

Michel, Virgil George  
Critique of ...  
ADU 3419

THE SOCIAL QUESTION—V

# Critique of Capitalism

By

*Dom Virgil Michel, O.S.B., Ph.D.*

*St. John's Abbey, Collegeville, Minn.*

1936

Wanderer Printing Co.

St. Paul, Minn.



834 913

*All Rights Reserved*

---

*Imprimi potest:* ✠ Alcuin Deutsch, O.S.B., *Abbot*  
*Nihil obstat:* Alexius Hoffmann, O.S.B., *Cens. Dep.*  
*Imprimatur:* ✠ Joseph F. Busch, *Bishop of St. Cloud*  
May 16, 1935

# THE SOCIAL QUESTION

---

*Series Five*

## Critique of Capitalism

By

*Dom Virgil Michel, O.S.B., Ph.D.*

*St. John's Abbey, Collegeville, Minn.*

**OUR SUNDAY VISITOR LIBRARY  
HUNTINGTON, INDIANA**

1936

---

Wanderer Printing Company—St. Paul, Minnesota

## C O N T E N T S

	PAGE
1. Critique of Social Systems .....	5
2. Supremacy of the Money Power .....	9
3. Breakdown of Social Solidarity .....	14
4. Capitalistic Economy Defeats Itself ....	19
5. Profit versus Social Service .....	24
6. Inhuman versus Human Relations .....	29
7. Mechanization of the Workingman ....	34
8. Suppression of Personality .....	39
9. Business Becomes a Great Gamble .....	44

## 1. CRITIQUE OF SOCIAL SYSTEMS

IT is not a matter of giving information when one states today that the critics of capitalism are divided into two divergent camps. On the one hand are those who attack capitalism with full force and refuse to give it any quarter. In their minds capitalism is "all wrong" and the sooner it is overthrown the better for all mankind. On the other hand there are those who still have all their hopes for the "good life" pinned on some form of capitalism. These usually acknowledge that many abuses have occurred in our day of dominant capitalism, but they consider these abuses as not inherently connected with the system as such.

The second class of critics says that all our capitalistic civilization needs is a bit of doctoring up; while the first class asserts most vigorously that the operation needed to heal us of our social evils is such that the patient cannot survive the ordeal. Often the divergence into two camps is called a divergence between those who wish to abolish the profit-system and those who wish to retain it.

A critique of capitalism today easily turns out to be a critique of our entire civilization, and any social evils inherent in the latter are then laid at the feet of capitalism. "Unfair, entirely

unfair," the opponents of such critics declare, "you are confusing the economic system of capitalism with the philosophy of life that has been dominant in our civilization, and are then finding it child's play to condemn the economic system."

"There is nothing unfair about that," is the reply: "our economic system has shaped our civilization especially in the last century and a half. The dominant power in our social life, and in our political life as well, has been economic. The philosophy that has influenced our public life has been permeated by the principles of *laissez-faire*. Our whole civilization has been capitalistic, and capitalism must be judged by the condition of our civilization even as the tree is judged by its fruits. In the days before the depression the spokesmen of capitalism were content enough to point to every advantage offered by our civilization as being the result of the capitalistic system."

Be that as it may, any economic system is at once a system that has to do with attaining the necessities as well as the comforts of life and distributing them among men and is at the same time an attitude towards the general meaning of human life, or in other words a philosophy or spiritual attitude towards life. This is true of capitalism; and it is likewise true of any economic system that may be proposed as a substitute for it. Socialism, communism, distributism, the medieval economy—all of these

deal with the ways and means of making material goods subserve the needs and the enjoyment of man, and all of them have an underlying philosophy of life that has to do with the ultimate meaning of life, its purpose and its true values.

Our present-day capitalism has not only happened to grow up side by side with the *laissez-faire* theory which is thoroughly individualistic and which separated economic life from interference on the part of the State; but it has actually grown and developed under the guiding inspiration of this same *laissez-faire*. It is in fact very doubtful whether capitalism could have developed into what we have today except under the influence of the philosophy of life that is contained in the *laissez-faire* theory.

Whether this intimate causal connection is to be denied or not, should become to some extent evidence in the course of a critique of capitalism. Such a critique cannot be satisfied with pointing out some undesirable features of our present economic life; it must face the further question: Do these arise out of the very nature of capitalism, or are they merely accidental?

What are the criteria to be used in thus adjudging an economic system or a theory of economic life? Roughly one may mention three points which must come into consideration whenever there is question of evaluating any current or proposed economic system, whether capitalism or socialism, or communism, or any other possible one:

(1) How does the system fulfil the general purpose of material goods in regard to mankind? Does it help to make these goods subservient to the needs of men? How efficient is it in attaining the distribution of the necessary goods to all men?

(2) What is the relation of the system to family stability and the moral virtues on which rests the stability of the family and of social life in general? Does it promote the social relations of men, and foster the spirit of solidarity among human beings?

(3) How does it safeguard and promote the individual rights of man: the right to live, to work, to determine one's means of livelihood, to exercise free choice in the development of one's abilities and personality, to obey the moral law, to worship according to one's conscience, to be a respectable member in the society of men, etc., etc.?

