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A primer of social justice.  
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# A PRIMER OF SOCIAL JUSTICE



BY

JOSEPH F. THORNING, Ph.D., Litt.D.



# A PRIMER OF SOCIAL JUSTICE

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## FOREWORD

RELIGION deals with realities, with a real God Who is really to be known and loved and served by real men. Too great emphasis cannot be laid on the reality of religion, its fundamental pervasiveness, in an age when even social philosophers who profess themselves Christians seem to believe that Christianity is to be a beautiful finial of the social structure instead of foundation, building, and crown. The social philosopher who is a Christian is a different man from the Christian social philosopher. One would have religion spring full-born from his planned society; the other would have God bear and nurse his society. The one makes religion a sort of game to while away the leisure gained by natural means; the other begins with God and works with Him. To the one that society is ideal in which belief is possible; to the other that society is ideal which is possible because of belief. God to the one is a luxury, to the other, a necessity. The man of faith knows the facts. The man of reason takes known factors as the basis of his actions. On the word of Christ, the wise Christian is the ideal man. The Christian social philosopher can lead us to a happily organized society because he knows the facts and uses them in his reasoning. He is the better sociologist for being a Christian.

Man is by nature a social being. The mutual dependence of men and the need of order in the relations of man with man are two points which find their way into every social program devised for the betterment of man's condition. From a Communist who would gear man to man in a smoothly running machine to the liberal who would remain free to operate just such a machine, all recognize the fact of man's dependence on a system and, consequently, the note of relationship in his nature. Yet few there are who will seek the source of man's nature. The great forgotten fact is that God created man's nature, created man in his social nature. The doctrine of the mystical body—which, again, is a fact that no metaphor can dissolve—clarifies God's purpose in giving man the urge, the necessity to coöperate with his fellow. That harmony be achieved, men must order themselves in that body. By his identification with Christ man enters the consummation of his ordination in his relationship with the Trinity.

Without sanctity, then, without wide-spread sanctity, the eradication of social evils is impossible. The philosopher who attempts to cure the social ills of our day forgetful of this is damned to failure. The Christian who forgets this in his social program belies his name. The priest who would lead his people to social prosperity and not preach this doctrine is a traducer.

God is as real as the bread the workman is to eat. Until man realizes the primacy of the supernatural, man's schemes for social reform must fail as surely as the house built on sand must fall. Yet God created the earth that here His will might be done. It is blasphemous to dictate to God, as some pseudomystics do, that He despise utterly the world He made and saw good. It is equally blasphemous to attempt to put society in order without ordering all in God and to God. Nor is it easy to pray on an empty stomach. Man's body and his temporal needs are not essentially corrupt. This the Church has long ago clarified and defined. Man's body, being God-made, has its proper nature and its legitimate needs. The generality of man—and social reform must by definition deal with such a generality—far from being spiritualized by want cries out so loudly in temporal exigency that the whisperings of the spirit are drowned by the groans.

These are facts. The Christian knows them and he must take the lead as a Christian in social reformation. A Christian is a follower of Christ; but to follow Christ we must, on His word, deny ourselves. Dr. Thorning happily keeps these thoughts ever in his mind. He sees the need of Christian charity at the foundation of a true, practical, social order. He is not the one to blush like a schoolboy over a blot when his reasoning leads him to state this truth. For him it is a statement, not a confession; a premise, not a conclusion. His study, then, approaches the desire of Christ, the God of Charity, Who in His zeal for order prayed "that they all may be one as Thou, Father, in Me, and I in Thee."

\* \* \* \*

I read the typed copy of your monograph through page after page. It is profoundly practical. It names names and states socially the teaching of the Church with succinctness and point.



Many a time I sat on the big porch of an humble Jesuit Rectory in Palm Beach and looked across the waters of Lake Worth to the Royal Poinciana Hotel, where every window was lighted as the millionaires and near-millionaires prepared for dinner. Jewels alone exposed on such occasions were worth a king's ransom. Many times their money was spent over the green table in gambling.

Near-by were the workingmen, earning a mere pittance, trying to put a little aside in Winter to tide them over in the Summer. Capitalism ran riot in this country to an extent not equalled by any country in the world. The condition could not last and hence I stated more than once publicly that we furnished the finest seeding-ground in the world for radical discontent and Communism. The Church alone can supply the remedy.

I like the question and answer form of this study and I recommend it most highly.

✠ MICHAEL J. CURLEY,  
*Archbishop of Baltimore.*

## AUTHOR'S PREFACE

It was almost ten years ago that I first heard an address on social justice from the lips of the eminent, lion-hearted prelate who is my revered Archbishop. The occasion was the annual convention of the National Conference of Catholic Charities. Cabinet officers were present to express their views on the relation between capital and labor; distinguished Protestant and Jewish leaders were on hand; professors of sociology, economics and political science were scattered liberally throughout the audience.

All listened with rapt attention to the stirring appeal of Archbishop Curley for a more equitable distribution of wealth and income in a world where technical science had created riches in almost illimitable plenty. That speech marked my first step on the road that led from Georgetown University and the Catholic University of America to Oxford, England, where it was my happy privilege to make further studies in social economics and international relations with a view to a solid foundation in the field of social science.

My preparation for that work is still going on; this monograph is another marker on the highway. Its dedication will be understood in the light of the above narrative.

There are others to whom I am glad to acknowledge my indebtedness. Without the constant encouragement of the Very Reverend John L. Sheridan, president of historic Mount St. Mary's College, as well as that of the Rev. John F. Cogan, dean of studies, I would not have been inclined to undertake this task.

The Rev. Peter A. Coad, professor of Moral Theology in Mount St. Mary's Seminary, clarified a number of perplexing ethical questions that were involved in the chapters on interest and in that on the nexus between a system of private property and capitalism. He it was who likewise urged inclusion of some consideration of what obligations the very rich incur with respect to their surplus wealth. Other members of the faculty, including the Very Reverend Philip J. Gallagher, Rector of the Seminary, and the Rev. John J. O'Neill, College Treasurer, enormously aided in securing the data necessary for a discussion of this nature. The Very Reverend Monsignor Harry Quinn furnished a number of valuable suggestions, while Mr. Thomas O'Dea of Mount St. Mary's Seminary rendered indispensable service in the revision of the manuscript.

Scholars in other universities and colleges were generous in their contribution of time and attention. Among these I am happy



to mention Mother Grace Dammann, R.S.C.J., President, Manhattanville College of the Sacred Heart, New York City; Sister Isabelle, Dean, St. Joseph's College, Emmitsburg, Md.; Sister Jane Frances Leibell, Professor of Sociology and Social Ethics at the Georgetown Visitation Convent, Washington, D. C.; Sister Rita, Director, School of Nursing, Providence Hospital, Washington, D. C.; the Very Reverend Robert Lloyd, Rector of Manresa-on-Severn; the Very Reverend Coleman Nevils, Rector of St. Ignatius Loyola and Regis High School, New York City; the Rev. Dr. Thomas D. Ewing, Chairman, History Department, John Carroll University; the Very Reverend William S. Bowdern, Rector, Campion Academy, Prairie du Chien, Wis.; the Right Reverend Monsignor Michael J. Ready, General Secretary, the National Catholic Welfare Conference; the Right Reverend Peter Guilday, J.U.D., Secretary, American Catholic Historical Association; the Right Reverend Monsignor William Barry, Rector, St. Patrick's Church, Miami Beach, Florida; Mr. Frank Hall, Director, the N. C. W. C. News Service; Mr. Patrick F. Scanlan, Managing Editor of the Brooklyn *Tablet*; the Right Reverend Carroll McCormick, Chancellor of the Archdiocese of Philadelphia; the Reverend Dr. Joseph B. Code, of the Department of Church History of the Catholic University of America; the Rev. Dr. Maurice S. Sheehy, widely known for his zeal in the sphere of Catholic Action and a friend, whose coöperation was vital in the organization of the National Catholic Interscholastic Basketball Tournament at Chicago, Ill.; the Very Reverend Samuel Knox Wilson, President, Loyola University, Chicago, Ill.; that genial pillar of religion and education in the South, the Reverend Brother Peter, of the Brothers of the Sacred Heart, Principal of Catholic High School, Baton Rouge, La.; the Reverend Dr. Raymond Corrigan, Editor, *The Historical Bulletin*, St. Louis University; Chief Justice John Patrick Higgins, of the Superior Court, Commonwealth of Massachusetts; the Right Reverend Monsignor Eugene F. Connelly, Rector of St. Peter's Church, Washington, D. C.; the Reverend Dr. Francis E. Lucey, Regent of the Georgetown University School of Law, whose familiarity with the principles of jurisprudence and natural-law philosophy enriched (I trust) much of my own mental background; the Rev. Dr. Cyril P. Donohue, Professor of Religion at Marquette University, Milwaukee, Wis., and finally, the gentleman, whom I regard as one of the leaders in his field and the friend who directed the research on my first book, Dr. Richard J. Purcell, Professor of History at the Catholic University of America; the Rev. Robert A. McCormack, Director, Department of Education, Mount St. Mary's College; the

Hon. J. H. Jefferson Caffery, United States Ambassador to Brazil; the Hon. Leo T. Crowley, Chairman, the Federal Deposit Insurance Corporation; the Hon. John D. Dingell, United States Representative from Michigan; the Hon. Albert J. Engel, United States Representative from Michigan; the Hon. J. Hamilton Fish, United States Representative from New York; the Hon. Emanuel Celler, United States Representative from New York; the Hon. Mary T. Norton, United States Representative from New Jersey; the Hon. John Milton, United States Senator from New Jersey; the Hon. Clare Gerald Fenerty, former United States Representative from Pennsylvania; the Hon. Raymond S. McKeough, United States Representative from Illinois; the Hon. Millard Tydings, United States Senator from Maryland; the Hon. John W. McCormack, United States Representative from Massachusetts; the Hon. Arthur D. Healey, United States Representative from Massachusetts; the Hon. James A. Shanley, United States Representative from Connecticut; the Honorable Michael Francis Doyle, Judge of the Permanent Court of International Arbitration at The Hague. These are honorable names in the realm of religion and science, and it is with alacrity that I acknowledge the sustaining power of their word and example.

I trust that the prelates and priests in the Archdiocese of Baltimore with whom I have the honor to be associated under the direction of His Excellency, Archbishop Curley, may find this monograph of interest to their devoted flocks. My priest-friends in other parts of the United States will no doubt send me suggestions for improvement in matter and form with respect to a possible second edition of the work. Much as I appreciate the coöperation that has been accorded to me by those I have mentioned, I believe it is only fair to add that for any errors of commission or omission in this brief outline of Papal doctrine I alone am responsible.

JOSEPH FRANCIS THORNING.

*Mount St. Mary's College,*

*Feast of Our Lady's Annuntiation, March 25, 1938.*

TO HIS EXCELLENCY, THE MOST REVEREND  
MICHAEL J. CURLEY, D.D.  
ARCHBISHOP OF BALTIMORE,  
WHOSE COURAGEOUS, INTELLIGENT LEADERSHIP IN  
EVERY PHASE OF CATHOLIC ACTION  
HAS BEEN THE INSPIRATION  
OF  
PRIESTS AND PEOPLE  
FROM THE MARITIME PROVINCES OF CANADA TO THE  
TROPICAL REACHES OF SOUTHERN FLORIDA,  
THIS MONOGRAPH,  
A TRIBUTE  
OF  
ADMIRATION, RESPECT AND ESTEEM  
IS  
DEDICATED  
BY  
THE AUTHOR



# A Primer of Social Justice

## A POSITIVE PROGRAM

### 1. What is meant by a "positive" program of social justice?

A Positive Program of Social Justice is not content with mere denunciation of Communism. It accepts as axiomatic the truth that we will never overcome Stalin, Litvinoff and their colleagues upon the "oratorical front." Constructive *action* is required. (Cf. Appendix A.)

### 2. Do the Papal Encyclicals contain a social program as well as definite principles of social welfare?

Both the *Rerum Novarum* and the *Quadragesimo Anno* furnish the broad outlines of a positive program to reconstruct the social order. Both assume that a reform of morals is fundamental in the effort to better man's material condition.

### 3. Does the most recent utterance of Pius XI on Communism stress the importance of the POSITIVE approach to the problem?

