

THE SOCIAL PROBLEMS OF THE 'SIXTIES

J. M. JACKSON

THERE would be fairly general agreement among those who can remember earlier days that Catholic interest in 'the social question' has declined. It is not difficult to find the reason for this present lack of interest, for 'the social question' no longer exists in the form it did a generation or two generations ago. The development of industrialization in this country, as in many others, brought with it the growth of a wage-earning proletariat; and for many the wage which was their sole source of income was insufficient to provide them with the requirements of a decent life. Even at the outbreak of war in 1939, our social order was marred by the effects of low wages and unemployment, the twin evils produced by the low level of economic activity. Thus in 1936, Rowntree's survey of York showed that something like one-third of the working-class population of that city was living in poverty, and that the major cause of such poverty was unemployment and low wages.

Today the position is very different. In a more recent survey,¹ it was shown that now only three per cent of the working class population of York is living below the poverty line, and that virtually none of this remaining poverty is the result of either unemployment or low wages. If we look at the level of unemployment, the comparison with the years even just before the war is startling. The Government White Paper on Employment Policy published in 1944 was still thinking in terms of an average level of unemployment of eight per cent, and this was the figure used for actuarial calculations in connection with the National Insurance Scheme. Beveridge in his *Full Employment in a Free Society*, published in the same year, suggested that the irreducible minimum of unemployment was three per cent and that fluctuations would take place around a rather higher average. In fact, the level of unemployment for Britain as a whole never rose above this level of three per cent during the recent recession, whilst over much of the post-war period important industrial areas have had a rate of unemployment as low as one per cent, with a considerable excess of unfilled vacancies over the number of men unemployed.

On the other hand, we cannot say that 'the social question' which confronted an earlier generation has been solved; still less can we

¹ B. S. Rowntree and G. R. Lavers, *Poverty and the Welfare State*, London, 1950.

say that there are not other problems which have arisen and which still remain to be recognized. In the first place, unemployment has not disappeared, and it would be idle to pretend that when it occurs it does not involve considerable suffering and misery for those involved. There are two separate issues to be faced in connection with unemployment at the present time. First, the provision of an adequate income for the unemployed worker and his family. The present level of unemployment benefit under the National Insurance Scheme is below subsistence level. To live decently whilst out of work, a man must draw on his savings or seek National Assistance. There is a strong case for relating unemployment benefit to normal earnings, and to allow very much more generous rates than at present, at least for an initial period. This would, for example, give a family time to adjust itself, enable it to keep up hire purchase commitments, and so on. In normal circumstances, it would only be a relatively short time before a man found another job, and under such circumstances a short period of unemployment would not be the great hardship it so often is today.

In some areas, however, the level of unemployment is very much higher than it is in Britain as a whole. In Scotland and Wales, the average is nearly double that for Britain. This higher level of unemployment will also be associated (in all probability) with lower wage levels² and with more long-term unemployment. Not only will more men be out of work, but a *larger proportion* of those who are will have been out of work for a considerable period, and it is such long-term unemployment that is the greatest cause of human misery. The reason for such high local unemployment is not difficult to find. The areas affected have usually been dependent upon relatively few industries and one or more of these has suffered a permanent decline in the demand for its products—as in the case of the Lancashire cotton industry.

Here then are two urgent problems. The first we have already gone some way towards solving. Redundancy agreements now commonly make some provision for compensation to those losing their jobs, usually related to their length of service with the firm. On the other hand, a great deal remains to be done. The problem of local unemployment, whilst more generally recognized, is probably much further from solution. It is true that there is a long history of legislation on this subject. Nevertheless, this is a very intractable problem, and it is doubtful whether recent proposals will provide

² Even when basic wage rates are determined by national agreements between employers and trade unions, a very large proportion of workers may be on piece work that is paid at rates determined locally. Earnings will be further reduced in these areas by the absence of overtime and even short-time working.

the whole answer. The approach adopted amounts to offering subsidies to firms setting up in areas of high unemployment, combined with some measure of restriction on developments in other areas.

