

Strange Bedfellows: Msgr. John A. Ryan and the Minimum Wage Movement

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15 November 2007, revised 12 September, 2008*

Writing in the early twentieth century, Msgr. John A. Ryan (1869-1945) was among the earliest advocates of state and federal minimum wage laws for the United States. Most economists of the previous century had been skeptical of the idea of setting legal floors under wages. The classical wages fund doctrine suggested that a higher wage bill would mean lower profits and thus less investment and ultimately less employment. Later, marginalists used a different analytical apparatus, but likewise predicted that attempts to raise wages with legal wage floors would cause declines in employment. The standard economic critique was that reformers were correct that some workers would receive higher wages, but they should also consider secondary disemployment effects that might negate the wage gains. By the 1900s economists' resistance softened; increasingly economists saw merit in minimum wage and other labor market reforms. As A.B. Wolfe put it in a panel on minimum wages at the 1916 meeting of the American Economic Association, "the idea cannot be given a fair try-out by piecemeal legislation or by temporizing wage-boards arriving at compromise awards, but neither will the problem approach solution if left to a neo-classical theory which in effect perpetuates the old laissez-faire, do-nothing negativism" (1917, p. 275).

Fr. John A. Ryan entered the scholarly debate with publication of *A Living Wage* in 1906. For four decades through the Progressive and New Deal eras Ryan was a tireless

and effective advocate for labor and social reform. He served as Director of the Social Action Department of the National Catholic Welfare Council at The Catholic University of America. Ryan's scholarship and his advocacy of labor reform brought honor and recognition in Washington government circles. He was the first Catholic priest to offer the invocation at a Presidential inauguration, at Franklin Delano Roosevelt's second on January 20, 1937. A 70th birthday dinner for Fr. Ryan was attended by Supreme Court justices Hugo Black, Felix Frankfurter, and William O. Douglas.

Fr. Ryan's analysis and advocacy of minimum wage legislation stand apart from other economists and reformers who made up the American Progressive movement in two respects. First, during the period of his work the social sciences were being cleaved away from philosophy, religion, and ethics. They were developing as separate fields of economics, political science and sociology on the basis of positivist conceptions of science. Ryan's case for the minimum wage combined economics with "non-scientific" theology and philosophy. Second, while religion provided motivation for reform efforts of numerous economists in the 1900s and 1910s, most were Protestants and drew inspiration from the Social Gospel movement. This was distinct from Fr. Ryan's inspiration. His was the social encyclicals of Pope Leo XIII and Pius XI, which themselves were grounded in the philosophy and theology of St. Thomas Aquinas. Third, many of the reformers were motivated not at all by religion, but by the utilitarian calculus that had become the foundation of the social sciences. So even though Fr. John Ryan shared policy conclusions with Social Gospelers and non-religious reform-minded social scientists, he and they came to the similar policy from different premises. Their premises were sufficiently different that they were strange bedfellows.¹

John Augustine Ryan was born of Irish immigrant parents on a Minnesota farm in 1869, one of eleven children. He prepared for the priesthood at St. Paul Seminary, St. Paul, MN, and was ordained by Archbishop John Ireland in 1898. Fr. Ryan did graduate work in moral theology at the Catholic University of America, but his program included the study of economics under Richard T. Ely of the University of Wisconsin. Ryan's St.D. thesis was *A Living Wage: Its Ethical and Economic Aspects* (1906). Ely, who was one of the main forces in bringing the Social Gospel to economics, wrote of the book's Catholic distinctiveness in its introduction:

The present work is, so far as I am aware, the first attempt in the English language to elaborate what may be called a Roman Catholic system of political economy. When I say, a Roman Catholic system of political economy, I mean an attempt to show exactly what the received doctrines of the Church signify in the mind of a representative Catholic when they are applied to the economic life (in Ryan 1920, p.vi).

Not only was *A Living Wage* the first attempt to present Roman Catholic political economy in English, but it was one of the first systematic arguments for a living minimum wage. The first minimum wage law passed in the United States was in Massachusetts in 1912. Ryan's influence on the minimum wage movement was considerable, both indirectly through his writings, sermons, and speeches, and directly, as he helped draft the state of Minnesota's law.

