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Exploitative Capitalism: The Natural-Law Perspective*

BY STEPHEN T. WORLAND

THE belief that capitalism is intrinsically exploitative is usually taken as a characteristic feature of Marxian economic analysis. However, Marxism is not the only body of doctrine to have developed a systematic critique of capitalism nor the only philosophy to have produced a moral condemnation of basic features of capitalist practice. Understanding of the historical significance of capitalism can be deepened, and the perception of exploitation clarified, by consideration of an alternative moral tradition which, while differing from Marxism at crucial points, concurs in the condemnation of capitalist injustice. Such an alternative moral tradition is exemplified in Scholastic natural-law theory.

As one might expect, given the emphasis natural-law doctrine places on the obligations of justice, a Scholastic conception of exploitation emerges from the sources as a corollary of the teaching on economic justice. Thus, according to Ernst Mandel's well-known work, the medieval natural-law theorists, building on Plato's and Aristotle's view of division of labor in the *polis*, came early to the realization that injustice—whereby some laborers in the commonwealth are forced to work without recompense—leads to a process of social retrogression that eventually forces the community “back into a kind of slavery.”¹

¹ Ernst Mandel, *Marxist Economic Theory*, translated by Brian Pearce, 2 vols. (New York: Monthly Review Press, 1968), 2: 696.

Such slavery, it has also been noted by a modern pope in a definitive restatement of the medieval doctrine, can be identified as a characteristic and utterly abominable feature of the rise of capitalism. After the demise of the guilds and with the failure to replace them with comparable protective institutions, wrote Pope Leo XIII in 1891, "it gradually came about that the present age handed over the workers, each alone and defenseless, to the inhumanity of employers and the greed of competitors." Concentration of the process of production and trade, so the indictment continues, left a "very few . . . exceedingly rich men" in a position to "lay a yoke almost of slavery on the unnumbered masses of nonowning workers."² According to a later and equally definitive commentator, Pope Pius XI, the injustice denounced by Leo led to the polarization of society—into a small upper class "who thought their abundant riches the result of inevitable economic laws," and another class, "embracing the huge multitude of working people," left to suffer in "wretched poverty" while the Liberal state not only tolerated but also sanctioned the "violation of justice" which such polarization involved. Such polarization, so the latter document asserts, leads to class warfare, whereby the labor market is turned into a battlefield; to economic dictatorship and imperialism; and finally to a labor process so perverse that it allows "dead matter to come forth from the factory ennobled, while men there are corrupted and degraded."³

Following Aristotle, the Scholastic tradition makes a fundamental distinction between two different patterns of social relationship and a corresponding distinction between two different "species" of justice. The first has to do with the relationship between the community as a whole and its individual members and is regulated by *distributive justice*. The second has to do with contractual interaction between one private

² Pope Leo XIII, *Rerum Novarum*, pp. 6f. Page references to this encyclical and to *Quadragesimo Anno* are to the translation published by Benziger Brothers, Inc., New York, 1943.

³ Pope Pius XI, *Quadragesimo Anno*, pp. 85, 143, 157, 179f.

individual and another and is the domain for *commutative justice*.⁴ This distinction indicates that the slavery and exploitation the popes stigmatize as a characteristic of capitalism could find their roots in either of two basic kinds of injustice. First, there is “commutative exploitation,” when the rules demanding justice between man and man are systematically violated. Second, there is a more systemic kind of “distributive exploitation,” which occurs when there is background injustice in the distribution of property and property incomes.

Finally, careful consideration of the natural-law tradition indicates that advanced capitalism is likely to encounter yet a third basic source of exploitation. This third kind of ultimate injustice originates neither in market manipulation which deranges the commutative balance between one individual and another nor in structural defects in the property system which forestall attainment of distributive justice. As has been noted by several commentators, capitalism as a cultural system generates a pervasive tendency to reduce *practical reason* to *instrumental reason*;⁵ to expand the domain of “functional rationality” and thus to “rupture the order of meanings”;⁶ to relapse into a “one-dimensional,” “technological rationality” which obliterates the distinction between the actual and the ideal;⁷ or, in the terminology of Walter Weisskopf, to engage in a *demo-*

⁴ Cf. Joseph Pieper, *Justice*, translated by L. E. Lynch (New York: American Book-Stratford Press, 1955), ch. 4, “The Basic Forms of Justice,” and the diagram, p. 121.

⁵ Building on Habermas’s distinction between “purposive-rational” and “practical reason,” Jon Wisman explains how the transition from a traditional to a market society brought about an expansion of the “domain” of “means-ends or instrumental rationality,” which expansion finally “acted to reduce the practical problem to a merely technical one.” Cf. John D. Wisman, “Legitimation, Ideology-Critique, and Economics,” *Social Research* 46 (Summer 1979): 291–320, esp. pp. 296f, 303. In the Scholastic perspective, as explained in the last part of this article, exclusive reliance on instrumental, means-end reasoning makes it extremely difficult for a community to achieve end-state justice in the distribution of commodities and income.

⁶ Though concerned with the contemporary clash between modern and traditional societies rather than with the historical rise of capitalism, Peter Berger has emphasized that the “functional rationality” characteristic of industrialized society leads to a “transformation” and “rupture in the order of meanings” and to probable “neglect of the arts of contemplation.” Cf. his *Pyramids of Sacrifice* (Garden City, N.Y.: Anchor Press-Doubleday, 1976), esp. pp. 171–175, 129.

⁷ Herbert Marcuse, *One-Dimensional Man* (Boston: Beacon Press, 1964), chs. 6 and 7.

tion of reason whereby "ontological reason" is deprived of its crucial function in social life.⁸ As indicated in the last part of this article, a society which allows *demotion of reason* to occur will find it impossible to achieve that deep-level communication which, according to natural-law theory, is essential for establishing distributive justice.

Commutative Exploitation: The Product Market

As regards exploitation and justice, research over the past quarter century, with one conspicuous exception,⁹ seems to converge in support of an agreed-upon interpretative conclusion. The conclusion is strongly affirmed by Jacob Viner in his recent study, "Religious Thought and Economic Society." Having examined the sources carefully and in great detail, Viner concludes that the just price which figures so prominently as a moral imperative in natural-law doctrine has been "convincingly demonstrated" to be the equivalent of the neo-classical normal competitive price. "The just price . . . was the price that would be reached under normal conditions in a competitive market."¹⁰ Viner's conclusion thus coincides with Schumpeter's well-known interpretation of Scholastic thought.¹¹ Such a view of the just price is also reaffirmed in Odd Langholm's recent and excellent study of the development of the Aristotelian theory of value.¹²

⁸ Walter A. Weisskopf, *Alienation and Economics* (New York: E. P. Dutton, 1971), esp. pp. 37ff.

⁹ The exception is to be found in G. W. Wilson, "The Economics of the Just Price," *History of Political Economy* 7 (Spring 1975): 56–74. For a critique of Wilson's view, cf. my "Justum Pretium: One More Round in an Endless Series," *History of Political Economy* 9 (Winter 1977): 504–521.