Most emphatically, "Yes." There are 81 sections in the *Divini Redemptoris*. Of these only 24 are devoted to an analysis of atheistic communism, whereas 57 sections are taken up with the Holy Father's exposition of *positive* doctrine. In other words, His Holiness, Pius XI, furnishes us an unmistakable clue to the proportion of effort we should consecrate to a remedy of the evils upon which Communism feeds. The Christian emphasis in the campaign against Soviet Russia is upon *positive action*.

### 4. What passage of the "Divini Redemptoris" has been most frequently quoted and praised by authoritative commentators upon the Papal Encyclicals both in Europe and in America?

The section that has attracted the most attention from both Catholic and non-Catholic students of social problems has been the following:

“The wage-earner is not to receive as alms *what is his due in justice*; let no one attempt with trifling charitable donations to exempt himself from the great duties imposed by justice.”

(E. g., “A New Document on Atheistic Communism,” by John LaFarge, April 10, 1937, *America*; “A Third Labor Encyclical,” by John A. Ryan, May 14, 1937, *The Commonweal*.)

## **5. Does Pius XI emphasize the same point in the “Quadragesimo Anno”?**

The chief objectives of the *Quadragesimo Anno* are positive, constructive, *forward-looking*. Although the Sovereign Pontiff criticizes Communism, Socialism and Fascism (by implication), he devotes his principal attention to the need of *affirmative* action. The point was no less clear in the *Rerum Novarum* of Leo XIII.

## **6. Has this point of view been reiterated by our American Bishops?**

Individually and in unison, the Members of the American Hierarchy have repeatedly emphasized the importance of *affirmative* action. Most recently, the Bishops of the Administrative Board of the National Catholic Welfare Conference have presented “A Christian Attitude on Social Problems.” One of the significant passages in this valuable document reads as follows:

“An *unjust economic system*, he (Pius XI) has demonstrated, has had much to do with the rapid spread of the world’s social cancer-Atheistic Communism. His voice is for peace as against war between capital and labor. For labor, he has fearlessly demanded recognition of its right to organize, just wages, healthy and humane working conditions, and security for sickness and old age. *The truest friend of the poor and laboring man in the world today is Pope Pius XI.*”

That the *economic system* has been unjust may be indicated by the fact that the fortune of Barbara Hutton (the Countess von Reventlow), the Woolworth heiress, is estimated at 45 millions. The income of this estate is calculated to be \$1,850,000, of which \$1,450,000 is in *tax-exempt* securities.

## **THE ORDER OF IMPORTANCE IN SOCIAL REFORM**

### **1. What is the order of action recommended by Pius XI and by our American Bishops?**

The Holy Father and the Bishops of the United States make clear that the gradation of action with respect to social justice is as follows:



I. Self-help. "Sound social policy requires government to encourage citizens to assume as much personal responsibility as possible."

II. Mutual Help. "Citizens and groups should not ask the Government to do for them what they can do for themselves" (*cf.* Appendix A).<sup>1</sup>

III. Local governmental coöperation; municipality, county, and State.

IV. Federal legislation, when necessary for the common good.

N. B. The statement of the American Bishops is important: "He (Pius XI) seeks no governmental bureaucracy" (*cf.* Appendix B).

## THE FRUITS OF SOCIAL JUSTICE

### 1. What would be the effect of the adoption of the socio-economic principles of Leo XIII and Pius XI?

The social order, organized on the basis of the occupational groups recommended by Pius XI, would automatically provide:

(1) Jobs for every individual in the United States. Not a single unemployed person would be left outside the employer-employee associations, if he were willing to assume his proper burden;

(2) The operation of every factory, shop and industrial plant at the fullest capacity;

(3) The utilization of all suitable farm land in the production of grain, cotton, dairy products, cattle and sheep raising, and vegetable produce.

(4) The opportunity for every one not only to enjoy income but also to own property;

(5) An age of plenty instead of an era of curtailment and scarcity. With goods and services recognized as real wealth, in lieu of gold and silver, or paper money, or bank credit, there would be no reason for limitation of industrial output, the artificial curtailment of agricultural production, or the freezing of bank credit in the hands of a powerful few.

## SELF-HELP

### 1. What is the indispensable condition for the proper operation of the principle of self-help?

A working man or white-collar worker, man or woman, can develop personal responsibility for his or her welfare only on con-

<sup>1</sup> "The Challenge of State Medicine," in *Light*, February, 1938. *Light*, the organ of the International Catholic Truth Society, 407 Bergen Street, Brooklyn, N. Y., edited by Dr. Edward Lodge Curran, has excellent articles on numerous social problems of interest to Catholics and non-Catholics.

dition that he has a job that pays a living wage. It implies, of course, that he give an honest day's work for an honest day's pay.

**2. Do all employers have a strict obligation in justice to provide a wage sufficient for the working man and his family?**

Both Leo XIII and Pius XI teach that a living wage is "the first charge on industry."

**3. Does this mean that the company which fails to provide a pay envelope big enough to meet the expenses of food, shelter and clothing has no right to continue in business?**

That is the clear teaching of the *Rerum Novarum* and the *Quadragesimo Anno*. A business man or industrialist is not obligated to sell goods or to produce automobiles. He assumes that responsibility himself in the hope of profit, or public service. As soon as he fails to pay his employees enough to keep body and soul together, in frugal comfort, he is not only violating social justice, but he is also inflicting serious damage upon the community in which his plant operates. In the long view, the physical, mental and moral losses suffered by his workmen or clerks are absorbed by society in the shape of taxes, delinquency and crime. In a competitive economy, underpayment of labor is also a threat to the standards and achievements of reputable business firms.

**4. Do Christian employers have a special obligation in this respect?**

Under the natural law the obligation is equal for both Catholics and non-Catholics. In the light of Divine Revelation, however, from those "to whom more has been given, more will be demanded."

(Cf. The Parable of the Talents which applies, contrary to popular interpretation, particularly to those richly endowed in the Supernatural Order. Cf. Also *Fire on the Earth*, by Paul Hanly Furfey.)

**5. What has been the general reputation of Christian industrialists in employer-employee relationships?**

One distinguished commentator observes that "they have been no better and no worse" than their Jewish and atheistic conferees. There are, thanks be to God, a number of honorable exceptions. Efforts should be made to patronize these gentlemen.

## **6. Has the attention of Christian employers been drawn to their duties in the sphere of social justice?**

His Excellency, the Most Reverend Archbishop of Birmingham, England, has directed the attention of his people to this precise question, asking whether the apathy of non-Christian industrialists can continue to be the excuse for Christian acquiescence in a pagan (*i. e.*, commodity) concept of labor.<sup>1</sup>

## **7. Can practical steps be taken to examine this phase of the subject?**

In order to assemble the facts in an orderly, fair-minded fashion it would be most useful to undertake a survey of conditions in each industrial and business area of the United States. Instead of repeating complacently and ineffectually that Leo XIII and Pius XI vindicate the worker's right to a living and family wage it might be well to make a scientific investigation of every outstanding Christian employer of labor in the great metropolitan areas. The study should be undertaken on a coöperative basis and with a view to understanding the position, attitude and peculiar circumstances under which each employer operates. In other words, the inquiry should be factual, objective, just.

The good will of all concerned may be reasonably assumed. In some cases, it may be discovered that the full implication of the Papal principles has not yet been grasped. A conciliatory, courteous, constructive policy should be pursued. Anything that savors of "snooping," interference or trouble-making must be scrupulously avoided. No press notices or publicity should be released without the sanction of episcopal authority according to the basic rule of Catholic Action. In certain cases, the information gathered might be treated as confidential. Otherwise, animosity and friction, two forces that would defeat the ends of the inquiry, will be created.

At the same time, there can be no adulteration of the principle that Christian employers are not exempted from the fulfillment of their social obligations on the grounds that non-Catholic business men are guilty of unethical practices.

## **8. In the event that such a survey indicated a number of Christian employers were actually living up to the Papal Encyclicals on Labor would the great mass of Christian people have a definite obligation to patronize the ethical employers' products and business?**

The answer is most emphatically in the affirmative. A failure in this respect would be a body-blow to social justice. In not

<sup>1</sup> A notable exception to this criticism is described by Mrs. George Norman, "Leon Harmel, the Christian Employer," in *America*, August 7, 1937.

a few instances, if trade were diverted to sweatshop industrialists or exponents of cutthroat competition, the consumer (buyer) could not easily be excused from the guilt of grievous sin.

**9. Is it possible to cite specific instances of a rank disproportion in the moneys disbursed for wages and the salaries of high-ranking executives?**

In one of the largest department stores of Philadelphia, the president of the firm draws a salary of \$84,000 a year, while many of his clerks are rewarded for a six-day week (nine hours a day) at a weekly wage of twelve dollars. Examples of this kind are legion. One of the most publicized executives of the Steel Industry (a Christian), drew a bonus of \$250,000 in the depths of the depression, although many of his former employees and their wives and children were starving or were enjoying the minimum rations of public relief.

**10. Do employers sometimes suffer as the result of unjust action on the part of their employees?**

One of the most striking cases of this character occurred in the New York area where a minority of the Horn & Hardart Baking Company not only went on strike, but also paralyzed traffic in the vicinity of the company's stores to such an extent that riot calls had to be sent out to police. The demonstrations were largely the work of Communists. Little consideration was given to the fact that Horn & Hardart not only pay a "health and decency" wage but also distribute over one million dollars at the end of each year to the employees as their share of the company's profits.

**11. Do the seamen, longshoremen, dock workers in general receive a family wage?**

Due to the part-time character of their employment it is extremely doubtful whether these workers are adequately reimbursed. Certainly, living conditions on the ships, both passenger liners and freighters, must be radically improved, if the United States is to have a suitable merchant marine. On the other hand, it should be noted that the agitation of an avowed Communist, Harry Bridges, still an alien in spite of several applications for citizenship papers, cost the shipowners and sailors one billion dollars in damage to property and in diminished payrolls. Christians who reside in port cities have a special obligation to inform themselves upon the true state of affairs. In the light of that knowledge, they should then undertake the task of reform. It should frankly be recognized that the maritime industry, al-



though now suffering from a number of unjust attacks by radical labor leaders, has not taken the initiative in the movement to satisfy the legitimate demands of labor.

In this connection it is impossible to exaggerate the importance of the letter which the Hon. Joseph P. Kennedy, as chairman of the United States Maritime Commission, sent to Senator Royal S. Copeland, Chairman of the Senate Committee on Commerce. The text of this communication may be found in *The New York Times*, February 17, 1938. The charge has often been made that, although the rank and file of seamen are fine, patriotic American citizens, their leaders, including the alien, Harry Bridges, are two-thirds Communistic in sympathies, if not thoroughly Marxist by reason of actual adherence to Soviet principles. If this charge be true, and it will have no little air of verisimilitude as long as Harry Bridges remains in this country in a post of leadership in the marine labor picture, it reveals a grave condition within an industry vital for recovery as well as for national defense.

Two series of figures in Mr. Kennedy's report are of particular interest:

(1) Due to strikes and lockouts the maritime industry lost "approximately 1,000,000 man-hours of work" in ten months of 1937;

(2) Wages and subsidies of officers and crews represent an annual sum of \$4,878,630, or 57 per cent of every dollar paid out under eight long-term operating subsidy agreements. The conclusion of the Maritime Commission appears to be sound:

"It is clear that an expenditure in this amount of Government funds cannot be justified unless it results in having the ships which make up our merchant marine manned by competent and contented seamen."

## **12. In view of the philanthropic or charitable nature of their endeavor, are educational institutions, churches, hospitals, seminaries, colleges, universities, schools, orphanages and asylums exempt from the obligation of paying a living or family wage?**

Neither by explicit mention nor by implication, is there provision for such exemption in the Papal Encyclicals. Charity begins at home. If institutions dedicated to the relief of the poor, the sick, the weak and dependent carry their ideal of unselfish service and disinterested charity into their relations with their working personnel, they will merit the more generous contributions of public-spirited citizens as well as win the most precious graces of the Savior of mankind. (Cf. Appendix A.)

### **13. What specific examples can be given of a low-wage scale in heavily endowed American institutions of labor?**

According to the news magazine, *Time*, the maids of Yale University receive 25 cents an hour as against 29.1 cents paid in Connecticut's laundries, considered a sweated industry. This wage-scale should be weighed in connection with the fact that the one hundred million dollar endowment of Yale represents a sum in excess of the "fabulous wealth" of the Christian Church in Spain and Mexico combined.