These three classes of values go to make up the full life of man here on earth. The first regards the necessary means for the development of the other two, and the last two embrace all that is of value to man here below as an individual and as a social being. An economic system must stand or fall by its attitude on the true values of human existence and by its being a successful means for the attainment of these by

## 2. SUPREMACY OF THE MONEY POWER

THE relations of men living together in society may be determined by two quite contrary attitudes. One of these attitudes is based on the principle of mutual aid and cooperation between members; and the other is based on the principle of mutual competition or combat between members. The one makes for solidarity and a better life for all and is based on justice and charity. The other makes for a universal struggle for existence based on the survival of the most competent, or those who are fittest for such a "battle of all against all."

The struggle for existence based on competition is the general law of animal life—the law of the jungle. It makes for the development and supremacy of power; so that the struggle for existence turns to a struggle for the power to rule by right of might. The union for better life ("united we stand"), based on mutual cooperation, is the general law of reasonable animals, the law of human kind. Yet this social cooperation also exists among some animals, who by instinct live together in mutual aid, *e.g.*, bees and ants. And the animal struggle for existence also exists among men, who thereby lower themselves to the status of brute or dumb animals.

The individualistic philosophy of modern capitalism is built upon the latter rule: each individual must look out for his own best interests only. This is the law of the jungle applied to human existence and it naturally ends in the supremacy of power, the glorification of might, no matter how subtly that might may exercise its domination, no matter how invisibly that power may work.

Any struggle for existence among men, based on the law of the jungle, must end either in social chaos or in the absolute monopoly of all conditions of life by those who come out ahead in the struggle and dominate by virtue of power. Or the result may be a combination of both.

This seems to be true of capitalism today. It has failed in all the criteria which an economic system or a philosophy of life must finally be judged. It has failed in the proper distribution of the necessaries of life, so that we have want and starvation in an age of plenty or of potential superabundance. It has failed in the upholding of a proper scale of human values, and in preserving the dominance and health of the social units that are necessary to the life of man. *e.g.*, the family. And all this by reason of the successful pursuit of its one goal: the winning out of the few "best men" in the struggle for economic supremacy and control. The influence of economic power on our civilization has ended by being in absolute control of all the channels of life.

In the preceding series of articles on the social question some mention was made of the growing monopoly of our economic life by financial capitalism and of the initial opposition on the part of the law to economic interlocking and combining. But the influence of capitalism was stronger than that of law, and the incorporation laws of the different States not only became more and more lax as the struggle continued, but the growing organizations were finally allowed to write almost any clause they wished into their charters. Thus "extreme powers not only to operate the business, but also to alter or take away pre-existing rights of stockholders," established the absolute supremacy of those who held the controls. The whole economic life of the nation was in their hands.

"When two hundred such artificial persons [corporations] begin to control the public press, run the strongest lobbies, determine the prices of commodities arbitrarily, close down the factories, crash the stock markets, change the purchasing power of money so that debts become usurious, and in general block the free exchange and flow of money and credit, and acquire the ownership of eighty per cent of all productive property, then, what liberty is left for the one hundred and twenty million natural persons of this commonwealth? Even the stockholders of such corporations are the slaves of their own directors" (John C. Rawe, S.J., *The American Review*, February, 1935).

This is the logical result of the rationalization of all economic endeavor towards the single goal of profit for profit's sake, or profits for ever further investment and larger control. The twentieth century has seen the full triumph of capitalism, and thus constitutes the golden age of its achievement. Today no one can doubt any longer that money reigns supreme and dominates everything. It is the triumph of plutocracy.

Money is today the great international power behind all government. And every phase of our life, economic production, militarism, commerce, amusements, even education, are all definitely subject to and controlled by those who own and loan the money for civilization to carry on. And the control is exercised not for the common good of society or public welfare as such, but for the private emolument of those in power. That much is inherent in the supremacy of the profit motive.

The power of money is all the more absolute because it is international in its organization far beyond any such international organization in the political field; because it is impersonal and anonymous, and for that reason almost entirely invincible and irresponsible.

Since God and mammon cannot be served at the same time, the full outcome of capitalism has meant the domination of mammon in this world over God. No wonder that our civilization shows also the characteristic moral decay

of other civilizations that were dominated by those who controlled economic power. When economic power and success is the highest recognized value in any society, then the society must needs lose its hold on the accepted moral values of Christianity. What doth it profit any man or all of society if it gain the whole world and lose the life of its soul?

“Nowadays, as more than once in the history of the Church,” writes Pius XI, “we are confronted with a world which in large measure has almost fallen back into paganism.”

### 3. BREAKDOWN OF SOCIAL SOLIDARITY

THE spirit of individual profit-seeking is one that frankly fosters egoism, especially when it is sponsored in the name of a free-for-all struggle among men who should be cooperating as brothers and should have some care one of the other because of their common membership in the human family. The egoism arising out of our *laissez-faire* capitalism has indeed shown the characteristic of all true egoism: the desire for domination over their fellowmen by the successful capitalistic supermen. This has been the "success" for which men have striven in bitterest competition.

When such an attitude is tied up with the economic pursuit of wealth for the sake of the power that wealth bestows, it must needs leave all spiritual ideals out of account, since they are but hindrances in the attainment of this goal. This is all the easier when the science of economics or of economic activity is professedly separated from principles and ideals of ethics or moral conduct.

Now the welfare of society, of human brotherhood, depends on the upholding and the pursuit of higher spiritual ideals in life. Whatever is immoral and unspiritual must be either suppressed or kept within control of these ideals,

else it will tend in its turn to destroy them. Under such circumstances could the ruthless pursuit of egoistic material aims have any but a destructive effect on the higher ideals of social life? The history of our times shows an increase of immorality and impiety that at the very least runs parallel with the growth of the dictatorship of plutocracy.

