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In

Theory and Practice



By

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The Rise of Capitalism In Theory and Practice

We are living in an age predominated by capitalistic thought and procedure. The entire frame of our economic order rests upon capitalistic initiative and design. Modern society is so thoroughly imbued with its ideas and ideals that one seldom finds among the great generality of mankind its procedure or thought questioned. One does hear, it is true, the voices of a few intellectuals, social economists, and others, crying out against some of the evils of the capitalist system, for example unjust wages, concentration of wealth into the hands of a few, or fixed prices; or again, on the other hand, one may hear the not too distant rumble that indicates great unrest among the exploited millions of the laboring class. But even among many of these much of their thought is capitalistic and most of their desires fall in the same category.

Today among the larger proportion of urban workers, one might almost say amongst all those whose weekly wage is over thirty-five dollars, capitalist ideals are consecrated, and capitalist thought predominates. Individualism, equal op-

portunities for all, is its keynote; laissez-faire, freedom from all restraint, whether religious, social, or political, its catchword; and thrift, frugality, and industry, its virtues. So great a hold has this philosophy (for it is the philosophy that determines the technical system of production, distribution, and consumption) on the modern mind that most men look upon America as a land of equal opportunity, where hard work and thrift in true Alger fashion is ever rewarded, despite the fact that of the 27.5 million families in America in 1928, six million had incomes of less than one thousand dollars per year; 12 million less than fifteen hundred dollars; and 20 million less than twenty-five hundred dollars. Twelve million families received the same per cent of the total national income as thirty-six thousand families receiving over seventy-five thousand dollars did.

The lack of desire for any external check on business enterprise is adequately demonstrated by the fact that it would be a gross exaggeration to say that more than three million Catholics, in the United States, without even trying to estimate the number of non-Catholics, had read the great social pronouncements of Leo XIII and Pius XI. A further proof, if one be needed, can be found in the voluminous amount of contemporary newspaper and periodical criticisms on

any government interference with business.

Anyone having the courage to criticize this system, whether they be among the great Catholic leaders, like Father Charles Coughlin, Father John Cronin, S.S., or Monsignors Haas and Ryan, or other social-minded individuals like President Roosevelt, Mr. Hutchins of University of Chicago, or United States' Justice Frankfurter, is generally labelled as a radical. All the organs of capitalism, the newspaper, radio, large industrialists, or commencement speakers, go on blowing the horn of success. So true is this analysis, that success, material success, has become the sole end of the greater proportion of our vast educational system.¹ Each succeeding generation through this means, is impregnated with capitalist philosophy, and nurtured in its surroundings.

The origins of such philosophy exerting such influence on so many people should be of interest to all. The purpose then of this pamphlet will be to examine as thoroughly as possible the beginnings of the capitalist spirit or philosophy of life, attempt to define this rather elusive term and likewise to trace nascent capitalist practice. No attempt will be made to condemn capitalism as a technical sys-

1. Harold G. Moulton, *Income and Economic Progress*, (Brookings Institute Study) Washington, 1936, p. 37.

tem, for the fault is not in the system as such but in the motivating principles behind the system.

There are as many (if not more) definitions of capitalism as there are hues in the spectrum. It has been called the organization of business upon a large scale by an employer or company of employers possessing an accumulated stock of wealth wherewith to acquire raw materials and tools, and hire labor, so as to produce an increased quantity of wealth which shall constitute profit.² Again saved income used by industry to command labor and raw materials, for making instruments of further production, such as factories or machines.³ Also as an institution for facilitating the production, circulation, and distribution of wealth.⁴ Many more such definitions, all more or less correct in as far as they go, could be cited, but to little or no avail. All of these are clearly technical definitions which pruned of verbiage could read wealth, invested in industry, agriculture, or commerce.