¹⁰ Jacob Viner, "Religious Thought and Economic Society," *History of Political Economy* 10 (Spring 1978), esp. pp. 84f.

¹¹ Joseph Schumpeter, *History of Economic Analysis* (New York: Oxford University Press, 1954), p. 93.

¹² Odd Langholm, *Price and Value Theory in the Aristotelian Tradition* (Bergen: Universitetsforlaget, 1979), esp. discussion of the connection between Buridan, by way of Galiani, and the Physiocrats, pp. 144f.

As these authorities interpret the doctrine, the Scholastic conception of commutative justice requires that each party to a voluntary exchange observe a rule of strict arithmetic equivalence so that each gives up in the transaction an amount quantitatively equal to what he receives. Such a rule of arithmetic equivalence (*aequalitas rei ad rem*) is satisfied when goods sell at their just price—that is, at a price which balances cost against need and which shifts in response to market forces.¹³ Such an understanding of the just price clearly carries the implication, as Viner notes, that exploitation in the form of monopoly pricing is to be condemned as morally illicit.¹⁴ In the natural-law perspective, to the extent that capitalism generates monopoly, the system stands condemned for allowing exploitation of those forced to pay commodity prices that violate the equivalence required for commutative justice.¹⁵

¹³ The interpretation which equates the just price with neoclassical competitive price differs sharply from two well-known alternative views: First, from the so-called “status theory” which equates just price with cost of production but determines the latter by reference to the acknowledged social position of the craftman-producer. Cf. Sir Wm. Ashley, *English Economic History and Theory*, 3rd. ed. (London: Longmans Green, 1894), 1: 138–147. For a recent attribution of the status theory to Aristotle, cf. S. L. R. Clark, *Aristotle’s Man* (Oxford: Oxford University Press, 1974), p. 139. Langholm is sharply critical of the status theory, finding it “preposterous” and the result of “inexcusable ignorance” (*Price and Value Theory*, pp. 50, 151). Second, from the view that finds in the medieval doctrine an anticipation of the Marxian labor theory of value. “The last of the Schoolmen was Karl Marx” (R. H. Tawney, *Religion and the Rise of Capitalism* [New York: New American Library, 1947], p. 39). Cf. Mandel’s exposition of Aquinas’s views as to the distribution of the joint product of an enterprise among the workers (*Marxist Economic Theory*, p. 696). As indicated below (cf. note 53), Mandel seems to have misunderstood the drift of Aquinas’s thought. For a contrast between a Marxian and Scholastic reading of Aristotle, particularly of the famous passage from *Ethics* v concerning the exchange ratio between a house and shoes, cf. P.-D. Dognin, “Aristotle, Saint Thomas et Karl Marx,” *Revue des sciences philosophiques et théologiques* 42 (1958): 726–735.

¹⁴ “. . . the Scholastics uniformly condemned all private monopolies and were unenthusiastic about official ones” (Viner, “Religious Thought and Economic Society,” p. 85).

¹⁵ Applying the just-price principle to turn-of-the-century American business practice, one commentator concluded that “crimes . . . that cry to Heaven” are committed when, through conspiracy or predatory competition, “prices are arbitrarily fixed . . . the weaker driven to the wall and the poor to starve in order that a few may hoard up unjust profits.” Cf. Joseph Husslein, “Morality of Monopolistic Prices,” *America*, Apr. 7, 1917, reprinted in J. F. Leibell, ed., *Readings in Ethics* (Chicago: Loyola University Press, 1926), pp. 576–580.

To appreciate the connection between Scholastic conceptions of justice and exploitation, it is important to note how the just-price doctrine relates to the distinction Aristotle makes between: (i) the “naturally just” as “that which everywhere has the same force and does not exist by people thinking this or that”; and (ii) the “legally just” as “that which is originally indifferent but when it is laid down is not indifferent, e.g., that a prisoner’s ransom be a mina.”¹⁶ The community’s decision as to what is to be accepted as the just price may be made by way of the *communis aestimatio* as reflected in a competitive market, with price shifting in response to conditions of time, place, and scarcity, so that “it is possible, at least in theory, for a normal market price to meet the standards of a just price.”¹⁷ Allowance for variation due to changing market conditions, however, is consistent with recognition that the basic rule of exchange justice (*aequalitas rei ad rem*) is a principle that “everywhere has the same force and does not exist by people thinking this or that.” Thus determination of the just price falls within the first of the two categories referred to by Aristotle. An accurate estimate of the just price is a matter of finding or discovering what is naturally just, and not a decision to accept an otherwise arbitrary price (like the ransom for the prisoner) and establish it as just by human agreement. Reliance upon the push and pull of market forces to establish a price that then becomes morally binding upon individual buyers and sellers is a process of trial and error whereby the community seeks to discover, not to create by agreement, what the just price is.¹⁸ If monopoly price is de-

¹⁶ *Ethics* v, 7.

¹⁷ Ernest Bartell, “Value Price and St. Thomas,” *The Thomist* 25 (July 1962): 325–381, esp. p. 358.

¹⁸ Aristotle’s distinction between the “naturally just” and the “legally just” corresponds to that made by Rawls between “pure” and “perfect” procedural justice (cf. *infra*, esp. note 24). In the Scholastic perspective, the market can never be a foolproof device for discovering the just price. Buyers and sellers may not have adequate knowledge and, as Bartell points out, reliance on the market presupposes that the decision-makers whose preferences are reflected in the market are virtuous men (cf. “Value Price and St. Thomas,” p. 379). As a decision-making process, reliance on the

nounced as unjust and exploitative, it is because such a market practice violates a rule of natural justice.¹⁹

The social implications of the just-price doctrine can be clarified by consideration of an immensely significant latter-day generalization of the medieval theory. Building on the observation of his predecessor that “an abundance of corporeal and external goods . . . use of which is . . . necessary for the practice of virtue” is a “characteristic of a well constituted state,” Pope Pius XI, writing in 1931, observed that the economy will be “rightly established and attain its purpose when all and each are supplied with all the goods that the wealth and resources of nature, technical achievement, and the social organization of economic life can furnish.”²⁰ The assertion that an economy attains its purpose when it makes efficient use of its resource base, its technology, and institutional organization parallels the conception of Pareto optimality basic to neo-classical welfare economics. Furthermore, a concern for optimality in the use of resources is closely connected in the thought of Pius XI with a general-equilibrium conception of prices. Attainment of the purpose of the economy, he holds, requires that balance in the wage structure necessary for full

market mechanism to determine the price is an instance of what in the Rawls terminology would be classified “imperfect procedural justice.”