### **14. Are teachers and professors in Christian schools and colleges entitled to a family wage as well as security of tenure, insurance against the hazards of sickness, unemployment and old age?**

A number of far-sighted administrators of the above-mentioned type of institutions are already making provision for every one of the contingencies mentioned. Obviously, they anticipate the affirmative answer to this question. The utterance of a Christian college president is significant: "If this educational institution is to be a center from which will emerge leaders in the campaign against Communism, it must prepare young women for the fray on the basis of right dealing as well as right thinking. We refuse to send our students into the battle with a broken or a poisoned sword."<sup>2</sup>

### **15. What is the actual status of minimum wage legislation as it has been most recently enacted in the various States of the Union?**

The minimum wage rates prescribed for women retail clerks in the District of Columbia and Utah are the highest (\$17 for a work week of 40 to 48 hours or less), so far established, outside of Nevada, which has written an \$18 weekly minimum (for 48 hours or more) into its labor laws. California has a minimum-wage rate of \$16 a week (with 48 as the maximum number of hours).

According to the United States Department of Labor, "Not one woman sales clerk in the limited-price stores surveyed in 1937 was paid as much as \$16.50 a week, the minimum wage for such employees in effect prior to 1923."

"Moreover," the report added, "98 per cent of the women received less than \$15 a week and half of them had earnings of

<sup>2</sup> Cf. *Creative Revolution*, by J. F. T. Prince, Milwaukee, 1937; also *The Saints and Social Work*, by Mary Elizabeth Walsh, Silver Springs, Md., 1937.



less than \$12.50 a week. Three in five worked the full legal limit in the District of Columbia forty-eight hours a week and averaged only \$13.”<sup>3</sup>

The average wage for workers, men and women, in the District of Columbia, is approximately \$815 a year; in some cities on the Atlantic seaboard it does not exceed \$450 a year; while in the New York metropolitan area the average annual wage is approximately \$625. Few would contend that any of these annual stipends represent a minimum living wage.

Minimum-wage laws for women are in effect in the following twenty-two States: Arizona, Arkansas, California, Colorado, Connecticut, Illinois, Massachusetts, Minnesota, Nevada, New Hampshire, New Jersey, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Utah, Washington and Wisconsin—and the District of Columbia and Puerto Rico.

On Sunday, February 6, 1938, His Excellency, the Most Reverend J. L. Beckman, Archbishop of Dubuque, made the highly significant statement that “the employed in Dubuque are frequently outrageously underpaid. Not only those out of work, but those with jobs are in need of social justice,” he declared.

“The laborer, declares the word of God, is worthy of his hire; and his hire, the Pope explains, is a living and a family wage; that is, a wage sufficient to support him and his family in decent and frugal comfort. . . . There are many who barely have the necessities of life; others are on the verge of dire need.”

#### NEWMAN CLUB

Speaking before 1,500 members at a Communion Breakfast, closing the nineteenth annual convention of the New York Province of the Federation of College Catholic Clubs, the Reverend Dr. John P. Monaghan, one of the founders of the Labor College at Fordham University, warned his hearers that the working masses must have such essentials as a decent living wage or they would take them “in a very terrible way.” This point of view was emphasized by that scholarly, cultured priest, the Reverend George Barry Ford, Chaplain of the Catholic students at Columbia University. The latter for many years has been a farsighted, brave, consistent champion of social justice.

*Cf. The Minimum Wage in Canada*, by E. L. Chicanot, February 11, 1938. It should be noted that those who have tried to live on minimum rations are restrained in their enthusiasm for the experiment. Miss Irene M. Lapsley, a supervisor for the Richmond Social Service Bureau, who lived for a week on food which cost \$1.50—an average of seven cents a meal, stated after the ordeal that she was “glad it was over.” Associated Press dispatch, February 12, 1938.

<sup>3</sup> *The New York Times*, January 30, 1938.

## MUTUAL HELP

### 1. What is the best method of mutual help?

The first, most necessary, most excellent as well as most meritorious means of mutual help is practice of the spiritual and corporal works of mercy.

THE SPIRITUAL WORKS OF MERCY are:

- To admonish the sinner.
- To instruct the ignorant.
- To counsel the doubtful.
- To comfort the sorrowful.
- To bear wrongs patiently.
- To forgive injuries.
- To pray for the living and the dead.

THE CORPORAL WORKS OF MERCY are:

- To feed the hungry.
- To give drink to the thirsty.
- To clothe the naked.
- To ransom the captive.
- To harbor the harborless.
- To visit the sick.
- To bury the dead.

### 2. How may these methods be most effectively employed?

From the supernatural point of view, the Christian man, woman or child who wishes to practice the spiritual and corporal works of mercy will participate actively in the St. Vincent de Paul Society as well as in the appropriate section of the Sodality of the Blessed Virgin Mary.<sup>1</sup>

### 3. Are the works herein recommended a matter of supererogation (extra zeal), or an obligation of charity?

In times of need, such as the present hour, these ministries are a matter of strict duty for the fervent Christian. Indeed, in cases of extreme necessity that exist within the confines of his own parish, he is under a grave obligation to practice charity according to his own resources and means. Moral theologians are inclined to think that Christians are more apt seriously to neglect duties of charity than they are to offend against the precepts of justice.

<sup>1</sup> Cf. The experience of St. Vincent de Paul in winning the hearts of galley-slaves, not by admonitions or preaching, but by his sympathy with their suffering and his efforts to relieve their lot.

#### **4. What is to be thought of the Houses of Hospitality and farm communities established by "The Catholic Worker"?**

The Houses of Hospitality now established in New York, Washington, Boston, St. Louis, Chicago and other cities are an immediate or "speedy" remedy for immediate, pressing needs.<sup>2</sup> The "Apprentice Houses," erected throughout Germany in the last quarter of the past century by Father Adolf Kolping, furnished good food and cheap lodging for young men eager to fit themselves for the various trades or technical arts. A few of our larger cities have community centers (*e. g.*, The Carroll Club and Catholic Young Women's Club, New York; the Fenwick Club, Cincinnati; Cadoa, Baltimore), for young men and women who desire a Christian environment in the hours they are free from work. Every activity of this character deserves the far wider support than has heretofore been offered. Catholics have nothing here or abroad to compare with the Y.M.C.A. or Y.W.C.A. systems. This is not criticism, but a simple statement of fact.

#### **5. What is the most conspicuous example of Christian community effort in the world?**

Most commentators agree that the Nova Scotia coöperative movement is a model of what can be accomplished by systematic study and application of the Papal Encyclicals.

#### **6. What was the keystone of this success?**

The coördinating power of the teaching and research faculty of St. Francis Xavier University, Antigonish. Discussion groups in each village rounded out the goal of adult education. Experimentation and sustained effort in coöperative production as well as distribution were carried on under the direction of university experts.

#### **7. What were the general results of this movement?**

As a result of the establishment of coöperative lobster and fish packing factories, improved agricultural methods and common marketing arrangements, the Nova Scotia region was rescued from poverty, if not bankruptcy, and launched upon a more abundant life, both spiritually and materially. It would be no exaggeration to say that the wealth of the community has increased tenfold in five years. It is the modern socio-economic miracle of this continent.

<sup>2</sup> In the *Divini Redemptoris*, it is significant that His Holiness, Pius XI, draws this distinction between "speedy remedies" and "decisive remedies." Obviously, among the latter the Holy Father would place the reorganization of society in occupational groups.

## **8. What actual coöperative agencies are functioning in this area?**

The largest single undertaking has been the St. Andrews Co-operative Company, Ltd., which besides paying off a \$3,000 deficit of the first years of operation has paid stock dividends and purchase rebates to the extent of \$31,500, and has an undistributed reserve surplus of \$21,500.

## **9. What is the latest information on the Nova Scotia development?**

On January 30, 1938, Dr. James J. Tompkins, citing a recent report by Dr. M. M. Coady, director of the Extension Department of St. Francis Xavier University, pointed out that "the group enterprises" directed by the university staff now comprise 200 credit unions, with reported annual assets of \$1,000,000 and forty-two coöperative stores which have a turnover of approximately \$2,500,000. This contrasts favorably with the number of eight credit unions and two stores in 1932. Dr. Tompkins added that ninety leaders from various fields in the United States, under the direction of Dr. J. Henry Carpenter, chairman of the committee on coöperatives of the Federal Council of Churches, made an observation tour of the various projects last Summer.

## **10. What provision does this community make for the health and physical well-being of its members?**

Shareholders of the St. Andrews Coöperative Company have arranged a plan of group hospitalization for themselves and their families whereby the sum of \$9 from patronage dividends per shareholder is paid to St. Martha's Hospital in near-by Antigonish. This provides these customers and their families with ward service for five weeks, ordinary medicine, laboratory service, operating room service, general nursing care and nursing supervision, and surgical dressing, together with a fifty per cent reduction where a private or semi-private room is desired as well as X-ray charges. It must be emphasized that all this has been accomplished without actual disbursement on the part of the farmers and solely from the profits accruing from coöperative store operation. (Cf. "Coöperating for Medical Care," by E. L. Chicanot, *The Commonweal*, August 27, 1937.)

## **11. Is it possible to summarize classic coöperative principles?**

The Rochdale coöperative principles (so-called because formulated by the poverty-stricken weavers of Rochdale, England, and



now operative in "one of the biggest businesses in the British Empire") are as follows: <sup>3</sup>

(1) Democratic control—one vote for every shareholder, independently of the number of shares of stock he owns.

(2) A fixed rate of interest on shares with earnings distributed to members in proportion to patronage.

(3) Sales or services at the market price.

(4) A generous reserve fund for protection against possible loss and for the purposes of education, recreation, art, health and insurance, according to the will of the members. (*Cf. Consumers' Coöperatives*, by Edgar Schmiedeler, O.S.B., Ph.D., Director of Rural Life Bureau, N. C. W. C., Washington, D. C., Social Action Series, No. 5.)

### **12. Is the Nova Scotia experiment an isolated instance of coöperative Christian effort?**

By no means. Under the leadership of Father F. McGoey of Toronto, 40 families, comprising 241 souls, have managed under very difficult circumstances to render themselves self-sustaining.

### **13. What parish in the United States has attracted particular attention by its success along the same lines?**

By the wise use of Federal Aid, the parish of Father Luigi Ligutti, Granger, Iowa, has accomplished most happy results.

### **14. What success has attended non-Catholic endeavors in the sphere of mutual help?**

The most notable gains have been reported by the Mormons. According to official figures, there were 84,460 members of the Church of Jesus Christ of Latter Day Saints on public relief at the end of the year 1935. Eighteen months later, the elders of the church claimed that not one of these persons was still receiving aid from the Federal Government. In other words, by dint of co-operative effort, which much resembles the ideal of the Corporal Works of Mercy recommended by the Gospel of Christ, the Mormons reëstablished "independence, industry, thrift and self-respect," among the 17.9 of their total membership in the United States who had fallen upon evil days.

### **15. What was the principal feature of the Mormon coöperative plan?**

The plan was founded upon a revival of what were originally called the "bishops' storehouses." In the autumn of 1936, the

<sup>3</sup> *Cf.* "Headquarters for Co-ops," by Edward Skillin, Jr., in *The Commonweal*, October 29, 1937.

storehouses received 400,000 cans of food—most of it put up in make-work canneries the church started—82,308 pounds of flour, 11,800 pounds of meat, and 27,196 articles of clothing. Owners gave the use of land, and 2,296 acres were farmed on this basis. Cities and towns were combed for jobs in private employment, and 1,033 men were placed in the first six months. On 363 work projects, 19,000 persons were employed. It should be noted that 16,500 of the 84,460 members on direct relief were found not to need Federal aid. With serious effort, these individuals were able to take care of themselves, either on farms or in cities. Nobody was paid money for work. Instead, the worker received a receipt for so many hours of labor. If and when the worker needed assistance, he presented his work receipt at a bishop's storehouse and received according to his needs. Naturally, the married man with children received more supplies in return for his labor certificates than the single man.<sup>4</sup>

### **16. Are the Mormons convinced of the practicability of this plan?**

On January 20, 1938, the Associated Press announced that the Latter Day Saints Church authorities, who spent \$3,000,000 in 1937, in order to provide employment for their needy members, planned greatly increased expenditures for that purpose in 1938. Six hundred and forty-eight projects had been sponsored in 1937. The method is now an established part of what is called the "church security program."

