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THE RELATION BETWEEN THE VOCATIONAL GROUP AND INDUSTRIAL EXPANSION PROGRAMS

by

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John J. O'Connor
The object of my thesis is to point out the relation between two new economic programs, namely, The Vocational Group as proposed by Pope Pius XI and Industrial Expansion as proposed by Mordecai Ezekiel. First we shall discuss The Vocational Group.

What is The Vocational Group?

The Vocational Group is an organic group composed of an association between employers and employees, and includes within itself all the agents required for the accomplishment of its purpose.

What are the purposes of The Vocational Group?

The purposes of The Vocational Group are two-fold:

1. To reconstruct the social order;
2. To promote common welfare.

How does The Vocational Group plan to reconstruct the social order?

At present we have two inorganic classes, Capital and Labor, which are antagonistic toward one another. This antagonism must be replaced by an organic rearrangement of society.

The program of The Vocational Group would bring these two classes into an association composed of working men and employers or delegates chosen by these groups who would conform to the best interests of each. In case of a conflict, a public authority would intervene and would make an adjustment in an agreement between both parties. However, the intervention of the public authority would only be temporary until an agreement


is reached. If employers and employees could adjust the conflict themselves there would be no need of outside intervention.

The administrative power may intervene directly only in emergency cases in the internal affairs of these self-governing bodies. Pope Pius XI is clear on this point when he says: "Just as it is wrong to withdraw from the individual and commit to the community at large what private enterprise and industry can accomplish, so to it is an injustice, a grave evil, and a disturbance or right order for a larger and higher organization to arrogate to itself functions which can be performed efficiently by smaller and lower bodies." 3

St. Thomas Aquinas is also clear on this point stating that: "Accordingly, it would be against the principal of human government if men were prevented by the governor of the commonwealth from carrying out their own functions, unless perchance for a brief time because of some emergency." 4

As long as capital and labor remain inorganic, they must of necessity be antagonistic toward one another, but as soon as men bind themselves together not according to the positions they hold in the labor market, but according to the diverse functions which they exercise in society, then there will be a true organic society. Commenting on this, Laski says: "I only argue that the irrefutable and inherent logic of a society where the gain of the living is not proportioned to its toil is one of which violence is the inevitable end." 5 These groups joined together by a common bond to produce goods and give service will give the best results because of the common efforts of employers and employees. Those

4. Ibid., p. 207.
engaged in the same trade may form free associations among themselves for purposes connected with their occupations, but the various guilds will unite themselves for a performance of a common higher goal, namely common welfare.

There will be corporate co-operation in society, as distinguished from the corporate state, because in forming themselves according to vocational relations, they will develop into permanent bodies in the economic sense but not in the political sense. They will have a corporate idea of performance which does not ask so much for the volume of work performed, but rather its kind. All those who perform for society the same kind of work will form a corporation based on a function. Every profession will require directive and executive activity, planning and thinking as well as doing. Each individual of the profession will be obliged to belong to the Vocational Group. They could be called compulsory corporations in the same manner as living under the laws of a community are compulsory, by that is meant every citizen must abide by the rules of the community in which he lives, but these are taken as a matter of course. If a citizen becomes dissatisfied with the rules of the community he is free to leave and join another community but he must observe the laws in this newly chosen community. The same regulations and freedom would be accorded in the Vocational Group. Whenever an individual is dissatisfied with the rules of one profession he is free to leave this profession and join another but he must live under the rules of the profession he joins.

2. How can the Vocational Group promote common welfare?

By common welfare we mean the general laws and institutions
which make it as easy as can be reasonably expected for a man to live a reasonable life.

Under present economic conditions, capital and labor are divided into two classes. Under the Vocational Group program they would become organic groups united by common interest and a common goal. Employees would no longer be instruments in the labor market but would become a vital part of the organization of the profession. The tendency would be to work more in accordance with the common goal which is common welfare. Nell-Breuning brings this point out very well when he says: "The various guilds unite themselves in apt arrangement for the performance of a common higher task, the realization of a great objective and the attainment of a common goal, namely the common welfare of society." 6

The Vocational Group would further promote the common welfare by having a representative of the state, whose function is the promotion of common welfare, intervene in case of conflict between employers and employees and secondly, by introducing social legislation in the interest of the Vocational Group.

For the second part of my thesis I shall discuss Industrial Expansion as proposed by Mordecai Ezekiel.

What is Industrial Expansion?

