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Industrial Relations Bulletin

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QUEBEC

April 1950

The pastoral letter on the labour problem

A LANDMARK IN THE HISTORY OF CATHOLIC SOCIAL THOUGHT IN THE PROVINCE

The joint pastoral letter of the bishops of Quebec on "the labour problem in the light of the social doctrine of the Church" is a document which will mark an epoch in the history of Catholic social thought in this province. Covering nearly eighty pages and more than two hundred paragraphs, it is a masterly adaptation of the traditional teaching of the Church to the particular conditions of the province of Quebec. It serenely calls to mind the demands of truth and justice and invites all to collaborate in the Christian reconstruction of the working world.

In the introduction the bishops underline the mission of the Church, alluding to their previous directives on social questions, and, insisting upon the timeliness and the duty of recalling the social doctrine of the Church, bring out in all clarity the importance of the problem of labour.

The first part of the letter describes contemporary conditions in the life of the workingman: material standard of living, industrial development, the rapid increase of urban life, adaptation to urban life, family life, leisure pursuits, work, the growth of materialism, the conscious awakening of the working class.

The second section treats of the Christian reconstruction of the life of the workingman. This reform will be effectuated primarily by religion, the basis of every reconstruction, by respect for family values, by a sound organization of leisure, by a Christian concept of work, and by a better systematization of work.

The third part develops the role which must be played by different agents in this reconstruction of the workingman's world: the workingmen themselves, the employers, the citizenry as a whole, the state, and the clergy.

As we have seen, the bishops have not neglected any of the principal aspects of the labour problem. On every important point they have taken an unequivocal stand and have furnished directives which are very clear, very precise, and very explicit.

Certain people were surprised and stunned by this gesture of the highest religious authorities of the province of Quebec. However, it is clearly in conformity to the tradition of the Church. The bishops of many other countries have done the same thing, especially since the publication of the encyclicals "Rerum Novarum" and "Quadragesimo Anno". This has been the case, for instance, in the United States, in France, in Holland, in Australia, in the Philippine Islands, etc.

The reason for these pronouncements is simply the necessity of an authorized interpretation of the principles of the gospel and the papal documents according to different circumstances of time and place. Without statements of this kind the Church would be accused of failing in its duty, and everyone could with impunity lay claim to the mantle of Catholicism to cover his words and actions.

The task of the bishops is not just that of recalling the importance of ethics in social life, but also that of specifying the demands of morality in the light of facts and principles. The morality of an act is conditioned not only by the end and the object, but also by the circumstances. The development of the social doctrine of the Church depends in a large degree upon the scientific study of social phenomena to discover the actual operation of sociological laws. But as for the synthesis of facts with principles from which are drawn the norms that constitute the social doctrine of the Church, it pertains to the hierarchy to establish this with the necessary authority. The Quebec episcopate has acted in precisely this fashion. There is nothing abnormal in this, and all upright spirits, even those who are not Catholic, are glad to see this event take place.

Among the directives contained in the pastoral letter, those which seem to have produced the greatest surprise and to have drawn the greatest general attention bear upon the question of structural reforms in the management of business enterprises. In this regard we find the following:

"... It is necessary to state that, in an economy impregnated with economic liberalism, the regime of the simple wage contract tends to favor classwar, has deepened the gulf which separates capital and labor, has led share-holders to seek abusive profits, and has lessened care for honest and competent work among workers by not integrating them sufficiently into the life of the enterprise. Let us add with Pius XII that large scale enterprise ought to offer the possibility for this participation. By leading organized labour gradually to participate in management, profits, and ownership in the enterprise, a powerful contribution will be made toward re-establishing between the collaborators in a common work the confidence so much desired..."

"It is not for us, to be sure, to indicate the technical means by which this participation of the workers in the life of the business enterprise can be realized, but we believe it to be our duty to direct social action towards a reform of enterprise of this kind, a reform which must be carried out step by step, with a prudent audacity, in a spirit of loyal and mutual confidence. Capital and labour have everything to gain from it" (Nos 75 & 77).

Before making its recommendations the pastoral letter refers to Pius XI, who, after having "criticized the profound mistake of those who declare the labour contract to be essentially unjust", wrote in "Quadragesimo Anno":

"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" (72).

