

**Program of Social Reconstruction**  
**U.S. Bishops**  
**National Catholic War Council**  
**February 12, 1919**

Foreword

The ending of the Great War has brought peace. But the only safeguard of peace is social justice and a contented people. The deep unrest so emphatically and so widely voiced throughout the world is the most serious menace to the future peace of every nation and of the entire world. Great problems face us. They cannot be put aside; they must be met and solved with justice to all.

In the hope of stating the lines that will best guide us in our right solution the following pronouncement is issued by the Administrative Committee of the National Catholic War Council. Its practical applications are, of course, subject to discussion, but all its essential declarations are based upon the principles of charity and justice that have always been held and taught by the Catholic Church, while its practical proposals are merely an adaptation of those principles and that traditional teaching to the social and industrial conditions and needs of our own time.

Peter J. Muldoon, Chairman, Bishop of Rockford  
Joseph Schrembs, Bishop of Toledo  
Patrick J. Hayes, Bishop of Tagaste  
William T. Russell, Bishop of Charleston

---

1. Reconstruction has of late been so tiresomely reiterated, not to say violently abused, that it has become to many of us a word of aversion. Politicians, social students, labor leaders, businessmen, charity workers, clergymen, and various other social groups have contributed their quota of spoken words and printed pages to the discussion of the subject; yet the majority of us still find ourselves rather bewildered and helpless. We are unable to say what parts of our social system imperatively need reconstruction; how much of that which is imperatively necessary is likely to be seriously undertaken; or what specific methods and measures are best suited to realize that amount of reconstruction which is at once imperatively necessary and immediately feasible.

2. Nevertheless, it is worthwhile to review briefly some of the more important statements and proposals that have been made by various social groups and classes. Probably the most notable declaration from a Catholic source is that contained in a pastoral letter written by

Cardinal Bourne several months ago.

It is admitted on all hands that a new order of things, new social conditions, new relations between the different sections in which society is divided, will arise as a consequence of the destruction of the formerly existing conditions . . .the very foundations of political and social life, of our economic system, of morals and religion are being sharply scrutinized, and this not only by a few writers and speakers, but by a very large number of people in every class of life, especially among the workers.

3. The Cardinal's special reference to the action of labor was undoubtedly suggested by the now famous Social Reconstruction Program of the British Labor Party. This document was drawn up about one year ago, and is generally understood to be the work of the noted economist and Fabian socialist, Mr. Sidney Webb. Unquestionably, it is the most comprehensive and coherent program that has yet appeared on the industrial phase of reconstruction. In brief it sets up four pillars of the new social order:

- (a) The enforcement by law of a national minimum of leisure, health, education, and subsistence;
- (b) The democratic control of industry, which means the nationalization of all monopolistic industries and possibly of other industries, sometime in the future, if that course be found advisable;
- (c) A revolution in national finance; that is, a system of taxation which will compel capital to pay for the war, leaving undisturbed the national minimum of welfare for the masses;
- (d) Use of the surplus wealth of the nation for the common good; that is, to provide capital, industries, and funds for social, educational, and artistic progress.

4. This program may properly be described as one of immediate radical reforms, leading ultimately to complete socialism. Evidently this outcome cannot be approved by Catholics.

## **AMERICAN LABOR**

5. Through its Committee on Reconstruction, the American Federation of Labor has issued a lengthy program of reform proposals and demands which may be grouped under the three heads of trade union action, labor legislation, and general industrial and social legislation. The principal demands under the first head are: the legally guaranteed rights of the workers to organize and to carry on the normal activities of trade unions; a living wage; no reduction in present scales of wages; the right of labor to fix its hours of work; the eight-hour day; equal pay for equal work by the two sexes; exclusive reliance by labor on trade union effort to maintain fair wages; establishment of cooperative stores; and no organization of a political party by the workers.

Labor laws demanded are: prohibition of wage working by children under sixteen years of age;

abolition of private employment agencies; prohibition of all immigration for two years; and vocational education which will fit the young for life in an industrial society. By implication both the eight-hour day and the living wage are declared to be subjects for trade-union action, not for legislation. Among the measures of general social legislation recommended are: a special tax on "usable land" not cultivated by the owner, and taxes on land values which would make the holding of idle land unprofitable; government housing; government ownership and operation of docks, wharves, and water powers; taxes on excess profits, incomes, and inheritances; and limitation of the power of the courts to declare laws unconstitutional.