Economists Pro and Con: A Matter of Social Efficiency

Progressive era economists were on both sides of the minimum wage debate. Overwhelmingly the issue for economists reduced to a matter of efficiency.² Alfred

Marshall spoke of economists' responsibility to urge caution on reformers in an address to the Cambridge Economics club in October 1896:

Being thus fortified by the consciousness of his own rectitude, the economist, in the coming generation even more than in the past, must dare when occasion arises to oppose the multitude for their own good. He must for instance analyse the methods which people are tempted to take for securing a high minimum wage, falsely called a living wage, in a particular trade; and must show which of them will have indirect effects that will cause the workingmen as a whole a loss greater than the benefit.

Cries for a living wage have the shouts of the marketplace on its side just now: they are raised by dockers and coal miners; by cotton spinners and glass blowers, and by capitalist booksellers. They appear to strengthen one another; because ordinary people do not see that the means most commonly advocated are such as, if generally pursued, would impoverish all (1897, p. 128).

H.B. Lees Smith, Professor of Public Administration at the London School of Economics, Liberal Party and later Labour politician, took what is familiar today as the economist's skeptical stance in a 1907 *Economic Journal* article. Invoking the employer's budget constraint, that higher wages for the low-skilled would have to be paid for out of other returns or by consumers, Lees Smith considered production substitution effects between low-skilled labor, high-skilled labor, and capital, and consumption substitution effects between the products of industries subject to minimum wage laws and those not subject to them. Absent empirical evidence on substitution effects, and

therefore of the unemployment effects, Lees Smith urged caution and, by implication, further study before enacting minimum wage laws.

The verdict of theory is, up to this point, evident. It cannot be regarded as necessarily hostile to the proposals. It merely states that, since the enactment of a minimum wage involves the possibility of creating a class prevented by the State from obtaining employment, we are led on to questions of quite a different character, and that the problem of dealing with this class must be regarded as an integral part of the discussion (1907, p. 508).

Frank W. Taussig (1916) also urged caution, but his plea was for caution in not allowing observations of employment and living conditions to run ahead of economic theory. Taussig observed that advocates of minimum wage legislation made little use of economic theory, relying instead on assembly of facts about living and working conditions, and that economic theory was undergoing a transformation. Taussig suggested that applications of new theory to minimum wage proposals would provide tests of the usefulness of both theory and the proposed reforms.

In 1916, when Taussig wrote this article, minimum wage proposals in the United States were confined to women's wages, and Taussig kept his analysis to that issue. He considered whether industries that employed women at low wages were parasitic, industries such as department stores and garment shops.³ Garment shops commonly subcontracted the sewing of garments to women in their homes. Except for an emphasis on total cost rather than marginal cost, the analysis of parasitic production was similar to the modern idea of inefficiency caused by external production costs. A parasitic producer

supposedly used resources, women's labor in this instance, without paying the full cost of sustaining the worker. Thus parasitic firms were in effect receiving a subsidy, or bounty. The minimum wage that would support the employee or the employee's family was considered a means of internalizing the cost of production.⁴ Thus, minimum wage laws were seen as a policy for use in pursuit of efficiency.

The relevant question for Taussig and others who evaluated minimum wage proposals for women was whether women were in fact working at below-subsistence wages. Taussig suspected that the appearance of below-subsistence wages was just that, an illusion that would vanish if economies gained from living at home in the family, as many of the young women did, were accounted for. He thought it more likely that economies of home life, representing a decline in the effective living wage for women, were the source of an increase in the number of women in the labor market, and this increase in supply drove down the wage rate.

Economists have speculated what consequences would ensue if ordinary muscular labor were scarce – if only a select few could handle the pick and the shovel and the plow; how much their labor would be desired and how high would be their wages! And we might similarly make the hypothesis that but few women were in the labor market; then doubtless, it would appear that there were some tasks for which they were peculiarly fitted and peculiarly desirable; and the wages of the limited number would be comparatively high (1916, p. 421).

Taussig thought that unemployment of women would result from minimum wage laws, and presuming that the intent of reformers was to raise wages for all members of a

labor class to which the law would apply, this was a mark against the reform. “How large the proportion of unemployed will be, must depend on the conformation of the demand schedule; but unemployed there will be, and hence failure to accomplish the desired object. Such seems to be the first and simplest application of economic theory to the case” (1916, 422).

