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THE
WAGES AND HOURS
OF
AMERICAN LABOR



SOCIAL ACTION SERIES NO. 3

by
REV. FRANCIS J. HAAS, Ph.D., LL.D.

The pamphlets in the *Social Action Series*, of which this is the **third** number, are edited by the Social Action Department of the National Catholic Welfare Conference. They represent an effort to present to the general public, and especially to Catholics, a discussion of current economic facts, institutions and proposals in the United States in their relation to Catholic social teaching, particularly as expounded in Pope Pius XI's Encyclical "Forty Years After—Reconstructing the Social Order" (*Quadragesimo Anno*). In the spirit of that Encyclical they are urged upon and recommended to individuals, study clubs, discussion groups and school classes.

The Wages and Hour of American Labor

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REV. FRANCIS J. HAAS, PH.D., LL.D.



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FOREWORD

Not the least of the virtues of this pamphlet by Father Haas is that he not only tells us about American wages and hours, but shows why wages are as they are and where paying such wages has led us—and will lead us.

We are in debt to him for a valuable commentary on important passages in Pius XI's "Reconstructing the Social Order."

SOCIAL ACTION DEPARTMENT,
NATIONAL CATHOLIC WELFARE CONFERENCE.





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By REV. FRANCIS J. HAAS, PH.D., LL.D.

THE Great Depression of 1929 did not simply happen. It was not merely the product of "inevitable and natural economic laws" but rather of human minds and wills. Whose minds and wills were responsible is another question. Perhaps in varying degrees we must all assume some responsibility.

The following pages have to do with the ideas causing depressions and the practical working out of these ideas in our national life. They consider the general thesis that the common good rather than individual advantage is the primary purpose of a people's economy; that in our country the reversal of this order has produced injustice and widespread suffering; and that as a step toward the remedy of these evils a new attitude and a totally different procedure with reference to the work-contract must be adopted.

Pius XI on Purpose of Productive Process

As to the purpose of the productive process Pope Pius XI in the Encyclical *Forty Years After* of 1931 affirms:

For then only will the economic and social organism be soundly established and attain its end, when it secures for all and each those goods which the wealth and resources of nature, technical achievement, and the social organization of economic affairs can give (p. 25).

As a people, how far have we accepted this general objective, if we have accepted it at all? Whatever our public professions, in practice we have not only not accepted it, but in fact we have effectively prevented its realization. We have torn the wage earner's job out of its relation to the public interest, and mainly by so doing we have prevented the national economy from achieving its only rational purpose—the well-being of the whole people.

Every Job a Public Matter

It is far from sufficiently recognized that when Bill Jones gets a job he does something that affects the whole community. His pay envelope determines the amount of goods he can buy, and its size, large or small, helps to keep workers in other industries either employed or unemployed. His hours help to determine whether other Bill Joneses in the shop have a chance to work or not. The more work he has the less they have, and vice versa. Certainly the company has an interest in his wages and hours for they are a determinant in the prices it charges to consumers, and may decide whether or not it stays in business. Again, taxpayers have a stake in his wages and hours, for if his pay is too low or his lay-offs too frequent or protracted, the Government must levy taxes to relieve him and his family.

Everyone—fellow workers, employers, consumers, and taxpayers—is concerned in every job. Actually, every job is affected with a public interest.

This simple fact we ignored with incredible blindness down to the spring of 1933. We recognized it and undertook to deal with it as a reality during the Na-

tional Recovery Administration (See, Declaration of Policy of the Act establishing the NRA) from June 16, 1933, to May 27, 1935, when the United States Supreme Court invalidated the Act, and thus returned the country to pre-NRA conditions.

Fiction That Job Is Private Matter

Prior to this Act, as a nation we clung to the fiction that the wages and hours of each worker are purely private relations between the worker and the corporation, partnership, or individual employing him. We paid little heed to the "social character" of labor, pleaded for by Pope Pius XI (*Forty Years After*, p. 23). Our national policy was Individualism, Free Competition, Economic Liberalism, or *Laissez Faire*. We did not apply free competition to prices (otherwise, it was held, business would be unstabilized), but we did insist that it determine wages, hours, and working conditions.