One of the consequences of this modern egoism is the isolation and consequent disorganization it effects among men. Instead of unifying men unto social cooperation, it pits man against man and class against class, for on this the struggle depends out of which the economic superman rises victorious. Hence even in the most democratic of countries we see the ever greater division of men into classes between whom there is nought of the love that should exist between men, and much of the bitterest hate. This is especially true in regard to the two great divisions characterized as capital and labor.

“The demand and supply of labor,” says Pius XI, “divides men on the labor market into two classes, as into two camps, and the bargaining between these parties transforms this labor market into an arena where the two armies are engaged in combat.”

Another consequence has been the increasing moral anarchy that only helps to increase the disintegration of social units. Wherever the principle of every-man-for-himself has taken root,

family solidarity has disappeared, and with it the natural nursery grounds for the learning of the principle and the blessings of human brotherhood. There has been less and less of common family life in modern times. Often the members of a family hardly get together even for meals. Each member is respected as a producer, but unwelcome as a consumer. Even the one child is often avoided so that man and wife may spend their time freely away from home.

Similarly the social solidarity of the community has suffered greatly. On the one hand men and families may be heaped up in close city quarters and remain strangers to one another, even potential enemies. On the other hand the instability of economic security makes for shifting to and fro from place to place, so that the "home town" has no further human meaning than the place of birth. Where there is communal solidarity there is human fellowship. The latter has bonds of human sentiment and common ideals. Where such fellowship is displaced by the heaping up of unrelated masses, the community of ideals is narrowed down to the will to exist and to enjoy, each one for himself and as much as he can.

The same disintegrative spirit has entered into public life. "The intermingling and scandalous confusing of the duties and offices of civil authority and of economics has produced crying evils and has gone so far as to degrade the majesty of the State. The State which should be the

supreme arbiter, ruling in kingly fashion far above all party contention, intent only upon justice and the common good, has become instead a slave, bound over to the service of human passion and greed" (*Quadragesimo Anno*).

Officials of states have indeed been imbued with the supreme importance of the economic motive in life and have used their official position almost without scruple, it seems, for their own economic advantage. Apart from that they have their duty to their constituents. Affairs of the nation are decided on the basis of the advantage to regional or local constituencies. Officials are intent on "bringing home the bacon" in order to insure their re-election, and this in order to repeat for their constituents, etc., etc. The public life becomes a mirror on a large scale of the struggle between individuals and groups for the material advantages of this life. In such a condition of affairs there is little room for the statesman who tries to visualize the common good, and who puts the latter above the particular good of any section of the whole commonwealth.

One of the effects of this growing disintegration of human solidarity is on the one hand the concentration of power and success in the hands of the few, and on the other hand the increasing helplessness, even despair, of the masses. In growing numbers the latter feel the futility of initiative and effort and the emptiness of the "good will" to improve their lot when success

cannot be theirs in any event. The final outcome of egoism is sterilization of human hopes and good will. The fundamental right to live, to work, to develop personality, becomes a mockery, so that this birthright of man will readily be sold for the mess of pottage held out as a bait by social demagogues so frequently in human history.

#### 4. CAPITALISTIC ECONOMY DEFEATS ITSELF

WE sometimes hear men use the phrase "unbridled capitalism," but the addition of the adjective is superfluous when speaking of present-day economic life. For it is part of the nature of the capitalistic system to be unbridled or unchecked. That lies at the very foundation of *laissez-faire*. It also follows from the avowed aim of our economic life: production or business for profit.

It is this underlying viewpoint that has given its dynamic character to modern capitalism. If the goal of economic activity is profit, what is there to limit this activity except the impossibility of further profit? Hence the constant urge for more and greater profits, the constant expansion of industry, its absorption of competitors, etc. It is not without reason that some have spoken of modern combines as giant octopuses spreading their tentacles to embrace the entire globe.

It is this spirit of our day that has given us the accepted slogan of always "bigger and better," and the life-aim of our successful business men as not profit-for-a-living but living-for-profit and for the power that accompanies accumulation of wealth.

It is this dynamic urge for more profit and the swallowing up of smaller units into the

larger in order to avoid the minor crises of competition, some say, that necessarily brings on the severer economic depressions such as we are experiencing today. Through constant expansion of business and the credit that goes with it, even the largest concerns become top-heavy. The crest of the wave breaks and the collapse that follows comes on apace. Since there is a limit to all things human, critics say, this unlimited forward march with eyes glued only to one thing, more profit, must inevitably end in severe economic crises from which there is no escape in terms of our super-capitalism. In other words, dynamic capitalism logically defeats itself by leading periodically to ever greater depressions.

Industrial capitalism is of its nature engaged in the manufacture of two kinds of goods: (1) Capital goods to be used for production; and (2) consumable goods, to be used or used up in the satisfaction of needs and wants. Naturally the success of production of capital goods depends on the successful production of consumable goods. One does not make tools with which to make tools with which to make yet more tools *ad infinitum*. All production finally depends on the successful marketing and sale of the consumable goods.

Now much of the profits and high-bracket salaries paid in industry is normally used for further investment, that is, for further expansion of production. And this expanded production in turn depends for its success on the great-

er consumption of goods. But the power to buy consumable goods is made up chiefly of the wages given to the common laborers and of a small part of the incomes in the higher brackets.