Here is what the cardinals and archbishops of France wrote, in their joint declaration of 1945:

"We ask for... the progressive participation by the workingman in the organization of work, of the firm, of the profession, and of public administration. The workingman would like to feel really at home in his company. He longs for more "human" work which would allow him to exercise his responsibility and, with courage, attention and conscientiousness, arrange all his activities according to his own convictions. He aspires to share in the social and economic life of the firm as well as in the fruits of production... To realize this social progress, reforms of structure are necessary. We welcome them. But for these reforms to be most effective it is necessary that the unity of command and the authority of the head of the company (founded on competence and moral integrity) be fully recognized; that there be no interference with the exercise of legitimately acquired rights; that the capacities of the national economy be prudently taken into account; and that all spirit of violence be avoided. On the choice of technical means (profit sharing or management sharing, labour shares, community enterprises, etc.) the Church has not pronounced. It is not her role to organize the temporal. She recalls simply but firmly the principle of a more and more clear orientation toward the partnership contract."¹

The bishops of Holland, in a joint letter on social justice addressed to the faithful in Lent of 1949, took a stand on the question in the following terms:

"... It is necessary even to go further. The subordinate position in which an increasing number of workers still find themselves must give way to a certain amount of co-partnership and co-responsibility. The wage system, which up to now has been the rule in the labor market, must be supplemented by profit-sharing plans. In that case the proceeds of production will no longer benefit a few individuals only. A great many people, if not all, will have an opportunity."²

One might believe that the opportuness of these recommendations depends upon the state of the economy of certain European countries and that the structure of North American capitalism renders them less desirable. However, the bishops of the United States had already written on this subject way back in 1919:

"Nevertheless, the full possibilities of increased production will not 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 co-operative productive societies and co-partnership 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."³

(1) Quoted by G. Dion, *Structural Reforms in the Enterprise*, Département des relations industrielles, Québec, 1949, pp. 102-103.

(2) Quoted by P.-E. Bolté and G. Dion, "La morale et la participation des travailleurs aux bénéfices", in *L'actualité économique*, January-March 1950, p. 731.

(3) *Bishops' Program of Social Reconstruction*, National Catholic Welfare Conference, 1919, pp. 26-27.

It is easy to establish the fact that the bishops of Quebec, after the Pope himself, are not the only ones to advocate these managerial reforms. The same can be said of many other passages in the letter on "the labour problem in the light of the social doctrine of the Church." Over and above the similarities between this document and those of the same type already issued in other countries, this episcopal document contains a goodly number of recommendations which apply especially to the province of Quebec. These two aspects of the joint letter bear witness at once to the unity of the teaching of the hierarchy throughout the world and to its concern for adaptation according to time and place.

"The labour problem in the light of the social doctrine of the Church" is a masterly work which, besides stimulating anew the apostles of social welfare, pushes forward considerably the progress of Christian social science. These are two reasons more than sufficient for rejoicing at the "Faculté des sciences sociales", the "Département des relations industrielles", and the Industrial Relations Bulletin.

THE EDITORS

CARTELS AND PRICE ARBITRATION

MAURICE LAMONTAGNE

Monopoly, Trust and Cartel

Recent events have brought forward the problem of cartels as more than ever the problem of the day. Before attempting to define what we mean by cartel, we must clearly specify the differences between a cartel, a trust and a monopoly, which are often neglected. Monopoly corresponds to the situation where there is only one seller of a given product in the market, who consequently finds himself in a position to control at will production and prices. There are two ways in which a monopoly may be operated. The first is that of the trust, where a single firm runs the monopoly. For example, Canadian Industries Limited is a trust, for it has a monopoly on the production of many chemical products. The second form of monopoly is the cartel. It consists of an association of several producers of the same product who have agreed to follow a single price and production policy. The pulp and paper industry, for instance, was, at least until recently, organized in the form of a cartel. Canadian Industries Limited, which possesses a monopoly on many products in Canada, is a member, along with Imperial Chemical of England and Dupont de Nemours of the United States, of the international cartel in the chemical industry.

Ways of Forming Cartels

The movement toward cartelization has been intensified, especially during the last twenty years, in Canada as elsewhere. Generally speaking, one can say that a cartel exists in every industry

where the number of firms is restricted. It is possible, therefore, to gain an idea of the extent of the movement by ascertaining the importance of a restricted number of firms inside their respective industry.

As to the exact number of cartels in existence at the present moment it is absolutely impossible to determine. This impossibility is attributable to the varied methods of organizing cartels.

Actually the agreement between producers which is the basis of a cartel can be either formal or only implicit. In turn, a formal agreement can be either written or verbal. There is an implicit agreement when, for instance, without any previous meeting, the smallest producers in an industry follow the policy and imitate the actions of the largest firm or firms. In the still recent past there was no formal and precise agreement between the different steel producers in the United States. Yet for all that the steel cartel was not less effective, for all the firms followed the lead of the United States Steel Corporation and applied in their turn its decisions regarding prices and volume of production. Most in vogue today, certainly, are the methods of verbal agreement and implicit agreement, and it is precisely for this reason that it is not possible to estimate, even approximately, the number of cartels.

Cartels and Legislation

Governments cannot remain indifferent to the rapid multiplication of cartels, for their normal consequences, which consist principally in systematic restriction of production and abnormal in-