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Toward Social Justice

*A Discussion and Application
of Pius XI's*

"Reconstructing the Social Order"

By

REV. R. A. MCGOWAN

Assistant Director, Department of Social Action
National Catholic Welfare Conference



Printed for the
SOCIAL ACTION DEPARTMENT
NATIONAL CATHOLIC WELFARE CONFERENCE

By
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INTRODUCTION

The guide this booklet seeks to follow is Pius XI's Encyclical of May, 1931, "Reconstructing the Social Order." A different plan of the subject is followed. The numbers interspersed through the text refer to pages in the National Catholic Welfare Conference edition of the Encyclical. Not all its teachings are included here. Not all that is here is in the Encyclical. It is hoped, however, that nothing in this booklet will seem out of harmony with that glorious document.



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PART ONE

THE REGIME AND ITS ORIGINS

I. Financial Dictatorship

PIUS XI in his Encyclical on "Reconstructing the Social Order" speaks of several different economic régimes. There was the Guild System of the Middle Ages. There was the unlimited competition of modern times that continued to our own day and in some industries still lasts. There is our present régime marked by concentrated power. And there will be, if the Holy Father's desires are realized, an economic order better than anything gone before. It will found itself in economic morality, distributed property, economic organization and government supervision. It will be a new, organized and democratic economic life.

The size of the industrial tool—spade or steam shovel, spinning wheel or woolen factory, fork or gang plow, pack animal or locomotive, strong arm or electricity—is not the thing that makes one economic régime differ from another. Nor is it the size of the market area—whether a town and its surrounding country making and using nearly everything therein consumed, or a market area that is the round world. When the tools are large and the market area vast, the problem is bulkier and more tangled and presents special conditions. But it was not essentially a different problem when hand tools produced for a village market.

One economic régime differs from another essentially by reason of human relations. There was slavery before the machine age. There was Individualism before the machine age. There was a cooperative moralized society before the machine age. There can be any of these within the machine age. Not the machine but the human beings and the human rules make the difference.

The present age is one of concentrated economic power. *Not alone is wealth accumulated, but immense power and despotic economic domination is concentrated in the hands of a few.* (P. 32.)¹ Wealth is compact. About 2 per cent of

¹All quotations in italics and page references not otherwise specified are from Pope Pius XI's Encyclical, "Reconstructing the Social Order."

the American people own 60 per cent of the wealth; 33 per cent own 35 per cent; and 65 per cent own 5 per cent.

The concentration of power is even greater. Some 200 non-banking corporations control nearly half of the non-banking corporate wealth. About 100 banking corporations control nearly half of the banking wealth.

Moreover, those few who hold the despotic economic domination *are frequently not the owners, but only the trustees and directors of invested funds, who administer them at their good pleasure.* (P. 32.) They are directors and officers who need own but little of what they dominate.

Some speak of these industrial corporations as ruled by their executives. They speak of our régime as a domination by executives who somehow have taken power without ownership. The executives know differently; for they rule usually at the sufferance of the banks. "Eight New York banks have 287 insurance directorships; 301 other banking directorships; 521 public utility directorships; 526 railroad, steamship and airplane transportation directorships; 846 manufacturing directorships. Twenty-four New York banks have 6,250 directorships. Fifteen New York banks had 1,762 directorships in 1899; 3,426 in 1913; and 5,432 in 1931. The Chase National Bank directors have 133 transportation directorships; 236 manufacturing directorships; 73 public utilities directorships; 63 other banking directorships; 82 insurance company directorships; 266 miscellaneous corporation directorships. These banks are themselves interlocked." (Address by Senator Norris, *Congressional Record*, February 23, 1933.)

For *this power* (despotic economic domination) *becomes particularly irresistible when exercised by those who, because they hold and control money, are able also to govern credit and determine its allotment.* (P. 32.) Ours is a banker-ruled society. Executives produce property returns and interest and commission on loans and build up greater financial empires for others.

Yet there is no single banking and industrial empire. Witness the Morgan-Rockefeller rivalries, though indeed there are combinations between them. *This concentration of power has led to a threefold struggle for domination.* One of these seeks *dictatorship in the economic sphere itself.* (P. 33.)

A certain measure of competition still remains even when it is only the competition of rivals for economic dictatorship.

But by and large we are a monopolistic country. We have anti-trust laws. We have also bootleggers of monopoly. "Rules of reason" and Presidential immunity long ago opened the gates. Now in an emergency we have formally set up a system of trade association combinations under government supervision.

Rival dictators and budding monopolists contend for control of government, federal, state and city, in the second phase of the *threefold struggle for domination*. They struggle to *acquire control of the State* so as to have free right-of-way and special advantages over everybody else. Anyone in public office knows this. Anyone with his eyes open cannot escape knowing. Political power becomes enslaved to the dominant economic power. (P. 33.)

In a world-wide market area what more natural than for another struggle to take place—the *clash between States themselves*. (P. 33.) There is "economic nationalism"—tariffs and quotas and rigging the money-exchange market. There is "economic imperialism"—the British, French, Italian, Japanese, Portuguese, Belgian and Dutch empires and the American empire. There is bankers' imperialism—the Chinese consortium, the Morgan Anglo-American bankers' alliance, and the bankers' imperialism of the war debt settlements. And there impends the logical outcome of this struggle of the nations—war.

Both as a result of the second struggle, to control government, and the third struggle, of governments among themselves, one evil glares: *The intermingling and scandalous confusing of the duties and offices of civil authority and of economics have produced crying evils and have gone so far as to degrade the majesty of the State*. (P. 33.) The old believers in a do-nothing government were wrong. Government has a place in economic life. But now its activity grows all the time. And not, be it known, usually and normally to protect labor and consumers, but to strengthen and enrich bankers, manufacturers and business men and to protect them from one another.

The whole economic life has become hard, cruel and relentless in a ghastly measure. (P. 33.) Hard and cruel and relentless it has surely become. The richest country in the world in the richest age in the world did not pay half its wage workers a decent living wage in the years before the crisis. Then it threw some ten to fifteen million of them

upon the streets. And every few years millions were workless in the piping pre-depression years. Farmers, also, know the cruelty of the system. Small business men know its relentlessness. Big business men know well its hardness. Bankers know its ghastliness.

The conditions of social and economic life are such that vast multitudes of men can only with great difficulty pay attention to that one thing necessary, namely their eternal salvation. (P. 40.) The inclination to do wrong is as old as Adam. But the human rules of handling economic life—the economic régime—may tempt and induce wrong or may help a person do right. For example, slavery. For example, cut-throat competition. A hard, cruel and relentless economic régime comes from hard, cruel and relentless men who are centers of contagion.

The uncertainty of economic conditions and of the whole economic régime demands the keenest and most unceasing straining of energy on the part of those engaged therein; and as a result, some have become so hardened against the stings of conscience as to hold all means good which enable them to increase their profits, and to safeguard against sudden changes of fortune the wealth amassed by unremitting toil. (P. 41.) People in industry and business live in an earthquake zone. They want thick walls of dollars to make their houses strong. They violate their conscience to build the walls thicker. Their conscience becomes sick. It dies. The law becomes their conscience and the law is dust. The very régime encourages economic immorality.

Easy returns, which an open market offers to any one, lead many to interest themselves in trade and exchange, their one aim being to make clear profits with the least labor. By their unchecked speculation prices are raised and lowered out of mere greed for gain, making void all the most prudent calculations of manufacturers. (P. 41.) The stock market adds to the uncertainty.

The regulations legally enacted for corporations, with their divided responsibility and limited liability, have given occasion to abominable abuses. The greatly weakened accountability makes little impression, as is evident, upon the conscience. The worst injustices and frauds take place beneath the obscurity of the common name of a corporative firm. Boards of directors proceed in their unconscionable methods

even to the violation of their trust in regard to those whose savings they administer. (P. 41.) The corporation's divided responsibility and the often unknown directorship of companies induce laxity.

Goods are lied about in advertisements. The lowest passions are aroused for profit's sake. (P. 42.)

The pace is set. Those who do not want to follow it must turn their backs on quick success and on the self-satisfaction of conspicuous waste and must bear up under ridicule. They must somehow be able to fight the conscienceless. (P. 42.)

Labor imitates the rest. Employers are tricksters; why not they? Employers underpay; why not underwork? Employers want shoddy work; why not make it shoddier? Employers buy poor brick; why lay brick fast or make the wall plumb? Employers treat them like cogs; why not be a clod? (P. 42.)

Employers throw men and women, boys and girls, all together pell-mell in factory and office. They, the pillars of society, do not respect the workers; why then should the workers respect themselves? (P. 42.)

The workers live in great warrens or in drab and desolate steel, coal and textile towns or in dreary dry-goods boxes in industrial suburbs. Their housing and the whole economic régime undermine their family life. (P. 42.)

How universally has the true Christian spirit become impaired, which formerly produced such lofty sentiments even in uncultured and illiterate men! In its stead, man's one solicitude is to obtain his daily bread in any way he can. And so bodily labor, which was decreed by Providence for the good of man's body and soul even after original sin, has everywhere been changed into an instrument of strange perversion: for dead matter leaves the factory ennobled and transformed, where men are corrupted and degraded. (P. 42.)

II. Individualism

What the next régime will be, no one knows. The régime that went before we know. In some industries or parts of industries, it still remains. The present is a concentration of power, domination, monopoly and economic dictatorship, exercised principally by those who control credit. Its precursor was Individualism, limitless competition.

You assuredly know . . . and you lament the ultimate consequences of this Individualistic spirit in economic affairs. Free competition is dead; economic dictatorship has taken its place. (P. 33.) This was inevitable. For unlimited competition is economic war. It decimates the competitors. *Limitless free competition . . . permits the survival of those only who are the strongest, which often means those who fight most relentlessly, who pay least heed to the dictates of conscience.* (P. 33.)

What was the nature of that Individualism which is now only a survival? First, it was *ignorant or forgetful of the social and moral aspect of economic matters. . . .* (P. 29.) It did not believe that economic life is a thing of right and wrong. It astoundingly held that if people went ahead without thinking of right and wrong when they bought, sold, borrowed, lent, hired and were hired, then everything would somehow add up all right. This was its philosophy. Many did not believe in the philosophy; that, they thought, was for the book-writers; as for themselves, they were satisfied to get theirs in extraordinary feats of individual initiative. But, astoundingly also, some actually believed in the philosophy and thought that somehow final good would come out of an accumulation of several billion acts, each of them evil. They thought that economic matters *possess in free competition and open markets a principle of self-direction better able to control them than any created intellect.* (P. 29.)

The first characteristic of Individualism was immorality, the old capital sin of covetousness.

But there is this fact to be underlined. Covetousness was counted a virtue. It molded the human rules of economic life so as to give itself free rein.

Economic life is objectively a delicate cloth. Better, it is objectively an organism, a tree, a body. If a wheat farmer grows all the wheat he can plant, care for and harvest without regard to other wheat growers and without regard to wheat consumers, he is a fool and he hurts himself and hurts other wheat growers and, sooner or later, by the harm done wheat growers generally, hurts everybody and hurts the very consumers who had at first gained by the price cuts. Or if the owners of industry take too much in profits, their goods after a time cannot be sold.

An industry is made up of its materials, its equipment and its technical ability. It is made up of the human beings

whom it engages. They work to furnish goods to the consumers and for the other purposes for which a person works. Distinct as individuals, each of them, with distinct rights, abilities and interests and with a personality that carries over into non-working life, yet they are a corps, a natural society, a unity. They speak the same language: They do the same kind of work. Their interests tie together. They should be organized as a unit.

Individualism denied this. Individualism held that every man is the enemy of every other man. He is to mulct the consumer and charge all the traffic will bear. If he is an employer he is to mulct his employees and pay the least the traffic will bear. But also every other employer is his sworn enemy. Economic society is made up of atoms, the Individualist says. A few may combine into molecules; but even then each atom in the molecular partnership or corporation is to look out for the main chance.

Individualism did another thing to give its immorality free play. *Liberalism* (the older European name for this régime) . . . regarded . . . unions of workingmen with disfavor, if not with open hostility. (P. 11.) American Individualism took the same attitude as European Liberalism, although not so intensely as did the French Revolution in its formal edict against unions. Here it has shown itself chiefly in the courts—in the old conspiracy cases, but chiefly in injunction cases. It has shown itself in illegal strike-breaking by city and state police and by the national guard.

Individualism did still another thing. *Liberalism . . . proclaimed the doctrine that the civil power is . . . the mere guardian of law and order. . . .* (P. 9.) Government was a policeman that overlooked the less glaring offenses of business individualism and concentrated on unadorned stealing and non-economic murder. It intervened only to help all home business against all foreigners, by tariffs and the like and by wars, and to help certain domestic business men by special favors. This latter, however, was considered unfair and not good practice.

As for the consumers in general, they should abide by the rule: "Let the buyer beware." As for luckless or less capable or more honest business men, they should come under the ancient rule (ancient, that is, in modern times): "Competition is the life of trade," or that other no less ancient and mysterious rule: "Business is business." And as for the propertyless

workers, they should know that the unalterable rule of free contract applies to them, standing in line at a factory-gate waiting their turn for work, with the same impartiality as to the employer who refuses their two dollar offer and suggests a dollar seventy-five cents.

This state of things . . . the wealthy . . . looked upon . . . as the consequence of inevitable and natural economic laws, and . . . were content to abandon to charity alone the full care of relieving the unfortunate, as though it were the task of charity to make amends for the open violation of justice. (P. 4.) Not unions, not laws to establish justice and common sense, but bread lines, soup kitchens and an ever swelling, ever more organized system of charity.

For *capital . . . claimed all the products and profits and left to the laborer the barest minimum necessary to repair his strength and to ensure the continuation of his class* (P. 19); and what capital claimed it could get. *The actual state of things was not always and everywhere as deplorable as the Liberalistic tenets of the so-called Manchester School might lead us to conclude; but . . . a steady drift of economic and social tendencies was in this direction* (p. 19); and the trend was in this direction all over the world. (P. 32.)

Human society appeared more and more divided into two classes. (P. 4.) Americans wish to deny the class struggle. It sounds foreign and un-American. Yet the class struggle does not begin from the workers' side. The employers wish to hire labor at the cheapest rate. For this they struggle against the employee who struggles for more money or fewer hours of work or both. His struggle may be the twitching and cringing of a lone individual. Yet it is still a part of the class struggle. The class struggle need not be organized. It need not be grasped or understood by either side. It is simply a fact of human life today.

It thrusts itself forward as time goes on. The participants become conscious of it. They organize to struggle better. They draw in allies. The struggle grows bitter. It pierces all society. All life is rent by it. It is a curtain raiser for revolution.

And a government which began with trying to do nothing finds itself *submerged and overwhelmed by an infinity of affairs and duties.* (P. 26.) It continues to help the business men. As the system grows into monopoly and concentration of power,

government is called on to help the monopolists. Witness the railroad guarantees. It is called on to try to protect little business men from the monopolists and the banks. Witness the divorce of commercial banks from industrial directorates. It is called on to try to help little business men against one another. Witness the Federal Trade Commission. It is called on to help the consumers. Witness the regulation of public utility rates. It is called on to help the farmers. Witness the present farm program. It is called on to help labor. Witness the hour laws, the minimum wage laws, workmen's compensation laws, unemployment insurance. Witness now the Industrial Recovery Act in both its business and labor phases.

All these phenomena of Individualism, except cut-throat competition, remain in an era of vast combinations which is its son and heir; and even competition has remained in some industries.

III. Destruction of the Guilds

Individualism did not exist always. It had a well-known historical origin. The present plutocracy is a normal consequence of the unlimited competition that preceded it. Individualism, on the other hand, arose by a sharp break with the preceding régime. One might even say that plutocratic monopoly is simply the maturity of Individualism and not essentially new. But when Individualism came in great sweeps that moved from one area to another until it covered the whole world, it came as a new thing.

Before it arrived there was a *highly developed social life which . . . flourished in a variety of prosperous institutions organically linked with each other.* (P. 26.) Through Individualism *social life lost entirely its organic form,* (P. 26.) its organized corporativeness. And the stages in the war that Individualism waged and won are traceable in history.

Without over-simplifying this war, the stages were two. The determining elements in each stage were also two. A change in the material side of economic life came at each stage in the battle. At each stage a spiritual change, a change in ideas, came. In the first stage the new ideas won out only in part. In the second stage the new ideas won enough to dominate everywhere.

The first material change was the Age of Discoveries and Colonization from the fifteenth to the eighteenth centuries. It

meant three things. The market area grew from the village and town and, at largest, from an intra-continental trade to something close to a world-marketing area. It meant also a greater wealth, since one area supplemented the resources of another. Finally it meant larger producing units and larger trading units to meet the greater wealth and the greater trading area. In other words, the old material element of economic life—the range of resources and trade, the type of equipment and the technique of work—changed.

Europe was the agent of the Era of Discoveries. Europe knitted the material world together in the modern age, as far as it was knitted together at all. Europe dominated the newly discovered and colonized regions. Europe thereby expanded. Rather, it exploded. The old Europe was a relatively static self-contained continent. It had built institutions to handle a village, town, small city, river valley, land highway and inland sea life to accord with its geography and its still primitive means of communication. The material basis of even a full continental life did not yet exist. Suddenly Europe was part of a world. Suddenly the small concentric spheres of its trade were cracked wide open.

Seville that had sold to Seville and the countryside now sold to Mexico City, Lima and Manila. London that had sold to the Thames Valley and the English fairs and the Low Countries and the Hansa towns sold to the James River settlements and Cape Cod.

Also the centers of balance shifted. Europe was shaken as by an earthquake. Seville, then Holland, then London—these outposts of Europe—became the center of the world, as the slide of the earth's surface left the Italian cities, the Rhine towns, the North Sea towns and the Danube towns tombs of the living dead for long years to come.

Europe had met another such twisting of its life ten centuries before when Rome fell. It had become chaos both inside the old Roman Empire and in the continental areas that the barbarians had long settled. During the intervening ten centuries Europe had been building a social system under the guidance of certain main ideas. It had not yet built fully satisfactory institutions. But it was still on its way.

The ideas were in the main these. Human beings are individual entities and have individual rights. Human beings are brothers and their rights are limited and are semi-social rights

to meet the good of others in one's own occupation and the good of the users of one's product or service. Rights and duties are matters of the moral law; brotherhood and individual dignity are matters of the moral law. Therefore, the teacher of the moral law, the one Church in which all Europeans believed, must teach the nature of these rights and duties in considerable detail and inspire lives, and people must listen, use its channels of grace, and obey. People must work out these rules of right and wrong in the terms of their own occupation and dealings. They must also do the naturally sensible thing and organize themselves as economic units to develop and enforce these rules. Further, government must help them and help the whole community.