If the whole of our problem was simply concerned with the technical side of capitalism our inquiry might well stop right here. But one can know every

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2. Raymond J. Corrigan, S.J. "The Church" and the Nineteenth Century. Milwaukee, 1936, p. 302.
 3. John F. Cronin, S.S. Economics and Society, Baltimore, 1938 (3rd Ed.) p. 2.
 4. Bernard E. Burns, "The Roots of Disorder," Columbia, XLVII, 1938, (March), p. 8.

definition of capitalism from every technical point of view and still fail to know what capitalism is.

Capitalism

To understand capitalism in all of its various ramifications we must go back to the beginnings of capitalism and find the motivating force behind it, in other words its philosophy of life, then only, and even then not perfectly, will we be able to grasp the spirit of capitalism.

To find the spirit we have to go back to an age when admittedly it did not exist. We have to find out just what predominated then and is lacking or substituted by something else in the modern economic world. In order to do this history cannot be treated in two broad divisions, namely medieval and modern. One must consider first the medieval period as ending possibly with Dante Alighieri and his great epitome of the knowledge, attainments and Catholicity of the preceding centuries.⁵ Then a transitional period embracing roughly about two hundred and seventy-five years, which was characterized by the decline of Catholicism and the Holy Roman Empire, the rise of national states, and the growth of individualism in political thought, in the arts and sciences, in religious thought, and finally industry, commerce,

5. Conde B. Pallen and John J. Wynne, S.J. *The Catholic Dictionary*, New York, 1929, p. 280.

and finance. This period is commonly called the Renaissance.⁶

Modern history would then commence about the seventeenth century, when this new individualism so manifest in the transitional period flowered forth into the breakup of the Churches into numerous sects in the religious world, into the rise of the secular democratic state in the political world, and the rise of capitalism in the economic world.⁷

To take then each period in succession and trace the growth of capitalism will be our endeavor. The late Middle Ages were "Ages of Faith." Society was looked upon as an organism, closely knit and united with each group having its own function in promoting the common good. Man's ultimate destiny was foremost and the social and economic order was merely to minister to this end under the law of God. The King ruled by virtue of his oath of coronation and was expected to be just and promote the common good or

6. *Ibid*, p. 821-822.

7. This opinion which is purely personal, is at least substantiated in point of time and fact by the following:

"But even in the earlier period the influence (of religion) on economics was not at all times of equal strength. The great development of economics as an independent science, which culminated in the work of Adam Smith had begun in the previous century, and the breaking down of the unity and authority of Christian dogma had been progressively increasing since the first half of the sixteenth century."

George O'Brien, *An Essay on the Economic Effects of the Reformation*, London, 1923, p. 4.

be deposed. Under the king, the lords of the manor had sovereignty over their subjects. With their rights went definite responsibilities, they could not cast off the serfs or underlings as modern industrialists can. Under these lords were the serfs, whose liberty was to some extent curtailed, yet whose fundamental right to personality was respected. The various groups were not independent one of the other, but rather interdependent with corresponding rights and obligations towards those above and below them. ⁸

Religion dominated and enervated every phase of life, the cultural, political and economic, as well as the purely social. In his period economics was viewed purely from the viewpoint of ethics. Wealth was looked upon as being a social, not an individual instrument. Each one was to acquire merely that amount which would maintain his station in life. The question in the medieval mind was not how much I get, but how much do I need. One had not only to discriminate between what was lawful and unlawful, but had to limit his intensity in the use of lawful means. Under such a system unrestricted enrichment was impossible, indeed the true medievalist would consider it senseless. ⁹

8. John S. Cronin S. S. *Op. Cit.*, p. 12.

9. Amintore Fanfani, *Catholicism, Protestantism, and Capitalism*, New York, 1939, p. 24.

The Church in the "Ages of Faith" insisted, just as she does today, on the superior importance of spiritual riches, with this difference that her authority was far more reaching. This had the effect of subordinating material and pecuniary desires, and the placing of economic functions in their proper place, as merely one of the many means to the attainment of the all important end—eternal happiness.¹⁰

In line with this thought man was considered by medieval moralists and theologians as having a natural right to property flowing from man's dominion over nature. But he was to acquire no more than his station in life demanded, and superfluous goods were at the disposal of all. The end of all production was use and not profit. Hence trade was legitimate, but considered morally dangerous for there was always the temptation to trade for a profit, rather than at a profit.

