

# The Social Doctrine of the Church and the Economic Management of Enterprises

Gérard Dion

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# The Social Doctrine of the Church and the Economic Management of Enterprises

by GÉRARD DION, Professor in the Faculty of Social Sciences

Two declarations of Pope Pius XII, one in 1949 and the other in 1950, caused many discussions about the problem of the workers' participation in the life of the enterprise and more particularly in « the economic management of enterprises. »

In the first part of this article, we intend to make a brief summary of the development of the social doctrine of the Church on this question and we shall devote the second part to the analysis and interpretation of the texts of Pope Pius XII.

— I —

## How did Pope Pius XII come to give consideration to the problem of economic co-management?

The socialists have always maintained, and still do so, that the wage contract is unjust in itself and that in relations between employers and employees only the contract of partnership is in conformity with nature.

In 1891, Pope Leo XIII in his encyclical « *Rerum Novarum* » has refuted this socialist doctrine. Not only has he shown that the wage contract is in conformity with nature, but he has indicated the methods to be used to make it fair in practice by taking into account, as we know, the needs of the worker, the condition of the business and the exigencies of the common good.

In asserting the legitimacy of the wage contract, Pope Leo XIII did not state that the contract of part-

nership was illegitimate or against nature. Among the people who contributed to the working out of the encyclical *Rerum Novarum*, there were a group of German Catholics headed by the Bishop Von Ketteler of Mainz, who preconized the contract of partnership in order to avoid inconveniences inherent in the simple wage contract. They were evidently not socialists since Leo XIII himself has called this Bishop « my great predecessor » in the social sphere ! They were the first in the already long tradition of the Catholic social movement to wish to bring about a change in the labour contract. Their moral position has always been beyond reproach, because they have always made the distinction between the wage contract and the contract of partnership, recognizing both as legitimate but for social and moral reasons favouring a regime which would not have the inconveniences of the simple wage contract.

From 1891 to 1931 social and economic conditions changed. At the same time in the world of ideas, changes have come about. However, the socialists have always kept their same doctrine regarding the wage contract. Here and there, in Europe, experiments have been made to modify a little the lack of flexibility in a simple wage contract. In face of the growing influence of socialist ideas in workers' movements as of liberalism on the part of employers, Pope Pius XI considered it necessary to devote a few pages of his Encyclical « *Quadragesimo Anno* » to the

very important problem of the wage contract and fair wages.

“And first of all”, he said, “those who hold that the wage contract is essentially unjust, and that in its place must be introduced the contract of partnership, are certainly in error. They do a grave injury to our predecessor, whose Encyclical Rerum Novarum not only admits the “wage system”, but devotes much space to the manner of directing it according to the principles of justice.”

But he added immediately:

“In the present state of human society, however, We deem it advisable that the wage contract should, when possible, be modified somewhat by a contract of partnership, as is already being tried in various ways to the not small gain both of the wage earners and of the employers. In this way workers and officials are made sharers in the ownership or the management, or in some way participate in the profits.”<sup>1</sup>

The ideas of the Pope were clearly expressed. A choice cannot be made between the wage contract and the contract of partnership based on the nature of the contract itself. The one and the other from this point of view are just as legitimate. But what leads us to make a practical choice are the advantages derived from it by the interested parties. And this is why, in considering present social conditions, it is more appropriate to have a combined contract, that is, a wage contract modified by elements borrowed from the partnership contract.

In sum, Pius XI respecting the traditions, reminded us simply of the principles stated by Leo XIII and felt that the form of simple wage contract, for practical reasons, is not always adapted to the needs of our age and he encouraged those who attempted to bring about an evolution in it.

This is what has happened more and more since 1931 and not only in catholic quarters, but also in circles and enterprises where the authority

of the Sovereign Pontiff is not recognized. In all the countries of Europe, in Canada, in the United States, in some countries of South America, experiments of this nature have been made.

The war, in particular, with the necessity for greater cooperation between employers and employees, has brought about great economic and social changes. The workers grouped together, they became conscious of their dignity as men and aspired to participate to a greater extent in the life of the enterprise. The collective agreement has become widespread. Labour-management production committees and enterprise committees have been established.

