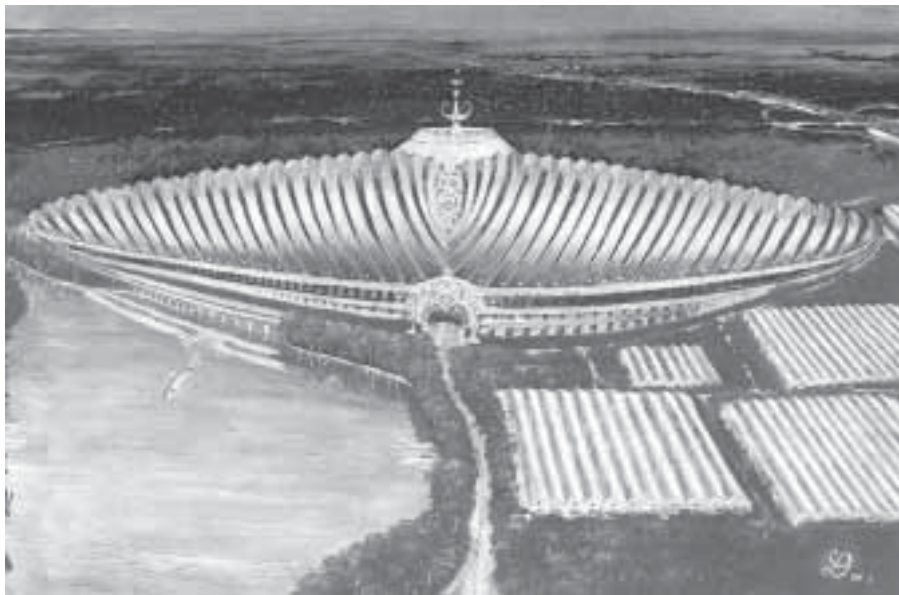


# Economic Justice Monitor

## Capital Homestead Update

Since our last report, CESJ's Capital Homestead Initiative has travelled three paths. First, CESJ members and a blue-ribbon team of architects, NASA scientists, engineers and other experts have developed a proposal for a national exemplar in the District of Columbia, called the "New Birth Project." Second, a nationwide grassroots initiative is being mobilized, starting with African American church leaders, to lead a national Capital Homesteading agenda. Third, a growing number of people and groups in CESJ's network have been studying and building support for Capital Homesteading in their own communities.



Painting by master architect Dean Price showing the New Birth facility which would replace Lorton

## A "New Birth" for D.C.

Joe Coleman, once sentenced to 117 years in prison, is a man with a dream. Having undergone his own spiritual rebirth while in prison, he committed his life to serving God by transforming his old neighborhood in D.C. from a poverty-stricken, drug-infested, crime-ridden sinkhole into a vibrant, thriving and spiritually grounded community.

Joe first envisioned the New Birth Project as a way of creating job opportunities and job train-

ing for ex-inmates seeking to become productive members of society. Since earning his release from Lorton Prison several years ago, Joe has worked with other former inmates—recycling scrap metal, remodeling buildings, repairing fishing boats, teaching people how to fish, and doing odd jobs.

It's been a struggle to keep his dream alive, meet the bills and convert others to a new life. He and

*Continued on page 2*

## Mobilizing a Gideon Army

There is one axiom for sparking massive social change: You need money power or people power. Hampered in both respects, the Capital Homestead Initiative has been moving through various networks and committed individuals, slowly building people power. We are now looking toward one successful vehicle for social change: the black churches in America, the grassroots base of the "one-person, one-vote" revolution of the 1960s.

To begin building mass support for the Capital Homestead Act, **Rev. Walter Fauntroy** has been working his leadership connections within the nine historically black churches. Through conference calls, radio shows, and articles, the foundations are being laid for a nationwide mobilization of church members.

Following a series of monthly conference calls with the leaders of the National African American Clergy Committee, Rev. Fauntroy won agreement to begin building a "**Gideon Army**"—a committed core of 1 million African American voters who could lead other Americans to unite for fundamental change in society. Their objective is to reach consensus upon and implement collaborative efforts in several political, educational, and economic areas, including a new economic empowerment agenda of benefit to all Americans—the Capital Homestead Act.

In an initial 1-1/2 hour conference call on May 13, black church leaders agreed to move forward on several measures. According to Rev. Fauntroy, a Gideon Army voter reg-

*Continued on page 8*

## A "New Birth" for D.C.

*Continued from page 1*

other former inmates know that, at least in the short run, crime pays much better than honest but low-wage work.

But providence works in strange ways. While he was in prison working to turn his life around, Joe would call Rev. Walter Fauntroy for his counsel. (Fauntroy, a staunch defender of the Welfare State who represented D.C. in Congress from 1970 to 1990, was chairman of the Congressional Black Caucus and the House Banking subcommittee governing the Federal Reserve.) Upon Joe's release, Rev. Fauntroy did what he could to support Joe's New Birth Project. Then in 1995, through Rev. Fauntroy, Joe met with fellow "visionaries" in CESJ. They and Rev. Fauntroy saw in Joe's New Birth concept a dramatic opportunity to demonstrate Capital Homesteading as a

radical advance over the Welfare State.

