

Labor Day Statement

On the Hundredth Year of the United States Bishops' Program of Social Reconstruction

Most Reverend Frank J. Dewane
Bishop of Venice
Chairman of the Committee on Domestic Justice and Human Development
United States Conference of Catholic Bishops
September 2, 2019

In the Gospel for this Labor Day, Jesus proclaims in the synagogue the words of Isaiah: that he, like the prophet, has been “anointed” “to bring glad tidings to the poor” (Lk. 4:18). How do we bring glad tidings to the poor today? As Pope Francis said earlier this year, “today’s tendency is toward slowing down the pace of reducing extreme poverty and increasing the concentration of wealth in the hands of a few. . . . Many do not have food to eat and live adrift while a few drown in excess. This perverse current of inequity is disastrous for humanity’s future.”¹

This year marks the 100th anniversary of the “Bishops’ Program for Social Reconstruction,” published by an early predecessor of the current U.S. Conference of Catholic Bishops.² Following World War I, the bishops recommended a series of “practical and moderate” reforms because “the only safeguard of peace is social justice and a contented people.” Today’s economy, if measured by the stock market, has the most money and wealth it has ever had, and unemployment is around the lowest it has been in fifty years. And yet, roughly four in ten Americans cannot afford an unexpected \$400 bill, and would fall below the poverty line after three months without income. More than one in five jobs in the United States is in a low-wage occupation where the median wage pays below the poverty threshold for a family of four. Real wages have been largely stagnant for decades, and workers’ share of the fruits of the economy has been declining for decades. Why does this situation persist? It is worth revisiting the “Bishops’ Program,” which presented three themes from Catholic social teaching that, as recent research suggests, may help explain the present.

1. Subsidiarity, Monopoly Power and Wage Suppression

In 1919, the “Bishops’ Program” committed an entire section to the “Abolition and Control of Monopolies.” They stated unequivocally that “human beings cannot be trusted with the immense opportunities for oppression and extortion that go with the possession of monopoly power.” The Church teaches that monopolies undermine the principle of subsidiarity, and the State has a right to intervene when monopolies obstruct development.³ The bishops have highlighted the problem of over-concentrated ownership in the context of farming, noting that although prices for food go down, it has led owners to “underpay farm workers, and oppose farmworker unionization.”⁴

New research suggests that anticompetitive behavior from employers has resulted in lower wages in many labor markets, particularly for lower wage workers. To be clear, Catholic social teaching holds wages to the standard of a just wage, which is not synonymous with a merely competitive labor market.⁵ In theory, low unemployment should raise wages, but recent research suggests that this may be offset by the increasing concentration of employers—in other words, fewer numbers of employers are employing larger shares of the labor force, giving employers greater power to keep wages down. Making matters worse, a majority of the largest franchise chains in the United States have historically used “no poach” clauses to prevent even low-wage workers from trying to get a higher wage at another franchise. Many others are subject to “non-compete” clauses that prevent them from seeking higher wages, even when proprietary information or trade secrets are not involved. State and federal law enforcement is starting to crack down on this, and there is a now vigorous scholarly debate on the over-concentration of labor markets.

How to respond? State and federal law enforcement agencies should continue working to prevent anticompetitive behavior by employers that lowers wages. Worker centers and unions can assist by keeping track of this activity and reporting it. Government agencies and lawmakers should strongly consider measures to prevent corporate consolidation from lowering wages. Business leaders should consider the effects on workers when contemplating a merger. Lawmakers, legal advocates, unions, and worker centers may wish to explore mechanisms for workers to recover wages that were lost to anticompetitive behavior.

2. The Universal Destination of Goods and Employee Ownership

The 1919 “Bishops’ Program” put its section on employee ownership next to the anti-monopoly section, and for good reason. In contrast to monopoly power, employee ownership gives workers access to the fruits of private companies, and in the best instances, gives meaningful ways to participate in management. In 1986, with *Economic Justice for All*, the bishops reaffirmed this theme, noting that “profit sharing by the workers in a firm; enabling employees to become company stockholders; granting employees greater participation in determining the conditions of work; cooperative ownership of the firm by all who work within it . . . can enhance productivity, increase the profitability of firms, provide greater job security and work satisfaction for employees, and reduce adversarial relations.”⁶ The bishops wrote that their “judgment” from the 1919 “Plan of Reconstruction” “remains valid” such that “the full possibilities of increased production will not be realized so long as the majority of workers remain mere wage earners. The majority must somehow become owners, at least in part, of the instruments of production.”⁷

Recent research has shown the great benefits of employee ownership to workers, including higher wages than otherwise comparable firms, more stable employment, more job training opportunities, opportunities to participate more in firm decision-making, better benefits, and much more wealth over the course of one’s career (this holds true for low- and moderate-income workers as well). The advantages of worker ownership are especially pronounced for young people, women, and people of color. One model for employee ownership, which can function in companies of all sizes, is called an Employee Stock Ownership Plan or “ESOP.” Tax incentives can make it very attractive for a business owner to sell the company to the workers. Companies with ESOPs have shown greater worker productivity and have greater ability to weather economic downturns.

Another model for worker ownership is the cooperative. Cooperative enterprises are expressly favored in the Church’s teaching,⁸ and the Catholic Campaign for Human Development has a rich history of helping workers form new co-ops so they can own the means by which they make a living.⁹ In fact, what is arguably the largest and most successful worker cooperative in the world was started by a Catholic priest.¹⁰ New research and startup efforts are going towards so-called “platform cooperatives,” which bring cooperative ownership to digital platforms and the gig economy.

