

THE RIGHT OF WORKERS TO SHARE IN OWNERSHIP, MANAGEMENT, AND PROFITS

By way of opening up discussion on the subject, I would like to pinpoint the state of the question from the moral angle and to indicate the main lines to be followed by the theologian in rendering a moral judgment in concrete cases.

Since the social doctrine of the Church is elaborated out of concrete historical situations examined in the light of reason and divine revelation, it will be helpful to sketch broadly the historical evolution of the current teaching of the Church concerning workers' rights to share in ownership, management, or profits.

In elaborating her social doctrine, the Church's chief concern is the nature, dignity, and destiny of the human person. The person is created by God. He is created in God's image. He possesses an immortal soul. He is created a free and responsible individual. He has been redeemed by the sacrificial love of God's own Son. He is constantly sought after as at least a potential member of the Mystical Body of Christ, to be nurtured with the heavenly food of Christ's body and blood, soul, and divinity. He is invited to share eternally the very secret of deity with God and all of God's friends.

Therefore, every person has a unique and transcendental value. Human society and all creation is placed at his service. And the basic right to be served by creation belongs to every person whether he is born or unborn, male or female, black or white, young or old, healthy or sick, learned or ignorant, employee or employer. In all human relations, whether economic, political, or social the person must never be considered as a thing, a commodity, a mere object of someone else's regulation. He must ever remain basically spiritual, intellectual by his nature and master of his actions; a subject who is responsible for his thoughts, words, and deeds; for his daily work. This, in summary, expresses the Church's basic intuition of the human person.

Apparently no ruler of the Church has so concretely expressed the universal rights of the human person as Pope John in his recent encyclical *Pacem in Terris*.

Every man, he states at the outset, has the primordial rights to life, bodily integrity, and the means to develop his God-given powers of personality. He has a right to food, clothing, shelter; to rest, medical care, and the necessary social services. The person has a right to security in case of sickness, inability to work, widowhood, old age, unemployment, "or in any other case in which he is deprived of the means of subsistence through no fault of his own." He has a right to respect, to his reputation, and to choose his own state of life.

Culturally, he has a right to a basic education and to technical and professional training in keeping with the stage of educational development in the country to which he belongs. He has a right to seek truth, to communicate his opinions to others, to pursue the enrichments of the arts, all within the limits laid down by the moral order and the common good. "Every effort," states Pope John, "should be made to ensure that persons be enabled, on the basis of merit, to go on to higher studies, so that, as far as possible, they may occupy posts and take on responsibilities in human society in accordance with their natural gifts and the skills they have acquired."

Economically, each person has a right to exercise free initiative. He not only has the right to work, but to work amid conditions where his health and his morals are duly safeguarded. By reason of the dignity of his person, he has a right to carry on economic activities according to the degree of responsibility of which he is capable. He has the right to a living wage, a wage that enables him and his family to live a standard of life worthy of human dignity. He has the right to own property, including productive goods.

Politically, every person has the right to honor and worship God as his upright conscience dictates; to worship God publicly or privately. He has a right to assemble and to associate. He has the right to freedom of movement and of residence within the confines of his own country, and when there is good reason, to emigrate to

other countries. He has a right to take an active part in public affairs and to contribute his share to the common good of the citizens. He must never be merely a passive instrument in the social order. Moreover, he has a right to be protected in all his rights by the State.

All these rights are mentioned specifically by Pope John in *Pacem in Terris*.

We are all familiar with the social conditions of the nineteenth century, where the state refused to assume its social responsibilities and protect the rights of the person; where the prevailing philosophical theory of economics treated man more as a thing to be hired, bought or sold, rather than a true person. Communism was the revolutionary reaction which rose up to correct the inhuman system to which workers were subjected. Seeing the human person tragically degraded, and caught in a vise between the inhuman system of *laissez-faire* private enterprise on the one hand and the brutal methods of reform advocated by the Communists on the other, Pope Leo XIII spoke clearly and magnificently in defense of the rights of workers as persons. Against the Communists he defended the right to acquire, to own, and to use private property, even productive property. And against the irresponsible merchants and industrialists he reminded them that production of wealth was the fruit of the joint effort of capital and labor and that the worker was entitled to a fair share that would enable him to live according to the dignity of his person. The pope also laid the firm groundwork for developing the social responsibilities of private ownership.