There are limits to the possibilities of such a policy. The most serious limitation is the fact that government policy can only be concerned with the location of new developments. Some it will be worthwhile steering to areas of unemployment. These areas may really be the most economical sites when account is taken of all the costs which private enterprise neglects—providing houses, schools, hospitals and so on for workers who move from their homes in search of work. In other cases, it may be felt that a small sacrifice is worthwhile to bring work to these areas and to maintain the life of the communities which live there. But where the costs of production would be very much greater in the areas of unemployment, this cannot be overlooked. We cannot forget that such higher costs reflect the use of more of our scarce productive resources, both human and material, to secure a given output. It may well be that we need to consider the alternative of providing increased assistance to those willing to move in search of work. At present, of course, the mobility of labour is greatly impeded by the cost of movement and the difficulty of finding suitable accommodation, especially where the man who moves loses the benefit of subsidized council housing or rent control.

What is of special importance is that a genuine solution for this problem should be sought, and that we should not be satisfied with a solution that ignores the economic facts of life. Discontent with the high level of local unemployment in certain areas appears to have increased with the recession following the raising of Bank Rate late in 1957. Yet the check to demand at that time was necessary if inflation were to be stopped. Demand was running ahead of productive capacity; in certain areas, there was an acute shortage of labour; this in turn was forcing up wages and prices. Nevertheless, unemployment in some areas was still comparatively high, though perhaps not intolerably so. If inflation is a serious social evil, and there is good reason for believing it to be so, then we must, to say the least, be very careful about tolerating a situation that is inherently inflationary for the sake of keeping local unemployment within tolerable limits.

Another solution which is being widely canvassed is the equalization of freight charges by British Railways. This would certainly be a means of overcoming the economic disadvantages of some of the areas now suffering from relatively heavy unemployment. It would

not be a satisfactory solution, and the analogy with the Post Office is misleading. Certainly postal charges are uniform, but here it could be argued that the work involved in charging for letters or parcels according to the distance of the destination would be too great to be worthwhile. On the other hand, we cannot be indifferent about whether large numbers of trains are to be employed carrying bulky freights such as coal and steel hundreds of miles to factories in Land's End and John o' Groats instead of relatively short distances to factories nearer at hand. If this is the solution to be adopted, it will mean hundreds of men employed on the railways carrying goods and raw materials, or in producing the additional engines and rolling stock, in railway administration and so on, who could have been employed instead in producing consumer goods to raise our standards of living. And if that aim is too materialistic, they could also be employed in producing capital goods for those countries which need them to help raise their appallingly low standard of living. The world as a whole is not so rich that we can afford to be prodigal with our scarce resources!

Even if low wages now cause very little poverty, it by no means follows that the just wage is now a matter of purely academic interest. Even if it is true that many workers have 'never had it so good', we cannot be blind to the fact that there may still be some who are receiving less than a just wage. Taking into account the Family Allowances now paid by the State, a man with three children would need to earn a wage of £8 ls. to keep above the Rowntree poverty line. Many labourers' wages tend to be a few shillings short of this figure, and the position may be much worse in many occupations not covered by formal agreements recorded by the Ministry of Labour. Such workers who are on these low rates and can earn nothing extra by piece work, overtime, shift work and so on and who have four or more children will certainly be living below the poverty line.

This is not to say that these wages are necessarily unjust. There is still much debate among Catholic social scientists and moral philosophers as to the exact requirements of a just wage. The idea of the 'family living wage' is only one element in the just wage, and there would be fairly general agreement that a man is entitled to the value of his services as determined by supply and demand in the labour market. Some authorities, however, take the view that if this is less than a 'family living wage' it is a sign that something is wrong, that since a man is entitled to marry and have a family he is therefore entitled to a wage that is at least sufficient for this purpose. Others, including bishops, hold that the wage which an employer is

bound to pay in strict justice is not less than is sufficient to maintain the worker himself, and that he is entitled to some form of family allowance, either in social or in strict justice,³ to enable him to support his family.

In the past, discussion of the just wage has concentrated on the question of whether or not the worker has been paid enough. In the present situation of full employment, where the bargaining power of trade unions is greatly enhanced, the possibility emerges that wages may be higher than is compatible with strict justice. To date, it is probable that the chief factor forcing wages upward has been the scarcity of labour resulting from the high level of the demand for goods. Employers, on the whole, have been willing to pay high wages to get labour. The chief disputes have, in the main, been in the nationalized industries, particularly the railways, where wages have increased less in the post-war period than elsewhere. On the other hand, there have been signs that big wage demands were still being submitted after the inflationary pressure of demand has temporarily eased and the cost of living has ceased to rise. There was a very real possibility that a point was being reached where the demands of the unions, at least in respect of the better-paid workers, were going beyond what was their due in justice.