¹⁹ In a recent article—“In Defense of Thomas Aquinas and the Just Price,” *History of Political Economy* 12 (Summer 1980): 234–243—David Friedman argues that, although the just-price doctrine may have served a useful purpose in reducing bargaining costs in imperfect markets, the doctrine would be “superfluous” if just price is taken as equivalent to market price since neither buyer nor seller can transact at other than the given price in a perfect market. The just-price doctrine, connected as it is with the basic moral requirement that private property be used in a manner conducive to the common good, reflects the Scholastic tendency to treat “temporal institutions as utilitarian devices . . . ‘justified’ . . . by considerations of the Public Good” (Schumpeter, *History of Economic Analysis*, p. 96). However, *qua* moral philosopher, the Scholastic is not only concerned with understanding how a community can make efficient use of its resource base; he is also concerned with discerning what it means to live a noble, honorable, virtuous life. A buyer or seller who deliberately pays a just price performs an honorable, noble act valuable and good for its own sake. Thus it is not “superfluous” to conclude that such acts are performed by one who willingly and in a conscious effort to do the good for its own sake pays and receives the competitive market price.

²⁰ *Quadragesimo Anno*, p. 137.

employment. In addition, it is essential that there obtain "a right proportion in the prices at which the goods are sold that are produced by the various occupations such as agriculture, manufacturing, and the others."²¹

Pius XI's generalization leads to a deeper understanding of the connection between the just price and capitalist exploitation. The just price is governed by a rule of commutative justice (*aequalitas rei ad rem*) because exchange between buyer and seller is normally considered a private transaction between two otherwise unrelated members of the community. As a moral principle, the just-price doctrine was intended to protect the natural rights of two private parties. However, as Langholm's historical exposition makes clear, the individual rights protected by the just price were construed so as to carry an implicit concern for the well-being of the entire social community.²² For instance, Aquinas's assertion that injustice in exchange would lead to "destruction of the crafts" indicates that such injustice is perceived not only as violative of individual rights but also as inhibiting the division of labor and therefore harmful to the whole community.²³ Pius XI's assertion that a "right proportion in prices" is essential for the efficient use of technology and society's resource base indicates a clearer, more precise conception of the relationship between exchange and communal well-being. The analysis also involves a rather sophisticated conception of exploitation. Given the capitalist division of labor, violations of the just price lead not only to exploitation of particular individuals; such violations also involve, by way of the impact on resource allocation, an exploitation of the community at large.

A characteristic feature of the Scholastic conception of exploitation can be clarified by using a distinction introduced

²¹ *Ibid.*

²² Cf. Langholm's discussion (*Price and Value Theory*, pp. 63f) of how Albertus Magnus perceived that injustice would deprive the community of the services of craftsmen.

²³ Thomas Aquinas, *Commentary on the Nichomachean Ethics*, translated by C. I. Lizinger, O.P. (Chicago: Henry Regnery Company, 1964), 1: 422.

by John Rawls in *A Theory of Justice*. In chapter 2, Rawls differentiates carefully between (i) *pure procedural* justice and (ii) *perfect* or *imperfect procedural* justice. In the case of *perfect* procedural justice, it is assumed that there is “an independent standard for deciding which outcome is just and a procedure guaranteed to lead to it,” whereas *imperfect* procedural justice maintains the assumption of an independent criterion but allows that in practice no foolproof procedure can be established for fulfilling it. For *pure* procedural justice, on the other hand, no matter how efficient the procedure itself may be, “there is no independent criterion by reference to which a definite outcome can be known to be just.”²⁴ If the appropriate procedure is followed, the outcome—whatever its final characteristics—must be acknowledged as just. Rawls seems to conceive of the operation of fully employed competitive economy with property ownership widely distributed as an instance of pure procedural justice in operation.²⁵ According to such a view, that pattern of prices, commodity distribution, and resource allocation which emerges from the working of the market mechanism, because and only because competitive market procedures obtain in establishing such a pattern, must be accepted as just and morally binding.

In the natural-law tradition, there are cases where the moral quality of an action depends, not on a dictate of nature, but only on whether the act complies with man-made rule or procedure,²⁶ driving on the right side of the highway in the United States but on the left side in the United Kingdom being a standard textbook example. Such actions comply with what Rawls defines as “pure procedural justice.” However, in his assertion that the allocative results produced by a competitive general equilibrium are to be accepted as morally binding, Pius XI refers to the *purpose* to be achieved through the effi-

²⁴ John Rawls, *A Theory of Justice* (Cambridge: Harvard University Press, 1971), pp. 85f.

²⁵ *Ibid.*, p. 87.

²⁶ Thomas Aquinas, *Summa Theologica*, II-II, q. 57, a. 2, Reply to Objection 2.

cient use of resources and technology. According to the Scholastic view, the natural function or purpose of economic activity is to provide the community with that abundance of material goods required for the exercise of moral and artistic excellence. That such is in fact the *purpose* of economic activity is a philosophic conclusion based upon an Aristotelian view of true human good and a metaphysical conception of man's place *vis-à-vis* the rest of nature.²⁷ Whatever be the validity of such philosophic reasoning, the reference to a basic purpose to be attained by economic activity assumes that there is a given standard or criterion against which the performance of economic institutions can be judged. Division of labor and exchange within a general equilibrium structure of competitive prices is given moral approval, not merely because such practices comply with agreed-upon procedure but because they conform with the "independent standard" governing economic activity.

Thus the Rawls distinction between *pure* and *perfect* justice appears to have an important bearing on the understanding of economic exploitation. If it is only pure procedural justice that enjoins exchange at the just or competitive price, then the exploitation involved in violation of such prices is purely procedural also. A consumer led by market imperfection to pay a price in excess of marginal cost is subjected to a procedural kind of exploitation—because and only because such market imperfections involve violation of established due process. However, if exchange at the just price is required by *perfect* justice, then violations of exchange justice involve something more substantive than procedure or due process. The consumer—and, as indicated above, the community also—are

²⁷ For development of this point, cf. my "Foundations of Welfare Economics: Scholastic Version," in *Scholasticism and Welfare Economics* (Notre Dame, Ind.: University of Notre Dame Press, 1967), ch. 2. Cf. the explanation of how, in Aristotle's view, economic activity involves "a problem of man managing nature" in order to satisfy needs and achieve "a higher order of wisdom and virtue" (S. Todd Lowry, "The Classical Greek Theory of Natural Resource Economics," *Land Economics* 41 [August 1965]: 203–208).

victimized by violation of a substantive principle. Put in old-fashioned terminology, the individual and society have rights that are theirs by nature—for the consumer, a natural right to receive an equivalent *quid pro quo* in exchange; for the community, a natural right to an exchange process which allows efficient communal use of the resource base. In the natural-law tradition as expounded by Pius XI, infractions of the just price and the exploitation concomitant thereto involve violations of a given criterion and hence, to put the conclusion in terms of Rawls's categories, a violation of *perfect*, rather than *pure*, procedural justice.

Commutative Exploitation: The Labor Market

With respect to exploitation and the evaluation of capitalism, identification of the just price with normal competitive price leads naturally to a further question. If a commodity price which adapts to supply and demand so as to reflect the interaction between the two factors of "need" and cost can be said to fulfill the Scholastic requirements for justice in exchange, would a wage rate determined by supply and demand, reflecting worker leisure-income preferences on the one hand and marginal productivity on the other, qualify as a just wage? If the answer to this question is affirmative, then there would seem to be close correspondence not only between the just price and neoclassical normal competitive price but also between natural-law conceptions of economic justice and the neoclassical theory of exploitation.