Joe Coleman's New Birth vision inspired Dean Price (Georgetown University's architect emeritus and former master planner), ownership systems designer Norman Kurland, Rev. Fauntroy, Rev. Dr. Virgil Wood (a close associate of Martin Luther King, Jr. who had first put CESJ in touch with Fauntroy), and a team of NASA scientists, engineers from one of the largest engineering firms in the U.S., penologists and other experts to create a comprehensive solution to the challenge of relocating and privatizing Lorton Prison, the District of Columbia's prison facility in the Virginia suburbs.

Today, D.C. has the highest per capita incarceration rate in the world, 400% higher than the national average. It has the highest recidivism rate at around 70%. The Lorton Prison Industries program employs only 660 out of about 8100 Lorton inmates, or

8% of the Department's inmate population. Overcrowded, Lorton is infamous as a social cesspool.

There are mounting political pressures to move the prison from its present valuable suburban real estate to a D.C. location. This, coupled with the continuing collapse of D.C.'s Welfare State, presented a unique opportunity for a historic convergence of the ideas of Buckminster Fuller (design science), Louis Kelso (ownership economics) and Martin Luther King (human rights). As the catalytic focus of a Super Empowerment Zone in the Nation's Capital of the U.S., the New Birth Project could serve as a model of how to lift up and transform an entire community, beginning with those at the very bottom. It would be the 21st Century equivalent of "putting a man on the moon"—a massive mobilization of technology, resources and people toward a bold new vision. ▲

## Our Core Values

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.

## *Key Components of the New Birth Project*

► The New Birth Project offers a \$3.5 billion replacement for the present Lorton Prison in Virginia, with a new state-of-the-art facility and three new industrial parks within the District, where every D.C. voter could get work and ownership opportunities. This facility would be capable of housing 12,500 inmates in human-scale clusters under a solar, geodesic-domed canopy. The facility itself would produce from solid waste and solar energy over 250 megawatts of power plus 665,000 gallons per day of pure deionized water, most of which could be exported for sale. This production alone would enable the new facility to pay for itself at a 3% interest rate within 11 years.

► Total waste-to-energy and other technologies developed in the space and defense programs at the taxpayers' expense, would be commercialized on its site, spawning a host of new, environmentally sound industries. But unlike traditional privatization approaches being pushed by Wall Street, the New Birth plan would create many new owners of these new industries and technologies— including D.C. residents, prison employees, and the prisoners themselves.

► By demonstrating the central banking, expanded ownership and other reforms called for in the Capital Homestead Act, the New Birth project would showcase a new approach to economic development and revitalization of America's inner cities and other poverty-impacted areas. [See 4th Quarter 1995 Economic Justice Monitor describing the use of the Federal Reserve discount mechanism as a non-subsidized source for financing this \$3.5 billion national exemplar project.]

► The New Birth design would incorporate three expanded ownership vehicles:

A Washington Community Investment Corporation. A real estate development corporation structured as a special tax-sheltered, leveraged real estate investment trust (REIT) would spread private ownership, control and profits to every registered D.C. voter. The CIC would receive cost-free title to publicly owned land and infrastructure suitable for private sector development. It would build the new prison facility and its solar-domed power plant, sell its bottled pure water to local distributors and excess power to regional power utilities, and lease facilities to New Birth enterprises and the transformed prison operation.

A New Birth Transformation Corporation. A for-profit corporation owned and controlled by its employees and D.C. citizens would operate a replacement to the present Lorton Prison. Rather than merely warehousing prisoners, it would be structured to zero-out gradually all incarceration costs to District and Federal taxpayers, and would be programmed to help transform inmates from social liabilities into responsible, self-disciplined and productive human beings.

New Birth Industries, Inc. A conglomerate of technologically advanced "breeder" enterprises would be owned and controlled jointly by outside contributors (through management, training, marketing and technology transfer contracts), and by managers, guards and inmates through an ESOP financed with 3% Fed-discounted loans from local banks. Inmates would be offered maximum opportunities to earn significant job and equity incomes

within the facility and, upon their release, within sister enterprises located in the D.C. Super Empowerment Zone.

Three-fourths of an inmate's labor and capital earnings would be withheld during his incarceration to cover (1) costs of incarceration, (2) restitution for victims of his crime, and (3) welfare for dependents. The balance would allow an inmate to accumulate assets as an emergency cushion and to invest in D.C. enterprises upon his release. Each profit center would operate according to the principles of Value-Based Management, to promote effective management of the overall operation of the New Birth facility and all New Birth subsidiaries, as well as self-governance and respect for the value and dignity of each person. This management system would link rewards to personal initiative and performance, and encourage every inmate to work together with others for his own development, his family and his community.

