

Legal Commission
March 1-3, 1974
Centrum Chicago

THE SETTING

The Legal Commission had its first meeting March 1-3, 1974, in Chicago. It was a time of initial brooding on some of the basic principles which undergird the global mission. Four arenas emerged as most critical to the life of the Order and the Movement: (1) Global Polity, (2) Analysis of Organization, (3) Fiscal Operations, and (4) Common Local Property Acquisition and Holdings. The meeting began to articulate and demonstrate the role of a commission, utilizing the expertise of the Movement in order to practically mesh operating principles of polity with the missional demands. Those present were:

Forrest Craver	Lyn Mathews
Joe Crocker	George McBurney
Charles Hahn	Jim McCabe
Sam Hanson	Jo Ann McCabe
Wanda Holcombe	Mary Warren Moffett
Rich Jones	Justin Morrill
Rick Loudermilk	Betty Pesek
Kay Lush	Arlin Raedeke
Clancy Mann	Dick Seacord
Mary Ann Mann	Art Smith
Joe Mathews	David Wood

I. GLOBAL POLITY

INTRODUCTION Probably the highest compliment ever paid the Movement came from Bishop Preus of the American Lutheran Church when he inquired, "How does that thing you have keep going without a visible sign of any organization?" While the complexity of our time has provoked man to seek simplicity in the arena of decision making which, in turn, cuts down on his arena of responsibility, our power as a Movement is our willingness to be the demonstration which creates the new world with the least amount of obvious structure.

PRINCIPLES OF GLOBAL POLITY

- LOCAL/GLOBAL
DECISION
MAKING
1. Global Polity pre-supposes that every dynamic is a decision-making dynamic which has local and global ramifications. There is no such thing as a local dynamic limited to a particular geography, nor a global dynamic unrelated to geography. The global and the local are implied in every decision made no matter where it is made.
- PLATONIC
BASED
TENSION
2. Global Polity is based upon the Platonic wisdom that the dynamics of Monarchy (Symbolic), Oligarchy (Bureaucratic), and Democracy (Community) must operate in balanced and creative tension at every level of the decision-making process in order that total participation is not blocked by the over balance of one pole (such as the bureaucratic) and that authentic consensus occur.

Legal Commission
March 1-3, 1974
Centrum Chicago

MAINTAINING
TENSIONAL
RELATIONSHIPS

3. Global Polity is based on creating and maintaining tensional relationships at all points in the system, thus eliciting the maximum creativity from the total body. The paramount tensional relationship is the Global/Local tension which is held at all points in the dynamic, and which is complexed rather than simplified by incorporating the maximum number of variables into each decision-making process.

TRUSTING
POLITY
DYNAMIC

4. Global Polity is based on trusting the comprehensiveness and intentionality of the polity dynamic, for it provides the accessible points for all members to feed into the corporate "stew" their insights and data. In utilizing the wisdom of all, this process builds the consensus over a period of time so that, when the consensus is formally symbolized, the corporate mind has been set and each person has already said yes.

POWER
IN
CENTER

5. Global Polity insists that the power is in the center of the table, or the decision-making power is available to anyone who chooses to assume responsibility for stating the group's consensus out of a global context, thereby not abdicating that power to any particular individual or group.

RESPONSIBILITY
FOR TOTAL
MISSION

6. Global Polity implies that every group and every individual image themselves as responsible for the total mission and total life of the body, thereby serving as an embodiment of that dynamic at all times.

COMPREHENSIVE-
NESS BASED ON
THE NECESSARY

7. Global Polity requires acting out of the most comprehensive picture possible; actively seeking out all of the wisdom pertinent to the issues at hand; and willingly bracketing much that is immediately possible in light of what is deemed necessary.

BROADEST
POSSIBLE
PARTICIPATION

8. Global Polity is sustained by the use of common reporting and accountability methods so that the decision being considered may have the broadest possible global participation in every decision-making process; thus insuring through decision symbolization that global consciousness and comprehensiveness is maintained.

ASPECTS OF GLOBAL POLITY

MISSION
DETERMINES
POLITY

1. Mission determines Movement polity, its organizational structure and dynamics. Polity in any context concerns the discipline of decision making. For the Movement polity defines the systems which hold the global vision and local demands in tension while releasing all to engage creatively in day-to-day decision-making. These tensional systems, which guard against the rigid, routinized and hierarchical functioning of contemporary bureaucratic structures, are embodied variously in every missional body. Further, they are constantly reaffirmed symbolically in the decisions of the Panjayat.