The theory underlying this position was, as it is now, that employers, corporate or individual, must be free to make profit, and must be left free. If they see chance for profits, they will operate, and even expand their plants, sell goods, and thereby keep workers employed. If they do not, they will curtail operations or close down. Profit was the mainspring of the whole system, if system it could be called. That a country's economy should be operated to produce enough goods so that the entire population can live self-respecting lives and share the increasing benefits of civilization was only a secondary consideration, if it was given any thought.

Pope Pius XI in 1931, following the declaration of Pope Leo XIII in 1891, reversed this order of objectives and placed the common good first and profit making second. In *Forty Years After* he uses repeatedly such expressions as "social justice," "public interest," "social organism," "common good," "social character of labor," and "social character of property"—all of which reinforce the position that public weal is supreme and profit seeking, while legitimate, is subordinate. The true end of the productive process, according to *Forty Years After*, is not merely to provide gain and, still less, an opportunity for the exercise of power for some, but to make available an abundance of goods for all. The "common good" is to control both wages and prices, both within and among industries (p. 25).

Background of Job Individualism

The false doctrine of personal profit as the primary and ultimate purpose in producing goods has a history of only about a hundred and fifty years, first gaining currency in the materialistic eighteenth century. Essentially, it can be reduced to the dual propositions: that every person, individual or corporate, as later developed, should be entirely free from all restraint, governmental or otherwise, in the pursuit of his self-interest; and that by the successful pursuit of this interest, he will promote the well-being of his community. This was the philosophy of Adam Smith, Thomas R. Malthus, David Ricardo, and John Stuart Mill, and the views of these sturdy British individualists impregnated American textbooks in economics of the nineteenth century, as an examination of the widely used

manuals of Wayland, Perry, and Chapin will readily disclose.

In 1876 an outspoken British economic historian, George Howell, complained bitterly that economists, in direct opposition to the basic teachings of Christianity, threw the weight of their learning on the side of the employing classes thereby deepening the distress and degradation of workers:

... if we compare side by side the doctrines of Christianity and the theories put forward by political economists, we shall discover some things which can scarcely be reconciled, and consequently if we accept the one we shall find that we must discard the other. For example, Christianity says, "Thou shalt love thy neighbour as thyself"; "Do unto others as ye would that men should do unto you"; "Love one another"; "Bear ye one another's burthens"; passages of similar import could be cited in abundance, but these are enough. Political economy on the other hand, practically says, love thyself; seek thine own advantage; promote thine own welfare; put money in thy purse; the welfare of others is not thy business, let them see to it for themselves. It is for the Christian Church to rebut these materialistic theories in so far as they are incompatible with, or run counter to, the doctrines of the New Testament (*The Conflicts of Capital and Labour*, p. 196).

Job Individualism in the United States

In the United States, with the possible exception of Francis A. Walker, there was at the time little original economic speculation. Economic writing was con-

fined chiefly to textbooks, and these almost entirely restated in direct and sometimes brutal language the philosophy of the classical, individualist economists of England and France. In 1891, Porter Sherman, in a preface to the translation of Lujo Brentano's *The Relation of Labor to the Law of Today* declared:

J. S. Mill acknowledged the correctness of Thornton's disproof and omitted the theory [wages fund theory] from the subsequent editions of his work. Professor Cairnes, in his "Principles of Political Economy," has restored this theory, and it is now taught in the American colleges with Professor Cairnes' "Principles" as text-book. This at least is the case at Yale, where special emphasis is laid upon this exploded theory (p. 2).