► To reduce union opposition to competitive prison industries, advanced technology firms producing not-yet-commercialized components for the new facility would locate on the site. Unions would be invited to negotiate innovative labor contracts based on empowering workers as worker-shareholders, enabling them to share ownership profits.

► Geared toward the total transformation of the inmate, the New Birth strategy will incorporate proven health, nutrition and drug treatment programs, high technology security and peacekeeping systems, and an advanced telecommunications/education hub which would provide inmates with access to religious and spiritual counselors of their own faith. ▲

## More Steps Forward

► On June 26, Walter Fauntroy, accompanied by Joe Coleman, Dean Price, Harley Daniels, David Jones and Norm Kurland, testified before the D.C. City Council's Judiciary Committee. Council Chairman Bill Lightfoot mentioned that the more he looks into the New Birth proposal, the more he likes it. He promised to support our Capital Homestead resolution. The resolution calls for "appropriate steps" to be taken to seek the support of the Mayor, the Control Board, the Congress, the Federal Reserve System, and the President to create a "Super Empowerment Zone" in the District of Columbia with special expanded ownership tax incentives and access to the Federal Reserve discount window. Such a Capital Homestead Initiative for D.C. would begin with the New Birth Project as a national "showcase" for dealing with the root causes of the social breakdown in the Nation's Capital. (Copies of the resolution are available from CESJ.)

► On June 11, Walter Fauntroy, Norm Kurland, Joe Coleman and Harley Daniels met with representatives of the American Federation of State, County and Municipal Employees (AFSCME), the principal union representing prison workers at Lorton. The union now feels threatened by the impending bid by the Corrections Corporation of America and other private contractors to privatize Lorton. Norm said that when told of the Federal Reserve strategy which could enable their members to become owners of a "people-ized" prison facility, one of the union leaders remarked: "This may be the silver bullet we've been looking for." ▲



*From left to right: Dean Price, Walter Fauntroy, Norman Kurland and Virgil Wood lead a New Birth "pre-planning" session at Georgetown University.*

### *New Birth Technical Team Convenes at Georgetown University*

► 32 people participated in an intensive two-day "pre-planning" session held at Georgetown University (Washington, D.C.) on March 11 and 12, to strategize on gaining the resources to launch a full-scale technical planning of the New Birth Transformation Corporation, which would replace the present Lorton Prison. Facilitated by Dr. Allenna Leonard of Team Syntegrity of Canada and her colleagues Joe Truss, Dr. David Beatty and Christine Cullen, the meetings also presented the basic elements of "syntegration" and the "Viable Systems Model." These processes were developed out of the science of management cybernetics for organizing complex systems like the New Birth Project and maximizing widespread community participation in the planning phases.

In addition to the project organizers (Rev. Walter Fauntroy, Joseph Coleman, Norman Kurland, Dean Price, and Dr. Virgil Wood), participants included experts in engineering, telecommunications, information systems, electromagnetics, fuel cells, photovoltaics,

prison medical services, training and education, law, Buckminster Fuller's design science, and community action. CESJ members Dr. Bill Perk, Kemp Harshman, Mac McGrath, Dawn and Rowland Brohawn, and Michael Greaney also assisted and participated. (Our special thanks to Kemp for videotaping the two-day session and to new member and veteran community organizer Lark Kerr [Toronto] for the tremendous administrative support she provided.) ▲



*Canadian community organizer Lark Kerr (left) listens as New Birth founder Joe Coleman explains how the project would help transform D.C. into a thriving community with ownership and job opportunities for all its citizens.*



*Non-polluting fuel-cell bus (developed at Georgetown University) is one application of NEICES technology which could be commercialized at the New Birth facility.*

## Milestones and Weather Vanes

► Republican vice presidential candidate Jack Kemp has been quoted by the media in several campaign speeches in August and September, calling for “access to ownership and capital credit.” A longtime advocate of tax incentives for businesses locating in enterprise zones and home ownership by public housing tenants, Kemp seems to be expressing more explicit support of capital ownership opportunities for today’s have-nots. CESJ had held three meetings with Kemp on the Capital Homestead Initiative prior to his nomination, and gave him several of our CHI strategy papers. We’ve also been in communication with some of Kemp’s key advisors. Maybe some of our language is starting to surface. And who knows, maybe he and the other candidates will start talking about a Capital Homestead Act.

► CESJ congratulates member Rich Biernacki (CEO of 100% employee-owned Fastener Industries in Berea, Ohio) on his recent ap-

pointment as chair of The ESOP Association’s Task Force on Access to Capital for ESOP Creation and Expansion. (Rich is also past chairman of The ESOP Association.) Rich succeeds Lui Granados (another CESJ member) who helped launch this task force in 1995 with an important memo recommending that the Association study the Federal Reserve proposals of Louis Kelso and Norman Kurland. In his memo of January 18, 1995, Lui had noted the growing awareness in the ESOP community that further tax measures are insufficient to spur the growth of ESOPs in the U.S., and that monetary measures must be considered as part of the Association’s growth strategy.

