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Organized social Justice. ADV6801

# Organized Social Justice

AN ECONOMIC PROGRAM FOR THE UNITED  
STATES APPLYING PIUS XI'S GREAT  
ENCYCLICAL ON SOCIAL LIFE  
131 SIGNERS

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NOTES AND A STUDY OUTLINE



Printed for the  
SOCIAL ACTION DEPARTMENT  
NATIONAL CATHOLIC WELFARE CONFERENCE

By  
THE PAULIST PRESS  
NEW YORK, N. Y.



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**Decidifed**

## ORGANIZED SOCIAL JUSTICE

Now that the NRA is destroyed, a new and better way must be found to abolish the principal injustices that afflict our economic life. This is the first thing needed. The second and more fundamental is to create an economic order which will enable men to do justice readily and in some degree automatically. Without justice we cannot have either industrial recovery or lasting prosperity.

### Social Injustice

Competition does not explicitly aim at justice. As generally carried on, it endeavors to buy labor for the lowest wage and sell goods for the highest price. It assumes that this "enlightened selfishness" will automatically bring about the maximum of justice for all. It assumes that evil trees will bring forth good fruit.<sup>1</sup>

Of course, it was bound to fail. In the great industries it long ago began to commit slow suicide. Over large areas of the industrial domain it has given way to economic dictatorship. The main elements of the dictatorship are swollen fortunes, concentrated control of investments and credit and industrial arrangements exercising all the essential powers of monopoly.<sup>2</sup>

The evil effects of this dictatorship are manifest, even

NOTE—This statement, "Organized Social Justice," was prepared in the Department of Social Action of the National Catholic Welfare Conference and was circularized among a selected group for signature. The names of the signers appear at the end of the statement.

in times of so-called prosperity. In 1929, a fifth of our families received less than one thousand dollars a year and two-fifths less than fifteen hundred.<sup>3</sup> The right of a family living wage is a fundamental of Catholic social teaching.<sup>4</sup> Yet our industries could have turned out sufficient goods to provide all families with a minimum of two thousand dollars a year.<sup>5</sup> Nor is this all: the potential capacity of our industrial plant was and is far greater than its actual capacity in 1929.<sup>6</sup>

The main cause of the twenty per cent unused capacity and the thirty per cent undeveloped capacity was the unbalanced distribution of the national product. Too much was disbursed in the form of large and very large incomes. Hence too much was converted into instruments of production and too little into consumption. Moreover a considerable part of the excessive incomes was spent neither for finished goods nor in the creation of new capital goods: billions of dollars were "invested" in worthless securities and other unprofitable forms of speculation.<sup>7</sup> Had the masters of industry given a considerably larger share of the product to labor, the latter would have bought sufficient goods to keep our industries going at full capacity, and there need have been no depression.

### Social Justice

In the field of production social justice demands such a use of our natural, technological and human resources as will provide all our people with a decent livelihood and ensure a steady elevation of the standard of living. In the words of Pope Pius XI: "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.”<sup>8</sup>

In the field of distribution, social justice demands a far greater measure of equity than now obtains in the United States. According to the estimates of Moulton and Associates in “America’s Capacity to Consume” (p. 56), one-tenth of one per cent of American families received in 1929 practically as much as the forty-two per cent of American families occupying the lower ranges of the income scale. Such extremes are impossible of either economic or social or ethical justification.

In more specific terms, social justice demands: wages and hours which will ensure continuous employment, a decent livelihood and adequate security for all workers; the prices of commodities so adjusted and interrelated that the various groups of producers can command the means of a decent and appropriate livelihood; such a reduction in the general rate of interest as will, on the one hand, evoke sufficient saving for the common good, and, on the other hand, permit neither excessive investment nor insufficient consumption. Finally, social justice requires all the economic classes to promote the common good by a reasonable amount of honest labor and service.<sup>9</sup>

### Necessity of Intervention by Government

In 1933 many of the masters of industry professed to be persuaded that the country could never and should never go back to the old economic régime. Now that their fears of economic collapse have been dissipated or

mitigated by the recent improvement in business conditions, the most powerful industrialists are clamoring for 'a return to unlimited competition and *laissez faire*.' In 1931, Pope Pius XI declared that, "The whole economic life has become hard, cruel and relentless in ghastly measure."<sup>10</sup> Industrialists who desire a return to that régime are, without realizing it, equally cruel; for they would defeat recovery, make unemployment chronic and indefinitely postpone the coming of social justice.<sup>11</sup>

