

Economic Justice Monitor

Chinese Professional Forum Explores CESJ's "Third Way"

As China abandons its communist system, those charting a new course are asking what will take its place. Few wish to follow in the footsteps of the former Soviet Union, whose embrace of Western capitalism and free market "shock therapy" has brought increasing political instability and hardship to the lives of average citizens. Some are asking whether there is a better alternative.

At the invitation of the Chinese Professional Forum, CESJ President **Norman Kurland** spoke on September 17 at George Washington University (Washington, D.C.) to offer CESJ's alternative. The Forum's members, many of whom consult for the World Bank, include Ph.D.-level economists, mathematicians, political scientists, and lawyers. Norm's seminar, arranged by **Drs. Ke Gang** and **Damon Lu**, was entitled, "Beyond Capitalism and Socialism: A Third Way for Restructuring China's Economy."

"A common denominator of traditional capitalism and socialism," Norm opened, is that economically most people will never become more than "workers-for-hire" or dependents of the state. Under the wage systems of both capitalism and socialism, the status and power of ownership remain concentrated at the top. Norm discussed how CESJ's "third way" could help China's citizens move beyond the wage system to a free market, expanded ownership system.

Macroeconomic policies—such as a country's tax, monetary, property and inheritance laws—largely determine the level of access and opportunity available to individuals and businesses, Norm reiterated. Widespread citizen access to *pro-*

ductive (as opposed to consumer) credit through the central banking system is crucial, he said, for transforming a socialist economy into an efficient and just free market economy.

Finally, Norm outlined how credit democratization vehicles such as employee and consumer stock ownership plans (ESOPs/CSOPs), community investment corporations and the individual stock ownership plan, could allow more citizens into the ownership system. The participants were particularly interested in the stories of ESOP companies like AVIS, United Airlines, Allied Plywood, and the Alexandria Tire Company in Egypt.

After Norm's presentation, the participants entered into an enthusiastic exchange. They posed questions regarding the role of the central bank in creating money and making available productive credit for private sector growth. Unlike traditional finance, some participants observed, Kelsonian financing severs the connection between capital credit and the requirement that borrowers have previously accumulated ("past") savings.

Dr. Ke Gang, a former researcher at the prestigious Chinese Academy of Social Sciences who received his doctorate in political science from the University of Maryland, commented on the significance of "the Third Way." He said that the Chinese are intimately aware of the impact of institutions and laws on the individual. Dr. Ke, like a number of others at the seminar, had been sent to a forced labor camp during the Cultural Revolution. He noted that CESJ is talking about more than just ESOP. The "Third Way," Dr. Ke observed, addresses the

moral and legal foundations of a society. It recognizes that "institutions are important; rules are important."

One of the participants, an econometrician consulting for the World Bank, had been an ardent Marxist who was later jailed as a dissident by the Communist regime. He told Norm that hearing CESJ's ideas recalled similar ideas he had conceived for China while in prison twenty years ago.

Several of the participants are now studying CESJ's proposals for application in China. Dr. Ke hopes to travel to China next year to arrange for Norm to meet with high-level academics and policy-makers. He is also working to get a Chinese translation of CESJ's *Curing World Poverty*. ▲



ESOP Visits China

In May, the National Center for Employee Ownership (NCEO) cosponsored a conference on Employee Stock Ownership Plans for Chinese business, labor and government representatives. The conference was held in the Yantai Development Zone. Participating were representatives from leading U.S. ESOP companies, including Cargill, Polaroid, Reflexite, Springfield Remanufacturing, YSI, and Stone Construction Equipment.

The NCEO reported in its *Employee Ownership Report* (Sep./Oct. 1994) that there was general agreement among the Chinese speakers that "having employees buy shares directly [i.e. reducing their consumption incomes or personal savings] is a limited approach that could restrict the scope of employee ownership" in China. Present restrictions on credit in China are preventing the use of arrangements like leveraged ESOPs. (ESOPs have allowed employees in the U.S. to buy out their companies totally on credit repayable with corporate profits). Another development is that the All-China Federation of Trade (China's principal trade union) is now "solidly behind" employee ownership. ▲

Successful organizations start with people firmly committed to a set of core values, which cannot be compromised without weakening the organization. CESJ's strength, unity and programs flow from our founding principles, agreed upon by consensus from our first meeting in April 7, 1984. Our core values were developed to guide us in our work, to attract others sharing these values and to serve as the very basis of CESJ's existence.