6. While this program is more practical and more moderate and reasonable than that of the British Labor Congress, its proposal for taxing land into use could easily involve confiscation. On the other hand, it does not give sufficient consideration to the case of the weaker sections of the working class, those for whom trade-union action is not practically adequate; nor does it demand or imply that the workers should ever aspire to become owners as well as users of the instruments of production.

### **BRITISH QUAKER EMPLOYERS**

7. Probably the most definite and comprehensive statement from the opposite industrial class was put forth several months ago by a group of twenty Quaker employers in Great Britain. In outline their program is as follows: a family living wage for all male employees and a secondary wage in excess of this for workers having special skill, training, physical strength, responsibility for human life; the right of labor to organize, to bargain collectively with the employer, and to participate in the industrial part of business management; serious and practical measures to reduce the volume and hardship of unemployment; provisions of such working conditions as will safeguard health, physical integrity, and morals; the reduction so far as practicable of profits and interest until both the basic and the secondary wages have been paid, and transfer to the community of the greater part of surplus profits.

8. The spirit and conception of responsibility that permeate every item of the program are reflected in this statement: We would ask all employers to consider very carefully whether their style of living and personal expenditure are restricted to what is needed in order to insure the efficient performance of their functions in society. More than this is waste, and is, moreover, a great cause of class divisions.

### **AMERICAN EMPLOYERS**

9. The only formal statements on the subject of social reconstruction that have yet come to our attention from an important group of American employers, are a declaration of principles and certain proposals by the National Chamber of Commerce. The declaration of principles was made at a convention of the organization, in Atlantic City, December 6, 1918.

Beyond a general commendation of peaceful and friendly relations between employers and employees, it included nothing of importance on the labor phase of reconstruction. It condemned government operation and ownership of railroads, telegraphs, and telephones, and demanded more moderate taxes and a modification of the Sherman Anti-Trust Law. More recently the executive officials of the chamber have submitted to a referendum vote of its membership a statement, "with a view to furnishing a basis on which American industry can build a national labor program." The main specific proposals in this statement are: recognition of the right of workers to organize; adequate representation of both parties in the determination of employment conditions; a decent home and proper social conditions; no reduction in wages until all other costs of production have been brought down to the lowest possible level; and a system of national employment offices. Inasmuch as this organization represents more employers than any other association in the country, the vote of its members on these proposals will be of the greatest significance.

## **INTERDENOMINATIONAL**

10. In Great Britain an organization known as the Interdenominational Conference of Social Service Unions, comprising ten religious bodies, including Catholics, spent more than a year formulating a statement of social reconstruction. (See the summary and analysis contained in the Catholic Social Year Book for 1918.) This statement deals with principles, evils, and remedies. Presuming that Christianity provides indispensable guiding principles and powerful motives of social reform, it lays down the basic proposition that every human being is of inestimable worth, and that legislation should recognize persons as more sacred than property; therefore, the state should enforce a minimum living wage; enable the worker to obtain some control of industrial conditions; supplement private initiative in providing decent housing; prevent the occurrence of unemployment; safeguard the right of the laborer and his family to a reasonable amount of rest and recreation; remove those industrial and social conditions which hinder marriage and encourage an unnatural restriction of families, and afford ample opportunity for education of all children industrially, culturally, religiously, and morally. On the other hand, rights imply duties, and the individual is obliged to respect the rights of others, to cultivate self-control, to recognize that labor is the law of life, and that wealth is a trust.

Finally, the statement points out that all social reform must take as its end and guide the maintenance of pure and wholesome family life. Such in barest outline are the main propositions and principles of this remarkable program. The text contains adequate exposition

of the development and application of all these points, and concrete specifications of the methods and measures by which the aims and principles may be brought into effect. In the latter respect the statement is not liable to the fatal objection that is frequently and fairly urged against the reform pronouncements of religious bodies: that they are abstract, platitudinous, and usually harmless. The statement of the Interdenominational Conference points out specific remedies for the evils that it describes; specific measures, legislative and other, by which the principles may be realized in actual life. Especially practical and valuable for Catholics are the explanations and modifications supplied by the Year Book of the Catholic Social Guild.