Government is by right and duty more than policeman. It should see to it that the laws and institutions and the whole character and administration of the country shall be such as of themselves will bring public well-being and prosperity.<sup>12</sup> It should protect the poor, and wageworkers generally, because of their great weakness.<sup>13</sup> Social legislation of a sweeping sort is in its province.<sup>14</sup> The social obligations of ownership it should define and enforce.<sup>15</sup> It should help to establish the form of personal ownership which will best meet the common good,<sup>16</sup> and set up public ownership or control of those industries which cannot safely be left in private hands.<sup>17</sup>

In the United States all these and many other social and industrial obligations of public authority will have to be performed mainly by the federal government. Since industry is national in its scope and effects, it cannot be adequately regulated except by national action and legislation. Unfortunately, this fact is not grasped by all of those who believe in adequate regulation. Some of them desire and hope that the thing can be done by the forty-eight States.



As a matter of fact, the constitutional power of the States to fix wages, hours or prices, or to enact any of the other important regulations of the NRA is so uncertain that it is not worth serious consideration.<sup>18</sup> In half a dozen or more decisions, the Supreme Court has indicated that most State legislation of this character would violate the due process clause of the Fourteenth Amendment to the Constitution. Even if the States had the requisite constitutional authority, they would be unable to agree upon uniform legislative measures for our nation-wide industries and our nation-wide competition. Hence the only alternative to a constitutional amendment enabling Congress to set up standards of industrial and social justice, is no standards at all. Pope Pius XI called for a just regulation of industry by public authority, but the only public authority competent to do this in our political system is the federal government. Those, therefore, who oppose an amendment to the Constitution which would confer this power upon Congress are, either wittingly or unwittingly, demanding the continuation of the old order—*laissez faire*, individualism, liberalism and unlimited competition.

To be sure, the States and their political subdivisions should be constitutionally authorized to regulate local industries and to set up higher standards in all industries than those established by the federal government. The more progressive States have frequently excelled the majority of the States in their social and industrial legislation. They took the lead and enacted laws which set a good example for the rest of the country. All the States should retain this beneficial power and opportunity.

### Limitations Upon Intervention by Government

Yet to think of the economic welfare of the people in terms of government only is fatal. The amount of governmental regulation would have to be progressively increased.<sup>19</sup> Even so, it would not be adequate. Let us consider a few of the most important regulations which have been enacted or are likely to be enacted in the United States.

Social insurance is good; it fills out the living wage and cushions our insecurity; but it assumes that the underlying insecurity and injustice are to be otherwise cared for. Regulation of farm production and special taxes to assure parity of farm prices with other prices have been, it seems, necessary; but underproduction when so many are poor and taxation devices to assure parity are the heroic measures of an unjust society. Low credit for farmers and governmental inauguration of a new kind of homesteading by establishing farmers in land ownership at low interest rates is good; but the production, marketing and credit system will require more and more assistance for them from government. Special governmental commissions or bureaus for the regulation of output, prices, wages, hours and collective bargaining are apparently necessary in certain industries; but this implies an endless battle of government with industries which are not organized for service either of the community or their own workers.

Regulation of securities, stock markets and holding companies has long been needed; but it will be impeded by excessive savings for investment made by the few, so long as the income of the country is not rightly

distributed. High taxes on large incomes and inheritances bring wider distributive justice; but they do not correct the bad distribution of the product. Federal regulation of the major movements of the credit market has become urgent because of the underlying unbalanced production and income distribution and the striving for maximum profits.

As things go, the government would have to keep on tinkering. The totalitarian State, fascist or collectivist, would sooner or later come upon us from around the corner where now it lurks.

### Unionism

Organization of employees into free unions is a right and a necessity. A collective bargain, the union representing the employees, is now the only approximately equal bargain; an equal bargain is the only free bargain and the only one that can start with the basic justice of the living wage and move onward toward employment conditions that will tend to secure steady employment and a high standard of living for all.<sup>20</sup> This is true whether the bargainers on the other side are competitive owners, or private dictators, or an NRA or a fascist State, or a collectivist State.