We think that our core values, once understood, are universally appealing. We see this reflected in the broad diversity of the backgrounds of those who come together because of these shared values. The essence of our founding principles has not changed from the founding of CESJ. But, as we discuss them together and with others, we will continue to refine and clarify our values by consensus. The following are CESJ's core values:

- There is an Absolute Source of all creation and of all absolute values such as Truth, Love and Justice, which represent the ultimate ends of human actions. Most people call this Absolute Source, God.
- Nothing should stand between God and the human person.
- There is a hierarchy of human work: The highest form of work is perfecting the social order to elevate each person in his or her relationship to God. The lowest but most urgent form of work is for sheer personal survival.
- In interacting with nature to promote one's own perfection, every person must respect the rest of creation. Each human being, a steward of nature, remains responsible for conserving natural forms of existence, each of which is interdependent and shares the same divine origin with humanity.
- Under the highest sovereignty of God, all sovereignty begins with the human person—not social institutions such as the State, the business corporation or the labor union.
- The essential means to achieve the sovereignty of the person include such inalienable human rights as the right to life, liberty, and access to productive property and free markets, equality of opportunity, and the secret ballot. These rights—including the rights of property—are not ultimate ends in themselves, but they are intermediate ends or fundamental means to enable each person to pursue Truth, Love and Justice.
- People create tools, shaped from the resources and energies of nature, to support the economic and social sovereignty of the person. Through private property ownership, each person can become master of the technology needed to realize his or her fullest human potential and dignity.
- People also create social institutions—including the State, the business corporation and the labor union—each as a highly specialized “invisible tool” designed to serve a highly specialized social function within a just social order. Institutions, as organized expressions of society's values and goals, largely determine the quality of each person's individual and social life. As historical creations of humanity carrying within themselves the wounds of history, institutions are continually in need of healing and perfecting.
- The highest responsibility of each person is to pursue absolute values and to promote economic and social justice in his or her personal life and all associations with others.

Designing a Just Health Care System

While Congress goes back to the drawing board, CESJ has developed an alternative to the Clinton plan and other Democratic and Republican proposals for universal health coverage. At a Sunday morning seminar (July 7th) at Georgetown University Medical Center in Washington, D.C., Norm Kurland presented CESJ's “10-point plan” to some of the leading physicians and the head of the post-operative nursing unit. Also participating was Dr. Antonio de Leon, Jr., one of the nation's foremost cardiologists and Director of the Office of Medical Education at St. John Medical Center in Oklahoma. Eleven CESJ members took part in the exchange on July 10th, with Bruce Mazzie serving as moderator.

Acknowledging the long, complex and participatory process needed to develop the details of a universal health care system, the CESJ “10-point plan” offers a policy framework and set of principles to guide this process. It aims at preserving the doctor-patient relationship, putting ultimate power and responsibility over a person's health back in the hands of the patient. One unique component of this program is that it promotes health plans owned and controlled by subscribers and health care professionals and supporting employees.

To address the question—“how will we pay for this?”—CESJ's proposal offers new tax incentives designed to shift the burden for paying health plan premiums directly to subscribers rather than employers. Guaranteeing coverage under a “nationally standardized plan,” regardless of pre-existing conditions or ability to pay, the plan would tie specific benefits under such a mandatory plan directly to the taxpayers' willingness to cover premiums for the poor. Subscribers would be free to purchase supplementary health insurance on their own.

In a lively exchange, participants in the seminar discussed issues of what constitutes “basic” coverage, quality and cost control, differing rates of risk, and societal expectations.

In a later meeting arranged by Dr. Russell Nauta, Norm presented the 10-point plan to Dr. John Griffith, Executive Vice President of the Georgetown Medical Center. Dr. Griffith reacted positively and said he would have the proposal studied by his staff. Norm also presented him with a copy of *Curing World Poverty*. [Copies of the CESJ “10-point plan” for universal health coverage are available by writing or calling CESJ.] ▲

CESJ Addresses Stanton Group

A “door-opening” initiative by CESJ member Dolf Droge is getting our ideas into conservative circles. Dolf, a professional radio host and lecturer on geopolitical issues, arranged for CESJ representative Vincent (“Mac”) McGrath to speak before the Stanton Group (affiliated with the Free Congress Foundation) in Washington, D.C. on May 26th. Mac addressed an audience of 19 people, including several speakers from transforming economies in Central Europe and Nicaragua.

Mac, a CESJ director and advisor to President Reagan's 1985 Task Force on Project Economic Justice, spoke on “New Free Market Systems” and posed a question to the audience. “In filling the vacuum from communism's collapse,” he asked,

“which system—traditional capitalism or a “third way” based on widespread capital ownership—has the greatest potential to economically empower the family?”

Mac was asked what specific initiatives the Stanton Group could take. Holding up a copy of CESJ's *Curing World Poverty: The New Role of Property*, Mac recommended: “Order this book and read it.” He then suggested that a task force be formed to study the economic empowerment strategies outlined in the book.

Following his presentation to the Stanton Group, Mac McGrath met later that day with Paul Weyrich, President of the Free Congress Foundation, to give him a copy of *Curing World Poverty*. After Mac described CESJ's book, Weyrich commented, “These are ideas I've had for some time.” ▲

Milestones and Weathervanes

■ In July an advertisement appeared in several major U.S. newspapers, asking: "Remember how good it felt to get your own car?" It continued on the following two-page spread: "Well, getting your own airline feels even better."