According to A. C. Pigou's classic formulation of such a theory, exploitation occurs whenever immobility, ignorance, or lack of bargaining power causes the worker to receive a wage less than the value of his marginal product.²⁸ Stated in

²⁸ A. C. Pigou, *Economics of Welfare*, 4th ed. (London: Macmillan, 1952), pp. 556f. For alternative formulations of the neoclassical definition of exploitation, and for comparison with the Marxian definition, cf. Martin Bronfenbrenner, *Income Distribution Theory* (Chicago: Aldine-Atherton, 1971), ch. 8, "Imperfect Competition and Exploitation," esp. Table 8.1, p. 190 and Table 8.2, p. 196.

natural-law terminology, the neoclassical theory asserts that justice for the worker requires equivalence in the exchange between employer and worker (*aequalitas rei ad rem*) so that the latter receives a wage equal to the value of his productive contribution, with the latter being determined by the value of the worker's marginal physical product. As the textbook exercises show, any one of the standard cases of market imperfection can forestall equalization of the wage with the value of the marginal product.²⁹ Thus, if a wage determined by such equalization can be identified as morally just, neoclassical analysis and natural-law theory concur in the conclusion that structural defects in the capitalist market system generate systemic exploitation of the working class.

An extensive treatment of justice and wages, developed within the framework of an heroic effort to bring Scholastic principle to bear in the understanding of capitalism, was published by the late Monsignor John A. Ryan in 1906.³⁰ His doctrine of the living wage, reiterated without substantial change in the several editions of his widely used textbook,³¹ exerted an immense influence, at least in America, in shaping a natural-law critique of twentieth-century capitalism.

According to Ryan's theory, the dignity of the human person, or the principle that "every man is an end in himself," provides the moral basis for a natural right to a "decent livelihood"—to "that amount of necessities and comforts . . . that is in keeping with the dignity of the human being."³² Accepting the emergence of a wage-labor proletariat as an inescapable fact of capitalist reality,³³ Ryan concluded that for

²⁹ Cf. Bronfenbrenner's "typology of exploitation" (*Income Distribution Theory*, pp. 194f). The medieval Scholastics and canon lawyers were quite sensitive to the fact that imperfect markets open up the possibility of exploitation. For references and comment, cf. Friedman, "In Defense of Thomas Aquinas," p. 238.

³⁰ John A. Ryan, *A Living Wage* (New York: Macmillan, 1906).

³¹ John A. Ryan, *Distributive Justice* (New York: Macmillan, 1916).

³² Ryan, *A Living Wage*, pp. 72ff.

³³ The workingman is "dependent exclusively on the remuneration that he is paid in return for his labor" (Ryan, *A Living Wage*, p. 82). "Unlike the businessman, the rent receiver, and the interest receiver, the laborer has ordinarily no other means of livelihood than his wages" (Ryan, *Distributive Justice*, p. 364).

the typical worker in a capitalist mode of production the generic right to an income proportionate to his personal dignity translates into a specific right to a living wage. "In the present state of society, there is no other way in which the right can be realized."³⁴ Basing his analysis on census data and budget studies, he estimated that in 1906 the living wage would amount to about \$600 per annum for the head of a family.³⁵ Finding that 60 percent of the work force in fact received a wage less than such an amount, Ryan proceeded with magnificent logic to make the then-revolutionary recommendation that the state should intervene in the labor market to enforce payment of the living wage. "As the protector of natural rights, the state ought to compel employers to pay a living wage."³⁶ Noting that monopoly reduces wages,³⁷ he argued that the favorable impact of higher wages on worker productivity, stimulation of aggregate demand (he relied on Hobson's underconsumption theory of the business cycle), and the possibility of reducing luxury consumption would generate the extra national income required to pay the living wage to all workers.³⁸

Ryan's theory clearly implies that twentieth-century American capitalism, as he perceived the system, was basically unjust to the working class and highly exploitative. The basis for this moral condemnation was neither Marxist nor neoclassical and, as indicated below, not altogether consistent with standard interpretations of natural-law theory. It is not Marxist, for Ryan explicitly rejects the labor theory of value and defends

³⁴ Ryan, *A Living Wage*, pp. 100f. ". . . the laborer's right to a Living Wage is merely the concrete expression of the general right. . . . Those who admit the validity of the general right will logically conclude that in the laborer it becomes the right to a Living Wage because in the present economic and political order, there is no other reasonable way by which it can obtain concrete existence . . ." (*ibid.*, pp. 237f).

³⁵ *Ibid.*, ch. 7, "A Concrete Estimate of a Living Wage."

³⁶ *Ibid.*, p. 297. Cf. *Distributive Justice*, p. 365.

³⁷ The trusts were said to reduce output with the result that "men are thrown out of employment, to enter into competition with their fellows . . . and thus bring down the wages of all" (Ryan, *A Living Wage*, p. 166).

³⁸ *Ibid.*, pp. 182ff.

the ownership of property and receipt of nonwage income as morally licit.³⁹

As for comparison with the neoclassical explanation of exploitation, Ryan holds that productivity determines the just wage under a regime of simple commodity production when the worker owns the means of production.⁴⁰ And even under conditions of developed capitalism, wage differentials based on productivity are morally justified within limits.⁴¹ However, in an argument that parallels contemporary radical objections to marginal-productivity theory, he holds that “in most cases it is utterly impossible to measure the relative productivity of different classes of workers.”⁴² John Bates Clark’s famous question—“whether the rule that gives to each man his product is, in the highest sense just”—is explicitly raised and just as explicitly answered in the negative.⁴³ According to the basic principle of Ryan’s system, the worker’s right to a wage commensurate with his dignity as a human person is utterly fundamental; such a right takes moral precedence over any other claim to income—over productivity differentials, over the entrepreneur’s right to a return on his capital (though, consistently enough, *not* over his right to a wage of management).⁴⁴ The right to a living wage is thus not connected with the worker’s productivity, and the wholesale worker exploitation he finds characteristic of capitalism cannot, according to his model, be attributed to any kind of market imperfection which forestalls equalization of wages with marginal productivity.

Having concluded that the worker as person has a generic right to a decent income and a specific right to a living wage, Ryan goes on to argue that, given the capitalist mode of production, the moral obligation to pay such a wage rests

³⁹ Ryan, *Distributive Justice*, chs. 5, 10, 11.

⁴⁰ Ryan, *A Living Wage*, pp. 75f, 254.

⁴¹ *Ibid.*, p. 77.

⁴² *Ibid.*, p. 244. Cf. “. . . separate physical contributions of productive factors to any particular productive process are impossible to determine” (Carl Gerdes, *Review of Radical Political Economics* 10 [Spring 1978]: 60).

⁴³ Ryan, *A Living Wage*, p. 248.