To trade for a profit is avarice which is soundly denounced by St. Thomas, who considers it as generally being a mortal sin, without however excluding the possibility of its being a venial sin under certain circumstances.¹¹ Nor was the same author less severe on usury, which is the same as our "pure interest" today.

10. George O'Brien, *Op. Cit.* p. 6.

11. St. Thomas Aquinas, *Summa Theologica*, Taurini, 1929, II, IIq.

He considers this to be a mortal sin and holds the offender to strict restitution.¹²

St. Thomas, however, never prohibited "natural interest." Payment for simple lending he forbade as taking advantage of another's need, but he allowed the person advancing money to share in any surplus which the loan created.¹³ Labor—the common lot of mankind—is necessary and honorable; trade is necessary, but perilous to the soul; finance, if not immoral, is at best sordid, and at worst disreputable, sums up fairly well the medieval attitude to trade and finance. But though trade was dangerous and "pure interest" denounced, the medievalist realized that trade was necessary. Hence Duns Scotus argued if there were no private traders the State would have to engage them, and their profits are therefore legitimate, and they may include, not only the livelihood appropriate to the trader's status, but payment for labor, skill, and risk.¹⁴

Hence the predominant note of medieval economics is that the selfishness and avariciousness of man was always held in check. Over all his actions including his economic ones there was a salutary moral restraint which might well be summed

12. *Ibid.* q. 78 2 ad 6.

13. *Ibid.* q. 78 1 ad 6—also G. O'Brien, *Op. Cit.* 6, 13.

14. R. H. Tawney, *Religion and the Rise of Capitalism*. N. Y., 1926, p. 33.

up in the words of Henry of Langenstein:

“He who has enough to satisfy his wants and nevertheless ceaselessly labors to acquire riches, either in order to obtain a higher social position, or that subsequently he may have enough to live without labor, or that his sons may become men of wealth and importance—all such are incited by damnable avarice, sensuality and pride.”¹⁵

What we have described so far was the ideal of the “Ages of Faith,” and just as today there are many Catholics who violate many laws of God and Church, so likewise, there were sinners in the Middle Ages. There is no other way of explaining the treatises of St. Thomas Aquinas, Duns Scotus, and other schoolmen, on avarice and usury, and likewise the condemnation of these vices by Popes and Councils of the Church, except by admitting that not a few men did not live up to the ideal held up for them by the Church.

If this interpretation be true, we already had capitalism, namely the investing of money for profit in practice in the Middle Ages. Yet even these men were not imbued with the capitalist spirit; they did not seek wealth for its own sake. Neither could medieval society in

15. *Ibid.* p. 36.

any way be considered capitalistic for these men, though admittedly more than a few, were nevertheless the exception. Invariably they repented on their deathbeds, admitted their errors, and made amends by building churches, schools, and orphanages.¹⁶

Individualism

The second period, which we have designated the transition period, was characterized by a growing sense of individualism.¹⁷ This term also defies definition. One historian has called it "an assertion of exaggerated individual rights and liberties to the exclusion of the rights of society and the family."^{18a} This mode of action began to grow in Europe from about the middle of the fourteenth century not merely in one phase of life, but in all the component parts of life. In the religious order it manifested itself by a growing discontent with the "moral restraint" so characteristic of the Middle Ages, both on the part of the merchant and on the part of certain feudal lords, who were becoming national kings. In the political order na-

16. Amintore Fanfani, *Op. Cit.*, 32 and R. G. Tawney, *Op. Cit.*, 30, 31.

17. The designation of the period from 1325 to 1600 as the Transition period, though personal, is not without authority. Carleton B. Hayes in *A Political and Cultural History of Europe*, New York, 1936, I, p. 26, at least suggests such a division.