According to the customary distribution of profits, only a part of the total industrial returns is available or is used for purchase of consumable goods. Since expansion of industrial activities means some increase of labor's purchasing power, the inevitable breakdown does not come at once. While production expands consuming power increases somewhat, although the amount of production has also thereby increased still more. The latter keeps at least one step ahead of the former as long as expansion continues. But as soon as production ceases to expand, or the total wages paid by industry ceases to increase, purchasing power lags behind the required amount, the market clutters, the expected profits do not accrue and production is decreased, purchasing power is thereby reduced in a still greater degree, etc., and the depression is on.

In the past generations there have been at least two or three conditions that tended to ease up the untoward consequences just mentioned. One of these was our moving Western frontier, which was always a land of new opportunity for those who had failed "back East." In regard to Europe (and America as well), there were the untapped resources and markets of South America, Asia, and Africa. And there was also

the unsaturated market everywhere in regard to new inventions like the automobile and the radio. But our frontier has long ago sunk down in the Pacific and practically all the world has now been exploited wherever it has not itself become industrial and expansionist. These past safety-valves against depressions no longer exist.

While industries expanded, and new lands were tapped, and markets were not yet saturated, all went well, although even then there were periodic checks upon the flow of purchasing power by the increasing use of labor-saving machinery among other things. While foreign investments lasted, there was an outlet for accumulated capital, even if no consuming power was thereby produced at home.

To all these conditions of capitalistic success an end had to come by reason of the natural limitations of things if not by reason of increasing jealousies and rivalry. Once profits cease to increase according to expectations there is a check on the spirit of enterprise, and the downward movement may take on the proportions and momentum of a giant avalanche. This lies in the very nature of the production-for-profit ideal.

“For the capitalist system of productive organization,” writes G. D. H. Cole, “is based essentially on the incentive of private profit. The capitalist entrepreneur will not and cannot go on producing goods unless he can make a profit by their sale. His market is thereby limited not by the needs of the consumers but by

their willingness and ability to pay him a remunerative price. As the prices he can get tend to fall as the supply of goods on the market is increased, the entrepreneur is disposed to retaliate by restricting production in order to keep them up to a remunerative level. But this reacts on his costs, which tend to decrease with larger and to increase with smaller output." The final result of all this we are only too well aware of today. It is capitalism's vicious circle.

## 5. PROFIT VERSUS SOCIAL SERVICE

THE term "service" has become quite a slogan in modern business. The purpose of the latter professedly is to give "service." Yet everyone knows that behind the service is the further purpose and expectation of more profit. The real motto is service for better business, *i. e.*, for better profits. This is inherent in the philosophy of modern capitalism.

Unfortunately the aim of this philosophy cannot work in two directions, and so it must needs neglect the basic principle, that the purpose of material goods is really servicing of the needs of mankind, at least whenever that purpose clashes with the guiding one of profit. Those profits, in turn, which are not needed for subserving the wants of the owner have only one purpose today, that of further investment in profitable economic enterprises. The ultimate purpose of money is the breeding of more money.

One of the most powerful incentives for the development of interlocking directorates and of holding companies was that these enabled the capitalist to avoid "social control," *i. e.*, control of business in the interests of the common good. Far from being "business for service," it meant increasing power and control in the interests of

high-powered owners to the neglect of the good of laborer and consumer, often to their positive harm.

Regarding holding companies, e. g., Bonbright and Means have the following to say: "Recently the holding company has been extensively employed to avoid the social control of banking. Here it has been used to defeat the purpose of state and federal banking laws restricting branch banking. . . . In 1926 only a few insignificant banks were controlled by holding companies. By the end of 1929 thirty-eight holding companies controlled over five hundred banks with combined resources of over \$8,000,000,000. With one exception these banks were in states not allowing branch banking" (*Encyclopedia of the Social Sciences.*)

The plutocratic corporations, which grew by swallowing up ever more and more independent owners and smaller corporations, have thus gained ever greater control of money and through money of industry. It was estimated in 1931 that one per cent of the banks controlled ninety-nine per cent of financial resources in the United States (*The New Republic*, Oct. 14). Since control is for profit, it means that almost a whole nation is at work for the profit of the small number of those in control.

As an example, it should be interesting to quote government statistics that were compiled and issued in a report as early as 1913. Three corporations, joined together as affiliates or al-

lies, held 341 directorships in 112 important corporations with total resources of \$22,245,000,000. They were distributed as follows:

(1) 34 banks and trust companies: \$2,679,000,000 resources, being thirteen per cent of all banking resources.

(2) 10 insurance companies: \$2,293,000,000 resources, being fifty-seven per cent of all insurance resources.

(3) 32 railroads: \$11,784,000,000 capitalization with 150,000 mileage.

(4) 24 industrial and commercial combinations: \$3,339,000,000 capitalization.

(5) 12 public utility companies: \$2,150,000,000 capitalization.

If one remembers that control of such holdings means concentration of the profits which arise out of the energies of millions of men scattered over the whole country, the present unequal distribution of wealth becomes quite intelligible.

The unequal distribution of wealth between different classes can also be seen from the increase of returns received by each of them, say, from the year 1923 to the beginning of the depression in 1929. If the figure 100 be taken as a basis for the incomes of 1923 then the increase from then to 1929 is as follows:

(1) Speculative profits increased from 100 to 400.3—an increase of slightly over four hundred per cent in the six years.

(2) Interest and dividends increased from 100 to 177.2.

(3) Wages increased from 100 to 112.4.

