

03-GS-47 VOTED: The Twenty-fourth General Synod adopts the resolution “A Theological Response to Corporate Greed.”

A THEOLOGICAL RESPONSE TO CORPORATE GREED

WHEREAS, General Synods of the United Church of Christ have historically relied on government regulation to protect the common good (“Resolution Affirming Government’s Role to Protect the Common Good,” The Twenty-first General Synod); and

WHEREAS, General Synods of the United Church have repeatedly called for just economic practices of companies (“Christian Faith and Economic Justice,” The Seventeenth General Synod; “Ethical Guidelines in Labor Relations,” The Twentieth General Synod); and

WHEREAS, it is a known practice of many companies to stretch accounting practices beyond legal bounds and sound business principles in order to boost profits and inflate stock prices; and

WHEREAS, many members of corporate boards of directors have received special multimillion-dollar, low-interest loans, special consulting contracts, and other benefits, while failing to properly oversee the business practices of their firms; and

WHEREAS, many corporate insiders buy and sell stock based on confidential information not available to the general public, reaping large gains while minimizing losses, even though it is often illegal to do so; and

WHEREAS, it has been the practice of many securities firms to provide biased investment advice to clients to boost sales of the stocks they are selling through their investment banking division; and

WHEREAS, several energy firms manipulated the newly deregulated markets for electricity to bilk customers of billions of dollars, while banks made loans to shore up shaky companies and then helped firms conceal the true size of their corporate debt and the risk to shareholders; and

WHEREAS, the Securities and Exchange Commission (SEC), which was created after the 1929 stock market crash to protect investors and maintain the integrity of the stock market, has been weakened by decades of under-funding and deregulation; and

WHEREAS, President Bush, in the FY2004 budget, has proposed increasing funding for SEC enforcement, but not at a level adequate to maintain federal regulatory practices severely weakened by budget cuts in the past; and

WHEREAS, many companies have pursued a business model in which the primary purpose of a corporation is to benefit a small, select group of board and

management insiders; and

WHEREAS, some public companies have adopted weak corporate governance practices, leading to undemocratic practices, in which boards of directors and key committees of the board are not independent and operate in isolation of other key stake-holders; and

WHEREAS, the social vision of corporations is often limited to a single-minded focus on maximizing short-term gains to the exclusion of all other business goals and responsibilities.

THEREFORE LET IT BE RESOLVED, that the Twenty-fourth General Synod of the United Church of Christ calls on local congregations, associations, conferences, and the national settings of the church, as well as interest groups and institutions related to the United Church of Christ, to support the following measures that will lead to a higher standard of corporate behavior and stronger pension protections for workers, retirees, and future generations:

1. Support legislation that makes it easier for workers to diversify holdings in a company-provided 401(k) plan and that lifts restrictions on when employees can sell company stock.
2. Support legislation that would lead to just pension reform. This would include strengthening the three legs of retirement security – Social Security, employer-provided defined benefit plans (traditional pension), and employee retirement savings accounts 401(k). Oppose proposed legislation that makes it easier for companies to convert traditional defined benefit plans into simple savings plans.
3. Seek additional funding for the Security Exchange Commission, and seek SEC reforms that would include more stringent regulation of accounting and other corporate behavior, stiffer penalties, stronger authority and oversight through federal regulatory agencies, and more vigorous auditing reforms.
4. Support the licensing challenge of OC Inc. (Office of Communications, Inc.) at the Federal Communications Commission, which has called into question the legitimacy of the post-bankruptcy WorldCom's operations by citing its past history of operating outside the public good.
5. Support United Church of Christ members who work for corporate accountability with their employer and who seek a business model in which a corporation exists to benefit all its stakeholders (employees, communities, the environment, all shareholders, and the public). Support all management and workers for whom corporate social responsibility is just as important a value as corporate profitability.

6. Support legislation requiring companies to expense stock options, seek stricter laws to regulating sales of stock by directors, and advocate for policies that will decouple executive compensation from stock options and stock price.
7. Support legislation limiting the ability of companies to use offshore subsidiaries to shelter tax payments or to avoid transparency of information needed to monitor corporate behavior.
8. Seek legislation that will overhaul accounting standards.
9. Seek to extend campaign finance reform beyond the Shays-Meehan Bipartisan Campaign Finance Reform Act of 2002, and help congregations participate in national discussions on democracy to stem corporate influence in Washington, D.C.
10. Lift up existing Humphrey-Hawkins legislation requiring full employment and advocate for unemployment compensation reform that will provide higher and more lengthy benefit levels to a larger share of workers. Promote measures that will help transition workers who have been laid off in the current wave of corporate mismanagement and fraud.
11. Seek legislation to adequately fund the Federal Pension Benefit Guaranty Corporation, which is dangerously close to running out of money as the federal government has been called on to bail out unfunded pension commitments of bankrupt companies.
12. Seek and support ecumenical and interfaith partners in the implementation of this Resolution.

Funding for the implementation of this resolution will be made in accordance with the overall mandates of the affected agencies and the funds available.