

RERUM NOVARUM: APPLICATIONS IN A WORLD OF GLOBALIZATION*

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This article argues that the 1891 encyclical Rerum Novarum is particularly applicable in the present-day in its critique of the way ideology distorts human dignity and on the subject of poverty in developing countries in the context of—and somewhat stimulated by—a global economy.

Pope Leo XIII's 1891 encyclical, *Rerum Novarum* (RN) continues to be relevant for our contemporary society in many ways. Let me point out two pertinent applications in our present globalized world. They involve the issues of ideology and poverty.

All of us are well versed in Pope John Paul II's reflections on the 100th anniversary of RN, *Centesimus Annus* (CA). In the first chapter (#4-11), John Paul limns the characteristics of RN. There are several elements that, in a sense, set the Church in the direction that subsequently she has pursued with vigor through the successive pontiffs down to today. These include: a critique of the "ideologies" that prevailed or that greatly influenced the attitudes and actions of whole sectors of people; a right understanding of the human person as the best antidote to ideology; a vindication of the dignity of all persons, especially the worker; and a correct understanding of the role and limits of the state. In his reflection on the rights of the worker, Pope Leo developed notions of a just wage that went far beyond the contemporary standard of mutual contract to the criteria of the dignity and right of the wage earner. He went even further to vindicate the beneficial role of the right to free association for particular ends, with the concomitant ability to strike so long as what was sought was not contrary to the common good. I would refer you to two essays of mine, both in books edited by G. Weigel and R. Royal, *A Century of Catholic Thought* (1991) and *Building the Free Society* (1993).

* This paper is adapted from a talk given by Bishop Murphy at the SCSS spring mini-conference at Nassau Community College, Garden City, New York, on March 29, 2003.

The question I put to myself is whether Leo's encyclical retains a meaningful message in a world that has changed even since the publication of *Centesimus Annus* in 1991. My answer is that, even well over a century later, *RN* contains insights relevant to our current situation. While there are many, I shall limit myself to two.

The first of these has to do with ideology. While today we are not dealing with classical nineteenth century liberalism or socialism that foments class warfare, the words of Leo remain particularly apt regarding the reality of ideologies. When he speaks of the attempt by socialism to transfer property from the person to the community and the consequent violation of justice by depriving the person of the means of his livelihood, I would suggest that Leo is adumbrating a principle that goes beyond the limits of the socialist proposal. "The main tenet of socialism, the community of goods, must be utterly rejected; for it would injure those whom it is intended to benefit, it would be contrary to the natural rights of mankind and it would introduce confusion and disorder into the commonwealth" (*RN* #15). What Leo recognizes is the priority of the person over abstract theory or practiced ideology. The essential flaw in the socialist argument was in placing the human person at the disposal of the ideology. While classical socialism is hard to find except on college campuses today, the instrumentalization of the person for the ends of ideology or political power remains very much a part of this contemporary culture which seems caught in the never-ending struggle between modernity and post-modernity. How many new "hermeneutics" are being employed today to justify a deforming sense of the human person? How many new "fundamentalisms" are at work today to reduce the person to a cog in their machine regardless of the consequences for individual persons and the common good?

Similarly does Leo speak of the state if it becomes an end in itself or claims a role that is superior to or dominant over the human person. "Man is older than the State and he holds the rights of providing for the life of his body prior to the formation of the State" (*RN* #13).

Finally, Leo vindicates the rights of the family as having an anterior claim that escapes ideology and that must be acknowledged and respected by the state. "For since the domestic household is anterior both in idea and in fact to the gathering of men into a commonwealth, the worker must have rights and duties which are prior to those of the latter and which rest more importantly on nature. If the citizens of a state—that is to say the families—on entering into association or fellowship, experience at the hands of the state hindrance instead of help and found their rights attacked instead of being protected, such association is rather to be repudiated than to be sought after" (*RN* #21).

Behind this teaching of Leo lies a fundamental principle that he often refers to under the rubric of the “law of nature.” That is the objective reality of truth. In the mind of Leo, as indeed in all classical thought, both Christian and not, there is an objective reality to be discovered that is incumbent on all human beings, institutions and theories. The truth about the human person guides his subsequent reflection on the dignity of the worker and the rights that flow from this regarding just wage—which Pius XI went on to develop explicitly into the notion of family wage—and the right of free association, including unions and the right to strike.

