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Capital and Labor
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By
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A recognized authority, Right Rev. John A. Ryan, D.D., in this pamphlet analyzes and applies the principles expounded by Pope Leo XIII in his encyclical on "The Condition of Labor" and Pope Pius XI in his encyclical on "Reconstructing the Social Order."



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POPE LEO'S ENCYCLICAL ON LABOR



URING the week of May 10, 1931, delegations from many countries arrived in Rome to celebrate the anniversary of the Encyclical, "On the Condition of Labor." It was published by Pope Leo XIII on the fifteenth of May, 1891. Forty years later it retains sufficient vitality to evoke pilgrimages in honor of its principles and in testimony of its achievements.

What is the nature of this mighty pronouncement and why was it issued? It is a comprehensive treatment of the relations between capital and labor. The main reason for its publication is expressed in the words of its august Author: "Some remedy must be found, and quickly found for the misery and wretchedness which press so heavily at this moment on the very poor." Like his Divine Master, Pope Leo had "compassion on the multitude."

During the quarter of a century immediately preceding the year, 1891, Bishop Ketteler in Germany, Cardinal Manning in England, Cardinal Mermillod in Switzerland, Baron Vogelsang in Austria, Count de Mun in France, Professor Périn in Belgium, Professor Toniolo in Italy and many other Catholic leaders, had denounced the evils of modern industrialism and sought adequate remedies. While all Catholics realized that the social question could be solved only through Christian principles, they differed among themselves concerning the meaning and the application of these principles. According to one school, the remedy for bad industrial conditions was to be sought in the benevolence of the employ-

ing class and the Christian resignation of the laboring class. Another Catholic group placed the chief emphasis upon Christian justice.

Moved by the sufferings of the workers, the need of all for sound doctrine and "the responsibility of the Apostolic office," Pope Leo determined to draw up a comprehensive statement on the social question; to set forth clearly and definitely "the principles which truth and justice dictate for its settlement." He spoke with the full voice of Apostolic authority: "in the exercise of the rights which belong to Us," were his own words. "No practical solution of the question," he continued, "will be found without the assistance of religion and the Church."

That industrial questions, relations and practices are all governed by religion and morality, is the most fundamental and far reaching *general* doctrine in the Encyclical. This teaching contradicts and condemns such familiar assertions as the following: "The Church should have nothing to say about business"; "religion and economics do not mix"; "priests and bishops should preach the Gospel instead of discussing industrial questions." Against all such shallow utterances the Encyclical reasserts and restates the traditional doctrine, that economic as well as other human actions are subject to the moral law; that buying and selling, borrowing and lending, employing and serving, wage paying and rent paying, are either right or wrong, good or bad, just or unjust. None of these practices, nor any other industrial practice, can claim immunity from the moral law nor asylum in an unmoral vacuum. No intelligent and loyal Catholic can read the Encyclical and continue to assert that Christian principles have no business in the market place.

Not a Partisan Document

While the Encyclical has been called the Magna Charta of labor, while it was written primarily on behalf of labor, and while it affords much more comfort to the toiling masses

than to any other social group, it is not a partisan pronouncement. It ignores neither the rights of the rich nor the duties of the poor. Immediately after the introductory paragraphs, it enters upon a systematic and somewhat lengthy defense of private property and refutation of Socialism. Many of us can recall a period when this was the only part of the Encyclical that received attention in the speeches and writings of Catholic leaders and publicists. In those days the Socialist movement loomed as a serious menace to justice, religion and social welfare. Happily that time and that danger have passed, at least in the United States. Against Socialism I delivered many speeches and wrote many articles, including a prolonged debate in a popular magazine; nevertheless I have been silent on the subject for at least fifteen years. I see neither profit nor glory in slaying the slain, nor in flogging a corpse.

Pope Leo admonishes the workers not to indulge in dreams of equality or of earthly happiness. He stresses the manifold differences that "naturally exist among mankind." Men differ in "capacity, skill, health and strength." Inequality of fortune is consequently inevitable. Earth cannot be made paradise; for "to suffer and to endure is the lot of humanity." Nor is class naturally hostile to class; on the contrary, capital and labor are mutually dependent and should live in mutual agreement. Employers must treat their employees not as "chattels to make money by," but as persons endowed with the dignity and worth of men and Christians. On the other hand, the laborer should "carry out honestly and fairly all equitable agreements," abstain from injury and violence to the property or person of the employer, and "have nothing to do with men of evil principles."