Industrial Expansion is the co-operation of business and government, with an Industry Authority, composed of representatives of labor, management, consumers, and government at the head of each major industry, to plan production to meet the existing demand.

In its program it would provide a method through which business concerns could expand their activity in a balanced way.

What is the proposal of Industrial Expansion?

The essential idea of the program is to have each of the basic key industries prepare tentative programs for expanding its operation and pay-roll in the year ahead and check and revise these programs with one another to be sure they fit together properly. 7

The programs for each industry will be discussed at public hearings in order to develop all the facts. In each concern the representatives of labor and management will conduct open hearings with all employees, to discuss the tentative programs for that concern, and how it fits into the industry's program and also the national program. 8 Once the program has been approved and accepted the Industry Authority will see that it is being properly carried out. The representatives of labor will be in constant touch with the working men in each concern and if any concern fails to live up to the agreements made, the labor representative will be informed by the workers. It will be

8. Ibid., p. 286.
his duty to investigate and try to correct the difficulties; if he fails to do this successfully the matter will be taken before the whole Industry Authority. If this measure fails the difficulty is referred to the government representative. If the concern still refused to co-operate it would lose the right to operate in interstate commerce; or would suffer other hardships, according to the kind of sanctions provided in basic legislation.  

Each concern of each industry will have the amount it is to produce planned in advance and will make contracts with a special government agency to produce the amount specified in the contract for the year. These contracts will provide for the government purchase, at a discount, any portion of the programmed production which remains unsold.

The degree of expansion of each industry for the first year will be based on three factors. (1) Each industry will estimate how much the market for its product will expand; (2) The estimates of the concerns which use or sell this product as to how much additional supplies they will need; (3) The amount in proportion to their average sales during the past three or four years. After these have been checked one against the other the Industry Authority will assign the increase in production that each industry will make. This will be accomplished by using a flexible quota system which will insure competitive rivalry. This quota system, based on past production, could be worked as follows: In the first year the quota for each particular concern would be to produce not less than one

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10. Ibid., p. 17.
11. Ibid., p. 87.
hundred and five per cent nor more than one hundred and twenty-five per cent of its current production or average sales for the past two or three years. If the concern sold less than one hundred and five per cent the government would buy the surplus and keep it in an "ever normal warehouse" until the next year when allowances would be made for the unsold product, in the hands of the government, by having the production of these products which were in excess, retarded enough to move the accumulated surplus into consumption. However the quota for this particular concern will be reduced to ten points above and ten points below the percentage they sold.

If, on the other hand, a concern sold the one hundred and twenty-five per cent allotted to them, they may not sell more until all other concerns of the industry sold up to one hundred and five per cent. The quota for this concern would be raised twenty-five per cent of one hundred and twenty-five per cent in the next year, which would vary between one hundred and forty-six per cent and one hundred and sixty-six per cent. Under this flexible system progressive concerns would have a chance to get ahead and meet the demands for their products. 12

New concerns would get started by reserving a portion of the total production in any given industry. After the first year the new concern would work on the same basis as the established concerns in that particular field.

Men who are unskilled or who have lost their skill will be given special training in order to fit them for this new type of employment. This training program will be carried out by the government, and also at the expense of the government.

The distinctive feature of Industrial Expansion is that it offers a definite political and administrative procedure for putting the plan into effect by using only the recognized powers of Congress. When the program is generally accepted by the majority of the people, legislation will be needed to insure the cooperation of each concern in each major industry, however the Industrial Expansion program would be limited to industries large enough to be important in interstate commerce.
I shall discuss the relation between these two programs under four headings: (1) The fundamental principles on which each is based; (2) Organization; (3) A just wage and a higher standard of living and (4) Conclusion.

1. The basic principles of the Vocational Group are very clearly summed by Nell-Breuning when he says; "The deciding factor is that the Encyclical purposely restricts itself to discussing the principles of a vocational order of society and economics, but carefully avoids entering into the functional order in the concrete." In interpreting the Vocational Group Program of His Holiness Pope Pius XI Nell-Breuning intentionally avoids outlining a plan as to how industry should be operated but rather gives a plan as to why it should be operated under this type of program.

On the other hand, Industrial Expansion is concerned with a new social order in the concrete without discussing the principles on which it rests, but rather how industry should be operated. However there are many similarities between The Vocational Group and Industrial Expansion.