The college graduates of American universities throughout the latter half of the nineteenth century, and only to a somewhat less degree from 1900 down to the present time, were nurtured and drilled in the doctrines of economic liberalism or individualism. As they stepped into business, the commercial professions, and politics, they found their philosophical training in accord with the practices of industry and trade. Their bookish indoctrination in the *laissez faire*, "let alone" or "hands off," policy regarding labor was in complete harmony with the views, practices, and methods of American industry, which as early as the 1870's had been using the "black list," industrial espionage, and the "yellow dog" contract (then called the "iron clad" contract) to prevent workers from forming unions, and to compel them to bargain as individuals with corporations (See Report of the Committee of the Senate

upon the Relations between Labor and Capital, 1885, Volume I).

Job Individualism Imposed on American Workers

Laissez faire, as the determinant of wages, hours, and working conditions (not however of commodity prices) was not allowed to remain an academic theory. It was applied rigorously to industry and business. Manufacturers' associations, national and state, successfully combated the enactment of laws whether designed to permit free unions among wage earners or to empower government to fix minimum wages and maximum hours; and individual corporations secured union-disrupting injunctions during strikes, and court decisions legalizing the "yellow dog" contract (*cf.* Hitchman Coal and Coke Case, U. S. Supreme Court, December 10, 1917). As a result, roughly ninety per cent of all wage earners were continuously kept unorganized ("open shop"). Indeed the absence of wage and hour legislation (excepting some state laws limiting hours for women and placing age restrictions on child workers), decreed almost unrestricted competition among workers for jobs down to the enactment of the National Industrial Recovery Act on June 16, 1933. Even during the period of NRA there was continued opposition to the regulation of wages and hours of labor on the part of many powerful industrialists. Several large industries with employees numbering upwards of three million, successfully resisted submission to a labor code and went uncoded. Of the motor industry which was under a code Governor Landon said in his speech at Detroit, October 13, 1936:

And I do not think it is without significance that this industry resisted at every turn the compulsory regulations imposed by the NRA. Indeed, one of its most distinguished leaders never signed the code of the Blue Eagle.

After a brief period of operation the NIRA was outlawed, and at the present writing "freedom of contract" among wage earners is again in control.

Job Individualism Spells Unemployment

What are the results of unlimited competition among workers? As this is written (January, 1937) between eight and eleven million persons in the United States are unemployed, approximately one employable person out of every five. In the first quarter of 1933 the unemployed numbered somewhere between thirteen and eighteen millions, almost one out of every three.

At present industrial production is roughly ninety per cent of what it was in 1929 and, counting the 500,000 young persons who have entered the wage earning age each year since 1929, it is estimated that even with a return in the coming year to the production levels of 1929, there will be between 6,500,000 and 7,500,000 persons involuntarily out of jobs in 1937. More ominously, unless compulsory reduction of the working week is effected, there will be, according to reliable calculations, no less than 4,000,000 out of work during prosperous years and an indefinitely larger number in lean years.

In all probability a large proportion of the unemployed of these tragic years will never again find jobs

in private industry because of their old age even though they be actually in mid-life. Manufacturing industry, with nearly every second factory employee paid on an incentive basis (piece work, bonus, premium), demands the younger and quicker workers in the "select" age-group of 18 to 40; and many of the assembly-line and conveyor-system industries refuse to hire men over 34 or to keep them on the payroll after they are 38 years of age. Of the 2,200,000 workers on Works Progress Administration projects, it is highly significant that over 60 per cent are over 35 years of age (an appreciably higher proportion of older workers than in private industry) and it is quite unlikely that, in the absence of legislative limitations on the working week, more than a minority of our present jobless citizens will again be employed by private employers. A bleak outlook indeed in our social economy when a man of forty years is an ancient sentenced to the scrap heap!

Unemployment Before 1929

It is a mistake to regard unemployment as an evil peculiar to the present depression. It has long been a permanent evil, varying in volume, in and between depressions, for over sixty years. How was it met? Up to 1933 it was conveniently ignored. All but its victims proclaimed that any able-bodied man who is out of work could find work and that his poverty was his own fault. Or there might be the not too consoling prediction that "prosperity is just around the corner." Unhappily the facts did not support this smug commentary. During the prosperous post-War years, there was no year when

there were less than 1,700,000 involuntarily idle, and in the worst year, that of 1921, the number mounted to nearly 5,000,000. From 1922 to 1929, taking good and bad years together, eight per cent of all able-bodied industrial workers were unemployed. Such figures as there are for the twenty-five years preceding 1922—and unemployment was not considered as warranting study—indicate that approximately the same ratio obtained during that period.