Among the theoretical considerations in favor of minimum wage laws was the possibility that higher wages would make workers more productive, through better nutrition and health, for instance. This idea, attributed to Francis A. Walker, was sometimes called the “steam-engine theory of wages.” Just as a steam engine does more work if more fuel is added, people do more work if food (from higher wages) is added. Taussig pointed out that cause-effect could run in either direction, from higher wages and better nutrition to higher productivity, or from higher productivity to higher wages and better nutrition. With the complex web of causes and effects of wages and productivity, little could be known of the magnitude of any effect of higher wages on productivity. One could not expect the productivity effect to occur evenly across all workers. “Much depends on the elimination of that portion among the workers – perhaps no small portion – who by nature or environment are incapable of responding to uplifting influences” (1916, p. 427).

After considering the likely magnitudes of the various factors suggested by theory in explanation of low wages for women and efforts to mandate increases, Taussig concluded that the root of the low-wage problem was an elastic supply of immigrant labor.

The wages which the parents get attract them in great numbers to the United States; the wages which the young women get attract them in great numbers to the shops and factories. The multitude which thus bids for employment in the entire field brings about current rates of remuneration which serve on the whole to “clear the market.” Rates distinctly higher would cause more applicants to offer their services, and would cause less to be employed. The economic theory of the case is simple; the only effective remedy for the low wages of a particular class of workers is a decline in the numbers offering themselves for the particular sort of employment (1916, p. 433).

Taussig used what by the 1910s had become the meat and potatoes of policy analysis for economists – efficiency and welfare analysis. He gave scant consideration to questions of justice, and even when he did so a good portion of justice resolved to efficiency. He suggested that need and efficiency were two opposing principles of distributive justice.

Our system of private property and competitive wages and prices bases earnings on the latter principle: to each according to his contribution. The insistent altruistic sentiment, the feeling of the larger self, rebels recurrently against the rigor of the established rule, and would mitigate it, or replace it by the other: to each according to his needs. So it is as regards the lone woman, the widow who has children to support, the older or younger woman who is the sole prop of a forlorn family. The need is great, even tho (sic) efficiency be slight (1916, p. 439).

Sidney Webb's (1912) argument for a legal minimum wage was also based on efficiency. Webb argued that in both theory and experience minimum wage laws increased productivity. What was accomplished with a wage floor was to take competitive pressure off the wage portion of bargaining between employers and workers, shifting it to other parts of the transaction such as the productivity of the workers.

If the conditions of employment are unregulated, it will frequently "pay" an employer (though it does not pay the community for him to do so) *not to select the best workman*, but to give the preference to an incompetent or infirm man, a "boozer" or a person of bad character, provided that he can hire him at a sufficiently low wage, make him work excessive and irregular hours, or subject him to insanitary or dangerous conditions. In short, the employer may (in the absence of definitely fixed minimum conditions) make more profit, though less product, out of inefficient workmen than out of good workmen. With a Legal Minimum Wage, and with similarly fixed hours and sanitary conditions, this frequent lowering of productivity is prevented (1912, p. 978, emphasis in original).

The productivity effect from the minimum wage would happen directly, with employers choosing the most productive workers, and indirectly, since workers would know that if they did less than their best they could be out of work. There would be a physical effect on individual workers. Healthy, well-fed laborers were more productive than those who were destitute, as with the "steam engine theory of wages." But there would also be a long-term moral effect. "The young workman, knowing that he cannot secure a preference for employment by offering to put up with worse conditions than the

standard, seeks to commend himself by a good character, technical skill, and general intelligence. ... It is unnecessary here to dwell on the enormous moral advantage of such a permanently acting, all-pervasive influence on character. But this, too, has an economic value, in increasing productivity” (1912, p. 979-80). For Webb, minimum wage law was a remedy for the vice of sloth.

Webb also invoked the parasitic trades argument that he and Beatrice Webb first developed in *Industrial Democracy* (1901).

When an employer, without imparting any adequate instruction in a skilled craft, gets his work done by boys and girls who live with their parents and work practically for pocket money, he is clearly receiving a subsidy or bounty, which gives his process an economic advantage over those worked by fully paid labor. But this is not all. Even if he pays the boys or girls a wage sufficient to cover the cost of their food, clothing, and lodging so long as they are in their teens, and dismisses them as soon as they become adults, he is in the same case. For the cost of boys and girls to the community includes not only their daily bread between thirteen and twenty-one, but also their nurture from birth to the age of beginning work, and their maintenance as adult citizens and parents (1912, p. 986).

Webb used a human capital argument to expand the scope of parasitism.

