

ESOP Association Delegation Visits U.S.S.R.

• During an 8-day (September 1-9) journey to the Soviet Union, a delegation from the ESOP Association including President Vit Eckersdorf, Executive Director David Binns, and International Affairs Committee Chairman Jeff Gates was privileged to meet with many high-level Soviet officials, including President of the Russian Republic Boris Yeltsin, the Prime Ministers of Latvia and Lithuania, and the Mayor of Moscow. The purpose of the visit was to discuss the applicability of employee stock ownership plans (ESOPs) and similar expanded capital ownership mechanisms for assisting the U.S.S.R. in its transition to a market economy.

Thanks to Dr. Valery Rutgaizer, one of the leading proponents of economic reform in the U.S.S.R. (and a CESJ member), the delegation was able to meet with a wide range of people and groups studying the ESOP approach. These included the Management Association of the U.S.S.R. (which is composed of cooperatives and independent companies) and the Economic Reform Committee.

David (who, as well as Vit, is a member of CESJ) distributed copies of CESJ's *Every Worker an Owner* to Moscow's Mayor Popov, the Prime Ministers of Lithuania and Latvia, and a top aide to Boris Yeltsin. David remarked that the ESOP approach was very well-received by the officials with whom they met. "The government is clearly committed to privatization," David reported. "The three issues they're dealing with are revenue, social justice, and economic efficiency. The ESOP can address these better than the other methods of privatization."

• Central America held its first major conference devoted to legislative reforms for encouraging worker ownership and participation. CESJ's Joseph Recinos and Norman Kurland spoke at the 3-day conference held in San Jose, Costa Rica August 30—July 1. The event was sponsored by FEDEPRICAP, an umbrella group for chambers of commerce and private sector business groups throughout Central America, and co-sponsored by the Costa Rican stock exchange and the Solidarista movement. The conference

brought together about 60 participants from all the nations in Central America. These included representatives from the investment and securities industry, business sector, and the cooperative, Solidarista, and labor movements.

Four major proposals on worker ownership were offered, including the "ESOP parallel legal system" presented by Joe and Norm. According to Norm, the other proposals were limited to tax incentives and other means for re-channeling past savings into worker ownership. The parallel legal system was the only plan dealing with capital credit as a means of making future ownership possible for workers, consumers, and other citizens with little or no accumulated savings.

• ESOP Association President Vit Eckersdorf travelled to Argentina in July where he met personally with President Carlos Menem to discuss the development of employee ownership in Argentina. In the meeting arranged by Dr. Rodolfo Diaz, Asst. Secretary of Labor, President Menem stated that he is a strong believer in employee participation. Dr. Diaz has been the chief proponent of the Participative Property Program in Argentina, which provides for the privatization of the country's state-owned companies, and requires that 10% of a privatized company's stock go to its employees.

• On July 13 Poland's parliament passed a bill that will allow for different types of employee ownership to be used in the privatization of Polish companies....The new Employee Ownership Association in Poland now includes over 100 member companies, including the 65,000-employee KGHM copper mining company and many of Poland's most profitable firms. The goals of the Association include establishing a bank for ESOP companies and attracting foreign investment. CESJ members Kris Ludwiniak and Ron Gilbert have been actively involved in many of the ESOP-related developments in Poland.

CESJ Network Notes

• National Employee Ownership Week 1990, co-sponsored by the National Center for Employee Ownership (NCEO) and the ESOP Association, will take place October 1-7. This week provides an excellent opportunity for ESOP companies and other organizations, as well as interested individuals, to celebrate, share ideas and spread the word about employee stock ownership. *For information and a list of suggested activities, contact the NCEO at (415) 272-9461.*

• CESJ member Rémy Schlumberger has announced that FONDACT, the worker participation association of which he is chairman, will be holding a 1-day forum in Paris on December 6. One of the panels will examine the applicability of employee ownership concepts for East European countries. Rémy invites the participation of CESJ members in this forum (which will be conducted in French). *For information, call (331) 42-80-57-33 (France).*

• CESJ member Bruce Mazzie reports that during his recent travels to Uganda he distributed copies of CESJ's "Industrial Homestead Act" (a national plan for expanding capital ownership) to high-level economists and officials from the government, business and banking sectors....Member Itil Asmon reports that his trip to Sri Lanka was successful in generating high-level interest in expanded capital ownership.

• We were sad to learn of the sudden passing of CESJ friend Dr. Joseph Krieger on Sep. 10. Joe, a professor of Business Management at Southeastern University in D.C., was preparing an executive development course which would incorporate some of CESJ's concepts of "value-based" management. CESJ extends our condolences to his family.

*** Closing Thoughts ***

Economic Democratization in Uganda

"The Government's policy on privatization and divestiture is to promote as rapidly as possible the revitalization and growth of a stable, productive and competitive private sector, reduced ownership and control by the Government, and the maximum feasible participation by a broad base of Ugandans in ownership of the country's productive base."

Emmanuel Tumusijime-Mutebile, Permanent Secretary of the Ministry of Planning and Economic Development of Uganda. Remarks at conference on "Managing the Privatization Process," Mukono, Uganda, Aug. 6, 1990.