The flowering of this attitude toward life, though the flowers had many damaged petals, was the guilds of the cities and towns. In certain areas the peasants had already moved forward to a similar organic structure against the domination of the feudal lords of whom they once had been serfs.

How was this Europe, this mistress of a new world, this changing Europe which had to adapt its old institutions to the new world-market area, how was this earthquaken continent to act now in its crisis? Was it to go ahead in the same spirit, hold to the same ideas, work them out in terms of the new kind of life, refashion the moral rules to meet the new kind of trade and production, expand the guild, and coalesce the governments so that they could do their part together in the new larger unity? It did none of these things in the crisis. It had, for some time, been corrupt; it became more so. Part of it went pagan and gloried in the social scheme of a pagan antiquity which nowhere had ever built a worthwhile social system. Whole areas in the north cut themselves off from the source of their inspiration, grace, unity and authoritative teaching. Even Spain and Portugal, newly invigorated by the final defeat of another religion and culture, tried in narrow and pagan nationalism to seize for themselves, alone, the whole new worlds of the Far East and the West whose discovery had been the very cause of Europe's crisis.

Increasingly the Catholic countries succumbed to kings and landlords or drifted into stagnant back-waters. Spain's first glorious century, and more, of colonization and social building was followed by lethargy and corruption under the iron hand of royal and aristocratic supremacy. All Europe was in tur-

moil. The bad seventeenth century went into the worse eighteenth.

The Catholic areas did not turn their backs utterly upon the old concept of a moralized, organized and governmentally cooperating social life. That remained for the Protestant countries. It remained particularly for the Calvinist denominations after the first flair of John Calvin's holy city of Geneva. Protestantism in general gave the positive impetus to modern Individualism. Calvinism became the spear-head.

An amazing Christianity was developed that put the virtues of individual thrift and industry as the crown of the Christian life and made financial success the sure sign on earth of that special exclusive predilection of God which Calvinists held was the sole means of salvation and of which they could never be sure. It encouraged individual action as against joint action. It encouraged intense preoccupation, save on Sunday, with financial success, while on Sunday a person could comfort his doubts of predestination by thoughts of his week-day successes. It taught men individual interpretation of the law of God; and where better to interpret God's law than in the means of business success, the sign of God's grace? It separated "the saints" from the sinners; and "the saints" could not unite with the sinners, could only fleece them.

English Dissenters, French Huguenots, Dutch Calvinists, Swiss Calvinists, and Scotch-Irish Presbyterians set the pace in their own countries and increasingly throughout the world. Jews, moved by their own religion and traditions and by the Ghetto separateness which they had both wished and had had thrust on them, made up the other spiritual element in the early rise of Individualism.

Individualism grew in the eighteenth century. There was concentration of wealth. There was economic immorality. Economic organization in the Protestant countries had almost uniformly been destroyed. In the Catholic countries the organization was plutocratic, exclusive and rigid. Landlordism had grown. Governments did not work for the common good.

And then in the late eighteenth and the early part of the nineteenth century another set of material changes came; the ideas of Calvinism spread the world over; and when the nineteenth century was well launched Individualism held the field. The Industrial Revolution was the new material change. It permitted an intense cultivation of the world-market and the

world's resources where the Age of Discoveries had merely plowed the sod. The machine and steam-power necessitated large units of production. The world was spinning on a new axis.

Calvinism was reinforced by Rationalism and Deism in the Protestant countries. In the Catholic countries, Rationalism became the ruling cult of economic relations and the then moribund social order was destroyed to make way for the full and free reign of individual greed. At the very time when a new material framework of life was coming into existence, *the doctrines of Rationalism had already taken firm hold of large numbers, and an economic science alien to the true moral law had soon arisen, whence it followed that free reign was given to human avarice.* (P. 42.) The French Revolution, rationalistic and bourgeois, set that pace for all the Catholic countries which earlier had been set by the Reformation and Calvinism.

On account of the evil of Individualism . . . the highly developed social life which once flourished in a variety of prosperous institutions organically linked with each other, has been damaged and all but ruined. (P. 26.)

For *at one period*, in the Middle Ages and, to a degree, in the Catholic countries in early modern times, there had existed a social order which, though by no means perfect in every respect, corresponded nevertheless in a certain measure to right reason according to the needs and conditions of the times. (P. 31.) That it perished was *not due to the fact that it was incapable of development and adaptation to changing needs and circumstances, but rather to the wrong-doing of men. Men were hardened in excessive self-love. . . .* (P. 31.) In their selfishness they *refused to extend that order, as was their duty, to the increasing numbers of the people; or else, deceived by the attractions of false liberty and other errors, they grew impatient of every restraint and endeavored to throw off all authority.* (P. 31.) *A stern insistence on the moral law, enforced with vigor by civil authority, could have dispelled or perhaps averted these enormous evils.* (P. 42). But governments in a mighty rush, sometimes after cataclysm, went the way of Individualism.

And the tremendous wealth of an accessible world, developed by the science and invention of an industrial age, fell into fewer and fewer hands. *By an inexorable economic law,*

it was held, all accumulation of riches must fall to the share of the wealthy, while the workingman must remain perpetually in indigence or reduced to the minimum needed for existence. (P. 19). Human society appeared more and more divided into two classes. (P. 4.)

The first, small in numbers, enjoyed practically all the comforts so plentifully supplied by modern invention. The second class, comprising the immense multitude of workingmen, was made up of those who, oppressed by dire poverty, struggled in vain to escape from the straits which encompassed them. (P. 4.)

The capitalist economic régime . . . with the world-wide diffusion of industry, has penetrated everywhere. . . . It has invaded and pervaded the economic and social sphere even of those who live outside its ambit, influencing them, and, as it were, intimately affecting them by its advantages, inconveniences and vices (P. 32); and nowhere more glaringly than in our own country which was born of English and Dutch Calvinist Individualism and English Cavalier landlordism and which came of age in the era of Deism and Rationalism.

PART TWO

A FIRST PURPOSE OF ECONOMIC LIFE

IV. The Good of All and Each in Living Conditions

Individualism establishes as a first purpose of economic life that all wealth in resources and equipment and all human economic ability exist for each individual to control and use with little or no regard for others. In its benigner moments, Individualism maintains that it works out to final good. We know now that this is false. Free competition, good when limited, *i. e.*, when not utterly free competition, could not properly direct economic life. *This has been abundantly proved by the consequences that have followed from the free rein given to these dangerous individualistic ideals.* (P. 29.)

The benigner purpose of the Individualist rationalization, transferred from a remote future to the immediate and continuous present, is a first purpose of economic life. *For then only will the economic and social organism be soundly established and attain its end, when it secures for all and each those goods which the wealth and resources of nature, technical achievement, and the social organization of economic affairs can give.* (P. 25.) And while period differs from period in ability to produce and therefore the standard of living must vary from period to period, *these goods should be sufficient to supply all needs and an honest livelihood, and to uplift men to that higher level of prosperity and culture which, provided it be used with prudence, is not only no hindrance but is of singular help to virtue.* (P. 25.)

In our own period economic life should give all and each a standard of living that is high, because the wealth and resources of nature and technical achievement are on the highest plane the world has ever seen. That does not mean equally high standards for all. Absolute equality within single countries or over the world is not necessary for the purpose to be realized and it would violate in other ways individual rights and the common good. Absolute equality is not in question. What is desired is that use of the materials, resources, equipment and technique to produce, and that distribution of the product which will give all a high standard of physical and

mental living and help toward a high standard of moral and spiritual living.

The final aim is *the perfect order which places God as the first and supreme end of all created activity and which regards all created goods as mere instruments under God, to be used only in so far as they help towards the attainment of our supreme end.* (P. 43.)

Here is a whole philosophy of economic life. It is as remote from "hard, cruel and relentless" domination or from universal cut-throat economic warfare as it could possibly be. It states that resources, equipment and ability exist for all as well as each and for each as well as all. Communism glorifies the "all" and forgets the "each." Individualism glorifies the "each," makes a few gigantically wealthy and financially so able to satisfy desires that even Gargantua would be surfeited, and forgets the "all."

Implicit here is an idea of the extraordinary importance of the common good and of each individual. At the root is an idea of what a human being is and what the human race is. It is based on the conviction that a man holds the dignity of humanity because his body possesses a soul which is undying and that this combination of body and soul needs other persons if he is to live at all and live properly. Out of his native dignity and his no less native necessity of social life comes the purpose of the economic part of life.

The economic part of life is both individual and social; it follows the individual-social nature of human beings. Economic life is a composite of relations which, to be sound, must preserve the dignity and importance of each individual and the dignity and importance of all individuals. Out of this double idea grows both the purpose of economic life—to give all and each the high standard of living they need for physical, mental, moral and spiritual strength and development—and the human rules to accomplish the purpose.

Christianity reinforces the universal concept of individual dignity, and societal necessity and dignity, and adds new elements. The individual is given new dignity by being a counterpart of the human nature of Christ, by being the sole object, as it were, of the redeeming death of Christ on the cross, and by the resurrection and reward, or punishment, of the body. Society is given new dignity by the entrance of Christ into the human society; by His death for all as well as each; by the

spiritual union, the society, that He created between God and the glorious in Heaven, those still being purged and the militant on earth; and by His resurrection.

The basic dignity and importance of each man and all men was never, in fact, understood enough to be the mainspring of economic society until it was reinforced and added to by Christ's birth, as man, and His death upon the cross for all. The old pagan world was essentially individualistic. The ancient Jewish world lived apart. And when the Christian world split, Individualism came again and nowhere more flagrantly than among the Calvinists who had decided that Christ died for a few. The few were themselves, blest in Heaven and blest with this world's goods; as for the rest of men they were damned to eternal fire, and, if there was any justice, damned to poverty on earth.

If both the common good and the individual good make up the purpose of economic life, then three conclusions seem to follow immediately. One is that whatever rights exist in economic life must look both to the individual good and the common good. A second is that a social organization of economic life must exist in some form so to produce and distribute that the individual and the common good are both cared for. A third is that society as a whole must be organized to help attain the same end.

V. Distributed Ownership

Resources and equipment have to be owned by some one, some group, organization or society, society as a whole. They cannot be uncontrolled. The title to their use and to the returns from them, as work is applied to them, has to rest somewhere. Otherwise, anyone who came along, if he were strong enough to get it and hold it, could seize a thing and use it against all comers. There would be utter anarchy.

The system or systems of ownership adopted must meet the test of the good of each and all—the individual good and the common good. At the present, one system predominates and almost holds the field. It goes by the name of private ownership, but it is really concentrated and absolutistic control by credit power and by the minority of owners. A relatively few are owners in city industry and trade, wherein the central control of economic life rests; still fewer are in con-

trol; and their control is almost absolute. They can use the resources and equipment as they wish; and since human work needs resources and equipment to produce the commodities and usually also the services, they have been able within limits to use human labor as they have wished.

This régime has been highly satisfactory to them. It is relatively satisfactory to the lesser holders of stock who do not administer that which they own shares in, but who, with fluctuations, get returns and have the right of sale of their certificates. It is eminently unsatisfactory to the rest of the population.

It is unsatisfactory to the rest of the population because it does not meet a primary purpose of economic life and of the resources and equipment. For, in the social unity of mankind, wealth and resources exist for the good of all; and *the goods which the Creator has destined for the human race* (p. 16.) must stand under a system of ownership that serves the purpose of all and not the purpose of a few only.

If private ownership is to remain, it must be a new form of private ownership that will meet the demands of the common good. It must serve the purpose of human beings to live physically and mentally well and morally and spiritually well so that they will give greater glory to God here and so that the undying part of them will give greater glory to God when the body and soul separate.

It is not that concentrated ownership is essentially unjust, any more for that matter than slavery is essentially unjust. *The system itself is not to be condemned. And surely it is not vicious of its very nature.* (P. 32.) It is rather that, normally, concentrated ownership becomes absolutistic. It does not serve the common good, as human beings are fashioned. *It violates right order whenever capital so employs the working or wage-earning classes as to divert business and economic activity entirely to its own arbitrary will and advantage without any regard to the human dignity of the workers, the social character of economic life, social justice and the common good.* (P. 32.) It functions that way today.

The first inclination a person has when he decides that absolutistic and concentrated ownership does not serve the purpose is to think of alternatives. One is distributed and socialized personal ownership. The other is no ownership, whatsoever, in the means of work. Another is a division of the field

between socialized, distributed personal ownership and public ownership.

Certainly under any circumstances personal ownership to fulfil its social purpose, the good of all, has to be a socialized personal ownership. There is at all times *a two-fold character of ownership*. (P. 17.) It is *individual or social accordingly as it regards individuals or concerns the common good*. (P. 15.) This is true also of public ownership; rightly it is social with an individual slant. Rightly, also, private ownership is personal with a social slant. In fact to deny "the social and public aspect of ownership" and thus deny the purpose of the things owned is essential to Individualism and to its heir, the new economic dictatorship.

The final reason of personal ownership of resources and equipment is that such ownership is necessary if the dignity and importance of the individual is normally to be assured. The alternative to personal ownership is absolute and complete social ownership. That may serve the good of a fictional "all"; but the individual and his family become swallowed up in the community and become subject to the rulers of the community. They have no refuge. The representatives of the community (whether they are representatives of a real majority or not) rule a man and rule his family, politically and economically. They are policeman and judge. They are employer and merchant. Any divergency from the community's standard or the politicians' standard means rebellion. Normally a person would be both political subject and economic slave.

And yet the emphasis must be laid upon the social character of ownership; and means have to be found to make that emphasis actual. The reason for such emphasis and for the imperativeness of means to make the social character of ownership a living thing is precisely the reason why personal ownership should itself exist. Personal ownership is such a source of strength that unless it exists the community swallows the individual. But unless it is a socialized personal ownership, a few individuals swallow the community.

There is no implication that a certain measure of community ownership is wrong. Indeed by reason of the very purpose of resources and equipment, which is the common good as well as the individual good, certain forms of resources and certain types of equipment are so important to the community, and personal ownership of them gives individuals such tre-

mendous power over the community, that there is no common-sense alternative to public ownership. *Certain forms of property must be reserved to the State, since they carry with them an opportunity of domination too great to be left to private individuals without injury to the community at large.* (Pp. 35-36.) Under industrialism the number of the resources and types of equipment, which are so important to the common good that the community as a whole cannot let them out of its hands, is far greater than in a handicraft system of production and communication. Compare, for example, the importance of electrical power and all the purposes to which electricity is put with the myriad resources and sources of energy that formerly were employed to do inadequately the work that electrical power now does.

The test for knowing which properties should be publicly owned is pragmatic. Which of them can not be entrusted even to socialized and distributed personal ownership? And the difficulty in applying such a test today is that socialized and distributed personal ownership does not exist in industry. The temptation is always strong, because of the omnipresent evils of concentrated and absolutistic ownership, to say that more and more property ought to be owned by the community. But if a community followed that line of action it would still have to socialize and distribute the remaining personal ownership; and if it went too far in community ownership it would oppress the dignity and importance of the individuals who are, after all, the community, and would thus defeat its own desires. There seems but one adequate method. It is to proceed with both types of action—socializing and distributing personal ownership and, where such is seen, beforehand or immediately, in a certain few cases to be ineffective, to establish community ownership and, as experience shows, add or not add, as the facts demand, further installments of public ownership. But the emphasis and the preference should be given to socialized and distributed personal ownership.

Distributed ownership is necessary for the same reason that personal ownership itself is necessary. All the arguments for personal ownership are arguments that it should be widespread and the habitual possession of the common man. For if ownership is not distributed, the power that the few owners possess is so great that one purpose of ownership—the good of all—will not be obtained. *Not every kind of distribution of wealth*

and property amongst men is such that it can at all, and still less can adequately, attain the end intended by God. (P. 20.) So is it at the present time.

The immense number of propertyless wage-earners on the one hand, and the superabundant riches of the fortunate few on the other, is an unanswerable argument that the earthly goods so abundantly produced in this age of industrialism are far from rightly distributed and equitably shared among the various classes of men. (P. 21.)

This is the aim which Our Predecessor urged as the necessary object of our efforts: the uplifting of the proletariat. (P. 21.) The phrase "uplifting the proletariat" does not bring out the full force of the Pontiff's thought. It is rather the redemption of the unpropertied—redemption from their lack of property by their obtaining property. *Wealth, . . . constantly being augmented by social and economic progress, must be so distributed amongst the various individuals and classes of society that the common good of all, of which Leo XIII spoke, be thereby promoted. In other words, the good of the whole community must be safeguarded. (P. 20.)* And unless property is distributed, *let nobody persuade himself that the peace and tranquillity of human society can be effectively defended against the forces of revolution! (P. 22.)*

In 1919, the Bishops' Program of Social Reconstruction stated: "The full possibilities of increased production will not be realized so long as the majority of the workers remain mere wage-earners. The majority must somehow become owners, or at least in part, of the instruments of production. They can be enabled to reach this stage gradually through cooperative productive societies and copartnership arrangements. In the former, the workers own and manage the industries themselves; in the latter they own a substantial part of the corporate stock and exercise a reasonable share in the management. However slow the attainment of these ends, they will have to be reached before we can have a thoroughly efficient system of production, or an industrial and social order that will be secure from the danger of revolution."

In 1920, the Pastoral Letter of the American Hierarchy stated the same principle and amplified it. "This recommendation is in exact accord with the traditional teaching and practice of the Church. When her social influence was greatest, in the later Middle Ages, the prevailing economic system was such

that the workers were gradually obtaining a larger share in the ownership of the lands upon which, and the tools with which, they labored. Though the economic arrangements of that time cannot be restored, the underlying principle is of permanent application, and is the only one that will give stability to industrial society. It should be applied to our present system as rapidly as conditions will permit."

The workers' rise to ownership is still to be accomplished. And the idea *calls for more emphatic assertion and more insistent repetition on the present occasion because these salutary injunctions of the Pontiff (Leo XIII) have not infrequently been forgotten, deliberately ignored, or deemed impracticable, though they were both feasible and imperative.* (P. 21.)

VI. Income

The virtue that impels action for the common good is called social justice. The virtue that impels the even-handed and strict giving to every man his due is called commutative justice. Both forms of justice apply to the distribution of income.

At present the sole income of nearly all the unpropertied is their wage or salary. Under a system of distributed property ownership, wages and salaries would not preempt the field of interest.