These are the more direct results of forcing workers to compete for jobs. Nothing is said of the related effects on agriculture (gross farm income was \$6.6 billion in 1910, \$13.6 billion in 1920, \$12.0 billion in 1925, \$11.9 billion in 1929, and \$5.4 billion in 1932, and during the pre-depression years of 1910 to 1930 the number of owned homes on farms decreased ten per cent and of rented homes on farms increased seven per cent); the losses to depositors in commercial bank failures (\$4.9 million in 1910, \$5.3 million in 1920, \$111 million in 1930, \$392 million in 1931, \$655 million in 1932, \$636 million in 1933); or the soaring federal expenditures for unemployment relief (\$350 million for the year ending June, 1933, \$1.9 billion for 1934, \$2.4 billion for 1935, and \$2.3 billion for 1936). These facts and other data relative to decreased national income (reduced nearly one-half in the four years following 1929) and decreased exports (reduced two-thirds from 1929 to 1934) demand separate treatment, and, are mentioned only in passing. We are concerned here primarily with the uncontrolled competition to which wage earners have been and are subjected, and the blighting effects upon their lives.

Job Individualism Basis of Economic Dictatorship

The fact that overshadows all others is that unregulated competition among workers for jobs, forced upon them by the opposition of employers and bankers to unions and labor legislation, has over the course of years made a few hundred men in the country immensely wealthy and placed in their hands a dangerous power over the lives of the rest of the population. That what Pius XI terms "despotic economic domination" (p. 32), is in control in the United States is obvious when one contemplates the following facts and figures:

(1) The largest 200 non-banking corporations control 55 per cent of all the industrial assets of the country.

(2) From 1925 to 1929, the existing producing facilities of the country could have turned out at least one-third more goods and services than they did. For these years the estimates for existing but idle productive capacity vary from 22 to 40 per cent. At the depth of the depression (assuming that productive capacity remained stationary) nearly one-half of the producing facilities of the country were kept unused, and yet every fourth man was denied the opportunity to make a living and every sixth person was thrown on relief. One vital need that has not been met is that of housing. Approximately 6,000,000 families are living in dwellings unfit for human habitation. From 1937 to 1945 a minimum of 7,500,000 new family dwellings will be required.

(3) In 1929 about two per cent of the population—those having incomes of over \$10,000—did two-thirds of all the saving of the

American people. This can be readily understood. Two-tenths of all the families received an income less than \$1,000; four-tenths, less than \$1,500; and seven-tenths, less than \$2,500. At the peak of the pyramid, eight-tenths of one per cent of the population received more than a fifth of the whole national income. As the 60 per cent at the bottom had to use all their income to purchase the necessities of life clearly they had no chance to save.

(4) The more centralized the industrial unit, especially the more absolute its power to fix prices and restrict output, the more insecure are the jobs of its working people. Following the crisis of 1929 more than half of the workers in agricultural implements (prices dropped six per cent and production 80 per cent), motor vehicles (prices dropped 16 per cent and production 80 per cent) and iron and steel (prices dropped 20 per cent and production 83 per cent) lost their jobs. On the other hand, in industries exercising less centralized power such as textiles (prices dropped 45 per cent and production 30 per cent), petroleum (prices dropped 56 per cent and production 20 per cent) and farm products (in which there is no control and in which prices dropped 63 per cent and production six per cent) workers suffered far less than in the centralized farm implement, motor vehicle, and iron and steel industries.