### **17. Do leaders of all faiths agree upon the desirability of coöperative efforts?**

Most emphatically, yes. Religious leaders have taken a fine lead in this matter. One of the most impressive demonstrations in favor of the coöperative movement was held under the auspices of the "Inter-faith Conference on Consumers' Coöperatives and Credit Unions" at Washington, D. C. The clergymen who took the floor at this conference were: the Rev. James Myers, industrial secretary, Federal Council of Churches of Christ in America; the Rev. Dr. Edgar Schmiedeler, Social Action Department, the National Catholic Welfare Conference; and Rabbi Barnett R. Brickner, chairman, Social Justice Commission, Central Conference of American Rabbis.

Assailing "individualistic capitalism" as creator of a situation, where "practice of the moral law is abnormally difficult," Dr. Schmiedeler maintained that "coöperation is the Christian mode of industry."

<sup>4</sup> Cf. *Social Message of the New Testament*, by H. Schumacher, D.D., Milwaukee: 1937. Also *The Proletariat*, by Goetz Briefs, New York: 1937.



He held that "capitalism stimulates greed, gluttony and lust for power, while coöperation subordinates the profit motive and emphasizes mutuality and the common good." He asserted that "the coöperative movement is strikingly in harmony with Christian ethics."

E. R. Bowen, general secretary of the Coöperative League of the U. S. A., termed the coöperative movement "democracy applied to economics." He added that "the basic economic question in the United States is the spread between consumers' price and producers' pay."

His proposals were: (1) Social insurance; (2) Labor unions;<sup>5</sup> (3) Farm marketing coöperatives to raise pay; (4) Publicly owned utilities; (5) Consumers' coöperatives; and (6) Coöperative finance.<sup>6</sup>

## IS IT PERMISSIBLE TO ACCUMULATE AND RETAIN LIMITLESS WEALTH?

Several answers are given by Christian thinkers and moralists to this interesting, vital question. They are:

(1) Provided honest means are employed, there is no limitation on man's activity in the accumulation of worldly goods. Needless to say, in a competitive society it is easy for a merchant, banker or industrialist to offer excuses for indulging in the unbridled lust for gain. Once free rein is accorded to the acquisitive appetites it will be difficult to hold moral principles in correct focus. Consequently, no Christian can accept the so-called liberal ideal of "unrestrained competition, market prices for labor and unlimited profits."

(2) Granted that a Christian has licitly come into possession of vast wealth, say, five or ten million dollars, has he no social obligations in the disposal of the income on this property?

All Christian moralists agree that wealth is a *stewardship*. If this means anything, it signifies that the man or woman endowed with fortune is the administrator of a trust fund, whose prime purpose is the good of society as well as the welfare of the individual and his or her family. Usually, the moral theologian adds that, once the individual rich man has provided for his own needs and utilities as well as those of his family, he is obliged

<sup>5</sup> Cf. "Industrial and Craft Unions," by William Collins in *The Commonwealth*, February 25, 1938.

<sup>6</sup> Cf. Report of the Maryland Commission of Loans, Mr. W. David Tilghman, Jr., in the *Baltimore Sun*, February 25, 1938.

to give some portion or even all of his *superfluous* income or property to those in extreme necessity.<sup>1</sup>

(3) This raises the most practical question of all: How much must be given in charity by those entrusted with extraordinary wealth?

For the sake of precision, it may be well to propose the Latin text of one of the most recent interpretations of the mind of St. Alphonsus de Liguori (1696-1789) on this matter.

*Ex bonis necessariis statui, sub gravi tenemur subvenire proximo nostro in extrema ejus necessitate, modo id fieri possit sine ingenti damno. Multo magis ad id tenemur ex bonis superfluis. Ratio est, quia ordine charitatis vita proximi potior est decenti statu proprio.*<sup>2</sup>

Provided it can be done without grave loss to ourselves, we are obliged under pain of mortal sin to relieve the suffering of our neighbor who is in extreme need, *even though our own standard of living will be lowered as a result of our charity.* This obligation has its origin in the fact that in the order of charity the life of our neighbor is more precious than the maintenance of our own comfortable mode of existence. Our obligation is far more clear and strict with respect to the disposal of our *superfluous* goods for this purpose.

In a further explanation of this section the above-mentioned commentators quote, apparently with approval, the opinion of St. Alphonsus that in ordinary, normal times "the rich probably satisfy their obligation, if they donate at least two per cent (*i. e.*, 1/50) of their superfluous annual income to the poor. . . ." In a subsequent paragraph, however, they hasten to subjoin that "*nostris temporibus,*" *sc.*, *in our day and age*, a much larger pro-

<sup>1</sup>A most inspiring illustration of Christian Charity is given in "The Coolie of St. Joseph," by His Excellency, the Most Reverend James Edward Walsh, M.M., D.D., of Maryknoll, in *The Catholic World*, February, 1938.

<sup>2</sup>*Theologia Moralis secundum doctrinam S. Alfonsi de Liguori, Doctoris Ecclesiae*, auctore Jos. Aertnys, C.S.S.R.—C. A. Damen, C.S.S.R., Tomus I, pp. 251, 252. Turin, Italy, 1932 edition. St. Thomas Aquinas, writing in the thirteenth century, although emphatic in his enunciation of the *stewardship* concept of wealth, is less explicit in his insistence on the *precept* of almsgiving—except in cases of extreme necessity or the common good. (*Summa Theologica*, II, II, 32, 5-6. He does quote St. Basil: "If you acknowledge them, *viz.*, your temporal goods, as coming from God, is He unjust because He apportions them unequally? Why are you rich while another is poor, unless it be that you may have the merit of a good stewardship, and he the reward of patience? It is the hungry man's bread that you withhold, the naked man's cloak that you have stored away, the shoe of the barefoot that you have left to rot, the money of the needy that you have buried underground; and so you injure as many as you might help." St. Ambrose expresses himself in the same way).

portion must be established, especially when the annual return is notably large. Since it is generally agreed that conditions not only in the United States, but in the entire world, constitute a crisis of the most acute character, it is fair to conclude that the rich, an expression that would certainly include all millionaires, cannot lightly be exempted from the duty of allocating *the bulk*, if not all of their superfluous income to those who are in extreme want. This applies in a special sense to all Christians with respect to those of their fellow Christians who are starving, or freezing in cold-water, walk-up unfurnished rooms, or inadequately clothed both in Summer and Winter. For health means life, and life is more precious than wealth. Of course, although the supernatural order establishes special obligations for Christians, non-Catholics, whether Atheists or heretics, or sinners, are bound, each in season and measure, by the law of charity.<sup>3</sup>

## BANKING AND CREDIT

### PIVOTAL IMPORTANCE OF THE INTEREST RATE

**1. Is control of credit a substantial factor in the rate of interest on loans as well as in the determination of hours of work, wages, salaries and conditions of livelihood?**

Undoubtedly, undue financial power is exerted in each of these spheres.

**2. Is there a disproportion between the return (i. e., interest rate) on money and the return on human energy and skill?**

Since there is no market at all for the labor of millions of men and women, it would seem evident that money or credit can command a richer reward than the human composite, *i. e.*, the body and soul of the individual workman.

**3. Have not Federal agencies, such as Home Owners' Loan Corporation, the Reconstruction Finance Corporation and the Farm Credit Board, simplified the matter of credit for the individual city-dweller or suburbanite as well as reduced the interest rate on loans for the farmer?**

To some extent, this is true; unfortunately, the credit which the Federal Government through the Treasury or the Federal Reserve system extends to the above-mentioned corporations at a rate of three per cent per annum is reloaned to the individual home-owner or agriculturist at a rate of six or seven per cent. A number of service charges, insurance costs, banking profit and

<sup>3</sup> *Three Theories of Society*, by Paul Hanly Furfey, New York, 1937. Also *Creative Revolution*, by J. F. T. Prince.

other fractional additions (in units of one-half of one per cent) account for the "spread" in the original rate and the rate which is actually paid by the debtor.<sup>1</sup> Economists and sociologists are agreed that some of the worst evils of the capitalist system will persist and grow as long as this "spread" is perpetuated.

#### **4. What is the ethical justification for an interest rate of six or eight per cent?**

The right to interest on this scale is at best merely presumptive and therefore dubious. Regrettably, the notion has become rooted in the popular consciousness that a banker or creditor is entitled to "all that the traffic will bear." The legal sanction for interest-taking (at a rate of more than two or three per cent) hardly changes the moral aspect of the matter.<sup>2</sup>

#### **5. Does an excessive interest-rate have an influence on creating monopoly profits?**

Certainly; lack of capital for the small business man often drives him out of the field of competition, while the financially powerful corporations gain exclusive possession of the most lucrative business in the sphere of packed meat and meat products, processed foods, dairy products (milk, cheese, butter and eggs), refined sugar, bread and fruit. In some instances middlemen absorb at least fifty per cent of the "spread" between the price of milk paid to the farmer and the price paid by the consumer. This is the statement of Mr. H. V. Noyes, New York State Commissioner of Agriculture and Markets. Calling for formation of a milk consumer's coöperative he declared: "Since June 30, 1937, Class 1 price to producer has been increased by distributors a total of 98 cents per hundred weight, while the two largest distributors in New York City have increased the price of Grade B milk to consumers a total of \$1.41 per hundred weight. In other words, these distributors have compelled consumers to pay 43 cents per hundred pounds more than they have increased prices to their producers during this period.

"The distributors have set forth their own reasons for this apparently disproportionate increase. But the consumer, realizing that at prevailing prices for Class 1 milk of average test the producer is averaging only 6 cents per quart, while the dis-

<sup>1</sup> Since this was written the Federal Housing Administration made a partial correction of this condition by announcing that the maximum interest rates which lending institutions may charge is four and one-half per cent on mortgages issued on large projects, and five per cent on smaller ones. The mortgage insurance premium will be one-half of one per cent annually on the outstanding principal.

<sup>2</sup> Cf. *Distributive Justice*, by John A. Ryan. Chapters on Interest, pp. 117-204.



tributor gets 14 cents, views these reasons, naturally, with reservations. It is hard for the consumer to understand why he or she must pay for a quart of milk more than double what the farmer receives for its production."

## **6. Does a similar situation prevail in respect to rent and housing?**

In some areas the rents are kept at an arbitrarily high figure, due to a virtual monopoly of available apartments or homes on the part of closely held corporations. In Washington, D. C., for example, where the enormous growth in the number of governmental officeholders has taxed the hotels, houses and apartment buildings to the limit, it is notorious that a clique of real estate companies have a strangle hold on the renting public. As a result, rents are the largest item in the budget of most people who dwell in the District of Columbia. In most instances, this works a severe hardship on domestic servants as well as on white-collar workers. Up to the present, agitation and protest on the part of citizens or groups of citizens have secured no substantial redress of grievances. This condition is cited at length because it is one that flourishes directly under the eyes of the Federal Government.

In this connection, the speech of the Right Rev. Monsignor John A. Ryan at the Brooklyn meeting (January 25, 1938), of the Catholic Conference on Industrial Problems is interesting. He stated:

"Labor in 1929 received 65.5 per cent of the national income. In 1936 this had risen to 66.5, including 3.3 per cent in the form of work relief wages. . . . But the share of labor must increase at the expense of the share of capital if consumption is to be sufficiently increased and saving sufficiently decreased to keep our industrial plant at full operation.

"The great bulk of saving comes from the earnings of capital; that is, from interest and dividends. The great bulk of the required increase in spending must come from the earnings of labor. Therefore, we must decrease the former and increase the latter. Labor's share should be increased to between 70 and 75 per cent of the national income."

Monsignor Ryan added that this happy result could be accomplished in three ways: By raising the wages of the large section of labor now underpaid, by reducing the interest rate and by eliminating monopoly profits.<sup>3</sup> Each of these methods is explained in this pamphlet.

<sup>3</sup> Cf. "Usury in the Middle Ages," by Lawrence K. Patterson, in *The Historical Bulletin*, November 1937.