⁴⁴ Ryan, *Distributive Justice*, pp. 365f, 381.

squarely with the employer. Since the employer takes title to the product as it emerges from the production process, having accepted the role of “social paymaster,” the employer is bound to discharge such a duty “in accordance with the dictates of reason and justice”—that is, to pay a wage based on the worker’s needs as a person.⁴⁵ In Ryan’s perspective, the capitalist employer is a quasi-public official who by his place in the production process has taken on the social responsibility of making a just distribution of the community’s common income among its respective members.⁴⁶

In terms of the Scholastic distinction between the species of justice, Ryan clearly and explicitly conceives of the employer-worker relationship as falling within the domain of *distributive justice*. “The employer has obligations of justice, not merely as the receiver of a valuable thing . . . but as the distributor of the common heritage of nature. He fulfills not only an individual contract but a social function. . . .”⁴⁷ The suggestion that the worker and employer are each private individuals related to one another by a contract of exchange—which would mean that the wage is governed by commutative justice—is rather definitely rejected. In Ryan’s view, the just wage cannot be considered a special case of the just price, and it is inappropriate to extend the commutative principle of arithmetic equivalence (*aequalitas rei ad rem*) to the wage contract.⁴⁸

One can only respect the sincerity with which Ryan developed his theory of the living wage and admire the personal

⁴⁵ Ryan *A Living Wage*, p. 240. “. . . the obligation to provide particular laborers with a Living Wage . . . binds specifically the employer . . . this is a reasonable consequence of his position . . . in the economic organism” (*ibid.*, pp. 238f).

⁴⁶ “If the state were in receipt of the product of industry . . . it would naturally be charged with the obligation that now rests immediately upon the employer. . . . As things are, the employer is in possession of the product and discharges the function of wage payer” (Ryan, *Distributive Justice*, p. 365).

⁴⁷ *Ibid.*, p. 371.

⁴⁸ Ryan, *A Living Wage*, pp. 86, 97. Returning to the point in his later work and in response to other natural-law theorists’ views of wage justice, Ryan reiterates that “. . . the habit of looking at the wage contract as a matter of commutative justice . . . is radically defective.” The endeavor to describe the employer’s obligation in terms of “equivalence and contractual justice” is dismissed as word “juggling” and “futile” (*Distributive Justice*, pp. 371f).

courage exemplified in his long and controversial career as a social activist committed to alleviating capitalist injustice.⁴⁹ However, this identification of the employer as a public official charged with fulfilling the community's obligations in distributive justice involves a somewhat idiosyncratic development of natural-law theory.⁵⁰ In his single-minded effort to enunciate forcefully the one principle that in his view would protect the poor against exploitation,⁵¹ and though always quick to denounce laissez-faire and recommend public intervention, Ryan never seems to have considered what to a marginal economist looks like an obvious way to attack exploitation. If exploitation occurs when some members of the community receive an income less than commensurate with personal dignity, and if the labor theory of value is rejected, the evil is to be attacked not only by taking steps to ensure payment of just wages but also and perhaps more fundamentally by using the state's authority to redistribute property incomes. Such an approach to distributive justice is not only consistent with neoclassical marginal analysis; it also appears to conform to the Scholastic conception of the way distributive justice functions in the body politic.

⁴⁹ For an account of Ryan's career, cf. L. Broderick, *Right Reverend New Dealer: John A. Ryan* (New York: Macmillan, 1963). For instances of opposition encountered from the conservative hierarchy, cf. *ibid.*, pp. 156ff, 232f, 271.

⁵⁰ According to an oft-quoted statement of Pius XI, "Labor . . . is not a mere commodity. . . . It therefore cannot be bought and sold like a commodity" (*Quadragesimo Anno*, p. 141). However, some scholars working within the natural-law tradition do not hesitate to treat the wage as a special case of the just price—i.e., as governed by the commutative principle of equivalence rather than, as with Ryan, as regulated by distributive justice. Cf. B. W. Dempsey, *The Functional Economy* (Englewood Cliffs, N.J.: Prentice-Hall, 1958), pp. 229–231. Cf. also Johannes Messner, *Social Ethics*, rev. ed., translated by J. J. Doherty (St. Louis: B. Herder, 1965). Referring to the principle of commutative justice which demands equivalence between service and remuneration, Messner states that "the productivity of labor determines the ethically just wage . . ." (*ibid.*, p. 797). Apparently aware of the connection between equalized marginal products and maximum national dividend, Messner also refers "to social justice" as requiring a wage proportionate to productivity.

⁵¹ Cf. Ryan, *A Living Wage*, p. viii.

Exploitation and Distributive Justice

An interpretation which equates the just price with neoclassical normal price implies that, in the Scholastic model, the labor theory of value is to be rejected and the receipt of property incomes accepted as morally licit. Such an interpretation gains support from an interesting twentieth-century development of natural-law doctrine. Writing in 1891, Leo XIII strongly defended the right to own private property as a natural right operative antecedent to civil law. His justification for private property closely resembles that of John Locke. Leo holds that "private possessions are clearly in accord with nature" and bases such a conclusion on the argument that when "man expends his mental energy and bodily strength in procuring the goods of nature, by this very act he appropriates that part of physical nature to himself which he has cultivated. On it he leaves impressed . . . a kind of image of his person, so that it would be altogether just that he should possess that part as his very own and that no one in any way should be permitted to violate his right." To deny the laborer the right to own the soil so appropriated is to allow him to be "defrauded of the things his labor has produced." "As effects follow the cause," so the argument continues, "it is just that the fruit of labor belongs precisely to those who have performed the labor."⁵² The resemblance to Locke is obvious⁵³ and the inference seems to follow that, since "the fruit of labor belongs precisely to those who have performed the labor," labor provides the only legitimate title to ownership.

Writing forty years later, Pius XI reiterates his predecessor's statement that "the wealth of nations originates from no other source than from the labor of workers." However, he also recalls the standard Scholastic distinction between a right to property deriving from an act of first occupancy and the right

⁵² *Rerum Novarum*, p. 13.

⁵³ Cf. Viner, "Religious Thought and Economic Society," pp. 71–73.

to property that devolves from “specification”—from the change in form imposed on matter by the exercise of human labor. He also notes the difference between a system of simple commodity production when the worker owns the means of production and developed capitalism when “the labor of one person and the property of another must be associated.” In the latter case, so his analysis indicates, the worker does indeed acquire a property right in the goods produced, but the amount to which he is morally entitled is limited to that quantity derived from his activity of “specification.” He thus concludes that “it is wholly false to ascribe to property alone or to labor alone whatever has been obtained through the combined effort of both, and it is wholly unjust for either, denying the efficacy of the other, to arrogate to itself whatever has been produced.”⁵⁴ Denouncing the “Manchesterian Liberals,” he acknowledges that as a matter of historical fact “economic social institutions have moved steadily” in a direction which has allowed labor’s share of output to sink toward subsistence while leaving “capital to claim for itself” whatever was left over. Such a trend in income distribution is denounced as flagrantly unjust. Insisting that “one class is forbidden to exclude the other from sharing the benefits” of social progress, he rejects the argument that would “abolish . . . all property . . . incomes . . . that have not been obtained by labor, and for no other reason save that they are of such a nature.” Applying the doctrine specifically to wages, Pius XI concludes that “they are greatly in error who . . . spread the principle that one who hires out his labor has the right to demand all that is produced through his labor.”⁵⁵

Rejection of the labor theory of value, acceptance of the legitimacy of property incomes, and equating the just price with neoclassical competitive price together imply that in the natural-law model compliance with commutative justice in exchange is at most a necessary and not a sufficient condition for

⁵⁴ *Quadragesimo Anno*, pp. 121–123.