(5) Centralized industrial power to control prices, output, and wages has not been used to the benefit of all the people. From 1922 to 1929 retail prices remained substantially unchanged although the per man output in manufacturing increased more than 25 per cent. In a word, although workers, assist-

ed by technical improvements and, to an indeterminate but considerable amount because of the "speed up" and "stretch out," were producing an increasingly larger volume of goods, they were not permitted to share in the increased output.¹

These are the evils of the "new economic dictatorship" erected in the main upon uncontrolled competition enforced on the "labor market." They show clearly how prevailing practice enables a small group of men constituting this dictatorship to set personal power and wealth as the goal of national production to the great detriment, if not the actual frustration, of national well-being.

A totally different goal—the common good—should be demanded and established, and as a first step in this direction drastic changes in public policy affecting wage earners, who with their dependents form nearly half the population, should be made without delay.

Make Public Institutions Serve Public Good

To again quote the Encyclical:

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. The public institutions of the nations must be such as to make the whole of human

¹ Nos. 1, 2, 3, 4, 5 are based on A. Berle and G. Means, *The Modern Corporation and Private Property* (1931); Means, *Industrial Prices and Their Relative Inflexibility* (U. S. Government Printing Office, 1935); and the studies of The Brookings Institution, *America's Capacity to Produce* (1934), *America's Capacity to Consume* (1934), *The Formation of Capital* (1935), and *Income and Economic Progress* (1935).

society conform to the common good, *i. e.*, to the standard of social justice. If this is done, the economic system, that most important branch of social life, will necessarily be restored to sanity and right order (*Forty Years After*, p. 34).

In the United States the ends of production outlined by *Forty Years After* can be best achieved by beginning with the worker.

Returning to Bill Jones, his job is not only his and his employer's affair, but that of everyone else. Because as a people we have regarded it as his and the employer's alone (except for the brief period of NRA), and treated it that way, we have such conditions as *average* weekly earnings of \$13.55 in cotton goods (\$10.83 in 1932 and \$15.65 in 1929); \$17.50 in boots and shoes (\$14.94 in 1932 and \$21.60 in 1929); \$18.88 in lumbering and sawmills (\$11.77 in 1932 and \$20.62 in 1929); and \$13.96 in hotels (\$14.24 in 1932 and \$16.98 in 1929).² We disregarded the palpable fact that a yearly income of \$600.00 or \$700.00 (allowance made for seasonal slack, broken time, going from job to job, and illness) prevents the worker's family from buying sufficient goods and causes short time, low earnings, and complete or partial unemployment of other workers with the result that both those at the beginning and at the end of the revolving chain are forced on public relief.

² These and the average weekly earnings for other industries, and the average hours worked per week in selected industries, given in succeeding paragraphs, are the estimates of the National Bureau of Economic Research, Bulletin 63, December 21, 1936, and are based on the reports of the U. S. Bureau of Labor Statistics, Interstate Commerce Commission, and previous estimates of the National Bureau of Economic Research. For changes, month by month, see *Monthly Labor Review*, United States Department of Labor.

Pius XI: Three Parties to Wage Contract

Up to the present time the practice has been to think of only two parties as having an interest in any given employment contract—the worker and the employer. Pope Pius XI insists that three parties have a direct and immediate interest—the worker, the employer, and the general public. The addition of the third party is of paramount importance. It marks the difference between the acceptance and the rejection of the social character of work.

In determining wages the Holy Father holds that three elements are to be considered (*Tria capita respicienda*): (1) the livelihood of the worker and his family, (2) the condition of the business, and (3) the demands of the common good (*Communis boni necessitas*).

The Worker

In the first place, the wage paid to the workingman must be sufficient for the support of himself and of his family (*Forty Years After*, p. 23).