Legal Commission
March 1-3, 1974
Centrum Chicago

GLOBAL
FINANCIAL
ACCOUNTABILITY

2. Financial accountability for the mission is held globally rather than areally or locally. Each area prior is financially responsible for every other area as well as for his own area. Put another way, every prior is responsible for the globe, symbolized by his financial responsibility for his area. Further, the principle that each house is financially self-supporting must be held in tension with the current financial strengths and weaknesses of various houses in an area. Financial accountability is reflected in a common code of accounts, which includes methods and arenas of accounting, frequency of reporting and measures of auditing. Symbolically, this accountability is held at global priors' meetings.

CONSENSUS
BASED ON
MISSION

3. Global priors articulate the consensus arising out of missional demands of the local within the global context. It is necessary that the broadest global participation possible be present for all major decisions. For example, guidelines for the entire missional budget are set at the global priors' council. The global priors' council also articulates the consensus on global assignment criteria. The centrum dynamic holds the area priors accountable to the global context through the continuing interchange of global information and colleagues. The global priors hold the centrum dynamic accountable to the global at the priors' council.

GLOBAL
DYNAMIC
CENTRUM

4. The centurms are global dynamics. Each of the four centurms and the four centurms taken together form one Centrum across the world. Though the centurms are situated geographically, they are not geographically based. For instance, Development Centrum: Hong Kong raises funds only for the global mission; Management Centrum: Hong Kong expends only for the global mission. In this way, the centurms hold themselves globally accountable; there is no local autonomy or local funding. Global accountability occurs symbolically in the form of a global report by each centrum at global priors' council (broken out, if at all, by areas and not by centrum locations).

COMMON
GLOBAL
BUDGET

5. To symbolize global commonality and accountability, local funds shall be sent to and dispersed from the centurms. Operating out of a common global budget and using a common financial reporting system create and preserve one global Movement rather than 54 areal movements.

FUNCTION
OF
COMMISSIONS

6. The Commissions constitute relational points between the local and the global. Located within the centurms, each Commission functions as one global dynamic. As advisory bodies, they deal with the various types of more critical or longer term issues. Where appropriate, the Commissions will bring in, consult with, or refer matters to experts. They are an integral part of the Movemental decision-making process, though as a matter of principle they do not make but only review and recommend decisions.

Legal Commission
March 1-3, 1974
Centrum Chicago

ENSURING
STRUCTURAL
COMMONALITY

7. Structural commonality throughout Movement polity enables the Movement to be global presence in all its forms. This means that in their operations the Centruns and the Commissions, like all other Movement structures, embody a global dynamic and accountability. Structured commonality, however, is ensured and maintained not through structural sameness but by models based on a common rationale that embodies comprehensively the polity dynamics. This rationale both implies and engenders the trust without which global polity is not possible.

II

ANALYSIS OF ORGANIZATION

As we begin to consider in a serious way the matter of global polity, we would do well to analyze secular trends, particularly in the business world. This allows us not only to see more clearly the direction in which we are moving but also to receive the insights that business already has pioneered in its global expansion over the last century. If we apply our battleplanning methodology to these trends, we might also perceive more clearly why our intuitions have brought us to the point we now have reached. In other words, if we measured our tentative conclusions on global polity against the contradictions which international business faces today in its internal organization, we should be able to test the validity of our premises. We also should have a better understanding of what gifts we will offer back to the world.

Intuitively, we can anticipate that business management today is beset by the three evils of hierarchy, bureaucracy and mistrust. Why that is true and what can be done about it is being addressed by LENS, or at least should be. Nevertheless, we must not underestimate the power and sophistication of current management methods and concepts. See, for instance, the attached imaginary presentation of one such model used in courses offered by Advanced Management Research International. Given the dominance of the foundational economic process, these methods and concepts are deceptively persuasive to business. But the question for us is not how to replace them wholesale, since many of them, taken individually, are familiar to us and necessary to any rational model. Rather, we need to discern at what points the current business model breaks down in practice or becomes oppressive and self-defeating in its operation.

Finally, the question of polity can only be answered in a global missional context, for mission determines organizational dynamics and discipline. Keeping this in mind, we may be able to see what the business trends are saying to us and what they reflect about the present social situation.

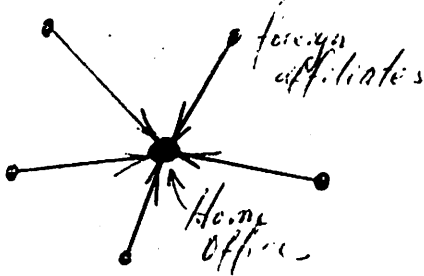
EXISTING FORMS OF BUSINESS OPERATION

Several forms of business operation, which have developed over the past century, may be isolated and analyzed for our purposes here. The three models discussed in this section have been suggested in an article by Howard Perlmutter, entitled "The Tortuous Evolution of the Multinational Corporation."* Let me discuss each of them briefly, setting forth an image of their organizational form, their function and their weakness. It should be remembered in each case that while the model appears to be pure, in practice most companies operate out of a combination of these three models.