# THE RELATIONSHIP BETWEEN A SYSTEM OF PRIVATE PROPERTY AND CAPITALISM

## 1. Is capitalism synonymous with private property?

It is not. It is quite conceivable that a system of private property exists without capitalistic features. In Denmark, Sweden and Norway, for example, where so much business (more than 50 per cent in some areas) is transacted by producers' and consumers' coöperatives, it is entirely possible that private property may be retained, although capitalism eventually be discarded or at least very much subordinated to the coöperative economy.

## 2. Is capitalism a postulate of the Natural Law?

Unlike private property, capitalism is not inherent in the Natural Law. Capitalism is merely one form of private property.

## 3. What is the prime difference between a capitalistic régime and one in which private property would be maintained without capitalistic features?

The principal difference consists in the attitude toward profits. Under capitalism unlimited profits, a high interest-rate and generous rentals are regarded as eminently desirable, logical and just. In a coöperative economy none of these features are taken for granted; much less are they looked upon as helpful, natural, or inevitable. In fact, if the occupational group system, recommended by Pius XI, were inaugurated, the institution of private property would be retained without any of the undesirable features of the capitalistic order. Both employers and workers would own their equipment and plant (not necessarily on a *pro rata* or 50-50 basis); they would direct its operation and share in its profits (*in proportion to individual investment, skill and enterprise*). But the sharp division between capital and labor, which gives capitalism its name, would be obliterated. Consequently, corporation may be styled the antithesis of capitalism,—both within the framework of private property! <sup>1</sup>

In this connection, the words of the Rev. John P. Monaghan, co-founder of the Labor College at Fordham University, are impressive:

“When I say that labor is radical I mean that labor today is very much aware of its fundamental rights. Labor is right because every man has a claim on the bounties God has given the world.

“That is revolutionary, because that idea is the very an-

<sup>1</sup> Cf. “Facts About Capitalism,” by Virgil Michel, in *The Commonweal*, March 12, 1937.



tithesis of the idea which dominates the world today. Labor is radical and right, but I wish it were not so politically right. I wish it were less like Communism, less like capitalism and more to the Catholic conception of things.”

## THE FARM PROBLEM AND ITS RELATIONSHIP TO MONOPOLY PRICES

### OWNERSHIP OF FARM LAND

The program of the Most Rev. Edwin V. O'Hara, Bishop of Great Falls, Mont., is worthy of attention. His Excellency recommends:

(1) Wide diffusion of land ownership. This should be considered in conjunction with the figures released by the Rev. Edgar B. Schmiedeler, O.S.B., who estimates that farm tenantry has increased from 35 per cent of the total number of farms in 1900 to 45 per cent in 1935.<sup>1</sup>

(2) Ownership by those who operate the farms. Likewise apposite is the suggestion of John LaFarge, associate editor of *America*, that farm ownership be linked with both trade and industrial unions.

(3) Desirability of family-sized farms. Therefore, a number of our national legislators favor low taxes for the family-size agricultural unit.

### THE PLIGHT OF THE FARMER

A detailed, typewritten report, compiled by the Federal Trade Commission but never published, states in its findings the “belief that the survival of independent farming by farmers who own their own farms and maintain an American standard of living is in jeopardy.” In the same document it is revealed that farming is the only major economic activity today which is operating with a smaller capital than it did in 1910. The total value of farm land and buildings is two billion dollars less today than it was twenty-eight years ago.

The individual farmer, it may be added, is not enjoying the technical advances of science that have enriched the lives of the city dwellers, outside of slum districts, in the past twenty years. Only one out of five farmers can afford a bathtub; three out of ten employ running water; one out of ten is able to use electricity. In the period 1930-1936, out of every 1,000 farms, 236 were foreclosed.

<sup>1</sup> Cf. “Agriculture and International Life.” A Report of the Subcommittee on Agriculture of the Catholic Association for International Peace, 1312 Massachusetts Avenue NW., Washington, D. C.

As an instance of how the cards are stacked against the farmer as a consumer and as a producer, we may cite the fact that in 1934 the gross income of farmers from their wheat crop amounted to \$298,255,000 while the gross income from flour sales alone by only twelve companies totaled \$335,879,000. Is it surprising then that the consumers' food bill has soared \$50,000,000 a year through bread prices alone? Or that net profits of Continental Baking for 39 weeks ending September 25, 1937, showed more than a 100 per cent increase over a similar period in 1935? And that General Baking Company's net profits displayed an increase of 1,100 per cent between the 1935 and 1937 fiscal years? It must be obvious from these figures that the four largest bakeries, General Baking Company, Continental Baking Company, Ward Baking Company, and Purity Bakeries Corporation, do not seriously compete with each other, at least with respect to prices to the consumer.

The Federal Trade Commission report concludes with this statement: "The progressive enlargement of a few predominant enterprises has gone so far that, in financial strength and in numbers of persons subject to their control, the largest concerns exceed some State governments."

*Current History*, which published the excellent, factual article from which most of this section is drawn, added in a footnote the statement of Governor Herbert Lehman that his "former firm of Lehman Brothers and the Lehman Corporation, which is a public company with thousands of stockholders, also do not own any stock in milk companies, nor are they associated with any of them." What Governor Lehman did not deny was what the article clearly produced for the record, namely, that "125,000 shares of stock at \$35 was underwritten by Lehman Brothers."

During the depression years, officers' salaries in most coöperative dairymen's associations were less than \$1,000 per year, in contrast to the sums (some as high as \$180,000 per annum) disbursed to the officials of the National Dairy Products Corporation and the Borden Milk Company.

"If a man steals a loaf of bread for his hungry family," says Congressman Francis D. Culkin, "the law is rigorous in its exactions. These gentry seem to be able to steal millions of quarts of milk and escape punishment."

Representative Culkin contends that the dairy monopoly works incessantly to fix farmers' prices low and consumers' prices high. He has also charged that the National Dairy Products Corporation spends at least \$5,000,000 annually "for lobbyists and entertainment in State capitals and for political lawyers. . . ." <sup>2</sup>

<sup>2</sup> Cf. "Food for the Trust-Busters," by Norman Cousins, associate editor,

In fixing prices for the consumer, the report shows that the rule generally followed was to charge as much as the traffic would bear. Washington, D. C., for example, which has an average income per person of \$1,006 as compared to \$254 for Little Rock, Ark., pays more for its meat than any other city in the country. The citizens of the nation's capital are forced to pay about thirty cents a pound for veal while those in Little Rock pay fourteen cents. Chicago, which is the center of the meat packing trade and therefore the lowest transportation costs, does not have the lowest meat prices. Swift & Company and Armour & Company are two of the three principal meat packers in the United States. On the other hand, the prices for bread, which is almost indispensable for those with limited incomes, were just enough to be within reach of the citizens of Little Rock, Ark. The tactics of the food monopolies are clear; to agree on a price-scale, adjusted to local conditions that will provide a maximum profit and yet not deter customers from purchase. Occasionally, of course, the big companies overreach themselves and then a buyer's strike ensues. This is a not inconsiderable factor in the 1938 recession.

## MUTUAL HELP

### EMPLOYEE PARTICIPATION IN OWNERSHIP, PROFIT OR MANAGEMENT

#### **1. Does His Holiness, Pius XI, advocate industrial democracy?**

If by industrial democracy is meant employee participation in ownership or profit or management, His Holiness, Pius XI, is most emphatically on record in favor of this system. The recommendation of the *Quadragesimo Anno* is explicit: "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."

*Current History*, February, 1938. Practically, the rest of this issue of *Current History* is given over to a defense of the Jews in Rumania, Poland, Germany, England, and Spain, while another essay is entitled "Model Farmers in Mexico." Also: "A Fair Price for Milk," by Eliot Janeway, *Forum*, February, 1938. This author emphasizes a point previously mentioned in this survey; that the farmers gained 28 cents a hundredweight in bulk milk, while the companies pocketed an increase of 47 cents a hundredweight (both figures, of course, were added to the price to the consumer). "Thus," suggests Eliot Janeway, "Peter is not only robbed to pay Paul but charged interest at the rate of 60% for the service." The Hon. Millard Tydings, United States Senator from Maryland, is of the opinion the greatest need of the farmers is increased consuming power. Obviously, this result cannot be obtained when monopoly profits stand between the dairyman, wheat grower or truck farmer and his market. (Cf. *Congressional Record*, February 14, 1938.)

In this way, it is claimed, wage-earners are made "sharers in some sort in the ownership, or the management, or the profits."<sup>1</sup>

## **2. Have the full benefits of this policy been experienced in the United States?**

Not as yet, because the experiment has been limited both with respect to the number of workers who participate in the plan and with respect to the numbers of employers who have tried to apply its principles.

## **3. Is it possible to tabulate a number of the profit-sharing plans that have merited nation-wide attention?**

The following list, while not pretending to be all-inclusive, may indicate the nature, if not the extent of the employee participation in the operation and benefits of industry:

(a) Workers in the Procter & Gamble Soap Company receive a share in the concern's profits, both in outright bonuses and in stock dividends (in some years this may approximate a sum equal to the annual wage or salary); old age, disability and death benefits; a 40-hour work week; and stabilized employment. Cf. "99.44 per cent Security and Efficiency," by Frederick Tisdale, *Reader's Digest*, May, 1937. Condensed from *Liberty* (MacFadden Publications, Inc.).

(b) The Ryan-Callahan plan of the Louisville Paint & Varnish Company, according to which the workers receive a 50-50 cut on all profit above the owner's 6 per cent return on his investment.

(c) Workers who have completed five years' service in the Eastman Kodak Company acquire a right to a wage dividend. This is computed on the basis of the employee's average wage per week during the five-year period. In 1936, this dividend for labor amounted to the sum of \$2,220,000, almost twice as much as the extra stock dividend voted at the same time to stockholders in the company and fully one million dollars in excess of the labor dividend voted in 1935.

In 1937, labor's share, divided among 24,100 employees, totaled \$2,123,000. This "wage dividend" came entirely out of the profits of the company, and was over and above regular wages, which are at least as high as the "going rate" in Rochester, and perhaps a little higher. The man whose average pay over the last five years was \$30 a week, for example, received \$126.75.

"This money," F. W. Lovejoy, president of the company, explained, "was paid as a share in the earnings of the company, in

<sup>1</sup> Cf. Appendix A.



recognition of the contribution its loyal and efficient workers make to the success of the business. It is entirely over and above wages.

“The company has paid this ‘wage dividend’ for many years (a total of \$40,000,000 in the last twenty-six years), but it depends entirely whether the company makes a profit. If there is no profit, there is no dividend. The employees know this and know it is to their personal advantage for the company to prosper.”

The first wage dividend, totaling \$282,250, was paid to 5,179 workers in 1912. The totals increased rapidly until they crossed \$1,000,000 in 1921, nearly reached \$2,500,000 in 1924 and jumped to a peak of \$3,246,000 in 1928.

At this point, a portion of the shared profits were diverted to a new fund to provide life insurance and an old age annuity for each employee—another part of the company’s comprehensive scheme for employee benefits—a scheme Eastman labor seems to like. It should be noted that the old age and insurance features of the plan have now been dovetailed to fit the Social Security program of the Federal Government. This arrangement not only attracts, but holds skilled personnel.

Furthermore, the company has anticipated the benefits of “socialized medicine,” providing its employees with medical service and sick benefits—payable for as long a period as six months. In emergencies, the Eastman Savings and Loan Association, primarily intended to encourage systematic saving by employees, is able to furnish personal loans at a minimum rate of interest.

It should be noted that the single year it was necessary, due to reduced profits in the pit of depression, to suspend the wage dividends, merely served to drive home to employees the merit of the above plan as well as the supreme desirability of employee interest in the successful, economical operation of the company’s manufacture and trade. Omission of the customary reward emphasized the fact that its payment depended on profit. “If anything,” President Lovejoy contends, “the net result of the one-year suspension was a more complete understanding of the plan.”

It is likewise interesting to observe that labor’s share of the company’s profit has grown with the years. In 1936, for example, the wage dividend totaled 13½ per cent of the profits; in 1937 the proportion was 15 per cent. If the Papal teaching is accepted as a guide, there is no reason why the wage dividend should approximate the sum annually voted in dividends to the relatively smaller (and generally speaking, less needy) number of stockholders. At any rate, there is no reason to suppose that the share of the workers should be stabilized at the point of 15 per cent.



(Cf. "Eastman Kodak Company Shows the Skeptics," by Blair Moody, in *The Detroit News*, October 6, 1937.)