Leo's encyclical of 1891, *Rerum Novarum*, came forth against a backdrop of a great deal of philosophizing about the nature of work; about the purpose of property, about the nature of value and surplus value; about who was really responsible for having produced the wealth of nations; about ownership and a share in profits.

Inspired by Leo's vigorous presentation of Catholic social doctrine, more schools of social reform began to develop, especially on the Continent. After World War I there was much agitation among some Catholic social thinkers, priests, and laymen, for a

greater share in the wealth produced. One extremist, Dr. Karl Lügner, insisted, in 1927, that it was wrong for one human person to submit himself as an employee to another person. "Every man," he said, "by nature, works first of all for himself and his family."¹ He concluded that a contract whereby one man hired himself out to another was essentially unjust.

To followers of this extreme position, as well as to Communists who allowed no private ownership of the means of production, Pope Pius XI addressed himself, almost in passing, when he issued his famous encyclical *Quadragesimo Anno*, in 1931. He declared, "First of all, those who declare that a contract for hiring and firing is unjust of its own nature and that therefore a partnership-contract must take its place, are certainly in error and gravely misrepresent our Predecessor whose encyclical not only accepts working for wages or salaries but deals at some length with its regulation in accordance with the rules of justice." However, Pope Pius had apparently been impressed by all the intense discussion over the philosophy of work, the dignity of the worker, and the great contribution made by the workers to the wealth of nations. For he immediately added, after the above passage, "We consider it more advisable, however, in the present condition of human society, that so far as is possible, the work-contract should be somewhat modified by a partnership-contract, as is already being done in various ways and with no small advantage to workers and owners. Workers and other employees thus become sharers in ownership or management or participate in some fashion in the profits received."² As for the profits, Pope Pius XI remarked, "It is totally false to ascribe to capital alone or to labor alone that which is obtained by the joint effort of the one and the other; and it is flagrantly unjust that either should deny the efficacy of the other and seize all the profits."³

These observations of Pius XI stimulated much discussion over the nature of business enterprises: partnerships, firms, corporations,

¹ For comment on the movement known as "Neue Wiener Richtung" see R. Miller, C.Ss.R., *Forty Years After*, a commentary on *Quadragesimo Anno*, Radio Replies Press, St. Paul, 1947, 76, 96ff., and 117.

² *AAS* 23, 199.

³ *AAS* 23, 195.

limited liabilities, cartels, co-operatives, etc. Their nature, purpose, and desirable structure came in for a fresh look by many Catholic social thinkers, particularly in Germany.

It was in this area of social doctrine that Pope Pius XII became particularly involved and by repeated refinements of thought, made a most valuable contribution to the development of the socio-economic doctrine of the Church.

In a radio broadcast dated September 1, 1944, while World War II was still in progress, Pope Pius XII showed particular concern over the danger of a lack of responsibility in big business due to anonymity of ownership, and declared, "where large-scale enterprise appeared today to be more productive, it ought to be more possible to improve the wage-contract by assimilating it somewhat to a contract of partnership."⁴

Then on July 14, 1945, confronted by a fresh outpouring of philosophizing about workers' rights to share ownership, management, and profits, Pope Pius XII issued a word of caution to those engaged in the great debate. "After so many years of suffering," he said, "of distress and hardship, men have good reason to expect a profound improvement in the conditions of living. Hence, these plans for the reorganization of labor, these projected structural reforms, this development of ideas concerning property and the enterprise. They sometimes appear in passionate haste and doctrinal confusion, and must be examined in the light of the inflexible standards of reason and faith. . . ."⁵

After the end of World War II, German Catholics took the lead in continuing discussions over the partnership-contract. Co-determination of enterprises by management and labor (*Mitbestimmungsrecht*) became the most talked about movement in German social reform circles. At Munich, during the 1947 Catholic Social Week, co-determination was adopted as a desirable goal of social reform by leading German Catholic social thinkers. Soon after the Munich declaration, Cardinal Frings of Cologne issued a statement in which he said, "The struggle toward a greater participation in the

⁴ *AAS* 36, 254.