So much for the general viewpoint of the Encyclical. Let us turn now to its specific and constructive proposals. The most important of these can be summarized under four heads: namely, wages, unions, the State and property.

Living Wages

As regards wages, Pope Leo repudiates freedom of contract as a universal measure of justice. "There is," he declares, "a dictate of nature more imperious and more ancient than any bargain between man and man, namely, that the remuneration must be sufficient to support the wage-earner in reasonable and frugal comfort. If through necessity or fear of a worse evil the workman accept harder conditions because an employer will give him no better, he is made the victim of force and *injustice*."

This is the doctrine of the living wage. Pope Leo does not say that it expresses complete justice. It is merely the minimum amount that is due to every wage-earner by the mere fact that he is a human being, with a life to maintain, and a personality to develop. The special qualifications which entitle men to more than the minimum of justice, such as skill, hazard, responsibility, cost of training, etc., are not considered in the Pope's discussion. On the other hand, the living wage that he has in mind is an amount sufficient not merely for the worker himself, but also for the proper maintenance of his family.

The enduring importance of this declaration is demonstrated by two outstanding facts. First, the majority of male adult workers, even in the United States, have not yet obtained the living wages demanded by the Encyclical. The second fact is even more significant. According to all competent students, the existing industrial depression is mainly due to the capacity of our industries to produce more goods than can be sold. The surplus products cannot be sold because the masses who would like to buy more have not the necessary purchasing power. If all our workers had been getting living wages during the prosperous years of the last decade the depression would not have been nearly so severe nor the recovery nearly so long delayed.

The teaching of the Encyclical on wages is as vital,

as pertinent and as beneficent today as when it came from from the pen of the Vicar of Christ forty years ago.

Labor Organization

The Catholic Church has always regarded organization, whether of employees or of employers, as the normal condition. She has never accepted the heresies of rampant individualism and unlimited competition. Pope Leo deplors the disappearance of the ancient guilds, and expresses gratification over various forms of workmen's associations; "but it were greatly to be desired that they should become more numerous and more efficient." Men have a natural right to enter them, a right which cannot be annulled by the State. "We may," says the Pope, "lay it down as a general and lasting law, that 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 individual member to better his condition to the utmost in body, mind and property." On the other hand, Pope Leo denounces those societies which "are in the hands of secret leaders, . . . who do their utmost to get within their grasp the whole field of labor, and force workmen either to join them or to starve."

The first of the two passages just quoted implicitly condemns the insidious "open shop" campaign, and every other movement which seeks to render the unions ineffective, by denying the right of adequate collective bargaining.

Pope Leo makes more than one reference to joint associations of employers and employees, "which draw the two classes more closely together." The underlying principle is exemplified in joint conferences for the establishment of trade agreements, in shop committees, works councils and other arrangements for increasing the control of labor over employment conditions and industrial operations. Upon the application and extension of this principle and these

methods depends to a very great extent the attainment of industrial peace.

The Function of the State

Concerning the State, Pope Leo lays down one general principle and several specific applications. "Whenever the general interest or any particular class suffers or is threatened with injury which can in no other way be met or prevented, it is the duty of the public authority to intervene." No more comprehensive principle of State intervention could be reasonably desired. Applying the principle to industrial relations, Pope Leo declares that the law should forestall strikes by removing unjust conditions; protect the worker's spiritual welfare and his right to Sunday rest; restrict the length of the working day, so that men's labor will not "stupefy their minds and wear out their bodies"; prohibit the employment of children "in workshops and factories until their bodies and minds are sufficiently developed"; prevent the entrance of women into occupations for which they are not fitted; and provide all workers with "proper rest for soul and body." While the Pope does not explicitly declare that the State should enforce a living wage, he clearly indicates that such action should be taken in default of voluntary arrangements.