Still more striking are the figures of the internal revenue bureau for 1933 in comparison with 1932, two of the worst years of the depression. The newspaper headlines reported in large letters that "Million Dollar Income List Doubles in Year" with the sub-heading "81,-000 fewer returns filed by class earning \$5,000 or less—three earn 26 million in 1933." While there were twenty individuals that had an income of over a million dollars in 1932 there were forty-six such in 1933. Throughout, the number of individuals receiving \$25,000 or more income per year had increased from 1932 to 1933; while the number of those that received less than \$25,000 per year income had decreased very considerably, and the number of those receiving an income below the limits of taxation in turn increased greatly. Even in the depression, with most of the business activity a result of relief money pumped into the social organism by the government, the maldistribution not only continued but grew alarmingly.

While the Christian tradition has always upheld the right of all men to such a share in the goods of the earth as is required for the needs of life and for freedom from economic worries, our economic system has been functioning on quite a different principle. Verily, to him that hath shall be given, and he shall abound; but

from him that hath not, also that which he thinketh he hath, shall be taken away. The Scriptural passage occurs five times in the course of three gospels.

This is not a matter of good or bad will on the part of a few favored individuals. It lies in the very structure of our economic system that the unequal distribution should go on, and should increase with its continuance. There can be no surprise in this if one remembers that the system itself was developed, not under the banner of social service, but under that of maximum profit for those who come out on top in the general struggle.

## 6. INHUMAN VS. HUMAN RELATIONS.

IN former times the transaction of business was generally a human relation between two neighbors or fellows of the same larger community. People bought at stores and shops whose owners and operators they knew at least by name and whom they could approach in person. These owners had to keep on friendly terms with the community and the neighborhood else their business would suffer.

Today it is generally impossible for the average consumer to get in touch with the person who is ultimately responsible for the business policies of the firm he is buying from. It is today company so-and-so which erects a new establishment and conducts its business. Usually the consumer knows only that the business is owned by some company or corporation whose center is far away, and whose board of directors is an intangible impersonal power functioning behind locked doors as far as he is concerned. All the local men connected with the business are only hired on salaries; they are sorry they cannot contribute to this or that neighborhood enterprise, they must obey orders from headquarters, etc. No wonder that this type of gigantic business corporation is ruthless in extermination or amalgamation of smaller

independent rivals. Human relations no longer come into consideration.

This is an accompaniment of the large type of corporation which at first had to fight its way into toleration, then attained legal protection and thereafter grew strong enough to oppose all legislation that was meant to curb its powers in favor of human relations or social weal.

“In a society in which petty trade faded gradually before big business,” write Hamilton and Till, “an easy gradation led from person to corporation and from right to privilege. The rhetoric of democracy provided a plausible verbal disguise for the cause of property; and in the name of freedom of contract the United States Supreme Court declared invalid many acts of social legislation. . . . In a transition as gradual as the course of events which gave it protective coloring, the rights of man were being converted into the immunities of corporations” (*Encyclopedia of the Social Sciences*).

In an article on “Corporations and Human Liberty,” in the *American Review* (Feb., 1935), John C. Rawe, S.J., points out that the amendment to the Constitution which defined more clearly the rights and privileges of human persons was the one used in our law courts to defend the privileges and property rights of corporations. In other words, what was to be a safeguard for the rights of human persons became the bulwark of the immunities

and privileges of legal persons. It was this fact that helped to raise mere ownership to a right standing high above other human rights, and that made ownership the outstanding absolute right of our super-capitalistic age.

“The legal guarantee of limited liability in case of bankruptcy,” writes Father Rawe, “and the use of natural rights with judicial approbation have given the incorporated companies a power with respect to ownership which has no parallel in the whole history of property. There is only one kind of ownership which exceeds it in extent and that is state ownership—the illegal ownership assumed unto itself by an irresponsible, tyrannical, communistic state.”

“No one will accuse our government of tyrannical communistic activities,” he goes on, “nor has it ever intended to sell out its citizens and their belongings to any one of several joint stock corporations of its own creation. It is the joint stock corporations who are forcing the sale, a chosen incorporated few who forget that we are human beings and that our government is set up primarily to protect us and not the joint stock corporations from political and economic disasters.”

If critics of capitalism point to the neglect of human and personal values in our present economic life, this is but a natural result of the general trend we are referring to, and likewise the natural result of the business-for-profit ideal. In such a system consumers do not count except

in so far as they actually furnish the purchasing power which keeps the wheels of industry agoing.

And labor does not come off a whit better. Labor is one of the necessary sources of expense in the conducting of industry, like the raw materials that must be purchased. It is but a commodity like the latter, to be purchased at the lowest possible cost or to be taken into account only insofar as it is indispensable for creating industrial profits.

This whole attitude is well expressed in the accepted definitions of contemporary economic science, which aims only at being a mirror of things as they are. Two or three examples will suffice for our purposes. They are taken from a much used college text-book on *Elementary Economics* in two large volumes.

(1) Property is "the right to income; that is, the right to the benefits or services of wealth or free persons." Note the supremacy of property over all else since it is ownership as such that confers the right to the benefits of wealth and to the services of free persons.

(2) "Wealth is the source of income, whereas property is the distributor of income" (p. 21). Where does labor come in? Apparently it is nothing but a cost factor.

(3) Income is defined as the "benefits or services rendered by wealth or free persons." All of this belongs by right to "property" and so the circle is complete.