## **NO PROFOUND CHANGE**

12. It is not to be expected that as many or as great social changes will take place in the United States as in Europe. Neither our habits of thinking nor our ordinary ways of life have undergone a profound disturbance. The hackneyed phrase: "Things will never again be the same after the war," has a much more concrete and deeply felt meaning among the European peoples. Their minds are fully adjusted to the conviction and expectation that these words will come true. In the second place, the devastation, the loss of capital and of men, the changes in individual relations, and the increase in the activities of government have been much greater in Europe than in the United States. Moreover, our superior natural advantages and resources, the better industrial and social condition of our working classes still constitute an obstacle to anything like revolutionary changes. It is significant that no social group in America, not even among the wage earners, has produced such a fundamental and radical program of reconstruction as the Labor Party of Great Britain.

## **A PRACTICAL PROGRAM**

13. No attempt will be made in these pages to formulate a comprehensive scheme of reconstruction. Such an undertaking would be a waste of time as regards immediate needs and purposes, for no important group or section of the American people is ready to consider a program of this magnitude. Attention will, therefore, be confined to those reforms that seem to be desirable and also obtainable within a reasonable time, and to a few general principles which should become a guide to more distant developments. A statement thus circumscribed will not merely present the objects that we wish to see attained, but will also serve as an imperative call to action. It will keep before our minds the necessity for translating our faith into works. In the statements of immediate proposals we shall start, wherever possible, from those governmental agencies and legislative measures which have been to some extent in operation during the war. These come before us with the prestige of experience and should therefore receive first consideration in any program that aims to be at once practical and persuasive.

14. The first problem in the process of reconstruction is the industrial replacement of the

discharged soldiers and sailors. The majority of these will undoubtedly return to their previous occupations. However, a very large number of them will either find their previous places closed to them, or will be eager to consider the possibility of more attractive employments. The most important single measure for meeting this situation that has yet been suggested is the placement of such men on farms. Several months ago Secretary Lane recommended to Congress that returning soldiers and sailors should be given the opportunity to work at good wages upon some part of the millions upon millions of acres of arid, swamp, and cut-over timber lands, in order to prepare them for cultivation. President Wilson in his annual address to Congress endorsed the proposal. As fast as this preliminary task has been performed, the men should be assisted by government loans to establish themselves as farmers, either as owners or as tenants having long-time leases. It is essential that both the work of preparation and the subsequent settlement of the land should be effected by groups or colonies, not by men living independently of one another and in depressing isolation. A plan of this sort is already in operation in England. The importance of the project as an item of any social reform program is obvious. It would afford employment to thousands upon thousands, would greatly increase the number of farm owners and independent farmers, and would tend to lower the cost of living by increasing the amount of agricultural products. If it is to assume any considerable proportions, it must be carried out by the governments of the United States and of the several states.

Should it be undertaken by these new authorities and operated on a systematic and generous scale, it would easily become one of the most beneficial reform measures that has ever been attempted.

## **EMPLOYMENT SERVICE**

15. The reinstatement of the soldiers and sailors in urban industries will no doubt be facilitated by the United States Employment Service. This agency has attained a fair degree of development and efficiency during the war. Unfortunately there is some danger that it will go out of existence or be greatly weakened at the end of the period of demobilization. It is the obvious duty of Congress to continue and strengthen this important institution. The problem of unemployment is with us always. Its solution requires the cooperation of many agencies, and the use of many methods; but the primary and indispensable instrument is a national system of labor exchanges, acting in harmony with state, municipal and private employment bureaus.

## **WOMEN WAR WORKERS**

16. One of the most important problems of readjustment is that created by the presence in industry of immense numbers of women who have taken the places of men during the war period. Mere justice, to say nothing of chivalry, dictates that these women should not be compelled to suffer any greater loss or inconvenience than is absolutely necessary; for their

services to the nation they have been second only to the services of the men whose places they were called upon to fill. One general principle is clear: no female worker should remain in any occupation that is harmful to health or morals. Women should disappear as quickly as possible from such tasks as conducting and guarding streetcars, cleaning locomotives, and a great number of other activities for which conditions of life and their physique render them unfit. Another general principle is that the proportion of women in industry ought to be kept within the smallest practical limits. If we have an efficient national employment service, if a goodly number of the returned soldiers and sailors are placed on the land, and if wages and the demand for goods are kept up to the level which is easily attainable, all female workers who are displaced from tasks they have been performing only since the beginning of the war will be able to find suitable employments in other parts of the industrial field, or in those domestic occupations which sorely need their presence. Those women who are engaged at the same tasks as men should receive equal pay for equal amounts and qualities of work.