► Following an unsolicited offer by a major franchise operator, HFS, Inc., the board of 71% employee-owned Avis Rent-a-Car has agreed to sell the company for an estimated \$800 million. HFS will pay

\$35 a share for Avis stock which was recently valued at about \$12.50. Senior management owns preferred stock, stock appreciation rights and phantom stock valued at about \$73 million. Employees will receive an average ESOP payout of \$35,000; the specific amount will depend on their pay, seniority, and if they participated in the plan. The deal must now be approved by the employees and the ESOP trustee.

Whether the Avis sale is the result of mounting ESOP repurchase liabilities— or, as company insiders suggested, because the deal was “simply too good for top management to turn down”— Avis’ sale will be a loss for the ESOP community. Awarded CESJ’s Value-Based Management Award in 1991, Avis was a highly visible and celebrated example of a successful ESOP company which marketed employee ownership in its global advertising. Unlike most situations when a company is sold, the employees will get something out of the deal. But sadly, Avis’ return to the traditional wage system reveals that commitment (particularly that of management) to a true ownership culture, was only skin deep.

► On August 20, 1996, President Clinton signed HR 3448, The Small Business Job Protection Act/ Minimum Wage Bill. Two provisions (Sections 1316 and 1602) directly affect employee stock ownership plans (ESOPs).

Section 1316 permits a Subchapter S corporation (which enjoys the limited liability of a stock corporation but which, like a partnership, is not double taxed) to sponsor an ESOP. Unfortunately, the provision is so watered down it would make an ESOP extremely unappealing. Only non-leveraged ESOPs can be established in S Corporations,

*Continued on page 8*

## Getting the Message In the Media

► Two columns on the New Birth Project written by nationally syndicated journalist William Raspberry appeared in the Washington Post. The June 17 column, "The Preacher and the Ex-Convict" describes the "miracle plan" of Rev. Walter Fauntroy and former Lorton inmate Joe Coleman to tackle major problems of job flight and crime in the District. Focusing on the job creation aspect of the New Birth proposal, Raspberry did not mention the expanded ownership opportunities it would create, or how it would finance the \$3.5 billion project through the Federal Reserve discount window. However, Raspberry quoted Walter: "When jobs are lost to the new technology, or move overseas, only the 10 percent [who control 90 percent of directly owned stock in U.S. companies] can afford to smile."

The June 21 column, "An Audacious Plan for Lorton," discussed our consortium's plan to "transform the problem-ridden [Lorton] prison into a sociological and economic asset" through the commercialization of technologies already developed in Federal projects at taxpayer expense. Raspberry concludes: "Could such a thing ever really work? I don't know, but I'm impressed enough by its audaciousness that I'd like to see us start serious talk about it." ▲



► On May 21, Norm Kurland and Joe Coleman were the guests on an hour-long radio interview discussing the New Birth Project and Gideon Army strategy. This was part of a series of syndicated radio shows hosted by Rev. Walter Fauntroy on Pacifica radio, Station WPFW, introducing the Capital Homestead Initiative to the D.C. community (8/8/95, 8/15/95, 12/12/95, 5/21/96). Walter Fauntroy's radio shows examined the Kelso/CESJ paradigm for charting the future course of the American and global economies. CESJ's Curing World Poverty was publicized, resulting in calls to purchase copies.



CESJ's Dean Price (McLean, VA) who designed the New Birth complex and gathered the technical team, was featured on an earlier show on December 12, 1995. Dean discussed how new technologies developed during the Space Race and by the defense program could be commer-

cialized. (For copies of these shows, contact WPFW at 202/783-3104, or write: WPFW, Box 1770, Washington, D.C. 20013-1770.)

► Walter Fauntroy introduced the Capital Homestead concept in "A Plan to Address America's Problem," the cover article in the March 1996 issue of the National Black Monitor. Noting that the majority of people do not own the technologies that are displacing their jobs and do not own the corporations which are "downsizing" or sending jobs to lower-wage regions of the world, Fauntroy observes, "you can't stop the advance of technology. Man will always find a way to do more with less." Fauntroy comments, "Growing anxiety . . . among poor and middle income Americans over the lack of an adequate and secure income [is the] problem that Black churchmen and women, with the help of the Center for Economic and Social Justice, have developed a solution." ▲

## New Birth Reaches Out to the Community

► Joe Coleman, accompanied by CESJ members Norm Kurland, Marie Kurland, Lark Kerr and Dawn Brohawn, participated in a town meeting on March 13 in D.C.'s Ward 8 (one of the District's poorest areas). Mayor Marion Barry spoke on a theme of "transformation." Stepping up to the microphone, Joe described how the New Birth Project would help to transform the prison system and D.C. economy, while keeping with the mayor's new "small-government platform." The "power plant," Joe said, would create new jobs and ownership opportunities for D.C. citizens, while addressing interrelated problems of crime, economic development and waste management in the District.

He introduced Norm as one of the team of experts who have been working to make New Birth a reality. Joe was quoted in an article in the Washington City Paper: "The plant will be owned by the people, run by the people for the people."