*Columbia Journal of World Business (Jan.-Feb. 1969).

See also (just released) J. Behrman, Decision Criteria For Foreign Investments in Latin America. Chapter I.

Historically speaking, the "classical" form of business operation is centered around the home office in the home country to which are linked, like spokes in a wheel, the foreign companies or affiliates of the parent company. In this form, which is normally



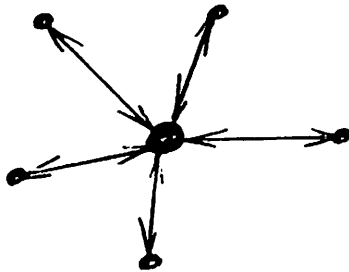
CLASSICAL FORM

associated with mining, agricultural and petroleum development activities, the foreign affiliates--typically 100% owned--are closely tied to the parent company in satellite fashion. As the arrows in the diagram indicate, the flow of raw materials, semi-finished goods and earnings is toward the home country, which dominates the overall management and operation of the various subsidiaries and branches as well as most of the major and middle-level decisions. United Fruit Company, as well as the various petroleum and metal mining firms would be examples of this form. The highest position in the foreign

affiliate would probably be a production manager, who is responsible for implementing home country policies and seeing that the flow of goods back to the home country remains unimpeded. The main function of the foreign affiliates is to secure resources and supplies for the home country markets. This type of operation has been labeled "ethnocentric," because it is based upon the needs and criteria established in the home country.

The weaknesses of this form have been widely discussed under the label of "colonial." That is to say, because the total concern of the business operation in foreign countries is to supply the home country, there is a tendency for the operations of the foreign affiliates to be turned-in and to encourage an enclave mentality. The concrete results appear in the formation of "company" societies, which are basically unrelated to the needs and aspirations of the host country. All incentives are geared to the main purpose of supplying the home country, so that even host country employees become caught up in the "company" society and its system of values. Without evaluating whether these weaknesses are part of more current examples, much Japanese foreign investment today is of this type, being directed toward the development and securing of raw materials for the Japanese market or for Japanese export industries. Further, many U.S. companies (operating under special custom law exemptions of the United States) transport high technology components to foreign plants for assembly by low-wage labor and then re-export them back to the United States or to other world markets. Favorite locations for such "cross-border" activities are Hong Kong, Taiwan, South Korea, Mexico and increasingly Colombia.

A second type of business form that has developed over the years is the international holding company (IHC). Under this form, a group of foreign companies exist as relatively independent satellites of a home office. The affiliates are oriented essentially to host country markets, tend to have similar activities but exchange little if any components or products among themselves. Often they are forced to do this due to the erection of tariff barriers whose objective is to create nationally-oriented production facilities. Examples of this are banks, hotels, and retail operations such as Sears, Roebuck. The IHC is a highly decentralized form of organization,



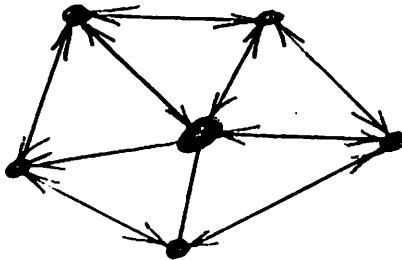
IHC

giving the affiliated companies a great deal of local autonomy and requiring that each one be a self-supporting profit center. Diagrammatically, you will note that the arrows flow both ways between the home office and the affiliate companies, but not at all between the affiliate companies. This suggests that communications technology and decision-making flow primarily between the home office and the affiliates. Normally, the home office establishes the overarching guidelines and systems of managing and operating the company, which then are implemented variously by the foreign affiliates. The variance arises from the differing demands of the host countries and the tendency of these affiliates to identify closely with the host

countries. A very large proportion of the employees will be host country nationals, although the top management positions in each of the foreign affiliates will typically be filled by home country nationals. This personnel policy is necessary in order to counteract the centrifugal tendency of local autonomy. A great advantage of this form is in allowing the foreign affiliates to respond quickly and flexibly to the demands and cultural variations of the host country.

The IHC, however, tends to keep the foreign affiliates isolated from the global economy. Much of the reason for this comes from the fact that host country economies themselves are isolated from global interchange. In order to save foreign currency, many have adopted far-reaching policies favoring local business and import substitution. Further, the close association between each foreign affiliate and the home country means that the style and systems of the parent organization usually dominate the foreign affiliates, who very often (as in the classical example) are 100% owned subsidiaries of the parent. The one-to-one relationship between the parent and the foreign affiliate also tends to bias the overall view of the parent organization toward a country-by-country approach, depriving both of an overall global perspective. The great strength of this form of organization lies in its decentralization of decision making and close identification of the foreign affiliates with the host country to a much larger extent than occurs under the classical model. Because of this decentralization, the IHC has been called "polycentric" in form.