The first rule on wages or salaries seems one of strict, or commutative, justice. *The wage paid to the workingman must be sufficient for the support of himself and of his family.* (P. 23.) This is the doctrine of the living wage. And while it is right for others in the family to work in the farm home or in the husband's small store or workshop, it is not right for mothers and children to work in big industry. The father should get a wage or salary large enough *to meet adequately ordinary domestic needs.* (P. 24.) The Bishops' Program of Social Reconstruction antecedently supplements this as to women. They have the minimum right to a wage "adequate to decent individual support."

The reason in both cases is that their work is their sole means of meeting their basic needs; and their dignity and importance as human beings forbid their being compelled to work for less. The man's normal basic need is family support. The woman's normal basic need is individual support. This is a

minimum wage; but the Bishops' Program added: "Those women who are engaged at the same tasks as men should receive equal pay for equal amounts and qualities of work."

A second rule qualifies the living wage doctrine but in qualifying it makes it clearer and ultimately surer. *The condition of any particular business and of its owner must also come into question in settling the scale of wages; for it is unjust to demand wages so high that an employer cannot pay them without ruin, and without consequent distress amongst the working people themselves.* (P. 24.) If a business cannot pay a living wage, then, with qualifications, it need not for the time being.

Two reasons would make it impossible for an employer to pay a living wage. One reason is his own fault and is no excuse. *If the business makes smaller profit on account of bad management, want of enterprise or out-of-date methods, this is not a just reason for reducing the workingmen's wages.* (P. 24.) Another reason is not his own fault; it is because the business is overwhelmed with unjust burdens, or because it is compelled to sell its products at an unjustly low price. The unjust burdens might be excessive taxes or tariffs. The unjustly low price might be due to cut-throat competition or monopolistic oppression. Then *those who thus injure it are guilty of grievous wrong; for it is they who deprive the workingmen of the just wage, and force them to accept lower terms.* (P. 24.)

In both cases a kind of action should be taken that will be only mentioned now. *Let employers, therefore, and employed join in their plans and efforts to overcome all difficulties and obstacles, and let them be aided in this wholesome endeavor by the wise measures of the public authority.* (P. 24.) What is meant is cooperation of management and labor to overcome the bad management, the want of enterprise, the outgrown methods, the unjust burdens and the unfair prices; further, what is meant is the cooperation of government with them to cure the evils of the company or the industry.

If they fail then they must counsel together in a spirit of *mutual understanding and Christian harmony between employers and workers whether the business can continue or whether some other provision should be made for the workers.* (P. 24.)

A third rule is one of social justice in behalf of the common good. It is the rule that such a scale of wages and salaries should, if possible, be set up as will offer to the greatest number *opportunities of employment and of securing for themselves*

suitable means of livelihood. (P. 25.) It is the rule that wages and salaries should be set *with a view to the economic welfare of the whole people.* (P. 24.)

Employment and unemployment depend a great deal upon the wage scale. *All are aware that a scale of wages too low, no less than a scale excessively high, causes unemployment.* (P. 25.) In a particular industry the wage scale might be so much higher than other wage scales or other forms of income that the industry could not sell its product. In one country, the wage scale might be so much higher than that of other countries that there is unemployment when there is reliance upon foreign trade.

In the tremendous wealth of the United States and its great reliance upon the domestic market and in the tremendous weakness of the workers, not excessively high wages but excessively low wages and the excessively low salaries of the lesser salaried workers is one of the major causes of unemployment. That fact has become a commonplace now. It was not a commonplace back in 1919 when the Bishops' Program of Social Reconstruction, arguing for higher wage rates generally, said: "The large demand for goods which is created and maintained by high rates of wages and high purchasing power by the masses is the surest guarantee of a continuous and general operation of industrial establishments."

The reasoning underlying the idea is simple. The product has to be sold. Productiveness is tremendously large. The products are standardized products and not delicate hand-wrought luxuries. They have to be distributed widely. Wage and lesser salaried workers make up a large part of the population. If their income does not bear a direct ratio to the increased production, then these standardized quantity-production goods will not be sold at home. And if profits are large, the profit-takers cannot consume their money-share of the product and, because of their money and because they want more profits and power, they build more productive equipment to produce still more goods which they cannot use and which they will not let others have enough money to use. The goods will not sell abroad indefinitely because the home country does not want to take indefinite amounts of foreign goods in exchange and because other countries are competing for the same foreign markets. A temporary mirage-prosperity can be built, like a movie set, through loans to domestic installment buyers

and through credit to foreigners. Trying to pay back the loans exposes the false-front.

A reasonable relationship between different wages here enters into consideration. (P. 25.) For if an upper group of wage workers takes so much that other wage workers live on a low standard, then the goods produced are not sold and unemployment results.

Intimately connected . . . is a reasonable relationship between the prices obtained for the products of the various economic groups: agrarian, industrial, etc. (P. 25.) Price parity also must prevail if the goods are to be sold. The low price of farm products relative to industrial products for a decade and more has kept farmers from buying their proportion of the industrial product and has been a major cause of the depression. What is tragically true of agriculture is true likewise in the price relations between one industrial product and another.

The same principle of parity between wages and production and parity among the various wages, applies equally to hours of work in general and to the hours of different groups. Because of the gigantic development of industrial resources, equipment, and technical and managerial ability, a drastic reduction of hours is necessary to give every one work. As general purchasing ability increases, however, hours should increase. On the other hand, as productivity increases still more, hours should decrease. The test goes back to the purpose of economic life—that standard of living (of which leisure is a part) for all and each which the resources, the equipment and the technical ability can give.

What developments future increased productivity can allow in standards of living and leisure no one knows. Certainly, high standards of food, clothing, shelter, leisure, and the comforts and amenities of life are now possible for all. Certainly high standards of leisure, culture and spiritual growth for all are also possible. And as productivity grows, vistas of a still higher welfare for all open up which now can only be dimly seen.

The "all and each" who are to receive the high standard of living are not simply those who come under the sovereignty of the United States. The "all and each" are the people of all the world. The people of the United States cannot for their own safety, cannot in charity to others and cannot in their

obligation to promote the common good of all the world rise in comfort and leisure except as the comfort and leisure are reflected, to a degree, in higher standards for other peoples. For the interdependence of the peoples requires that the problem be solved by international growth and not exclusively by national growth and action.

One result of establishing parities between wages and production and between hours and production, and of establishing parity among prices would be a reduction of the returns to property both in the interest rates on loans and bonds and in dividends on preferred and common stock. It could not be otherwise, so long as the lending and owning class is separate from the working class and is a minority. More has to be paid to workers, as such, if the goods are to be bought. A minority of owners cannot consume the mass production commodities; high mass production demands high consumption by the masses. Even if there were no class division and the workers were in large part the owners, still the regular distribution of high wages and salaries would be necessary for the regular distribution of a regular production.

Yet there is an anomaly in trying to distribute in the form of wages and salaries enough money to buy up the product. Who knows beforehand what the product will be? If wages and salaries are to move along with the increased product and if the quantity of production is unknown, all that is possible is a good guess at the wage and salary rate and then distribution to workers at the end of stipulated periods of an additional amount to represent increased productivity.

More specifically, *by the principles of social justice one class is forbidden to exclude the other from a share in the profits.* (P. 20.) Here is condemned the aim of some of the working people and of certain theorists who say that all returns belong to labor. But it is the practices of the owners and especially the dominant credit and owning class that are condemned. The "common good," social justice, is the standard of measurement. *The distribution of created goods must be brought into conformity with the demands of the common good and social justice.* (P. 21.)

There is another criterion of the socially just wage. It is that the wage should be high enough to permit savings and ownership. *Every effort . . . must be made that at least in future a just share only of the fruits of production be per-*

mitted to accumulate in the hands of the wealthy, and that the workers receive sums sufficiently ample so that by thrift they may increase their possessions and by the prudent management of the same may be enabled to bear the family burden with greater ease and security, being freed from that hand-to-mouth uncertainty which is the lot of the proletarian. (P. 22.) By "proletarian" is meant the unpropertied worker. The common good demands that *wage-earners of all kinds be enabled by economizing that portion of their wages which remains after necessary expenses have been met, to attain to the possession of a certain modest fortune.* (P. 25.) The *wage-earners of all kinds* are both the wage-earners and the salaried employees.

All this would seem to assume a permanent wage contract modified only to the extent of a gradual growth in ownership through the difficult process of thrift alone. But the wage contract should itself change into a form of partnership. It should change not because it is essentially unjust for a person to work for wages for another. The partnership contract is not the only just contract. But *in the present state of human society, . . . We deem it advisable that the wage-contract, when possible, be modified somewhat by a contract of partnership. . . . In this way wage-earners are made sharers in some sort in the ownership, or the management, or the profits.* (Pp. 22-23.)

The Bishops' Program of Social Reconstruction in 1919 advocated copartnership as one means of distributing ownership. A more novel elaboration of the idea is presented by the International Union of Social Studies (a group of Catholic theologians and economists) in a proposal that is tied up with wage payments due because of the greater prosperity of industry, or, in the terms here used, due to the greater productivity of industry. It is found in their Code of Social Principles.

The proposal is that the sum due to the increased prosperity (productivity) can be determined and paid at the end of a period and paid, not in money, but in equities in stock. The money would be used to buy out capital stock. In its stead there would be issued a new kind of "labor stock" in the concern. This would slowly but surely result in the cancellation of all capital stock and the destruction of all absentee ownership. Industry would be owned by the persons engaged

in it, not in equal shares of ownership but with ownership held, nevertheless, by all.

The Christian Labor movement in Italy, before the Mussolini revolution, proposed a logical further development of the idea. When a person holding "labor stock" leaves a concern, the option for its purchase should belong to the persons at work in it. The organizations of the workers would exercise the voting proxies of their members until through development the system became a complete cooperative.

There should be a progressive decrease of the return receivable by property alone. Property is entitled to a reward in proportion to the services of its owners. But as mere owners their service is small. It is the service of supplying those who work with means of work by past savings. Certainly all the variable returns of an industry or concern are not due them. Probably a permanent two per cent return is enough to pay them for their service. The rest of the possible returns of an industry should go in reducing prices so as to establish parities in all prices and to give a special reward to those who work, from the directors and executives down through the whole body of workers.

PART THREE

PARTIAL MEASURES

VII. Collective Bargaining

When a person faces the problem of how income and ownership can be widely distributed, he faces instantly a double problem. One is how to obtain part of the purpose when the forces fighting the purpose are entrenched in power. Even by revolution only a part can be obtained immediately. If one rejects revolution, all that is sought is a gradual accumulation of partial results until final victory comes. The second problem is how to make the partial victories actual means to the complete achievement of victory.

If a person seeks common ownership of practically all the means of production and distribution, his partial victories and immediate partial accomplishments can hardly have a relation to his full victory. A small measure of government ownership may not at all lead on to universal government ownership; it may simply clarify the situation and put an end to arguments for full Socialism. The social legislation that Socialists in common with others seek has no direct relation to the building of a Socialist society. In fact the Socialists who ask for a measure, only, of government ownership and the ordinary range of protective labor legislation have usually abandoned all thought of complete Socialism. The Communists, sticking to a program of complete Socialism, have no illusions that partial victories are steps toward their complete program. They, however, are always put to it to make the immediate demands, and still prove that they are not putting these forward as mere battle cries of discontent and arguments for the revolution, while people suffer.

When a right distribution of income, a right distribution of hours of work and a right distribution of wealth (with whatever measure of government ownership is necessary) is the aim, then partial victories are real victories and actual steps toward the final goal. For example, increases in wages, even if only in relation to the cost of living, and more so if they are in relation to the increased productivity of the country, are real gains. In fact partial victories become the only wise

victories, since they alone can give the experience needed to use fuller victories wisely.

In a class society, such as is created by Individualism and such as attains to maturity in the present domination, the first, normal and necessary method for wage and lesser salaried workers is the labor union. They must obtain power. Singly they are weak. It is their weakness as lone persons that has given so many of them less than living wages, kept wages from increasing in relation to productivity, kept them from sharing equitably in the returns of industry, and prevented their rising to ownership. Their weakness has made possible the present concentrated income, wealth and power of the few.

Unionism is the plainest commonsense. The workers are unpropertied. They do not own things to work with; others own and control the means of work. As for them, they have their ability to work. The owners need their labor to put the means of production to use. If they each go singly for jobs and pay, the owners can pit one of them against the other. They must work, for that is the only way they can live. They must hire out their labor. As lone individuals they are so weak that they are not free men at the moment of getting employment or afterwards. Only by joining together with others, and in fact with all others who can do the work available, are they free men able to determine that their wage or salary and their hours will meet the purpose of economic life and their own dignity and importance in the scheme of things.

Workingmen's associations should be so organized and governed as to furnish the best and most suitable means for attaining what is aimed at, that is to say, for helping each member to better his condition to the utmost in body, soul and property. (P. 11.) The aim is to make actual the good of all and each in economic life. The unions should exist and their method of organization and rules of action should be so fashioned as best to attain the end.

The same liberty must be claimed for the founding of associations which extend beyond the limits of a single trade. (P. 28.) One reason is simply that if the people of one trade or of one industry are to control their labor in that one trade or industry, they must control not only the supply of workers who are actually in the industry but all who might enter it. And another reason is that unless there is a parity between

the wages and salaries in all branches of work, then one group may rise for a time, only to fall later through the impact, for example, of unemployment due to the low incomes of others. The only way to attain such parity is by the organization of all and the inter-relation of the various organizations.

In the past twenty years a great many labor organizations have been formed within single business corporations. Almost uniformly they have been organized by the employer and thereafter, for the most part, controlled by him. They have been formed almost always to avoid dealing with an effective labor union. These organizations are called company unions. The name fits them.

Being company unions, they cannot meet the employer freely. He hires whom he wishes and fires whom he wishes. The employees do not control their own labor because they do not control all the employer's available labor. They can all quit his employment or he can discharge all of them. In either case he can usually find substitutes. The labor "market" is not divided off by single companies. Their organization is. It is, therefore, essentially inadequate.

The officials of the company union are employees of the company. If they talk too freely to the employer about wages or hours or about any condition of the work, they can be discharged or otherwise penalized. It is doubtful whether they will even talk freely; for they know that someone else holds the pencil that can check them off the pay roll.

If they may talk freely, it is rare if they can talk capably in behalf of wage increases or decreases of hours and marshal their arguments with information, intelligence, strength and tact. Not everyone can do that. The company union limits the range of choice of representatives. They must all be found in the single company. Men and women are needed who know outside wage conditions; but to learn that they must know how to use libraries and read statistics and how to talk with and write successfully to numberless scattered and often obscure persons over the country. They must know how to formulate the information in terms of the particular company. They must possess the gift of parrying and thrusting in the round-table conversations with the executives of their company and with the lawyers, public relations counselors and statisticians whom the company employs. They must be strong without being belligerent. They must be tactful with-

out being weak. Such qualities the company union must find in its own narrow circle.

Such extraordinary persons are never just found; they are developed. In the company union plan they are to develop in the environment of each and every company. They are to develop under the watchful eye of executives who promote and demote, put on part time and on full time, hire and fire. The chances of such men and women appearing and growing to the stature of good negotiators are slim. They will soon either learn which side of their bread has butter on or learn that neither side has butter.

The company union is a trick, a green-goods game. A labor union must be a union of labor and not a union of a few laborers who happen to have gotten jobs in one company. That does not mean that all workers are to be lumped together, indiscriminately, without regard to trades or industries in one organization. It does mean that whatever the divisions, they cannot be organized effectively on a smaller basis than a whole trade or a whole industry and it means that all the separately organized trades and industries must be closely federated.

Sound unionism requires also that the union administer itself. It should choose its own officers. These officers should in important positions be free of any or all the employers in the trade or industry. They should therefore receive their living from labor.

Sound unionism requires that the union have a treasury. If the negotiation comes to a deadlock, then the union must be free to tell the employer that the men do not accept those terms of work and will not work. To do that successfully, the union must usually be able to support the workers until the company comes to terms. The company must know that the union has such power.

Or consider the common enough case of particular companies that cannot pay a living wage because of reasons detailed above—bad management, lack of enterprise or out-of-date methods, unjust burdens from without the company, or unfair prices for the company's products or for the whole industry's products. If the evils exist within the single company alone, a company union must find men among its own number able enough to point out the evils and suggest improvements in management and methods. The union must

then be strong enough to insist upon the improvements. Otherwise the case goes by default and the employees, unjustly treated by inefficient employers, have no way of getting the barest minimum of justice. They succumb.

Or if it is outside burdens and unfair prices that prevent the company from paying a living wage, then the single company union is as ineffective as the single company in nearly every type of case. Perhaps the cause of the low prices is the low wages of other unorganized or company-organized workers.

The remedy for the default cannot be administered at all by the employees. They merely accept. The normal remedy: *Let employers, therefore, and employed join in their plans and efforts to overcome all difficulties and obstacles, and let them be aided in this wholesome endeavor by the wise measures of the public authority* (P. 24) is impractical if the company union is the sole agency.

Existing bona fide labor unionism in the United States consists of the unions in the American Federation of Labor, the four engine and train brotherhoods on the railroads and a few other unions, notably the Amalgamated Garment Workers. They seek to organize all the workers in a trade or industry. They administer themselves. They choose and pay their own officials. They negotiate through trained negotiators. They store up a treasury for emergency purposes.

If the defects in these unions are not so irreparable as to require that they be scrapped and other unions built in their place, the logical thing for every wage worker and every lesser salaried worker is to join them. Where there is no union now for a particular trade or industry, the logical thing is to organize a new union and then federate with other unions as closely as is necessary to meet the facts. If the existing unions are wholly defective, then the logical thing is to scrap them and build effective organizations.

This is not only a right. It appears to be a duty. The duty is based in the necessity of unionism as the first normal means of making economic life meet the purpose God intended for it.

A man with a family is obliged to take care of his family. They should have all the goods they need for a good physical, mental, moral and spiritual life. He should give it to them. The union is a necessary means of his giving it to them. He is obliged to use all the necessary means of living up to his duty.

If there is not a wide distribution of the production of industry, there will be unemployment. He may be one of those unemployed. The family will then suffer, whether or not they go on the charity rolls when unemployment comes. The union is a necessary means of increasing wages and decreasing hours in relation to industrial productivity.

If he has not a family, normally he should marry and rear a family. If he is the exception, he is still obliged to use the normal means of avoiding unemployment. Moreover, he is obliged not to do anything that will hurt others who have a family. If he works for less than a family wage and for less than enough to provide the safeguard against unemployment, then he is hurting others by his competition. He is unfair to them.

