

## **Pope Endorses Employee Ownership Principles Letter Consistent with John Paul II's Endorsement of Broadened Employee Ownership**

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In Pope Benedict's latest encyclical letter released in late June, "Caritas in Veritate" (Love in Truth), he endorses principles that are embodied in broadened employee ownership. In addition to the statements quoted below, Pope Benedict often refers to John Paul II's encyclical, *Laborem Exercens* (On Human Work), in which worker-owned cooperatives were endorsed.

Paragraph 40 states, "Business management cannot concern itself only with the interests of the proprietors, but must also assume responsibility for all the other stakeholders who contribute to the life of the business: the workers, the clients, the suppliers of various elements of production, the community of reference."

Paragraph 41 states, "Business activity has a human significance prior to its professional one. It is present in all work, understood as a personal action, and 'actus personae,' which is why every worker should have the chance to make his contribution knowing in some way 'he is working for himself'...there exists various types of business enterprise over and above the simple distinction between and private and public...it favors cross-fertilization between different types of business activity."

Another key reference addressing the ESOP financial model is in paragraph 65, "Finance, therefore- through the renewed structures and operating methods that have to be designed after its misuse, which wreaked such havoc on the real economy now needs to go back to being an instrument directed toward *improved wealth creation and development* (emphasis added). Insofar as they are instruments, the entire economy and finance, not just certain sectors, must be used in an ethical way so as to create suitable conditions for human development and for the development of peoples." This statement echoes the principles of providing employees access to credit and broadening the ownership of stock put forth by the father of the ESOP, Louis O. Kelso.

ESOPs have a thirty-five year record of creating wealth for employee owners without the investment of employee funds.