⁵ "Letter to Charles Flory," *AAS* 37, 211.

responsibility of management in individual firms and the bigger corporations is a legitimate concern of present-day labor as it was in the past. It must consequently not be ridiculed or attacked but recognized as a fitting and necessary goal and, so far as it is possible, put into execution. As co-bearers and co-determining factors in the whole economic order, employees have a definite right and an honorable duty to determine jointly the general economic policy of Germany."⁶

Taking cognizance of the German drive for co-determination, in May 1949 Pope Pius XII addressed the representatives of the International Union of Catholic Employers Associations (UNIAPAC) and made a very important pronouncement about the nature of the business enterprise. "They would be wrong," the Pope said, "who affirmed that every particular enterprise is by its very nature a society, so that the relation of those who have parts to play in it should be regulated by distributive justice and that all, without distinction—whether they be owners or not of the means of production—have a right to their part of the property or, at least, to their share of the profits of the enterprise."⁷ This distinction should have put to rest, at least doctrinally, those who maintained that as soon as they got a job, they became part owners of the business; that they formed a natural society, analogous to that of the state, and that distributive justice demanded they share, regardless of their contribution, in the fruits of the enterprise. While denying that the enterprise was a natural society analogous to the state, Pope Pius did, however, several times, heartily encourage workers and owners to co-operate in the formation of a true community spirit growing out of their community of interests. "Since theirs is a common interest," he asked, "why should it not be possible to translate it into a common form?"⁸

In that same address to the Catholic Employers, Pope Pius XII also flatly declared: "Within the limits of the public law, the owners

⁶ A. B. Atar recalls these developments in his article, "German Labor Leads the Way," *The Sign*, July, 1951, 47ff. Cf. *Social Order*, Jan. 1954, article by E. A. Kurth, "Co-Determination in Germany."

⁷ *AAS* 41, 284ff.

⁸ *Op. cit.*

of the means of production, whether private persons, producers' co-operatives, or foundations, ought always to be able to make their own *economic* decisions." This emphasis on the right of management to make its own economic decisions has become a key point of Catholic social doctrine.

Four months later, in September, 1949, there came a decisive moment for the drive toward co-determination during the National Catholic Convention (Katholikentag) held at Bochum, in West Germany. The labor-management committee drafted a resolution which declared, "Catholic workers and employers are agreed that the right of co-determination for workers in social, personnel, and economic questions is a natural right in the order intended by God to which corresponds the obligation of co-responsibility for all. We demand that this right be established by law. . . ."⁹ Workers and employer groups then proceeded with fresh impetus to further the cause of co-determination through legislative action.

In drafting the resolution, the labor-management committee had apparently forgotten about Pope Pius XII's insistence on management's right to manage in regard to *economic* matters. Pope Pius XII remained adamant in protecting the natural right of ownership and management, in the making of proper economic decisions. In *social* and *personal* matters pertaining to workers and management alike, the situation was different.^{9a} The Pope had no intention of denying

⁹ In the article cited in note 6 above, Mr. Atar reports that the original draft-resolution placed the right of co-determination on the same level as the right to private property but that this section was deleted from the resolution before its final publication.

^{9a} It is not easy to determine a priori precisely what responsibilities are personal, social, and economic. In 1945, during a Labor-Management Conference called by President Truman, management drew up a list of prerogatives which they considered to be their exclusive domain, beyond the reach of collective bargaining. Labor admitted the principle that "The functions and responsibilities of management must be preserved if business and industry is to be efficient, progressive, and provide more jobs," but in the interest of "flexibility" of human relations, they refused to spell out prerogatives of labor and management in detail saying that "the responsibilities of one of the parties today may well become the joint responsibility of both parties tomorrow."