Meanwhile, the different economic conditions of the post-war period and the new social policies have greatly reduced but not eliminated poverty. This reduction has also been accompanied by a big change in the principal causes of poverty. The Rowntree and Lavers survey of York in 1950 showed that nearly seventy per cent of what poverty there is today is found amongst the aged. In other words, quite a large proportion of people over sixty-five must be living in poverty. This is certainly one of the major social problems of the years that lie ahead, and one, incidentally, which may get worse as the proportion of old people in the population rises.

Poverty among the aged really gives rise to two separate problems. First, that of making satisfactory provision for those who have already retired or will do so soon, and secondly, that of making long-term plans for overcoming this problem in the most satisfactory way. Unfortunately, there may be something of a clash between these two ends. Whereas under a private pension scheme a fund is build up over the years which is sufficient to purchase an appro-

³ Thus the Australian Hierarchy has suggested that the State has an obligation to pay family allowances in social justice, the Bishop of Fribourg has suggested that this obligation is one of strict justice arising from the service rendered to the State by parents in having children. This latter idea will not appeal to many, and it is also difficult to see how an obligation in strict justice can arise in the absence of some kind of contractual relationship.

priate annuity when a man retires, the National Insurance scheme is not funded. The reason for this is that State pensions for the retired have always been paid either to those who have not contributed or have not contributed long enough or at high enough rates to earn, on an actuarial basis, the pension in question. There would be little or no difficulty at the present time in introducing pension schemes that would give every worker an adequate income on retirement. The trouble is that if this were done by means of funded schemes, the only kind compatible with non-State provision, it would still be necessary for funds to be raised to pay pensions under the present scheme to those already retired and who were too near retirement to be brought into any new scheme. There would, in fact, be a need to collect two sets of contributions. If pensions under the present scheme were to be raised as well, as many think they should be, the total amount of contributions to be collected would be more than double what is required at present.

There can be little doubt that the ideal solution for the long run would be to enable each person to make adequate provision for his retirement either by means of his own savings or, more usually, through an occupational pension scheme. It is worth remembering that under occupational pension schemes, workers acquire rights of a kind quite different from the legal 'right' to benefit under National Insurance. This latter right is very much subject to modification by Parliament in accordance with the exigencies of Government financial circumstances. Moreover, there may be arbitrary rules attached to the payment of benefits, often trying to define a class that is in 'need' of benefit (a relic of the old Poor Law?) but succeeding only in creating the most glaring anomalies.⁴ Yet how can the development of such a system be reconciled with the need to relieve existing poverty among the retired? Here perhaps we might well ask whether our objections to the means test have not been carried too far. Might it not be desirable to refuse to extend increased benefits under National Insurance without a means test except in so far as they had been earned on a proper actuarial basis? Otherwise, a considerable burden may be incurred by the State in paying increased retirement pensions, for example, to thousands of people who are already in receipt of more than adequate occupational pensions.

The post-war period has, on the whole, been one of exceptionally low unemployment. On the other hand, it has been a period when

⁴ If the right to a retirement or widow's pension is 'earned' by one's contributions, why should it be reduced or abolished if one earns more than a certain amount? National Insurance widow's benefits are denied to a widow who had been married for less than three years, no matter how long her late husband contributed. And whilst earnings reduce pensions, unearned income does not.

prices, for the most part, have risen steadily. There are plenty of people who openly argue that if inflation is the price to be paid for curing the chronic unemployment of pre-war years, it is a price worth paying. Indeed, looking at the level of unemployment before 1939, this contention is hardly to be denied. Nevertheless, it is quite a different matter to say that it is wrong to tolerate the pre-war level of unemployment or by pursuing certain policies deliberately to create unemployment, and acquiescing in continuous and perhaps fairly rapid inflation in order to reduce the level of unemployment from three per cent to two per cent. Inflation is undoubtedly a major social and economic evil. The mismanagement of the currency in this way can mean serious injustice and loss to many small savers. It makes it increasingly difficult for adequate provision to be made for retirement pensions outside of a state scheme. Even a rise of one per cent a year from the time a man reaches the age of twenty until he retires in forty-five years time mean a rise of fifty-six per cent in prices by the end of the period; moreover, early pension contributions which, because of the effects of compound interest, have a disproportionately large effect on the total fund accumulated, would have been paid at a rate appropriate to the earlier level of prices and incomes. When prices rise, as they frequently have done, at three per cent or even much more a year, the position is so much the worse.