The same stands true of the whole range of labor's rise to participation in profits, management and ownership, to the fair distribution of profits and to the equitable and widespread distribution of ownership.

The tragedy is that there are certain glaring defects in the American labor unions. Some are defects of practice. Some are defects of structure. Some are defects of spirit, reflected in practice and structure.

There is graft and racketeering in certain local unions. Excessive salaries are paid to certain national officials who tend to perpetuate themselves in office. It is hardly enough to excuse such practices by saying that these are common faults of American life from which every American institution will suffer. The excuse is true but not satisfying. Nor is it enough to excuse the fraternal order and religious factions in the unions by saying that these reflect American customs. Nor is it enough to grow philosophic about machine-made elections and excessive salaries. And it is not enough to point out the obvious truth that there is less graft and racketeering in labor unionism than in politics or business, less fraternal order and religious discrimination in labor unionism than in politics, less machine-made voting than in fraternal orders or in politics, and a smaller number of excessive salaries than almost anywhere else. For the fact is that any of this is too much in a type of organization that should be different.

These evils are publicized. In certain cases, for example, of racketeering, what is ascribed to a labor union is not the action of a labor union at all. Yet the evils exist.

The real reason for these evils is not that the unions are reflecting American vices. The reasons lie elsewhere. One is that the unions have not fully reflected the American needs of labor. And the other is that American conditions handicap unionism. One reason is inside the unions. The other is inside American labor. The two reasons interact on each other.

American labor unions are too loosely confederated and the unions are predominantly too narrowly subdivided by trades. Excessive subdivision by trades and looseness of confederated action seem the main structural defects. They are organized for the most part after a model molded in the eighties. At that time there was a labor union organization, the Knights of Labor, which tended to bulk together skilled, semi-skilled and unskilled. Strikes were frequent and their success was not marked. The skilled trades found themselves handicapped by carrying along the unskilled who had none of the bargaining strength of scarcity of skill to help them. Skilled unions began to form separately and to federate, but so loosely that their separate strength as skilled workers would not be diluted in negotiations or strikes by the unskilled and semi-skilled.

That pattern of unionism is followed today with a few exceptions. It is followed when, far more than in the eighties, the American manual worker is predominantly in the non-skilled trades. The skilled unions try to extend their theoretical jurisdiction to include the non-skilled workers in their general line. But the difficulties still remain. To organize, for example, the automobile industry on the craft union basis, a huge number of unions each claiming a jurisdiction over workers, some of whom really follow the trade while others follow an infinitesimal part of it, are required all to cooperate. But the separate unions are not accustomed to cooperating so closely and the skilled workers are not accustomed to thinking of automatic workers as members of their trade, which they are not. And so the unions have thus far fumbled around, talked of what they were going to do and plan, and then never have done it.

They have, it is true, the burden of organizing people of many nationalities and languages, although this, through immigration quotas, is being lessened. They have, it is true, the burden of carrying unionism to the Individualist farmers who for three decades migrated in large numbers to the cities. They

encounter the vast reaches of a fluctuating and often sparsely settled continent. They have to face concentrated wealth and the still greater concentration of power in the hands of the banks. But the structural defect still remains of great importance. It has to be cured if the problem of American employees is to be met, and all and each obtain the living to which they are entitled.

The structural defect grows out of a defect in spirit. For the fact is that no part of labor can rise very far above the rest without being sooner or later dragged down. The skilled trades thought and still, to a degree, think that they are strong in their own right. If for no other reason, they are dragged down by unemployment unless the rest rise. Or they are dragged down by the competition of the others. In the exclusiveness of their pride in their apprenticeship and trade they hope to save themselves, alone, and, as a second thought, perhaps by the sheer weight of their better wages and hours lift all the rest. Instead the weight of all the rest has been a millstone.

Moreover, the limited program of higher wages and shorter hours does not meet the needs of the working people. Such a program keeps labor in a subordinate class. The claims of capital upon the whole varying returns of industry, the claims of owners or, more exactly in big industry today, the claims of the minority of owners and the creditors who control industry, and the chasm between them and the propertyless are part of labor's problem. These are not confronted by the wages-hours program.

Yet outside the range of their defects they are good organizations. They do good work. Their leaders are, in the great predominance, honest; and they are able men within the limitations of the movement. The logic of the case is for every wage worker and every lesser salaried worker to join his appropriate union and, when there, fight for the aims of the union, which, within the limits of their defects, are his aims, and fight also for a change in program and structure to make them complete.

Probably less than 15 per cent are now organized. It is a first necessity that all workers organize.

Still other groups of employees than the automatic workers and the unskilled have gone almost untouched by organization. One group is the clerical workers and sales workers in

stores. While they work usually for what is called a salary, the conditions of their work and the amount of the salary put them in the same general group as the wage workers. They have with much consistency avoided unionism although, with whatever modifications are necessary for their somewhat different conditions, they need it every bit as much as manual workers. Their wages and steadiness of employment are often at about the level of lower paid factory workers.

An increasing number of them are women. The growth of clerical and sales work in the twenty-five years before the depression was phenomenal. It opened up positions peculiarly fitted to women and girls and changed the make-up of American labor.

These sedentary and genteel types of work induce among workers a type of mind that does not lend itself to the collective bargaining and activity of the union. When so many in these occupations are women and girls contemplating departure from gainful work by marriage, the difficulty of organizing them is the greater.

As for the men in these types of work, they often contemplate promotions to the executive positions that have become so numerous. Large numbers among them, both men and women, hold a special responsibility and are in the confidence of their employers. Membership in unions seems to them out of the question. And yet their first interest is at a point that requires unionism for its protection. Probably, however, they will not effectively organize until the rest of labor becomes much better organized.

The executives and technicians, beneath the rank of the direct representatives of the employers, need organization as well. They are employees even when they are overseers, as the lesser executives are. Their rightful place is in the labor movement.

Necessary for labor, organization is necessary for the employers too; they need organization to prevent cut-throat competition among themselves both in labor conditions and in prices. But, more directly to the issue of the distribution of income, they need organization to work out with organized employees those wage and salary scales, for example, which will give the living wage, the maximum employment wage and those hours of work that are proper to the industry. They need organization to protect themselves from unjust demands.

They need organization to work out the inefficiencies in their industry and to relieve it from unjust burdens.

There should be thorough organization of both employers and employees in every industry. Then, within the limits of the class division, they should meet together, make collective agreements to fit whole industries or subdivisions of industries and settle by peaceful methods and agreement disputes that arise over the terms of the contract. In a branch of the clothing industry another custom has arisen of having an impartial arbiter who decides disputes over the terms of the contract that cannot be settled without an appeal.

And yet collective bargaining faces a seeming dilemma. If employees are to share equably in the productivity of industry itself and rise to ownership, the danger is strong of their dividing themselves and losing a united consciousness of common interests in whole industries and trades, and thus weakening or destroying collective bargaining. Productivity and profits vary from company to company and from industry to industry. As an employee class, not responsible in any formal way for production, they can do nothing about this even when the material elements, as they often do, permit a narrowing gap between the profits of one industry and another and one individual concern and another. Ownership itself adds another element of division. One person would own more than another. The whole system of high basic wages and salaries might be broken down by a greater interest in profit-sharing and employee ownership.

The dilemma seems part way resolvable within the limits of collective bargaining. The solution lies in a policy regarding profit-sharing and employee ownership that will require employees to turn over the profit-share and stock equities to the trusteeship of their union. For example, a collective contract is established requiring a certain wage rate and a certain share of the profits at the end of every year. The union will supervise the whole contract to see to it that the employees actually receive their honest profit-share. The contract will also include the provision of the Code of Social Principles regarding the profit-share being paid in equities in capital stock. The union will be the voting trustee of its members' equities throughout the whole industry. Right of sale of the stock will be limited, even to the point of the individual's giving a perpetual option to the union, exercisable when he leaves the in-

dustry or trade, the union binding itself to be the agent of resale to working members, only, of the industry or trade.

Yet this proposal assumes a number of things. It assumes organization of the employees throughout a whole industry, including the clerical workers and those executives under the rank of direct representatives of the employers. It assumes that all share in the profits in the same proportion in relation to their contribution to the industry and concern, as determined by their actual salary and wage. It assumes a strong and united labor movement in which all elements will be cohesively marching toward the same goal. Moreover, the chief executives should themselves be brought into a profit-sharing plan.

It assumes also a new spirit among employees both as to their rightful position in economic life as to ownership, and as to actual willingness to share in the responsibilities of the whole administration of economic life. It assumes a spirit of close comradeship among them.

What is more, if collective bargaining alone is to secure this, two other things seem needed. The government will not be a passive onlooker. It will either help or hinder or perhaps even prevent such a forthright plan of shifting the ownership and control from a few, largely outsiders, to the many actually at work. Indeed, to secure it at all and certainly to secure it peacefully, the government must help.

Second, the employees in their unions must face the problem of how they can make profit-sharing honest. To accomplish that they must be equipped with the power and the ability not only to examine the books but must grow to the position of joint administrators of industry itself. For the logic of properly distributing income and ownership leads to the control of the productive process itself from which the income is derived and in which the ownership is centered.

Collective bargaining about wages and hours alone implies simply obtaining good terms for an inferior class. But collective bargaining about profit-sharing and ownership-sharing implies that the members of the inferior class think of themselves no longer as a subject class but as a rightful partner in all economic life.

The necessity of organizing in industry is true of other occupations. (P. 13.) It is true, particularly, of farming. Not only should farm laborers and farm tenants be organized, after

the manner of the class organization, but farm producers should be organized along the lines of their separate commodities or closely allied groups of commodities. A farmer is, at once, a producer, a marketer and a seeker of credit. He may be a good producer and wrest from the soil rich crops. But then when he goes to market he meets a thing wholly different from his ordinary life. A commercial atmosphere hangs over everything. However shrewd, he is a Moses at the fair. He meets a world unknown to him. It is a vast central market moving, in part, at the behest of material facts and human forces originating thousands of miles away and, in part, at the behest of great processors' organizations that he, a lone individual, cannot match. He must for his own safety be part of an organization strong enough to meet, at least in part, the vast network of forces that fix the prices of the crops he has toiled over and from which alone he lives.

VIII. Legislation

In the discussion of the living wage and certain of the barriers in its way and in the discussion of the union as a means of surmounting these barriers, it was indicated that government action of some sort was necessary and should be employed. This cut directly across the accepted dictum of Individualism carried over by its heir, the present domination. If government action is needed to help secure the living wage, then it may be needed for other things.

The proper range of government action is wide. The State is not a mere policeman. *The civil power is more than the mere guardian of law and order.* (P. 9.) It is not a mere umpire of the battle royal of cut-throat competition. *It must strive with all zeal "to make sure that the laws and institutions, the general character and administration of the commonwealth, should be such as of themselves to realize public well-being and private prosperity."* (P. 9.) It is not rightly the slave of the new dictators. *The state . . . should be the supreme arbiter, ruling in kingly fashion far above all party contention, intent only upon justice and the common good, . . . not a slave, bound over to the service of human passion and greed.* (P. 33.)

The duty of rulers is to protect the community and its

various elements; and in protecting the rights of individuals they must have special regard for the infirm and needy. (P. 9.) For the rich do not need government protection so much; their wealth protects them. *"The mass of the poor have no resources of their own to fall back upon and must chiefly depend upon the assistance of the State. And for this reason wage-earners, since they mostly belong to that class, should be especially cared for and protected by the government."* (P. 10.)

Government action has its dangers. Perhaps the greatest of all today is that the new domination will use government not alone to help itself against business rivals here and abroad, but also to subject further the home population, or large elements in it and prevent them from using either economic power or legislation to grow toward the realization of the full purpose of economic life. A still greater danger is that under the guise of legislation beneficial to the workers, compromises may be agreed to that would cut the ground away from any hope of real advance. The situation is the more dangerous because normally those who hold economic power control in the long run the legislation. So far from being a cure-all, legislation, by itself, can do very little when the economic power in the community is as concentrated as now. Economic power among the propertyless workers must itself grow and must advance with legislation.

Yet legislation is necessary. The solution of the dilemma seems to lie, first, in a growth of economic organization apart from government and, second, in making the unions of the working people and the farm cooperatives partners in the administration of all legislation that directly concerns them. At the present *social rulership, . . . in violation of all justice, has been seized and usurped by the owners of wealth. This rulership in fact belongs, not to the individual owners, but to the State.* (P. 35.) Yet their rulership over society will overcome the political rulership in spite of all laws unless there is growth in social power by the unpropertied and the farmers in the organizations. In fact the unpropertied must rise *en masse* to participation in ownership, the final source of economic power, or the economic power of the few will remain the real social rulership of the community. Rising to ownership is, however, a matter of growth. Unionizing and using both the union as partners in administration of labor laws and the farm cooperatives in the farm laws are immediate steps. If taken,

they will moderate the dangerous but necessary progress of legislation.

The danger is all the greater because the legislation needed is so far-reaching. Now after Individualism has run its course, and domination and mass production have revealed their internal contradictions, and domination has shown itself so hard, cruel and relentless and has usurped social rulership, organization alone can hardly win out without legislation. If it does win, it will do so through long and protracted and bitter strikes, through bloodshed and riots, and perhaps through revolution. Legislation must itself temper what may easily become the private war of organized labor and organized capital, a private war that may then become a civil war. Government is, rightly, the representative of the common good and its function extends both to obtaining it by positive action and to preventing its being ultimately obtained (or not obtained) by wrong action.

Much of the legislation will have to issue from the federal government to meet national problems. Indeed some of it will originate in international conferences in the new economic interdependence of the world. The problem of local government becomes therefore acute. But when economic organizations are used as the partial administrators of the laws and are raised to the dignity of public institutions and arms of government, then the underlying purposes of local self-government can be cared for, in part, by the economic organizations.

Government has a relation to property ownership itself. A purpose of ownership is the common good—the good of all and each. Owners are in duty bound to take the common good into consideration. Government is *to define in detail these duties* (p. 17) of owners in relation to the common good. Some of the obligations are clear in the divine and natural law. Some are special applications so that the common good will be made the rule. *Provided that the natural and divine law be observed, the public authority, in view of the common good, may specify more accurately what is licit and what is illicit for property owners in the use of their possessions.* (P. 17.) For *“the defining of private possession has been left by God to man’s own industry and to the laws of individual peoples.”* (P. 17.)

There is much latitude here. It is true that *“the right to possess private property is derived from nature, not from man;*

and the state has by no means the right to abolish it, but only to control its use and bring it into harmony with the interests of the public good." (P. 17.) But the form that personal-social ownership takes and the rights inhering in it are to meet the common good, and the common good is a matter of right and wrong in a certain environment. *History proves that the right of ownership, like other elements of social life, is not absolutely rigid. . . .* (P. 17.) Many forms have existed in the past. The problem is to accomplish that form of personal-social ownership (remembering that public ownership also is necessary) which will meet the good of all and each here and now.

"The State may not discharge this duty in an arbitrary manner." (P. 17.) Personal-social ownership must be kept intact. *"Man's natural right of possessing and transmitting property by inheritance must remain intact and cannot be taken away by the State from man."* (P. 17.) It is unlawful for the State to exhaust the means of individuals by crushing taxes and tributes. (P. 17.) *It is a grievous error so to weaken the individual character of ownership as actually to destroy it.* (P. 16.)

However, when civil authority adjusts ownership to meet the needs of the public good it acts not as an enemy, but as the friend of private owners; for thus it effectively prevents the possession of private property, intended by Nature's Author in His Wisdom for the sustaining of human life, from creating intolerable burdens and so rushing to its own destruction. It does not therefore abolish, but protects private ownership, and, far from weakening the right of private property, it gives it new strength. (Pp. 17-18.) The absolutistic form it has taken has created intolerable burdens. The institution is, in fact, rushing to its own destruction. And legislation is needed to save it and make it an instrument for the good of all and each.

Free competition and still more economic domination must be kept within just and definite limits . . . under the effective control of the public authority, in matters appertaining to this latter's competence. (P. 34.) The tradition of the country has been, until recently, to put only the limits of outright theft upon either competitive business or monopoly, save in the public utility field, while there the valuation accepted has meant excessive rates.

The whole program of labor legislation dealing with the protection of life, health, strength, housing, work places, wages and dangerous work and with the special protection of women and children (P. 10) comes under the functions of government. Special helps of government to work out a living wage for all are in its province. (P. 24.)

Certain forms of property must be reserved to the State, since they carry with them an opportunity of domination too great to be left to private individuals without injury to the community at large. (Pp. 35-36.) Public ownership still can be successfully fought by being called Socialism. In fact *just demands and desires of this kind contain nothing opposed to Christian truth, nor are they in any sense peculiar to Socialism.* (P. 36.)

At this stage in the discussion it is possible to indicate only certain limited types of legislation which look almost exclusively to the question of distribution of income. The new Industrial Recovery Act, particularly, requires consideration of another element, the element of production, before its place in the scheme of things is seen.

To work out these legislative principles in terms of American conditions and needs, such a program of legislation as this, granting its decided gaps, seems to meet some of the requirements:

I—To care for the unemployed:

Increases of the federal relief fund to help the states and cities care for the nationally created problem of unemployment.

Further federal public works, beyond the three billion amount, so as to stimulate business and employment.

II—Social insurance and protection of organizations:

Uniform state laws providing unemployment insurance and old age pensions and administered by the trade associations, the labor unions and the government so these will be more effectively administered and with less violation of human freedom and with encouragement to economic organization.

State laws, like the new federal law, limiting the handicaps to labor unions and labor union practice set up by the injunction policy of courts.

Very high taxes on large incomes, excess profits and

large inheritances with corresponding reductions in other forms of taxes so that taxes will fall upon those best able to pay.

III—The extension of the Industrial Recovery Act to include the regulation of stock structure and profits, this provision as well as the labor codes to be administered by boards composed of the trade associations and the unions under the supervision of the government.

IV—Further experimentation with the present farm law, seeking to establish a parity of prices between farm products and other products, and the strengthening of the relations of government to the farm cooperatives in the administration of the law.

Farm and home mortgage moratoria and public refinancing of them at low interest rates.

V—Valuation of public utilities for rate-making purposes at original cost. Public ownership of all major electric power sources.

VI—Mutual insurance of bank deposits by the banks.

It must be kept in mind, however, that such a program of legislation is open to several very serious objections. Assuming that each particular piece of this program of legislation has nothing wrong with it, still it is palpably a piecemeal and partial attack upon a gigantic and unified problem and by its very limitations can go only so far and then only in remedying particular problems. In so doing it also "submerges and overwhelms" government with "an infinity of affairs and duties" even though, under the program, government devolves a considerable amount of the administration upon the economic organizations, the trade associations of the employers, the unions of labor, and the crop cooperatives of the farmers.