Indeed, on March 1, 1938, it was announced that employees of the Eastman Kodak Company would receive \$3,425,000 in payment of the largest wage dividend since the company's profit-sharing plan was adopted in 1912. In the United States and Canada, 23,851 employees share in the distribution. The total number throughout the world is 28,933.

(d) In the Fall of 1936, the Jantzen Knitting Mills, Portland, Oreg., announced its recognition of the principle of a Wage Dividend. In the last quarter of 1937, a second Wage Dividend of 5 per cent payable to all members qualified by three months' continuous service (except Directors and salesmen on commission) was declared. In many instances, this procedure added \$500 each year to the laborer's income. Since it is estimated that 2,350 people in the Portland area are affected by this disbursement, it is easy to comprehend the widespread increase in purchasing power which is produced by operation of the Jantzen plan.

To evidence the spirit which animates some directors and employers with respect to working personnel, it may not be out of place to quote a recent statement of policy made by a high-ranking official of the Jantzen Knitting Mills. This gentleman writes: "The policy of this company has consistently been to compensate our people somewhat better than the going rate for our industry. By April of 1935 the conviction that a larger share of the fruits of industry would hereafter go to those employed in the business was generally recognized by us here. . . . In any event the decision simply was that when we make the profits we shall share them. This additional phase of policy was an outgrowth of the conviction that a larger share would go to the rank and file, and this appeared to be the best way of more than holding up our end, if you will, in that process."

(e) Another plan that has proved its usefulness over a period of years is that of the Endicott Johnson Shoe Corporation. The employees of the 29 factories of this company have built themselves an industrial paradise in three towns along the Susquehanna River between Binghamton and Endicott, N. Y. Health and happiness for the workers are objectives ever before the minds of the managers. Every shop employee has free access to Mr. George F. Johnson, whether it be to air a grievance or to suggest a technical gadget which may step-up production. There is very little seasonal employment because the year's output is planned to keep everybody busy without overtime in the rush periods.

#### **4. Why have these magnificent results been made possible?**

The basic feature of the plan is an automatic division of profits between bonuses for the employees and dividends for the stockholders. With good reason, Dr. Henry Goddard Leach, editor of the *Forum*, quotes a Russian tanner in the plant who was once asked what he thought of George F. Johnson. The worker replied: "He is our friend. He gives good pay, but you must work for it. You see, he is doing for the people what the Soviets think they are going to do."

(f) In May, 1937, Mr. Harmon P. Elliott remembered that he had begun his career in the company as an office boy at a wage of fifteen dollars a week. Calling in his 350 workers, he not only announced wage increases totaling \$85,000 annually, but also set up an irrevocable trust fund of \$250,000 (one-half of his personal fortune) invested in 7 per cent cumulative stock of the Addressing Machine Company of which he is the president. He added that women office workers would be awarded higher salaries under a special agreement. The press reports, unfortunately, did not record the religious beliefs of Mr. Harmon P. Elliott. But it is important to note that this employer of labor was actually putting into effect one of the cardinal recommendations of His Holiness, Pius XI. In *Forty Years After—Reconstructing the Social Order* the Holy Father urges that every laborer should become a property holder, adding that the most feasible way of accomplishing this end is to provide a share of the management, ownership, or profit for the people employed in industry. Obviously, this is one expression of the Christian ideal of social justice.

#### **5. What philosophy of reward for labor did the president of the Addressing Machine Company enunciate on the day he welcomed his workers into partnership?**

Mr. Harmon P. Elliott promised that in the event his business is discontinued, sold or merged, the principal of the \$250,000 trust will be divided among all employees, according to the length of service. Then follows a sentence that sounds as if it might have been copied literally from the Encyclical of Leo XIII, *The Condition of Labor*. In 1891, as previously noted, the Sovereign Pontiff pointed out to industrialists that a living wage was "the first charge on industry," taking precedence over dividends for stockholders or bonuses for directors, or officers of administration. In 1937, the Cambridge, Mass., business man announced his practical application of the principle in these words:

"And in case the company's earnings fall off, the trust fund dividends will be paid in full before dividends on any other stock, including my own."

(g) Another recognition of the same correct Christian concept of property (that of wealth as a STEWARDSHIP) was furnished earlier in 1937 by President Rich of the George B. Rich Manufacturing Company. This concern specializes in the production of automobile valves. Taking his 158 employees into partnership, President Rich offered them \$1,500 worth of stock apiece and the right to elect three directors to the corporation's board of eight. First dividends will go to employee stockholders. Employee directors will act as a permanent shop grievance committee and serve on a wage committee to keep pay in line with living costs. This plan, it was claimed by Mr. Rich, "offers an effective and perpetual solution of the capital-labor controversy."

(h) One of the most striking examples of the right of labor to a place in the council chamber of business was afforded by the action of the Canadian National Railway in electing one of its workers, a conductor, to a place on the Board of Directors. In this way, a direct channel is open for labor to the supreme management of a concern that employs some twenty thousand men and women in its operation. Although the employee in this instance is only one on a board of seven directors, he is none the less able, by virtue of his new position, to submit recommendations, suggestions or representations to the owners and managers of one of the largest transportation systems in the world.

(i) The General Electric Company (Schenectady, N. Y.) announced on December 17, 1937, that it would distribute \$1,050,000 to employees under the firm's profit-sharing plan. This sum represents the workers' share in profits for the last six months of the year. This action takes on added significance when it is correlated with the subsequent announcement that wages had been maintained at the highest point in the history of the company. At the same time, despite the increased costs of labor and materials, improvement in design and superior manufacturing methods, especially the widely used Mazda incandescent lamp, showed a trend to benefit the consumer. This may prove another inducement to develop that business philosophy which calls for "more goods for more people at less cost."

For the entire year of 1937 the figures are even more impressive. \$5,761,000 was earned under the general profit-sharing plan in 1937, compared with \$2,938,000 in 1936. It should be noted that the average number of employees in 1937 was 75,212 compared with 61,781 in 1936. Average annual earnings an employee

totaled \$1,933, against \$1,728 in 1936, and were 4 per cent above 1929, the previous best year.

(j) In both 1936 and 1937, the New York employees of the Sachs Quality Furniture Company, eligible by reason of eighteen months' service or more, were participants in a profit-sharing fund of \$25,000. Mr. Israel Sachs, president of the company, declared that the company had distributed approximately \$100,000 in four years under the plan. A health benefit program supplements the company's group insurance.

## **6. Does profit-sharing suffice to fulfill the recommendations of the Holy Father?**

Profit-sharing is not the only feature of the Papal program of social justice. His Holiness, Pius XI, insists that provision should be made for the worker against the hazards of sickness, accident and old age. At this point it should be observed that the Federal system of social security, although providing many benefits for both industrial and clerical workers, does not offer any protection for the millions of men and women in domestic service. Nor do those who are hired for work on the farm, either as whole- or part-time workers, enjoy any privileges under the Act. Obviously, a voluntary plan to insure for these employees some measure of security in the future would find strong support in the Papal pronouncements. Indeed, both *The Condition of Labor* and *Reconstructing the Social Order* are explicit in their vindication of the rights of all workers. Since it is estimated that there are about 21,000,000 workers in the United States who are excluded from the provisions of the Social Security Act, this is evidently a matter of large significance, if not importance.

At least one employer has seen the inadequacy of the present law and is endeavoring in the sphere of his own household to remedy the deficiency. Mr. Gerard Swope, chairman of the board of General Electric, has taken the initiative in this respect. After consultation with experts on actuarial figures and others with experience in the insurance field, he has devised a plan which has already been put into operation among the domestic servants of his estates at Ossining, N. Y.

It should be noted at the outset that there is no compulsory feature in the proposal. Each domestic is free to elect or reject the plan. According to Mr. Swope's statement on the subject, the new social security program involves the contribution of equal amounts by employer and employee toward the purchase of United States Savings Bonds, computed for both parties to the transaction at the rate of one per cent of the annual salary. The sum accumu-



lated in this manner and invested in United States Savings Bonds will produce a return of approximately 2.9 per cent, which is better than the average savings bank rate.

This is far-sighted, realistic policy. How heartening it is to see that a number of employers are anticipating the need of their employees as well as actively interesting themselves in the practical application of some of the principles that were so eloquently propounded by Leo XIII over forty-five years ago!

The Social Security Advisory Council is now devoting serious study to the task of extending the benefits of the Act to groups not covered by the Social Security Act, particularly agricultural and domestic workers. In the meantime, it is the part of wisdom not to neglect these important elements in our national life.

Everybody knows that the Federal Act with its tax on industrial payrolls and enormous paraphernalia of administration is cumbersome enough without further, hasty extension to classes of workers not covered by the legislation. For some years in the future, the Act will be in the trial-and-error stage. As long as this condition prevails, it is good sense and good ethics for private employers not to wait for public inspiration to deliver another Omnibus Social Security measure at the front doorstep. The obligation in charity and justice to cooperate with domestic workers and farm laborers in some voluntary scheme of social insurance is all the more serious now that other groups in the population have been able to obtain protection.

## CONCLUSIONS

(1) Wage-earners, whether they toil with their hands in a factory or are members of the white-collar class, have a veritable passion for security in these days of chaos and swift change. It is an understandable desire. It is a need which can be better satisfied by enlightened cooperation between the employer and the employee than by the harsh, bureaucratic methods of governmental autocracy. Who imagines that the beneficiaries of the Federal Social Security Act would not in each instance have preferred an opportunity to build up their own unemployment and old age reserves by prudent investment of a labor dividend? The worker realizes that this Federal legislation, excellent as it is in objectives and purpose, is merely a scheme of compulsory saving; whereas his crying need is a share of the profits of industry which would make it possible for him to have something voluntarily to save as well as to invest.

(2) There has not been serious labor trouble or anything faintly resembling sabotage or the "sit-down-strike" in the industries which have had the foresight spontaneously to provide



workers with a share in the profits, or ownership, or management of business. Prevention, not merely cure, must be the watchword of American efforts to combat Communism. Is it not reasonable to conclude that the inauguration of a large-scale program of profit-sharing would sound the death-knell of the "sit-down-strike"? Is not this plan, as it is operative in many areas of American life, one of the most ready means of pacific settlement and equitable adjustment of the relationship between capital and labor. Indeed, it appears to be the bridge which may serve to construct the SOLIDARISM suggested for society by Leo XIII and Pius XI.

(3) There is no more vigorous champion of the system of profit-sharing in industry than our present Holy Father, Pius XI. In *Quadragesimo Anno* he insists that the common good requires that the laborer "attain to the possession of a certain modest fortune." Furthermore, he urges 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. In this way wage-earners are made sharers in some sort in the ownership, or the management, or the profits."

On March 8, 1938, this principle was recognized by the Johns-Manville Corporation by its issuance of the company's annual report to its 11,200 jobholders, just as in the past it had made a report each year to its 7,100 stockholders. The report pointed out that of the amount received by the company for products, less the cost of materials and transportation during the year, which came to \$39,861,579, 51 per cent, or \$20,354,000, was paid to jobholders in wages and salaries.

An even more striking example of similar recognition of the partnership principle was furnished by Mr. Charles F. Noyes, founder and president of the Charles F. Noyes Company, Inc., who turned over a \$60,000,000 annual realty business to his employees, effective May 19, 1938.

(4) This is clear and unmistakable teaching. The industrialist could not produce or market his product without the worker any more than the worker could manufacture in mass production style without invested capital. Consequently, the manufacture of the article is a common enterprise; the product is a joint product. There is no reason why "the cream of the crop" should be monopolized by the manufacturer or the corporation. Why should a vast surplus be amassed for the "contingencies of business, depreciation and reserve," when no provision, or extremely inadequate provision, is made for the wear and tear on

human energies and the equally formidable contingencies of unemployment, sickness, accident and old age? In 1931, Pius XI, echoing the words of Leo XIII, called for genuine profit-sharing in industry; he is on record in favor of a dividend for labor. And he added that the partnership ideal is the most effective manner in which to deal with Communistic agitation.