If the workers thus used up were horses – as, for instance, on the horse-cars of an old street railroad, or like those that the English stagecoaches formerly “used up” in three years’ galloping – the employers would have to provide, in addition to the daily modicum of food, shelter, and rest, the

whole cost of breeding and training the successive relays necessary to keep up their establishments. In the case of free human beings, who are not purchased by the employer, this capital value of the new generation of workers is placed gratuitously at his disposal, on payment merely of subsistence from day to day. Such parasitic trades are not drawing any money subsidy from the incomes of other classes. But in thus deteriorating the physique, intelligence, and character of their operatives, they are drawing on the capital stock of the nation. ... A whole community might conceivably thus become parasitic on itself, or, rather, upon its future (1912, pp. 987-88).

This human capital argument complemented an evolutionary perspective that Webb shared with most natural scientists and social scientists.

And in human society, as in the animal world, the lower type developed by parasitism, characterized as it is by the possession of smaller faculties and fewer desires, does not necessarily tend to be eliminated by free competition. The degenerate forms may, on the contrary, flourish in their degradation, and depart further and further from the higher type.

Evolution, in a word, if unchecked by man's selective power, may result in degeneration as well as in what we choose to call progress (1912, p. 988).

Although Webb put the onus of parasitism on the employers, the implication of this evolutionary argument is that sub-standard workers are complicit in leeching off other trades, classes, and posterity. He recommended curing degenerates who were curable and

providing for the incurable remnant at public expense, “as wisely, humanely, and inexpensively as possible.” The first imperative was to check the rate of production of “unfortunate parasites.” The second imperative was to isolate them from the community.

To allow them to remain at large, in parasitic competition with those who are whole, is to contaminate the labor market; and means a disastrous lowering of the standard of life and standard of conduct, not for them alone, but for the entire wage-earning class (1912, p. 993).

Alfred Marshall also drew attention to the plight of those who would not be employable at the minimum wage in *Principles of Economics*, writing of the:

“Residuum” of persons who are physically, mentally, or morally incapable of doing a good day’s work with which to earn a good days wage. This class perhaps includes some others besides those who are absolutely ‘unemployable.’ But it is a class that needs exceptional treatment. The system of economic freedom is probably best from both a moral and a material point of view for those who are in fairly good health of mind and body. But the Residuum cannot turn it to good account: and if they are allowed to bring up children in their own pattern, then Anglo-Saxon freedom must work badly through them on the coming generation. It would be better for them and much better for the nation that they should come under a paternal discipline something like that which prevails in Germany.

The evil to be dealt with is so urgent that strong measures against it are eagerly to be desired. And the proposal that a minimum wage should

be fixed by authority of Government below which no man may work, and another below which no woman may work, has claimed the attention of students for a long while. If it could be made effective, its benefits would be so great that it might be gladly accepted, in spite of the fear that it would lead to malingering and some other abuses; and that it would be used as a leverage for pressing for a rigid artificial standard of wages, in cases in which there was no exceptional justification for it. But, though great improvements in the details of the scheme have been made recently, and especially in the last two or three years, its central difficulties do not appear to have been fairly faced. There is scarcely any experience to guide us except that of Australasia, where every inhabitant is part owner of a vast landed property; and which has been recently peopled by men and women in full strength and health. And such experience is of but little use in regard to a people whose vitality has been impaired by the old Poor Law, and the old Corn Laws; and by the misuses of the Factory system, when its dangers were not yet understood. A scheme, that has any claim to be ready for practical adoption, must be based on statistical estimates of the numbers of those who under it would be forced to seek the aid of the State, because their work was not worth the minimum wage; with special reference to the question how many of these might have supported life fairly well if it had been possible to work with nature, and to adjust in many cases the minimum wage to the family, instead of to the individual. (1920, pp. 594-5).

Taussig likewise considered the plight of unemployables in his *Principles of Economics* (3rd ed), suggesting a eugenic remedy:

A more fundamental question, yet still not of an essentially novel sort, would be how to deal with the unemployable. There would unfailingly be a certain number not capable of earning the minimum – the aged, feeble, maimed, the dissolute or half dissolute. It would be impossible to compel employers to pay the minimum to those whose services are not worth it. It is a fair question whether it is not a merit in the proposal, rather than a defect, that the community would be compelled to face squarely the problems of decrepitude and degeneration. Among those who are incapable of work but half capable of it, two classes may be distinguished: those who are helpless from causes irremediable for the individual, yet not cumulative as regards society, such as old age, infirmity, disabling accident; and those helpless from causes that tend to be cumulative, such as congenital feebleness of body and character, alcoholism, dissolute living. The first class may be dealt with charitably or provided for by some system of insurance. The second class should be stamped out. Neither the feeble minded, nor those saturated by alcohol or tainted with hereditary disease, nor the irretrievable criminals and tramps, should be allowed at large, still less should be allowed to breed. We have not reached the stage where we can proceed to chloroform them once and for all; but at least they can be segregated, shut up in refuges and asylums, and prevented from propagating their kind. The opinion of civilized mankind is rapidly

moving to the conclusion that so far at least we may apply the principle of eugenics and thus dispose of what is the simplest phase of the problem of the unemployable (1923, pp. 332-3).