How can Catholics encourage more worker ownership? Federal and state law-makers should continue to explore the best ways to incentivize worker ownership through tax policy and other means. Consumers can research which companies have various forms of employee ownership and can choose to support them. Business owners should consider the benefits of workers having ownership stakes in the company. Individuals and faith communities can support the Catholic Campaign for Human Development and other organizations that help workers start new companies or achieve ownership in existing ones.

3. Solidarity and Unions

Unions are a way for workers, whether or not they are owners, to negotiate for just wages, benefits, and working conditions, and to look after the rights of vulnerable workers, including those with injuries and disabilities.¹¹ Again, in 1919, years before the National Labor Relations Act, the “Bishops’ Program” asserted the “right of labor to organize and to deal with employers through representatives.” Here, the “Bishops’ Program” was solidly in line with Pope Leo XIII and his successors.¹² As Pope Francis has said, “[t]here is no good society without a good union . . .”¹³ The declining share of labor’s access to the wealth of the country cannot be explained by any one model or concept alone. Nevertheless, that story must include the dramatic decline of worker unionization rates: now, only about 10.5% of workers belong to a union,

including only 6.4% of the private sector. A complex set of policies and decisions over decades have led to the present state of things. A better arrangement will require careful and nuanced thinking in processes over time. From the Church's perspective, progress must include the expression of solidarity that unions strive to embody, as well as the respect for the priority of labor over capital, which is nothing less than the primacy of human beings over "things."¹⁴

Conclusion

As the "Bishops' Program" concluded 100 years ago, "[c]hanges in our economic and political systems will have only partial and feeble efficiency if they be not reinforced by the Christian view of work and wealth." In this view, workers and owners both have rights and duties towards each other; a business enterprise must view itself as a "society of persons" rather than a mere commercial instrument.¹⁵ As Pope Francis recently said, "[t]he new course for sustainable economic development needs to set *the person and work* at the center . . ."¹⁶ To this end, no merely technocratic policy changes will bear the fruit that is so desperately needed today. Rather, with consideration for the treasury of the Church's social teaching, let us consider "new processes" that can build up justice in the workplace over time.¹⁷ Let us then proceed as a people who, through Baptism, share in Christ's anointing "to bring glad tidings to the poor."

¹ Pope Francis, Greeting to the Staff of the International Fund for Agricultural Development, (Feb. 14, 2019).

http://w2.vatican.va/content/francesco/en/speeches/2019/february/documents/papa-francesco_20190214_fao.html

² See, "Bishops' Program of Social Reconstruction: A General Review of the Problems and Survey of Remedies," National Catholic Welfare Conference, (Feb. 12, 1919). <https://cuomeka.wrlc.org/files/original/370054457647c656264d6eb9bfd93aa.pdf> (hereinafter "Bishops' Program").

³ *Compendium of the Social Doctrine of the Church*, nos. 187, 351 (citing *Centessimus Annus*, no. 48) (hereinafter "*Compendium*").

⁴ *Economic Justice for All*, no. 220.

⁵ See, Labor Day Statement (2018). <http://www.usccb.org/issues-and-action/human-life-and-dignity/labor-employment/labor-day-statement-2018.cfm>

⁶ *Economic Justice for All*, no. 300.

⁷ *Id.* See also, e.g., *Compendium*, no. 176 ("The Church's social doctrine requires that ownership of goods be equally accessible to all, so that all may be, at least in some measure, owners..."); *Mater et Magistra*, no. 115; *Quadragesimo Anno*, no. 65; *Rerum Novarum*, nos. 46-47.

⁸ *Compendium*, no. 339.

⁹ See, e.g., Mark Pattison, "Immigrant communities abounding in the U.S. and hoping to prosper," *Crux/ Catholic News Service* (April 28, 2019). <https://cruxnow.com/church-in-the-usa/2019/04/28/immigrant-communities-abounding-in-u-s-and-hoping-to-prosper/>

¹⁰ See, Nathan Schneider, "Why are Catholics so good at creating co-ops?," *America Magazine* (Aug. 4, 2016).

<https://www.americamagazine.org/politics-society/2016/08/04/why-are-catholics-so-good-creating-co-ops>

¹¹ See, e.g. Seàn-Patrick Lovett, "Pope to Workers Assoc: Solidarity promotes the common good," *Vatican News* (Sept. 20, 2018).

<https://www.vaticannews.va/en/pope/news/2018-09/pope-to-injured-workers-association-solidarity-promotes-the-com.html>

¹² See, e.g., *Rerum Novarum* nos. 49-50; *Compendium*, no. 305; *Economic Justice for All*, no. 104.

¹³ Pope Francis, Audience with Delegates from the Confederation of Trade Unions in Italy (June 28, 2017).

<https://press.vatican.va/content/salastampa/en/bollettino/pubblico/2017/06/28/170628a.html>

¹⁴ See, *Laborem Exercens*, no. 12.

¹⁵ See, *Centessimus Annus*, no. 43.

¹⁶ Pope Francis, Message to participants in the 108th Session of the International Labour Conference (June 10, 2019).

http://w2.vatican.va/content/francesco/en/messages/pont-messages/2019/documents/papa-francesco_20190610_messaggio-labourconference.html

¹⁷ See, *Evangelii Gaudium*, no. 223.