The West Germany Plant Constitution Act of 1952 does spell out such responsibilities and under the heading of *personnel*, places hiring, firing, promotions, transfers, and job reclassifications; under *social*, it lists wages, hours, rest

the natural right of workers to their personal dignity, to sanitary working conditions, to sufficient rest, to adequate protection against hazards to life and limb, etc. In such areas, workers have a natural right to assert their will to management. Similarly, in such social matters pertaining to their citizens' rights, industrial relations, social security, pension funds, racial justice, right to days of rest, right to worship, a right to have some voice in the general economic condition of the nation and so forth, workers surely have a say in management, especially if such rights should be violated. *De facto*, wherever trade unions exist, most of these personal and social rights are spelled out clearly in the negotiated contracts, including hiring, firing, promotions, transfers, job reclassification, wages, hours, pension funds, and sometimes profit-sharing.

After the Bochum resolution, Cardinal Frings came forward with a word of caution. He asked that there be more discussion between employers and employees before any legislation should be enacted.

On June 3, 1950, addressing the International Congress of Social Studies, Pope Pius XII again took occasion to keep the problem

periods, vacation schedule, vocational training, administration of welfare agencies within the plant, good conduct and order in the plant, prevention of industrial accidents and occupational diseases; and under the specifically *economic* functions of management, it lists changes resulting from serious disadvantages to a notable number of employees, shut-downs, or serious cutbacks, mergers with other plants, basic changes in the purpose of the enterprise, introduction of new methods insofar as they do not evidently correspond to or serve technical progress. Obviously, these were listed with a view to co-management. Actually, where no such agreement exists, management's right to manage in day-to-day operations and long-range planning must be maintained in the interest of efficiency and vitality of the enterprise.

Commenting on the natural right of workers to share the social aspects of management, E. Marciniak, former Editor of *Work*, wrote in 1950: "But a productive enterprise is by its very nature a social institution—the joint effort of capital and labor. The social relationship is not the exclusive right of either capital or labor to manage. There is here a parity—the Pope used this term in his June 3rd (1950) address—which makes capital and labor jointly responsible and subject to the common good. This *social* co-management is more than just advisable; it is the joint *right* of labor and capital. Nowhere has the Pope denied this right. Social co-management is concerned with industrial relations, personnel administration, wages, social services, and related matters." (Letter to *America* magazine, Aug. 5, 1950).

of co-determination in perspective by emphasizing the rights of ownership. To those who thought the wage-contract was insufficient acknowledgement of the *equality* of employers and employees, he said, "There is nothing in the private law relationships which govern the mere wage-contract which is in contradiction with this fundamental equality."¹⁰ And to those who insisted on a natural right to co-determination, he said, "Neither the nature of the work contract, nor that of the enterprise necessarily carries in itself a right of this kind."¹¹ Then, with a gesture of approval to freely negotiated contracts, he added, "This does not mean that we should fail to recognize the usefulness of what has already been done in this direction in different ways, to the advantage of both workers and owners; but by reason of principles and facts, the right which is claimed of *economic* co-management is outside the field of possibilities."¹²

So far as Pius XII was concerned, any subsequent discussion of this touchy subject was to be based on a plane of lawful aspiration rather than an assertion of natural right.

The German drive toward co-determination finally reached the stage of public law. On April 10, 1951, the West German Bundestag passed a law "giving German workers more influence in basic privately owned property than Socialist reformers ever dreamed of doing in the nationalized industries of Great Britain and France."¹³ They were granting the right to co-determination in the management and operation of the iron and steel industries and in the coal mines of West Germany.

Briefly stated, the plan called for a board of directors of eleven persons: five elected by the owners and five by the workers and a Chairman of the Board elected by the ten. Of the two groups of five, four board members would represent the owners and four

¹⁰ AAS 42, 487.

¹¹ *Ibid.*

¹² *Ibid.*

¹³ Atar, *op. cit.* The following year the Bundestag passed the Plant Constitution Act making co-determination more general for German workers while at the same time tightening up controls for management. See article by E. A. Kurth, *Social Order*, Jan. 1954.

the workers. The remaining two were required to be elected from among men prominent in public life, one chosen by the workers and the other chosen by the owners. Of the four labor members, two had to be elected by the workers of the enterprise and two more to be suggested for election by the unions. Thus the workers, but not necessarily the union itself, were given equal voice with management in all matters having to do with social, personal, and economic policy questions.