The Catholic social moralists all over the world are in agreement to favour various formulas, not to do away completely with the wage contract, but to modify it according to circumstances by elements borrowed from the partnership contract. They do not consider that this is a complete answer to all the social problems, a single cure, a panacea, but that it is a method which should be taken, along with many others, to reform our society. In particular, they believe that it is an effective way to block the mounting wave of the socialist movement in favour of the excessive nationalization of enterprises. Their ideas were again confirmed by Pope Pius XII in His radio message of September 1st, 1944 to the workers:

“There where large enterprises continue to be most productive, they must offer the possibility of modifying the wage contract by a contract of partnership.”<sup>2</sup>

And he gave as reference the text of Pius XI that we have already quoted, in order to show that his opinions were in line with those of his predecessor. After the war, the number of experiments in this realm increased considerably. In Europe,

(1) *Quadragesimo Anno*, No. 64-65.

(2) *Actes Pontificaux*, No. 13, p. 6.

in particular, governments intervened with legislation. In France, Italy, Belgium, Germany — and I do not take into account countries in South America — there are already some laws and especially, there is quite a tendency in some spheres to wish to change the wage contract system by way of governmental action. All kinds of reasons were brought forward and the socialists kept to the same false doctrine on the legitimacy of the wage contract. It was at this time that Pope Pius XII made his declaration of May, 1949.

The Catholic employers' associations of several countries united in the International Union of Catholic Employers Associations were holding their first World Congress at Rome. On this occasion, the employers had asked the Sovereign Pontiff to make certain points of doctrine clearer, at the same time humbly expressing their own viewpoint. In his speech, at the close of the Congress, the Pope replied to this to a certain extent only in making a general outline, of universal scope, in which he took into account particularly private enterprise in face of State action. After speaking of nationalizations, he added:

"It would not be correct to state that all private enterprise is, by nature, a society in which the relations between the collaborators be determined by the rules of distributive justice in such a way that all, without distinction — be they owners or not of the means of production — would have a right to a share in the property or at least in the profits of the enterprise. Such a concept starts with the assumption that all enterprise by its nature, comes within the sphere of public right. This assumption is false, whether the enterprise be constituted in the form of a foundation or an association of all the workers as co-proprietors or it be the private property of an individual who signs a work contract with his workers; in one case or the other, it is amenable to the private juridical order of economic life.

"All that we have just said refers to the juridical nature of enterprise as such;

but the term "enterprise" can admit another category of other personal relations between collaborators, which must not be forgotten, and also the relations of mutual responsibility. The owner of the means of production — whether he be an individual, an association or a foundation of workers — must, always within the limits of public economic law remain the master in economic decisions"<sup>3</sup>

This was an opportune clarification addressed to those who were tempted to consider the enterprise as being of public right by its nature.<sup>4</sup>

This text, naturally, has been widely quoted by the press. The world-wide news services spread around passages isolated from the context. And as it usually happens when the Pope deals with controversial questions, everybody tries to find justification therein for their positions and condemnation of their adversaries. Even those uninitiated in social moral questions have not hesitated to show their ignorance by claiming that Pope Pius XII does not go as far as Pope Pius XI and that the traditional positions of the Church's social doctrine have been set back.

This was in May, 1949. A few months later, in September, the Catholic German Convention was being held at Bochum, bringing together the delegates of employers and employees. Several resolutions were adopted, one of which concerned economic co-management. Let us note that this resolution was not only accepted by the employers, but that it was proposed by them. Here is the text:

"Man occupies the centre of all consideration concerning the sphere of economy and production."

"Economic law in force up to the present is too interested in things and not enough in man. It is necessary to substitute laws relating to exploitation which puts man first with his rights and duties."

"The Catholic workers and employers agree to recognize that the participation of all the collaborators in the decisions

(3) *Osservatore Romano*. May 9th, 1949.

(4) There is no one here, in Canada, we believe, who supports such a theory.



concerning social and economic questions and those of personnel is a natural right in conformity with God's will and which has as a corollary that all take their share of responsibility. We ask that this right be recognized legally. Following the example given by progressive enterprises, it is necessary, immediately, to introduce this right in a practical way everywhere."

"Just as the general interests of the whole enterprise are favoured by the right of common decision, so it is in conformity with the nature of human society that, all men united in the same production should administer themselves their common interests and take the responsibility for it in a professional organization founded on community of production."