Yet if collective bargaining is the sole safeguard of employees, one class of organized owners and creditors lines up on one side, seeking more power and profits, and another class of dependent and propertyless employees lines up on the other, seeking a measure of decent living. The striving for social justice becomes strife, conflict, finally social war and a road to destruction.<sup>21</sup>

### Organization by Occupational Groups

If the régime of individualism and *laissez faire* is bankrupt (as it surely is) and if no amount of governmental regulation can bring about an adequate or just economic order, where shall we find a satisfactory solution? In some form of collectivism (either Socialism or Communism) is the answer given by many of our intellectuals. They reject as futile any program of regulation. They completely overlook the middle ground between individualism and collectivism. This attitude is inexcusable for two reasons: first, because it ignores the proposals for reconstructing the social order set forth by Pope Pius XI; second, because it minimizes or misrepresents the important achievements of the industrial codes under the NRA.

The essence of the Pope's program is a system of occupational groups. In each industry the occupational group should include all interested parties: labor as well as capital; employees as well as employers. Employers and labor and the other subdivisions of other occupations would keep their rights of separate assemblage and vote inside the occupational groups and their right of separate organization. These groups, says Pope Pius XI, would "bind men together not according to the position which they occupy in the labor market but according to the diverse functions which they exercise in society." The occupational groups would seek to modify competition by maintaining standards of fairness with regard to wages, hours, prices and business practices; to avoid private industrial dictatorship by enabling labor to share in all industrial policies and decisions, and to exclude politi-

cal or bureaucratic industrial dictatorship by keeping the immediate and day to day control in the hands of the agents of production. They would be prevented from injuring the consumer or the common good by governmental action, "directing, watching, stimulating and restraining, as circumstances suggest or necessity demands."<sup>22</sup> This form of government control is very different from and very much less than that contemplated by collectivism. Moreover, the consumers could protect themselves through some form of representation in relation to the governing bodies of the occupational groups.

In a word, the occupational group system would aim to bring into industry sufficient self-government to reduce to a minimum the conflicting interests of the various industrial classes, to place industrial direction in the hands of those most competent to exercise it and to permit only that amount of centralized political control which is necessary to safeguard the common good.

Some persons who are sympathetic with an occupational group organization have been confused by references to the Medieval Guilds. The resemblances are, indeed, considerable, but so are the differences. In striving to understand the structure and function of occupational groups it is much more helpful to compare them with institutions within our own experience: the trade associations, the code authorities and the codes of fair practice which functioned under the NRA. If employees had been represented (adequately, of course) in the associations which drew up the NRA industrial codes and in the "authorities" which administered the code provisions, the NRA and its institutions would have been fairly comparable with the proposed occupa-



tional groups. Had the NRA been permitted to continue, it could readily have developed into the kind of industrial order recommended by the Holy Father.

Three other modifications of the NRA structure are needed for an adequate and just economic order. (a) Economic self-government should be extended to farmers and to the professions. (b) A council or federation should be formed, of all the organized industries and professions, to handle their relations to one another and to the whole community. (c) Government should have the power not only to prevent wrong but to be a positive agent in promoting the common welfare.

This organized economic life would range over the whole field of social justice—quantity of production, quality, prices, steadiness of work, wages and salaries, hours of work, training of personnel, social insurance, methods of work, capitalization, interest, profits and credit. This régime would be dominated by neither private dictators nor public bureaucrats.

The economic welfare of the people would then be in their own hands. They could seek justice directly, every day, habitually, in a favorable atmosphere and in a suitable social order. They would fulfill that duty of social justice which requires them to build an economic order within a governmental order, that will pervade all ownership and all work, in the service of the common good.<sup>23</sup>

Employees would have the knowledge and power to use their organizations for social justice to themselves and social justice in output and prices for all the people. They could pursue their own welfare without an endless future of strikes or suppression and serve the com-



munity without fear of betraying their own interests.<sup>24</sup>

Here is the opportunity for the growing numbers who have turned against the poverty, waste and wrong of our time to put dignity, order and justice into the work of their lives. Nor would they be exchanging their present masters for political appointees. Farmers, middle class business groups and the professions would be so organized that they could guide their function in society to their own welfare and to the welfare of others. This is social justice.