Although Pope Pius XI encouraged workers wanting to share greater responsibility in the enterprise for which they worked, yet because of pressure of the times he kept hammering away at the framework in which such aspirations were to remain lawful and fruitful. So, in addressing the National Catholic Congress (Katholikentag) in Austria in 1952, he explained his refusal to deduce from the wage-contract the automatic natural right to co-determination in ownership and management by saying, "This refusal was necessary for behind it there lies another great problem. Because the right of the individual and the family to ownership derives immediately from the nature of the person, it is a right which belongs to the dignity of the human person, and although it carries with it social obligations, it is something more than a social function."

Pope Pius XII constantly accepted the declaration of Pius XI that whereas workers had no natural right to share in ownership, management, and profits, yet they were to be encouraged in their lawful aspirations in that direction. Yet, this encouragement was mainly with reference to big corporations, where there was danger of irresponsibility due to anonymous ownership and control. In a radio broadcast of September 1, 1944, he stated clearly that in large concerns, "there should be the possibility of modifying the work contract by one of partnership."

Pope Pius XII deserves great credit for having placed the entire question of co-management in clear perspective. He first cleared the air by stating clearly that workers had no *natural* right to share in management in *economic* decisions. He thus protected the right to private property for the owners. But he admitted the lawfulness of the aspiration to share in management on the part of informed

workers. Fulfillment of this aspiration was to be determined by public law legislating for the common good or by freely negotiated contracts between workers and employers. He denied that the enterprise was a natural society of persons similar to that of the state. He denied that distributive justice demanded that all engaged in the enterprise should share equally in ownership, management, and profits. He insisted on the right to property, even productive property, by the legitimate owners. He insisted on management's right to manage in economic affairs.

On the other hand he deplored the anonymity and irresponsibility of control and direction found too often in big corporations. He praised the workers' desire to share more intimately in the responsibilities of such corporations. And for all enterprises, large and small, he constantly upheld the dignity of the human person, encouraging the formation of a true community spirit, reminding us that Leo XIII's famous encyclical not only deplored class war but warmly advocated in industrial relations, "the closest possible relationship, even friendship."¹⁴ He called for the infusion of humane feeling into all relations of labor and management. "Like the drop of oil in the watch, this human feeling must penetrate into every member, every part of the business: the managers, the supervisors, the members of the office staff, the men on the shop floor in all their ranks, from the most highly skilled to the least skilled. . . . You tread the one right road when you animate personal relationships with the sense of true Christian brotherhood. . . ."¹⁵

Pope John XXIII, in his encyclical *Mater et Magistra*, gathered together the teaching of Leo XIII, Pius XI, and Pius XII concerning the rights of workers and their lawful aspirations. He repeats Pius XI's statement that under present circumstances, it is advisable to modify the wage-contract with certain elements of a partnership-contract, in such a way that the workers would be "involved in

¹⁴ "Speech to Italian Workers," May 14, 1953; *AAS* 45, 405-6.

¹⁵ Speech to the U.C.I.D., Jan. 31, 1952. Richard M. McKeon, S.J., in his article "Should Labor Share in Management?" lists many favorable instances; *The Reign of the Sacred Heart*, Sept. 1962, pp. 2ff. Cf. *La Documentation Catholique*, 1952, col. 200.

ownership or management, or sharers to some extent in profits (*lucris perceptis*).¹⁶

Pope John expressly declares that, "We defend the desire of employees to participate actively in the management of enterprises in which they are employed."¹⁷ But with the prudence characteristic of theological science, he distinguishes between the principle and the practice, the desired goal and the limited possibilities of achievement in concrete cases. "It is not feasible," he states, "to define a priori the manner and extent of participation of this sort. Such matters must be decided with an eye to specific conditions prevailing in each enterprise. These conditions vary from enterprise to enterprise, and indeed, within the same enterprise frequently undergo sudden and profound changes."¹⁸ But the principle of responsibility and intelligent involvement worthy of the human person must always be maintained. Hence he said, "We have no doubt, however, that workers should be allowed to play an active part in the affairs of the enterprise—private or public—in which they are employed. At any rate, every effort should be made that industrial enterprises assume the characteristics of a true community whose spirit influences the dealings, duties, and role of each of its members . . . the workers should have a timely say in, and be able to make a welcome contribution to the efficient development of the enterprise."¹⁹ While emphasizing that we must "safeguard the authority and efficiency" associated with management, he goes on to say that from this necessity we should not conclude that "those who are daily involved in an enterprise must be reduced to the level of mere silent performers who have no chance to bring their experience into play. They must not be kept entirely passive with regard to the making of decisions that regulate their activity."²⁰ For Pope John, it was crystal clear that "the desire for a greater exercise of serious re-