This text caused the Archbishop of Cologne, His Excellency Cardinal Frings to clarify this a few days later. He said that « the resolution is drawn up in such a lapidary and general way that it requires explanation if misunderstandings are to be avoided. » In agreement with the principal authors of the resolution, he made the following remarks:

"When the resolution calls co-management a "natural right" in conformity with God's will, "it means by this a strong natural fitness to which no principle permits opposition in the present state of evolution. When we speak of the right of participation in social and economic matters and in questions of personnel, this does not mean that this right must apply to the same extent in the three spheres, nor for even stronger reasons that it be unlimited in each of these three spheres. It is necessary that the management of the enterprise may settle current business with full liberty, if it is desired that the enterprise work at all and thus be productive for the employees also. In limited companies, for example, the right of co-management could be granted in economic matters by giving workers access to the company records; furthermore, this co-management could be realized by furnishing the personnel with more information on the production. Most important of all, the personnel must have a say when the question arises of closing down a business, which would threaten the livelihood of hundreds and thousands of workers."

It is under these historical circumstances that Pope Pius XII was

induced to speak in a specific manner concerning economic co-management. Some have wished to see in this a condemnation of certain German Catholics, but from the remarks of Cardinal Frings, according to the opinion of well-informed persons, such is not the case.

In June 1950, the International Social Study Convention was held jointly with a meeting of the International Christian Social Association. It was attended by people who specialized in social questions. The Pope had prepared a speech which he did not give, but which was published in French in the *Osservatore Romano* of June 4th, 1950. In this speech which is principally concerned with unemployment, a paragraph is devoted to economic co-management. Here it is:

"The same danger arises when one insists that paid workers in an enterprise should have the right of economic co-management, especially when the exercise of this right depends in fact, directly or indirectly, to organizations managed outside the enterprise. In fact, neither the nature of the labour contract nor the nature of the enterprise necessarily imply, by themselves, such a right. There is no doubt that the paid workers and employer are both subjects, not objects, of the economy of a nation. There can be no question of denying this parity; it is a principle which has already proved valid in social policy and which a policy on the occupational level would validate even more effectively. But there is nothing in the private law relationships are governed by the simple wage contract, which would contradict this fundamental parity. The wisdom of Our predecessor Pius XI, showed this clearly in the Encyclical *Quadragesimo Anno* and, consequently, He then denied the intrinsic necessity for substituting for the wage contract a contract of partnership. This is to deny the usefulness of what has been achieved until now in this matter, in various ways, to the common advantage of employers and employees (*Acta Ap. Sedis*, vol. 23, p. 199); but in the light of the principles and facts, the right to economic co-management, which is being claimed is outside the sphere of these possible achievements."<sup>5</sup>

(5) *Osservatore Romano*, June 4th, 1950.

Naturally, once again this text gave rise to many comments and interpretations. Fanciful interpretations on the part of socialists and communists or on behalf of certain reactionaries who are opposed to any evolution in the sphere of relations between employers and workers and wise interpretations by social theologians. Only the latter interest us.

— II —

### Interpretation of Texts

#### “Economic decisions” and “economic co-management”

What did Pope Pius XII mean when he spoke of economic co-management and when he said the owner of the means of production must remain the master in economic decisions ?

Before making our analysis, let us note that the Church's social doctrine is the same and remains faithful to the same principles. With time and circumstances, these principles may be made more clear, enrich themselves by new enlightenment, but in the doctrine there is never a complete reversal. That is why all the texts must be interpreted in taking into account the fundamental notions of social morale and all pontifical documents where the same problems are treated. Furthermore, Pope Pius XII so requests us, for in the texts with which we are concerned. He takes the trouble to refer to the passages of *Quadragesimo Anno* where Pius XI encourages the movement to modify the wage contract by elements borrowed from the contract of partnership.

1.—“The owner of the means of production... must, always within the limits of public economic law, remain the master in economic decisions”. (Pius XII, May, 1949.)

Let us note in the first place the precision of the language of the Po-

pe. He does not say: « the enterpriser must remain the master »... , as some would let us believe, but « the owner of the means of production », which is something else. Moreover, He says « the master ». The Pope did not add absolute master, without limit, without conditions but kept to the term itself.

In the second place, the Pope spoke of « economic decisions ». It was not said « in all the economic decisions », nor « in some economic decisions », but he has restricted the extent to the economic decisions which concern the owner in particular.

Finally, why did the Pope specify decisions of economic character and did not mention the others ?

One knows that the enterprise is an economic and social unit in which work together financial, technical and human factors under the same direction in view of the production of a commodity useful to society.