► The New Birth Project held a grand opening of its offices (1801 Ninth St., NW., Washington, D.C. 20004) in D.C. on June 22. Displaying architectural drawings and other materials on the project and its technologies, the office welcomed in residents of the D.C. community to meet with Joe Coleman, Rev. Fauntroy, Norm Kurland and others involved. Signatures were gathered on a resolution supporting the New Birth Project. CESJ's Norm Kurland,

## CESJ Celebrates its Twelfth Year

CESJ cofounder Bill Schirra (Pittsburgh, PA) was honored in July for his catalytic role in bringing together social justice philosopher Fr. William Ferree and Kelsonian pioneer Norman Kurland. From this seed planted in 1984, a CESJ core group was formed around principles of Economic and Social Justice. The foundation was laid for our ecumenical, all-volunteer group whose



Bill Schirra accepts first CESJ Founders Award.

membership extends to people around the world. For his stalwart persistence and instrumental role in the birth of CESJ, Bill was honored with the first CESJ Founders Award.

Master of ceremonies Michael Greaney opened the gathering, followed by Mac McGrath and Norm Kurland. Guest speaker Joe Coleman recounted his personal journey from living as a crime boss and former maximum security inmate moving from prison to prison, to his spiritual transformation and work to rebuild his community.

### Posh

Thanks to the generosity of Art Montana (Ocean City, NJ), guests toasted the New Birth Project with "Posh", a delicious and highly nutritious soft drink made from roselle (a member of the hibiscus family). Art explained his ingenious system for linking profits and charity. It



Posh: A Superior Product with a Higher Purpose.

enables non-profits to help market Posh and similar quality products to their members, whose purchases entitle those charities to a proportionate share of 90% of the company's after-tax profits. Art, who had learned of CESJ's ideas after a telephone conversation five years ago with

Director of Communications Dawn Brohawn, got back in touch to let CESJ know about his enterprise. He has been talking with Joe Coleman about possible applications of Posh marketing for raising money for the New Birth project in D.C. Any CESJ members who might be interested in learning more about Posh opportunities to help raise money for CESJ and the New Birth Project, should contact Art Montana at (609) 399-2200. ▲

## New Birth Reaches Out to the Community

Marie Kurland, Mac McGrath (Woodbridge, VA), Mike Brennan (Rockville, MD), Charlie Setlow (Shoreham, NY), and Dawn Brohawn came to show support and explain the project.

► The New Birth Project made an appearance at the Georgia Avenue Day Parade on August 23, with a float built by Joe Coleman. Rev. Walter Fauntroy greeted people from the float, which was fashioned after Dean Price's "New Birth Power Plant" design. Marching in the four-mile parade, CESJ members Norm Kurland, Mac McGrath, Jay Karlin (Germantown, MD) and Mike Brennan joined Joe, handing out flyers and explaining the project to curious onlookers. ▲



CESJ's Marie Kurland (far left) and New Birth founder Joe Coleman (far right) watch as people from the D.C. community sign a New Birth Project petition at the grand opening of the Project's offices.

## Milestones and Weather Vanes

Continued from page 5

and they cannot enjoy the special tax incentives granted to ESOPs.

Section 1602 repeals the Section 133 ESOP lender's interest exclusion for loans made after August 20, 1996. This fairly low-cost tax subsidy to banks lending to those ESOPs that hold over 50% of all company stock, created a few new ESOPs each year. Its significance, however, was that it drew attention to the importance of capital credit for turning workers into owners. Throwing a bone to the ESOP community, the Section 1602 repeal was not made retroactive as put forth in earlier versions of the bill.

Advocates of ESOP and expanded capital ownership should note that these measures represent a direct attack at the heart of the ESOP—namely, its uniqueness as a financing tool for enabling non-owning workers to gain viable ownership stakes through access to capital credit repayable with pre-tax corporate dollars. CESJ's Federal Reserve proposals could not be coming at a more opportune time. As Congress and the Administration seek to cut social spending and taxes, the ESOP community and others must now look beyond tax incentives as a way to spread ESOPs and expanded capital ownership. ▲

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## Mobilizing a Gideon Army

Continued from page 1

istration drive will be launched prior to the November elections, aimed at identifying 1 million from among the 25 million black church members. "Soldiers" in the Gideon Army would commit themselves to contacting five voters from their neighborhood and taking them to the polls on election day.

## News from the Network



Illinois State Rep.  
Wyvetter Younge

▶ CESJ has been working closely with Illinois State Rep. Wyvetter Younge on a series of Capital Homesteading initiatives in Southern Illinois and East St. Louis. Rep. Younge, whom we met through member Dr. Bill Perk, had worked with design scientist Buckminster Fuller 25 years ago to lay out the plans for a 21st Century city for East St. Louis, to be called "Old Man River City." Since May, she has arranged several trips for CESJ's Norm Kurland, Dean Price and Rev. Walter Fauntroy to make presentations to legislators, community officials, and the heads of two universities. Among the proposals being discussed is a high tech industrial/research/educational park which would incorporate the concepts of Bucky Fuller and Louis Kelso, and advanced energy technologies developed by NASA. Rep. Younge is also spearheading a regional economic growth council made up of business, university, government, and other leaders, who would promote and implement a Capital Homestead strategy for Southern Illinois.