PART FOUR

ECONOMIC LIFE AN ORGANISM

IX. The Good of All and Each in Work

The problem as thus far stated is this: How to attain a main purpose of wealth, equipment and work, the giving to all and each all the goods they need for a good physical, mental, moral and spiritual life. How to attain a distribution of income that will follow this purpose through the payment of living wages to all, through the payment of the maximum employment wage, through proper parities in wages and prices, and through labor's sharings in profits. How to attain that distribution of ownership itself and that measure of public ownership which will meet the common good. How to use the chief methods, organization and government, to attain the right distribution of income and wealth. (This stands over and above the character, desires and spirit of the men and women who make up the organization and the government.) How in the long run to put the emphasis upon organization.

But certain elements are not included at all in such a statement of the problem and so far have only been briefly touched.

The statement of the problem emphasizes distribution of the income after the income is produced. It emphasizes distribution of the ownership of the means of producing the income. It considers organization and government as agencies toward accomplishing a proper distribution. Implied here is, however, another element of central importance that makes the whole problem of attaining the purpose of economic life appear in a new light.

The maximum employment wage, the wage parities and the price parities assume another fact of economic life. They assume the interdependence of person and person in each line of production and service, the interdependence of all the lines of production and service and the interdependence between the occupations and the consumer. They assume a quasi-unity of economic life. For, *where this harmonious proportion is kept, man's various economic activities combine and unite into one single organism and become members of a common body, lending each other mutual help and service.* (P. 25.) The prob-

lem of actively directing something that is veritably a social organism, a *truly social and organic body* (P. 23), for the good of all and each is moved to the forefront.

Working life reveals itself, thus, as an organic union of its members around their work and their means of work. It reveals itself as a union for the common good. It reveals itself as a humanly directible thing for this human purpose. Here is something to be considered not solely from the angle of distributing its product for the good of all and each, but from the angle of it itself directing its own internal life as an organic body of human beings who interdependently use the resources and the equipment, with a hitherto unmatched technique, to work and produce goods and services for the purposes, here and hereafter, of all their brothers and each of their brothers.

Here is a concept of an order, a system, an objective interdependence of human beings in social-economic life. *Order . . . is unity arising from the apt arrangement of a plurality of objects . . . and true and genuine social order demands various members of society, joined together by a common bond.* (P. 27.) Compared with this attitude an essential vice both of Individualism and the new domination shows itself. For they destroy the objective and natural social unity, order and system of the human beings who make up each line of economic life and all of it together, and they further destroy the unity that binds each line of production and service and all of them together to the consumers of the product or the service.

For the proper ordering of economic affairs cannot be left to free competition alone. From this source have proceeded in the past all the errors of the "Individualistic" school. This school, ignorant or forgetful of the social and moral aspects of economic matters, teaches that the State should refrain in theory and practice from interfering therein, because these possess in free competition and open markets a principle of self-direction better able to control them than any created intellect. Free competition, however, though within certain limits just and productive of good results, cannot be the ruling principle of the economic world. (Pp. 28-29.) The free competition of Individualism cannot properly direct the economic factor. Individualism looks upon economic life as a thing moved and directed by the chaotic passions of free competition and open markets, and holds that these passions of unrestrained individuals can direct economic life better than the

intelligent and purposeful coordination of human beings in a unity. We now know that this is false. Individualism could not distribute rightly. Nor could it match production and distribution. The result of chaotic passions is chaos. The failure *has been abundantly proved by the consequences that have followed from the free rein given to these dangerous individualistic ideals.* (P. 29.)

The new domination cannot do it. *Still less can this function be exercised by the economic supremacy which within recent times has taken the place of free competition; for this is a headstrong and vehement power, which, if it is to prove beneficial to mankind, needs to be curbed strongly and ruled with prudence. It cannot, however, be curbed and governed by itself.* (P. 29.) Under the rule of its "unbridled ambition for domination," "economic life has become hard, cruel and relentless in ghastly measure." Its life is struggle for power and for more power. Such is not and cannot be the source of purposeful, intelligent and coordinated production for the common good and for the interdependent unity of human beings. Instead, resources, equipment and technique are subjected, and the human beings who work and the human beings who consume are subjected to the unbridled ambition for domination of the holders of concentrated power.

Unless human society forms a truly social and organic body; unless a social order (and also the governmental order) protect the exercise of work; unless the various forms of human endeavor, dependent one upon the other, cooperate and reciprocally complete each other; unless intellect, the means of work and labor combine together and form as it were a unity; unless all this happens, man's toil cannot produce its due fruit. (P. 23.) Production itself, in other words, is stunted and deflected unless economic life exists as an organic unity. Essential to the process of producing those goods which will give all and each the good physical, mental, moral and spiritual life that they are entitled to is *the social organization* of the process of producing the goods from the resources, equipment and technique. What the nature of this social organization should be in the present environment is an involved problem. But it is neither Individualism nor the new dictatorship.

Not only, therefore, a high standard of living and of leisure but work itself, production itself, is of basic importance.

Bodily labor . . . was decreed by Providence for the good of man's body and soul even after original sin. (Pp. 42-43.) Systemizing economic life to *introduce sound and true order* within it is necessary; and economic life will be *faulty and imperfect, unless all man's activities harmoniously unite to imitate and, as far as is humanly possible, attain the marvellous unity of the divine plan, placing God as the first and supreme end of all created activity, and regarding all created goods as mere instruments under God, to be used only in so far as they help towards the attainment of our supreme end.* (P. 43.) Gainful work is not thereby belittled nor is human dignity lowered. (P. 43.)

Work is holy. The process of producing and serving is part of man's purpose in life to work God's earth and the resources he discovers in it by means of the equipment and the skill that the generations have transmitted to him in order both to supply the needs of all and of each and to develop the body and soul of all and each. Now *dead matter leaves the factory ennobled and transformed, where men are corrupted and degraded.* (P. 43.) There should be a social order that will make work, itself, as well as income and ownership, meet the good of all and each.

Commonly it is said that the problem of production has already been solved and all that remains is to solve the problems of distribution. What has been solved is the problem of mechanical productivity. Resources and equipment exist for a giant output quickly producible. But two other problems have not been solved. One is the problem of whether human beings will consent to the intense regimentation that exists under mass production when the production methods are dominated by the few; and therefore whether the whole scheme of mass production will not go downhill by the road of open revolt or a decline in interest by the human element. And another problem arises from the fact that the exercise of the mind and the will at work is reduced more and more under mass production, controlled as it is by the dominating hand of the agents of concentrated wealth and power. Therefore a purpose of work within the work itself, not in its material results, is thwarted. A need of human nature is not met.

A more tangible difficulty in the field of production exists. It is that the productivity, so long as its control is in the hands of men who want maximum profits, will be permanently re-

duced to that point which will give them maximum profits. They restrict production because otherwise they would flood the market with goods whose prices would be so low that they could pay themselves only a restricted profit or no profit at all. Their purpose is not to produce goods for human use but to produce goods for sale for profit. And the maximum profit motive defeats the whole purpose of the resources, equipment and technique both as to the consuming of the goods for human welfare and as to the spiritual and psychological conditions of work.

Both evils are key evils of the present régime. By a concentrated control of the process of production ruled by the maximum profit motive, the quantity of the product can and will be limited. All and each do not and will not receive all the goods that the resources, equipment and technique can produce. And these will not so produce, until a social organization of economic life exists.

Moreover, work itself will be deflected to a wrong purpose. Dominated by the sabotaging interests of the few, the human mind and will of the people actually in industry, from the executives and engineers on through all the types of work, will be dehumanized.

There would be no great difference as to the effects of the process of production upon human beings if regimentation under politicians or regimentation under engineers is substituted for regimentation under financiers. Financiers may even be preferable. The politicians would possess, as now, the insufferable insolence of elected persons and civil service dignitaries. The engineers would be harder and more relentless, if less patiently cruel.

Regimentation of labor is not only the order of the day. The idea grows. Traditionally it has been put forward by the social communists emphasizing control of production by society as a whole. They have been sharply divided from the anarchist communists who have looked only to separate small productive groups and from the syndicalist communists who have looked to the rule of society by large economic organizations alone. The social communists, now divided into Communists and Socialists, have held the view that production must be regimented under a unified central authority to produce efficiently. They have admitted that this means loss of freedom at work and the surrender of many a human quality that tra-

ditionally has been held good. But they have contended that man is born to live outside of work and that work is nothing but a burden. If loss of freedom at work and loss of other traditionally respected qualities is necessary for mass production, then let these pass away. The loss will be met by grandeur of life apart from work and by utter freedom in consuming the immeasurable goods that regimented mass production can provide. (P. 37.)

A great many who still call themselves Socialists have given up this view and have moved into a semi-syndicalist position in which they speak of a combination of governmental and organizational control over economic life under common ownership. They thus avoid in their thinking the older idea of absolute social control over work held by the official representatives of the community as a whole. In practice, however, a communist society could hardly avoid the evil of excessive control of work and of production by outsiders. The final source of power—ownership of the means of life—would rest in the community. The community would tend toward exercising its power. Individuals and lesser groups might grow restive and might even rebel. They would lack power to succeed. They would have to succumb.

The Socialist idea as to control of production has been taken over by others who do not believe in common ownership. The dictatorship of finance has indeed encouraged such an idea. But the very process of automatic machine work that now prevails induces it. It is common enough now for persons to think of the labor problem solely in terms of labor's income and such a distribution of an ever-growing product, ever more "scientifically" managed, as will let all live a good life—outside of work. People are to be automatons in industry, working few hours in utter subjection to the rule of technicians (under the rule, themselves, of someone else), but living a life as consumers in utter luxury and ease. This was a concept underlying the Technocratic craze. In modified form, it is a common view.

Actually, work is a part of life. In the scheme of life work is good, good for both body and soul (P. 42). Life is not only a "consumer" life. All life, working life as well as consuming life, exists so that a person *may develop and evolve to the full all his faculties to the praise and glory of his Creator*. Social control of a kind and a degree is necessary to correspond to the social nature of the work, of the materials and of all life. But

to divide life into two parts, work and "living," and put one under *compulsion of the most excessive kind* and put the other under a *false liberty* is against both the social nature of a person and his individual rights and welfare. It is in complete contradiction to the Christian view of life and *Christian doctrine*. (P. 37.) Along with the cognate Socialist idea that society and social authority are a mere convenience and contrivance for the material and temporal advantages of mankind, instead of being natural and of divine origin and for man's whole good, both here and hereafter, it is this that puts even the moderate Socialism, which advocates only a measure of public ownership and which has rejected the class war concept of social life and social change, in essential contradiction with Catholicity. (P. 38.)

As for Communism, it practices regimentation in economic life and utter freedom in the rest of life, although it has not produced its mountains of goods for luxury and ease; and it talks social communism's customary new mixture of social and organizational control. It offends in three other ways: the abolition of personal-social ownership, the class war and revolution, and hatred of religion. (P. 34.)

Excessive unification is a rejection of the organic character of working life. It makes of economic life solely a unity rather than a unity made up of interdependent individuals and groups. There are in fact three levels. There is the individual with his own personality and rights; and the final strength he needs is a system of widely distributed ownership. There is the person's functional group, the occupation, the line of production and service; and the strength here lies in organization. There is the whole community represented by the government; and its strength is in the law and its power to imprison and to attain ownership of a thing needed for the community. All three levels have to be taken into consideration to make economic life, which is objectively and naturally an interdependent thing, really the social organism that it ought to be. The centers are these: some form of organization of each line of production and service; some form of incorporation of the now regimented employees into the organization; some form of inter-organization of all the organized lines of production and service; and some form of governmental supervision.

PART FIVE

THE FULL PROGRAM

X. An Organized Economic Life

In some way every element in the productive process must be brought into the general administration through responsible representatives. In some way must be used the information and the interest and the sense of personal responsibility for the success of the undertaking which every worker now possesses in spite of the mental climate of both absolutistic ownership and the machine process that tends to freeze his initiative and enthusiasm.

The separate industries and all of them together are objectively societies of interdependent human beings. They are social units. The separate companies and plants are lesser units in the society of the industry and in the society of the interdependent industries. *As nature induces those who dwell in close proximity to unite into municipalities, so those who practice the same trade or profession, economic or otherwise, combine into vocational groups. These groups, in a true sense autonomous, are considered by many to be, if not essential to civil society, at least its natural and spontaneous development.* (P. 27.) A bond of union exists among all within one and the same group who join together to produce goods or give a service. (P. 27.) The very act of working together in a certain line of work binds them together. The very fact that their true purpose is the common good binds them together. And all the lines of production are bound together by the objective dependence of one commodity or service upon all others and by the common good which is the true purpose of all. (P. 28.)

To obtain the common good each line of work must be organized. If each separate unit in a line of work went out honestly and, within its limits, intelligently to attain the common good, it could not do so; for to do so, it would have to know what every other unit in the line of work was doing and planning to do. The well-known example of wheat farmers shows this fact. And unless all were equally honest, equally informed and equally intelligent the whole scheme of things would be thrown out of joint by the sins, misinformation or

unintelligence of some. They would produce too much or not enough.

Unless there is some kind of organized inter-relationship between the various lines of work so that they can know and plan together, one line will, in fact, run too far ahead of another and the whole delicate and subtle structure will be thrown out of joint.

And, again, every element in each industry and in all together will have to contribute its knowledge and ability and be represented directly in the separate organizations of the separate lines of production or service and in the inter-organization, or else, if for no other reason, the whole organism will be thrown out of joint by the pride, greed and power of the rest. Nor does this mean equality of power between individual and individual or between separate types of work. It does, however, mean a distribution of power and of responsibility within each line of work and within all together.

Apart from this, there is no refuge from either Individualism or private financial dictatorship except absolute control by the government. As for government, there is *a fundamental principle of social philosophy, unshaken and unchangeable, and it retains its full truth today* (P. 26.), to wit: Just as it is wrong to take from individuals things they can do with their own resources and industry and turn these over to the community, so also *it is an injustice, a grave evil and a disturbance of right order for a larger and higher organization to arrogate to itself functions which can be performed efficiently by smaller and lower bodies.* (P. 26.)

The government is not equipped to be an industrialist. It may own certain means of work. It may and should regulate and supervise and often cooperate with the persons actually doing the work. But in any case, save in emergency, and even when public ownership of certain resources and equipment is demanded for the common good, actual administration is not within its function or its capabilities. When it does so it is deflected from its true purpose.

One of the gravest evils of governmental life today, and an evil that tends to grow all the time, arises from the very absence of an organized economic life. *On account of the evil of Individualism, . . . things have come to such a pass that the highly developed social life which once flourished in a variety of prosperous institutions organically linked with each other,*

has been damaged and all but ruined, leaving thus virtually only individuals and the State. (P. 26.) The destruction of the organized economic life in the guilds of the Middle Ages meant that *social life lost entirely its organic form.* (P. 26.) Government, therefore, has at long last become submerged and overwhelmed. The logical and normal thing is to organize separately the groups that are actually giving their lives to the performance of a service or the production of a commodity and to organize all of them together and entrust them, under government supervision and help, to do the job. Instead, domination and the remnants of Individualism forbid government from doing the natural and normal thing. And so government alone remains and the perpetual increase of the burdens of government turns it from its own purpose so as either to help the victims or to help the dictators or to save the surviving competition from its own suicide.

By turning over to the economic groups, organized by function and then inter-organized, the work that they are fitted to do, the work will be done. Government can and should help by *directing, watching, stimulating and restraining, as circumstances suggest or necessity demands.* (P. 26.) It should protect and defend the social-economic organism. Then government can *carry out with greater freedom, power and success the tasks belonging to it, because it alone can effectively accomplish these.* (P. 26.); and the abler and more effective will then be the economic life itself in its social organization and *the happier and more prosperous the condition of the State.* (P. 27.)

The solution of the central governmental problem of today rests in the restoration of the economic order, the organized and inter-organized lines of production and service, to a true place in social life as natural and autonomous units of social life—every bit as natural and autonomous as the society of persons living as physical neighbors within cities and towns.

Such organization will also bridge and finally close the chasm across which now the classes fight, and across which they will fight still more in the future unless there is change. The social organization of economic life brings the two together in a matter that is partially of interest to both. It unites them by function. The unions and the employers' associations remain; for their interests are now in large part opposed by reason of the concentrated ownership and absentee control, and

the maximum profit motive of the few. But if the two classes meet together only and always to dispute about differences, there is nothing but class struggle.

Class organization is essential to class interests. Class organization should be as close to being complete as is possible. Without unions, the workers are lambs led to the slaughter. But with class organizations alone, both owners and workers are lions. The bargaining *transforms this labor market into an arena where the two armies are engaged in combat and to this grave disorder, which is leading society to ruin, a remedy must evidently be applied as speedily as possible.* (P. 27.) The reorganization of the two classes into a council for the administration of their common industry helps to overcome the class struggle by uniting them in a common interest.

It is, in fact, necessary in the process of the class struggle itself, if the good of all and each is to be obtained. When an industry or a company cannot pay a living wage, the employers may be content to let the industry or the company drift. The employees are penalized. Unless they share in the administration of an industry they cannot help to correct its bad management, want of enterprise or out-of-date methods or help lift its unjust burdens or cure its price cutting. If they are to receive a maximum employment wage, they cannot know what the wage scale should be unless they are on the inside of the industry itself. If they are to share equably in the profits, they should by all standards share in the control of the conditions whereby profits are made. And if they are to advance to ownership the logic of growth requires that they advance in administrative power over their industry also. Collective bargaining plus actual participation in the actual administration of their industry are two parts of one single and necessary program of action by the unpropertied workers.

But if the purpose of the class organization is, on the other hand, ultimate revolution and Communism, then there should be collective bargaining only and it should take on its bitterest form. Or if the purpose of collective bargaining is the permanent inferiority of the unpropertied, seeking a wage that makes life not too unliveable and work not too unsteady—then collective bargaining of a mild but of a completely organized sort is all that is needed. Yet collective bargaining, if practically complete on both sides, does not rest in the mild form. It becomes an agency either of discontent and revolution or of

gradual growth within the system of personal-social ownership. Direct sharing by collective bargaining unions in the administration of industry itself, through representation on joint councils of the industry, is the only sure road to the gradual change of society from its present *mélange* of dictatorship and competitive struggle onward to a cooperative life.