As Tim Leonard has shown in a series of papers, Taussig's eugenic concerns were hardly abnormal among Progressive era economists and other reformers.⁵ Sidney Webb advocated eugenic reforms alongside minimum wage reform.⁶ For Webb there was no break between the idea that competitive forces weed out inefficient business firms if they are required to pay their full costs and that competitive forces weed out inefficient people if they are required to pay their full costs. In human biology, as in economics, well-being for the community depended on survival of the fittest. Darwinian evolution and economics were a natural fit, for Darwin adopted Adam Smith's methodology of drawing implications about a system from the behavior of its constituent parts in competition with each other.⁷ The structure of both Smith's vision of an economy and Darwin's vision of nature (1859, 1871) was of a system of living individuals in competition where adaptation and change are guided by an invisible hand.

Part of Darwin's influence on social reformers was the belief that humans were not different in kind from other animals. And after the rediscovery of Gregor Mendel's work on the genetics of sweet peas, biologists began to presume genetic determinism of human behavior and social conditions. This presumption was addressed by A.C. Pigou. He asked in an *Economic Journal* article (1907) what light modern biology shed on social conditions. The essay was prompted by two books on genetics, Robert H. Lock's *Recent Progress in the Study of Variation, Heredity, and Evolution* (1906) and R.C. Punnett's *Mendelism* (1905).

At the close both of Mr. Punnett's and of Mr. Lock's books it is suggested, in no uncertain terms, that the whole point of view from which social reform is at present regarded is mistaken. Hygiene and education, the panacea of the popular politician, are, suggests Mr. Punnett, "fleeting palliatives at best, which, in postponing, but augment the difficulties they profess to solve. ... Permanent progress is a question of breeding rather than of pedagogics; a matter of gametes, not of training." Mr. Lock is even more emphatic; and the views of these writers on the practical, though not, of course, on the theoretical, side are substantially in agreement with those of Professor Karl Pearson (1907, 358).

Pigou set out a division of expertise for the pursuit of "social amelioration." The first step is to determine the characteristics of a good society. This is province of ethicists. Positive science, either of society or of nature, has nothing to say about ethics. The second step is to find the means to the good society, which is the province of scientists. And here there is further subdivision of expertise between natural scientists and social scientists. For biologists, Pigou saw three questions concerning social conditions: (1) can the effects of environmental factors be passed between generations, (2) can the effects of parentage be passed between generations, and (3) when in practice environmental and parental factors cannot be separated, what ought the statesman do. Biologists such as Punnett and Lock believed that environmental effects were not transmitted between generations, concluding that "permanent progress is a matter of gametes and breeding."

Pigou cautioned that the biologists had reached this conclusion prematurely, for social progress was not, as their conclusion implied, solely a matter of genetics. In Pigou's view, environmental effects could be transmitted, both culturally and physically, but by paths other than the gamete. For instance, a mother's health, influenced as it is by her environment, affects her child both physically and socially, influencing not only the child's health but his or her ideas, attitudes, and norms.

The entity which biology declares to be unaffected by ancestral environment [the gamete, or germ cell] is a different entity from that to which the conception of progress applies [the person]. The original properties of the next generation are determined by the nature of the germ-cells that produce them, but the goodness to which the social reformer looks is goodness of concrete men and women and not of original properties (1907, p. 361).

Pigou judged that there was not yet sufficient knowledge of biological inheritance to make widespread use of scientific breeding for social progress. The cases where there was enough knowledge were extreme hereditary taints such as imbecility, idiocy, syphilis, and tuberculosis.⁸

Pigou presumed that the goals of social policy were wealth and national greatness, of which the sources were intelligence and productivity. Having concluded that the state of scientific knowledge did not justify widespread sterilization or scientifically planned marriages, he considered less direct policy alternatives, taxes and subsidies, to lower fertility among the unfit relative to the fit. He urged caution in making policy. But his concern was not for the rights of persons who might be deemed unfit. It was rather to

avoid settling for less than the most effective social engineering. Presumably, with division of intellectual labor, by the time natural scientists and social scientists got involved in a social amelioration project, ethicists would have sorted out personal rights and obligations.