The third and, in some ways, most advanced form of international business organization is commonly known as the multinational corporation (MNC) or enterprise. It has arisen in strength only within the last two decades, due primarily to the advances in management science and practice, the development of computers and the communications revolution of our times. Whereas it once appeared that the most scarce factor in a firm was management, it now appears that there is almost no limit to management powers. The



MNC

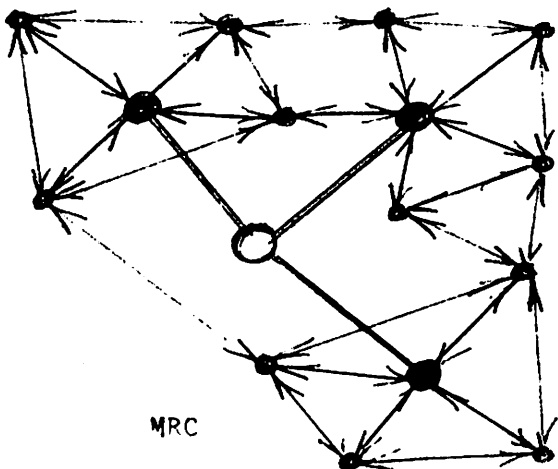
MNC appears diagrammatically as a web of relationships between the home office and foreign affiliates as well as among the individual affiliates themselves. As under the IHC form, communications, technology and decision-making flow in both directions, but there is the added factor of mutual flows among the various foreign affiliates themselves. In contrast further to the IHC, the flows of the MNC also include goods and raw materials to a large extent. There is in fact a world-wide rationalization of the production process along a few lines of goods. There is at the same time substantial division of labor between plants in the various countries, so that no country has complete possession of all of the parts or technology necessary to the production of a

particular end product. The MNC, therefore, moves close to becoming a global corporation, completely integrating all foreign operations into the one enterprise. Nevertheless, there still remains a home office and normally a dominant home country which strongly influences all aspects of the global enterprise. Examples of this form may be seen in IT&T, IBM, General Motors and Ford to a greater or less extent. It must, of course, be recognized that some divisions of these companies possess an MNC form, whereas others may possess IHC or even "classical" form. Based on the worldwide distribution of the foreign affiliates and facilities, this form has been called "geocentric" in nature.

The very formation of the MNC gives testimony to the coming of age of a global economy. At the same time, it implies the interdependence of nations and a certain loss of sovereignty. Precisely these facts have caused many states to react in fear and hostility to concentrations of power and decision making centers which are located beyond their borders and yet intimately affect the performance of their economies. Nations realize that an MNC can move its facilities (though not without some substantial cost) if the host country business climate does not suit its needs. There are cases, such as Ford in Great Britain, where MNCs have threatened to close their plants due to labor difficulties. Nations also suspect that MNCs possess an undue position of influence within their economies and are able to shift their revenues in such a way as to avoid taxes. The question for the MNC is how to maintain global integration of business operations, while at the same time honoring the needs and fears of host countries.

THE MULTI-RATIONAL CORPORATION

The increasing national and regional pressures upon the MNC raise the question of survival for the international enterprise. Can the home office or parent organization divest itself of ownership and production control and still remain a single entity for operational purposes? Obviously, this is only possible if the home office becomes something other than it has been under the prior three models of business organization. Looking behind the trends just discussed, there may be emerging a fourth type of international business organization for the post-modern world. Regional and national pressures may force



a decentralization of the MNC, such that a global enterprise must rationalize its operations and production around three or more geographical locations in the world. It would be as if the home office of the MNC were exploded into three or more geographically separated home offices, but with one coordinating center to which all the home offices report and maintain close communication. Each of these regional offices would have its own web of operational and production relationships much as does the MNC home office, but would be unified globally through certain common functions. While it is difficult at this time in history to point concretely to examples of this type of global organization, some partial examples might be

the R & D joint ventures between companies in the European Common Market, the International Trade Secretariats of various trade unions around the world, the International Monetary Fund and regional development banks such as the European Investment Bank. None of these are complete examples, but only point in the direction of what may be anticipated.

