

United Steelworkers Union Leads ESOP Initiatives

• As featured in the July *Steelabor* Magazine, the United Steelworkers of America has helped establish employee stock ownership plans (ESOPs) at six different companies, from West Virginia to Michigan. This demonstrates a dramatic change on the part of the USW International -- from a "hand-off" position when a USW local sought its help in establishing the first 100% leveraged buyout of South Bend Lathe in 1975, to the forefront of the labor movement in promoting employee ownership.

Under the leadership of President Lynn Williams, the USW has assisted its locals in initiating ESOPs and arranging necessary ESOP financing through major Wall Street investment bankers. In its ESOP efforts, the USW has sought to gain ownership of the control block of shares for its members--as opposed to collective ownership by the union. The USW has also insisted on "first-class" shareholders' rights (i.e. the right to vote their ESOP shares and be represented on the corporate board) for the employee-owners.

Notably, the USW seems to have avoided the major pitfall of direct union control of management, as in the case of the Histadrut-controlled Koor Industries in Israel which lost a staggering \$250 million last year. For copies of the July *Steelabor*, write: United Steelworkers of America, Communications Dept., Five Gateway Center, Pittsburgh, Pa. 15222.

• In a landmark TV interview on ABC's *Business World* (9/4/88) segment on ESOP companies, USW Pres. Lynn Williams stated that ESOPs are "good" and a "useful way to respond to crises...and relate to our members." Acknowledging that "an ESOP needs to be well-managed," Williams was critical of [ESOP inventor] Louis Kelso's contention that employee voting necessarily leads to "amateur management." Workers, Williams stated, "want enterprises to succeed....They need to have understanding of the total situation...they need involvement and information... [the means] to seek decent advice."

• The Alexandria Tire Company ESOP discussed in last month's *Newsbriefs*, is creating a ripple effect in Egypt. A front-page story in one of Cairo's leading newspapers, *Akhbar El Youm*, recently reported that the Egyptian Ministry of International Cooperation (MIC) is negotiating with USAID to establish an ESOP loan fund of several hundred million Egyptian pounds to supply capital credit for workers to buy shares in their companies. Among the hundreds of inquiries generated by the article, representatives of seven other Egyptian companies have contacted MIC to seek assistance in establishing ESOPs.

• Costa Rican Minister of Planning, Otton Solís Fallas recently sent a letter to USAID Mission Director Carl Leonard requesting AID's assistance in obtaining "an expert review of Costa Rican tax and trust laws to determine how ESOP financial leveraging techniques... could be applied to the specific legal, social and economic conditions of Costa Rica." CESJ's Norm Kurland and Joe Recinos were the two "ESOP specialists" suggested by Minister Solís.

• Tom Peters, best-selling author of *In Search of Excellence*, featured in his August newsletter 100% employee-owned Allied Plywood Corp., founded by CESJ members Ed and Phyllis Sanders. Peters credited management's attitude of "trust and partnership" toward employees and a "two-part sharing program" (ESOP and a generous monthly and annual sharing of profits), for helping achieve "phenomenal improvements" in productivity, absenteeism, and customer satisfaction.

• CESJ members Bill Schirra and Joe McDonald met in Pittsburgh with top executives of Mellon Bank, Calgon Corp., and Alcoa to introduce them to CESJ's programs for uniting labor and management around a "new and more just labor deal." On Sep. 4, Bill met with USW President Lynn Williams.

• CESJ's Pittsburgh chapter has shifted the date for its labor-management retreat to April 10-12, 1989.

• The National Center for Employee Ownership and the ESOP Association are co-sponsoring the Second National *Employee Ownership Week*, Oct. 3-9, 1988. For information on how you can join the celebration, contact NCEO at (301) 657-8151 or the ESOP Association at (202) 293-2971.

September Meeting of CESJ

When: Saturday, September 17, 1988

Where: National Graduate University

1101 N. Highland St., Arlington, VA

(across from the Clarendon Metro station)

Information: Call (703) 243-5155

9:30 am-12:00 pm: CESJ Brainstorming Session and News Update. Everyone is invited to join us.

Building Economic Justice from the Ground-Up SESSION 1

12:45-1:00: Welcome to Participants.

1:00-3:00: Our opening session of the Information and Education Program is entitled "An Introduction to Social Justice." The learning objective is to provide participants with the conceptual framework of Social Justice and guidelines for applying its principles to solve problems facing people today. (Facilitator: Rev. Joseph McDonald)

10-session program - \$50. Single sessions - \$10 to cover the cost of materials and refreshments.

*** Closing Thoughts ***

"We need to do new things in this century and as the world develops...[ESOP] is neither of those two extremes [socialism or pure capitalism]. This is one element in a multifaceted economy, in trying to move things forward and improve things for working people."

Lynn Williams

President, United Steelworkers of America
ABC *Business World* interview, 9/4/88