A federation of all the functional divisions of the productive, service and distributive activities of economic society would be able not only to prevent the separate divisions from doing wrong but to bring them all into effective coöperation for the common good. Our economic life would be guided by reason. It would correspond to thought and knowledge and become emancipated from both the anarchy of competition and the tyranny of private or public dictatorship. Government would retain its power of preventing injustice and supplementing the work of the organized groups.<sup>25</sup>

A right economic order is a partnership for the common good between government—federal, State and city—and the self-governing, democratically organized membership of the industries, of farming, of trade and of the professions. In the proper functioning of economic life the immediate responsibility rests upon the people, so organized in their industries and professions and in the federation of their organizations as to be able to fulfill their responsibility.

Under an occupational group system it would become practicable to effect a wide diffusion of private

ownership, to restore to that institution the position that it once held in American life and American aspirations. Nowhere is the delusion more startlingly evident of trying through injustice to fulfill the American promise than in the concentration of wealth within a country that was committed less than a century ago to be and remain a nation of owners. Even farmers at an alarming pace are becoming tenants and laborers. A small minority of our people own the greater part of our wealth.<sup>26</sup> Ownership of the means of livelihood is a natural right of man,<sup>27</sup> not that all things must be held in personal ownership nor that personal ownership carries with it absolute rights but that ownership is a right, is personal-social of its very nature and should be the normal possession of normal men.<sup>28</sup> It is a means of liberty and of defense against aggressions of the powerful, whether the powerful be the rich as now, or the State as in a fascist society, or even the far more responsive organized industry or profession in the economic order here outlined. It is the surest title to participation in the common good. It is the surest means of great production and wide distribution.

### Obstacles

Four great obstacles confront both industrial recovery and the establishment of a right economic order. One is the inadequate organization of some of the most important social classes. Labor unions comprise only a small minority of the wage earners; farmers' coöperative societies are relatively few and feeble; consumers' coöperatives are even fewer and feebler and the quasi-

independent middle classes in the cities are for the most part ineffectively organized. The task of remedying these conditions will necessarily be slow and to a large extent will have to wait upon the creation of the framework of the new economic order.

More immediate and more fundamental is the second obstacle. It consists in the opposition of almost all business men, and of a majority of all persons who are neither laborers nor farmers, to those radical and fundamental changes which are necessary in our distributive system. With a few notable exceptions, the masters of industry and finance still look forward to a resumption of unlimited investment, unlimited production and unregulated distribution. They still hope to make at least six per cent on all their investments, past and future.<sup>29</sup> They ignore the twenty per cent unused capacity of our industries in 1929 and the thirty or forty per cent of additional capacity that might have been developed.<sup>30</sup> They do not realize, or do not want to realize, that the cause of all this unused and undeveloped productive power was their failure to put sufficient purchasing power into the hands of the masses who would consume all that the industrial plant could produce.

The remedy is obvious: labor and the farmers must obtain a larger share of the product, while capital must be restricted to a smaller share. A considerable reduction in the rate of interest is essential to both recovery and reconstruction. It is the inevitable counterpart of an increase in the incomes and purchasing power of the wage earners and the farmers. This may be a "hard saying," but it is a true one.

The universal capacity of our industries for overpro-

duction (relatively to existing effective demand) has led many of our economic thinkers to the conclusion that we cannot have a rational economic order without a large degree of compulsory economic planning. Their program would involve a despotic regulation of production by the central government. Happily this is not necessary. If laborers and farmers received adequate incomes,—incomes that are possible with anything like a full utilization of our productive resources—they would be able and willing to consume, with a very few exceptions, all the potential products of all our industries. There would be no need of planning to prevent general overproduction. Particular and temporary overproduction could be adequately dealt with by the federations of the occupational groups.

The third obstacle to reform and reconstruction is the popular hesitation to amend the Constitution. The reasons why an amendment is necessary have been sufficiently sketched in a preceding paragraph. Here it will be sufficient to note that without an appropriate constitutional amendment the country can obtain neither the most elementary regulation of industry, as in the matter of minimum wages, maximum hours and fair business practices, nor an occupational group system endowed with the authority necessary to its various functions. It is greatly to be regretted that men who detest individualism and *laissez faire* are virtually supporting the retention of that discredited régime by opposing an amendment to the Constitution.