The teaching of the Encyclical on the obligation of the State to the working classes is particularly pertinent to our own country, where influential persons and groups still proclaim the shallow slogan, "no class legislation." Pope Leo was a greater realist as well as a more intelligent humanitarian than those who profess adherence to this fallacious and inhuman formula. He was well aware that if the State is to apply the principles of distributive justice it must legislate for the special needs of each class. "The richer classes," he says, "have many ways of shielding themselves, and stand less in need of help from the State; whereas, 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 it is for this reason that wage-earners, since they mostly belong to that class, should be specially cared for and protected by the Government."

The Diffusion of Ownership

Sixteen or seventeen years ago, the manager of a public utility corporation unctuously and patronizingly assured me that he had great admiration for the Catholic Church because it was such a staunch defender of private property. Recalling the glorious history of the Church on this subject, I was moved to pity for this man's ignorance. He was under the impression that the attitude of the Church toward private property is merely that of a super-policeman. Had he read Pope Leo's Encyclical on Labor he would have found not only a defense of the *institution* of private property but a demand for a better *distribution*. It should be the policy of the State, said Pope Leo, "to induce as many as possible of the humbler class to become owners." As a consequence, "property will become more equitably divided," and "the gulf between vast wealth and sheer poverty will be bridged over."

The Pope's observations on this subject afford little comfort to the apologists for industrial autocracy. He deplors the division of industrial society into two classes, one of which "holds power because it holds wealth; has in its grasp the whole of labor and trade; manipulates for its own benefit and its own purposes all the sources of supply, and is even represented in the councils of the State itself." Those students and thinkers who believe that industrial relations will not be stabilized nor industrial peace assured until the wage-earners become to a great extent participants in the ownership of industry, will find considerable encouragement in Pope Leo's declarations on private property.

Universal living wages, effective labor unions, adequate legislation and a wider diffusion of property—these four specific remedies would solve the social question, or at least bring it as near to solution as is attainable by the instruments of economics and politics.

Effects and Summary

Among the most important effects of the Encyclical are the following: the general recognition that industrial questions have religious and moral aspects, and that the solution of these questions is to be found mainly in the principles of justice; the almost universal acceptance of the principle of a living wage; the widespread belief in labor organization; the improved attitude of the laboring classes toward the Catholic Church; the quickening of the conscience of the employing classes, and the general, even though belated and inadequate, response of Catholic leaders to the exhortation to study and strive to solve the social question.

If Catholics have been too timid in applying the doctrines of the Encyclical to actual industrial conditions, the explanation is to be found in the complexity of the problems and in the weakness of the flesh, despite the willingness of the spirit. Moreover, the last ten years have witnessed a great improvement in Catholic understanding of the great document.

In closing I shall try to summarize in a few sentences the spirit of the Encyclical on Labor. Almost at its beginning we find these words: "A small number of very rich men have been able to lay upon the teeming masses of the laboring poor a yoke little better than that of slavery itself." Were I or any other priest to use this language in a sermon, many good persons would assume that the preacher had turned radical if not Bolshevik. Pope Leo denies that the Church is concerned only with the spiritual needs of her children; he declares that it considers also "their temporal

and earthly interests." The Church wishes that the poor "should rise above poverty and wretchedness and better their condition in life, and for this she makes a strong endeavor." Hence Pope Leo published this Encyclical so full of sympathy with the working classes and so comprehensive in its reforms and remedies. On the other hand, the Vicar of Christ exhibits all these things in their proper proportions. He insists that material prosperity will not make earth a paradise. Improved labor conditions are not the end of life; they are only a means to virtuous living and to the attainment of life eternal. When justice is placed upon this eternal foundation it becomes infinitely more significant and vastly more effective than when it is based on mere humanitarianism. We who strive for industrial justice and industrial reforms in the spirit of the Encyclical can feel assured that we are promoting the purposes of God, that we are seeking the welfare of labor *sub specie æternitatis*.

