High Road to Economic Justice* is available from CESJ at \$15.95 per copy.

- Pittsburgh CESJ is continuing to meet with officers of major Pittsburgh corporations, and is currently planning a fundraising breakfast for the labor-business retreat to be held Oct. 1989. Bill Schirra also reports that he has received several calls recently from people interested in learning more about the triple-trust plan (TTP) as reported in the January Newsbriefs. This

combination of three trusts (ESOP, life insurance, and charitable remainder) provides a cost effective way to make charitable contributions, while promoting the creation of ESOPs. For further information, contact Bill Schirra at (412) 562-1600 or write Bill at: Two Oliver Plaza, 29th Floor, Pittsburgh, Pa. 15222.

- The New York Times (Jan. 29) ran an article by ESOP creator Louis Kelso and his wife and co-author, Patricia Hetter Kelso. The Kelsos argue that the U.S. needs policies which will provide workers with the capital credit necessary to become owners of productive property, thus enabling them to receive an income based on ownership as well as income based on their labor. This need is becoming more urgent, they say, as increasing technological development threatens existing jobs.

February Meeting of CESJ

When: Saturday, February 18, 1989
Where: National Graduate University
1101 N. Highland St., Arlington, VA
(across from the Clarendon Metro station)

Information: (703) 243-5155

9:30 am-12:00 pm: CESJ Brainstorming

SESSION 7: Building Economic Justice from the Ground-Up

12:00-12:45: Afternoon refreshments.

12:45-1:00: Introductory remarks.

1:00-3:00: "A New Perspective for Geopolitical Strategists."
(I&E sessions: \$10 per class.)

*** Closing Thoughts ***

"The fact is that now--for the first time in the history of man...all the political theories and all the concepts of political functions--in any other than secondary roles as housekeeping organizations--are completely obsolete. All of them were developed on the you-or-me basis. This whole realization that mankind can and may be comprehensively successful is startling."

Buckminster Fuller, Utopia or Oblivion