The fourth obstacle to industrial recovery, to industrial reorganization and to social justice is the most obstinate of all. It is the most obstinate because it cannot

be surmounted by social mechanisms or by information and argument. It consists in the inability of men to perceive their obligations of individual and social justice and in their unwillingness to fulfill these obligations. Following the gospel of "enlightened selfishness," men have easily persuaded themselves that justice comes automatically through self-seeking. Business practices and business ethics have perverted men's ideas of right and wrong, of justice and injustice.<sup>31</sup> In the struggle for a livelihood and security vast numbers of men, possibly the majority, have adopted an immoral philosophy of both ends and means. They have come to look upon the end of life as the making of money and the lawful means thereto as any method that their ingenuity can render at once effectual and safe.

Nor has the industrial depression brought about saner views of life and conduct. The great majority of industrialists look upon the depression as merely an unpleasant interlude or interruption to the business of money making. They want to go back to the old régime and the old methods. Millions of the working population have become embittered by their privations, by their inability to obtain the necessaries of life in the midst of overproduction and plenty. There is no evidence that the passions of greed and envy or the practices of dishonesty, double dealing and extortion are less dominant or less prevalent in 1935 than they were in 1929.

#### Economic Reform and Moral Reform

Appalled by the prevalence and persistence of this crass materialism, some Catholics have lost faith in specifically economic measures of reform. They recommend



that all our energies should be directed toward a reformation of public and private morals. They insist that economic injustice would automatically cease and social justice be automatically realized if all persons would sincerely and intelligently strive to keep the Two Great Commandments. Undoubtedly this judgment is correct. Indeed, it might be regarded as a platitude. If all men would honestly and fearlessly practice the gospel of brotherly love they could achieve social justice within any framework of economic organization, just as they could have civil peace and righteousness in any kind of State.

The issue is one of practical possibilities. It is whether social justice can be more quickly and more extensively attained by moral teaching alone or by combining it with economic reorganization. The answer of experience is clear and compelling. Neither moral reformation nor economic reorganization is alone sufficient. Both are necessary and each supplements the other. A bad economic system and environment can make moral reforms exceedingly difficult. In the words of Pope Pius XI, "nowadays 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."<sup>32</sup>

After recounting the abuses and injustices of present day economic conditions the Holy Father declares: "A stern insistence on the moral law, enforced with vigor by civil authority, could have dispelled or perhaps averted these enormous evils."<sup>33</sup> Here is a clear expression of confidence in political as well as moral measures. The fact that the Pope set forth at great length a plan



for reconstructing the social order should be sufficient evidence that he does not rely entirely upon moral reformation. He does, indeed, place moral renovation first: "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."<sup>81</sup> If the Christian spirit were renewed in the hearts and minds of men it would not only enable them to make a more intelligent and more effective application of the moral law to their own economic transactions, but provide them with the most powerful motive for supporting and effectuating plans of economic reform and reconstruction.

### Conclusion

Many Catholics who believe that we need a new economic order are discouraged over the prospects for an occupational group system. It will not be adopted, they fear, within one hundred years. Nevertheless, it is the only arrangement that will hold America safe from Fascism or Communism. Faced with these alternatives, how can any zealous and intelligent Catholic justify himself in yielding to discouragement or following a course of aloofness and inaction?

Moreover, the establishment of the economic order described in the foregoing pages need not be unusually difficult nor postponed to the indefinite future. If the NRA had not been destroyed it could have been developed and transformed into an occupational group system within ten years. It can be reestablished through a constitutional amendment within five years. Here is a work that ought to stir the emotions and enlist the

energies of all genuine believers in social justice. To sit by with folded hands or to heed the selfish and misleading propaganda of the servitors of plutocracy, is to commit apostasy from Catholic social principles and treason against America.

Not the least of the virtues of the economic order set forth in this pamphlet is its fundamental democracy. Men would be able to order their own economic lives. They would not be regimented by plutocratic or proletarian or political dictators. The intrinsic and indestructible dignity of the individual would be safeguarded against submergence in and subordination to the mass. The significance of the human person as a child of God and a brother of Christ would obtain, for the first time since the Middle Ages, effective recognition in economic institutions. The sacredness of personality has never been formally recognized in the maxims of historical capitalism. It is frankly rejected in the philosophy of Communism. It is treated as an exploded theory by most of our intellectuals. In the occupational group system it would again become a vital element in American thought and life.