Thus, by the very nature of the enterprise, all problems which arise have an economic aspect. Some will be more strictly economic, others less so. There will be problems which are more social than economic, others more economic than social, etc.

On this text, did the Pope wish to leave in the hands of the owners of the means of production alone, all the decisions which have an economic character? It is evidently not so. Take, for example, the question of salary. This has a very important economic aspect, since, depending on the enterprises, this makes up from 10% to 30% of the cost price. Should the employer be the sole master to decide in this sphere ? Just asking this question shows us how absurd such an interpretation would be.

This is why it is necessary to distinguish within the enterprise between two sorts of problems: problems which could be called strictly economic and problems that could be called dual problems.

The first — I shall define them in a negative manner as it is easier — are those which do not affect directly the workers in an enterprise, but which come particularly under the material administration. These problems have a social aspect but this is rather indirect. We could classify under this category of economic problems as examples: the financing of the enterprise, the construction of the buildings, the choice, the purchase of raw materials, the selection of the product to be manufactured (whether it is to be matches or lighters), the fixing of the selling price, the advertising programme, the marketing, export terms, etc., etc., the choice of financial institutions with which to carry on business, etc. In short, the strictly economic problems concerning purchasing, financing and selling in the enterprise.

The dual problems are those that have both a social and economic aspect. They could be defined as those which closely and immediately affect the personality of the workers in an enterprise.

Here are, as examples, some dual problems: wages, hours of work, conditions under which work is carried on which might affect the health or life of the workers such as security of employment, speed of machines, stability of employment, conditions of employment, of dismissal, of lay-off, the recognition of employee's services and the possibility of advancement in the enterprise, protection of the rights of the persons engaged in the enterprise, etc.

As we can see, these are all problems which affect the finances of an enterprise, the enterprise's market and which sometimes may cause considerable expenditures to the enterprise. But the worker cannot remain ignorant, indifferent or insensible because they affect him personally and in his rights.

The worker is a human being who enjoys liberty and his activity, his work is not a mere commodity. He has the obligation to develop himself physically and morally, to support his family suitably and to educate them. The worker has a strict right to his own person, his activity, his liberty, his salary, just as the owner of the means of production has a strict right to his capital. And, if the owner of the means of production must remain master of his economic decisions, the worker who hires out his services must also remain master of the things that concern him.

As the worker is bound to the enterprise by the labour contract and, on the other hand, the employer has the right to fix those conditions which are exclusively his concern, all these dual problems, which are not already settled by law in a satisfactory manner, must be negotiated between the parties concerned. The differences of viewpoint, the disputes that cannot be settled by mutual consent before the agreement is agreed upon are known as conflicts of interest. They are so called to distinguish them from the conflicts which arise in the interpretation or the application of a collective agreement already in existence or in violation of the law. As social justice requires that everybody must not be left to make their own justice because of the many upsets which could follow in most countries, with wisdom, the legislator has foreseen and obliges the parties to continue negotiations with a representative of the Department of Labour (this is the conciliation stage) or with the help of a three-party board (this is the arbitration stage).

**2.—Neither the nature of the labour contract, nor the nature of the enterprise necessarily imply by themselves such a right (economic co-management).**

Before analyzing what this text contains, it is necessary to make two preliminary remarks.

First of all, the Sovereign Pontiff has taken the trouble to exclude co-management from the social and dual spheres. This seems to have been widely accepted by all and it is not necessary to dwell on this.

In the second place, let us note that there is a distinction between co-management and participation in the management. In *Quadragesimo Anno*, Pope Pius XI wrote about "participation in the management" whereas in the speech of Pope Pius XII in 1950, there is question of "co-management". All co-management is a participation in the management but the contrary is not true.

Co-management, in the strict sense, is an equal participation with the same rights and same privileges in the making of decisions when it is a question of managing others' property (incidentally, we administer our own property and manage that of others). This would exist if the workers possessed on the board of directors not only a voice in the deliberations or a voice to be consulted but an equal voice in the deliberations, that is, a voice that would be as important as that of the employer.

All those who talk of the co-management of workers in the enterprise, no matter which doctrine inspires them, do not include the decisions in current business. The reason is very simple. No enterprise could function if before a decision was taken, or an action carried out, it was necessary to get everybody's opinion and wait for their permission. Parliamentarism which already has many weaknesses in the government of states, has no place in the enterprise. A single and careful management is necessary there.