## **WAR LABOR BOARD**

17. One of the most beneficial governmental organizations of the war is the National War Labor Board. Upon the basis of a few fundamental principles, unanimously adopted by the representatives of labor, capital, and the public, it has prevented innumerable strikes and raised wages to decent levels in many different industries throughout the country. Its main guiding principles have been a family living wage for all male adult laborers; recognition of the right of labor to organize and to deal with employers through its chosen representatives; and no coercion of nonunion laborers by members of the union. The War Labor Board ought to be continued in existence by Congress, and endowed with all the power for effective action that it can possess under the federal constitution. The principles, methods, machinery, and results of this institution constitute a definite and far-reaching gain for social justice. No part of this advantage should be lost or given up in time of peace.

## **WAGE RATES**

18. The general level of wages attained during the war should not be lowered. In a few industries, especially some directly and peculiarly connected with the carrying on of war, wages have reached a plane upon which they cannot possibly continue for this grade of occupations. But the number of workers in this situation is an extremely small proportion of the entire wage-earning population. The overwhelming majority should not be compelled or suffered to undergo any reduction in their rates of remuneration, for two reasons: first, because the average rate of pay has not increased faster than the cost of living; second, because a considerable majority of the wage earners of the United States, both men and women, were not receiving living wages when prices began to rise in 1915. In that year, according to Lauck and Sydenstricker, whose work is the most comprehensive on the subject, four-fifths of the heads of families obtained less than

eight hundred dollars, while two-thirds of the female wage earners were paid less than four hundred dollars. Even if the prices of goods should fall to the level on which they were in 1915, something that cannot be hoped for within five years, the average present rates of wages would not exceed the equivalent of a decent livelihood in the case of the vast majority. The exceptional instances to the contrary are practically all among the skilled workers. Therefore, wages on the whole should not be reduced even when the cost of living recedes from its present high level.

19. Even if the great majority of workers were now in receipt of more than living wages, there are no good reasons why rates of pay should be lowered. After all, a living wage is not necessarily the full measure of justice. All the Catholic authorities on the subject explicitly declare that this is only the minimum of justice. In a country as rich as ours, there are very few cases in which it is possible to prove that the worker would be getting more than that to which he has a right if he were paid something in excess of this ethical minimum. Why, then, should we assume that this is the normal share of almost the whole laboring population? Since our industrial resources and instrumentalities are sufficient to provide more than a living wage for a very large proportion of the workers, why should we acquiesce in a theory which denies them this measure of the comforts of life? Such a policy is not only of very questionable morality, but is unsound economically. The large demand for goods which is created and maintained by high rates of wages and high purchasing power by the masses is the surest guarantee of a continuous and general operation of industrial establishments. It is the most effective instrument of prosperity for labor and capital alike. The principal beneficiaries of a general reduction of wages would be the less efficient among the capitalists, and the more comfortable sections of the consumers. The wage earners would lose more in remuneration than they would gain from whatever fall in prices occurred as a direct result of the fall in wages. On grounds both of justice and sound economics, we should give our hearty support to all legitimate efforts made by labor to resist general wage reductions.

## **HOUSING FOR WORKING CLASSES**

20. Housing projects for war workers which have been completed, or almost completed by the government of the United States, have cost some forty million dollars, and are found in eleven cities. While the federal government cannot continue this work in time of peace, the example and precedent that it has set, and the experience and knowledge that it has developed, should not be forthwith neglected and lost. The great cities in which congestion and other forms of bad housing are disgracefully apparent ought to take up and continue the work, at least to such an extent as will remove the worst features of a social condition that is a menace at once to industrial efficiency, civil health, good morals, and religion.

## **COST OF LIVING**

21. During the war the cost of living has risen at least seventy-five percent above the level of 1913. Some check has been placed upon the upward trend by government fixing of prices in the case of bread and coal and a few other commodities. Even if we believe it desirable, we cannot ask that the government continue this action after the articles of peace have been signed; for neither public opinion nor Congress is ready for such a revolutionary policy. If the extortionate practices of monopoly were prevented by adequate laws and adequate law enforcement, prices would automatically be kept at as low a level as that to which they might be brought by direct government determination. Just what laws, in addition to those already on the statute books, are necessary to abolish monopolistic extortion is a question of detail that need not be considered here. In passing, it may be noted that government competition with monopolies that cannot be effectively restrained by the ordinary antitrust laws deserves more serious consideration than it has yet received.