With the support of AT&T, a nationwide series of satellite-connected teleconferences is planned to be held at 3,000 downlink sites across the U.S. with large African American populations. The final two teleconferences (to be held after the elections) would be devoted to the Capital Homestead Act, the New Birth Project, and reforming the Federal Reserve to democratize access to capital credit. ▲

▶ Through Rep. Wyvetter Younge, Norm Kurland met on September 5th with Senator Carol Moseley-Braun (D-Illinois), a member of the Senate Banking Committee, to briefly discuss the Capital Homestead Initiative and CESJ's Federal Reserve proposals. In the friendly half-hour meeting with Senator Moseley-Braun, Norm also outlined the projects in which he is collaborating with Rep. Younge. Norm left a copy of *Curing World Poverty* with Senator Moseley-Braun, who commented: "We certainly need fresh new ideas, and access to capital is a key concern all over the world."

## Norman Kurland Addresses Latin American Leaders in Uruguay

▶ Through Joe Coleman's initiative, Norm met September 6 with Antonio Betancourt, the Executive Director of The Summit Council for World Peace. As a result, Norm was rushed off to Montevideo, Uruguay from September 10-17 to give a 1-1/2 hour presentation at the founding conference of the Latin American Chapter of the Federation of Continental Nations for World Peace, an organization affiliated with the Unification Church. Over 800 people from 33 countries in the Western Hemisphere attended, including former heads of state and other high level officials from business, banking, academia, and government.

Norm spoke on September 15 on "Building a Common Market with Justice for the Americas." Norm reports that he made some excellent contacts with people from Mexico, Haiti and Jamaica, and distributed nine copies of *Curing World Poverty* to some of the leaders he



met. Asked to stay an extra day, Norm held a three-hour session with sixty leading Uruguayan business, government, port authority, and banking officials, on expanded ownership strategies for urban and rural economic development in Uruguay. Norm was particularly delighted to learn that CESJ friend Bill Large is now the Country Director for Uruguay for the Inter-American Development Bank. He and Bill met and discussed a Kelsonian capital credit insurance project to unfreeze pools of loan financing.

#### *Capital Homesteading Discussed at Baltimore Conference*

► CESJ's Bruce Mazzie presented the Capital Homestead approach at a major conference, "Lessons without Borders" held in Baltimore on September 16. Sponsored by mayors of various U.S. cities and the U.S. Agency for International Development, the conference was convened to share the experiences of international and domestic economic development organizations to explore their applicability for rebuilding America's inner cities. USAID Administrator Brian Atwood, Baltimore Mayor Curt Schموke, and U.S. Senator Paul Sarbanes (D-Maryland) opened the conference.

Speaking for an hour as a panel expert, Bruce described problems facing all nations as advancing technology and global competition erode the ability of jobs alone to provide people with an adequate and secure income. Citing the "fatal omission" of traditional economic development approaches, and the obvious failure of socialist and welfare state approaches, Bruce offered CESJ's "Third Way" approach to economic development as embodied in the Capital Homestead Act.

The audience was so enthusiastic, Bruce reports, they wouldn't let him stop talking. A group of African American women seeking new approaches for the inner cities came up to Bruce after his presentation. Bruce later joined them for lunch where they discussed follow-up action, including a workshop on Capital Homesteading.

#### *Opening Doors for CESJ*

► CESJ members Carlos Gaston, Dr. Jos Mestre and Gabriel de Cuadra have formed a leadership group of Cuban Americans residing in Miami. The group, called the Miami Institute for Economic and Social Justice, is made up of successful business entrepreneurs, scholars, physicians, engineers and clergy. Building a strategic alliance with CESJ, they have opened up several important speaking opportunities for CESJ representatives.

The Miami Institute is dedicated to improving social and economic conditions in Latin America and the Caribbean through economic development, worker participation, and innovative mechanisms, institutions and ideas. Drawing upon many of the ideas expressed in CESJ's Curing World Poverty, their objective is to "form leaders of integrity to implement effective measures to cure poverty in the Americas."

► Through Carlos Gaston and Dr. Jos Mestre, Norm Kurland met with two top assistants to Banking Committee Chairman Senator Connie Mack (R-Florida) on August 20—legislative director Kimberley Cobb and Stacey Gavin, an economist with the Joint Economic Committee. The meeting resulted from two letters sent by Dr. Mestre to Senator Mack in February and May 1996. Dr. Mestre

also forwarded a copy of the D.C. Capital Homesteading proposal developed by Norman Kurland.

Mentioning Norm's many years of experience in the area of ESOP and expanded ownership, and his association with Louis Kelso and Senator Russell Long to put these ideas into law, Dr. Mestre stated: "We believe a similar capital homesteading scheme should be introduced in the greater Miami Area to serve as a model in the struggle against poverty in the Americas." He requested that Sen. Mack meet with Norm Kurland in D.C.