The co-management may be total or partial, depending on whether it is exercised in all the functions of the enterprise or whether it is limited to one or the other. Finally, in par-

ticipation in the management, there is a wide range from information to consultation up to discussion with a minority vote.

Pius XII did not talk of participation in the management, but of co-management and he restricted it to economic problems. Furthermore, in speaking to social theologians He employed the vocabulary of social morale.

Let us emphasize that it was not for nothing that the words "necessarily" and "by themselves" were included in this text. A person of superficial knowledge or one ignoring the scientific vocabulary might believe that these are pleonasms which are to be added to "nature", but this is not the case, as we shall see.

When it is in regard to *natural right*, the moralists have the habit of making a distinction between *primary* natural right and *secondary* natural right. "Natural right", said St. Thomas, in his "*Some Théologique*", "is that which by nature adjusts or proportions itself to someone else. Now this may come about in two ways: either that we look the question *absolutely* and *in itself* (primary) for example, the husband, as such, adapts himself to a wife to have children... or that we look upon the question no longer *absolutely* but *relatively* in relation to its consequences (secondary), for example, private property."<sup>6</sup>

To what natural right does the Sovereign Pontiff refer? Evidently to the *primary* natural right, because it is certainly to "look upon the question *absolutely* and *in itself*" to use, as Pius XIII does, such terms as "nature", "necessarily by itself".

If economic co-management was required in virtue of the primary natural right, for no consideration could

(6) *Somme Théologique* IIa and IIae q 57, a. 3.

we go against it and it would be necessary to admit, by the same fact, the socialist doctrine of the labour contract, which is that the wage contract is intrinsically wrong and that only the contract of partnership is legitimate.

But from the fact that something is not required by natural right, it cannot be concluded that it is against natural right. Furthermore, the denial of the existence of a primary natural right does not carry with it the denial of a secondary natural right. We would be rather embarrassed because private property itself is not required by primary natural right.

If we confine ourselves to this text of Pope Pius XII, there still remains open a vast domain on which could be supported the right of the workers to economic co-management. From the realm of the nature of the enterprise and of work, we go to the realms of moral necessity (secondary natural right) or even of convenience as related to consequences: utility, opportunity, practicability, legitimate aspirations of a civilization at a given time, etc.

We do not mean to say either that the Pope has asserted thereby a secondary natural right because he has denied the primary natural right, or that economic co-management may be compared to private property. This would surely be far from His thoughts. Because in speaking of a certain right of economic co-management (that, it would seem, advanced by socialist and communist syndicates) he said that because of the principles and facts, the right of economic co-management as is claimed, is beyond realization. But previously, referring to the text of Pius XI in *Quadragesimo Anno*, He does not fail to say: "This is not to deny the usefulness of what has been achieved until now in this matter, in various

ways, to the common advantage of employers and employees."

Quite recently again, in March, 1951, in a speech to Spanish workers, after having insisted on a fair wage and a better distribution of natural wealth, as two most urgent requirements of the Church's social programme, he added:

"It considers favourably and even encourages all that, in the limits permitted by the circumstances, attempts to introduce elements of the contract of partnership into the wage contract and improve the general condition of the worker."

The Pope has therefore no intention of disapproving or of discouraging that which is being done in the way of participation of the workers in the life of the enterprise, but He teaches that it is not correct to look upon economic co-management as a natural right. He underlines the dangers that it may present if it is knowingly misused.

He wishes us to be realistic in avoiding Utopias and finally outlines the relative character of a formula of which the value is limited.

### Testimonies

The opinions that we have expressed are corroborated by many social theologians having undoubted authority in these questions. We shall only cite a few. Let us begin by a Jesuit scholar, a collaborator of the *Civita Catholica*:

"This affirmation of the Pope, writes the Rev. Father A. Brucculeri, S.J., is tied to the reserve mentioned and to the contingent experience. Thus, his Holiness does not intend to stop suddenly the social evolution of the enterprise, the way laid down by *Quadragesimo Anno* where Pius XI wished that "the wage contract be modified somewhat by elements borrowed from the contract of partnership..." in this way the

(7) *Documentation Catholique*, April 8, 1951.



workers become co-interested either in the property or in the administration and co-participants to a certain degree in the profits."