POPE PIUS' ENCYCLICAL ON RECONSTRUCTING THE SOCIAL ORDER

After reading the inadequate advance summary of the recent Papal Encyclical, a prominent rabbi in New York declared that it was relatively less progressive than *Rerum Novarum*. Had he waited until the full text was in his hands, he could not have passed this judgment. *Quadragesimo Anno* is quite as far ahead of the average, or the conservative, economic thought of today as *Rerum Novarum* was in advance of the social thought of the last decade of the nineteenth century. The present Holy Father presents a comprehensive socio-economic philosophy and program in terms that are remarkably concrete and in language that is familiar to this generation.

As it appears in the dedicatory address, the full title of the Encyclical is "On Reconstructing the Social Order and Perfecting It Conformably to the Precepts of the Gospel." This title is at once descriptive of the subject matter and indicative of the precise aim and the fundamental character of its proposals. The reconstruction which the Holy Father describes and demands is both economic and moral. The economic doctrine is midway between individualism and Socialism. On the one hand, it repudiates economic liberalism, *laissez-faire*, and unlimited competition. The terms *liberalism* and *individualism* occur many times throughout the Encyclical; always with a note of condemnation and sometimes in accents of righteous scorn. The functions which Pope Pius assigns to the State are very extensive. On the other hand, he carefully points out the limits of State control, declaring that it should never go so far as to exemplify even a moderate degree of real collectivism or Socialism.

Before entering upon the presentation of his own doctrines and proposals, Pope Pius recalls the genesis of Pope Leo's Encyclical on the *Condition of Labor*. The most important and significant statement in these preliminary paragraphs is this: when Pope Leo wrote, the excessive riches of the few and the dire poverty of the many were quite satisfactory to the wealthy, who looked upon this condition as a necessary consequence of economic laws and who "were content to abandon to charity alone" the relief of the unfortunate. This attitude the Holy Father condemns, declaring that it is not "a task of charity to make amends for the open violation of justice." This opening note of justice is very frequently sounded in all of the subsequent sections of the Encyclical. Several times the Pope uses the term "social justice." So far as I am aware, this is the first papal pronouncement to make use of that phrase. It may have either of two meanings: general civil and social righteousness; or something akin to distributive justice, inasmuch as it places obligations upon those who possess economic power

and have control of the distribution of the product of industry.

I. Effects of "Rerum Novarum"

These are briefly described by Pope Pius under three heads: the Church, as regards the diffusion of Pope Leo's doctrine among the clergy and laity and their efforts to give it practical application; the civil power, as regards beneficent labor legislation, which has assumed the proportions of "a new branch of jurisprudence," and organizations, particularly of workingmen. Under the last head, the Holy Father stigmatizes that "liberalism" which leads governments to "the criminal injustice" of treating labor unions "with disfavor if not with open hostility," while recognizing and patronizing "similar corporations among other classes." This is a penetrating and just judgment; for the principles of economic liberalism and individualism were frequently applied by legislators in such a way as to give the workers only the freedom to compete, both against the capitalists and one another, while it permitted capitalists to compete against labor and to combine with one another. Pius reaffirms the statement of Leo that workingmen's associations should be so organized and governed as "to help each member to better his condition to the utmost in body, mind and property." While he prefers to see Catholic workingmen form unions based explicitly upon Catholic principles, he recognizes that sometimes "peculiar economic conditions" and other circumstances leave them no choice "but to enroll themselves in neutral trade unions." Here and in several other places the Encyclical restates and emphasizes the traditional Catholic doctrine that persons having similar economic interests should be united in professional or vocational associations.

At the close of this part, Pope Pius strongly condemns "some who seem to attach little importance to this [Pope

Leo's] Encyclical and to the present anniversary celebration. Such persons," he says, "are either entirely ignorant of its doctrine or unable to understand it" or "open to the charge of base injustice or ingratitude."

II. Vindication and Wider Application of Leo's Teaching

At the beginning of this section, Pius reasserts the principle laid down by Leo, that the Church and its Supreme Pontiff have the right to make pronouncements upon social and economic problems in so far as these "have a bearing upon moral conduct." The authority of the Church extends to "the entire moral law." Economic laws are not independent of the moral law or of the final end assigned to man by God. These clear and positive declarations ought to be a sufficient reply to the assertion still occasionally made by Catholics that the Church has no competence nor any authority in "matters of business."