Thus brought into the administration of industry, their organizations can safely and ably attack the problem discussed before—how employees, the executives, both major and minor, the clerical workers, and the manual workers can unitedly, safely and surely rise by means of profit-sharing into ownership. They can do so by reason of their economic power, by reason of the logic of their increased responsibilities and by reason of their growing power over governmental policies. The growth in income and ownership that is necessary if the good of all and of each is to be secured by a proper distribution of the product of the resources, equipment and work can hardly be obtained without the social organization of economic life. Certain gains can be registered without it. And these lesser gains are worth working for. But the central necessity is a new organization of economic life.

Then the lesser chasm can be bridged, as well, that divides now the executives and technicians from all the rest in an industry and a concern. They now represent the owners and profits. They can then represent themselves, their talents and knowledge, the good of the industry and the good of the consumers of their product. One of the spiritual tragedies of the present régime is the conflict between an able man's desire to do good work and serve the public and the people in his industry and the compulsion he is under to turn out maximum profits at the cost of limited production, unused talents, suppression of his fellow-workers, and profiteering prices.

XI. The Form and Aims

Not only as a means whereby the full measure of social justice is obtainable in the future, through the gradual steps that alone insure effectiveness and permanency, is such an organized life necessary. The steps to final victory are themselves worthwhile. They are worthwhile in the better distribution of income and property. They are worthwhile in the lessening of the class struggle. They are worthwhile in freeing the govern-

ment of its excessive burdens and freeing the people of the excessive activity of government. The better distribution of income and property will react upon the problem of production and help furnish it its outlet.

The organization of both groups to administer their separate industries and the joint economic life of the country will serve directly to stabilize industry itself. The maximum profit motive that perpetually sabotages production will be handicapped by the representation of employees and their opportunity to limit profits. More than that, their major interest as workers is steady work and income under good conditions. Brought into the administration of their industry and of all economic life, they will be in a position to make their major interest effective.

Only through such organization does it seem possible for common men under the new technology to make their work develop and evolve their faculties and be for the good of their body and soul. Through their representation in the general administration of their whole industry they will be able to use better their minds and wills at work by sharing in the determination of the general production policies of their whole industry. As time goes on the new national set-up would carry with it a participation by the employees in the management of the individual units. This has already been tried and found of great value in the skilled trades through union representation in the formulating of the production policies of management, for example, in the Baltimore and Ohio Railroad shops. It will be of value in automatic industry also. There is a human element in the long-time efficiency of the automatic industries which the technicians of the machine overlook and which the technicians of industrial psychology may mistakenly theorize about unless they have the direct views, honestly and ably presented, of free representatives of the employees. Moreover even in the technique of the work itself, rank and file automatic workers have a knowledge that comes from an intimacy with the daily task which for efficiency's sake needs to be taken into consideration in determining production policies.

Such representation will never permit the individual artistry of the old handicrafts. The methods of machine work and division of labor require a different technique. But efficiency will grow if rank and file members of even the most

automatic and most minutely divided industry have an opportunity to present their views through their representatives. Moreover the soul of man, his will and mind, and his body, can breathe more freely, and grow and develop, in such work whereas under any form of regimentation, capitalistic, technocratic or communistic, his soul is starved.

Such an organized economic life is not the corporative state as it has developed in Italy. (P. 30.) The differences are in the main three. Governmental power over the corporative societies of the industries and services is excessive; government would do less and the organized social-economic order would do more than in the Italian scheme. The constituents of the corporative societies—the syndicates of the employers and the syndicates of the employees—are themselves State-created and no effective right of organization exists within the councils of the industries and services; under the proposal described here the Councils would come into existence by aid of the State and would be “public institutions” but the constituent organizations of the Councils would be the voluntary, self-created bodies now in existence or yet to be voluntarily formed. Finally the aim would be the whole program of social justice and not the self-defeating compromises that stop short of profit-sharing and the rise of the unpropertied to ownership.

XII. The Industrial Recovery Act

For the purpose of meeting a tragic emergency, which is at once the child of this generation and an heir of a long train of crimes, there has been passed a federal Industrial Control law. It provides for direct encouragement by the government in organizing associations of employers in each line of production and in organizing labor unions of employees. Economic organizations have a life of their own. They are hard to kill. Should government encouragement be withdrawn when the emergency passes, they will live on, even if not with the same strength. And the organization of the employers in each industry, whether competitive of the old school or rival aspirants for monopoly as in the new, is so necessary and government supervision of them is so necessary that the law will probably stay on, with amendments, if and when the emergency passes. Control by organized industries under government supervision seems, therefore, relatively permanent.

The law recognizes certain of the requirements of the situation. It recognizes the need of an organization of industry to end cut-throat competition and the struggle for outright economic dictatorship. It recognizes that production has to be planned and regulated. It recognizes that planning has to be done by people who know industry and not by ukase of legislators or government officials. It recognizes that the government has a function in this set-up to prevent harm to labor and the consumers. It recognizes that a code has to be worked out to protect labor from destruction. It recognizes that a labor code has to be supple and that it cannot be fully written in the law. It recognizes the need of labor organization and collective bargaining both in writing the code and making the employers live up to it and in establishing a wage that will permit more than a bare living.

It provides for a minimum wage and maximum hours; it provides that the right of joining a union cannot be denied by the employer; and it provides for labor representation in the governmental hearings held to decide the precise terms of the labor code. It provides also for governmental action to assist organized employers and organized labor in working out the code. If an industry adopts no code, the government may step in, as needed, and formulate a code, itself. When the code is adopted it gains the force of law through a licensing provision and other penalties.

Whatever may actually materialize under the law in the process of its administration, what is contemplated in labor relations is a vast system of organized labor and organized employers, collectively bargaining with each other under government supervision and, failing collective bargaining, the forcing of minimum wage rates and maximum hours upon the industry after a hearing.

Essential to its successful functioning is the almost complete organizing of all employees in every industry and the organized action of all labor in each industry to work out a code that will be acceptable. In fact the closer the labor organizations in an industry approach industrial unionism as distinct from unionism by separate crafts, the more effective they will be under the law. The government deals with whole industries. The employers organize by whole industries. Labor will have to organize in this manner where possible,

and where not possible the unions will have to merge their work to a point not yet experienced.

In this law, a step has been taken toward the partial realization of one main purpose of economic life through two means of attaining the purpose—collective bargaining and legislation. If it lays emphasis on the minimum wage, it does not state or imply that the minimum wage fixed, which often is far less than a family living wage for men or an individual living wage for women, is the maximum. The way remains open to the maximum employment wage, and to sharing in the gains of industry and ownership. It lays emphasis upon collective bargaining and rightly gives the support of government to unionism. It performs to a degree the function of government in protecting the weak and the poor and in promoting the common good. It is in these respects admirable.

But it has a glaring vice which, save for one future possibility that may or may not come to pass, is of the greatest danger. The vice is that it organizes and legalizes domination of the production and prices of an industry by its present owners, under whatever government supervision is possible. The real control rests, formally, openly and by government approval, with the Individualists and the dictators of modern business.

The future possibility that may cure the vice is such a sudden growth of strength by the unions and such a clarification of their aims that they will ask for and obtain representation in the control of the trade association itself. They may so grow. The American Federation of Labor is on record in favor of the principle of such representation in its Portland program, "Industry's Manifest Duty," even without any mention of the idea when the bill was in process of passage. They may, indeed, have abstained so as to obtain something, from which then they might advance to the fuller program. For in the weakness of the American labor movement such silence probably appealed to them as strategically wise.

What is held out as the saving clause in the law is government supervision. In the short-run such supervision can be relied on, in part, perhaps even beyond what one might hope for; in a recognized emergency the will to act and the power to act become strong. But in the long-run, government supervision is of minor value when government is confronting organized groups that represent among themselves practically

the entire power of ownership and control of the means of production of the country and whose interest is maximum profit and power. Government will tend, at best, to become an umpire among the various industrial units so as to help each of them pay profits steadily. Its protection of consumers and labor will tend to fall into second place and become largely a means of keeping the combined industrialists from killing the goose that lays the golden egg. The purpose of economic life is checked.

It is even dubious how successful an umpire in this limited field government can be. The maximum profit and maximum power motive of the controlling owners and banks would still flourish. They would have to limit production and establish the equivalent of quotas of the total product for each unit. When profits are small or nil, the difficulty is not great. But their greed and pride will tend to break through the quotas so as to make more profits and gain more power in the community. And if they agree to quotas, then there will be a general limitation of production and a general sabotage of the resources, equipment and technique so as to net all the highest profit. In either case, the resources, equipment and technique will not serve their real purpose. In other words, the régime will probably not balance production and distribution; if it does it will do so at a low level.

The class struggle will grow. It will be hard for the unions of the employees to rise to collaboration with the representatives of the owners and creditors and then grow into sharing in profits and ownership, once the new régime has solidified under the encouragement of the law. Under such formally organized employer domination of industry there is more danger of the class struggle's growing bitter and violent and clamorous for revolution than of its becoming that *honest discussion of differences based upon the desire of social justice which is an approach towards the mutual cooperation* (P. 35.) of the whole organized industry, owners and employees alike.

If the government tries to fulfill its proper function, this form of industrial control will add still further to its burdens and will sink it under the "infinity of affairs and duties," which had already overwhelmed it in an effort to protect consumers and labor from the organized power of the dominant class. The problem of representative government will not be solved. It will be made more complex.

The root of the matter is this: Industrial control by organized employers alone neither produces all the goods that the wealth, resources and equipment can turn out, nor gives all and each all the goods needed for a good physical, mental, moral and spiritual life. It does not because it is not a social organization of economic life but a tyrannical and dictatorial control under the supervision of a necessarily inadequate government authority. Nor does it make work itself serve the dignity of human nature in work. On all grounds it fails.

The corrective is to make industrial control social by bringing into the general planning control of each industry (and of all industries, jointly—a feature not in the law) the representatives of every other element in the industry. Government should establish such social organization, industrial councils, modern guilds, organized industries; for *the aim of social legislation must . . . be the reestablishment of vocational groups* (P. 27.), more accurately, the “re-establishment of Organized Occupations.” To end the conflict between the opposed classes and stimulate and promote the harmonious cooperation of Organized Occupations,—*this is the primary duty of the State and of all good citizens.* (P. 27.) These Organized Occupations bind *men together not according to the position they occupy in the labor market, but according to the diverse functions which they exercise in society.* (P. 27.) The Industrial Control law does not do this.

The Councils should be organized on the basis of the existing organizations or those to be voluntarily formed. For *just as the citizens of the same municipality are wont to form associations with diverse aims, which various individuals are free to join or not, similarly, those who are engaged in the same trade or profession will form free associations among themselves, for purposes connected with their occupations; and the same liberty must be claimed for the founding of associations which extend beyond the limits of a single trade.* (P. 28.) The government should give considerable latitude to the industry in the creation of its own Council; for *men may choose whatever form they please, provided that both justice and the common good be taken into account.* (P. 28.)

The classes should work together as closely as possible in the administration of the industry; but *regarding cases in which interests of employers and employees call for special care and protection against opposing interests, separate delib-*

eration will take place in their respective assemblies and separate votes will be taken as the matter may require. (P. 28.) And all the various industries should in their unified organizations cooperate with other industries similarly organized to meet their inter-relations and the interdependence of economic life.

Nor is such an organized economic life complete without an organized agriculture to administer itself and to cooperate with other industries. In the United States, the facts of farm ownership, the size of farms and the character of farm organizations seem to require that the constituent bodies of a Farm Council be the crop cooperatives. Where, however, there is a farm-labor class, susceptible to organization, their organized unions should likewise be brought into the general Council of the industry and its parts. Agriculture does not stand separate from the other industries nor they from it.

Indeed, the occupations that are neither industrial nor agricultural are subject to the same inner compulsion to organize for self-administration, protection and advancement as are the others. A socially just future under mass production will mean a growth of these occupations. The means of physical subsistence on a high level requires even now fewer and fewer hands. The technological revolution in the more basic occupations has meant that more persons are relieved for other work. A social organization of industry and agriculture, however, if these were the only ones organized, might try to dominate the rest of the community and subject the other occupations. In doing so they would ultimately ruin society and themselves. But they might be content, as ruling classes usually are, to reap short-time gains and let a future generation or even their own later lifetime take care of itself. The professions and the handicrafts should take their place in the organized economic life.

The Industrial Control law leaves out the inter-relations of the industries, provides for agriculture separately, and overlooks utterly the professions and the handicrafts. It is an emergency law. Additional emergency measures have been set up in agriculture in which the government deals in part with the crop cooperatives and in part with the processors of farm products. As to agriculture, therefore, the way is perhaps open to its future incorporation in a nationally organized and integrated economic system and order. The law will have

to look to such integration in the future. It will have to look to the incorporation of the other Organized Occupations, since *those who practice the same trade or profession, economic or otherwise* (P. 27.), are equally under the impulse and necessity of organizing.

The Councils would unitedly then make up an economic order, each organized function of which and the federated order as a whole would be *in a true sense autonomous*. (P. 27.) If autonomous, they are not, however, independent of government. Government's function remains. It will guide, it will watch, it will urge, it will curb. (P. 26.) But it will not substitute itself for the economic order. (P. 30.) In the industries that it at any time owns, the personnel engaged in each should likewise form a self-administrative body and take their organized part in the organized economic life.

The aim of such a social-economic order, operating under government supervision, is the accomplishment of the purpose of economic life through proper conditions in production and through that distribution of the income and ownership of industry which will give all and each all the goods they need for a good life here and hereafter. To accomplish the purpose safely and surely after the long era of Individualism and the present age of dictatorship, the process will have to be gradual. But it cannot be slow because of the danger of the utter collapse of our present scheme of things. The social-economic order will measure the production necessary for a high standard of living and will provide for the production. It will permit no one to go below a living wage. It will, from industry to industry, measure and enforce those wage rates and hours of work which will provide maximum employment. It will set minimum and maximum prices. It will establish parities in prices among the different commodities. It will drastically reduce the present return on property, part of the reduction being taken by price cuts and part of it by distributing profits to those at work in industry. It will squeeze out the watered stock and bonds on which dividends and interest are claimed. It will administer whatever forms of social insurance are necessary.

It will guide the progress of the electrical revolution and the other forms of the technological advance, including the decentralization of industry and the increasing use of automatic machinery.

The shift of occupations will be its concern. Not only the shift due to technical advance is a problem; in an organized social order the merely commercial, financial and advertising positions will also decline in number. Such functions will grow less. These persons have a claim upon the economic life of the community for satisfying work and income. The process of adjustment will be intricate. Training of people for new types of work will be a work of the economic organization.

It will have to guide ownership itself into new channels so as to transform personal ownership not only into social ownership, but secure its distribution and make it not a paper certifying a claim of absentees to permanent profits but a real working ownership by people in industry itself. As the organized industries and services proceed in their work with government help and supervision, one gigantic problem will face them. It is the problem of wresting control from the financial oligarchy which has dominated their industries and of establishing a serviceable means of credit. Perhaps banking is one of the things that ought to be a government monopoly. Perhaps a better thing would be for each of the industries and services to establish a banking system of its own, integrated in a general banking system for the integrated social order.

Certain industries will reveal themselves, as the organized life proceeds, as of such power over the community that they cannot be owned by individuals and have the community safe. It is even probable that certain industries which are now thought of as peculiarly adapted to public ownership will reveal themselves as industries in which widespread ownership should alone prevail. The opposite may also appear. For example, industries that in the technical changes require tremendous capital and few workers to produce a basic need will probably require public ownership far more urgently than an industry in which more persons are engaged and the capital per worker is not so large even though its importance is greater than the other industries.

In a country as varied and as large as ours, national organization is too bulky and slow-moving to meet the situation. This is a country and at the same time it is sections, or regions, and lesser subdivisions including urban areas. Economic organization has to follow the economic facts. It cannot be blue-printed beforehand. It is an organic thing, a body, a corporate union of people, lasting through generations and

growing and adapting itself to the needs. And because of the sectional life and the subsections and the urban areas, where certain local units exist, as in construction work, the process of growth will mean the decentralization of an economic organization that began as a national undertaking.

Government in its various units will remain the supervising body. New governmental units may develop, such as interstate groupings in the sections. New activities will fall to city governments to meet their local functions in a locally organized economic life. The state governments, as exclusive bodies acting apart from the life of their section, seem fated to decline in importance.

The form of economic life which the Industrial Control law creates cannot last. It will move in one of three main directions. It will move upwards toward employees' partnership in the control of each Council of an industry. Or it will move downwards, in one direction, toward greater governmental suppression and control of labor for the purposes of the minority of owners and credit-power. Or it will move downwards in another direction toward Communism. In the conditions of the United States the last direction is hardly possible in any recognizable future, however much the agitation may grow in behalf of a Communist United States. The probabilities lie between a real labor partnership or the suppression of labor. The latter means the open triumph of the Age of Financial Dictatorship. That means, then, either revolution, or an acceptance of social decay as the rule of American life, or, later on, an heroic advance from a far lower stage than today to something more worthwhile, and perhaps the cycle over again confronting at some vaguely future time the problem of establishing partnership in an organized social organism that will be founded in social justice and have social charity as its soul. An heroic advance may, indeed, never come after a period of degradation. If it comes it may come in tragedy.

XIII. International Economic Life

Yet the last time the people of the western world had a social-economic order not too far from what was reasonable in structure, right in practice, consistent in purpose and Christian in spirit and guidance, a tragic mistake was made as the underlying material element of the time began to change. That

mistake has remained ever since a continuous but as yet unheeded warning. They did not extend the order to the ever-growing continentalizing of European economic life. They capped the evil by giving to Spanish and Portuguese nationalism the whole incipient world trade with the Far East and the Americas at the beginning of the modern world. A great social-economic order ended. To this day we have not had another.

Individualism succeeded it. Domination succeeded Individualism. *The capitalist economic régime . . . with the world-wide diffusion of industry, has penetrated everywhere. . . . It has invaded and pervaded the economic and social sphere even of those who live outside its ambit, influencing them, and, as it were, intimately affecting them by its advantages, inconveniences and vices.* (P. 32.)

As regards the relations of peoples among themselves, a double stream has issued forth from this one fountainhead: on the one hand, economic nationalism or even economic imperialism; on the other, a not less noxious and detestable internationalism or international imperialism in financial affairs, which holds that where a man's fortune is, there is his country. (P. 33.) Tariffs and quotas and the apparatus of colonies, subject to home governments and home plutocrats and to bankers' imperialism, have long been the order of the day. *The nations apply their power and political influence, regardless of circumstances, to promote the economic advantages of their citizens. . . .* (P. 33.) As for the rest of the world, it can fend for itself. *Economic forces and economic domination are used to decide political controversies between peoples.* (P. 33.) The normal consequence, as normal as spring following winter, is war.