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## NOTES

All the notes, or paragraphs, which are followed by page references and otherwise unidentified, are taken from Pius XI's "Reconstructing the Social Order," N. C. W. C. edition. The initials, "Q. A.," also refer to that document.

<sup>1</sup> The "Individualistic" school . . . ignorant or forgetful of the social and moral aspect of economic matters, teaches that 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: this has been abundantly proved by the consequences that have followed from the free rein given to these dangerous individualistic ideals (pp. 28, 29).

<sup>2</sup> Free competition is dead; economic dictatorship has taken its place (p. 33).

This accumulation of power, the characteristic note of the modern economic order, is a natural result of limitless free competition which 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).

In our days not alone is wealth accumulated, but immense power and despotic economic domination is concentrated in the hands of a few, and . . . those few are frequently not the owners, but only the trustees and directors of invested funds, who administer them at their good pleasure. This power becomes particularly irresistible when exercised by those who, because they hold and control money, are able also to govern credit and determine its allotment, for that reason supplying so to speak, the lifeblood to the entire economic body, and grasping, as it were, in their hands the very soul of production, so that no one dare breathe against their will (pp. 32, 33).

*Cf.* "The Modern Corporation and Private Property," Berle and Means. Macmillan. New York.

<sup>3</sup> "America's Capacity to Consume," Brookings Institution. Washington, D. C.

<sup>4</sup> The wage paid to the workingman must be sufficient for the support of himself and of his family (p. 23).

<sup>5</sup> "America's Capacity to Produce," Brookings Institution. Washington, D. C.

<sup>6</sup> "The Chart of Plenty," Loeb and Associates. Viking Press. New York.

<sup>7</sup> "The Formation of Capital," Brookings Institution. Washington, D. C.

<sup>8</sup> Q. A. (p. 25).

<sup>9</sup> 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).

Intimately connected with this is a reasonable relationship between the prices obtained for the products of the various economic groups: agrarian, industrial, etc. (p. 25).

Wealth, therefore, which is 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. By these principles of social justice one class is forbidden to exclude the other from a share in the profits (p. 20).

<sup>10</sup> Q. A. (p. 33).

<sup>11</sup> The "Individualist" 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 (p. 29).

<sup>12</sup> Free competition and still more economic domination must be kept within just and definite limits, and must be brought under the effective control of the public authority, in matters appertaining to this latter's competence (p. 34).

The civil power is more than the mere guardian of law and order, and . . . 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." It is true, indeed, that a just freedom of action should be left to individual citizens and families; but this principle is only valid as long as the common good is secure and no injustice is entailed (p. 9).

<sup>13</sup> 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. "For the richer class 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 for this reason wage earners, since they mostly belong to that class, should be especially cared for and protected by the government" (pp. 9, 10).

<sup>14</sup> As a result of these steady and tireless efforts [of followers of Pope Leo's Encyclical, "The Condition of Labor], there has arisen a new branch of jurisprudence unknown to earlier times, whose aim is the energetic defense of those sacred rights of the workingman which proceed from his dignity as a man and as a Christian. These laws concern the soul, the health, the strength, the housing, workshops, wages, dangerous employments, in a word, all that concerns the wage earners, with particular regard to women and children. Even though these regulations do not agree always and in every detail with the recom-

mendations of Pope Leo, it is none the less certain that much which they contain is strongly suggestive of "Rerum Novarum" (p. 10).

<sup>15</sup> To define in detail these duties (of owners) when the need occurs and when the natural law does not do so, is the function of the government. 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).

<sup>16</sup> Leo XIII has wisely taught that "the defining of private possession has been left by God to man's own industry and to the laws of individual peoples." History proves that the right of ownership, like other elements of social life, is not absolutely rigid (p. 17).

<sup>17</sup> 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).

<sup>18</sup> Proof of this proposition will be found in the following articles: "Who Said States' Rights?" by Professor Howard Lee McBain, in *Today*, August 17, 1935; and "Back to States' Rights," by George Soule, in *Harper's Magazine*, September, 1935.

<sup>19</sup> When we speak of the reform of the social order (institutions) it is principally the State we have in mind. Not indeed that all salvation is to be hoped for from its intervention; but because on account of the evil of Individualism, as we called it, 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. Social life lost entirely its organic form. The State, which now was encumbered with all the burdens once borne by associations rendered extinct by it, was in consequence submerged and overwhelmed by an infinity of affairs and duties (p. 26).