Msgr. Ryan: A Matter of Natural Law

Msgr. Ryan's *A Living Wage* covered both parts of Pigou's division of labor between the ethics and science of social reform. The ethical argument was taken from Pope Leo's encyclical "Rerum Novarum," (1891). While others argued for minimum wage law on the basis of efficiency, Fr. Ryan based his case on the Catholic natural law precept that every person, as God's creation, is duty-bound to know and love God.

In a word, the supreme earthly goal of conduct is to know in the highest degree the best that is to be known, and to love in the highest degree the best that is to be loved. These highest objects of knowledge and love are God, and, in proportion to the degrees of excellence that they possess, His creatures (1920, p. 9).

From this duty Ryan derived a natural right to a living wage.

The moral argument he made is actually quite simple. Humans have an obligation to pursue self-perfection in the Christian sense of knowing and loving God and neighbor. For a person to fulfill his duty to God, he must have access to material, social, and spiritual goods. Therein is found the individual's right to access to these goods. Our duty to God implies a right to the bounty of the earth. One person's right implies another's obligation. From the right to the bounty of the earth comes a duty for others not to stand

in the way of the person obtaining a reasonable standard of living, materially, socially, and spiritually.

How does this obligation of others not to stand in the way of the person's access to these goods translate into an obligation of employers to pay a living wage? Here we see how Ryan used ethics and economics together. He reasoned that employers had more market power than the employees for whom the market wage was below the level of a living wage. This imbalance of power was based on an imbalance in the ability to wait. The lowest skilled workers faced the choice of working for the market wage or going without food. Some workers literally could not afford to withhold their labor to obtain a higher wage. All members of society shared responsibility for providing a living wage to workers in these circumstances. But the primary responsibility fell to the person's employer, for it was the employer who, given the prevailing institutional structure of wage labor, distributed the income from selling products. And it was the employer who benefited most directly from the employee's work. After the employer, secondary responsibility was on government, for which the basic function and obligation was to promote social welfare. Given this basic function, government had an obligation to require employers who otherwise could but would not do so to pay a living wage.

One of the issues under discussion by proponents of a living wage was whether the wage should be based on the employee's individual needs, or on the needs of the employee with his family. Ryan argued that for a family living together the family's needs determined the minimum wage, and for men, women, or children living singly the individual's needs did so. He relied on others for estimates of the living wage, which for

a family ranged from the neighborhood of \$600 to \$800 in the mid-1900s to around \$1400 in the late 1910s.⁹

Ryan rejected the hedonistic utilitarian grounds on which the minimum wage was commonly debated. He rejected egoistic hedonism, which held that the ultimate end of life is one's own happiness. He thought this was taken seriously by few who wrote on ethics. He also rejected the premise, common among socialist reformers, that all rights are derived from society. This idea of no rights other than positive legal rights was directly counter to the Catholic Church's conception of God-given natural rights. As an example of this rights theory rejected by the Church he quoted from John S. Mackenzie's *Manual of Ethics*: "By himself a man has no right to anything whatever. He is part of the social whole; and he has a right only to that which it is for the good of the whole that he should have" (1920, p. 16). Ryan's response was that while society is more than an abstraction, it is not an organism except by analogy. The members of society do not exist for society's wellbeing. Rather, each person is sacred and has intrinsic worth. Ryan wrote in *A Living Wage*:

For juggle as we will the terms "social utility" and "social welfare," talk as obscurely as we may about regarding the individual from the viewpoint of society, the true meaning of the assertion that the rights of the individual are derived from and wholly subordinate to society, is that the lives of those who are less useful to society are essentially inferior to the lives of those who are more useful. And not until those who reject natural rights have succeeded in proving that some human lives are less sacred, have less intrinsic worth, stand on a lower grade of being than others, can they

indulge the hope of winning over any considerable number of thinkers to the contention that the individual – even the poorest and lowliest person that breathes – has no rights that are indestructible by society (1920, p. 19).

On this account Ryan was critical of the Webbs' argument for the living wage.