The Holy Father declares that he wishes to solve the doubts that have arisen "even among Catholics" concerning Pope Leo's doctrine and, in view of the new needs and the changed social conditions, to give it a more precise application and amplification. The topics discussed in this part are mainly economic.

Private Property

On this subject, says Pius, some controversy has arisen among Catholics about the correct interpretation of Leo's teaching. Moreover, the Church is sometimes accused of upholding the wealthier classes against the wage-earners. Private ownership, he declares, has a two-fold aspect, individual and social. While it is necessary for individual welfare, its social aspect should be neither minimized nor exaggerated. The former fault leads to individualism which is

“a pagan concept”; the latter, to collectivism, which is equally to be condemned. The Popes and the theologians have always maintained both these elements of ownership. They have upheld the distinction between the right of ownership and the proper *use* of material goods. The limits of the right are fixed by strict justice; the limits of its proper use are determined “by certain other virtues.” While the owner may not use his goods as he pleases, he does not forfeit the right by a bad use. The task of defining in detail the limits, both of the right and its use, “is the function of government.” Hence States have maintained many forms of private property, for example, the primitive, the patriarchal, the feudal and that which prevails today. In fixing the limits of the right, the State consequently enjoys considerable latitude. But it must not so restrict the institution as to prevent individuals from securing and possessing external goods, or from transmitting them by inheritance.

One general limitation upon rightful use is made by the natural law. A man’s superfluous income, that which “he does not need in order to live as becomes his station,” is subject to “the grave obligations of charity, beneficence and liberality.” These are those “other virtues” which the Pope mentioned as determining the limits of the proper use of goods. The specification of the virtue of liberality in the Encyclical seems to be particularly appropriate in our time. According to St. Thomas, the virtue of liberality is part of the virtue of justice. It has not to do with the debt owed by strict justice, but with a “certain moral debt.” It demands that wealth be used for the benefit of the community. Superfluous income, continues the Holy Father, may also be properly invested in productive enterprises which are “really useful.” The qualifying phrase is an implicit condemnation of a great part of the investments that are made in our society. Some of these are distinctly harmful, since they promote unproductive speculation; others are useless because they add to a productive equipment which is already

excessive. In our time the virtue of liberality, the right use of superfluous riches, could frequently be much more effectively practiced through gifts to public institutions, such as churches and schools, or in the payment of high income and inheritance taxes, than through increasing our already superabundant instruments of production.

Distribution of the Product of Industry

Labor is not the only title of ownership. The laborer has a right to the whole product only when he is his own master, exerting his energy upon his own materials. When he expends his labor upon the property of his employer, he cannot lawfully claim the entire resulting product. The Socialists are wrong in demanding that all the means of production be transferred to the State. More subtle is the error of those who set up "the false moral principle that all products and profits excepting those required to repair and replace invested capital belong by every right to the workingman." Both capital and labor have a right to a share in the joint product, "and it is flagrantly unjust that either should deny the efficacy of the other and seize all the profits."

This teaching is sufficiently clear and forthright. The Holy Father does not explicitly assert that the share of the capitalist is due him by the specific title of productivity, but that proposition seems to be clearly implied in this passage.

Pope Pius does not, however, lay down any rule for determining the proportions of the product which should go respectively to labor and capital. All that he says is that the division "must be brought into conformity with the demands of the common good and social justice."

In the past, he continues, an excessive share was claimed and obtained by capital, while the laborer received only "the barest minimum necessary to repair his strength and to en-

sure the continuation of his class." Although the condition of labor has been considerably improved since the days when the liberalistic tenets of the Manchester School were in control, the working classes have not yet obtained their rightful proportion. The immense number of propertyless wage-earners and the superabundant riches of the fortunate few clearly show that the abundant products of industrialism "are far from rightly distributed and equitably shared among the various classes of men. Every effort, therefore, must be made that at least in the future a just share only of the fruits of production be permitted to accumulate in the hands of the wealthy and that an ample sufficiency be supplied to the workingman." Unless such efforts are made seriously, with energy and without delay, human society cannot "be effectively defended against the forces of revolution."