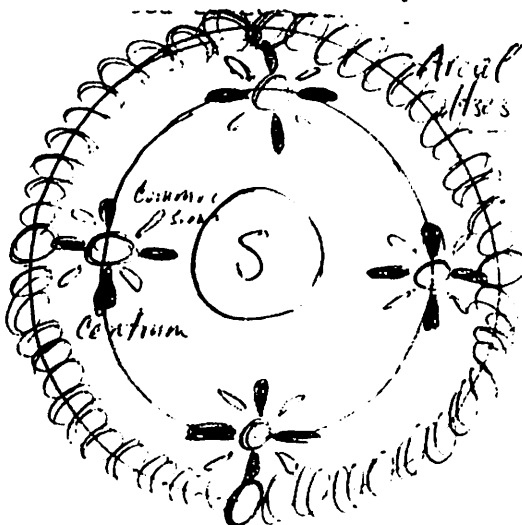
This new form of international business organization may be referred to as a multi-rational corporation, because it is based upon divergent rationalities as they appear in the several regional emphases of the company. Each region would have its own set of goals and values geared to the peculiar needs and aspirations of the peoples of that region or sphere of the world. The home office, on the other hand, would retain only limited common functions, such as management training or other specialized training, R & D coordination, basic and new systems research, minority ownership in the various regional home offices together with management and technical assistance agreements, and coordination for overlapping production and marketing systems between the various regions. Beyond this, the home office would remain symbolically the center of the company and the guardian of company style and public image. Because of the regional emphasis of MRC, it may be termed "culture-centric" in nature.

Legal Commission
March 1-3, 1974
Centrum Chicago

The weaknesses of the MRC can already be anticipated. They lie, of course, in the tendency toward fragmentation of the global enterprise as well as the likelihood of a power struggle among the various regions. Whether these weaknesses can be overcome depends to a great extent upon whether management in the home office is capable of developing a new approach to management which is based more upon mutual need and common consensus rather than upon hierarchy and purely monetary rewards. This, of course, would be buttressed by minority ownership through the home office as well as management and technical assistance contracts. It is also anticipated that the MRC would develop a global management core of its own, emerging out of the several regional management systems. While it may at first glance appear that business organization does not lend itself to such shifts in organizational methods, there are many indications here and there in the international business world that experimentation of this type is already being undertaken. For instance, the large Japanese companies utilize to a great extent a type of consensus system in their policy making. Further, many companies already have a great deal of experience on the use of management contracts. The real challenge will be in the area of management systems, which allow for company purpose and direction to merge out of the common mind of a large segment of corporate personnel, rather than being formed by a small elite and passed down hierarchically. Behind this is the requirement that business organization develop a new concept of trust that extends beyond immediate material benefits and personal gains.

GLOBAL ORDER POLITY




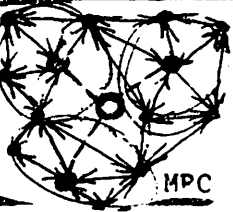
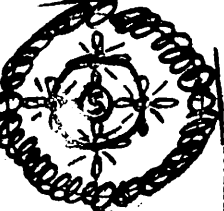
The questions raised for the MRC are not greatly different in kind than those confronted by global order polity. And yet they are different, because the global order polity will in effect be global in every respect and not limited to certain aspects of economic life or certain lines of production.



The decision making dynamic will be embodied by every structure so that hierarchical mentality and bureaucratic rigidities will give way to consensus methodologies within the context of global mission. This entails an honoring of grass roots creativity far beyond the narrow concept of representative democracy. It implies a concept of "administration" that is more style than routine and a centrum dynamic that looks more toward re-creating and honoring rather than simply executing or implementing an "existing" consensus. It also requires a symbolic activity that constantly reaffirms not only particular decisions but the entire decision-making process in every decision.

Legal Commission
March 1-3, 1974
Centrum Chicago

For this reason, it is important to consider each of the various aspects of international business operations and ask how it is that the global order polity will differ from either the classical, the IHC, the MNC or the MRC form of organization. For this purpose, a matrix is attached setting forth a series of characteristics against which each of these five forms of global polity may be compared with each other. Certainly additional characteristics could be added, and I invite you to do so in order to get greater clarity on how different global order polity will be from any existing form of business organization known today.