Admitting the premises [that parasitism degrades the nation's capital stock], this conclusion [requiring a living wage] is obviously correct, but it is only partially satisfactory to anyone who regards the laborer primarily as a being endowed with a personality and rights of his own. Like every other person, he exists primarily for himself, not for society; and he has rights that are derived from his own essential and intrinsic worth, and whose primary end is his own welfare. Society exists for the individual, not the individual for society, and when there is a question of fundamental rights and interests the good of the individual, that is, of all the individuals, should be the supreme consideration. Social welfare when taken as an ideal of effort entirely apart from the welfare of the particular individuals of whom society is composed, is either an empty abstraction or, concretely, the welfare of a portion only of its members – the strongest, or most efficient, or most intelligent (1920, pp. 51-2).

Similarly, Ryan rejected industrial efficiency as the sole basis for consideration of living wage policy, as Marshall and others were wont to treat it.

They do not take account of his needs during the time when he is unable to work because they are not describing what he ought to have as a man, but

what he requires as an instrument of production. This is, of course, an entirely proper subject of inquiry, just as is the cost of keeping a machine in repair or a horse in a condition of health and strength, but it has no necessary relation to that measure of the requisites of living which is due to the laborer as a man and an end in himself. The question that we are concerned with is not what a man must have in order to be a profitable producer, but what he ought to have as a human being. The estimates referred to, however, are instructive, inasmuch as they indicate that in the long run social utility and the demands of individual justice are in substantial accord (1920, pp. 99-100).

With regard to the marginal productivity theory of just wages, while Ryan did not deny that a person's production was a legitimate basis for claims on the product, he asserted that this right is secondary to the claim based on effort. This, after all, is how we expect to be judged by God, on the basis of our effort and sacrifices, not on the basis of our gifts.

Employers unable to pay a living wage had no obligation to do so. In this case the obligation would be transferred to others in society who were in better circumstances than the employer. If consumers were not paying a price sufficient to support a living wage they shared culpability. An employer's claim that all revenues were being paid out for others needs did not absolve the employer of responsibility. His and his customers' non-essential needs were to be met only after employees were paid a living wage. The worker himself also shared responsibility for his productivity.

The conventional explanation and remedy for low wages had been Malthusian. High fertility kept the supply of labor up; the way to raise wages was to exercise sexual restraint. More recently the problem was thought to be confined to the lower classes. For the educated, professional classes birth rates were considered too low. Ryan observed that aside from its morality, the prescribed sexual restraint to reduce the birth rate would indeed raise wages. However, considering first the obligations of the worker to others -- to his fellow workers who would receive somewhat higher wages from his restraint, to his wife, and his unborn children -- Ryan argued that the man who married and had children violated none of their rights. At most his actions were deficient in charity, but this was of a lower order of importance than his right to marry freely and have a family. Moreover, it was wrong for men and women to remain unmarried for the purpose of avoiding having children. Artificial birth control and abortion, used to obtain sexual pleasure while avoiding offspring, were not only immoral, but damaging to society, as they promoted selfishness and self-indulgence. "The practice of the small-family cult tends inevitably to a society whose members will be incapable of that degree of self-sacrifice without which mental and moral progress are impossible; nay, more, to a society that will be mentally, morally, and physically decadent (1920, p. 154).

As for the practicality of living wage law, Ryan considered the possible disemployment effects working through higher consumer prices. He argued that this effect would not be large, because the higher wages would themselves lead to greater productivity and an offset to any reduction in consumer demand on the part of the better paid workers.

Reviews of *A Living Wage*, 1st edition, reflected the academic specialization that had occurred by the 1900s. Robert F. Hoxie (1907) wrote from the University of Chicago that an economist had little to say about Ryan's book. The "mere fact" that it concerned wages and industrial data did not make it economics. Apparently wholly unversed in ethics and natural law theory, Hoxie felt unqualified to state firmly whether or not the book was scholarly. Likewise, Charles P. Neill (1908), himself a Roman Catholic economist, formerly at Catholic University and at the time U.S. Commissioner of Labor, wrote in *Political Science Quarterly* that there was little in the book of direct concern to political science. David Y. Thomas, professor of history and political science at the University of Florida, pointed out while Ryan's subject was outside what was taken to be the domain of the social sciences, neither did it fit the standard categories of political ideology.

It will hardly be unfair to say that Professor Ryan's book is neither individualistic nor socialistic in the ordinary sense of either term, nor does it strike a middle ground. It is in a measure socialistic in calling upon the state to see that a living wage is paid, but extremely individualistic in claiming this right for every laborer and basing this right, not upon any consideration of the social good, but upon the personal dignity of the human being (1907, pp. 234-5).