How different from the Christian tradition of the despised Middle Ages! Then property meant the right to the necessities and the reasonable comforts of life plus the duty of serving the needs and wants of others. Human considerations and values came first and the basic rights of men stood high above all others.

## 7. MECHANIZATION OF THE WORKINGMAN.

IN an efficient industrial plant production must operate like clockwork. The pace is set by a complicated machinery of which all parts must work together with mechanical precision. The men connected with the machine work are made part and parcel of this dominating mechanism. They must accept the pace set by the machine, start when it starts, and keep up with its speed. The men themselves are divided in their tasks until each one does but a smallest part in endless repetition with all the dull monotony of the drive-shaft of a wheel. In a complex machinery there must be a hundred per cent regimentation; and the workers connected with machine production are made to approximate the machine as closely as possible.

Between the relation of present man to the machine and of former man to his tools there is an immense difference. The machine like the tool is the product of human development. Both tool and machine are extensions of man's organs, but with a difference that is gigantic. The machine may well be called the "iron beast."

In a sense the machine separates man even from his own personal nature. Man dominates his tools even while he is limited to definite procedures by their use. But the machine dominates

man once it has been set in motion. There is something almost demoniac in the machine, say, in a locomotive or an automobile, over against the old-fashioned horse-carriage. An animal is always a living thing; but a machine is lifeless, an immense store-house of mechanical power in which there is something uncanny once the power is unloosed. Once it is set a-going, it goes on in spite of all opposition till something breaks. Thus the machine has truly separated man from nature; it has segregated the powers of nature from their human elements and constructed a relatively autonomous monster according to whose pace all the world today is made to speed on in a maddening race (Cf. Peter Wust, *Von der Daemonie der modernen Technik*).

Once set in motion by the dynamic drive of modern capitalism, the machines of industry carry man along in the rushing current of their inhuman momentum. Coupled with the gigantic combinations of our economic system, this has produced a modern Moloch that swallows all who are its victims either through too abject subservience or through refusal to adore. There is no room left for human elements to have human play, no opening for human affections beyond the initial wonder at the giant creation of man's brain.

Chesterton has well pointed out that today the average worker really does not know for whom he is working—the personal relation has

been abolished by the mechanization of labor. It is now impossible, he goes on, to persuade workers to show love or service to their employers. Who are the latter? A minimum requirement for self-respect in a servant is that he knows whom he is serving. The worker should have at least a suspicion whose employee he is in industry. Modern capitalistic, monopolistic industry shoves about thousands of men, lays them off, rehires them, regardless of their individuality. They are mere cogs in a machine. Millions of workers, moreover, never get to see what they really produce, whom they obey, or who really gets the benefit from their work. We can demand that a soldier give up his life for his country, or that a Christian give his life for his faith, but we can demand of no man that he undergo continuous self-denial for an unknown power.

The mechanization of human personality has been thus described by one whose soul revolted against the experience: "I write from an intimate knowledge of modern machine industry with its mass production, its speeding up and general soullessness. When I entered industry I found it a nightmare of time-recording clocks which rang with a sharp staccato clang when the card was stamped, and of numbered brass tool checks which impressed upon me that my place in the universe was C702, a contention I instinctively disputed. No one had any individuality at all. The machine took hold of

me with its iron fingers and worked me into the shape required. Every second had to be accounted for. As I clocked off one job, I clocked on to the next. . . . Attention was lavished on the stresses and strains of machinery and metal, but the more delicate mechanism of human nerve and sinews—not to speak of human souls—was ignored” (*Central-Blatt and Social Justice*, November, 1926).

With the increasing absorption of smaller business, and the consequent reduction of ever more small owners to mere hired workers, the dethronement of human personality has gone on continuously. Ever more and more men are but mechanical or semi-mechanical parts of a huge system that is entirely beyond their control. They exercise no real control over their economic status; they have no power of determination even over their wages. For with the system of distribution in vogue, ownership has the place of priority, and all human elements apart from ownership receive barely enough to keep them alive and sufficiently strong to continue working at the pace set for them. At best they are reduced to the status of domestic animals who are fed to do their share of work and are considered useless beyond that.

The average hired worker is at the mercy of the unseen powers for whom he is working. He dares not look ahead too far and face all possibilities else he must see the threat of constant economic insecurity in the offing. He is always

more or less in the position of a beggar who must placate those on whom he is dependent. He has the beggar's freedom to accept what is offered him or else to starve.

He is a victim of the same system and spirit under which the black slavery of the past centuries developed to its utmost, one can hardly use the word *flourished*. He is but one of the increasing number of economic dependents that swell the ranks of the white proletariat of our civilization and that have rightly been called economic slaves. Has Belloc prophesied too well the advent of the Servile State?

## 8. SUPPRESSION OF PERSONALITY.

IN a preceding series we spoke of human labor as the expression of personality. In its ideal form it is the personal exercise of one's energies by which the resulting product receives the stamp of one's own character. To work is then to put the stamp of one's spirit on matter. This idea held most truly of the exercise of the handicrafts of an earlier day. But it is far from true regarding the large-scale industrial production of our times. Where human labor has been completely mechanized, all that savors of personality and all that savors of individual spirit must also be suppressed.