How far are we in the United States from this standard? Taking \$2,000.00 per year (approximately \$38.00 per week) as sufficient to buy only the essential necessities of life, at least 60 per cent of all families are in greater or less degree below the necessity standard. Data on yearly income are only approximations, as wage earners are usually paid on an hourly basis and their compensation is reported accordingly. For 1936 *average* weekly earnings in all manufacturing industries were \$22.36; in automobiles, they were \$28.78;

and in cotton goods, \$13.55. In coal mining they were \$22.57; in metalliferous mining, \$24.08; in non-metallic and quarrying, \$18.76; in crude petroleum producing, \$29.55. In public utilities they were \$30.14; and in trade, \$22.98 (wholesale \$28.37 and retail \$20.86). In the service industries they were \$16.04, in laundries; \$18.58, in dyeing and cleaning; and \$13.96, in hotels. On Class I railroads (where longer hours, more skill and greater organization obtain) they were \$32.20; and in building construction (private), \$25.91.

The foregoing figures are averages for skilled and unskilled wage-earners. They should be placed side by side with the Security Wage Schedule of Monthly Earnings of the Works Progress Administration, as 85 per cent of all WPA project workers are unskilled. For Unskilled Work the highest wage a worker can earn in any one month ranges, according to the population of the place in which he works, from \$19.00 in Region IV to \$55.00 in Region I; for Intermediate Work, from \$27.00 in Region IV to \$65.00 in Region I; for Skilled Work, from \$35.00 in Region IV to \$85.00 in Region I; for Professional and Technical Work, from \$39.00 in Region IV to \$94.00 in Region I.

Since July 1, 1936, by statutory requirement, all project workers have been paid "not less than the prevailing hourly wage rates," found by State Administrators to be paid in private industry within their respective jurisdictions; and WPA monthly hours have been reduced to yield the appropriate hourly wage rate. It is safe to say that, in view of the quasi-security of employment provided by the WPA, the maximum monthly earnings set forth in the Security Wage Sched-

ule of Monthly Earnings, wholly inadequate as they are, are quite generally the same as the monthly earnings received by workers, at least the unskilled, in private industry in the same localities. This conclusion is supported by the persistence with which employers' organizations have repeatedly protested to the WPA that the Administration is "robbing the labor market." The conclusion, therefore, set forth above, that more than half of the gainfully employed in the United States receive less than sufficient annual income to provide the basic necessities of life is borne out by all available data.

Condition of the Business

The condition of any particular business and of its owner must also come into question in settling the scale of wages; for it is unjust to demand wages so high that an employer cannot pay them without ruin, and without consequent distress amongst the working people themselves (*Forty Years After*, p. 24).

But, the Encyclical continues, an employer's inability to pay just wages may be due to either (1) "Bad management, want of enterprise, or out of date methods," in which case there is no "just reason for reducing the workingmen's wages," or (2) Carrying "unjust burdens" (for example, too high interest charges) or because his competitors (either wage "chisellers" or monopolists seeking to drive him from the field) force him to sell at unjustly low prices, in which cases employers and employed should "join in their plans and efforts" and "be aided in this wholesome endeavor by the wise measures of the public authority" (p. 25). In

a word, all are to unite to guide industry for the common good. This was the broad purpose of the NRA in fixing minimum wages and maximum hours under Government supervision.

Public Economic Good

Finally the size of the wage is to be adjusted to the public economic good. (The official Latin text reads: *Denique publico bono œconomico mercedis magnitudo attemperanda est.*)

“Public economic good” contains two important elements. It includes the necessity of keeping wages high enough so that every worker can “after necessary expenses have been met” come to the possession of “a certain modest fortune” (p. 25).

Also it includes the exceedingly important requirement that the wages in an industry be neither too low nor too high, because either one or the other causes unemployment: “All are aware that a scale of wages too low, no less than a scale excessively high, causes unemployment” (p. 25). In a word, the Encyclical advocates the maximum employment wage. Had the industrial countries applied this principle during the past hundred years, they would have spared their populations the frightful scourges of the “business cycle”—the alternating rise and fall of output and work. Maximum employment wages during good times provide buying power against bad times and help, as nothing else can, to abolish the alternating prosperity and misery characteristic of the so-called business cycle.