Observing that sociologists and criminologists working to promote social progress would disagree with Ryan's support of every laborer's right to a family and every family to a living wage, Thomas found refreshment in "a book proposing to accomplish the same result with a real human being as the starting point and the end" (1907, p. 235).

Conclusion

An obvious conclusion from this examination of Fr. John A. Ryan's case for a living wage is what the reviewers pointed out. His book did not fit -- not in the emerging specialized social sciences divorced from religion, philosophy, and ethics, nor in the prevailing laissez-faire versus collectivist framework for public policy advocacy. Nor did it fit in the accepted materialist conception of what makes for a good society. Fr. Ryan's analysis was quite literally a throwback to the Middle Ages and beyond. Ryan's primary inspiration and source, Pope Leo XIII's encyclical *Rerum Novarum* (On the Condition of Labor),¹⁰ contains forty references. Seven of these are to *Summa Theologica* and other writings of St. Thomas Aquinas, one to St. Gregory the Great (590-604), one to Tertullian (born circa 160), and the remaining are to Sacred Scripture. During the time of Leo's Papacy many Protestant Christian theologians and ministers were abandoning supernatural claims of Christianity, such as Christ's virgin birth and resurrection, and replacing the traditional Christian emphasis on personal salvation with the reform imperatives of the Social Gospel.¹¹ As belief in orthodox Christian articles of faith waned, eugenic concerns made their way into Protestant Christianity. The *Bible* was reinterpreted in light of modern science as giving a mandate from God for eugenic ideals.¹² One eugenics popularizer, Albert Edward Wiggam, suggested in a widely read book, *The New Decalogue of Science* (1922), that the scientific laboratory was the new Mount Sinai. For many intellectuals who formerly were believers, or whose parents had been believers, the *Bible* gave way to Darwin's *Origin of the Species* (1859) and *Descent of Man* (1871). In this intellectual environment Fr. Ryan's *The Living Wage*, though modern on the cover, was decidedly old fashioned. His policy conclusions regarding the

minimum wage were aligned with those of other reformers, but his reliance on the ancient Christian doctrine of the dignity and sacredness of each person preserved him from wandering into the excess of eugenics.¹³ Others who rejected or by-passed this understanding of the dignity of each individual were not so fortunate.

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*Thanks to Claire Hammond, Tim Leonard, David Mitch, and Robert Whaples for helpful comments and to Mallory Hinzman for editorial assistance. The first draft of this paper was presented in a session organized by David Mitch at the 2007 Social Science History Association meeting in Chicago, IL.

¹ See Bateman (2008) on the late 19th century Christianization and early 20th century secularization of American economics.

² See Leonard (2000) for discussion of the early analysis of minimum wage proposals in the context of modern analysis of wage floors.

³ The term “parasitic trade” was coined by Sidney and Beatrice Webb (1901). “If the community chooses to give to all the employers in a particular industry an annual bounty out of taxes, or if it grants to all the operatives in that industry a weekly subsidy from the Poor Rate in aid of their wages, it is obvious that this special privilege will, other things being equal, cause the favored industry to outstrip its rivals. The subsidy or bounty will enable the endowed manufacturers to bribe the public to consume their article, by ceding to them what they have not paid for. An analogous advantage can be gained by the employers in a particular trade if they are able to obtain the use of labor not included in their wage-bill” (p. 749).

⁴ One of the questions was whether living wages should be set on the basis of the individual worker’s cost of living or the family’s.

⁵ On the eugenic concerns of labor market reformers of the Progressive era see especially Leonard (2003), but also Leonard (2000, 2005a, 2005b, 2005c).

⁶ See Webb (1907, 1910-11).

⁷ See Hawkes (2002).

⁸ Pigou suggested both restraint and isolation, and sterilization of people with these maladies. It is not entirely clear if he approved of sterilization for all of them.

⁹ This is roughly \$16,000 to \$17,000 in today’s prices.

¹⁰ Leo led a revival of Thomism in the Catholic Church. See his encyclical *Aeterni Patris* (1879).

¹¹ See Bateman (2008) and Bateman and Kapstein (1999).

¹² See Rosen (2004).

¹³ Fr. Ryan and his Catholic University colleague Fr. John M. Cooper were members of the American Eugenics Society for a time. While supporting the eugenic goals of physical and mental well-being, both were critical of the eugenic methods. See Rosen's chapter five on Catholics and eugenics.