Wives are not forgotten in the profit-sharing initiative of Mr. Harvey Gravell, President of the American Chemical Paint Company, Ambler, Pa. After distributing \$54,000 in bonus checks to his 85 employees, Mr. Gravell rewarded each of his 70 married workers with an added \$300 with the suggestion:

“This is for your wife, not for you.” The paint company executive wished to call attention to what he terms the “composite unit of labor.” It is his view that in hiring a laborer a man is not buying a specific commodity but is paying also “for the doctors, the teachers, the lawyers and dentists and the clergymen who have contributed to the well-being of the laborer.” Of course, one of the most important factors in the man’s life is his wife. And Mr. Gravell by his statement as well as by his action took cognizance of this integrated view of human society.

No wonder, that Dr. Edmund A. Walsh, an eminent American authority on Soviet Russia and Communism, declares that “the day on which ‘Labor Shares’ become universally and voluntarily adopted in the constitution of American industry will mark the end of Communism’s advances.”

(5) In short, Pius XI would have the Christian peoples of the world resort to revolution in order to combat revolution. The revolution which His Holiness recommends would be peaceful, friendly and godly. It would safeguard the true interests of both capital and labor. No one can claim that there has been more than a scattered, half-hearted effort made to put these pontifical recommendations into effect, even in the case of the rank and file of American Christian industrialists. How many laborers in Fisher Brothers Body Corporation, Briggs Manufacturing Corporation, the Transamerica Corporation (to mention only a few) are given representation as owners, or managers, or profit-sharers? Does anyone contend that the *labor* dividend is voted as regularly or quite as generally as the stockholder’s dividend on the common securities of General Motors, or on the preferred shares of U. S. Steel, even in boom times? Until our financial pages report the disbursement of wage dividends for the millions who toil in the mines, factories, oil fields, steel and textile mills we shall run the risk of failure in the real drive against Marx, Stalin and the Communist party throughout the world.

## AN OBVIOUS AS WELL AS A PRACTICAL RESOLUTION

**What practical steps are being taken to enlarge the scope of employee participation in the ownership, or profit, or management of United States industry?**

The Honorable Arthur Vandenberg of Michigan has introduced a resolution in the United States Senate, calling for a non-partisan investigation of profit-sharing with a view to "facilitating and encouraging that system throughout the nation." Obviously, nothing but good can flow from full knowledge of the facts upon the operation of the labor-dividend principles which have functioned so successfully in the case of the companies mentioned in this pamphlet as well as in the case of others equally successful. Both directors and workers in these concerns should be given an opportunity to relate the practical benefits and possible drawbacks of the system in question. From the standpoint of Papal principles the method is unassailable. An official inquiry would bring out the features of the plan that are "susceptible of application to ever-widening areas of production and distribution."

Furthermore, the inquiry would confirm the statement of the American Hierarchy that "there are many honorable employers whose motives and purposes are dictated by justice and charity." The "mutual collaboration by both employers and employees" advocated by our bishops would be strengthened and extended by the universal, voluntary adoption of "Labor Shares."

One of the above-mentioned industrialists in a talk to his workmen declared:

"I hope and believe that this idea of mine will be followed by thousands of American manufacturers who feel toward their old employees as I do.

"Why not have the pleasure of handing out our money to those we feel should get it, not in our wills after our death, but while we are still active and healthy and can have the satisfaction and pleasure of doing it?"

Certainly, if these businessmen believe that it is refreshing to both soul and body, to take cognizance of the social implications of their position in life, there will be others who will examine the above plans on their merits, and adopt such as fit the needs of the particular industries or households they manage. If so, Communism will recede into the background to the no small gain of both religion and society. Pius XI does more than criticize and condemn Bolshevism: His Holiness in the most significant social document of this generation calls for the reconstruction of society on the basis of a status of "owner, or manager, or profit-sharer"

for the worker. *Reconstructing the Social Order* is the best, the complete, the *only* answer to the new Constitution of Soviet Russia.

All this is not to argue that local public employment or pay rolls should have remained static—that they should be as low today as they were some twenty years ago. The people have demanded more public services, voted for expansions, insisted on or countenanced new governmental undertakings.

But there is a disturbing disparity between a population increase of 33%, in the city, and a payroll increase of 222%. There is an ominous disproportion between a payroll rise of 400% in the county, against a population rise of only 50%.

It is a matter of grave concern to the taxpayers. Unless they organize and look into it—unless they get busy right now and analyze the trends and the probable future situation—they may yet face higher tax bills than any that have alarmed them thus far.<sup>1</sup>

## **I. What is the emphasis of this outline of a practical program of Social Justice?**

Is it the emphasis of Bethlehem, Nazareth and Calvary?

Is it the emphasis on work, suffering, privation, generosity and sacrifice. Cf. *The Church and a Living Wage*, by John A. O'Brien, Ph.D., LL.D. New York: 1937. The Paulist Press.

## **II. What can the Catholic woman do to overcome Communism—besides talk?**

What can be done for the unemployed?

How many are there in your parish?

Diocese?

What means are taken to help them?

Are the means adequate?

How many parish organizations, *e. g.*, the St. Vincent de Paul Society, the Sodality of the Blessed Virgin Mary, the Holy Name Society, etc., coöperate in this task? Cf. *Christian Social Reconstruction*, by Dom Virgil Michel, O.S.B., Milwaukee, 1937. *Religion and Culture*, by Christopher Dawson.

<sup>1</sup> No study club can afford to dispense with the excellent pamphlet and leaflet material on Social Justice, Credit Unions, Catholic Action and Rural Education published by the Central Bureau of the Catholic Central Verein of America directed by Dr. Frederick P. Kenkel, 3835 Westminster Place, St. Louis, Mo.



**III. How many coöperative shops or stores are there in your city, town or area? Cf. "The Sign," July, 1937, and "The Commonweal," July 16, 1937.**

How many profit-sharing industries?

How widely are they patronized?

What are the prospects of group medicine, group hospitalization, group insurance, etc.? Cf. "A Medical Civil Service," in *The Sign*, January, 1938; "A Positive Program of Public Health," in *The Sign*, February, 1938. *Coöperative Democracy*, by James P. Warbasse. *The Middle Way*, by Marquis Childs, New York, 1936. Also the "Report of the Inquiry on Coöperative Enterprise in Europe," Washington, D. C., 1937.

**IV. What labor organizations? The C. I. O. or A. F. L.?**

Leadership? Catholic, Protestant, Jewish?

Members?

Christians, Jews, Agnostics, Atheists?

Organizers and agitators?

Attitude toward Religion?

Familiarity with Papal program?

Demands? Cf. "What's Behind the Strikes," by Alexander

H. Frey, in *Harper's*, January, 1938.

Legitimate?

Unreasonable?

Wage scale?

Labor Colleges?

Social Security? Cf. "Security," by Goetz Briefs, in *The Commonweal*, June 4, 1937.

Sale of products?

Fair-to-Labor Companies?

Knowledge of Papal Encyclicals?

Interpretation?

Application? Cf. *A Better Economic Order*, by John A. Ryan. New York: 1935.

**V. What are the basic features of the occupational group system of Pius XI?**

Where is it in actual operation? Cf. "Portugal and Dr. Oliveira Salazar," by Michael Derrick, in *The Dublin Review*, October, 1937. Also "A Corporative State," by Timothy Slattery, in *The Commonweal*, September 24, 1937.

With what success? Cf. *Organized Social Justice*, Social Action Department, The National Catholic Welfare Conference. New York: 1936. The Paulist Press.



## **VI. Employers—owners, sharers in profit, or directors?**

Employers? Familiarity with Encyclicals?

(1) Papal insistence on income and property? How many workers or white-collar clerks have (a) Property? (b) Income?

(2) How many workers or white-collar workers share in Profits? Percentage? Risks?

(3) How many have voice in management? Shop committees? Grievance committees?

Do they willingly submit to wage cuts or increased hours, etc., if taken into employer's confidence, or can increase production, cut cost and indicate new uses for product?

(4) What practical steps must be taken to *integrate* Catholic activity in the sphere of social justice?

(a) With the labor union movement?

(b) With the coöperative economy?

(c) With the effort to secure a proper legislative framework for the organization of society on the basis of the vocational groups suggested by Pius XI?

### **SOLIDARISM—THE HEART OF THE ENCYCLICAL "QUADRAGESIMO ANNO" THE VOCATIONAL GROUP SYSTEM IS THE SOUL AND UNIFYING PRINCIPLE OF RECONSTRUCTING THE SOCIAL ORDER**

*Cf. The Reorganization of Social Economy*, by Oswald Von Nell-Breuning, Milwaukee, 1936.

#### **1. What is the principal purpose of the Encyclical, "Quadragesimo Anno"?**

In the important, if not necessary work of social and economic reconstruction Pius XI distinguishes between the aims or objectives to be attained and the means or measures required to reach these objectives.

The chief purpose of the Encyclical is to produce human solidarity in organized society. Not only does the Pontiff recommend that "man's various economic activities combine and unite into one single organism and become members of a common body, lending each other mutual help and service," but he also declares:

"Unless human society forms a social and organized body; unless labor be protected in the social and juridical order; unless the various forms of human endeavor, dependent on one another, are united in mutual harmony and mutual support; unless, above all, brains, capital and labor combine together for common effort, man's toil cannot produce fruit."

## **2. What is the basis of this solidarity?**

As Leo XIII, so Pius XI teaches that the solidarity of the social organism rests on private ownership:

“ . . . the right to private ownership 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.”

## **3. Where is it important to place the present emphasis?**

Now the emphasis at the present moment is not upon the theoretical right of the individual to possess property, but upon the wider diffusion of practical ownership among the large number of propertyless wage-earners and the unemployed. There is not to be less of private ownership; there is to be more of it. “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 workers.” Speaking of “the immense army of hired rural laborers, whose condition is depressed in the extreme,” the Sovereign Pontiff clearly intimates that the wider diffusion of practical ownership for this group will consist in obtaining an actual share in the land.

## **4. Does every man have a right to productive property as well as to a job?**

The right to private property alone, however, may be sterile and futile, as many landowners and stockholders have learned. The wealth 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 be thereby promoted. In other words, the golden tides of industrial and agricultural production as well as the benefits of financial, scientific, commercial, cultural, professional and artistic skill, far from being dammed up in a vast reservoir to be doled out to the advantage of a luxury-loving class, must be canalized in such a way as to fertilize and irrigate every stratum of the social order. Provided there be no lack in the individual of initiative, honesty, energy, skill or enterprise, he should not be excluded from a share in the profits. This assumes, of course, as the Encyclical states that “opportunities for work be provided for those who are willing and able to work.”

## **5. In what way is income to be provided for the worker?**

The third objective proposed in the *Quadragesimo Anno* is 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." In this way, it is claimed, wage-earners are made sharers in some sort in the ownership, or the management, or the profits. As we know, numerous efforts have been made in particular businesses or factories to put into effect this recommendation of employee-profit-sharing and even a certain degree of ownership through special privileges offered in the way of stock-transfer and purchase, but the full benefits of the policy have not been experienced because of the limited nature of the experiment, either with respect to the industry itself or the number of workers participating in the plan.

## **6. Can an adequate system of profit-sharing in industry be installed without reorganization of society as a whole?**

Indeed, the limited success of the private schemes of installing a system of joint ownership and profit-sharing suggest the wisdom of the Holy Father in teaching that the above-mentioned objectives can only be secured by the economic organization of society as a whole. The different forms of political government are organized; miracles of increased production and lowered costs have been effected because of business organization. It follows that the organization on social and economic lines is required to spare the population the evils of chaos and anarchy.

## **7. Can this reorganization be effected without a spirit of sacrifice?**

According to Pius XI, social justice and the proper ordering of economic matters are to be effected by rendering society once more truly coöperative, homogeneous and organized; such organization must be truly representative of all, employers, workers, consumers, weak and strong, rich and poor, capital and labor, an organization in which all economic efforts are directed toward a promotion of common interests, if needs be, by common sacrifices, striving for the public welfare as distinguished from the advantage of some particular group.

## **8. What should be the aim of social legislation?**

This aim, Pius XI declares, can be accomplished by means of social legislation that will reestablish autonomous vocational groups, or organized occupations, acting under the authority and

subject to the control of government. This implies that the common good is to be achieved by the organization of employers and employees in the different industries, by the formation of occupational groups in commerce, the professions, agriculture and the arts. The government could retain that degree of supervision over such an association as is necessary effectively to prevent monopoly and other abuse of power. Such an organization could exercise a control over the improved technique of the particular industry in such a wise as to allow the workers in the industry a fair participation in the fruits of invention, safeguarding always the rights of those who have invested capital or lavished intelligent management upon the conduct of the business. As far as possible, the associations would be a natural outgrowth of the needs and opportunities of the industry, the resources, natural and created, of the region and closely tied up with the social interests of the local community. In this way, the organized and inter-organized lines of production and service would become natural and autonomous units of social life—every whit as natural and autonomous units as the society of persons living as physical neighbors within cities and towns.

