

## Laissez-faire Capitalism and Social Progress

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Volume 5, numéro 2, novembre 1949

URI : <https://id.erudit.org/iderudit/1023286ar>

DOI : <https://doi.org/10.7202/1023286ar>

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### Éditeur(s)

Département des relations industrielles de l'Université Laval

### ISSN

0034-379X (imprimé)

1703-8138 (numérique)

[Découvrir la revue](#)

### Citer cet article

Lévesque, G.-H. (1949). Laissez-faire Capitalism and Social Progress. *Relations industrielles / Industrial Relations*, 5(2), 14–14. <https://doi.org/10.7202/1023286ar>

enterprise as also the collective agreement — charter of labour relations in the enterprise.

This will be, we hope, the humble contribution of the Industrial Relations Bulletin to the

production of an economic and social order in which all who labour in enterprise — employers, executives, workers — will be able to enjoy the fruit of their labour in an atmosphere of peace, justice and charity.

## LAISSEZ-FAIRE CAPITALISM AND SOCIAL PROGRESS

GEORGES-HENRI LÉVESQUE, O.P.

For a long time we have observed the existence of a conflict between economic realism and social progress. The doctrine of « laissez-faire » liberalism is probably the only one to deny this incompatibility so evident in examining the repeated economic crises which the world has known. Certain people have attempted to explain this opposition as due only to the moral deficiency of the individual. Others have seen its origin in the material conditions of production or again in the abuses of capitalism.

It seems, however, that these explanations are not satisfactory and that we should have recourse to some more fundamental cause. A careful analyse induces us, more and more, to think that the conflict between economic conditions and the general welfare exists above all because the natural aim of economic activity does not coincide with the real objectives of « laissez-faire » capitalism. Actually, the harm does not arise so much from the fact that individuals are opposed to the general prosperity but from the fact that men, even well-intentioned men, become incapable of bringing it about in any permanent fashion within the bounds of this system. Such is the statement of fact to which one is inevitably led, it seems to me, after having studied the conflict between economic reality and social progress on the North-American continent. (...)

The nature, the characteristics and the consequences of « laissez-faire » capitalism are too well known to necessitate describing them in detail. However, it might serve a useful purpose to revert to certain fundamental implications which we are too often content to state without concerning ourselves with their real scope.

There exist literally multitudes of definitions of « laissez-faire » capitalism. The fact that many are incomplete or made false by subjective interpretations adds still more to the general confusion.

First of all we can say that « laissez-faire » capitalism is a system, that is to say, the institutionalizing of a doctrine in the order of facts. Precisely because it is so and because, in reality,

an economic structure cannot exist without a political form, « laissez-faire » capitalism is effectively a politico-economic system. Born of liberalism, it represents an endeavour to apply this doctrine at the same time on the economic and political levels.

Under its economic aspect it presents two essential characteristics — it is based on the private ownership of production and consumption goods, and profit, defined as a special and residual order of revenue, constitutes its « raison d'être » and its principal objective. On the political level, it insists on the principle of the non-intervention of the State. More exactly, it assigns as sole role to the State that of seeing that the rules of the game are observed and the functioning of the mechanism in the economic field is assured.

At this stage of our analyse, it is already possible to discover the source of the conflict which opposes economic reality and social progress in a « liberal » capitalism. On the one hand, the natural end of economic activity is the full and universal satisfaction of human needs or *Common Prosperity*; by contrast, the chief objective of Capitalism is *Profit*. This essential divergence renders the « laissez-faire » capitalist system fundamentally incapable of assuring by itself social progress in a permanent manner.

Nay more, even when having recourse to the most rigorous control measures, it is practically impossible to direct it to the human purposes that it should be reputedly serving because its proper objectives do not allow of it.

These facts become still more evident when we consider the concrete characteristics of « liberal » capitalism. These are not only incompatible with social progress but they are in flagrant contradiction with the properties assigned to this capitalism by the « laissez-faire » doctrine from which it sprang and on which was based that doctrine's justification.