How much is "ample sufficiency"? The Holy Father's interpretation of this phrase is fairly definite. The workers must have enough to take care of their families with greater ease and security, to be free from hand to mouth uncertainty and to possess the assurance that some little provision will remain for their dependents after their own lives are ended. Later on we are told that wage-earners of all kinds should be enabled through wages "to attain to the possession of a certain modest fortune."

Application of Leo's Doctrine on Wages

How can the wage-earner obtain this "ample sufficiency"? Evidently the only means is his wages, for these are his only source of saving. At the outset of his discussion of this topic, Pope Pius declares that the wage contract is not essentially unjust and that those persons are in error who maintain that it should be supplemented by the contract of partnership. Nevertheless, he deems it advisable

that when possible a relationship of partnership should be introduced as a modification of the wage contract. "In this way, wage-earners are made sharers in some sort in the ownership or the management or the profits." Nothing so specific as this was laid down by Pope Leo. In effect, it declares that the workers should become something more than mere wage-earners. In effect, it endorses the position of those social students who maintain that the worker should be gradually introduced to the various advantages of capital ownership. It implies a certain degree of industrial democracy. The specific method by which this beneficent change can be brought about is described a little later in the Encyclical.

As regards the amount of wages which is just, Pope Pius declares that the adult male should receive at least sufficient for the maintenance of the family. While it is right that the rest of the family should contribute something toward the common maintenance when they are able, it is wrong to compel young children to work or to require mothers to "engage in gainful occupations outside the domestic halls to the neglect of their own proper cares and duties, particularly the education of their children." This measure of remuneration, declares the Holy Father, is demanded by social justice. If it is not now feasible, it should be brought about by reforms "introduced without delay." If the inability of business to pay this wage is due to bad management or want of enterprise, "this is not a just reason for reducing the workingman's wages." If the inability rises from the fact that the industry "is compelled to sell its products at an unjustly low price," the blame is to be placed upon those who cause prices to be insufficient. This evil condition should be removed through the joint effort of employers and employees, aided by the public authority. If conditions become extreme, they should consider "whether the business can continue or whether some other provision should be made for the workers." If these rules were applied to our

soft coal industry and, indeed, to several other over-expanded industries in the United States, they would bring about the closing down of many superfluous mines and plants and the transfer of the superfluous workers to other industries, or such a reduction in the working time as would enable many of those who are chronically unemployed to find steady work in the industries to which they still cling. The Pope's specifications on this subject are quite in harmony with the theory of "planned production," which is frequently urged as a preventive of industrial depressions.

Unemployment

Of no less importance than good wages, says the Holy Father, is the provision of opportunities for work. He calls the present unemployment a "dreadful scourge." Opportunities for work, he declares, depend in large measure upon the scale of wages and are multiplied so long as the scale is not too high. "All are aware that a scale of wages too low, no less than a scale excessively high, causes unemployment." This is a substantial recognition of the now generally prevailing theory that our present unemployment is due to a lack of adequate income and adequate consuming power in the hands of the wage earners. Continuing, the Holy Father declares that a reasonable relation should be maintained between different groups of wages and between the prices of the products turned out by the various economic groups, agrarian, industrial, et cetera. If these harmonious proportions were established and maintained, the supply of goods would be sufficient "to uplift men to that higher level of prosperity and culture which, provided it be used with prudence, is not only of no hindrance but is of singular help to virtue." Here we have an implicit but unmistakable condemnation of the assumption that compulsory economic poverty is helpful to a virtuous life.

III. The Reconstruction of the Social Order

This is the most constructive and original part of the Encyclical. "When we speak of the reform of the social order," says Pope Pius, "it is principally the State we have in mind." Although the State is not the source of all social salvation, its function must be emphasized on account of the evil consequences that have flowed from the theory and practice of individualism. While much that was formerly done by small bodies can now be performed only by large corporations, nevertheless it is a grave evil to permit the latter to control and perform industrial activities which can be carried on effectively by smaller groups. This arrangement is as bad as Socialism and for the same reason, namely, that it prevents the individual and the smaller groups from doing things which they are able to do for themselves. "This is a fundamental principle of social philosophy. . . . The true aim of all social activity should be to help individual members of the social body, but never to destroy or absorb them."