### **9. By what tie will the diverse groups in society be united?**

Writing on this subject, the Rev. R. A. McGowan insists that the social organization of economic life would bring capital and labor together in a matter that is partially of interest to both. "It unites them," he says, "by function." It would replace the contradiction or conflict of interests due to concentrated ownership and absentee control by unions of workers, preferably on vertical rather than horizontal lines, and by employers' associations' representatives of the whole industry.

### **10. Is each nation free to determine the detailed form of the corporations or functional groups?**

At this point, it should be noted that the specific form of these associations is not minutely described in the Papal Encyclical. Just as with reference to the forms of political control, monarchical, democratic, or representative, Leo XIII in the Encyclical, *Immortale Dei*, did not indicate a preference for one rather than another framework of laws and government, so Pius XI in outlining the general principles that should guide mankind in the reconstruction of the social order, did not descend to particulars and restrict economic planning to a narrow and rigid framework. As in regard to political development, the history, traditions, geography, resources and temper of the people will



furnish guide-posts for the special organization of society economically congenial to a particular country.

**11. To what degree would "economic planning" be required in the occupational group system?**

It is noteworthy that under the Pontiff's plan labor would have at least a proportionate, if not an equal voice with the employers in the direction of the economic activities of the group to the common end. Such a group, says Mr. Roy A. Bronson, "would have a staff of technical experts to make a survey of markets, of production plans, probable consumption, price of raw materials, production costs and other technical data entering into the activity of that particular group." The writer adds, that the information thus acquired would be the basis of efforts to correlate production with demand by means of price-supervision and production-limitation. The experience of the past few years would seem to show the multiplied difficulties of such attempts at control either of production or prices. Nevertheless, the long-range vision inspired by abundant, accurate and impartial analysis of trade reports would go far to ensure a reasonably efficient management, decent profits, and the elimination or diminution of the abuses of child labor, sweatshops, speculation and waste.

**12. To what extent can our experience under the N.R.A. be a guide to future effort?**

Inasmuch as we in the United States not so long ago attempted to operate under a system of coöperative effort it is important to observe in what respect the code authorities of the N.R.A. should be improved in order the more fully to realize the benefits of social organization portrayed in the Pope's Encyclical. No better suggestion for this improvement has been made than that offered by Monsignor John A. Ryan, speaking at the National Conference of Catholic Charities, Cincinnati, Ohio, October 9, 1934:

"The small business man, the consumer, and the wage earner should all have representation, with voting power, in all these bodies; for they are the agencies set up by the various industries themselves for the administration and enforcement of the codes. It is not necessary that each of the three groups above-mentioned, or any of them, should have equal representation with the dominant business membership. One small business man, competent and faithful in attending the meetings of a code authority, would be able to compel reasonable consideration of the interests and grievances of his group. Similarly, one representative of the consumers might be sufficient to interpret and defend the welfare



of those who buy goods. As a rule, the labor representation should be somewhat larger. Competent representatives of the wage-earners would be able not only to protect the interest of their own class but to bring about genuine self-government in industry. Indeed, labor participation in the activities of code authorities could be so expanded and developed that these bodies would become substantially the same as the occupational groups recommended by Pope Pius XI."

The same writer adds:

"We who accept the Catholic economic tradition ought to rejoice over the opportunity to apply that tradition to the industrial life of the United States. The Catholic economic tradition is neither individualistic nor socialistic. Its essence is to be found in the guild idea. Now the N.R.A., its codes and its code authorities, present the nearest approach to the guild idea that has appeared in modern times. It holds the possibility of putting into effect the Catholic conception of a social order reconstructed upon the principles of social justice."

### **13. Are subsidiary groups or organizations feasible in the occupational set-up?**

Entirely so, since there is nothing to prevent this functional division of economic activity from promoting the growth of separate associations in addition to the main group. These separate associations might be empowered to serve special purposes of insurance, charity or mutual benefit. As the Encyclical expressly provides they would take a separate vote on those matters in which their separate interests call for special care and protection against other interests.

Since the aim of these groups is to achieve social peace between workers and employers, every association should frame its by-laws providing for a system for settling disputes, preferably by arbitration. Provided that the collective agreements of each group have careful, detailed stipulations and procedures touching upon the contingencies of disability, old age, unemployment, illness, discharge, change of ownership and the like, it is not likely that there will arise a crisis sufficient to make the proposal of a strike or lock-out within the range of probability.

### **14. How would the difficulties and dangers of conflict be obviated in the functioning of unionized groups and sub-groups?**

This danger will be further minimized in case a final and higher form of inter-organization is utilized. This would consist in the coördination of the chief associations themselves in

something like a Supreme Economic Council representative of employers, workers and consumers, meeting for the purpose of shaping the main currents of national life into the channels most productive of the general economic welfare and common good of the community, state or nation. In these ways conflicts and disputes with reference to wage-scales in different regions and different groups could be adjusted; prices would be stabilized; a proper equilibrium established between agriculture and industry; the talents of professional and cultural leaders utilized; and the vast bulk of the consuming public be protected. It stands to reason that such a Supreme Economic Council would not only be in a position of unique advantage to initiate experiments in the social and economic order such as the electric power development of the Tennessee Valley with its concomitant housing and farming projects, but also possess that happy combination of disinterestedness and vision that would determine what forms of property, carrying with them potentialities for domination or exploitation, should best be vested in the community at large.

**15. What would be the chief drawbacks to the proposed system?**

Granted the solid benefits to be conferred by such a system of human coöperation, there are two dangers which are writ large on the surface of an undertaking national in scope and perhaps revolutionary in its consequences. From the economic point of view, it tends towards closed national systems, with the idea of national self-sufficiency; while from the political point of view, it tends to the authoritarian State, omnipotent even in economic matters, which would imply the concentration of all powers in a single head, without the possibility of criticism, or of opposition, or of dissent, or of indifference. In short, there would be imminent, if not present the menace of the loss of political liberty and a large measure of organic independence. For these two reasons, the Holy Father expressly added a strong recommendation in favor of international friendship, world economic collaboration, the removal of barriers to trade, and a world orientation toward peace and coöperative endeavor.

**16. What two principles would necessarily be regarded as paramount in the operation of the occupational group set-up?**

The paramount importance of individual rights and the rights of the family are emphasized in like manner. The whole tenor of the Encyclical is freedom and coördination. And the need of a widespread reformation of manners, the education of the heart

as well as the mind, a restoration of Christian life and Christian institutions are urged as indispensable to any satisfactory reform of the economic system or are affected by it must submit to the law of conscience which is the mouthpiece of God. Otherwise, the nations will continue to grow poor together. On the other hand, if the recommendations of His Holiness are given a fair trial, they will bring about the opposite result; the nations will grow rich together and the individual citizens and families with them.

## APPENDIX A

Our minimum duty, therefore, is certainly this—to check, and to cure, and to construct. We are very good at denunciation, and saying that this or that is wrong, but not nearly so good at purifying, developing and consummating what is good. Yet as Catholics we hold ourselves to be in possession of all the medicines, the instruments, the plans and the motives. But anything that we undertake ought to aim at the whole man, body as well as soul, in his individual but also in his social life, and “on earth,” by no means only in eternity. “On earth as it is in heaven,” qualifies every petition hitherto used in the Our Father.

I do not know that we, priests or laity, are true to this: that Catholics take the initiative, or even properly coöperate in the matter of housing, improving the food supply, insuring proper employment and salaries, developing sheer sport, and the like; at working for the general well-being as hard as many a humanitarian does, but with an infinitely stronger driving power and more inclusive vision. Whether or no in sexual morality we give outstandingly good example, I do not want to discuss; but I should be only quoting the Popes were I to insist that financially, and economically, we have hardly attended to the encyclicals at all.

I might add that the man who produces fake food deserves execution more than does the Negro who rapes and ruins a white girl. He rots the food supply of the people, and so destroys their physique at its vital source. “Regeneration?” *The Commonweal*, C. C. Martindale, March 4, 1938.

## APPENDIX B

### WORKER OWNERSHIP-OPERATION

The Warfield Coal Company probably has the most contented workers of any coal mine in the world. Well they might be; they own it and manage it themselves.

The workers—112 of them—took over the mine in 1928 when the Indianapolis and Cincinnati capital which owned it decided to close the mine because of unprofitable operations.

The workers organized their own company, each man buying four shares of stock at \$50 a share, paying part of it down and the rest in monthly installments.

In three years they had paid off their debt and owned the mine free and clear, and they have kept it that way.

Under outside ownership they had averaged one and a half to two days' work a week. Under their joint ownership they have averaged three and a half days.

The value of the shares has risen from \$50 each to \$157.50 each; the average tonnage from the mine has gone up from 400 to 630 tons a day, and their equipment has been modernized and kept in good repair.

Leases have been extended until now they own the coal rights on more than 3,000 acres, “enough to keep us going for another eighty years.”

No cash dividends have been paid on the stock and its officers and directors draw no salary, the jobs being passed around.

“It's strictly a model T mine,” said Cecil Dassel, mine bookkeeper and one of two non-owner employees, the mine superintendent being the other, “but it gets us there and it gets us back.”

And successful operation of the mine has meant no depression for the 800 inhabitants of Elberfeld.

“Depression?” queried Robert Madden, a local business man, “there hasn't been any in Elberfeld. The miners have had steady work and



a pay check every other Saturday night, and the money has stayed right here at home."

"We haven't made a lot of money," one of the men said, "and we haven't collected any dividend on our stock, but we have collected dividends in contentment—the knowledge that our jobs were permanent and that our families were assured of a steady income."

Calling for the establishment of Christian trade and industrial unions, the Rev. Dr. John P. Monaghan declares:

"The Church sees today such an organization of wealth and power that it is startled by the lack of organization of the working man. Indeed, the working man is morally bound to organize in order to maintain his individuality and to be able to bargain freely to get what should be his.<sup>1</sup>

## APPENDIX C

### BUREAUCRACY

In 1920, immediately after the World War, Milwaukee had one city employee for every 75 plain citizens. At the close of 1937 it had one city employee for every 54 plain citizens.

The state of Wisconsin, meanwhile, made even better "progress." It had one state employee for every 526 plain citizens in 1917; by the close of 1937 it had one state employee for every 253 plain citizens.

But the highest skyrocketing was done by Milwaukee county. It had one county employee for every 613 plain citizens in 1917; by the close of 1937 it had one county employee for every 191 plain citizens.

Ignoring the state, on the theory that it presents a separate problem, we find: A group of 6,130 Milwaukee city taxpayers were called upon to buy the services and pay the wages of about 90 local public employees in 1917; by 1937 this same group was called upon to pay about 140 local public employees.

In the city of Milwaukee the charge for "personal service" was \$5,868,841 in 1917. It had soared to \$15,937,840 by 1927 and to \$18,903,247 in the city budget of 1937. So in these years the charge for public employment, against every man, woman and child in the city, jumped from \$13 a year to \$31.50.

In the county the payrolls jumped from \$640,000 in 1917 to \$5,370,000 in 1937, and raised the per capita cost to citizens from \$1.28 to \$7.16 a year.

## APPENDIX D

A non-governmental program of social security for lay employees of the Protestant Episcopal Church has been devised by the Church Life Insurance Corporation, a subsidiary of the Church Pension Fund, according to Bradford B. Locke, executive vice-president of both organizations.

"The Federal Social Security Act does not for various reasons include in its provisions benefits for employees of the Church," said Mr. Locke.

The latter added it was hoped that all present lay employees of the Church would be included and the plan would be compulsory for all new employees. In normal cases one-half of the premium will be paid by the employer and one-half by the employee, but the specific rate of division will be determined mutually by the employer and employee. Normal retirement age is considered as 65 for men and 60 for women.

<sup>1</sup> Cf. "Workers of Quebec Unionize on Catholic Plan—A Unique Development in Accord With the Encyclicals," by E. L. Chicanot in *America*, December 18, 1937.