Traits Form	Organiz Complex	Author DecMak	Stnds. Eval.	Incentv Motivn.	Commu- icatn	Identi- ficatn	Recruit- ment	Train- ing	Stvle	R & D	Symbol	Story	Trust
 <p>Classical (Ethnocentric)</p>	Complex in Home Country	Home Office	Home Country	High in Home Office	Home Office to Subsid	Natlv. of Home Country	Home Country Natls	Task Training and Applied Sci.	Little Deviatn Allowed Bur/Hie rarchcl	Home Country has Monopy.			
 <p>IHC (Polycentric)</p>	Varied and Indepnt	Subsid- iaries	Locally Determd	Wide Variatn	Little or none among Subsid	Natlv. of Host Country	Host Country Natls	Svstems and Account- ing	Accptnc in Host Country	Home Country Domi- nence Varied			
 <p>MNC (Geocentric)</p>	Complex and Inter- depnt.	Collab- oratn.	Global Stand- ard	Reward for Loc/Wrld Objectv	Inte- grated Netwk	Interna Host Country Influ.	Best Qualfd Men	Broad Trng. Managmt Systems	Global Sophist	Home Country Coord.			
 <p>MPC</p>	Federa- ted or Confed.	Home Office Key Aspect	Globally on Meth Tech.	Bi-Level Regionly Sales Globally	Global Level for Coord.	Region	Top Quality	Broad Trng. Global Core Mgt	Sensitiv to Cult. Differ.	Multi- Centerd by Regions			
 <p>Order</p>	Global Complex Held	Con- sensus	Global Stvle Symbol Models	Global Vision	Global Netwk	Global Vision	Extensv Inter- change	Heavy on Story Stvle Symbol Method	Free Man	Widely Distrib			

III. FISCAL OPERATIONS

INTRODUCTION The expansion of program and houses has increased the complexity of the fiscal operations of the Order and Movement. It is essential to begin to bring commonality in the spheres of funds, insurance, centrum accounts, stipends, investments, and budget. The following recommendations were made.

RECOMMENDATIONS RELATIVE TO FISCAL OPERATIONS

**MISSIONAL
FUNDS
MANAGEMENT**

1. In order to hold the principle that all funds belong to the whole Order and the principle that the Order is self-supporting and the principle that all solicited funds belong to the global mission, we recommend the Global Development Centrum be assigned to raise missional funds needed and that these missional funds be managed by Global Management Centrum.

**INSURANCE
COMMONALITY
AND COSTS**

2. In order to provide adequate insurance coverage for all our houses and people and in order to minimize insurance costs, we recommend that a sub-commission be called to investigate commonizing our fire, liability, automobile, health, and dental insurance across North America and to set guidelines which might be applicable across the globe.

**OPERATIONS
CENTRUM
ACCOUNTS**

3. In order to establish common banking and operational procedures globally, we recommend that each Operations Centrum establish five bank accounts:

- a. Order Operating Account
- b. Centrum House Account (stipends)
- c. Religious House Account (stipends, house accounts, food)
- d. Order Services Account
- e. Economic Intensification Fund.

**GLOBAL
STIPEND
UNIFORMITY**

4. In order to establish symbolic uniformity of stipend globally, we recommend that the food costs, as a global variable, be dis-related from the base stipend amount and that there be established by area or whatever geographic unit necessary a gross stipend amount which, relative to the cost of living index, would effect a common global stipend.

**CORPORATE
INVESTMENT OF
ORDER FUNDS**

5. In order to enable corporate investment of Order funds, we recommend that a comprehensive investigation be made as to the various methods of currency transfer that are possible and, where transfer to the United States is inadvisable because of national restrictions, a model of distribution and accounting procedures be worked through so that, in effect, the Order funds are finally held by Centrum Chicago.

Legal Commission
March 1-3, 1974
Centrum Chicago

YEAR END
BUDGET
TRUE-UP

6. In order to more accurately account for year end budget closings and to require the budgeting of current income to pay for debts which are to be carried over to the succeeding year, we recommend that all end of year accounting reports be stated on an accrual basis; that is, items of expense incurred during the year but not yet paid must be itemized and reported as expenses for the current year and deducted from current income.

UNIFORM
SYSTEM OF
ACCOUNTS

7. In order to achieve commonality in reporting and comparison of Religious House budgets and income and expense, we recommend the establishment of a Uniform System of Accounts (or "Code of Accounts") which will define the method by which and classifications under which common items of income and expense will be reported.

ORDER
INVESTMENT
IN INSTITUTE
PROPERTIES

8. In order to accurately account for and separate amounts paid by the Order for capital investments of the Institute (for example, Religious House property purchased through payments from the sustaining budget of the Order assigned to that house), we recommend that a cash flow study be conducted to determine and identify such amounts, and that such amounts be recorded as loans from the Order to the Institute.

IV. COMMON LOCAL PROPERTY ACQUISITION AND HOLDINGS

INTRODUCTION

Numerous houses have requested practical guidelines for acquiring and operating facilities. This statement begins to suggest the tactical procedures and recommendations needed for ensuring commonality in this arena.