Sliding Scale of Wages

The Encyclical is opposed to the device, the "sliding scale" of wages, according to which wages move up or down with the "cost of living." The "sliding scale" would hold the wage-earning population in a fixed caste and tend to exclude them from the benefits of science and mechanical progress. *Forty Years After* would have them share in these benefits through profit sharing. "In the present state of human society," it declares, "We deem it advisable that the wage-contract should, when possible, be modified somewhat by a contract of partnership, as is already being tried in various ways to the no small gain both of the wage-earners and of the employers" (p. 22). This is only a deduction of the general principle earlier enunciated:

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).

Hours

What was said of the necessity of adjusting wage rates to the public economic good applies no less to working hours. The late Chief Justice Taft affirmed: "One is the multiplier and the other the multiplicand."

Average hours worked per week in all manufacturing industries were 38.5, in 1936; 36.6, in 1935; 34.7, in

1934; and 37.9, in 1933. In 1936, in baking, they were 42.1; in foundry and machine shop products, 41.7; and in men's clothing, 32.0. In coal mining, they were 28.2 (anthracite, 30.3; bituminous, 27.6); in metalliferous mining, 41.0; in non-metallic and quarrying, 40.0; and in crude petroleum production, 37.9. In public utilities, they were 41.6; in trade, 43.1; in laundries, 42.4; in dyeing and cleaning, 42.8; and in hotels, 48.4. In Class I railroads they were 47.9; and in private building construction, 31.8. These averages are for hours worked and are not the prevailing hourly standards in the industries named. The 40 hours maximum, generally written into the NRA codes, has since the demise of NRA been retained in some industries, while in others it has been increased to 45, in others to 50, and in still others to more than 60 hours per week.

To provide employment for all, hour standards must of necessity be reduced. No one can say exactly what number of hours per week will absorb all the unemployed. Perhaps it is 30 hours per week, perhaps less; but whatever the figure, the common good, as the controlling purpose of the productive process, requires a substantial reduction in the working week. It is to be emphasized, however, that with such reduction of hours, wages are not to be reduced but rather maintained and as greater recovery gets under way, and volume of output increases, wages at least in the lower brackets should be uniformly increased.

The first instruments to be used in reducing hours and increasing wages are explained in other pamphlets in this series. They can only be mentioned here: unionization and legislation. To the extent that they are ac-

cepted and wisely applied to our national problems they will enable us to produce and distribute the rich resources with which Divine Providence has blessed us. They will serve to correct the great evil which President Roosevelt has called "monopolized underproduction."

Our productive facilities and resources are practically unlimited. To what limit should they be used? What volume of goods should be produced? Let *Forty Years After* answer:

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).

Man's Soul the Supreme Concern

The interest of the Papal Encyclicals in economic matters is primarily spiritual. To the degree that an economic régime fails to permit the free exercise of religion and the enjoyment of life, liberty and the pursuit of happiness in their fullest definition, and assuredly to the degree that it impedes and even thwarts these natural rights, it falls under the condemnation of the moral law. Pope Pius XI denounces existing institutions as permitting "vast multitudes of men" to give consideration "only with great difficulty" to the things of the spirit and of the life to come. He asserts: "It may be said with all truth that 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" (p. 40).

Reorganized on the lines of the Encyclical programs, society will not only remove the cruel injustices which now reach into eternity, but will enable all men to attain unto the purpose for which the Creator called them into being.

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N. C. W. C. STUDY CLUB OUTLINE

I. INTRODUCTORY.

1. What, according to Pope Pius XI, is the purpose of the productive process?
2. Explain the statement "Every job a public matter." *Paper*. Review "Rugged Individualism" by Father Cronin (pamphlet in this series).

II. JOB INDIVIDUALISM.

1. What is meant by job individualism or the contention that a job is a wholly private matter?
2. Show the background of job individualism. How did this theory come into practice in the United States? How did it influence legislation?
3. Indicate the influence of job individualism on unemployment. What has been the effect upon the middle-aged and older people?