⁵⁵ *Ibid.*, pp. 125f.

final, end-state justice in the distribution of commodities and income. Thus the ideal of a liberal society could be fully achieved—that is, there could be universal compliance with the demands of contractual justice—and yet, according to the Scholastic view, widespread injustice and exploitation could still occur in the economic system. To prevent the latter kind of exploitation is the work of *distributive justice*, a process which involves a procedure more complicated than market exchange and which requires appeal to a separate and distinct set of moral imperatives. What these imperatives are is indicated in a general sort of way by Aquinas in his classic definition of distributive justice.

Distributive justice is said to “direct the order of that which belongs to the community in relation to each single person.” It “distributes common goods proportionately. . . .” Using the terminology of Aristotle, Aquinas affirms that, whereas commutative justice follows the principle of arithmetic equality, the *proportion* to be observed in distributive justice is that of a “geometric mean.” This mean is observed

according to proportion between thing and person: in such a way that even as one person surpasses another, so that which is given to one person surpasses that which is allotted to another . . . the mean follows geometric proportion. . . . The geometric mean . . . is attained when something is given a private individual . . . in a quantity that is proportionate to the importance of that part in respect to the whole . . . in distributive justice a person receives all the more of the common goods, according as he holds a more prominent position in the community.⁵⁶

Thus each individual’s share of the common good is to be determined according to his “importance,” or the “prominence” of his position, within the body politic. Justice obtains when those of greater prominence and importance—those of greater *dignitas*—receive a geometrically proportioned greater share of the community’s goods.⁵⁷

⁵⁶ *Summa Theologica*, II-II, q. 61, a. 1, a. 2; a. 4, Reply to Objection 2.

⁵⁷ Explaining Aristotle’s notion that distributive justice should establish a geometric mean, Aquinas says that common goods should be distributed in such wise that a

When it comes to deciding which groups or individuals possess the *dignitas* that entitles them to a larger share of society's common good, Aquinas allows for a considerable degree of cultural variation. Using the terminology of classical political philosophy, he notes that the "prominence" considered in distributive justice "in an aristocratic community is gauged according to virtue, in an oligarchy according to wealth, in a democracy according to liberty, and in various ways according to various forms of community."⁵⁸

The Scholastic approach to distributive justice can be clarified by taking note of its background in Aristotle. Aristotle envisages the state or civil community, in contrast with the family or village, as a "perfect" and "self-sufficing" society through which men acquire the whole complement of goods required for living a fully human "good life." Emerging from the primordial communal efforts to satisfy biological and basic cultural needs,⁵⁹ the state "continues in existence for the sake of the good life."⁶⁰ The hypothesis that the state is designed to

double portion is allotted to the person esteemed doubly worthy and a half portion given to him considered half as worthy. For example, if Socrates works two days and Plato one, then two pounds should be given to Socrates and one to Plato (*Commentary on the Nichomachean Ethics*, p. 406). It is this example which led Mandel (*Marxist Economic Theory*, p. 696) to attribute a labor theory of value to Aquinas. Aquinas does lay down a principle for the distribution of labor income—a principle which, if hours worked are taken as proportionate to contribution to product, seems to coincide with marginal productivity theory rather than with Marx.

⁵⁸ *Summa Theologica*, II-II, q. 61, a.2. According to a modern commentator, the work of distributive justice consists in: (i) discovering the relative position of society's members (*la relation personal/persona*); (ii) then producing among a stock of "common goods" a second relationship (*la proportion res/res*) corresponding to the first, so that *personal/persona* = *res/res*; and (iii) then giving each individual in the community a share of the common goods that according to the previous calculations corresponds to his relative position in society. In such a model of the social system, the work of distributive justice takes place anterior to the functioning of commutative justice, or anterior to the operation of private exchange. The first species of justice "prepares the field of action" for the second; commutative justice governing exchange is said to be "subja-cent" to the more comprehensive process whereby proportional justice is established in the distribution of common goods. Cf. P.-D. Dognin, "La Justice Distributive," *Revue des sciences philosophiques et theologiques* 39 (1955): 18–37, esp. p. 24.

⁵⁹ According to a commentator, in Aristotle's model cooperation in the household generates "a fund created by association. . . ." Cf. S. Todd Lowry, "Aristotle's Mathematical Theory of Exchange," *History of Political Economy* 1 (Spring 1969): 44–66.

⁶⁰ *Politics*, I, 2.

provide a framework for the pursuit of private interests by enforcing contracts and maintaining order is explicitly considered and rejected as understating the noble purpose of political life.⁶¹ "Life is action and not production," says a famous passage from the *Politics*.⁶² The function of the state is not only to allow for the acquisition of useful goods but also and much more importantly to allow men to share in the complementary enjoyment of one another's personal, cultural, and artistic excellence.⁶³

Aristotle is sensitive to the fact that the multidimensionality of human excellence makes it difficult to hit upon a thoroughly accurate and just scheme of distribution.⁶⁴ But according to the general principle emerging from his exposition, goods (honor and recognition; authority and public office; commodities and income) are to be distributed among the members of the *polis* in that pattern which will allow the complementary exercise and mutual enjoyment of each per-

⁶¹ "... a state is not a mere society ... established for the prevention of ... crime and for the sake of exchange. These are conditions without which a state cannot exist, but all of them together do not constitute a state, which is a ... union of families and villages in a perfect and self-sufficing life ... a happy and honorable life ..." (*Politics* III, 9). To note the contrast between Aristotelian and contemporary liberal or contractarian theories of the state, according to James Buchanan (*Limits of Liberty* [Chicago: University of Chicago Press, 1975]), the state emerges when egoistic self-interest—particularly consideration of the cost of self-defense—leads men to make the "initial leap from Hobbesian anarchy" (p. 28) and agree to set up a constitution that will protect the pre-existing distribution of property, enforce contracts, and provide needed public goods. For Aristotle, it is the desire to share in the communal experience of discovering and exemplifying the good and beauty of noble action which prompts men to push beyond the biological life of the family to the fuller life of the state. Cf. Clark, *Aristotle's Man*, pp. 101f.

⁶² *Politics* I, 4.

⁶³ In order to have the opportunity to perceive the goodness of others, a man "needs to be conscious of the existence of his friend ... this will be realized in their living together and sharing in discussion and thought; for this is what living together would seem to mean in the case of men and not, as in the case of cattle, feeding in the same place" (*Nicomachean Ethics* IX, 2). Through the communication and friendship made possible in the state, men "find the good" and "grow in community partly because our friends assist us in the making of our identities, partly because having friends is to be introduced to a wider world ..." (Clark, *Aristotle's Man*, pp. 109f).