On July 12, 1994, shareholders of UAL Corporation (the parent of United Airlines) voted 70% in favor to approve the sale to employees of a 55% stake in the company, giving UAL workers majority control. As reported by the Wall Street Journal, the \$4.8 billion buyout creates the nation's largest company to be majority-owned by its employees. The 13-month negotiation process between United management and the unions representing pilots and machinists, capped the fifth attempt at an employee buyout of UAL since 1987.

In exchange, the 55,000 workers agreed to more than five years of wage cuts and work rule changes offering about \$5 billion in labor savings, in order to make the nation's largest carrier more

competitive. In return, they will receive a 55% stake in the company, three seats on the 12-member board, and their own choice for chairman and chief executive director, Gerald Greenwald (a former Chrysler Corp. vice chairman). Under the transaction, current stockholders will receive \$84.81 in cash and a half share of new UAL common stock for each of their existing common shares.

One potential source of conflict for the new employee-owned operation, however, could come from the flight attendants' union which bowed out of the ESOP buyout talks in September 1993. The flight attendants, one-fifth of the total workforce, are UAL's only employees who are scheduled to receive annual pay increases.

Secretary Robert Reich and the U.S. Department of Labor helped shepherd the UAL deal, assisting in negotiations between UAL management and the unions. The Labor Department hopes to see UAL become a model which could allow other large companies to restructure to reduce

costs without having to resort to large-scale layoffs.

■ In February, Jamaica enacted ESOP legislation which provides various tax incentives for employee participants, ESOP sponsor companies, and ESOP lenders. Based on a form of legal trust, the Jamaican ESOP can be used in both private companies and firms being privatized. CESJ friend Jeff Gates was a principal consultant assisting the Jamaican government in its legislation.

One of the key features of the Jamaican ESOP law is the "RESOP" ("Related Enterprise Stock Ownership Plan"), which allows employees of related enterprises (including microenterprise employees) to participate in the parent company's ESOP. The RESOP concept could help expand employee ownership to larger related enterprises, including agricultural processing plants, transport companies, and ground transport shippers such as railroads. ▲

News From The CESJ Network

■ Our warmest congratulations to CESJ member Rev. Matthew Habiger, O.S.B., Ph.D., who in April was named President of Human Life International (HLI), a pro-life organization founded in 1981 by Rev. Paul Marx, who himself recently became a member of CESJ. HLI has 84 branches in 56 countries on five continents. Fr. Habiger, whose organization purchased 250 copies of *Curing World Poverty*, advertised our book in the HLI newsletter which is sent to 35,000 people around the world. HLI and CESJ are now developing a joint response to the United Nations' document on social development. [A reprint of Fr. Habiger's article mentioning CESJ and *Curing World Poverty* appears in this newsletter.]

■ Bringing justice and peace into society can begin by improving the life of another person. CESJ member Kay Allison, owner of the Quest Bookshop (Charlottesville, VA), wrote to us about her work getting books, tapes and lecture series into prison libraries and social service agencies. Kay, who has received many

heartfelt thanks from inmates, reports that many of the most popular books among the inmates deal with human and spiritual development.

Kay believes in "punishing crime and wrong doing." However, she comments, "Giving the incarcerated tools to change their attitude and behaviour patterns is part of the answer for a non-violent society.... When I asked [the inmates] what kind of programs they would like to have, one young man spoke out and said, 'teach us how to solve problems. We were never told how to do that.'"

Kay asks whether anyone in the CESJ network is familiar with privately owned and operated prisons. Several CESJ members, including Rev. Virgil Wood of Providence, Rhode Island, have been developing ideas for employee-owned prisons. These proposals would also enable inmates to earn shares in prison industries which could contribute to a victim restitution fund, help defray some of the expenses of their incarceration, and provide those who are released from prison with an equity

stake to begin building a life for themselves on the outside. [For information on her "books for prisons" program, Kay can be reached at: Quest Institute, 19 West Main Street, Charlottesville, VA 22901.]

■ Our thanks to Garry Davis (founder of the World Government of World Citizens) for his creative initiative to introduce to world leaders CESJ's proposal for the "Abraham Federation." As reported in *The World Citizen News*, Abraham Federation "identity cards" were sent to King Hussein of Jordan, Yasir Arafat of the Palestine Liberation Organization, and Prime Minister Yitzhak Rabin of Israel, in appreciation for their combined peace-making efforts. These were presented, along with the original strategy paper written by Norman Kurland in August 1978, as "powerful and practical symbols of unity, equality and shared well-being for your citizens, the ultimate sovereigns bonded historically and spiritually by the ancient patriarch."

Continued on page 4

The Abraham Federation (described in Chapter 12 of *Curing World Poverty*) promotes a “win-win” economic philosophy based on the right of every citizen to have access to the means of acquiring and possessing property in the new technologies and wealth created upon the land. To stimulate rapid growth, the Abraham Federation would be set up as a unique “world free trade zone” (like a “super NAFTA”) to which cooperating countries like the U.S.A., the European Community and Japan would lift all trade barriers.