Norm discussed with Sen. Mack's staff the Capital Homestead Initiative and its central focus on reviving Section 13 of the Federal Reserve Act. As a result of Mr. Gaston's and Dr. Mestre's persistence and the positive reception by the staff people, Norm anticipates that a direct meeting with Sen. Mack will be scheduled.

► Our thanks also to member David Binns, Associate Director of the Foundation for Enterprise Development, who arranged for Norm Kurland to speak in May with several members of Russia's Duma (parliament). The delegation was travelling to the U.S. to meet with leading ESOP experts. Norm gave a full-day seminar for the Russian delegation at the International Law Institute (affiliated with the Georgetown University Law Center). Members of the delegation included State Duma Deputy Vyacheslav Kuznetsov, Chairman, Subcommittee on Corporate Securities and Privatization; Dr. Mullanur Ganeyev, Chairman of the Committee on Privatization Results Analysis; Valery Varvarov, Director General of Russia's Economic Reform Foundation (Russia's ESOP Association); and Vsevolod

Continued on page 10

Marinov, a consultant to the Kelso Institute.

The delegates were extremely interested in CESJ's central banking proposals. They commented that Russia's privatization program has largely been a "disaster" and that people are disgusted and looking for new solutions. They liked CESJ's concept of "The Third Way" (even though that term has been discredited by some as another label for the Welfare State), and saw that CESJ offered an authentic alternative to the power- and ownership-concentrating systems of capitalism and socialism.

► CESJ's Director for Latin America, Joe Recinos, met in July with the head of Guatemala's telephone workers union, which is faced with the impending privatization of Guatel. The union is interested in Joe's ideas for an ESOP-



Joe Recinos

CSOP privatization which would enable Guatel's employees and customers to buy out the company on seller credit. The union wants significant employee ownership which would include union and non-union employees, with a target equity stake valued at 5-10 times payroll.

► CESJ member Jasper Jones (Philadelphia, PA) has recruited three new members— Jesse Woods, III, Thomas Lyles and John Spruill— as the core group for launching a Philadelphia Center for Economic and Social Justice. Jasper and Jesse met with CESJ's Norm Kurland for six hours on July 15 to gather information and exchange ideas. The group wants to apply CESJ's concepts, such as the

Capital Homesteading Initiative and resident-owned Community Investment Corporations, as part of a comprehensive approach for raising the physical, mental and spiritual health of their community, particularly in low-income areas. Jasper says a key objective of the new chapter would be to educate young people about the importance of capital credit and expanded capital ownership.

► As a loyal Macintosh user concerned with the future of Apple Computer, CESJ member Bill Perk (President of ROMBIX, USA in Carbondale, IL) proposed an innovative solution to millions of people on the Internet. In a letter e-mailed to Apple CEO Gilbert Amelio,



Bill Perk

its employees, and magazines such as MacWorld, MacUser, Wired, and Business Week, Bill suggested that Apple's employees join with loyal Mac owners in a 100% leveraged buyout using a combination employee-customer stock ownership plan. Mentioning the "Capital Homestead Act", Bill pointed out that "Apple Computer would be at the forefront of supporting ownership of technology along with creating technology-based employment as the relevant economic strategy for the 21st Century. Our thanks to Bill for referring interested people to CESJ and the Kelso Institute for the Study of Economic Systems (San Francisco, CA).

► New member Jay Karlin, a systems engineer and consultant to NASA whom Norm had met in Toronto at a syntegration on wealth creation (Feb. 1-4), formed a study group with other systems engineers. One of the pieces the study group participants requested was Fr.

Ferree's "Introduction to Social Justice" (which CESJ is republishing this Fall). An engineer in the group happened to be involved in the ministry at Lorton Prison, and was very interested in CESJ's work with the New Birth Project.

► Dawn Brohawn and Norm Kurland spoke on panels at the 1996 ESOP Association Conference in May. At the session on "Safeguards for ESOP Participants," Dawn examined how an ownership culture can enable participants to better protect their shareholder rights through a system of checks and balances, diffusion of power, and participatory management structures. Norm spoke on a panel dealing with international ESOP developments. Dawn, who has been serving on the ESOP Association's Competitiveness, Communications and Participation Committee for several years, has completed the editing of the Association's new book *Journey to an Ownership Culture*, scheduled to be published by Scarecrow Publishing Co. in February 1997.

#### *CESJ's Volunteer Staff Grows*

► CESJ is delighted to welcome member Mike Brennan as a volunteer staff member. Mike has been contributing several hours a week at CESJ headquarters "doing anything that needs doing." Mike has participated in CESJ's Great Ideas program and several New Birth Project events, and is now helping to market Curing World Poverty to area universities. Mike, who has experience in management, training, marketing and administration, came to us through Patricia Hetter Kelso. He joined CESJ because: "I was looking for a group with whom I could discuss and promote the ideas of [expanded ownership economist] Louis Kelso." ▲

## *If At First You Don't Succeed....*

► In December Virginia Delegate Bob Marshall introduced a resolution to the Virginia Legislature calling for reforms to Federal Reserve policy along the lines of CESJ's Capital Homesteading proposals. The resolution was, unfortunately, rejected in February. Del. Marshall noted: "People are afraid to touch the Fed." He has not forsaken the battle, but he knows that a lot of groundwork needs to be laid before such a measure will pass. He plans to arrange meetings between CESJ representatives and Virginia Governor George Allen and the President of the Richmond Fed.