⁶⁴ "All men think justice to be a sort of equality. ... But equality or inequality of what? ... [Among flute players] the superior instrument should be reserved for him who is the better artist ... [but as regards the distribution of public office] none of the principles on which men claim to rule ... are strictly right ..." (*Politics* III, 13).

son's potential excellence. The quantity and form of property allotted to a household is to be determined by reference to "the human capacities and potential virtues of the household head."⁶⁵

Properly understood, neoclassical marginal analysis makes a careful distinction between (i) the income-generating capacity of productive nonhuman resources and (ii) the right to own such resources and receive the income therefrom.⁶⁶ Our analysis of the operation of distributive justice indicates that, in the natural-law model, the canons of distributive justice are to provide the guidelines for the allocation of such property rights. It is the distribution of property rights—and not, as in the status version of the just-price doctrine, particular commodity prices—that are to be adjusted to the personal dignity of society's members. Property incomes should be distributed in a "geometric proportion" that matches the amount of income received with the receiver's *dignitas*, with the latter being determined by reference to the particular cultural values, or honorable activities to be exemplified in the community.⁶⁷ In

⁶⁵ T. J. Lewis, "Acquisition and Anxiety: Aristotle's Case Against the Market," *Canadian Journal of Economics* 11 (February 1978): 69–90, esp. 79. For a theory of distribution based upon classic Greek eudaimonism, cf. David Norton, *Personal Destinies* (Princeton: Princeton University Press, 1976), ch. 10. Norton holds that the goal of social development is "the community of complementary perfected individuals"; in such a community, respect for the "unique potential equivalent worth of every individual" requires that each person be allotted those goods which will permit him to "manifest" his personal excellence. Distributive justice thus requires an "equality of proportion" (qualitative as well as quantitative) between goods and actual personal worth (*ibid.*, pp. 143, 315, 328, 354). Norton's distribution theory has to do with commodity distribution, particularly with establishing that distribution which will allow individuals to engage in meaningful work (*ibid.*, pp. 346–349). For an extension of his analysis to the problem of distributing money income, cf. my article, "Social Economy and the Theory of Justice: Two New Directions," *Review of Social Economy* 35 (December 1977): 345–361, esp. p. 358.

⁶⁶ Cf. Martin Bronfenbrenner, "Remarks from an 'Old Reactionary Marginal Economist,'" *Review of Radical Political Economics* 10 (Spring 1978): 58. Bronfenbrenner holds that one cannot attribute ethical content to marginal productivity because, for one reason, "productivity of my land or capital is not productivity of my *persona*."

⁶⁷ If his distinctive role in the community is that of providing leadership and sustenance for a household, as in Ryan's conception of the "family living wage," then he has a right not to claim from his employer a wage that may have no relation to his productivity, but a right in distributive justice to that portion of the community's rental income required to allow him to fulfill his social function.

terms of the Rawls distinction noted earlier, there is a *purely procedural* violation of distributive justice when established procedures, such as inheritance laws, are transgressed in a particular case. But according to the natural-law conception, there can also be violations of *perfect procedural justice* when incomes and commodities are not distributed in a pattern that allows each person to practice and exemplify that particular and unique praiseworthy activity that, in Norton's phrase, is his "personal destiny."

Finally, reflection on the Scholastic procedure for distributive justice helps clarify the conception of exploitation implicit in the popes' condemnation of the evils of capitalism. In the transition to a new mode of production, with the proletarianization of the labor force, one whole class in society was deprived of that share of the community's property income proportionate to the *dignitas* of its members, with the result that capitalism, in the words of Leo XIII, "handed over the workers, each alone and defenseless, to the inhumanity of employers and the greed of competitors."

It is essential for the practice of distributive justice that the members of the community be able to perceive, appreciate, and respond to one another's exercise of virtuous, honorable activities.⁶⁸ Consideration of certain critical steps in the historical development of capitalist ideology indicates that the pattern of systemic exploitation the popes attribute to capitalism derives from the fact that, as a social and cultural system, capitalism destroys the perception of complementary excellences required to establish true distributive justice.

Exploitation: Demotion of Reason

The story begins with Max Weber's famous essay, "The Meaning of 'Ethical Neutrality' in Sociology and Economics."⁶⁹

⁶⁸ "... if the citizens of a state are to ... distribute offices according to merit, they must know each others' characters" (Aristotle, *Politics*, VII, 4).

⁶⁹ Max Weber, "The Meaning of Ethical Neutrality in Sociology and Economics" (1917), in Edward A. Shils and Henry A. Rinch, eds., *The Methodology of the Social Sciences* (Glencoe, Ill.: The Free Press, 1949), pp. 1-47.

Weber insists upon the basic, ineradicable distinction between judgments of fact and judgments of value, the former being subject to scientific evaluation while the latter are not. He also goes on to develop the point that, whereas criticism of value judgments as such is bootless, there is nevertheless a perfectly objective, scientifically legitimate sense in which conduct, action, or public policy can be “evaluated.” Conduct or policy can be evaluated in terms of its “rationality”—that is, in terms of whether or not the action is based upon a correct judgment as to the means required to achieve a given end. If the means-ends judgment—a decision as to the instrumental causality connection between one event and another—is correct, then the action can be labeled “rational” without any consideration of the ethical propriety of the end for which the action is undertaken.⁷⁰

Weber’s conception of “rationality” found its way into economics by way of Lionel Robbins’s classic *Essay on the Nature and Significance of Economic Science*.⁷¹ However, in Robbins’s hands, the notion of “rationality” was given a highly significant shift of meaning. For with Robbins the notion of “rationality” was systematically connected with two specifically economic concepts—that of a schedule of scarce means capable of alternative uses and that of a system of ends or schedule of priorities. When thus related to *scarce* means and alternative *ends*, the range of applicability of Weber’s rationality principle was dramatically extended. When means are scarce and capable of alternative uses, then action is “rational,” not only in the sense that the means chosen would produce the end desired but in the much more sophisticated sense that the means chosen achieve the desired end with the least cost in terms of other competing ends. While apparently concerned only with efficient causality, or with the technological relationship between means and ends, the economist is able, thanks to Rob-

⁷⁰ *Ibid.*, pp. 35ff.

⁷¹ Lionel Robbins, *Essay on the Nature and Significance of Economic Science*, 2nd ed. (London: Macmillan, 1935).

bins's extension of Weber's analysis, to develop a generalized conception of "rationality" that makes it possible for him to "evaluate" a very wide range of action, policies, and programs.⁷²

In an appraisal of capitalist ideology, the transformation of Weber's notion of "rationality" needs to be carefully understood. Action, policy, and programs can be "evaluated" in terms of their economic rationality. Such "evaluation" does not, so it seems, require philosophical appraisal of the ends which action or policy is intended to achieve. Thus there is a sense in which the evaluation is purely "technical"; no reference to philosophical notions of "goodness" or "value" seems to be required in order to designate some policy measures economically "rational" and others "irrational." On the other hand, since the evaluation does require reference to parallel means-ends chains, the economic evaluation is not merely technical in an engineering sense. The act of building a bridge is economically rational, not when the builder uses those materials which an engineer designates as having the physical properties sufficient to produce a bridge of the required size and strength. The building is rational only when, from among all the many alternative materials, those are chosen which require least sacrifice of other, desired ends. A decision-maker who follows the dictates of economic rationality is thus something more than an engineer; yet for his evaluation of policy, it is not necessary for him to become a philosopher.