[For a discussion of universalized access to productive property as the economic foundation for world government of world citizens, see Chapter 27, “Economics: Toward Mutual Affluence,” in *Passport to Freedom: A Guide for World Citizens*, by Garry Davis with Greg Guma, Seven Locks Press. Available through NWO Publications, 113 Church St., Burlington, VT 05401. \$24.95 cloth cover; \$12.95 paperback, plus \$2.00 shipping.]

■ Thanks to CESJ friend Mike Alexander (Executive Assistant to the Secretary of Agriculture), Norm met with Congressman Benny Thompson, a Democrat from the Mississippi Delta Region. Norm discussed how expanded ownership policies and reform of the Federal Reserve System could provide a private sector solution to poverty in America. Rep. Thompson, who had been reading the copy of *Curing World Poverty* given to him by Mike Alexander, agreed to set up further meetings for Norm with others in the Congressional Black Caucus.

■ In addition to sending our book to key people, Mike Alexander has been opening other doors for CESJ. On May 24 Mike hosted a lunch meeting with Dr. Michael Sherraden (a professor in the Department of Social Work at Washington University and author of *Assets and the Poor*), and CESJ’s Dawn Brohawn and Dr. Kathy Friedman. Dr. Sherraden had earlier received from Mike a copy of *Curing World Poverty* (to which Kathy and Dawn were contributing authors). Sherraden advocates moving from income transfers to an “asset-backed” welfare system, which he says would allow the poor to accumulate an income-generating property base. Mike, Dawn and Kathy discussed with him CESJ’s emphasis on

capital credit as a new means for non-owners to acquire equity.

■ On June 13, Mac McGrath met with Congressman Dana Rohrabacher (R-California), a long-time supporter of ESOPs and friend of CESJ. Rep. Rohrabacher, a former speechwriter for President Reagan, recalled his meeting with the late Louis Kelso and his own long-time support for expanded ownership. On behalf of CESJ, Mac presented the congressman with a complimentary copy of *Curing World Poverty*. Congressman Rohrabacher remarked that “someone should run for President on this.” Rep. Rohrabacher also agreed to send copies of CWP to five of his colleagues.

■ Mac McGrath’s volunteer work for economic justice and CESJ, and his marketing of *Curing World Poverty*, were featured in an article profiling him in the *Arlington Catholic Herald* (4/28/84). A former Army colonel who served 30 years in the military, worked 15 years as a life insurance underwriter with Acacia Mutual, and for five years ran his own estate planning business, Mac’s “retirement” is busier than ever. With the unflagging support and encouragement of his wife, Marcelle McGrath (a Red Cross volunteer), Mac has devoted the rest of his life to the message and mission of CESJ.

The article mentions that Mac first encountered the ideas of ESOP, expanded ownership and economic justice in 1973 during a breakfast presentation given by Norm Kurland at a seminar for life insurance underwriters. In 1984, Mac went on to co-found CESJ, along with Norm Kurland, the Rev. William Ferree, and several other individuals. With the discipline and endurance of a former marathon runner (Mac now exercises 50 minutes a day on his Nordic Track), Mac’s primary project on behalf of CESJ is the

marketing of *Curing World Poverty*. “[W]hen I wake up in the morning, [*Curing World Poverty*] is what I’m most proud of,” Mac beams.

■ During July, Norm Kurland enjoyed several meetings with Fr. Martin Munuve Kiete from Kenya. Fr. Martin, who heads up the Institute of Democratic Development, expressed interest in getting *Curing World Poverty* translated into Swahili for an African audience, and marketing the book throughout Africa. Norm and Fr. Martin also discussed the possibility of setting up a CESJ in Nairobi. During his visit, Fr. Martin took part in a videotaped exchange with CESJ President Norm Kurland (with CESJ’s Bruce Mazzie as moderator and Kemp Harshman as cameraman) to be broadcast in Kenya.

■ José (Pepe) Rolz, CESJ friend in Guatemala and President of the employee-owned paper company, CONAPEL, wrote to Norm Kurland in June. He mentioned that even with global economic pressures, CONAPEL is doing well, “due mainly to our implementation of a new management structure with less tiers and more team effort and a compensation system based on monthly bonuses and profit distributions.” Pepe has been working with CESJ director Joe Recinos, on getting ESOP legislation passed in Guatemala.

We were shocked and saddened to learn in July that one of our new members, Leonard Olson (Burlingame, CA), died of a fatal stroke following a carjacking. Leonard and his wife Barbara had joined CESJ in January. Both were long-time advocates of Kelsonian economics, as well as personal friends of the late Louis Kelso and his wife Patricia Hetter Kelso, who had put them in touch with CESJ. Barbara recounts that Leonard believed “the Center is the best hope for the world.” She decided to honor his memory by asking that any expressions of sympathy be sent as donations to CESJ. As a testament to her husband and partner in the “happy revolution,” Barbara will be promoting the CESJ cause on the West Coast. “There is much work to do,” Barbara says. “Justice was Leonard’s dream as it was and is mine.”