From inflation, we can turn to more general questions in relation to the level of prices in general and of particular products. Here two problems stand out especially. First, what should happen to prices and incomes as productivity increases? Secondly, are prices reasonable when fixed by single firms which dominate their industries or by agreement between firms?

On the first of these, it has been suggested that prices will remain stable if wages increase by no more than the average increase in productivity each year. This is the least we should aim at, though it might be preferable if we could even aim at a falling price level which would enable those living on fixed incomes to share the benefits of advances in techniques and capital accumulation. What is not always realized is that even the objective of a steady price level is unobtainable unless prices are falling in those industries where productivity is increasing more rapidly than the average. The reason for this is simple. The general price level is an average of the changes in the price of all different kinds of commodities. If wages are rising, costs and therefore prices will rise in those industries where productivity does not increase or increases less than the average. If, therefore, the general level of prices is to remain

constant, some prices must fall. It is particularly important, therefore, if we are to aim at a steady price level, that price reductions should not be prevented by monopolistic exploitation.

The idea of the 'just price' has, of course, a long history in moral philosophy. There would be fairly general agreement that the just price can be roughly identified with that which would emerge when there is relatively free competition on both sides of the market; it is, in fact, difficult to envisage anything better than a genuinely competitive market as a means of reaching the *communis aestimatio*. Today, however, we must admit that competition is limited by the emergence of large firms dominating their industries and by agreements between firms to restrict competition. There is, therefore, the danger that firms will abuse the monopoly power they possess. It is important, therefore, that monopolies should be subject to close supervision with a view to ensuring that they do not make more than a reasonable level of profit (sufficient, that is, to attract the capital required) and that the consumer is not made to pay for the firms' inefficiency. The work of the Monopolies Commission in dealing with single-firm monopolies and of the Restrictive Practices Court in dealing with agreements that limit competition need to be followed with care.

In recent months, the murkier side of City life has been frequently in the news. Apart from certain obviously shady transactions, the whole business of takeover bids has appeared to attract considerable suspicion, if nothing more. Certainly there is need for a tightening up of our laws in certain respects, but this, for the most part, is a matter of dealing with flagrant if sophisticated dishonesty. The takeover bid situation is rather different. There must always be room for such bids, and perhaps the most sinister aspect of them, which is not always the most appreciated, is that the degree of concentration in production or distribution is being increased by this means. It is not always a case of aiming at anything in the way of monopoly for the sake of exploiting the consumer: rather, one sometimes suspects that the building of economic empires is an end in itself, though always carrying the danger of exploitation for the consumer.

This has brought us back to the proletariat. What can be done to give the ordinary worker a greater share in the ownership of the means of production as well as a fair share of current output? This is a subject on which there has been very much loose thinking. Profit-sharing and co-partnership are not the answers, at least as these are usually understood. In the first place, a man who acquires a financial interest in the firm for which he works is a fool. If the firm does badly and he loses a job, he will also lose if he has to sell his

shares; indeed, they may have lost all their value. If he is wise, he will put his money into shares in some other company, so that if he loses his job because the firm he works for fails, he will have a valuable asset to tide him over. It is a mistake to put all one's eggs in one basket. Secondly, the idea that there should normally be substantial profits to be shared with the workers needs to be looked at very carefully indeed. It is more in keeping with the requirements of justice that substantial benefits should be passed on to consumers in lower prices than that those concerned in the industry should take exceptionally large rewards, whether in wages or profits. Thirdly, the partnership between labour and capital should be recognized regardless of financial arrangements for dividing profits and the like. This partnership should recognize the importance to the worker of his job, both as a means of earning the money he needs to keep himself and his family and more directly in enabling him to develop his talents and his personality.