Vocational Groups

In order to restore the organic character of social life, the State should encourage the formation and functioning of smaller industrial groups. It should reestablish vocational groups which would include both the employers and the employees of an industry. The remedy for present evils is to be found neither in free competition nor in overwhelming control by corporations. What the Pope desires is some kind of guild system providing self-government for each industry under the protection of the State, but restrained by the State from oppressing either the worker or the consumer. Employers and employees of the same industry should, he says, "join forces to produce goods and give service." The same principle of coöperation he would ex-

tend to the international field. Since the nations are largely dependent upon one another in economic matters, they should endeavor "to promote a healthy economic coöperation by prudent pacts and institutions."

Immediately following the discussion of vocational groups, the Encyclical has a few paragraphs concerning "a special syndical and corporative organization," which evidently means the industrial system set up by Mussolini. After praising its good features, the Holy Father refers to the fear that it involves the substitution of the State for beneficial private initiative and exhibits "an excessively bureaucratic and political character."

IV. Present Conditions and Socialism

At the beginning of this section, His Holiness recalls the vast changes which have taken place in economic conditions since Pope Leo published his Encyclical forty years ago. Most conspicuous among the changes are the increased concentration of capital and the greatly increased control exercised by large corporations. He speaks of the "despotic economic domination concentrated in the hands of a few, and these few frequently not the owners, but only the trustees and directors of invested funds." In consequence of this concentration of power, we behold a three-fold struggle for domination: first, for dictatorship in the economic sphere; second, the fierce battle of the dictators to acquire control of the State; finally, the resulting clashes between States themselves. Individualism has brought about a complete reaction. "Free competition is dead; economic dictatorship has taken its place. Unbridled ambition for domination has succeeded the desire for gain; the whole economic life has become hard, cruel and relentless in a ghastly measure." Despite his denunciation of the evils of present day capitalism, Pope Pius declares that the system is not "vicious of its very nature." It is to be condemned

only when it imposes its arbitrary will upon the workers and the common good, regardless of social justice.

Communism and Socialism

Contemporaneously with the change in the economic organization since Pope Leo, has come a change in the character of Socialism. There has occurred a division of the system and the movement into two groups. One of these is even more extreme, while the other is in varying degrees more moderate, than the Socialism which Leo condemned. The former is known as Communism. It is utterly detestable in its class warfare, abolition of private ownership, violence, cruelty and open hostility to the Church and to God. The more moderate form of collectivism which retains the name of Socialism, has in some respects become so mitigated that its programs "often strikingly approach the just demands of Christian social reform." What the moderate Socialists attack nowadays is not so much the possession of the means of production as "that type of social rulership which 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. If these changes continue, it may well come about that gradually the tenets of mitigated Socialism will no longer be different from the program of those who seek to reform society according to Christian principles."

The sentence just quoted is immediately followed by a statement which contains ample authorization of public ownership of public utilities and of these artificial monopolies which cannot be kept within reasonable bounds by mere legislative regulation. This is the sentence: "For it is rightly contended that 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." "Those who demand merely such measures of State control," con-

tinues the Holy Father, "have no reason for becoming Socialists."

Nevertheless, Pope Pius declares, not all the Socialist sects which reject Communism have adopted this reasonable position. For the most part, they merely take a more moderate attitude with regard to the class warfare and the abolition of property. Even if Socialism changed its doctrine so as to teach nothing reprehensible on these two subjects, it would still be out of harmony with the dogmas of the Catholic Church because it rejects the eternal life as the end of man, and sacrifices individual liberty "to the exigencies of efficient production." It would organize society on the basis of "compulsion of the most excessive kind," while fostering that false liberty which excludes true social authority derived from God; so long as Socialism remains Socialism, "no one can be at the same time a sincere Catholic and a true Socialist."