■ Joe Recinos, for many years a one-man revolution for expanded capital ownership in Latin America, was profiled in *The Guatemala News* (4/22/94). The article mentioned his role as a regional director of CESJ and highlighted his work promoting economic justice through ESOPs and similar credit democratization mechanisms.

According to the article, government and union officials in countries such as Mexico, Bolivia, and Guatemala are now studying Joe's proposals to create a combination employee and consumer stock ownership plan to privatize state-owned utilities companies. Employee and consumer shareholder associations would be established to represent the interests of both groups and to administer individual share accounts. One key feature of Joe's proposal is that the government

would agree to accept a promissory note in lieu of immediate cash, so that shares purchased through an ESOP-CSOP could be repaid with the future profits of the corporation.

■ James O'Dell, a retired farmer in Barrhead, Alberta, continues to plow his neighbors' minds and sow the seeds of the "third way" alternative. He has written a book of personal insights and newsclippings tracing how Louis Kelso's revolutionary economic ideas (the principles of economic justice and theory of binary economics promoted by CESJ) were introduced in Canada and discussing their relevance for Canada's future. Those interested in Jim's 1993 book, *Alternative Thesis to Uni-Tied-Nations-Isim*, can order it by writing him at: 3515 60th Street, Barrhead, Alberta T7N 1C1. ▲

Curing World Poverty Update

The reception of our "textbook for change" has been very encouraging. Over 2,200 copies of *Curing World Poverty: The New Role of Property* have been sold. Book stores are beginning to add it to their sales racks. Libraries and law schools are including it in their collections. University professors are now beginning to use it as part of their reading assignments. Given our all-volunteer marketing effort, we are proud of these results.

More and more of our members and friends are buying *Curing World Poverty*. Some of you have been very successful in encouraging your friends to buy it. One member mailed 157 marketing brochures to his personal contacts, attaching handwritten cover notes. He received a 37% response, representing 58 book orders.

In order to continue our marketing momentum, we need the interest and assistance of everyone in the CESJ network. Therefore we sincerely request your support through the following actions:

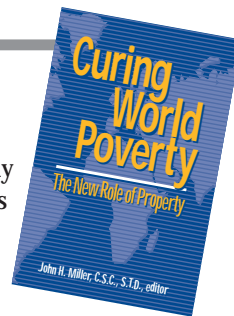
- 1) Buy *Curing World Poverty* (especially if you have not yet done so).
- 2) Read the book and become conversant with its content (we're here to help answer your questions).
- 3) Ask your family, friends and associates to buy the book.

Some of you may have connections with business schools, seminars, law schools, etc. Donate a copy or get three people to ask your local library to order *Curing World Poverty*. This book should be placed in the most prominent spot in your own library.

CESJ will be happy to send you some marketing brochures on *Curing World Poverty*. (For brochures, call Dawn Brohawn at 703-243-5155.) We can also make available copies of endorsements letters and reviews the book has received.

Curing World Poverty should be placed in the hands of everyone concerned with poverty, crime, the breakdown in moral values, conflicts in places like Bosnia, Rwanda, Haiti, and the Middle East, unemployment, health coverage, economic growth, environmental quality, freedom and human life. *Curing World Poverty* does more than just analyze problems. It provides principled solutions. It is ideal for offering young and old alike a challenging vision of hope and social justice for the future of the world.

And remember this holiday season—there is no more meaningful gift. ▲



Getting Out "the Book"

■ CESJ's relentless Mac McGrath has been focusing his *Curing World Poverty* marketing efforts on various local bookstores, including the Washington Law Bookstore, the World Bank Bookstore, Walden's, Crown Books, Kramer's, George Mason University Bookstore, and Books A Million. Mac has also been conducting an ongoing personal direct mail campaign. Recently he sent a handwritten note along with a *Curing World Poverty* brochure and the Arlington Catholic Herald article (which profiled Mac) to the executive director of Boys Town (Nebraska). Mac also wrote a review of *Curing World Poverty* for the newsletter of the Ancient Order of Hibernians, which has over a million members around the world. In addition, Mac has been asking a number of our CESJ members and friends who are noted public speakers, that they mention the book in their speeches.

■ Member Doug Marshall, who has been producing a 10-part video series for Minnesota Public Access Television entitled "Economic Justice and ESOPs," flashed a copy of *Curing World Poverty* and encouraged viewers to get the book.

■ We were delighted to hear from Dr. Bill Perk, a close associate of the late design scientist Buckminster Fuller, that *Curing World Poverty* will be used as a recommended text in his course, "Communities of the Future." Bill is a professor in the Community Development Program at Southern Illinois University at Carbondale. Next year, Bill says, CWP will be required reading.