One feature of modern industry is the extent to which capital developments are being financed from undistributed profits. This policy is undesirable in some respects. It may strengthen monopolistic tendencies, and apart from this may mean that money is available to finance developments by one firm which are less desirable than developments which another could undertake were it able to raise the necessary funds. One way out of this difficulty would be to force firms to reduce prices rather than accumulate undistributed profits in this way: more developments would then have to be financed by raising new capital directly from the public. There is another possibility. There is at the present time comparatively little scope for substantial wage increases without price increases. It would, however, be quite possible in most instances for firms to offer considerable fringe benefits, particularly pensions, without raising prices. The profits at present undistributed would have to be paid out in pension contributions, but the pension funds would hold these for investment. There would be no transfer from investment to consumption use, but the money would be in the hands of pension funds which could make it more generally available. Moreover, these assets would now be held on behalf of the workers. They might not, thereby, obtain any significant control of industry, but they would certainly be raised from their present proletarian status: funds would accumulate in their name which would be used to give them, on retirement, an adequate income, fully earned by their own efforts.

One final problem may be mentioned briefly, the role of the State. The State must obviously play a big part in securing anything

approaching a tolerable, let alone an ideal, social order. It is less certain that it must play such a direct role in the provision of various services as it does today. This has already been mentioned in connection with retirement pensions. Does the provision of adequate medical services for all require a State service? Most people could afford medical care through insurance if it were decided to develop this kind of system. Should this not be done merely because we are reluctant to make special provision for the minority who could not? Catholic claims for increased assistance with the cost of school building is a claim for special privilege so long as a State system of education exists in this country. It is a legitimate claim, of course, but let us not pretend that one hundred per cent grants on the Scottish pattern really represent the ideal in respect for parental rights. That can exist only when State education is a thing of the past.⁵

Sufficient has been said to show that complacency about social questions is totally misplaced. The range of problems to be faced in building an ideal social order is as great as ever; indeed, probably greater since the immediate priorities are less obvious than before the war. Moreover, the problems are not only many and individually complex, they are very much inter-connected. There can, therefore, be no suggestion that the Church has a simple set of principles on social matters that the ordinary Catholic can readily learn and hope to pass on to others. The principles may indeed be few and simple, but they are of very little meaning, in themselves; they must be applied in the light of modern conditions. Those who wish to make an intelligent study of the Church's attitude to social questions must first be prepared to study the social and economic conditions of the community in which they live. This study must be carried on at two levels. First, the ordinary Catholic must try to study, to the best of his ability, the application of Catholic social principles to modern conditions. There are, however, still many fields in which there is considerable room for debate as to which policies are most consistent with the Church's principles. It is in these fields that the second level of study is called for, by those trained in the social sciences as well as possessing some knowledge of the Church's social teaching. For them there is the task of developing this teaching and its application to contemporary problems. This, moreover, is probably the more important task in the long run. In Britain, there

⁵ This is not incompatible with substantial state subsidies for education. See J. Wiseman's paper, 'The Economics of Education' read to the 1958 meeting of the British Association and re-printed in the *Scottish Journal of Political Economy*, February 1959.

is a very real need for Catholic social scientists to undertake this work. It is to be hoped that too many young Catholics entering our universities will not be put off by the idea current in some quarters that the social sciences are more dangerous to their faith than any other discipline.

THE VATICAN DOGMA

EDMUND HILL, O.P.

A HUNDRED years ago there were four fairly well defined attitudes in the Catholic Church to the question of the papal prerogatives, and to infallibility in particular. First of all there was the Gallican position. Gallicanism, though still strong, had been on the wane in France since the revolution. It may be described—perhaps not quite fairly—as the idea of a constitutional Church in the interests of an absolute monarch. It was really the residue of the late medieval conciliar theory propounded at the Councils of Constance (1415-18) and Basle (1431), carried over into the post-renaissance Europe of absolute rulers. It is conveniently summarized in the four Gallican articles drawn up in 1682 and which (1) reject the pope's power of deposing princes and of interfering in civil affairs; (2) assert the validity of the decrees of Constance (never ratified by any pope) on the authority of general councils over the pope; (3) declare that the exercise of papal authority is to be regulated by the canons, and in France by the customs of the Gallican Church; and (4) declare that in matters of faith and morals, while the pope has the chief part, his judgments are not irreformable of themselves, but only if ratified by the consent of the Church.

At the Vatican Council there was only one full-blooded Gallican bishop present, Maret, and he submitted to the Council's definitions.

The contrary position to Gallicanism was the Ultramontane. It held to the papal, as opposed to the conciliar, view of papal authority. It had been clearly formulated by St Robert Cardinal Bellarmine at the beginning of the seventeenth century. The pope, as head of the Church on earth, is above general councils. It is his right alone to convoke and approve councils. Their acts and decrees have no validity unless confirmed by him. The pope is supreme judge