In economic matters the nations are largely dependent one upon the other, and need one another's help. (P. 29.) Instead, they treat one another as enemies. Even in peace time there is continuous economic war. Yet the principle that economic life exists for the good of all and each does not end at national boundaries. And the principle of the natural rightness and necessity of a social-economic organization under government supervision refers to the interdependent economic life of the whole world.

The fact of interdependence is plain. The Age of Discoveries and Colonization, the Age of the Industrial Revolution

and now the present enormous technological revolution have created it. The world is objectively and potentially almost a single trading, producing and investing unit. Countries depend on one another for resources, for invention, equipment, and technical ability, for finished products, for credit. An economic depression engulfing at once almost the whole world proves the interdependence.

It is an interdependence in which there is a multitude of varieties. There is variety in resources. There is variety in accessibility. There is variety in the possession of the new equipment. There is variety in technical ability. There is variety in the type of business ability that the present and the recent régimes have required. And these varieties are continuously changing all the time. More and more areas are moving into the new technical area to make the world more and more interdependent.

The human rules that handle the interdependence deny the interdependence. Absolutistic ownership denies it. Economic nationalism and imperialism deny it. Bankers' imperialism denies it. The consequences in the economic interdependence of the world are tragic. They defeat the purpose of world as of national economic life—that quantity and type of production which will make work a means of growth and that distribution to all and each of all the goods they need for a good physical, mental, moral and spiritual life.

The new mass production demands not only nation-wide but world-wide mass distribution if the products are to be used. The socially just maximum-employment wage must be put into effect everywhere. Otherwise the mass production commits suicide and there is depression.

Development of underdeveloped areas requires purposeful and intelligent help and planning from areas already developed. Where either nationalism or national imperialism or bankers' imperialism dominates, the planning and help either are not given at all or are given wrongly. The diversities are not lifted to a proper standard. They are not guided toward unity but toward the maximum profit and power of a few persons and a few governments. Overproduction results in some lines. Certain backward areas remain backward. Other areas and their peoples are cruelly and senselessly exploited in the process of development. The hardness, cruelty and relentlessness of the new economic domination within the rela-

tively advanced countries is even ghastlier among peoples new to industry and new to the absolutistic rules that govern industry to the defeat of the common good.

And yet the varieties in the world from area to area require different standards of living from place to place and different degrees of freedom of access to resources and equipment and consumable goods. At the same time there are certain minimum requirements and the common good—their common good as well as the common good of others—demands that these minimum requirements be gradually increased. In other words the immediate aim is minimum standards subject to progressive increase. In some way the full aim must be accomplished.

It must be accomplished for a double reason. If it is not accomplished, the lower standard areas will drag down the rest in an interdependent world; if the natural purpose of economic life is defied, retribution comes, sooner or later, on this earth to the peoples that defy it. A second reason is that if other peoples are kept inferior, they are made tools of others' profit and power. Yet they are equally worthy and equally human with everyone else.

To attain this purpose in an infinitely various world, in its new and relatively cohesive interdependence, presents an ever-changing and intricate and subtle series of problems. Governments can do their part in international conferences and continuing bodies. In a particular country the economic life has to be administered by the persons in economic life itself who know it and whose function it is to conduct economic life, even while government action of a supplementary sort is necessary. So too in world economic life. The principles demanding a social organization of economic life apply to world life as well as to the national and the subordinately regional and city life. In some way not only should the various nations set up a social-economic order for themselves but there has to be an increasingly close federation of the separately organized national economic orders throughout the world under closer and closer federation of governments.

The extreme subtlety of the problems raised by world interdependence and variety demands infinite patience for their solution. They demand also the social organization of the economic life of the world, which alone would possess the knowledge and the power to exercise the patience for a pur-

pose. "A healthy economic cooperation" is demanded. It comes through "common counsel and endeavor." It is reached through treaties and "institutions" and the chief of the institutions is the social-economic organization itself.

The agenda of the world social-economic order will include tariffs and quotas and access to raw materials and areas of settlement. It will include the development of under-developed areas through controlled capital investments. It will include the quantity of the world's production. It will include price parities. It will include the gradual destruction of imperialism in both of its phases, national and banker. It will include the distribution of the product of the world at an increasingly high level throughout all peoples. It will include the distribution of wealth itself. The adjustment of the relations of the different standards of production and living from area to area will present its knottiest problem from which, as from a hub, other problems will radiate. For the aim is to make actual and human that new material economic interdependence of peoples which for the first time in history is so close to completeness.

Short of the organization and activity of a new social-economic order, the governments should continue their conferences to do what they can to reduce tariffs and the dangerous burden of armaments, to cancel or scale to a minute sum the intergovernmental war debts, to establish an unfluctuating and internationally accepted standard of currency, to reduce imperialistic power, to assist international access to raw materials, equipment and areas of settlement, and to build up minimum labor standards all over the world. Their work will be inadequate both because governments are unfitted for it and because, short of a new social order within the various countries, they will be ruled by Individualism and the new domination and their international correlatives, nationalism, imperialism, and the bankers' power. What they do will have to be carefully watched. But they can do something and if here, as in domestic social legislation, representatives of the labor unions are brought into the conferences and into the administration of the agreements, then the results will be far better.

PART SIX

THE MOTIVE POWER AND GUIDE

XIV. Catholic Action

The final reason why the last social order fell was that when it started downhill and then met tremendous material changes which required not only rejuvenation but a remaking of the order itself to suit new facts, the people did not have the stamina of spirit to do the job. Egotism, pride and greed dominated them. They were tricked by the temporary prosperity that came with an utter individual freedom of the commercial passions and utter nationalism. The same cause that destroyed one social order can prevent the remaking of another. Both the process of re-creating social order and the process of compelling it to fulfill its purposes require a change in spirit and a change in morality. (P. 31.)

One principle guiding the social organization of economic life has to be social justice, that virtue which impels action for the common good. All the institutions of governmental and social-economic life must be imbued with the spirit of social justice. This social justice must above all be truly operative or it will not even be organized, or if organized it will fail. Its purpose is the common good. Unless the members want the common good, then their social organization will not function. If they are possessed by social justice, then social justice will *build up a juridical and social order able to pervade all economic activity.* (P. 29.)

The public institutions of the nations must be such as to make the whole of human society conform to the common good, i. e., to the standard of social justice. If this is done, the economic system, that most important branch of social life, will necessarily be restored to sanity and right order. (P. 34.) If it is not done, then that most important part of social life will continue unsound and chaotic.

It is not a question only of devotion to a general sentiment. It is a question of the concrete application of a spirit to a particular set of facts. Some would have it that the spirit will find its way without organization. It does not do so in family life; there is a definite monogamous family organization.

It does not do so in religion; there is the Church. It does not do so in civic life; there is government. Neither can it in economic life. The spirit is necessary. But organization is also necessary if the spirit is to operate. "The juridical and social order," *i. e.*, the governmental and social-economic order and system of economic life, is necessary.

Social charity should be, as it were, the soul of this order. . . . (P. 29.) Social charity brings about a *union of hearts and minds.* (P. 44.) A union among the members *is the main principle of stability in all institutions, no matter how perfect they may seem* (in their form of organizations and regulations), *which aim at establishing social peace and promoting mutual aid. In its absence, as repeated experience proves, the wisest regulations come to nothing.* (P. 44.)

Social justice and social charity are in combination the true directive principle of economic life and of its necessary organization. Without them the organization does not come into existence save by force and without them the organization fails and falls. But if social order is established again and if it is pervaded by social justice and social charity, then *it will be possible to say, in a sense, of this body what the Apostle said of the Mystical Body of Christ: "The whole body being compacted and fitly joined together, by what every joint supplieth, according to the operation in the measure of every part, maketh increase of the body, unto the edifying of itself in charity."* (P. 29.)

This directive principle of social justice and social charity must be grounded. Its ground is the profound conviction that *all are members of a single family and children of the same Heavenly Father, and further, that they are "one body in Christ and everyone members one of another."* (P. 44.) A sense of our common humanity raised, universally, to membership in Christ's body and to membership, one of another, in Him is the foundation.

Catholics built the last social order. It was Catholics also who did not meet quickly the changing world that opened the Modern Age, and who even met it wrongly in part by not internationalizing the separate minute social orders of the cities. It was Catholics, or former Catholics, who spread to the Catholic countries the Individualism of Protestantism, of Calvinism particularly, and of the Deism of the eighteenth and nineteenth centuries. And *what a lamentable fact . . . that there*

have been, and that there are even now some who, while professing the Catholic Faith, are well nigh unmindful of that sublime law of justice and charity which binds us not only to give each man his due, but to succor our brethren as Christ Our Lord Himself; worse still, that there are those who out of greed for gain do not shame to oppress the workingman. Indeed there are some who even abuse religion itself, cloaking their own unjust impositions under its name, that they may protect themselves against the clearly just demands of their employees. (P. 39.)

Such men are the cause that the Church, without deserving it, may have the appearance and be accused of taking sides with the wealthy, and of being little moved by the needs and sufferings of the disinherited. (P. 39.) Catholics themselves have given the Church a bad name and have driven from the Church in many a country masses of men and whole families. (Pp. 38-39). Because of the degeneracy of other Catholics the latter thought that the Church which freed the slaves, and freed the serfs in many a region and was freeing more, and which made and animated the guilds in their glory, was against them. Because many Catholics in positions of prominence refused to learn and follow the social teachings of their Church, there has been mass defection from the Church in many a country.

And yet the reestablishing of social order and the solidifying of the purpose of economic life which were desired by those who fell away, are defended much more cogently by the principles of Christian faith, and are promoted much more efficaciously by the power of Christian charity. (P. 36.) For this longed-for social reconstruction must be preceded by a profound renewal of the Christian spirit, from which multitudes engaged in industry in every country have unhappily departed. Otherwise, all our endeavors will be futile, and our social edifice will be built, not upon a rock, but upon shifting sand. (P. 40.)

Economic life must be inspired by Christian principles. (P. 43.) "If society is to be healed now"—We use the words of Our Predecessor—"in no way can it be healed save by a return to Christian life and Christian institutions," for Christianity alone can apply an efficacious remedy for the excessive solicitude for transitory things, which is the origin of all vices. When men are fascinated and completely absorbed in the

things of the world, it alone can draw away their attention and raise it to Heaven. And who will deny that this remedy is not urgently needed by society? (P. 40.)

For this pitiable ruin of souls, which, if it continue, will frustrate all efforts to reform society, there can be no other remedy than a frank and sincere return to the teaching of the Gospel. Men must observe anew the precepts of Him Who alone has the words of eternal life, words which, even though Heaven and earth be changed, shall not pass away. (P. 43.) Mere sordid selfishness, which is the disgrace and the great crime of the present age, will be opposed in very deed by the kindly and forcible law of Christian moderation, whereby man is commanded to seek first the Kingdom of God and His Justice, confiding in God's liberality and definite promise that temporal goods also, in so far as he has need of them, will be added unto him. (Pp. 43-44.)

Catholics created a social order, once, when the Faith made Europe. It was the nearest approach to a golden age of labor that the world has ever known. They can do so again. In doing so they will have to have *the blessing of God and . . . the cooperation of all men of good will.* (P. 30.)

In creating a new social order, Catholics will obey the Church when the Church teaches the moral principles of economic life. They will then add to their knowledge of moral principles their special "technical, commercial and social competence" and make the applications of the moral principles to their environment. There is here a basic distinction between the morals of economic life and the economics of economic life.

The Church has the right and the duty *to deal authoritatively with social and economic problems.* (P. 14.) It has that right and duty not by reason of the economics of economic life. For *it is not of course the office of the Church to lead men to transient and perishable happiness only, but to that which is eternal. Indeed "the Church believes that it would be wrong for her to interfere without just cause in such earthly concerns."* (P. 14.) *The so-called laws of economics, derived from the nature of earthly goods and from the qualities of the human body and soul, determine what aims are unattainable or attainable in economic matters and what means are thereby necessary. . . .* (P. 15.) These are merely a matter of ways and means of getting something done and one learns them through knowing the nature of resources and

equipment and the qualities of body, mind, will and emotions.

But the morals of economic life are subject to the Church. There is such a thing as right or wrong in economic life and relations. For *though economic science and moral discipline are guided each by its own principles in its own sphere, it is false that the two orders are so distinct and alien that the former in no way depends on the latter.* (Pp. 14-15.) A part of the moral law, knowable by man's reason and derived from the nature of things themselves and the individual and social nature of man, is precisely *the end and object of the whole economic order assigned by God the Creator.* (P. 15.) *The moral law alone . . . commands us to seek in all our conduct our supreme and final end, and to strive directly in our specific actions for those ends which nature, or rather, the Author of Nature, has established for them, duly subordinating the particular to the general.* (P. 15.) *Leo himself clearly stated what could be expected from the Church. "The Church insists, on the authority of the Gospel, upon those teachings whereby the conflict can be brought to an end, or rendered, at least, far less bitter. The Church uses her efforts not only to enlighten the mind, but to direct by her precepts the life and conduct of each and all. . . ."* (P. 7.) The final purpose of economic life is the purpose both of the Church and of man. It is that *particular economic aims, whether of society as a body or of individuals, will be intimately linked with the universal teleological order, and as a consequence we shall be led by progressive stages to the final end of all, God Himself, our highest and lasting good.* (P. 15.)

The return of social order is primarily in the hands of the laymen and laywomen who are a direct part of economic and governmental life. The Church is to teach them the moral principles. They are then to apply the moral principles to the environment in the light of their knowledge of economic and governmental life and within the possibilities of the various situations. They are in the labor unions and the employers' associations. They are in the heat of political life. Into those fields, except in their moral principles, the Church does not intrude.

To teach laymen and laywomen the moral principles, great reliance is placed in the federated Catholic lay organization, operating under the Church, which is Catholic Action. This lay organization, Catholic Action, is not a labor union or em-

ployers' organization, nor a political party; the distinction between the morals of economic life and the economics of economic life is carried over into the means of the actual remaking of order. Catholic Action's relation to economic life is that it *imbues with these principles and trains for the Apostolate under the guidance and direction of the Church.* (P. 31.) It does not do the actual remaking. It trains Catholics to do it. Particularly it trains workers to be *the first and immediate apostles* of the workers and it trains employers and men of trade to be apostles to their own number. (P. 46.)

There is the greater need in the United States for this special training in lay organizations because the character of our country requires secular economic organizations and secular political parties. Not that anywhere, even where there are Catholic economic organizations or political parties, are these Catholic in the fullest sense of the word, operating under the direction of the Church. They are not Catholic Action but the action of Catholics. They operate under the Church only in their moral principles. But the economic organizations that are Catholic or, as they are often called, "Christian," conduct within themselves, often, a part of the education in Catholic social teaching that is necessary if they are to remake social order, perfect it and secure its purpose. In the United States, because there are no such organizations, the function of the federated and united lay organization, Catholic Action, is the greater. Indeed, it is, here, imperative and obligatory that the social teaching of the Church be imparted in lay organizations that *aim at giving their members a thorough religious and moral training.* (P. 12.)

In the United States there is a vast number of lay organizations of all kinds. There are none which have the sole purpose of continuously training their members in the social teaching of the Church. The logic of American conditions seems to call instead for an organization of existing organizations of all sorts so that all of them can be led jointly to give their members the needed training. Instead of a new organization, a council or federation of all the existing bodies seems the logical step.

This is, in fact, the program laid down by the Bishops in their formation of the National Catholic Welfare Conference. The program seeks to federate all Catholic organizations nationally, and in dioceses and deaneries, and to have parish rep-

resentation. The national bodies are the National Council of Catholic Men and the National Council of Catholic Women. They function under the whole body of the Bishops nationally, under the single Bishops in the dioceses and deaneries and under the parish priests parochially. They are official Catholic Action in the United States. All along they are autonomous. The purposes of such federated organizations are as wide as the purposes of the Church. Unfortunately the organizing is as yet incomplete.

In such Councils there exist the means for a general program of training in Catholic social teaching that will reach everyone. Special committees should indeed exist in them to stimulate and guide the training so that all who need it will obtain it and so that the training will be complete and correct.

Guided by these special committees, themselves made up of convinced apostles of the obligation and the tremendous importance and value of training in Catholic social teaching, the program can be put over.

The members of these committees should not be chosen as many another committee is named, simply by picking persons without considering their special interest and ability or their consecration to the cause of Catholic social teaching. If chosen haphazardly, the committee will be so much deadwood and, far from being fit to lead the Councils of the organizations into a general program, they will fumble about lethargically and nothing will be done. They will not lead such a program for others because they have not led themselves.

It is your chief duty, Venerable Brethren, and that of your clergy, to seek diligently, to select prudently, and train fittingly these lay apostles, amongst workmen and amongst employers. (P. 46.) The Bishops and, under them, the priests are by their function the general supervisors of such a program of moral training precisely because it is a moral training in the teaching of the Church and because training in morality is the ordained function of Bishops and priests. The lay organizations are autonomous but not independent; they are in this work an arm, a sharing, in the work and purpose of the Church. Attached to each committee in a diocese there should be a priest appointed by the Bishop to help advise and stimulate the committee's work.

This does not mean that he alone among the priests should

engage in this work. All priests should be interested and should help. In every industrial city and in every rural area there should be at least one, and in large centers many, especially active in helping to stimulate and guide the whole vast program of self-education of adults within the united lay organization. In the framework of the Men's and Women's Councils they would act with the deanery committees. *We earnestly exhort in the Lord the beloved sons who are chosen for this task, to devote themselves wholeheartedly to the formation of the men entrusted to them.* (P. 47.)

Such priests working with the committees should have special training and special abilities. *For no easy task is here imposed upon the clergy, wherefore all candidates for the sacred priesthood must be adequately prepared to meet it by intense study of social matters.* (P. 46.) And the priests especially selected for this work by the Bishops should be *endowed with a keen sense of justice, ready to oppose with real manly constancy unjust claims and unjust actions; avoiding every extreme with consummate prudence and discretion.* (P. 46.) *The task . . . is . . . difficult.* (P. 45.)

The lay organization, Catholic Action, in the Councils of Men and Women, is itself autonomous. And in the field of lay education the priests at work with the committees are not dominant. They are not the committees. They are not Catholic Action. Catholic Action is the action of laymen's own organizations and laywomen's own organizations. A line exists between the autonomous character of Catholic Action and independence. The line has to be hewed to in this work of Catholic Action as well as in every other work.