■ CESJ member Bob Best, former Chief Economist of the Senate Finance Committee and now President of the Private Sector Initiatives Foundation, has been sending copies of CWP under his personal cover letters to his high-level contacts in politics and business. In a recent letter to [former Education Secretary and head of Empower America] William Bennett, Bob observed, "It is difficult to 'empower' anyone, without providing the person with the rights of ownership." Bob had earlier sent copies to Thomas Bethell, William Simon, and Senator Don Nickles (Chairman of the Republican Policy Committee).

Continued on page 6

Getting Out "the Book"

Bob also arranged a meeting for CESJ President Norman Kurland with Dr. Bernardo Villegas, head of the Center for Research and Communication (CRC) in the Philippines. CRC is now establishing the University of Asia and the Pacific. Dr. Villegas, who received a copy of *Curing World Poverty*, agreed to consider basing a Philippine-based CESJ at this new university.

■ CESJ member Winn Boyd, retired President of Arthur D. Little of Canada, sent a copy of *Curing World Poverty* to Preston Manning, the Canadian Reform Party's candidate for Premier. In 1975 Winn published an excellent grassroots-oriented book called *The National Dilemma and the Way Out*. His book outlined a Kelsonian gameplan of expanded capital ownership for stimulating growth and equity in Canada's economy.

■ Member Steve Hardiman, who this summer received a double master's degree from Johns Hopkins University (congratu-



Jack Einkopf (Gibbon, NE) promotes CWP and expanded ownership at Nebraska State Fair.

lations, Steve!), donated a copy of CWP to the library of his alma mater. Steve mentioned to us that in June he did a "card catalog" search on the Internet and found that there were already listings of CWP in 15 libraries and universities.

■ While visiting Washington, D.C. in June, member Humberto Rodriguez (Dallas, TX) made a foray to Capitol Hill. In his meetings with top aides to Senator Moynihan (D-New York) and Congressman Dick Armey (R-Texas), Humberto

gave them copies of *Curing World Poverty* to give to their bosses.

■ The prize for "most innovative sales approach" goes to Jean Fry, a dedicated member and CESJ volunteer. Jean tells us that she has been selling CWPs in her dreams! (To carry on the marketing effort in her conscious state, Jean also purchased 10 copies of the book to give to friends and relatives.)

Curing World Poverty: The New Role of Property: \$12.00, CESJ members; \$15.00, non-members. Please mention member discount when ordering. Postage in U.S. and Canada: \$US 2.50 per copy; other countries, \$3.00 per copy. Quantity discounts available. Orders may be paid by VISA or MasterCard, or by check or money order (in U.S. funds) payable to Central Bureau, CCUA. Mail to Social Justice Review, 3835 Westminster Place, St. Louis, Missouri 63108, or call 314/371-1653 to order by phone. ▲

Testimonials on *Curing World Poverty*

"There's no question in my mind that [*Curing World Poverty*] should receive wide recognition and that the debate about the validity of your plans and ideas concerning employee stock ownership and capital distribution should be taken seriously and expanded in the law schools and economics departments.... I for one would be pleased if you would come to the Institute and bring some of your colleagues so that we can have a full discussion about these ideas..."

[Marc Raskin, Co-Founder and Distinguished Fellow, Institute for Policy Studies]

"In browsing through this sheaf of essays [in *Curing World Poverty*], I found them very refreshing in their approach vis-a-vis the problems of workers today. They offer employees both the hope and the challenge to improve their condition. The final section of the book, 'Practical Applications,' proves that the theories earlier proposed, do work!"

[Cardinal Paul Poupard, President, Pontifical Commission on Culture, Vatican City]

"*Curing World Poverty* is a fascinating 'textbook for social change'.... Through practical financing tools and specific legislative reforms, *Curing World Poverty* moves to a 'third way' beyond the power- and wealth-concentrating systems of traditional capitalism and socialism. A powerful reminder that political democracy is hollow without effective economic democracy, it will challenge religiously motivated social activists with its new approach to ensuring the dignity and empowerment of every human being."

[Rabbi David Saperstein, Religious Action Center of Reform Judaism]

"[Y]ou bring to economic development strategies a moral framework which is all too often overlooked.... My congratulations ... for making these thoughts and concepts available to the general reading public in such a lucid fashion."

[William C. Doherty, Executive Director, American Institute for Free Labor Development/AFL-CIO]

"*Curing World Poverty: The New Role of Property* provides a compelling summation of the key arguments for broadening the private ownership of capital to strengthen free enterprise development and promote economic growth.... But *Curing World Poverty* doesn't merely offer a technical explanation of cutting-edge financial theory. It's in fact a moral appeal.... As reflected in the title of one of the articles, it's an appeal for 'economic justice in the age of the robot.'"

[Review in The F.E.D. Newsletter, Foundation for Enterprise Development, May/June 1994]

"[*Curing World Poverty*] is a collection of articles on how broadened ownership plans can help address the issue of world poverty. . . . Of particular value is Robert Ashford's article on the Kelsos' economics. Ashford, a professor of law at Syracuse University, writes persuasively about why traditional economists have missed the Kelsos' central point."