Work that is in accordance with the dignity of human nature, work that is truly the exercise of human personality, must always be such as to answer to the fundamental traits of the human person. It must contain characteristics that have a natural appeal to human personality. It must give some opportunity for personal pride, some outlet for the creative character of labor, some basis for pleasure or for the sense of personal possession and attachment even when the work must needs be disagreeable in itself; it should be purposive in the sense that its relation to a whole outcome is grasped as a personal relation and a personal contribution. There should

be some play for initiative or at least responsibility for the contribution and for the larger whole of which it is a part. In other words, there must somewhere be a basis in the work for personal pride and attachment, loyalty of some kind. Else the work will be far from ennobling, will be degrading to all that is best in human nature and personality.

All of the aspects of work just mentioned, which combine to make human labor something worthy of the dignity of man, are absent to a maximum degree in the industrial system of today, save for the favored few. The extreme division of labor has separated the individual from all contact with the whole product in its finished form, even as it has separated the laborer altogether from personal attachment to the tools he works with. In mass production each worker makes only a small part of the whole product, performs only a minimum series of different actions, but repeats these in endless repetition. This makes for a maximum of monotony and dullness in the work instead of pride and joy.

Especially where the scientific study of the mechanical contribution of each human movement has been scientifically developed, so that the maximum result can be obtained with a minimum of effort, the mechanization of man is at its utmost peak. Of course, this scientific study has been praised for reducing the wasteful expenditure of human energy by individual laborers, but it has also tended more and more to

crush out all human elements by reducing spontaneity to nil. And where the laborers are also completely at the mercy of a machinery that sets the pace inexorably, this scientific study has but resulted in the better adaptation of the man to the machine, that is, in speeding up production. What else could one expect where the sole avowed purpose of life is that of maximum result with minimum effort, or maximum profit with least cost.

In the article quoted in the preceding number of this series the writer, C702, goes on to say: "But I write unjustly. We were not ignored. On the contrary, a gentleman with a stopwatch frequently stood over a man, timing an operation and calculating how few motions were required to complete a given task. When the time was fixed each worker had to do the job in that time and in that way. . . . I cannot complain that we were not studied. But the purpose of the study was the work, not the man. No one dreamt of considering the effect on his well-being and development."

Such labor is depersonalized or dehumanized to the *n*th degree. The absence of human loyalty and uplifting sentiment during working hours takes the form of an unwholesome repression that looks for excessive relief in the off-work periods. Yet it is part of our system that the home is only too often as despiritualized as the factory. There is no living where men are heaped up like animals, without the privacy and

the comforts that permit legitimate self-respect to man. The life of the modern large city is to a great extent separated from the bonds and the beauties of nature, of home, of fellowship, and of neighborhood.

Persons often criticize the modern laborers for the excessive way in which they crave for amusement and excitement away from home and factory. But is the blame all their own? They are but part of the whole mass of humanity of today that is madly trying to escape the ennui of life, desperately trying to escape from what our modern life and its philosophy has made of man. In this escape, too, the laborer again has the greatest disadvantage. When he tries to seek a compensation for the dullness of the day's labor, he must needs have recourse to sensational forms of cheap amusement. And these are themselves capitalistically organized, not for the humanizing purpose of satisfying man's spirit, but for a maximum of material profit.

The whole set of conditions surrounding the laborer today must have a profound and depressing psychological effect. The economic insecurity that makes him virtually a beggar with the beggar's freedom to take what is offered or else to starve, the inadequacy of wages when he has work, the de-spiritualizing effect of this work, the involuntary submission to all these, must needs develop a mentality that is skeptical and indifferent to all true human values, if not

positively hostile—the easy prey to sympathetic propaganda of any kind.

The blame for this does not rest with the laborer. It rests with the system under which black slavery could flourish as never before in the history of mankind, and in which black slavery has ceded to a white proletariat whose lot under economic slavery is often rather worse than better in comparison with its predecessor. Is it the advent of a new barbarism?

## 9. BUSINESS BECOMES A GREAT GAMBLE.

A THEORY of economics based on the autonomy of economics, that is, on the view that business is its own law and is subject only to its supreme aim of profit, will naturally chafe at all restraint that hinders the attainment of its one goal. The philosophy of laissez-faire made immunity from legal interference a principle, as well as the separation of economics from ethics. Where nevertheless there existed legal checks to the accepted ambitions of the economic supermen, the latter used their power and ingenuity to circumvent the law, as happened for example in the development of interlocking directorates. Why not, if the whole purpose of life is material gain on the part of those who come out on top in the struggle of all against all?

The preferential contracts and preferential price fixings made possible through the powers given by interlocking directorates is only one small item in the list of means and devices for achieving the accepted end of all life.

The competition for economic victory has given rise to a waste of natural resources, a disregard of future generations, that is highly immoral when judged in the light of Christian principles regarding the purpose of the things of earth. It has given rise to wholesale falsifica-

tion of goods, flooding the market with cheap, non-durable articles of all kinds; to artificial creation of demand by means of advertising statements that were often as false as they possibly could be. It is not without reason that men have spoken of the moral chaos or moral anarchy of our economic life.

As the trend towards concentration of ownership and control increased, it became easier to eliminate smaller and weaker competitors in any business. The outcome has been that competition has to a large extent been eliminated in our economic life and supplanted by monopoly. Yet competition was one of the bulwarks of *laissez-faire* capitalism; it was precisely on this competition that the social benefits of our system were thought to depend. As long as competition continued, it was the consumers, the general public, that would be the beneficiaries. But when competition became unprofitable for those who were coming out on top in the general struggle, competition had to disappear in favor of the more ultimate principle of maximum gain through monopoly. Thereby capitalism denied one of its own most basic principles.