18a. Raymond Corrigan, S.J., *Op. Cit.* p. 305.

tional monarchs were asserting absolute power which conflicted with the rights of the lords and the Church, to say nothing of the peoples. In the commercial order it meant the throwing off of the moral restrictions of the Church together with the rather narrow provincialism of the Middle Ages and the subsequent seeking of new worlds and new markets. In cultural life it meant the turning from the idealism and mysticism of the Middle Ages to a pursuit of the natural.

Because this spirit of individualism, of every man for himself, is one of the dominant characteristics of the capitalistic spirit it might be well to examine briefly the causes which brought it into being. The causes of necessity are identical with those which rang down the final curtain on the Middle Ages and prepared for the advent of our Modern Age.

One of the undermining forces of the Middle Ages was travel. Before the Crusades the population of Europe lived in thousands of scattered, isolated little hamlets. In fact, according to Carleton B. Hayes, prior to the year 1500 there was not a city in Europe with a population of 100,000. The majority of the population lived and died within the narrow confines of his native hearth and the surrounding countryside. This provincialism was especially shaken by the later crusades because all of Europe was on

the road. From this peoples received the desire for the good of other peoples; this stimulated trade and commerce. It likewise weakened religious and ethical sanctions, for the trader moved from his circle of friends into the growing cities where he was unhampered by any social or religious inhibitions. Also doing business on a large scale, the merchant's risks were greater, and hence he fought the trade restrictions of the guilds in order to make greater profit to cover possible losses.^{18b}

Black Death

Another cause in the breakdown of medieval society and the rise of individualism was the Black Death. This terrible scourge which decimated over half of the man power of Europe brought about the freeing of the serfs from the land and the subsequent enclosure of the common lands by the lords. Most of the serfs in the beginning welcomed this freedom, but it had this effect that it broke down the social organism of the Middle Ages, and freed the lord of the manor from his duties toward the serfs.¹⁹

During this period the merchants, traders, and bankers, who had fretted under the ethical restrictions of the Mid-

18b. Carleton B. Hayes, *Op. cit.*, 61-66, and John F. Cronin, *S.S. Op. Cit.*, 14-15.

19. J. F. Cronin, *Op. Cit.*, 16-17—Carleton B. Hayes, *Op. Cit.*, 50-53.

dle Ages were growing wealthy and powerful. They could exact protection and privileges from National monarchs against the guilds and lords of the manor, by financing his growing national ambitions. Once national unity was achieved, political power was vested in the hands of the Bourgeoisie or Middle Class.²⁰

The final blow to the tottering Middle Ages was the decline of her center and source of life the Church and the waning of faith. During the entire period of transition there is a notable decline in her power and authority brought about, to some extent, by the forces mentioned above, and greatly enhanced by the Papal Exile at Avignon, and the Great Western Schism, coupled with many abuses within the Church.²¹ All of these divergent and sometimes conflicting incidents occasioned a notable decline in fervor and faith in the fourteenth and fifteenth century, and set the stage for the final death-knell of any conception of an organic society—The Protestant Revolt.

In view of what has been said above it must be conceded that technical forms of capitalistic business organization existed in Catholic times.²² Whether the

20. Carleton B. Hayes, *Op. Cit.*, Vol. I, pp. 26, 46, 55-60.

21. John F. Cronin, *Op. Cit.*, p. 14, Carleton B. Hayes, *Op. Cit.*, I. pp. 146-152.

22. On this point cf. Max Weber (Talcott Parsons Tr.) *The Protestant Ethic and the Spirit of Capitalism*, London, 1930, p. 91.

impetus to capitalistic enterprise was occasioned by the decline of faith or the decline in faith brought about by the rise of the spirit of individualism is a difficult point to determine. Practical capitalism was flourishing in Italian cities, characterized by intense competition, unbridled speculation in loans, and maximum profits through minimum wages. Even a system of insurance was devised to diminish risks. By 1500 the Medici family of Florence dominated Italian finance and the early Spanish expeditions were financed at least in part by the Fugger family of Augsburg, who by the year 1546 had amassed a fortune of four million gulden (\$40,000,000 in present day American currency). The same period saw the rise of another famous banking family, the Welsers of Augsburg. Venice, Genoa, Florence, Antwerp, Lyons, Paris, and Rouen, Frankfurt, Strassbourg, Lisbon, and Seville became the centers of capitalist enterprise.²³

