

## ADALA Founded to Promote ESOPs in Egypt

• CESJ member Itil Asmon reports that the establishment of ADALA ("Justice")—the Egyptian ESOP Association, is moving apace, with a newly elected board that reads like the "Who's Who in Egypt." The growing interest in Egypt toward employee stock ownership was sparked by the pioneering work of Bruce Mazzie (CESJ board member and formerly with USAID's Cairo mission); Itil Asmon and Norm Kurland of Equity Expansion International; prominent Egyptian lawyer Mahmoud Fahmy; Fathy El Feky (Chairman of the state-owned tire company TRESCO); and other key Egyptian officials, in establishing the groundbreaking ESOP-joint venture model for the Alexandria Tire Company.

Attended by over 30 people, the Nov. 2 founding assembly of ADALA was chaired by Hussein Dabbous (agro-industrial and land reclamation expert and former governor) and co-chaired by Mahmoud Fahmy. USAID sent four representatives. The meeting gathered more than 20 signatures on the 10 applications necessary for registration with the Ministry of Social Affairs.

A founding board was elected, consisting of Mahmoud Fahmy as Chairman; Bahie el Din Nasr (Chmn. of the Public Sector Authority for Tourism) as Vice Chmn.; investment banker Omar Mohanna as Treasurer; and Ms. Nevine Abdel Mon'em as Secretary. The board also includes Fathy el Feky; Ahmed Abdel Salam Zaki (Administrator of the Ministry of International Cooperation (MIC)); Zafer el Bishry (Vice Chmn of the National Investment Bank); Ms. Amal Amin of USAID, Shams el Syoufi (retired Chmn. of the Egypt Co. for Refractories); Alaa Abdel Hadi (Chmn. of Colloid Co. who met with Norm in Washington several months ago); Samir Hamza (a leading Egyptian corporate lawyer); Hazem Zaki Hassan (head of Egypt's Peat-Marwick-Hassan); Hazem el Beblewi (Chmn. of the Export Promotion Bank); Medhat Hassanein (senior professor at the American University of Cairo and counsellor to the MIC Minister); and Hassan Hayawan (Economic Counsel to the People's Assembly).

Itil also reports that at a Nov. 8 meeting, full support was given to form an Alexandria Chapter of ADALA. Over 20 people attended, including the top executives of several major Egyptian corporations and banks. Itil, Fathy el Feky, and Alaa Abdel Hadi discussed the principles of employee stock ownership, the status of ESOP in the U.S., the Alexandria Tire Company ESOP, and the role of the ADALA in promoting employee ownership in Egypt.

• Conservative Senators Jesse Helms and Steve Symms introduced Amendment No. 1113 to the U.S. bill recently enacted to provide nearly \$1 billion in economic development assistance to Poland and Hungary. The amendment states that "funds provided by the Polish-American Enterprise Fund and the Hungarian-American Enterprise Fund may be used for the establishment of Employee Stock Ownership Plans (ESOPs)." Symms called ESOPs "a great step toward liberty and free enterprise in Poland and Hungary," which would "bring the true meaning of free enterprise to Polish and Hungarian individuals, allowing them to gain access to capital and credit. Moreover, they allow these two countries to become more productive by extending profit motives to workers by making them part owners." Liberal Senator Paul Simon agreed, commenting, "[former] Senator Russell Long convinced me a long time ago that ESOPs are a great thing. They are great wherever they can be tried."

• CESJ's man in Guatemala, Joe Recinos, mentioned a meeting between Carlos Manuel Echeverría (the former Costa Rican Minister of Planning and now President of FEDEPRICAP, the Association of Private Businesses of Central American and Panama) and President Cerezo of Guatemala. Mr. Echeverría informed President Cerezo of the proposed "parallel legal system" (encouraging ESOPs and expanded capital ownership) that is now being examined by government, business, labor and solidarista officials in Costa Rica; he also mentioned several ESOP examples in the U.S. (including AVIS), as well as the Alexandria Tire Co. ESOP model in Egypt. President Cerezo reportedly expressed interest in studying the "parallel legal system."

• Norm has been invited to Rome February 1 and 2 to serve on the faculty of the International Development Law Institute. The IDLI will be conducting seminars for lawyers and public officials from developing nations who are seeking legal tools for introducing privatization. Norm will be presenting the "ESOP parallel legal system" and the ESOP models being introduced in Costa Rica, Egypt and other countries.

• At the invitation of Dr. Harley Hinrichs of the International Policy Institute, Norm spoke on a panel with Hungarian Ambassador Pettr Varkonji on October 16, discussing the relevance of expanded capital ownership and the "parallel legal system" for rebuilding Eastern European economies.

• CESJ's Michael Greaney spotted an interesting item in the Autumn 1989 issue of *Ireland's Own*: Commenting on the

150th birthday of George Cadbury (the candy magnate), the article mentioned that his main contribution to society was "to show that employees respond favourably to fair treatment...[Cadbury] believed and proved, that if a company wished to grow, the workers must have a financial interest in that growth through shares or bonuses."

• CESJ board member Dawn Kurland was honored with an invitation to serve on the ESOP Association's Employee Communications and Participation Committee. Our thanks to Committee Chmn. Shela Turpin-Forster for enabling CESJ to contribute its perspective in this vital area concerning the expanded ownership movement.

• CESJ's November meeting at Southeastern University in Washington featured a presentation by Norm Kurland entitled, "How to Win a Revolution...And Enjoy It." Norm, a veteran of over 20 years in the expanded capital ownership movement, outlined the basic elements of this emerging paradigm. He and the group discussed how CESJ and others could apply a "4-pronged" communications strategy [i.e., 1) education, 2) prime mover support, 3) large numbers of supporters, and 4) successful models] to help the world move beyond its present conflict-prone, "wage-welfare state" framework to a "win-win" participatory ownership system. (*Copies of "How to Win a Revolution...And Enjoy It" are available from CESJ for \$3.50 each.*)

If you would like to be put on CESJ's meeting notification list, please write us or call (703) 243-5155.

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

“The country's mixed economy can be broadened within civil society itself, without any need for more State property. Workers' participation in companies that are privatized is an example of this. When public enterprises are sold, not only are their union organizations respected and labor rights ratified, but workers also receive a share in the ownership of the companies and benefit from their expansion. That is how privatization of public enterprises is accompanied by the democratization of capital.”

Carlos Salinas de Gortari, President of Mexico  
First State of the Nation Report, Nov. 1, 1989