It was thus that the social purpose and social good of economic life, which was to be attained by all-around competition, was first of all fettered by the chains of "natural economic laws," and then left to die in secret—"spürlos verschwunden!" In place of the erstwhile competition between productive and commercial en-

terprises, came the growing manipulation of markets and money for a quick turnover of profits. Responsibility for losses to the public was readily abolished by subservient lawmakers.

“The managerial group escaped responsibility to investors; dabbled in securities of their own corporations; and, with a nice appreciation of their own merits, voted to themselves bonuses. In what had gradually come to be positions of trust they disported themselves in the grand tradition of personal ownership. The separation of finance from industry created the absentee proprietor, the speculator and the investment banker. As a result authority was divorced from responsibility, and power was removed far from the sources of knowledge” (William H. Hamilton and Irene Till).

The era of modern speculation entered in full force. Formerly speculation had meant merely the “investment of resources in the effort to create wealth.” But now it meant “the buying and selling of commodities, securities or land in the hope of realizing a profit from fluctuations in prices.” This is the current type of speculation; it “is primarily competitive and acquisitive. It is only incidentally productive.” Its purpose is always “to gain a relative advantage at the expense of the rest of the community either by superior knowledge or by superior luck” (Article “Speculation” in the *Encyclopedia of the Social Sciences*).

Of course, the general public were let in on this speculative buying of stocks—this was part of the increasing democratization of ownership! But it was also necessary for the captains of speculation, who in that way had always a ready host of helpless victims for their superior knowledge or power.

Hilaire Belloc is often accused of one-sided emphasis in his historical judgments. Yet the following pertinent picture of our economic life is by no means farfetched: "It was precisely because men wanted to enjoy rather than to own, because they lost the sense of what is fundamental in man, that they promoted a machinery [system] by which the first great landlord of the 'Reformation' rising on the ruins of religion was economically dominant, next the merchant capitalist reached the head of affairs until now more and more the mere gambler or the mere swindler enjoys supreme economic power in our diseased and moribund economic society" (*The Church and Socialism*).

In this connection Father Belliot (*Manuel de sociologie catholique*) speaks of three kinds of social parasites, of which two are socially useless, and one positively harmful: (1) Those in need and not working—beggars, tramps, etc.—Today we must add the millions of unemployed who are only too willing to work but unable to do so by reason of conditions that are beyond their control. (2) Those who do not work, but still are not in need—men of means living on

their wealth. (3) Those who work, but only to exploit the labor of others—many brokers, speculators of all kinds, promoters boosting new enterprises, usurers, etc.

The first two classes, he continues, are burdensome for society in some way or other; the third is much worse, it is positively dangerous and a menace to the common good. The first two classes are more useless than positively harmful; the third class is positively harmful and not merely useless. The first two classes are idle and inactive, while the third is anything but that. It is very active, but its activity consists in despoiling others, who are the true producers, of a part of their legitimate profits, of the products of their labor and energy.

The third class is rightly called that of social bloodsuckers. They are an economic evil and are anti-social in their philosophy as in their life. They constitute the worst aspect of capitalism, the professional speculators and plutocrats. They constantly violate the rule that the product of labor belongs to those who do the work. They are born out of a defective principle of distribution of wealth, and out of a false, nay an immoral, conception of values.

By the same Author:

ST. THOMAS AND TODAY

Comments on the Economic Views of Aquinas.

15c postpaid

Pamphlets on THE SOCIAL QUESTION:

- I. *Human Rights*. 15c postpaid.
- II. *Ownership*. 15c postpaid.
- III. *Labor and Industry*. 15c postpaid.
- IV. *The Nature of Capitalism*. 15c postpaid.
- V. *Critique of Capitalism*. 15c postpaid.
- VI. *Ideals of Reconstruction*. 15c postpaid.
- VII. *Reconstruction Schemes* (In press).
- VIII. *Money and the Common Good* (In preparation).
- IX. *The Theory of State* (In preparation).

THE WANDERER PRINTING CO.,

128 East Tenth St.,

ST. PAUL, MINNESOTA

*"... it is a pleasure to commend "Der Wanderer" and "The Wanderer," two publications which are issued within the territory of our archdiocese with our cordial approval. The place which they have gained in the field of Catholic journalism is a guarantee of their fitness to be welcomed in every Catholic home."*

✠ JOHN GREGORY MURRAY,  
*Archbishop of St. Paul.*

*"The Catholics who read "The Wanderer" regularly will find it a most reliable guide in all religious and social questions that today puzzle so many of our people. I hope and trust that the pastors of our diocese will do all they can to secure readers for your very thorough and thoroughly Catholic paper."*

✠ JOSEPH F. BUSCH,  
*Bishop of St. Cloud.*

*"... All things considered, "The Wanderer" is the best weekly that comes to my desk. To me its weekly visit is a real joy."*

REV. F. X. LASANCE, Cincinnati, O.

\*

THE WANDERER is a modern Catholic political and economic review. It presents the informed Catholic viewpoint on all matters of public interest. The news of the week is covered in a well rounded-out survey combining the news recorded with editorial comment. There are, in addition, seven columns per week of editorials on the views and trends of the day. A page is devoted to articles of interest to the family; there is a literary page; local news and ecclesiastical news is treated briefly on the last page.

In no other Catholic publication in America will you find a greater variety of interesting reading and informative matter. You owe it to yourself to investigate *The Wanderer*.

For Sample Copies write to:

WANDERER PRINTING COMPANY  
128 EAST TENTH STREET, ST. PAUL, MINN.