22. More important and more effective than any government regulation of prices would be the establishment of cooperative stores. The enormous toll taken from industry by the various classes of middlemen is now fully realized. The astonishing difference between the price received by the producer and that paid by the consumer has become a scandal of our industrial system. The obvious and direct means of reducing this discrepancy and abolishing unnecessary middlemen is the operation of retail and wholesale mercantile concerns under the ownership and management of the consumers. This is no Utopian scheme. It has been successfully carried out in England and Scotland through the Rochdale system. Very few serious efforts of this kind have been made in this country because our people have not felt the need of these cooperative enterprises as keenly as the European working classes, and because we have been too impatient and too individualistic to make the necessary sacrifices and to be content with moderate benefits and gradual progress. Nevertheless, our superior energy, initiative, and commercial capacity will enable us, once we set about the task earnestly, even to surpass what has been done in England and Scotland.

23. In addition to reducing the cost of living, the cooperative stores would train our working people and consumers generally in habits of saving, in careful expenditure, in business methods, and in the capacity for cooperation. When the working classes have learned to make the sacrifices and to exercise the patience required by the ownership and operation of cooperative stores, they will be equipped to undertake a great variety of tasks and projects which benefit the community immediately, and all its constituent members ultimately. They will then realize the folly of excessive selfishness and senseless individualism. Until they have acquired this knowledge, training, and capacity, desirable extensions of governmental action in industry will not be attended by a normal amount of success. No machinery of government can operate automatically, and no official and bureaucratic administration of such machinery can ever be a substitute for intelligent interest and cooperation by the individuals of the community.

## **LEGAL MINIMUM**

24. Turning now from those agencies and laws that have been put in operation during the war to the general subject of labor legislation and problems, we are glad to note that there is no longer any serious objection urged by impartial persons against the legal minimum wage. The several states should enact laws providing for the establishment of wage rates that will be at least sufficient for the decent maintenance of a family, in the case of all male adults, and adequate to the decent individual support of female workers. In the beginning the minimum wages for male workers should suffice only for the present needs of the family, but they should be gradually raised until they are adequate to meet future needs as well. That is, they should be ultimately high enough to make possible that amount of saving which is necessary to protect the worker and his family against sickness, accidents, invalidity and old age.

## **SOCIAL INSURANCE**

25. Until this level of legal minimum wages is reached, the worker stands in need of the device of insurance. The state should make comprehensive provision for insurance against illness, invalidity, unemployment and old age. So far as possible, the insurance fund should be raised by a levy on industry, as is now done in the case of accident compensation. The industry in which a man is employed should provide with all that is necessary to meet all the needs of his entire life. Therefore, any contribution to the insurance fund from the general revenues of the state should be only slight and temporary. For the same reason no contribution should be exacted from any worker who is not getting a higher wage than is required to meet the present needs of himself and family. Those who are below that level can make such a contribution only at the expense of their present welfare. Finally, the administration of the insurance laws should be such as to interfere as little as possible with the individual freedom of the worker and his family. Any insurance scheme, or any administrative method, that tends to separate the workers into a distinct and dependent class, that offends against their domestic privacy and independence, or that threatens individual self-reliance and self-respect, should not be tolerated. The ideal to be kept in mind is a condition in which all the workers would themselves have the income and the responsibility of providing for all the needs and contingencies of life, both present and future. Hence, all forms of state insurance should be regarded as merely a lesser evil, and should be so organized and administered as to hasten the coming of the normal condition.

26. The life insurance offered to soldiers and sailors during the war should be continued, so far as the enlisted men are concerned. It is very doubtful whether the time has yet arrived when public opinion would sanction the extension of general life insurance by the government to all classes of the community.

27. The establishment and maintenance of municipal health inspection in all schools, public and private, is now pretty generally recognized as of great importance and benefit. Municipal clinics where the poorer classes could obtain the advantage of medical treatment by specialists at a reasonable cost would likewise seem to have become a necessity. A vast amount of unnecessary sickness and suffering exists among the poor and the lower middle classes because they cannot afford the advantages of any other treatment except that provided by the general practitioner. Every effort should be made to supply wage earners and their families with specialized medical care through development of group medicine. Free medical care should be given only to those who cannot afford to pay.