¹⁶ *Mater et Magistra*, no. 32, America Press Edition. Cfr. text of *Quadragesimo Anno* ". . . operarii officialesque consortes fiant domini vel curationis, aut de lucris perceptis aliqua ratione participant." AAS 23, 199.

¹⁷ *Mater et Magistra*, 91.

¹⁸ *Ibid.*

¹⁹ *Ibid.* 91-92.

²⁰ *Ibid.* 92.

sponsibility on the part of the workers in various productive units corresponds to lawful demands inherent in human nature."²¹ The Pope thereby pointed up a crucial angle to this whole discussion. Admitting the lawfulness to participate, he spotlighted the nature of the "serious responsibility" involved. Obviously, workers must be educated properly to assume this "greater exercise of serious responsibility."

But what of the workers' right to share in the profits of the enterprise? If profits are taken to mean the surplus income that remains after payment of all costs of wages and production, and if they are to be understood as the rightful property of the owners of the enterprise, then there would be no further argument, so far as the Church is concerned. The social doctrine of the Church protects the right of ownership. No worker has an automatic right to share in ownership when he is given a job in an enterprise. If the profits all belong to the owners, then as a corollary, it would be certain that workers would have no right to share the profits after they have received their justly contracted wage. Here is a problem for moral theologians to settle. It is not at all evident that the profits belong to the owners exclusively.

A few years ago, Walter Reuther and the United Auto Workers made a demand for profit-sharing in their new contracts with General Motors, Ford, and Chrysler. Father Benjamin Masse, S.J., taking cognizance of the moral implications of the demand, asked the question in *America* magazine, "Has it (UAW) a right to demand profit-sharing for workers? If there is a question of moral right, a right founded in the natural law, the answer is 'no.' Workers have a right to a wage. . . . But once employers have discharged this duty they have no further obligation in justice to their employees."

Referring to the plea of Pope Pius XI to modify the wage-contract by the partnership-contract, he reminded his readers that the pope said, "We consider it more advisable. . . ." Father Masse concluded that "Employers are not morally bound to follow that advice."

²¹ *Ibid.* 93.

But is this a fair disposal of the moral right of the worker? I do not think so. The worker may have a title to a share of the profits from a source other than that of ownership. Admitting that the owner's right to private property must be maintained, the further question arises: has the worker a right, in strict justice, or at least by virtue of social justice, to something that he has jointly produced with his employer?

Pope Pius XI, in his encyclical *Quadragesimo Anno*, declared that, "It is totally false to ascribe to capital alone or to labor alone that which is obtained by the *joint* effort of the one and the other; and it is flagrantly unjust that either should deny the efficacy of the other and seize all the profits (*quidquid effectum*)."²² If it is unjust for the owners to seize *all* the profits then it certainly must be a matter of justice for the workers to have *some* of them.

Leo XIII had observed that "Capital cannot do without labor, nor labor without capital."²²

Later, in *Quadragesimo Anno*, Pope Pius XI observed that "It is only by the labor of the working-men that states grow rich." If it is by the "labor of the working-men" that states mainly grow rich, then is it right to wait for a re-distribution of national income, through taxation, to all the citizens before thinking of the workers of a particular enterprise as immediate sharers in the excess profits?

A good Marxist, of course, would argue that the profits belong entirely to the workers, making due allowance for the present intermediary function of the state. But after declaring that it would be flagrantly unjust for either *labor* or *capital* to arrogate to itself "all the profits" Pope Pius XI continued that "Capital was long able to appropriate too much of itself; it claimed all the products and the profits, and left to the worker the barest minimum necessary to repair his strength and to ensure the continuance of his class."²³ From this, some moralists might argue that the Pope is

²² *Rerum Novarum*, 15.