[Review in Employee Ownership Report, National Center for Employee Ownership, July/August 1994]

Population growth and the economic order

by Matthew Habiger, PhD

Why is the present economic order not working? We know that all the countries under Marxist Communism are in severe economic dislocations as they attempt to make the transition from a centrally controlled economic order to a more open market one. My recent travels to Gdansk, Moscow and St. Petersburg verify this.

Elsewhere, in the developing world, economic backwardness and under-development cry out for correction.

As the International Conference on Population and Development at Cairo draws near, it is increasingly clear that population controllers think population growth will destroy economic growth. They are afraid of the future. They think that babies will gobble up development.

Fewer and poorer

This concern flies in the face of a lowered birthrate throughout Latin America that was accompanied not by increasing prosperity but by poor economic conditions. The Holy See asserts, quite correctly, that the gap is widening between the rich and poor nations of the world.

We are all very interested in what constitutes authentic and tangible development. Development, as the social encyclicals insist, consists in the advancement of the entire person — and of all persons — economically, socially, politically, culturally, intellectually and spiritually. What must

be done to promote real development? As citizens of the most wealthy and influential nation of the world, what is possible for Americans to promote development?

Closer to home, what can be done to

and technological progress which is often achieved in a one-sided way, and thus appears purely positivistic.... Utilitarianism is a civilization of production and of use, a civilization of 'things' and not of 'persons', a civi-

ling multitudes of ditch diggers.

Income derived from the productivity of the steamshovel accrues to owners of the steamshovel. The propertyless worker who operated the steamshovel has only the market value of his labor for income. Automated capital tools are the dominant factors of production. If the poor had equal opportunity to acquire them, capital tools could provide income for the poor. A major flaw in the system is that 1 percent of the people own more than 50 percent of all individually owned corporate stock (Joint Economic Committee of Congress). Concentrated ownership in the means of production is the prime source of economic injustice. This perpetuates poverty among the propertyless.

Empowering the family

Recognizing that capital instruments are the dominant factor in producing wealth, there is an urgent need for an answer to the third question, "What can be done to empower the family economically, thereby making a 'Just Family Income' possible?"

1) Starting with *Laborem Exercens*, study the social encyclicals dealing with the moral basis for worker ownership, e.g., *Sollicitudo rei socialis*, *Centesimus annus*.

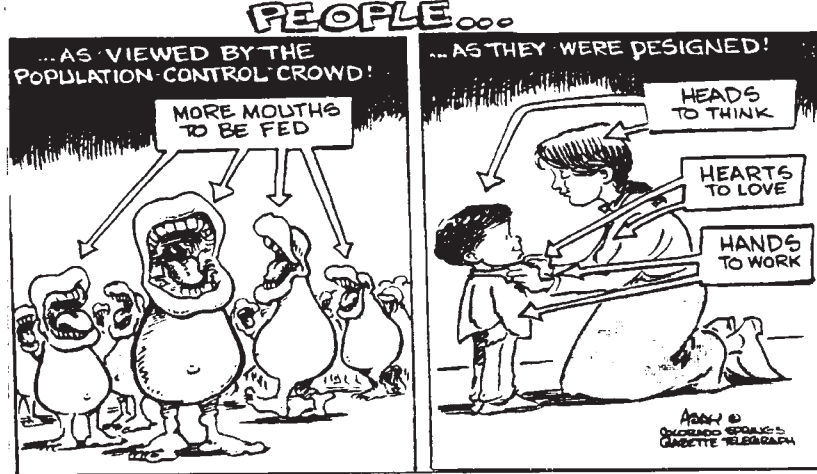
2) Request the free "Introductory Packet" from Center for Economic and Social Justice (P.O. Box 40849, Washington, D.C. 20016). Learn about the Proprietary Interest Income System embodied in the proposal for an Industrial Homestead Act.

3) Compare the conflict model wage system with the proprietary interest income system, where the workers have a second source of income from ownership.

4) Become an economic justice volunteer and join with others to empower the family economically. I strongly encourage you to become well versed in the book *Curing World Poverty: the New Role of Property*, and use this in classroom, business and public presentations.

Paul VI expressed his concern about the impact of economics when he reiterated the words of John XXIII, "The true solution is found only in economic development and in social progress that respect and promote authentic human values" (HV 23).

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strengthen families and family life in our nation? The family, we know is the fundamental unit of any society. When its family life is weak, any nation's days are numbered. Recall that 1994 has been called "the Year of the Family" by both the UN and the Vatican.

Pope John Paul II issued a *Letter to Families* on 22 February 1994. "Unfortunately," he said, "various programs backed by very powerful resources nowadays seem to aim at the breakdown of the family" (#5). "The development of contemporary civilization is linked to a scientific

lization in which persons are used in the same way as things are used. In the context of a civilization of use, woman can become an object for man, children a hindrance to parents, the family an institution obstructing the freedom of its members" (#13).