The most significant similarity between the two theories is the association of employers and employees; however, there is slight difference in the actual administration. The Vocational Group plan excludes governmental intervention, except insofar as it is necessary for common welfare. However, in starting the program the government will make two general laws: (1) Allowing the groups to be established; (2) Laws under which the Vocational Group will operate. Although, after the groups are established permanently, the government will let employers

and employees settle their own difficulties. While Industrial Expansion wishes the government to be directly concerned with the association, even so far as to have a government representative included in the administration.

The Vocational Group would have employers and employees of the same industry unite, although it would not exclude union with other employers and employees of different industries; Industrial Expansion would have an association of employers and employees of the same industry meet with a government representative to determine the policies of that industry. Employers, employees, and the government would each have a representative in the Industry Authority of each industry. The Industry Authority would make quota allocations for each concern in that industry, and make certain the program is being properly carried out. It would alter the functions of the present type of labor union. Labor leaders would have to concern themselves not only with labor battles for wages and working conditions, but also with industrial policies with regard to production, prices and profits. The leaders of labor would have to become economic statesmen as well as effective organizers and powerful leaders. Labor organizations and employers would work together for increased production and more prosperity for both groups. Under both these programs there would be new duties and new responsibilities for labor organizers.

(2) Organization.

Both programs would have voluntary organization and by similar methods. The Vocational Group would teach men the false doctrines underlying Individualism and Socialism showing how these doctrines tend to break down a true social order; and

Industrial Expansion would point out the necessity of planned production and the unprofitableness of the present system. However, each program sees a need of some compulsory measures.

The Vocational Group bases its contentions on the social nature of man, showing that man by his nature must be subjected to authority, but this authority, of the state, must conform to social justice to secure a more efficient economic order. Nell-Breuning is clear on this point when he says: "The result of this social justice, always an efficient principle in public authority, shall, according to the Pope's statement, look first of all to social legislation, it shall bring about a legal social order that will result in the proper economic order."¹⁶

If some concerns refuse to co-operate under the Industrial Expansion program, there would be two means to place sanctions on them, either of which would be effective. (1) The non-co-operating concerns would be subjected to a tax and this tax would be divided among those concerns that were co-operating; or (2) They would not be able to engage in interstate commerce.

(3) A Just Wage and A Higher Standard Of Living.

Both systems advocate higher wages and a higher standard of living than that which exists under our present Individualistic system, and both would be governed by the same general principles under two general headings: (1) The wage must be sufficient to enable the worker to live a reasonable and comfortable life; (2) The wages must not be so high that business cannot run efficiently. The first general heading is sub-divided into six parts mentioned specifically by

Industrial Expansion but surely implied by the Vocational Group.

These are: (1) A uniform five-day week of not more than eight hours per day; (2) A regular vacation period with pay; (3) Clean, sanitary, and healthful working conditions for all employees; (4) Reduction of speed-up tensions on workers; (5) Protection of workers displaced by technological improvements; (6) Sick-ness, accident, and retirement benefits and pensions on a scale far more adequate than at present. 17

(4) Conclusion.

The concepts of these two groups aim at a reorganization of society, advocating a limited control of the state to insure common welfare. However on the point of limiting the state these two programs are sharply divided, and I am inclined to follow the methods of the Vocational Group which would allow the government to set up only general laws and allowing the groups to be established and those general laws pertaining to their operation. There would be an autonomous democratic control within the industry itself. It would essentially be a private function and not a government bureau. The state would be concerned only in making certain the general laws enacted by the state were being properly carried out. "Industry would be self-governed internally, and would meet government only when and if it violated those general norms and the rights of the citizens." 18

The Vocational Group program would place the functions of industry in industry where they can be handled properly instead of taking them out of their field and putting those functions in the hands of the state. Governmental interference under the Vocational Group program would be at a minimum.

17. Ezekiel, op. cit., p. 41-44.
Industrial Expansion, on the other hand, would place the ultimate administrative power directly in the hands of the state to be exercised by the state at all times, making it bureaucratic in character. The state will have equal power in the outlining, organization, and administration of this program with the employers and employees. Although the business and labor representatives will be elected by democratic methods by the groups they represent, the representative of the state will be appointed by the central industrial administration.

The main reason for my preference in the Vocational Group as distinguished from Industrial Expansion is that in the latter, there is too much concentration of power in the hands of the government. We have no assurance that the state would not usurp the powers of the association and use them for furthering the powers of government, and eventually lead to Fascism or Communism.

From the evidence obtained, these two programs should be studied together to make either practical. What one lacks, the other furnishes. If Industrial Expansion could limit the powers of the state in the same manner as the state is limited under The Vocational Group, we would have a complete picture of what a true organic economic order would contain.
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