²³ *Quadragesimo Anno*, AAS 23, 195. Much controversy has arisen over the exact translation of the statement, "falsum prorsus est sive uni operae quidquid ex earundem collata efficientia obtentus est adscribere; iniustum omnino, alterutrum, alterius efficacitate negata, quidquid effectum est sibi arrogare." Pope John quotes this passage in *Mater et Magistra*, 76 and adds that "experi-

arguing, in context, against owners building up too much profit for themselves while leaving only the barest minimum for their underpaid employees.

John Cort, writing in *The Challenge of Mater et Magistra*, feels quite keenly that the Pope was talking about "a specific bookkeeping entry defined as surplus after the payment of wages and other obligations." He deplores some of the hazy translations of *Quadragesimo Anno* in this respect and the resultant confusion caused by these translations which soft-pedal the reference to profits as such.²⁴

Father Calvez, S.J., and Father Perrin, S.J., writing in *The Church and Social Justice*, draw an important conclusion from the statement of Pius XI that "it would be unjust to demand excessive wages which a business cannot pay without ruin."²⁵ Since the condition of the business is one of the main factors to be considered in determining a just wage, workers should be willing to assume their share of the risks of owners. They propose, as a corollary to this share of risk, that "it is not possible to claim that he (the worker) can be lawfully compensated for his contribution to production without some share of the profit, the rewards of risk."²⁶ They declare that "It is not normal that, where they who supply labor and they who supply capital are together in an enterprise, to the capitalists should go the whole of the fruit of risk-bearing and to the workers only a fixed payment, which corresponds to the payment for hire of a chattel."

ence suggests that this demand of justice can be met in many ways. One of these, and among the most desirable, is to see to it that the workers, in the manner that seems the most suitable, are able to participate in the ownership of the enterprise itself. For today more than in the times of Our Predecessor every effort . . . must be made that a just share only of the fruits of production be permitted to accumulate in the hands of the wealthy, and that a sufficiently ample share be supplied to the workingmen." (*Quadragesimo Anno*, AAS 23, 195). Revealing and disturbing statistics of the U.S. family incomes are available from U.S. Department of Labor, Bureau of Statistics.

²⁴ *The Challenge of Mater et Magistra*, Herder and Herder, 1963, 249ff.

²⁵ *The Church and Social Justice* by Jean-Yves Calvez, S.J., and Jacques Perrin, S.J., Henry Regnery Co., 1961, 293-294. We are indebted to this work for tracing much of the historical evolution of the social doctrine of the Church concerning the workers' rights to share in ownership, management, or profits. See especially Chapter XIII.

²⁶ *Ibid.* 294.

Writing to those attending the Italian Social Week in 1956, Pope Pius XII asked employers to take a new look at old ideas of payment and to improve them and "so arrange matters that the workers can more and more participate in the life, responsibilities, and profits of the enterprise; and this because, very often, they are compelled to expose themselves to serious risks when they offer their labor, as has, unhappily, been shown on many sad occasions."

The authors of *The Church and Social Justice* conclude that "a share in the profits is a fundamental requirement of any wage contract which is to conform to justice."²⁷ allowing that by free negotiation, a business may figure in its past or present profits in establishing the contracted wage rate.²⁸

Following the trend of thinking of Pope Pius XII, Pope John, in *Mater et Magistra* also singled out the medium and large enterprises as special targets for desirable profit-sharing, stating that, "In many economies today, the medium and large enterprises often effect rapid and large productive developments by means of self-financing. In such cases *we hold* that the workers *should* acquire shares in the firms by which they are employed, especially when they earn no more than the minimum salary."²⁹

CONCLUSIONS

In sketching the social doctrine of the Church concerning the right of workers to share in ownership, management, or profits, the following points appear to emerge as definite guidelines for the moralist.