<sup>20</sup> 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. Our Predecessor has explained clearly and lucidly the nature of these free associations. We are content, therefore, to emphasize this one point: Not only is man free to institute these unions which are of a private character, but he has the right "further to adopt such organization and such rules as may best conduce to the attainment of their respective objects." The same liberty must be claimed for the founding of associations which extend beyond the limits of a single trade (p. 28).

<sup>21</sup> Society today still remains in a strained and therefore unstable and uncertain state, being founded on classes with contradictory in-

terests and hence opposed to each other, and consequently prone to enmity and strife. Labor, indeed, as has been well said by Our Predecessor in his Encyclical, is not a mere chattel, since the human dignity of the workingman must be recognized in it, and consequently it cannot be bought and sold like any piece of merchandise. None the less the demand and supply of labor divides men on the labor market into two classes, as into two camps, and the bargaining between these parties transforms this labor market into an arena where the two armies are engaged in combat. To this grave disorder, which is leading society to ruin, a remedy must evidently be applied as speedily as possible (p. 27).

<sup>22</sup> Q. A. (p. 26). The Holy Father's plan for a new economic and social order is fully presented on pages 25-29 of the Encyclical. These pages should be read with close attention and more than once.

<sup>23</sup> To that end all the institutions of public and social life must be imbued with the spirit of (social) justice, and this justice must above all be truly operative, must build up (*i. e.*, be truly operative by building up) a juridical and social order able to pervade all economic activity (p. 29).

<sup>24</sup> From this it is easy to conclude that in these associations the common interests of the whole group must predominate; and among these interests the most important is the directing of the activities of the group to the common good. Regarding cases in which interests of employers and employees call for special care and protection against opposing interests, separate deliberation will take place in their respective assemblies and separate votes will be taken as the matter may require (pp. 27, 28).

<sup>25</sup> All those versed in social matters demand a rationalization of economic life which will introduce sound and true order. But this order, which We Ourselves desire and make every effort to promote, will necessarily be quite faulty and imperfect, unless all man's activities harmoniously unite to imitate and, as far as is humanly possible, attain the marvelous unity of the divine plan (p. 43).

<sup>26</sup> According to the Report of the Federal Trade Commission on "National Wealth and Income" (1926), "about one per cent of the estimated decedents owned about 59 per cent of the estimated wealth and more than 90 per cent was owned by about 13 per cent of the decedents" (p. 3). In his statement to the Senate Finance Committee, August, 1935, Mr. Robert H. Jackson, counsel to the Internal Revenue Bureau, basing his estimates upon the estate tax returns for 1932, declared that "nearly one-third of all the property reported as passing by death was concentrated in less than 4 per cent of the estates and . . . one-half of the property included in the estate returns . . . was included in 10 per cent of the estates" (*The New Republic*, August 28, 1935, p. 69).

<sup>27</sup> You are aware, Venerable Brethren and Beloved Children, how strenuously Our Predecessor of happy memory defended the right of

property against the teachings of the Socialists of His time, showing that the abolition of private ownership would prove to be not beneficial, but grievously harmful to the working classes (p. 15).

<sup>28</sup> Ownership is individual or social according as it regards individuals or concerns the common good. The right to own private property has been given to man by nature or rather by the Creator Himself, not only in order that individuals may be able to provide for their own needs and those of their families, but also that by means of it, the goods which the Creator has destined for the human race may truly serve this purpose (pp. 15, 16).

Most helpful therefore and worthy of all praise are the efforts of those who, in a spirit of harmony and with due regard for the traditions of the Church, seek to determine the precise nature of these duties and to define the boundaries imposed by the requirements of social life upon the right of ownership itself or upon its use (p. 16).

<sup>29</sup> Professor Slichter thinks that the average return on all capital in the United States has been less than 2 per cent. "Towards Stability" (pp. 69, 70; footnote).

<sup>30</sup> See notes 3, 4, 5, 6.

<sup>31</sup> Q. A. (p. 40).

<sup>32</sup> Q. A. (p. 42).

<sup>33</sup> Q. A. (p. 40).