An already complicated issue becomes more so when the notion of "rational action" is allowed to function as an ethical

⁷² The transition from Weber to Robbins corresponds to the distinction between "technical rationality" and "economizing" as formulated by Paul Diesing. Technical rationality is concerned with "the efficient achievement of a given end"; in imperative form, "technical rationality requires one to . . . 'maximize the output/input ratio.'" "Economizing . . . occurs when two or more ends are in competition with each other . . . when one must choose among ends that are genuinely alternative, it is reasonable to choose in such a way as to get the most out of them. . . . This is . . . an extension of technical rationality . . ." (Paul Diesing, *Reason in Society* [Urbana: University of Illinois Press, 1962], pp. 9, 12, 43f).

or moral criterion. A new kind of categorical imperative is surreptitiously introduced when “rationality” is allowed to serve as the basic normative criterion for evaluating policies, programs, and institutions. *Rational* action becomes *good* action; irrational action—action which achieves one end at an unnecessarily high cost in terms of other ends—becomes *evil* action. When this point in the evolution of the concept of rationality is reached, the policy-maker who uses it achieves a unique point of reference which, in a sense, allows him to have the best of two worlds. He can evaluate policy—can say whether it is good or bad—and he can do so without having to rise above the level of efficient causality and embroil himself in a metaphysical or philosophical consideration of the ethical value of ends.

The extension of technical rationality into economic rationality may appear to provide a solid basis for decision-making, but the appearance is deceptive. For reliance on technical rationality produces what Herbert Marcuse once referred to as a “one-dimensional man.” Restricted to the technical or instrumental conception of causality, one-dimensional man can achieve technological dominance of his environment and quantitative expansion of the means of life. But he is also victimized by a “flattening out of the contrast between the given and the possible.” He is deprived of the ability to perceive the distinction between the world as it is and its unrealized moral and aesthetic possibilities. Unlike the resident of a Greek “two-dimensional universe,” such a one-dimensional creature inhabits a world where “reality” has been separated from “inherent ends,” the “true from the good,” where conceptions of the “Good and Beautiful” are finally reduced to “matters of preference. . . .”⁷³ In a similar vein, Diesing points out that reliance on economic rationality obliterates “the moral and psychological barriers which isolate ends.” The good is conceived as “essentially quantitative,” as “something maximizable,” and a conception of the good life

⁷³ Cf. Marcuse, *One-Dimensional Man*, pp. 8, 12, 130, 146, 148.

which differs sharply from that of Plato or Aristotle comes to be implicitly adopted.⁷⁴

A similar analysis of modern man's capitalist mentality has been offered by Walter Weisskopf. Drawing upon the theological work of Paul Tillich, Weisskopf makes a critical distinction between "ontological" and "technical" reason: whereas *ontological reason* extends to the critical analysis of values as such, technical reason is concerned only with the appraisal of means. In Weisskopf's view, one of the most momentous developments of post-Renaissance history centers on a process he refers to as the "demotion of reason." *Demotion of reason* occurs when ontological reason is reduced to technical reason, when the whole is reduced to one of its parts. As a result of the process of demotion, Western man has come to restrict the function of reason to a "technical" appraisal of means, thus denying to reason the ability to settle questions of value. And according to Weisskopf's reading of the development of capitalist ideology, the crucial shift which permitted technical, instrumental reason to usurp the role of ontological reason achieves its full exemplification in neoclassical welfare economics. In the latter discipline, so Weisskopf holds, reason becomes "formalized, desubstantiated, and emptied of all normative content . . . *formal rationality* . . . becomes the ultimate ideal."⁷⁵ The demotion of reason drives man into a psychological desert where he is compelled to "choose without values; . . . work without meaning; . . . integrate without community; . . . think without feeling; . . . live without faith."⁷⁶

Marcuse's analysis of technical or economic rationality is intended to explain how an advanced industrial society loses the capacity for self-criticism. Weisskopf is mainly concerned with explaining the origin of the psychological malaise of alienation. However, their analyses also provide a strong clue as to what in the natural-law perspective could be considered the ultimate cultural source of capitalist exploitation.

⁷⁴ Cf. Diesing, *Reason in Society*, pp. 35–37, 41.

⁷⁵ Weisskopf, *Alienation and Economics*, pp. 37ff, 89–90.

⁷⁶ *Ibid.*, p. 190.

According to the Scholastic division between the “parts” of justice, justice in distribution requires first and foremost that there be a community identified by a common desire to share in the exemplification of complementary personal excellences—a community characterized by what Aristotle, in *Ethics* IX, refers to as civic friendship. It is the communal perception of complementary excellences that provides the ground for judgment as to the relative *dignitas* of a society’s members. Capitalism, so the great social encyclicals of Leo XIII and Pius XI indicate, has destroyed the sense of community and in the process obliterated the moral vision required to establish distributive justice. Such destruction and obliteration, Weisskopf’s work suggests, might very well originate in that *demotion of reason* whereby the technical means-ends rationality characteristic of capitalism has displaced that *ontological* kind of reason mankind needs in order to perceive the good and the beautiful. When such demotion of reason occurs, perceptions of value cannot be articulated and distributive justice, therefore, can have no solid base. In a society afflicted by such a *malaise*, there is sure to be widespread alienation and a tendency, relying upon instrumental reasoning as the ground for social relationships, for members of society to use one another as instrumental means for the achievement of arbitrary egoistic ends. In such a society, it might very well happen, as Pius XI said of capitalism, that “dead matter comes forth from the factory ennobled while men are there corrupted and degraded.”⁷⁷

To draw all this to a final conclusion, natural-law theory indicates that economic exploitation might very well take any one of three basic forms. There could be exploitation of particular individuals but also of the community at large when injustice in exchange—a violation of commutative justice—forestalls the attainment of Pareto optimality in the use of resources. There could be a further and distinct kind of

⁷⁷ *Quadragesimo Anno*, pp. 179f.

exploitation, caused by the fact that some members of the community are denied that share of society's property incomes commensurate with their social *dignitas*. Finally, and most insidious, there is exploitation derived from the demotion of reason, whereby a community is deprived of the vision required to perceive and appreciate instantiations of the good and the beautiful.

The third kind of exploitation gives rise to the second. And as the literature of welfare economics amply demonstrates, when there is background injustice in the distribution of income, market procedures may be efficient—the market may fulfill the demands of commutative justice—but the end-state results of such efficient processes cannot command moral approval. The third source of exploitation is the most elusive and, since buried deep in the culture, the most systemic.

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