

## Argentina's Legislature Reviews Major Expanded Capital Ownership Bills

• On July 26, the upper house of the Argentine legislature passed major privatization legislation, with 19 of the 54 provisions encouraging expanded capital ownership. This initiative incorporates many of the recommendations of Dr. Rodolfo Diaz, Vice Minister and State Secretary of Labor and champion of the Participative Property Program (PPP), an Argentine version of the Employee Stock Ownership Plan (ESOP).

If passed by the lower house, the bills will make Argentina the first country in the world to enact a comprehensive package of ESOP legislation as a central part of the nation's economic restructuring program. In fact, these features are a significant part of Argentina's response to foreign creditors, who have demanded that the country make major reforms to resolve its massive debt crisis. Employee ownership in particular is supported by President Carlos Menem, who considers it a central theme in his own economic reform program.

• First "ESOP" in the Soviet Union? The ESOP Association recently reported that Valery Rutgaizer, economist and deputy director of the All-Union Center for Public Opinion Research Center has arranged the first Soviet ESOP-style worker buyouts of two state-owned firms (a 700-employee food processing equipment manufacturer and a 650-employee construction materials plant). While described as "collective job ownership," these arrangements appear to be joint individual, rather than collective, ownership. Similar to an ESOP with a "cash-out" provision (where participants must sell their shares back to the company or a trust), each worker would have his own separate account showing his definable equity share.

• On July 23 CESJ President Norm Kurland was visited by a member of the Hungarian Academy of Sciences, Mr. János Lukács. Mr. Lukács, an industrial sociologist and engineer, came to the U.S. specifically to study employee participation and the ESOP. According to Mr. Lukács, Hungarian scholars have only recently become aware of the ESOP approach. By the time he heard of CESJ (thanks to Weirton Steel's Walter Bish) his tour had taken him to a number of U.S. model ESOP companies and to many of the leaders in the employee stock ownership movement.

During a 6-hour discussion with Norm, Lukács said that the ESOP concept is likely to excite strong interest in Hungarian government circles. He also praised CESJ, saying he especially appreciated the group's emphasis on economic justice and the sovereignty of the person as the moral basis for employee ownership.

• At the suggestion of CESJ friend and journalist Janet Van Grastek, Mr. Jaroslav Horák, an economist with the Czechoslovak Academy of Sciences, visited Norm at CESJ headquarters on Aug. 7 to learn about the economic concepts and practical applications of expanded capital ownership, and the ESOP experiences in the U.S. and around the world.

• A new organization, aimed at promoting ESOPs in Egypt, is emerging largely due to the efforts of CESJ members Bruce Mazzie and Itil Asmon, who are developing ESOP models and a national program for ESOPs in Egypt. Bruce and Itil recently held the initial organizing meeting with a number of prominent Egyptian corporate executives, government officials, bankers, lawyers, and USAID officials. Itil reports that the working group held a follow-up meeting on Aug. 8; they have tentatively decided to name the new organization "ADALA—The Egyptian ESOP Association" ("Adala," according to Itil, means "Justice" in Arabic.) The group will be seeking to affiliate with both CESJ and the ESOP Association.

• After much hard-won success in promoting ESOPs and expanded capital ownership while working with the USAID mission in Cairo, Egypt, Bruce Mazzie will be returning to the U.S. Aug. 26 to join Equity Expansion International. Welcome back, Bruce!

• CESJ is hoping to arrange a second trip to the Vatican near the end of this year to mark the recent publication and distribution of Kris Ludwiniak's Polish translation of CESJ's *Every Worker An Owner*.

• Congratulations to CESJ members Bob Smiley and Ronald Gilbert for the recent publication of their authoritative technical book, *Employee Stock Ownership Plans*. This nearly 900-page volume, which includes articles by leading ESOP scholars and practitioners is published by Prentice Hall and sells for \$96. For ordering info. call 1-800-262-6868.

• The National Chamber Foundation's *Journal of Economic Growth* published in its Spring issue a French translation of its substantive review of the report of the 1986 Presidential Task Force on Project Economic Justice (initiated by CESJ) recommending ESOP strategies as a central thrust of economic development policy in Central America and the Caribbean.

• At a Aug. 9 seminar on "Sovereign Debt Management and Negotiation", sponsored by the International Management Group, Norm conducted a workshop for high-level central bank and finance ministry officials from 14 countries, including Costa Rica, Ecuador, Iraq, Jamaica, Malawi, Mali, Mozambique, Nigeria, Pakistan, Philippines, Sri Lanka, Thailand, Yemen Arab Republic, and Zambia. Participants discussed expanded ownership options as part of the debt reduction strategies of these countries.

### August Meeting of CESJ

When: Saturday, August 19, 1989

Where: National Graduate University  
1101 N. Highland St., Arlington, VA  
(across from the Clarendon Metro stop)

Information: (703) 243-5155

9:30 am-12:00 pm: CESJ Projects Session.

**Session 10: Building Economic Justice from the Ground-Up**

12:00-12:45: Afternoon refreshments.

12:45-3:00: "Putting Economic Justice into Action: What Can I Do as an Individual and as a Member of a Group?"

### \*\*\* Closing Thoughts \*\*\*

"Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist.... I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas."

**John Maynard Keynes:**

*The General Theory of Employment, Interest and Money*