The work of the lay organizations and the priests can go beyond the program of education. Action also is a part of the work. The only action not germane to Catholic Action or to the work of priests, as priests, is the acting force of the economic organization and the political party. They can help lead public opinion. They can take positions for and against certain proposals or happenings, and work for and against them, under the conditions of the United States, in the forum of public opinion, before legislative committees and in other ways. The field of work is broad.

Their chief work is education in economic morality. In their action they should put in the forefront things that are directly derivable from the moral principles of the great plat-

forms of Catholic social teachings. Here is, in fact, a great danger in the work both of lay organizations and of those priests especially engaged in the field of Catholic social teaching. A highly technical proposal, for example, is widely discussed. It has undoubtedly a moral basis but its chief characteristic is not the moral but the purely economic. A member of a lay organization or a priest becomes interested in it. It is, for example, a quick solvent, true or fake, for a particular problem; or it is given the impossible powers of a cure-all. In either case the primary function of the lay organization or the priest, as moral teacher, is removed to the background.

The lay organization's program of education is turned away from the principles and program to follow a will-o'-the-wisp. Since the lay organization's program is primarily educational so that its members will have principles to guide them, the farther the action removes itself from direct applications of the moral principles, the less effective is the program. In fact, the members will soon think that not the program of Catholic social teaching but an idea that runs off at a tangent which may or may not be good is what is important. Many will disagree with it. They will become disgusted with Catholic social teaching. If, however, first things are put first, then both the priests' work and the work of the lay organizations will move along swiftly.

Certain methods of intellectual training have been tried and proved. One, the best, is the discussion method. A group meets together regularly and learns by reading and by discussing together an account of Catholic social teaching. They follow an outline so that they will learn in consecutive order and not waste time in aimless rambling. There is a leader of the discussion. They talk the points over. They talk them over in the light of their experiences. They vary the program by occasional papers which are in turn discussed.

Or they follow this method. They select one or two persons to state briefly the points for discussion of the evening. Then all join in the discussion.

The discussion group or committee should return to its parent organization at regular intervals and report its findings and conclusions so that the whole organization will get something more than a taste of Catholic social teaching. The

whole organization can then join in the discussion so as to bring out points in clearer light.

The simple lecture method is hardly enough even if it is a series. The lecture should at least be followed by questions from the floor so that all will participate in the meeting.

Another method is the distribution of pamphlets and books on Catholic social teaching.

As for the special spiritual training, besides frequent attendance at Mass and frequent reception at Holy Communion, there are Week-End Retreats, where the spiritual compulsion to the ordering of social life is emphasized in addition to other spiritual obligations and opportunities.

A special effort should be made to conduct the educational program so as to train certain groups particularly. One group is the working people. A second group is the employers. A third group is the farmers. A fourth group is those following professions that influence public opinion and action upon economic life.

In the group method of education in Catholic social teaching, it will often be found well to conduct the program of self-education in sections by dividing the groups according to their economic position. Employers alone, executives alone, clerical workers alone, manual workers alone (perhaps then re-divided, when they are in considerable numbers) and farmers alone, according to their various subdivisions, could proceed along the lines of learning Catholic social teaching in the light of their common experience. They should, however, come together frequently to exchange their views. A definite check should be set up to prevent them from simply reconfirming their prejudices and labeling them Catholic social teaching. And in this case again, care will have to be taken to keep the group both from running off at a tangent and from stopping part way in the teaching and from over-emphasizing one point in its own interest. A person can hardly help but think of Catholic social teaching in terms of his own experience. The thing that has to be prevented is to keep persons from thinking of it in terms of their own interests. The danger is the greater when the apparently necessary plan is adopted of dividing along lines of economic experience and position.

Certainly the ideal way is to conduct the program in a unified manner in the country at large, in the dioceses and in the deaneries in connection with formally organized Catholic

Action in national, diocesan and deanery councils reaching into the parish and the city-wide organizations. The machinery will then exist for the full work.

Every approach to the full work is that much gain. The San Francisco Academy has produced able exponents of Catholic social teaching. The German Catholic organizations in the Central Verein have done great work for well over a generation. Single parishes have their groups studying and learning Catholic social teaching. Single inter-parochial lay organizations are at work. Groups of organizations in a cluster of neighboring cities and towns are now mapping out programs of education. The League for Social Justice is inspiring those whom it enrolls to undertake in their organizations a campaign of Catholic social training. The Federated Alumni are promoting a similar program.

All these are good. But what is needed is a unified and joint drive to make the program reach every element in economic life. A vast program of lay training in Catholic social teaching is a prime necessity.

For let us not permit, Venerable Brethren and Beloved Children, the children of this world to seem wiser in their generation than we, who by God's goodness are Children of Light. We see these men cunningly select and train resolute disciples, who spread their false doctrines daily more widely amongst men of every station and of every clime. (P. 48.)

The program of education should center in Pius XI's Encyclical on "Reconstructing the Social Order." That Encyclical is, however, difficult because it is, as it were, a second volume of Leo XIII's "Condition of Labor," prefaced by a summary of the latter. The N. C. W. C. Department of Social Action has, however, two services to assist the study. One is a study outline of the whole Encyclical. The other is a series of mimeographed Aids to Study Clubs, available to leaders of groups, which explain and annotate section by section the various parts of the text. The N. C. W. C. has still other study outlines available.

The traveling academy and public forum on Catholic social teaching, which the Catholic Conference on Industrial Problems conducts, should be attended by representatives from these groups. Conferences are held during the year in the various regions of the country so as to be available to as many as possible. The program follows, consecutively, the main ele-

ments of the industrial problem and the main elements of Catholic social teaching. Employers, officials of the labor movements and lay and clerical exponents of Catholic social teaching appear at each session of a two-day meeting to discuss together the ways and means that should be followed to usher in a larger measure of justice, wisdom and peace.

The regional conferences bring to the surface of the community its special knowledge and special talents and in a formal way center the thought of all the elements in industrial life upon the present character and origin thereof, the basic purposes of economic life, the detailed standards, the methods partially serviceable, the full means of establishing economic order and justice and the program of education in Catholic social teaching. These conferences have proved themselves of first importance in education toward Catholic social teaching.

For special guidance and interpretation, there is the 1919 Pastoral Letter of the American Hierarchy, the 1919 Bishops' Program of Social Reconstruction, statements of the Administrative Committee of the National Catholic Welfare Conference and their 1933 "Statement on the Present Crisis"—examples of the work of Bishops the world over to *interpret and comment upon this doctrine, and apply it, according to the mind and instructions of the Holy See, to the special circumstances of the various nations.* (Pp. 7-8.)

There is great need of more and more highly trained laymen and women and priests who will scientifically elaborate the social sciences in the spirit of the Church's teaching so as to bring out its application to changing facts. They will then furnish the material both for the program of education and for the actual re-creation of social order and the securing of the purpose of economic life. (Pp. 8-9.) A corps of fully equipped Catholic social-economic scientists is greatly needed. They will show the way and hold the light upon the dark path to social remaking.

Catholic social-economic teaching is not cloistered to economics alone. In the light of the natural necessity of a moralized social order supervised by government, a person looks at all history in a new light. He sees, for example, United States history as not simply a struggle of pioneers in a new world confronting an ever-receding geographical frontier, turning in, then, upon themselves to meet the ever-expanding frontier of

science applied to industry, struggling once for freedom from a monarchical England and battling, later, in civil war to see whether slavery or a free society would rule the West and the whole country. He sees all of these as examples of the steady growth of Individualism both in a New World and in a new industry, making its way onward to gigantic development, while it wrecked many of its sons, and then meeting cataclysm in which it had to turn its back, openly and knowingly, upon much of a tradition that it once gloried in. He sees Latin American history as an effort in the early days to apply within the limits of Spanish nationalism the social teaching of the Church; as then becoming a decadent and formalistic lip-service to those teachings; as, then, trying to go over to modern business Individualism in an era of so-called anti-clericalism which was, at heart, opposition to the economic teaching of the Church; and, finally, now, as being at a turning point, not knowing where to fly from the new economic and political imperialism that has in consequence overwhelmed it. He sees it as a compression of the history of the last 1,500 years of Europe.

Sociology receives in its social categories a new primary social group, the group engaged in a certain line of production and service. Possessed of a standard for the economic group (not class), it can measure the deviations from the normal, analyze its decline and growth, place the normal and the deviations from it in its whole scheme of social groups and note the effect upon the stunted life of the family, of society as a whole and of whatever other social groups it analyzes.

In the Catholic colleges, universities, and seminaries and in tutoring Catholic students in non-Catholic colleges—all of which need still further strengthening in their social studies—they have a large field of work. Another field is in the Catholic Conference on Industrial Problems. Another is in writing for the learned and, should they have the facility, writing for popularization in books, pamphlets and magazine and newspaper articles. Another is in the lay organization, Catholic Action.

Apart from the distinctly Catholic public, the possibilities are endless. For Catholic social teaching is not an exclusive doctrine. Economic life is to be remade according to sound philosophy (P. 26.); the organization it should follow is the natural form of organization and the purpose it should live up

to is its natural purpose. There is nothing exclusively Catholic in it except in so far as the help of Christ and the Church are normally needed to bring out the truth upon even the naturally right thing to do in morals. Catholic social teaching has already become to a degree *part of the intellectual heritage of the whole human race* and is *advanced and advocated not merely in non-Catholic books and journals, but frequently also in legislative assemblies and in courts of justice.* (P. 8.) Because of its eminent reasonableness Catholic social teaching appeals to all.

Yet Catholics should be in the forefront. They have the principles. They have the help of Christ and the Church to know the principles and to follow them. And the perfecting of the natural order of society, once it is organized, comes alone through practicing *the sublime precepts of the Gospel.* (P. 26.)

The task . . . is . . . difficult. . . . Many are the obstacles to be overcome on either side, whether amongst the higher classes of society or the lower. Still, let them not lose heart, nor in any way allow themselves to be diverted by any art from their purpose. For to face stern combats is the part of a Christian, and to endure labor is the lot of those, who, as good soldiers of Christ, follow closely in His footsteps. (P. 45.)

There is ground for hope. The growth of religious devotion the world over, from which springs charity for all, gives reason to *confidently look forward to that complete and much-desired renewal of human society, and to "the Peace of Christ in the Kingdom of Christ."* (P. 45.) The Church is active. Catholic Action, the organized laity sharing in the Church's work, is growing. *We exhort all these in the Lord to spare no labor and be overcome by no difficulty, but daily more to take courage and be valiant.* (P. 45.) The ranks of the workers reveal *glad signs of coming social reconstruction.* (P. 45.) Hope rests in the young among them and in those labor leaders who, *sacrificing their own interests, and anxious only for the good of their companions* (P. 46.), are wisely bringing their just demands into harmony with the prosperity of their whole industry and do not let themselves be stopped in this by any obstacle or misgiving. *Further, many young men, destined soon by reason of their talents or their wealth to hold distinguished places in the foremost ranks of society, are study-*

ing social problems with growing earnestness. These youths encourage the fairest hopes that they will devote themselves wholly to social reforms. (P. 46.)

Certainly there is the greatest need now of steadfast soldiers of Christ who will work with all their strength to save the human family from the dire ruin in which it will plunge if that order of things, which tramples no less upon the laws of nature than those of God, is, in contempt of the teachings of the Gospel, allowed to prevail. (P. 47.) *No stone, then, must be left unturned to avert these grave misfortunes from human society. (P. 47.) Towards this one aim must tend all our effort and endeavor supported by assiduous and fervent prayers to God. For, with the assistance of Divine Grace, the destiny of the human family lies in our hands. (P. 47.)*

Unity is absolutely necessary. Catholics do much work in remaking social order and reestablishing its natural purpose. *But this admirable and self-sacrificing activity not unfrequently loses some of its effectiveness by being directed into too many different channels. (P. 48.)* We still work separately. We work often at cross purposes. Even we fail sometimes in that union which means union with the mind of the Church.

Let, then, all men of good will stand united. Let all those who, under the pastors of the Church, wish to fight this good and peaceful fight of Christ, as far as talents, powers and station allow, strive to play their part in the Christian renewal of human society, which Leo XIII inaugurated in his immortal Encyclical "Rerum Novarum." Let them seek, not themselves and the things that are their own, but the things that are Jesus Christ's. Let them not urge their own ideas with undue persistence, but be ready to abandon them, however admirable, should the greater common good seem to require it: that in all and above all Christ may reign and rule, to Whom be honor and glory and power forever and ever. (P. 48.)

APPENDIX

Excerpts from

A STATEMENT ON THE PRESENT CRISIS¹

By

THE BISHOPS OF THE ADMINISTRATIVE COMMITTEE OF THE
NATIONAL CATHOLIC WELFARE CONFERENCE

False Philosophy

"The social philosophy prevailing during recent centuries has carried human society far from its safe moorings. That philosophy—if, indeed, it be worthy of the name—which has ruled governments, groups and individuals for the past three hundred years has not taken as its guide the moral law, has not considered the rights of man. Money, not man, has been the supreme consideration and the justifying end. That philosophy has aroused opposition and has given rise to errors and exaggerations that are anti-Catholic and anti-Christian.

"That same demoralizing philosophy defended, and defends today, unrestrained individual economic freedom and the economic dictatorship that has succeeded it. That philosophy permits individuals, corporations and nations to accumulate as much wealth as they can, according to the unfair methods of modern business, and to use such accumulated wealth as they see fit. It honors and proclaims as sovereign rulers of economic empires men who have succeeded in amassing unjustly these fabulous fortunes.

"That philosophy has broken down or forbidden the establishment of protective organizations. It has broken down or forbidden an organized economic life to administer the production of wealth and its distribution in accordance with social justice and the interdependence of economic relations. It has denied Government its right to guard justice and the common good. It has given greed a free hand.

"That philosophy denied and denies, in reality, the oneness and the solidarity of mankind. In its light, wealth, business and the power that material prosperity gives, are in themselves supreme ends. Human rights must be sacrificed to those ends, and humanity itself must become the mere instrument in the production of wealth, not the master controlling it. Such a philosophy has always been and will ever be false and un-Christian in principle and application. It has literally taken God out of the world." (Pp. 7, 8.)

¹National Catholic Welfare Conference, 1312 Massachusetts Avenue NW., Washington, D. C. 1933.

Wages, Income and Ownership

“The working-man is entitled to a family wage, which must be an amount sufficient not only to support husband, wife and children in frugal and decent comfort, but to provide against sickness, unemployment, infirmity and old age. His right to organize must not be interfered with. His right to an equitable share in the profits, as a wage-earner, must receive due consideration. His right to bequeath and to inherit, and his right to employment under normal moral conditions, should be assured.

“Social justice, working in behalf of the common good, requires that the masses not possessing property rise to a degree of ownership. The chasm between owners—the relatively few—and non-owners—the vast majority—must be bridged by a distribution of ownership through thrift and a real sharing of profits, not merely a profit-sharing in name. Profit-sharing through stock ownership, or through partnership contracts, in our large corporations has in too many instances proved either disastrous or of little value to employees laboring under the disadvantage of being minority stockholders. Indeed, as Pius XI says, the time seems to have come when the wage contract should itself be somewhat modified by a contract of partnership. This, however, should be a measure of true partnership.” (Pp. 23, 24.)

Unions

“Labor and trades unions offer one means of obtaining justice in wages and salaries. The normal working of such organizations, whether singly or as a federation of unions, should be to promote the general welfare and to insure for all workers, whether skilled or unskilled, maximum employment, adequate remuneration, the protection of their rights as men and as citizens, and security against accident and indigence.” (P. 24.)

The New Social Order

“Government in the fulfilment of its functions should assist in the organization of the various economic groups. These organized groups, without injustice to themselves, but seeking always the common good, can be so constituted as to fulfil properly their own function of production and the distribution of their services. Such an organization of the various economic groups along the lines of their separate industries and fields of endeavor should embrace representatives of every element in

the economic group. Imbued with justice, with love for the common good and with social charity, such an organized economic life can free the State from the danger it faces of becoming an all-engrossing and all-enveloping power. As Pope Pius XI says: 'The aim of social legislation must be the reestablishment of vocational groups. . . . The State should leave to these smaller groups the settlement of business of minor importance. It will thus carry out with greater freedom, power and success the tasks belonging to it, because it alone can effectively accomplish these, directing, watching, stimulating and restraining as circumstances suggest or necessity demands.' But Government, to quote again, should not 'arrogate to itself functions which can be performed efficiently by smaller and lower bodies'—bodies that would comprise the organized and autonomous economic life." (P. 26.)

Economic Nationalism

"As the means of communication and transportation become more perfect day by day, the economic interdependence of nations becomes more apparent and presents increasingly difficult international problems. The entire human race has the right of access on reasonable terms to the resources, markets and settlements of the whole earth. . . . Economic nationalism may have the gravest consequences, and, if carried to extremes, may be profoundly immoral. International cooperation in debt agreements, markets for finished goods, access to raw materials, and movement of population on a reasonable basis are necessary. Even our country, with its wealth of natural resources and its highly developed industrial technique, cannot stand alone. The oneness and solidarity of mankind make economic isolation impossible. That truth should lead our nation to make such agreements as are necessary for the immediate and future welfare of her own people and for the happiness of mankind. Wars are born of international injustice, isolation and rivalry. International life, relations and responsibilities should be recognized and entered into according to the principles of social justice and social charity." (Pp. 13, 14.)

Study

"Our priests and selected groups of the laity, members of the professions, employers and leaders of trade and labor unions, should study most carefully the plan for the restoration

of the social order outlined by our Holy Father, whose voice is the voice of the living representative of Christ upon earth. With providential foresight and more than worldly wisdom he has definitely pointed out the way to the true Christian social order. . . . These and many other questions receiving public attention can advantageously be studied by leagues, societies and groups, according to their capacity, but naturally the emphasis will be placed on the moral aspect, which is the supreme concern of the Church." (P. 20.)²

Catholic Action

"The National Council of Catholic Men and the National Council of Catholic Women, so often commended by the Bishops at their annual meetings, have, against great odds, done much for Church and country. They deserve fuller recognition and the generous support of Catholics of all classes. The field of Catholic Action invites them to a wider participation in the work of the hierarchy, under the direction of the Ordinary of each diocese." (Pp. 28, 29.)

²For information about study outlines; special help to study clubs, bibliographies, pamphlets, etc., dealing with Catholic social teaching and particularly Pius XI's "Reconstructing the Social Order," write National Catholic Welfare Conference, 1312 Massachusetts Avenue NW., Washington, D. C.