During this transition period theologians and moralists were coming to the realization that services such as trade and finance actually created wealth. Necessary adjustments to the usury code were attempted in the fourteenth and fifteenth century. It was now broadened so as to allow a premium for risks,

23. Carleton B. Hayes, *Op. Cit.*, I, 84 and R. G. Tawney, *Op. Cit.*, 72-76.

loss, and other legitimate hazards of business.²⁴

However, though capitalist practices were flourishing even a half century before the Protestant Revolt the whole or even the majority of society was not impregnated with the spirit of capitalism.²⁵ One can only conjecture what could have happened if the Protestant Revolt had been averted. But it seems fairly certain that the Church with a reform taking place from within would have insisted upon the personal dignity of man, denouncing the setting up of unlimited worldly possessions as an end, and insisted upon a fair distribution of wealth to the lower classes as she has done within the past fifty years.²⁶

Whatever hope there was to preserve the old interdependent and correlated society of Europe vanished in 1520 when Martin Luther broke definitely with the Church by publishing three bold pamph-

24. Callistus III, "Regimini Universale," Maii, 1455, and Bulls "Inter Multiplici," Councilium Lateraneuse, Apri. 28, 1515 Henrians Demzinger et Clementas Bonnewort, *Enchiridion Symbolorum*, Friburg, 1928. 249-250, and 256.

25. A. Fanfani, *Op. Cit.*, 178.

26. Leo XIII, *Rerum Novarum* and Pius XI, *Quadragesimo Anno*. Also on this point see Preserved Smith, *The Age of the Reformation*, New York, 1930, p. 26.

"Had the forces already at work within the Church been allowed to operate, probably much of the moral reform desired by the best Catholics would have been accomplished quietly without violent rending of Christian unity that actually took place."

lets *An Address to the Nobility of the German Nation, On the Babylonian Captivity of the Church of God, and On the Freedom of Christian Man*. The first pointed out to the nobles that there was nothing particularly sacred about the Christian priesthood, and slyly pointed out that they might easily enrich themselves by confiscating the holdings of the Church. The second pamphlet denied the authority of the papacy and the efficacy of the sacramental system. And the third held that salvation was not dependent on the sacraments and good works, but rather on man's despairing of his own efforts and throwing himself on God's assurances.²⁷

Luther in reality did little to help the growing capitalist spirit, and it is doubtful if he ever intended to help it in any way. True he sided with the nobility in the Peasants Wars of 1524, but that was merely to protect his own interests for he saw that only with the protection of the nobility could he escape the ban of Empire issued against him at Worms in 1521. In his writings, particularly in his *Long Sermon on Usury*, and his tract *On Trade and Usury*, he maintains the teaching of the schoolmen of the twelfth and thirteenth century. With customary violence he gave no quarter to capitalis-

27. Carleton B. Hayes, *Op. Cit.*, I, 154-155.

tic desires. Price must be determined by the income needed to maintain the merchant in his station of life, and must be proportioned to his labor and his risk. He must not take advantage of scarcity, nor corner a market. Above all he must not sell dearer for deferred payments. He denounced all interest and said:

“The devil invented it, and the Pope by giving sanction to it, has done untold evil throughout the world.”²⁸

What Luther definitely, though possibly inadvertently, accomplished was to unleash the capitalist spirit by removing the “moral restraint” ever present in a United Christendom. His making the Bible the sole authority in religious matters and each individual a judge unto himself unleashed a force beyond his control and gave to capitalism one of the predominating notes in its ideology—“every man for himself,” and led almost directly to the formation of the secular state.²⁹

It is easily conceivable that this new force which was unleashed may have remained sterile and unproductive, limited to a few German counties and finally obliterated in the Catholic Counter Reformation carried out so thoroughly by the

28. Joseph Clayton, *Luther and His Work*, Milwaukee, 1937, p. 267 and R. H. Tawney, *Op. Cit.*, p. 94-95, John F. Cronin, *Op. Cit.*, p. 16.