REAL ESTATE PROCUREMENT

OPERATING PRINCIPLES

1. The basic operating principle to be used when looking for a new facility is that it fill the need and is obtainable at the lowest possible expense. The most desirable arrangement would be one where the building is rent free with specific responsibility for utilities and building maintenance. Renting would be permissible on a short term basis during the time necessary for locating the desired facility. The second most desirable arrangement would be leasing for a specific period of time. Purchasing would be an alternative to the above only where a more equitable arrangement is possible or no possibility exists for free use or leasing. The indicative is that we continue looking, even while leasing or purchasing, for the rent free facility. Ownership of purchased property would be by an Integrated Local Corporation containing in its official name - THE ECUMENICAL INSTITUTE. Example: THE HOUSTON HOUSE OF THE ECUMENICAL INSTITUTE.

ACQUISITION GUIDELINES

2. Some basic guidelines to be used when obtaining a facility are: (a) Total cost should not exceed \$25.00 per month per family unit occupying the building; (b) Does the facility meet both program and living requirements; (c) What is the growth potential for future expansion. Before any papers are signed, a review of negotiations and the property itself should be made by the Global Prior and Management Centrum. When a piece of owned property is sold, realized profit from the sale can be used for purchasing other property where it is a matter of relocation, or placed in a floating fund designated for use in real estate transactions.

PROPERTY OWNERSHIP FORMS

ILLINOIS CORPORATIONS

1. The Illinois corporations presently in being are The Ecumenical Institute, The Institute of Cultural Affairs, and The Order: Ecumenical. These corporations should not be used to own property or to engage in other financial affairs outside of the State of Illinois because that would:

- a. Expose them to excessive liability in each location;
- b. Require them to qualify and make a financial accounting to all local and state authorities;
- c. Detract symbolically from local leadership.

Legal Commission
March 1-3, 1974
Centrum Chicago

LOCAL
CORPORATIONS

2. The organization and use of separate local corporations should be permitted only where necessary to accomplish some significant objective. Illustrative of such objectives are: (a) Obtaining exemption from real estate taxes on locally owned real estate; (b) Enabling the tax deductibility of donations to the Global Movement in countries which do not permit deduction for donation made to the United States corporations; (c) Obtaining authorization or local recognition where such would be an aid to troop deployment, visas, recruitment, etc.

INCORPORATION
CONSENSUS

3. The decision whether to incorporate local corporations should be made only with the consensus of the Religious House, Global Priors and Management Centrum.

CORPORATION
CONTROL

4. The control of local corporations should be reserved to the total Order by a contentless definition of the "member" of the corporation which is based upon Order assignment. In the case of a corporation organized to own Religious House property, the articles of incorporation should provide that the "members" of the corporation shall be the prior families who shall from time to time be assigned by the Order to that house, and that upon the termination of the assignment of any one of the priors his or her successor would automatically and immediately become substituted as a member of the corporation. The members of the corporation would control the corporation through the election of the managing Board of Directors.

ULTIMATE
OWNERSHIP

5. Each local corporation should be seen as a division of The Ecumenical Institute. The articles of incorporation should provide that, upon dissolution of the corporation, all assets shall be transferred to The Ecumenical Institute.

CORPORATION
NAME

6. The name used, in the case of a Religious House corporation, should be "The _____ House of The Ecumenical Institute." This would permit the use of the name, "The _____ House" only on the program checking account, which would enable collection of both Ecumenical Institute and Institute of Cultural Affairs program fees through the account.

COMMON
FORM

7. In order to maintain consistency in reporting to multiple local and state authorities, a standard set of corporation forms should be used, with modification only as required to conform with local law.

COMMON
APPLICATIONS

8. Similarly, all applications for federal and state tax exemption (income tax, sales tax, property tax, etc.) should follow a standard form to guarantee that all reporting and all description of objectives, activities and relationships are consistent.

Legal Commission
March 1-3, 1974
Centrum Chicago

HOUSE BANK ACCOUNTS

SUSTAINING ACCOUNT

1. Indications are that Religious Houses have found that a two bank account accounting system has proved a successful method of handling house finances. One of the accounts is used for internal house expenditure or what might be called the house operating account. The monthly house operations check is deposited in and operating expense payments are disbursed from this account. Many houses maintain a subsidiary food bank account to provide separate control on food expenses. The title and signing authority on this account necessarily depends on the local situation.

PROGRAM ACCOUNT

2. The second account is used for the program expenditures of the house. It is through this account that course fees and other program moneys are processed. By titling this account "The House" it will be possible to process Ecumenical Institute, Institute of Cultural Affairs, and Local Church Experiment local program moneys through this account as necessary. In some cases it has been helpful to require or provide cosigning authority in a representative of the metro. This allows the metro to assume responsibility for the financing of courses where this practice is possible and desirable.