4. Is unemployment in the United States something new? How long has it been with us in varying degrees?
5. Show the relationship between job individualism and economic dictatorship. Give facts, showing the extent of this dictatorship in this country.

Paper. A discussion of the effects of the statement in the text regarding 60% of the WPA workers being over 35.

III. SERVING THE COMMON GOOD.

1. What does Pius XI say regarding free competition and the serving of the common good?
2. What three elements, according to Pius XI, must be considered in the matter of wages?
3. How much should the worker be paid? What is he actually being paid in this country?
4. What, according to Pope Pius, is the relation of the scale of wages to the condition of a particular business?
5. Name two elements in the "public economic good" that must be kept in mind in the matter of wages.
6. Why does the Encyclical of the Pope oppose the "sliding scale" of wages?
7. How many hours do employees work in various industries today? Must present hour standards be reduced appreciably if employment is to be provided for all?

Paper. Review of III and IV, "New Guilds" (pamphlet in this series).

IV. CONCLUSION.

1. Are the Papal Encyclicals concerned merely with the economic interests of man?
2. What results would follow if the Encyclical programs were energetically carried out?

Paper. A discussion of the material in the Appendix.

APPENDIX

Further very startling figures appear in the studies of the Brookings Institution upon the United States of 1929 (referred to in the selected readings).

“America’s Capacity to Consume” (p. 93) tells a part of the story. In 1929 the country saved seventeen billions of dollars. Two billions went to support some of the 5,900,000 families making under \$1,000 a year.

Chapter X of “The Formation of Capital” tells more of the story. Of the remaining fifteen billions saved, only about five billions were needed to build new means of producing and distributing goods.

The other ten billions were therefore useless savings and went largely to boost prices of existing stocks and bonds and to buy new paper—claims to profits piled on top of the existing stocks and bonds.

Returning to “America’s Capacity to Consume” (p. 93), the further fact is told that half of this ten billion superfluous savings, or \$5,116,000,000, was made by the 24,000 families which got that year upwards of \$100,000; and the other half, or \$5,004,000,000, was saved by the 607,000 families which made that year between ten thousand and a hundred thousand dollars.

These 631,000 families were only 23 in every thousand families in the country—or 2.3 per cent of the 27,474,000 families.

These figures go a long way all by themselves to explain why we had a crash in 1929.

Fifteen billions saved, five billions needed, ten billions useless, ten billions saved by 2.3 per cent of the families—that meant an extraordinarily rich country, not using its resources, unjust to most of its people, unwise and on the road to a crack-up. The crack-up came before the year was out.

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SUGGESTIONS FOR STUDY CLUBS OR COMMITTEES ON INDUSTRIAL QUESTIONS

1. The study club is not a group to listen to lectures. It is for joint discussion. It is small—ten or twelve to twenty or so—so as to permit general discussion.
2. There is a discussion leader.
3. The group may consist of persons of various occupations and interests or of special groups, such as organization leaders, employers, professional persons, clerical workers, manual workers, etc. A number of small study groups established within each organization is desirable.
4. Meetings are once a week or once every two weeks or once a month.
5. Every member should have at least the text and the outline.
6. The discussion, as a rule, follows the outline point by point. The section of the text to be discussed should be read before the meeting by each member.
7. Use questions at the end of the meeting to recapitulate.
8. Reports or papers called for by any outline should be brief.
9. The purposes are:
 - (a) So its members will know the teaching of the Church on economic life.
 - (b) So they can speak at Catholic meetings.
 - (c) So they can be leaders in the activity of Catholic organizations.
 - (d) So they can apply the teachings in their work and civic life.
 - (e) So they can guide the economic organization to which they belong.
 - (f) So that they will be better Catholics.
10. If the group is an offshoot or a part of another organization they should report their conclusions to the parent organization, because one of the chief purposes of the club or committee is to pass on their information, point of view and enthusiasm to the Catholics of their community and to make the club's work definitely a part of the parent organization's work.

For further information and assistance, write:

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