29. R. H. Tawney, *Op. Cit.*, p. 100-103.

Jesuits and the Capuchins in the latter half of the sixteenth century if capitalist enterprise had not received an encouraging hand and greater incentive to its ideology by John Calvin. He like Luther, though they were poles apart in economic theory, brought about the breakdown of the moral restraint of the Church. But further than this, unlike Luther, he openly espoused the capitalist cause by allowing "pure interest" with certain restrictions. He did not go the length of justifying all usury in every case and circumstance. He started from the premise that capital, banking, credit, large scale commerce and finance were perfectly natural and profit its natural complement. He wrote:

"What reason is there why the income from business should not be greater than that from land-owning. Whence do the merchant's profits come except from his own diligence and industry?"³⁰

The restrictions placed upon the acquisition of wealth were that interest should not be allowed or at least limited where the urgent need or the borrower, the emergency of the poor, and the welfare of the state demanded it. In this he differed radically from the eighteenth and nineteenth century individualists who

30. R. H. Tawney, *Op. Cit.*, p. 104, and George O'Brien, *Op. Cit.*, p. 21.

feel the only restriction is the relative bargaining power of the lender and borrower, but at least he gave rise to their philosophy. He justified usury and rejected the teaching and authority of the Church.³¹ The implication contained in this doctrine was to determine economic thought for the next four hundred years.

The impetus that the Protestant doctrines gave to the capitalistic spirit cannot be exaggerated. From the Protestant Revolt down to the present day the end of modern society has been the acquiring and the accumulation of wealth. Wealth became the one important and sought-after end, it was no longer considered as a means. Once the fetters of "moral restraint" imposed by the Catholic Church were rent asunder, the greediness of fallen man was unleashed. Princes, lords and barons, eager to acquire new sources of wealth, were happy to learn from Luther, Henry VIII, and other reformers that the extensive landed estates of the Catholic Church might and should be confiscated. Bankers, merchants, and manufacturers, intent upon the profitable conduct of their business, heard with joy the considered judgment of Calvin that the charging of "pure interest" had been unjustly condemned by the Catholic Church and that morality was exclusively a matter of individual

31. G. O'Brien, *Op. Cit.*, p. 20-21.

conscience. Added to this, the doctrine of predestination effected the consecrating of the economic virtues. Calvinism, and later its offspring, Puritanism, openly taught that financial effort and thrift were the badge of the godly; poverty and idleness under their guidance became the greatest of economic sins. God was merely manifesting his present displeasure and foreshadowing His future discrimination against the poor and the idle; whereas, energy, thrift, prosperity, and success, was an open manifestation of future glory.³² This doctrine differed radically from the Catholic teaching of resignation to the will of God, of Charity to the poor, and of poverty itself being a badge of God's special love. In a word these doctrines gave moral sanctions to economic individualism.

The practical results of these doctrines was almost immediately manifested. In 1525, while Luther was still fulminating against the traders, the Imperial Council passed an ordinance expressly allowing merchants to sell at the highest prices they could get, and certain monopolies

32. Carleton B. Hayes, *Op. Cit.*, 1, 214-215, How quickly this spirit grew may be judged by the fact that prior to Calvin's judgment a law was enacted in Protestant England forbidding usury as "a vice most odious and detestable," and "by the word of God forbidden." Later in 1571, Elizabeth repealed the law as having operated to "the utter undoing of many gentlemen, merchants, occupiers, and others." Usury up to ten per cent was legal. *Ibid, Cit.*, footnote.

were recognized. At Antwerp in the year 1531 a new merchants' exchange was built in which all the transactions now seen on our stock or produce exchanges took place. Wild speculation predominated, many times on borrowed money, bets were made on prices and events.³³ All moral restraints were removed, and the badge of godliness was enterprise and initiative. Capitalists in England drew dividends from buccaneering and slave trading. Trading companies were formed from the year 1550 on, among the more notable being the Merchant Adventurers (Russian company) which had two hundred and forty members in joint stock corporation, Levant Company, the East India Company. All of these were formed before the year 1600, generally to discover and exploit regions, dominions, islands and places unknown.³⁴

The middle of the sixteenth century marked the broadening of capitalism from the commercial to the industrial field. The Guilds were not able to keep up with the demands for merchandise and many times would not consent to the traders' demands to cheapen or adulterate their products, so one by one the great guilds fell under the control of the large commercial companies.