LIABILITY INSURANCE COVERAGE

PROPERTY COVERAGE

1. For the sake of the mission in the long term, it is necessary that all property owned, operated or used by the Ecumenical Institute or the Order be adequately covered by fire and liability insurance. This coverage must be considered for rental properties as well as those owned by the body, and should be considered for other properties used for short-term program activities such as Week II courses. The amount of coverage should be determined by basic industry guidelines in the local area, but always in consideration of protecting the global missional thrust. Each local house needs to take immediate action on these guidelines. Centruns will investigate the future possibility of purchasing an umbrella type of policy which might provide some savings.

AUTOMOBILE LIABILITY

2. It is the intention of the Order that all cars owned and operated by Order members be properly maintained and insured to protect the individual and the corporate body from injury and legal liability. Presently, all houses are responsible to see that the cars which they use are in safe operating condition and are adequately insured for liability (at least 50/100, preferably 100/300). For the future, there are three recommendations: (a) The Order should consider paying all individual insurance expenses for cars used in the mission as a means to guarantee that all cars are

Legal Commission
March 1-3, 1974
Centrum Chicago

insured and as a way for the corporate body to participate in the care for individually owned cars which are used corporately. Since this expense is program related, it would ultimately be billable to The Ecumenical Institute. (b) The Order should investigate the purchase of a blanket insurance policy, perhaps to assume all liability above \$100,000. This would limit expense on individual policies while providing coverage for a major disaster situation. This would also be billable to The Ecumenical Institute. (c) The Ecumenical Institute should consider assigning corporately owned cars to the care of individuals for the sake of improved maintenance care and reduced insurance costs. The cars would be insured as individually owned vehicles resulting in a savings to The Ecumenical Institute which would still pay the insurance costs.

INTERNATIONAL BANKING ARRANGEMENTS

NATIONAL ACCOUNTS

1. A number of nations around the globe do not permit the free transfer of currencies, and in others there are very considerable exchange rate penalties for currency transfers. We currently have some LENS course fees frozen in Taiwan and the Phillipines because of these restrictions. In order to facilitate the collection of local program moneys and to receive and transfer earned income and stipend funds, it is recommended that at least one bank account be established in each nation where such currency restrictions are blocking the action of a house or programmatic activity. Where removal of funds is a problem, such an account can be used for internal programs within that country or for buying airline tickets or commodities for movement out of the country. (Example: The Elders Trip could buy tickets in Taiwan for the remainder of its journey.) This account would be controlled remotely from centrum with account transfers made through bookkeeping rather than physical cash transfer. If large surpluses developed in such an account, it might be possible to trade dollars with some business operating between the United States and that country.

NEXT STEPS OF RECOMMENDED ACTIONS

DISTRIBUTE DOCUMENTS

1. Present attached documents to Global Priors in March -- distribute some or all materials to all houses as the Priors decide. (J. Crocker)

PROPERTY QUESTIONNAIRE

2. Redesign property questionnaire and gather complete data from all houses in March. (A. Smith)

INSURANCE COVERAGE

3. Consult insurance specialists to establish basic standards and to design least-cost approaches to auto and property liability insurance for the whole Order. (D. Wood)

Legal Commission
March 1-3, 1974
Centrum Chicago

FOREIGN
ACCOUNTS

4. Establish at least one foreign bank account during Spring Quarter to create the basic form and procedures for doing this in all necessary countries. (R. Loudermilk)

CORPORATION
PROCEDURES

5. Design the administrative procedures for the ongoing operation of the legal structure of local corporations. (S. Hanson)

MAJOR UNINVESTIGATED ISSUES

INCOME TAX
DEDUCTION

1. Investigate the means of allowing Order members to secure partial or total income tax deduction credit for earning signed to the Order. Begin by investigating present procedures used by Roman Catholic Orders, such as The Sisters of St. Joseph. A limited solution might be to seek IRS ruling on deductions for the indirect program expenses paid out of Order funds; i.e., car expenses, telephone, printing, postage, rent above necessary living space, etc. This suggests that future income checks might be deposited to an "Order: Ecumenical" account rather than "Mrs. Joseph W. Mathews." This is an urgent issue which must be resolved in 1974 because the "Order: Ecumenical" investments will be earning \$80,000 which could be taxable without an IRS ruling. Also, the potential tax savings for houses and centrum would have a sizeable impact on present financial deficits and/or troop availability for "work-in" assignment. (S. Hanson)

TRADEMARK
PROTECTION

2. The Ecumenical Institute and the Institute of Cultural Affairs need to investigate the necessity for gaining legal protection for all copyright, trademark, corporation names, logos and certain course materials in every state of the United States and in nations around the globe. This is crucial to move on now because of the turn to the world (especially through LENS) which exposes us to the possible commercial exploitation of others by misusing our materials, or to the intentional blocking of our actions by establishing legal blocks to the use of our names in certain jurisdictions. (C. Mann)