"The wage contract does not call for by itself the right to co-administration of capital and labour; but the Pope does not deny to the worker, in giving his work, to ask in return to participate also to a fixed degree in the administration of the enterprise. *Social Catholicism is not static but dynamic; it does not deny the principle of even an integral co-administration, but with a gradation and methods which correspond to the moral norm.*"<sup>8</sup>

The German moralist scholar of universal reputation on social questions — it is said that he collaborated closely in the editing of *Quadragesimo Anno* — the Reverend Father Oswald von Nell-Bruening, S.J., expresses himself clearly in his commentary:

"The Pope does not say that there is no foundation for the right of economic co-decision. Three motives have been examined and pushed aside, but the field remains open for a thousand others. Where must we find the true foundation? The Pope does not tell us this either. In any case, He does not give any indication on the subject. In the sphere of relations of private right and in that of private welfare either of the enterprise or of the personnel, the foundation is not to be found. Consequently, we must look for it in the sphere of public right and in the public interest."<sup>9</sup>

This is what made Canon Brys of Belgium say:

"It is necessary to underline a very important fact: nothing prevents employers and workers, by free agreement, to come to an understanding in the way of participation in the administration, even economic, to as great an extent as they wish."<sup>10</sup>

(8) *Documentation Catholique*, July 2nd, 1950.

(9) *Les Dossiers de l'Action Sociale Catholique*, Aug.-Sept. 1950, p. 489-40.

(10) *Les Dossiers de l'Action Sociale Catholique*, Aug.-Sept. 1950, p. 446.

The Reverend Andre Doroo, of the Secrétariat Social of Roubaix-Tourcoing wrote in the same vein:

"To consider that the speech of June 3rd carries, as it has been written, a 'formal condemnation of co-administration' is at least a serious exaggeration, if not an error.

"To say that 'the research for these modifications is not forced on a Christian' because such an abstention does not constitute a contravention of natural right, is perhaps justifiable, if we only take into account the strict imperatives of justice — it being assumed that the operation of the enterprise under the strict regime of the wage contract does not offend in any way the dignity and the rights of the human being. But it must not be forgotten that justice must be accompanied by equity, and charity and of the social sense that is made up of the one and of the other."<sup>11</sup>

Monsignor Pietro Pavan, president of the Italian Social Weeks, another moralist of great reputation is the one who, in my opinion, has brought out the best the scope of this problem. He demonstrates three things: a) the workers have the right to use all legitimate means to realize economic co-management; b) in view of the common good the State which would establish it by law would not be acting against natural right; c) economic co-management, far from representing necessarily a slipping towards the forms of collectivism may be a way of avoiding it. Here are some lengthy quotations of what he says about this:

"However, it must be asserted, in accordance with the teachings of the Pontiff, that if the personnel cannot claim economic co-administration in the enterprises as a natural right, it does not necessarily follow that they may not aim at this co-management as an ideal and consequently that they may not have the right to use all legitimate means to realize it. There is the same difference as that which exists between the natural right of owning a house and the yearning for a house. It certainly cannot be claimed that each individual

(11) *Documentation catholique*, Aug. 27th, 1949, col. 1138-39.



has a natural right to effectively possess a house; however, it does not necessarily follow that every man cannot legitimately set as an objective to own a house and, following this, that he cannot be granted the right to use every legitimate means to secure this property. In this way, if in accordance with freely-consented agreements, the employees secure recognition and are conferred certain responsibilities in the life of the enterprise. . . responsibilities which might go as far as economic co-administration, — this would certainly not be against natural right, this would be, on the contrary, in full conformity to it, since it is within the natural order that men be not prevented from using for their economic and social progress all means which are not in flagrant violation of the rights of others. To-day, when in the Western world, particularly in those countries which have progressed the most, we see in evidence all the various means which tend to permit the employees to take an active part in the organizations of the enterprises, who would dare to say that these initiatives are against natural right? In the speech quoted before, the same Pontiff states: "We do not fail to recognize as well the usefulness of what has been done up to now in this direction, in different ways."