33. Preserved Smith, *Op. Cit.*, p. 532.

34. *Ibid.*, p. 532-535.

But capitalism didn't stop at control of economic life, its influence was exerted on the political life as well. Town councils and governments were more or less dominated by the wealthy burghers. National monarchs were bribed into extending economic privileges to the capitalist class, and parliaments became little more than the expression of their wills.³⁵

This trend in the political order had grave economic consequences. In Brussels, in the year 1544, a law was enacted which gave the capitalists control over the tapestry guilds and abolished their mutual benefits and religious functions. Brandenburg enacted a law which laid down terms for entrance into any guild, which matter was formerly decided by the members. Under Edward VI in England the religious endowments of the guilds were confiscated. And under Elizabeth the Weavers Act practically started the factory town system and the Statute of Apprentices placed the masters in power at the expense of the journeymen. Act after act in the various countries of Europe favored the employers at the expense of the laborers.³⁶

Capitalist procedure likewise affected agriculture. We have already alluded to the "enclosure system" which began in England before the Protestant Revolt.

35. *Ibid*, p. 549-550.

36. *Ibid*, p. 540-541.

After this event and the consequent cessation of "moral restraint" it took on unbounded proportions. By Elizabeth's time one-third of all the arable land in England, much of which was enclosed "common land," was used for grazing. The reason for this was to supply the looms of the Netherlands with much needed wool. Between the years 1525 and 1534 the price of "raw wool" doubled.

Also about the same time the ancient copyhold by which land was held for centuries was changed to a leasehold, at the end of which the rent could be raised or the tenant ejected at the will of the owner. Under the copyhold system, prevalent throughout the Middle Ages the tiller of the soil had certain vested rights, all of these were now obliterated.³⁷

From these few examples one sees that the Protestant Revolt and the theories of the Reformers while they are not the direct cause of technical capitalism are nevertheless almost exclusively the source of capitalistic ideology. The doctrines of private interpretation of the Bible, of the negation of the efficacy of good works, and of predestination led to the exaltation of the individual with himself as the sole code of morality, charity was looked upon as being effeminate, and wealth and material progress the sole problem of man here below. Why worry

37. *Ibid.*, p. 544-547.

about a future life, a final judgment, a day of reckoning, questioned the good Protestant burgher, if this has already been irrevocably decided.

Once this idea permeated the whole of society, once wealth became its sole end then we have the setting up of capitalist philosophy of life. This we believe was a consequence of the Protestant Revolt. Once this idea became the motivating force of society the transition period ends and we launch into Modern History. Then it was but a series of necessary consequential steps from freedom of religious restraint, to freedom of political restraint or laissez-faire philosophy, and thence to freedom from economic restraint, or free competition.

The full consequences of any movement cannot be honestly judged at the time when the movement begins. Many of the consequences are not foreseen, much less desired by the leaders of the movement itself. Hence to see the full consequences of the Protestant revolt on the Growth of the Capitalistic spirit we have found it best to examine the writings prevalent in England one hundred years after the revolt, and to see the effect the fundamental Protestant tenets had on capitalistic ideology.

Nowhere in Calvinistic thought so prevalent as amongst the various pamphleteers during the years of the Puritan

Revolt in England, and, strange as it may seem, most of the ideology, most of the stock phrases, and the philosophy of Modern Capitalism can be found in these works written but a hundred years after Calvin and directly traceable to his doctrines, whether he willed it so or not.