- (1) Every man has a natural right to acquire, own, and use private property in conformity with moral principle.
- (2) Productive property, when privately owned, comes under the protection of this natural right.
- (3) Workers have no natural right to the ownership of an enterprise simply because they work for it. However,

²⁷ *Ibid.* 294.

²⁸ A handy digest of *Profit-Sharing, Savings, and Stock Purchase Plans* has been issued by the U.S. Department of Labor, April, 1962. Available from the Superintendent of Documents, Washington, D. C. Reportedly, there are now about 20,000 U.S. enterprises that operate on a profit-sharing basis.

²⁹ *Mater et Magistra*, 75.

- they may lawfully and laudably aspire to share such ownership. They should be encouraged in this desire, with due regard for the moral law and legal statutes.
- (4) To set up management is the prerogative of ownership. Workers have no natural right to share the economic decisions proper to management. Management's right to manage and to retain its unity and efficiency of operation must be safeguarded by moral and legal authority. However, workers have a right to aspire to share in the economic decisions of management when circumstances are favorable to such joint responsibility. This happens particularly in the case of the big corporation when workers have men sufficiently educated to share such technical responsibilities. In such cases, joint responsibility is to be freely negotiated by workers and employers.
 - (5) In some basic industries, by reason of unusual demands of the common good, it may be proper for the state to set up joint management by public law, rather than nationalize the industry or create a public utility.
 - (6) Workers do have a natural right to share in managerial decisions bearing on working conditions; decisions involving hazards to life and limb as well as the moral atmosphere in which they work. They have a right to a just wage. They have a right to be treated fairly when it comes to hiring, firing, and promotions. They have a right to insist management grant them proper rest and opportunity for public worship as demanded by their conscience.
 - (7) Workers have a natural right to share management's decisions where the public economic good is at stake. A productive enterprise, by its nature, is a social institution. Workers and employers engage in this service to society by joint effort. They are both subjects of equal dignity, achieving in a responsible manner their common tasks. Where industrial relations are concerned, where it is a matter of dealing with personnel, social services, and the overall trend of the industry as it affects the public economic good, workers have a right to make their voice heard. This right becomes more important to assert when dealing with large enterprises, where there is danger of social irresponsibility and anonymous control. The danger of anonymous control by big unionism must also be avoided.

- (8) Workers do not appear to have a *natural* right to share profits after receiving a fair wage. But they do appear to have an acquired or earned right, at least by reason of the virtue of social justice, to some share of such profits. The wealth of the corporation is jointly produced by labor and management and capital. It belongs to the economic decisions proper to management to determine how much of the profits should be distributed to stockholders; how much should be used for updating and repairing equipment; how much should be plowed back for plant expansion; how much should be budgeted for rainy days; how much should be granted to executives as special bonuses of merit. But in all these calculations of management, the rights of the workers, who are mainly responsible for the accumulation of this wealth, should not be ignored. They should have some share in the profits and they should not be the last to be thought of in the disbursement of profits. In estimating equitable shares of profits, the factors of national re-distribution of income, through taxation, as well as pension and welfare funds, should not be overlooked.
- (9) Since an equitable distribution of profits must consider many factors beyond the knowledge of the average worker, consequently there should be free and amicable discussion between responsible representatives of the workers and management in order to negotiate a fair settlement. Buying stock and other forms of profit-sharing should be encouraged.
- (10) In America, where the pragmatic approach has often prevailed over the philosophical (and often doctrinaire) approach of our European brethren, many labor-management goals desired by the social teaching of the Church have been won by free negotiation between trade unions and management. This trend should be encouraged. To rely on legislation of public law, as has been done in Germany, seems to be of dubious value here in America, and to be discouraged.

In dealing with these problems the moralist should recall the prudence of the Church in restricting its function to the proper formation of conscience, leaving the application of principle to concrete circumstances to those who by social function are burdened with working out the technical and juridic details. But above all,

instead of restricting his function to close distinctions about natural or acquired rights, about commutative or social justice, the moralist should encourage the worker's right *to aspire* to greater participation in ownership, management, and profits, while at the same time, putting equal emphasis on the worker's *duty* to become properly educated in order to assume such responsibilities that call for intelligent and equitable dealing with ownership and management.

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