Furthermore, it is evident *that if a State*, at the present historical moment, for the general good and in recognizing and safeguarding the private property of the means of production, believed it useful to change more or less profoundly the relations between workers and employers within enterprises, in insisting by legal means that workers be admitted to participation in determined proportions to responsibilities of management, no one would think of maintaining that such a State would be acting in this case against natural right... In the third place, there is an underlying aspect that also merits being noted. *Some think that to admit the workers to an active voice in the enterprise means a slipping towards the forms of collectivism.* This might happen, because of a special political situation in some countries. However, many admit that the underlying source of all totalitarisms is to be found in the massing of the working classes: if this process stops, totalitarisms can be averted: if, on the contrary, this process does not stop, all the precautions that will be taken to avoid them, will only have a tactical value. Now, where does the process of the massing of the working classes find a solid basis of existence? In the fact that a high per-

centage of the workers are obliged during days, months, years to exercise their laborious activity in an attitude of passive execution, that is in the nature itself of the wage system. Economic world; moral and psychological world; political world, between these three worlds exists without any doubt, a real connection, at the same time without being necessary by its nature as Marx asserted. The capitalistic structure of the economic world engenders eventually a psychologico-moral lowering of the personality of the workers who almost without noticing it, finish by becoming a mass, and over the mass flourishes tyranny... This is why, if an attempt is made to restore harmonious relations in more human forms, the basic problem, that must be solved, is this: How can the process of the massing of the working-classes be stopped? How can the conscience of personal dignity be created and developed in them?

How can they be raised up in even political life to the degree of conscious subjects, free and responsible? Some, rather, let us say, many, reply ordinarily by the increase in welfare. Certainly, excessive misery, economic restrictions do not constitute good grounds for the development of the human person, but the increase of welfare is not enough, because one does not become educated for responsibility except by the exercise of responsibility. Also, among those who meditate passionately on the historical evolution of the last two centuries, there are many, who, more and more, become convinced that in order to create and feed in the working-classes the sense, the torment and the joy of responsibility in the different fields of social life, it is necessary to initiate these classes to responsibilities — in the measure and in the forms which are required by circumstances, — in the quarters where they spend the major part of their life. that is to say, in the places where they work."<sup>12</sup>

There was in this speech of the Pope, immediately following the text which we are studying, the assertion of a fundamental principle in Catholic social doctrine, which has perhaps been pushed aside but which must not however be lost to view:

"There is no doubt that the paid workers and the employer are both sub-

(12) *Documentation Catholique*. August 27th, 1950, No. 1076, col. 1144 sq.

jects, not objects of the economy of a nation."<sup>13</sup>

This means that the wage-earner must not be left to the discretion of the employer. He cannot be treated as a commodity. He is subject of the economy, an active subject, conscious; he has the dignity of a man, he is a free and intelligent collaborator. From this point of view, he is the equal of the employer. They are two subjects which enter into relations by contracts. In the negotiation of the contract which will govern their mutual relations, they are on an equal footing. One or the other party is free to accept or to refuse.

At this stage, it concerns the differences on the ways of realizing the common utility that may be counted on resulting from the agreement. Each one has the right to protect his interests and to promote them in using legitimate means.

Economic co-administration in its strictest sense is not an illegitimate aim in itself, it does not go against

(13) *Osservatore Romano*, June 4th, 1950.

the natural order any more than the contract of partnership of which it is only one of the constituent elements: To keep exclusively to the moral point of view, the workers would therefore have the right to demand it and to take legitimate means of obtaining it. However, they cannot insist upon it because of the nature of the enterprise itself. It is always important that the unity of commandment and the authority of the head of the enterprise be safeguarded, and that the owners of the means of production be not prevented from exercising their legitimately acquired rights. Finally, such a measure cannot be separated from the degree of evolution of the mentality and preparation as much that of the employers as that of the workers as well as of the necessities of the general economy and common good.

**When will these conditions be fulfilled? We believe that there are yet many stages to be reached and especially that there are other problems which are most urgent.**

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### CAPITAL, LABOR AND THE COMMON GOOD

*What we have to deal with is no mere struggle over wages, no simple discussion of degree, but the whole relationship of capital and labor. Unless this relationship respects the nature of man as well as the rights of property, it will be doomed to frustration.*

*Now, it is in the nature of men to be free and therefore responsible. Men are not automatons, but creatures of intelligence and will. If workers are to co-operate willingly and fruitfully in production they must not only receive fair wages and decent working conditions but also enjoy some sense of participation in the process, and, where possible, in the profits.*

*It is this aspect that, among others, the Pope stressed in his recent talk to delegations of employers from several countries. Echoing his predecessor's plea for a "community of responsibility among all those who take part in production", the Pope added that there was but little time left to "put things in order in the full consciousness of common responsibility in a way to assure the one (employer) against unjust suspicion, and the others (the workers) against illusions which will not be long in becoming social perils".*

(THE ENSIGN, MAY 21ST, 1949)