Stable families, stable incomes

"Stable families require stable incomes." This applies to the First, Second, Third, and especially the Fourth, Worlds. If we are to stress a healthy fertility rate, large families, and lifetime commitments in marriage, then we must attend to the economic requirements of family life. That means jobs, security and access to credit. Let me briefly explain.

A look at family economics reveals heavy injustice. Examining the economic condition of the family raises three questions. 1) What is the nature of economic injustice? 2) What is the main source of economic injustice? 3) What can be done to empower the family economically, and thereby promote a more just society?

The first question may be answered by noting that in two-thirds of American households neither parent is home. Children are left alone. The declining market value of labor does not generate enough income to support a one-earner family. So, in many cases, the husband and wife are forced to give first priority to meeting household expenses. Child care is secondary.

What is the main source of economic injustice? Consider the productivity of man versus tools. Mankind's productivity has not increased since Adam and Eve, but by means of technology we have multiplied one man's productivity. For example, the spade enabled man to move more dirt than he could with his bare hands. Then came the steamshovel, replac-

Five lessons in population

1. Published population statistics are estimates, not certainties. Demography is not an exact science; it's a social science. A case in point: The population of Nigeria has been overstated by some 30 million inhabitants!

2. The growth of the world's population in the 20th century is not the result of excessive reproduction, but of progress in health care and the world economy. Although fertility has increased in some countries, decreases in fertility have

generally overtaken increases. The real reason for population growth is a decline in mortality rates.

3. Regarding the differences between regional and local demographic situations, the figures concerning overall world population are averages and their significance is relative. Rates of fertility, birth, death, growth and migration, population density and demographic structures can be totally different, depending on the continent, country or region. Lumping them all together to make an average does not aid clear analysis.

4. Anti-birth policies are costly and have not reached the degree of effectiveness desired by their promoters. Billions of dollars are spent annually to encourage people to reduce birth rates. These expenditures don't have a decisive effect on demographic change. Besides, the money could better be used to promote economic development.

5. The idea that growth is continuous is an unproven theory. Epidemics, wars, disasters and changes in human behavior patterns all affect population growth. Instead of heralding expected increases as a sign of progress due to the drop in mortality rates, many writers use anticipated growth to provoke fear.

Based on an article by Francois Dumont, professor of demography at the Sorbonne in Paris. Reprinted with permission from the April 1993 issue of *Catholic World Report*.

1993-1994 "Great Ideas" Program Schedule

!!!! Change of Schedule !!!!!

Sunday, October 30, 1994: Louis Kelso, *A System of Economic Justice*

Sunday, November 20, 1994: Louis Kelso, *The Theory of Binary Economics*

Sunday, December 18, 1994: *The Industrial Homestead Act*

CESJ cordially invites you to join us for the final three sessions of the 1994 "Great Ideas" program. Presented by "master teacher" Norman G. Kurland, these seminars will examine the moral principles, economic theory, and practical reforms of CESJ's "Third Way."

CESJ's "Great Ideas" sessions run from 1:00 p.m. to 4:00 p.m., and will be held at the residence of Dawn and Rowland Brohawn at 3800 Powell Lane, #810, Falls Church, Virginia (Telephone: 703/671-8313).

For reservations and further information, call CESJ at 703/243-5155. A \$3.00 per session contribution is suggested to share the cost of refreshments.

Economic Justice Monitor is published by the Center for Economic and Social Justice (CESJ). Established in 1984, CESJ is a non-profit, ecumenical, all-volunteer, research and educational organization with international membership. CESJ promotes a free enterprise approach to global economic justice through expanded capital ownership. Donations to CESJ are tax-deductible under IRC Sec. 501 (c)(3).

For information on memberships and publications, contact CESJ at P.O. Box 40849, Washington, D.C. 20016, Tel. (703) 243-5155, Fax (703) 243-5935.

▲ Closing Thoughts ▼

“[A] body of men exist who control one of the most powerful levers moving the economy and who are responsible to no one. If the Federal Reserve pursues a policy which Congress or the President believes not to be in the public interest, there is nothing Congress can do to reverse the policy. Nor is there anything the people can do. Such bastions of unaccountable power are undemocratic. The Federal Reserve System must be reformed, so that it is answerable to the elected representatives of the people. . . . “The [Federal Reserve’s] Open Market Committee should be abolished...”

[A Primer on Money, Committee on Banking and Currency, U.S. House of Representatives, Rep. Wright Patman, Chairman, August 5, 1964, p.3-4]

“Curing World Poverty is must reading for anyone interested in economics and the future economic development of this country and the world.... Part III contains a practical blueprint for rebuilding (or building, as the case may be in developing countries) basic economic institutions based on sound, solid, universal moral principles. These chapters on the binary economics of Louis Kelso, the right to credit, and steps toward tax justice take the field of economics away from the dismal scientists and put it in the hands of the people.... FTM hopes this book will receive a warm welcome from ... readers who will, after reading it, pass it on to their legislators.”

[“From the Mail,” The Wanderer, 4/14/94]

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