### **LABOR PARTICIPATION**

28. The right of labor to organize and to deal with employers through representatives has been asserted above in connection with the discussion of the War Labor Board. It is to be hoped that this right will never again be called in question by any considerable number of employers. In addition to this, labor ought gradually to receive greater representation in what the English group of Quaker employers have called the "industrial" part of business management—"the control of processes and machinery; nature of product; engagement and dismissal of employees; hours of work, rates of pay, bonuses, etc.; welfare work; shop discipline; relations with trade unions." The establishment of shop committees, working wherever possible with the trade union, is the method suggested by this group of employers for giving the employees the proper share of industrial management.

There can be no doubt that a frank adoption of these means and ends by employers would not only promote the welfare of the workers, but vastly improve the relations between them and their employers, and increase the efficiency and productiveness of each establishment.

29. There is no need here to emphasize the importance of safety and sanitation in work places, as this is pretty generally recognized by legislation. What is required is an extension and strengthening of many of the existing statutes, and a better administration and enforcement of such laws everywhere.

### **VOCATIONAL TRAINING**

30. The need of industrial, or as it has come to be more generally called, vocational training, is now universally acknowledged. In the interest of the nation, as well as in that of the workers themselves, this training should be made substantially universal. While we cannot now discuss the subject in any detail, we do wish to set down two general observations.

First, the vocational training should be offered in such forms and conditions as not to deprive the children of the working classes of at least the elements of a cultural education. A healthy democracy cannot tolerate a purely industrial or trade education for any class of its citizens. We do not want to have the children of the wage earners put into a special class in which they are marked as outside the sphere of opportunities for culture. The second observation is that the system of vocational training should not operate so as to weaken in any degree our parochial schools or any other class of private schools. Indeed, the opportunities of the system should be extended to all qualified private schools on exactly the same basis as to public schools. We want neither class divisions in education nor a state monopoly of education.

## **CHILD LABOR**

31. The question of education naturally suggests the subject of child labor. Public opinion in the majority of the states of our country has set its face inflexibly against the continuous employment of children in industry before the age of sixteen years. Within a reasonably short time all of our states, except some of the stagnant ones, will have laws providing for this reasonable standard. The education of public opinion must continue, but inasmuch as the process is slow, the abolition of child labor in certain sections seems unlikely to be brought about by the legislatures of those states, and since the Keating-Owen Act has been declared unconstitutional, there seems to be no device by which this reproach to our country can be removed except that of taxing child labor out of existence. This method is embodied in an amendment to the Federal Revenue Bill which would impose a tax of ten percent on all goods made by children.

32. Probably the foregoing proposals comprise everything that is likely to have practical value in a program of immediate social reconstruction for America. Substantially all of these methods, laws and recommendations have been recognized in principle by the United States during the war, or have been endorsed by important social and industrial groups and organizations. Therefore, they are objects that we can set before the people with good hope of obtaining a sympathetic, and practical response. Were they all realized, a great step would have been taken in the direction of social justice. When they are all put into operation, the way will be easy and obvious to still greater and more beneficial results.

## **FUNDAMENTAL REFORMS**

33. Despite the practical and immediate character of the present Statement, we cannot entirely neglect the question of ultimate aims and a systematic program; for other groups are busy issuing such systematic pronouncements, and we all need something of the kind as a philosophical foundation and as a satisfaction to our natural desire for comprehensive statements.

34. It seems clear that the present industrial system is destined to last for a long time in its main

outlines. That is to say, private ownership of capital is not likely to be supplanted by a collectivist organization of industry at a date sufficiently near to justify any present action based on the hypothesis of its arrival. This forecast we recognize as not only extremely probable, but as highly desirable; for, other objections apart, socialism would mean bureaucracy, political tyranny, the helplessness of the individual as a factor in the ordering of his own life, and in general social inefficiency and decadence.