► Carol Ruth Silver, a lawyer and veteran of the civil rights movement, made a courageous but unsuccessful bid as a candidate for Congress in the Democratic primaries in Mendocino, California. She pushed expanded ownership and capital homesteading as a major part of her platform, and plans to run again.

► While his first bid as a Republican Congressional candidate was unsuccessful, CESJ congratulates David Caprara for his effort to insert expanded ownership into his Virginia campaign. A longtime associate of Vice Presidential candidate Jack Kemp, former president of The Empowerment Network, and supporter of ESOP and enterprise zone reforms, David had proposed a ESOP buyout of the Newport News shipyard (Virginia's largest private employer). Tenneco, which owns the shipyard, is planning on selling it, threatening the jobs of 18,000 workers.

Both of these candidates were running against well-funded opponents, against tremendous odds. CESJ salutes their courageous ef-

forts to raise the political exposure for expanded ownership. Clearly politicians and voters need more education on this issue. We know that with persistence, these political pioneers will eventually win.

► While her bid for Congress was unsuccessful this time, Carol Ruth Silver is not sitting around. She has formed "Mendocino Capital Homesteading" to study expanded ownership writings (focusing on CESJ's Curing World Poverty) and an action group to promote the Capital Homestead Initiative. Members have been ordering copies of CWP.

Longtime CESJ member and leading ESOP lawyer Ron Ludwig and ESOP advocate Andrew Kubersky helped Carol launch her San Francisco-based action group. As their first project they focused on getting broadened ownership into the Republican and Democratic platforms for the upcoming elections. They will also be trying to get the ear of San Francisco Mayor Willie Brown. "Speak Up, America," a new nonprofit independent political committee which puts inexpensive 30 and 60 second spots on radio, has agreed to do a radio spot supporting broadened ownership. Carol's group will be trying to raise some money for this project as well as attract others to join. ▲

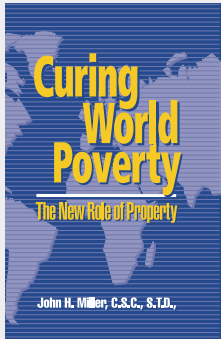
## *New CESJ Resources*

► To begin educating local citizens about Capital Homesteading, CESJ is producing a five-part television series, "Capital Homesteading and You," through the auspices of Channel 33 in Arlington, Virginia. Parts I and II (a half-hour each), looking at the New Birth Project for D.C. citizens, aired three times each over local community access TV during July and August. These segments feature an in-depth

discussion between CESJ President Norm Kurland and master architect and planner Dean Price.

Dean, who designed the "New Birth Power Plant" along the principles of Buckminster Fuller, describes the "Hydrogen Age" technologies developed by NASA that would be commercialized within the new facility as part of the bold plan to replace the present Lorton Prison. Norm discusses the project's social technologies that would create ownership opportunities for D.C. citizens, prison employees and prisoners, using the discount mechanism of the Federal Reserve to provide an off-budget, non-subsidized financing source to meet the project's \$3.5 billion cost. (Copies of Parts I and II of "Capital Homesteading and You" are available from CESJ on a 60-minute videotape, for \$15 each postage paid, plus \$5.00 for orders outside the U.S.)

► CESJ's Director of Research Michael Greaney has completed the editing of CESJ cofounder Rev. William Ferree's classic booklet, ***Introduction to Social Justice***, elucidating Pius XI's breakthrough in moral philosophy. This new edition, to be co-published with Social Justice Review, contains a foreword by Norman Kurland bridging Ferree's concepts of Social Justice with Louis Kelso's revolutionary economic theories and principles of Economic Justice. CESJ considers this work a vital companion piece to Curing World Poverty. Introduction to Social Justice guides us with principles for organizing with others to correct social ills which no individual acting alone could solve. (Pre-publication copies are available from CESJ for \$U.S. 10.00, postage paid; For orders outside U.S., please add \$U.S. 5.00.) ▲



**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: \$U.S. 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. ▲

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For information on memberships and publications, contact CESJ at P.O. Box 40711, Washington, D.C. 20016, Tel. (703) 243-5155, Fax (703) 243-5935.

▲ *Closing Thoughts* ▼

“The pace and intensity of technological advance are without historical precedent. The creation of new industries may not provide enough jobs fast enough to replace those lost as a result of technologically caused productivity increases.”

*Robert M. White, President,  
National Academy of Engineering  
(quoted in Wall Street Journal, June 8, 1995)*

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