Most of these pamphlets are concerned primarily with toleration and liberty of conscience. Much material can be found in them for the development of the democratic secular states, but as these issues do not concern us here they shall be passed over.

Thus William Walwyn, one of the Levellers, while urging religious freedom brings out that the true end of religious freedom was not the toleration of a sect or congregation, but the free flourishing of the commonwealth.³⁸ To him the individual had the perfect right of determining his religious belief and likewise the government of the land. Government, law, religion, and social institutions should foster individual enterprise for labor, production and trade. He almost laid down the norm which England was to follow in building up her Empire when he said:

“I conceive it will appear upon inquiry, 1. That in whatsoever country the greatest stock of money and

38. William Holler, *Tracts on Liberty in Puritan Revolution, 1638-1647*, 1934, V. 62.

credit shall be raised, there will the greatest trade of the world be established. 2. That the greatest trade of one country, both a capacity of undermining and eating out the lesser trades of any countries (sic). 3. That the greatest trade will be able to make the greatest number of shipping. And 4. That what nation soever can attain to and continue the greatest trade and number of shippings, will get and keep the Sovereignty of the Seas, and consequently the greatest dominion of the world."³⁹

The part of government is merely to preserve the peace and leave every man to his own judgment in all things possible. Here the pleader for religious toleration speaks like the true British imperialist. In another work he urges Parliament to adopt measures for the expansion of trade, manufacturing, shipping, plantations in America and for the establishment of a system of financial credit and exchange. Further he advises that the vexing question of the ethics of usury (10% already allowed by law—see above) be settled by the advice of merchants as well as clergymen.⁴⁰ Thus for him private judgment or toleration is merely a stepping stone to the right of private enterprise or property. Tolerance was

39. *Ibid*, 66, also 93-94.

40. *Ibid*. p. 66.

unsustainable because it hindered trade and commerce.

Another pamphleteer of this period William Robinson thought much in the same vein. He wanted England to convert the unbelievers of other lands. Conversion was impossible without intercourse, and intercourse without tolerance. And unless you have both there will be no trade. Religion should be made to serve capitalist enterprise and foreign missions set up to grace foreign trade.⁴¹

John Milton, Richard Overton, Thomas Prince, John Goodwin, John Lilburne all agreed on the rights of private judgment though they disagreed on various minor points. All of them exalted the individual above society, above the state, and of course primarily above any religious matter. Hence less than one hundred years after the revolt we find one of the predominating notes of modern capitalism, and the center of its whole philosophy, namely individualism, held by many and seemingly it had become the accepted mode of thinking.

As the Levellers and the Separatists and the Puritans thought so the business world reacted. The Commercialism, Mercantilism, and growth of industry in this same seventeenth century, whether it be in England or the Netherlands, was

41. *Ibid.* p. 69.

only putting into practice what most men engaged in commerce and trade were already thinking. The ideals of individualism had come to their natural conclusion the setting up an almost totally material order free from any restraint whatsoever.

Such a society would have not only been impossible, but even inconceivable in the "Ages of Faith." An isolated individual or an isolated section of society may have acted in a capitalistic manner, but the great body of society frowned upon, if they did not actually avoid and condemn such exceptions. This idea is most admirably expressed by Tawney in his exhaustive study on the subject:

"But the quality in modern societies which is most sharply opposed to the teaching ascribed to the Founder of the Christian Faith lies deeper than the exceptional failures and abnormal foibles against which criticism is most commonly directed. It consists in the assumption, accepted by most reformers with hardly less naivete than by defenders of the established order, that the attainment of material riches is the supreme object and the final criterion of human success. Such a philosophy, plausible, militant, and not indisposed, when hard pressed, to silence criticism by persecution, may triumph or may decline. What is certain is that it is a negation of

any system of thought or morals, which can, except by a metaphor, be described as Christian. Compromise is as impossible between the Church of Christ and idolatry of wealth which is the practical religion of capitalist societies, as it was between the Church and state idolatry of the Roman Empire.”⁴²

42. R. G. Tawney, *Op. Cit.*, p. 286.

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