## **DEFECTS OF PRESENT SYSTEM**

35. Nevertheless, the present system stands in grievous need of considerable modifications and improvement. Its main defects are three: enormous inefficiency and waste in the production and distribution of commodities; insufficient incomes for the great majority of wage earners; and unnecessarily large incomes for a small minority of privileged capitalists. Inefficiency in production and distribution of goods would be in great measure abolished by the reforms that have been outlined in the foregoing pages. Production would be greatly increased by universal living wages, by adequate industrial education, and by harmonious relations between labor and capital on the basis of adequate participation by the former in all the industrial aspects of business management. The wastes of commodity distribution could be practically all eliminated by cooperative mercantile establishments, and cooperative selling and marketing associations.

## **COPARTNERSHIP**

36. Nevertheless, the full possibilities of increased production will never be realized so long as the majority of the workers remain mere wage earners. The majority must somehow become owners, or at least in part, of the instruments of production. They can be enabled to reach this stage gradually through cooperative productive societies and copartnership arrangements. In the former, the workers own and manage the industries themselves; in the latter, they own a substantial part of the corporate stock and exercise a reasonable share in the management. However slow the attainments of these ends, they will have to be reached before we can have a thoroughly efficient system of production, or an industrial and social order that will be secure from the danger of revolution. It is to be noted that this particular modification of the existing order, though far-reaching and involving to a great extent the abolition of the wage system, would not mean the abolition of private ownership. The instruments of production would still be owned by individuals, not by the state.

## **INCREASED INCOMES**

37. The second great evil, that of insufficient income for the majority, can be removed only by providing the workers with more income. This means not only universal living wages, but the

opportunity of obtaining something more than that amount for all who are willing to work hard and faithfully. All the other measures for labor betterment recommended in the preceding pages would likewise contribute directly or indirectly to a more just distribution of wealth in the interest of the laborer.

### **NEW SPIRIT NEEDED**

38. For the third evil mentioned above, excessive gains by a small minority of privileged capitalists, the main remedies are prevention of monopolistic control of commodities, adequate government regulation of such public service monopolies as will remain under private operation, and heavy taxation of incomes, excess profits, and inheritances. The precise methods by which genuine competition may be restored and maintained among businesses that are naturally competitive cannot be discussed here; but the principle is clear that human beings cannot be trusted with the immense opportunities for oppression and extortion that go with the possession of monopoly power. That the owners of public service monopolies should be restricted by law to a fair or average return on their actual investment, has long been a recognized principle of the courts, the legislatures, and public opinion. It is a principle which should be applied to competitive enterprises likewise, with the qualification that something more than the average rate of return should be allowed to men who exhibit exceptional efficiency. However, good public policy, as well as equity, demands that these exceptional businessmen share the fruits of their efficiency with the consumer in the form of lower prices. The man who utilizes his ability to produce cheaper than his competitors for the purpose of exacting from the public as high a price for his product as is necessary for the least efficient businessman is a menace rather than a benefit to industry and society.

39. Our immense war debt constitutes a particular reason why incomes and excess profits should continue to be heavily taxed. In this way two important ends will be attained: the poor will be relieved of injurious tax burdens, and the small class of privileged capitalists will be compelled to return a part of their unearned gains to society.

### **A CHRISTIAN VIEW**

40. "Society," said Pope Leo XIII, "can be healed in no other way than by a return to Christian life and Christian institutions." The truth of these words is more widely perceived today than when they were written, more than twenty-seven years ago. Changes in our economic and political systems will have only partial and feeble efficiency if they be not reinforced by the Christian view of work and wealth. Neither the moderate reforms advocated in this paper nor any other program of betterment or reconstruction will prove reasonably effective without a reform in the spirit of both labor and capital. The laborer must come to realize that he owes his employer and society an honest day's work in return for a fair wage, and that conditions cannot be substantially

improved until he roots out the desire to get a maximum of return for a minimum of service. The capitalist must likewise get a new viewpoint. He needs to learn the long-forgotten truth that wealth is stewardship, that profitmaking is not the basic justification of business enterprise, and that there are such things as fair profits, fair interest, and fair prices. Above and before all, he must cultivate and strengthen within his mind the truth which many of his class have begun to grasp for the first time during the present war; namely, that the laborer is a human being, not merely an instrument of production; and that the laborer's right to a decent livelihood is the first moral charge upon industry. The employer has a right to get a reasonable living out of his business, but he has no right to interest on his investment until his employees have obtained at least living wages. This is the human and Christian, in contrast to the purely commercial and pagan, ethics of industry.