The Pope deplors the desertion of many Catholics to the ranks of Socialism and notes the excuses often given for this defection, namely that "the Church and those professing attachment to the Church favor the rich and neglect the workingmen and have no care for them." Sorrowfully, the Holy Father admits that some Catholics "are well-nigh unmindful of that sublime law of justice and charity which bind us, not only to give each man his due but to succor our brethren as Christ our Lord Himself. Worse still there are those who out of greed for gain do not shame to oppress the workingman. Indeed, there are some who can abuse religion itself, cloaking their own unlawful imposition under its name, that they may protect themselves against the clearly just demands of their employees. We shall never desist from gravely censuring such conduct. 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 the suffering of the disinherited."

V. Reform of Morals

At the beginning of the last part of the Encyclical, Pius repeats the declaration of Leo that society cannot be healed "save by a return to Christian life and Christian institutions." Social reconstruction must be preceded by a profound renewal of the Christian spirit. Nowadays, he continues, vast multitudes of men have great difficulty in attending to their eternal salvation precisely because of the un-Christian spirit and the immoral methods which permeate the social and economic life. The thirst for riches has always impelled men to break the law of God and violate the rights of their neighbors, but today it is more harmful than ever before. Economic insecurity drives men to relentless competition, urges them to amass profits regardless of justice or charity and persuades them that gains should be acquired with the least possible labor. Corporations with their limited liability and their reduced sense of personal obligation are guilty of abominable abuses. The number of those who seek wealth without regard to the means employed is greater than ever before and the bad example which their success creates for more humbly placed men is truly deplorable. When the leaders of business forget morality, the working classes naturally fall into the same ways, particularly when they experience injustice at the hands of their employers. The Christian spirit has become so generally impaired that "man's one solicitude is to obtain his daily bread in any way he can."

Return to the Gospel

In the production and pursuit of material goods, men must once more learn to respect the laws of God and the rights of their neighbor; in the use of wealth they must return to the principles of faith and right reason. In all these respects, they must become imbued with a sense of

equity and must be guided by requirements of a just distribution. "Sordid selfishness," which is the great crime of this age, must give way to Christian moderation which bids men to seek the Kingdom of God and His justice.

Nevertheless, the virtue of strict justice is not sufficient. While charity cannot take the place of justice, it is necessary in order to bring about a true union of hearts and minds. Without charity, there can be no stability in institutions or arrangements which aim at social peace. Without the spirit of charity, the wisest regulations will come to nothing. The diffusion throughout the world of the spirit of Christian moderation and charity will bring about the much desired renewal of human society and the Peace of Christ in the Reign of Christ.

Obligations of Bishops, Clergy and Laity

The task of social and moral reconstruction is indeed difficult, but it should be taken up and sustained in the spirit of soldiers of Christ. There is indeed no good reason for discouragement. The assistance of associations of workmen is in itself a great source of encouragement. From these societies and from groups of employers must be trained lay apostles who will devote themselves to social reform. Study circles must be formed on Christian lines. "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."

This same note upon which Pope Pius closes his great Encyclical was likewise struck by Pope Leo in the concluding paragraphs of *Rerum Novarum*. On the occasion of the Fortieth Anniversary of the latter more than one speaker and writer was obliged to confess that this exhortation had not been faithfully or generally followed by either the clergy or the laity. All the signs of the present time, however, indicate that the eloquent recommendations of the present Pontiff will not suffer the same degree of neglect.

Conclusion

Whatever else may be said about the Encyclical on Reconstructing the Social Order, it cannot be fairly criticized as vague, remote or academic. It is realistic throughout, perceiving clearly both the evils of capitalism and the evils lurking in extreme proposals of reform. It combines a clear statement of principles with a detailed presentation of practical proposals. It gives us not only the principles but their concrete application. It faces all the facts and deals with the world of today in language which the world understands. When the subject under discussion is economic, the terminology used is economic; when moral questions are under consideration the language is that of ethics. Probably no honest man will have the hardihood to say that Pope Pius does not understand existing social and economic conditions or shrinks from proposing adequate remedies. The Holy Father has given the world the most comprehensive, specific and adequate program of social reconstruction that we possess. Other programs may have been more detailed concerning one or other part of the problem, but none of them has been at once so fundamental, so well balanced and so comprehensive. A long time will elapse before another Encyclical will be necessary to supplement "Reconstructing the Social Order."

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