## N. C. W. C. STUDY OUTLINE

(Consult references in notes. Consult the following N. C. W. C. publications: Pius XI's "Reconstructing the Social Order," Leo XIII's "Condition of Labor," and the following commentaries, summaries and outlines: Toward Social Justice; The Catholic Teaching on Our Industrial System; Capital and Labor; A Symposium on "Reconstructing the Social Order"; Rights and Wrongs in Industry; Property-Organization—Government Action; The Economic Organization of Society and the Encyclical; Summary of Reconstructing the Social Order; Summary of the Condition of Labor; Topical Outline of Reconstructing the Social Order; 10-Part Study of "Reconstructing the Social Order"; Explanations of the 10-Part Study Outline on "Reconstructing the Social Order"; The Encyclical and the NRA. All fifteen pamphlets for \$1.00.)

*Section I**"SOCIAL INJUSTICE"*

1. Did competition give a living wage to everyone?
2. Discuss the economic dictatorship in relation to:
  - (a) Low wages.
  - (b) The high cost of living.
  - (c) The farmers.
  - (d) The stock market boom and crash.
  - (e) The depression.

*Section II**"SOCIAL JUSTICE"*

1. Discuss relation of the full use of economic resources for human welfare to the dignity of each man and the brotherhood of all.
2. Discuss facts of preceding section in relation to the social justice of:
  - (a) The "Steady-Employment Wage."
  - (b) "Steady-Prosperity Prices."
  - (c) Large returns to property.

*Section III**"NECESSITY OF INTERVENTION BY GOVERNMENT"*

1. Is it unlimited competition or dictatorship that is in fact desired?
2. Discuss government's obligation in relation to:
  - (a) General prosperity.
  - (b) Protective legislation.
  - (c) Right form of personal ownership.
  - (d) Public ownership.



3. Discuss government's economic obligations and the present powers of:

- (a) The Federal Government.
- (b) States.

#### *Section IV*

#### "LIMITATIONS UPON INTERVENTION BY GOVERNMENT"

1. Discuss both the necessity now and yet the inadequacy of:
  - (a) Social insurance.
  - (b) AAA.
  - (c) Cheap rural credit and homesteading.
  - (d) The "little NRA" in coal.
  - (e) Securities regulation.
  - (f) High taxes on large incomes and inheritances.
  - (g) Credit movements.
2. Growth of government action in a wrong economic régime.

#### *Section V*

#### "UNIONISM"

1. Discuss general labor unionism and
  - (a) The living wage.
  - (b) "Steady-Employment" wages and hours.
2. Consult the Bishops' Program of Social Reconstruction and the 1920 Bishops' Pastoral Letter on a development of the function of labor unions.
3. Discuss farmers' marketing coöperatives, consumers' coöperatives, credit unions and coöperative banks in relation to:
  - (a) Fair prices.
  - (b) Usury.

#### *Section VI (to middle of page 10)*

#### "ORGANIZATION BY OCCUPATIONAL GROUPS"

1. What would be an "occupational group" in:
  - (a) An industry, *e. g.*, Railroading.
  - (b) Farming.
  - (c) A profession.
2. Function of "occupational group" in relation to:
  - (a) Quantity of output.
  - (b) Prices.
  - (c) Wages, salaries and hours.
  - (d) Capitalization, interest and profits.
3. Function of the Council of all occupational groups.
4. Relation to government.



*Section VII* (from middle page 10 to page 12)

## "OBSTACLES"

1. Relation of this Organized Economic Order to:
  - (a) Ability to obtain the general welfare.
  - (b) Labor.
  - (c) Farmers.
  - (d) Middle class business.
  - (e) The professions.
2. Partnership of organized economic order and the various governmental divisions.
3. This system and property in relation to:
  - (a) Concentrated wealth.
  - (b) Distribution of wealth.
  - (c) Importance of personal-social property ownership.

*Section VIII*

## "OBSTACLES"

1. Discuss methods of:
  - (a) Increasing the extent of organization.
  - (b) Changing the views of the present beneficiaries.
  - (c) Amending the Constitution.
2. Work out a program of Catholic Action in relation to this statement "Organized Social Justice" (preferably developed tentatively by a committee beforehand).
3. Discuss this program for "Organized Social Justice" in relation to:
  - (a) Possibility of Fascism.
  - (b) Possibility of Communism.
  - (c) Possibility of attaining it.
  - (d) Human dignity.





