

Bishops' Letter Faulted

Fr. Ferree, Prominent Theologian, Speaks Here about Economic Justice

"We have to re-think the whole relationship of capital and labor," said the co-founder of the Center for Economic and Social Justice, Fr. William Ferree, in a talk here Sunday at St. Paul School Auditorium.

Fr. Ferree, who has been president of Catholic universities in Hawaii and Puerto Rico and assistant world general of the Marianite order, explored Employee Stock Ownership Plans (ESOPs) against the background of the Bishops' (draft) Letter on the Economy. He said the ESOP concept was presented to the bishops but they failed to give it any more than a "throw-away" line in their draft letter. He indicated he hopes for better recognition in revision.

Focusing on a chart showing that human population increased little during most of the 6,500 years of recorded history, he cited the explosive rise in population following the gains in productivity in the medico-sanitary revolution, the Industrial Revolution, the technological revolution and the information revolution — events mostly within his lifetime of 80 years.

Talking about man's circumstances before the Industrial Revolution, he said 90 percent of the workers were required to feed 100 percent of people at that time, whereas in the United States at the present time, less than 1 percent of the population is engaged in farming, feeding everyone and producing a surplus. We shouldn't be surprised, he said, that Ethiopia is experiencing famine; we should be surprised that the world isn't.

With the Industrial Revolution, he said, came the argument that the tools of capital could not be left in private hands — the hands of the what he called "the accumulators," the landowners, the loan sharks, the tax gatherers and the professional soldiers. They lived well and built civilization, constructing monuments and acquiring jewels and poetry, because they were above the struggle for subsistence; they were the only ones who could buy the capital tools of the dawning Industrial Revolution.

But Pope Leo XIII, contrary to the collectivists whose arguments would have led to state ownership, decreed, in his Condition of Workers which became the "Magna Carta of capitalism," that ownership of capital tools belonged in private hands, with ownership to spread to the workers.

As predicted, he related, the accumulators built capitalism "in their own image" — with the business corporation as the absentee owner and the workers, even managers, as outside contractors. This, he said, is where the adversarial relationship over wages and prices began. Only "government interference," in the form of labor legislation, he argued, has kept the system from breaking down.

The ESOP deals with that adversarial relationship, engendering collaboration, even between unions and managers — "It's the only thing we can make a future out of," he concluded.

ESOPs, he explained, are typically accomplished by contract under which stock in a corporation is purchased by the workers in a loan arrangement that puts up the stock as collateral for the loan. Earnings of the corporation are used to retire the loan and acquire stock ownership for the workers, using pre-tax dollars.

He said there are now 16 federal laws to help accomplish ESOPs, adding a quote from a company owner-friend who says, "It is easier to do than not do." Fr. Ferree pointed out that a further step would be a General Stock Ownership Plan that could include everyone, including the handicapped.

Stock ownership plans, he pointed out, give the individual two sources of income — wages and profits. They now offer "a real solution for the first time in a lifetime," he declared. Without access to profits, he argued, the wage earner is a "slave." Fr. Ferree also pointed out that broad stock ownership would solve the current problem of spending "half our time" redistributing wealth.

He said the trend toward more

productivity should continue, because "human beings were not made to do animal work." But he warned that, if work is not organized right, many people will be out of work. He added that the present system of high unemployment, offset by taxing fewer and fewer workers, is causing outrage and anger.

In a question-and-answer period before the audience of about 45 persons from the community, he argued for an "Industrial Homestead Act" that would do for today's industrial worker what Lincoln's Homestead Act did for the farm worker — give him access to capital. He added that there is some effort being made to have this concept tied to our allocations of foreign aid.

He also explained how economic and social issues are of concern to theologians — in the relationship of created self to others and to heaven and earth, through love, especially through Christ.

Earlier last weekend, he spoke to the priests of the Deanery. While here, he was a guest of William A. Schirra, an acquaintance of more than 35 years and also co-founder of the Center for Economic and Social Justice.

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