What is important for us is to see these underlying principles being applied to the “new things” of 1891. Understanding that, we can also see how these same principles, delineated with application for the nineteenth and twentieth centuries, remain valid in this vastly changed globalized world of the twenty-first century.

Allow me to be more specific. Currently we are at war with Iraq. Connected to this, President Bush tells us, is the whole “terrorist network” whose roots are in Islamic fundamentalism. With due regard for all the cautions about the misinterpretation of Islam by Western minds, there is a real challenge that we must face about an ideology which claims to have the right to act globally to defeat the Western world that the fundamentalist believes to be corrupt and menacing. Bernard Lewis in his fascinating little book *What Went Wrong* (cf. also his more recent essay, “The Crisis of Islam”) offers as good a brief analysis of this phenomenon as I have seen. All the expertise and all the scholarship in the world will not, however, be able to bridge the gap that currently exists between the Western mind and the Islamic world. The reason for this, I would contend, is most basic and inescapable. The difficulty is that neither Lewis nor any of our modernist or post-modernist thinkers will be able to enter into a dialogue with Islamic or any other fundamentalism because there is no common ground for such a discussion. The Western secular culture does not have the means to enter into and engage the substance of the Islamic world.

The premise of our contemporary society is secularist. It therefore is unable to understand the meaning of the human person as being a statement of truth. It is unable to understand and to appreciate the religious or spiritual dimension of the human person. That dimension, inherent in the human person according to Catholic social teaching following the Church’s millennial anthropology, is foreign to the secularist mind. A fruitful dialogue between two global cultures, one traditionally formed by Christian values which it has largely discarded, the other formed by an Islamic tradition still quite influential, is

impossible so long as the ideological insistence of secular man predominates in the West over the holistic structure of the human person that is neither modern nor post-modern—but is true.

Leo's explanation of the role of religion in bringing the employer and the employee together, through mutual recognition of the dignity of a common humanity endowed by God with certain rights, offered a firmer foundation and a more fruitful point of reference than socialism. The same is true today. Secularist models of human achievement as the criteria for human meaning can never successfully dialogue with an Islam founded on an understanding of the human person as having an intrinsically spiritual dimension. Dialogue between Muslim believers and the secular West is doomed to frustration because the common ground of the truth of the human person cannot be posited, and the relativism that is at the heart of modern and post-modern Western thought is incapable of doing anything other than tolerating Islamic thought until that tradition can become "liberated" and think and act "like us in the West."

The fundamental difference between the Western secularist mind and the Islamic world of thought, of course, rests ultimately on what Leo calls "the great truth," that "when we are done with this life we shall really begin to live" (*RN* #35). This, I would suggest, is one of the areas in which a globalized society must face some extraordinary challenges and begin to erect a new dialogue. The basis of such a dialogue will be, *mutatis mutandis*, the same insights Leo brought to his call for a dialogue between employer and employee.

My second example has to do with poverty as affected by the global economy and communications. The International Monetary Fund's publication *World Economic Outlook 2001 (WEO)* is dedicated to the theme of the information technology revolution. After one has struggled through the charts and statistics and the sidebars, one of the themes that emerges is the relationship between the extraordinarily rapid globalization of the economy because of information technology and the increased volatility of markets both in the developed and the emerging or developing countries. It is no longer a simple equation of "the rich get richer and the poor get poorer," although that is not absent. It is rather a new element of instability that is aided and abetted by the amount of information available, the rapidity with which it can be exploited and the capacity to utilize it by (often anonymous) actors who can in effect cause even extreme instability by the manipulation of economies rapidly and even recklessly. One example of this would be the destabilization of one country, Malaysia, five years ago by one investor who was able to jeopardize seriously the liquidity of that country. Another would be the

precariousness of the Russian economy due to a number of factors that lend themselves to exploitation because of access to and utilization of the information technology capabilities available now globally.

The current situation in light of the failure to restart a new round of multilateral trade negotiations after Seattle 1999 leaves the international economies in a vulnerable state. The experts point to the interrelationships between the fluctuations in industrialized and developing countries as productive of “shocks” that increase volatility and obviously imperil stable markets with reasonable expectations. There are many factors that determine the impact of the shocks and the rate of volatility, for example the size of the developing country, the amount of trade it has with industrialized countries, and the size and volatility of capital influx (cf. *WEO*, p. 82) The slowdown in the economies of industrialized economies affects the terms of trade in developing countries at rates that influence up to 50% of some developing economies. The influx of volatile capital seeking new markets with quick returns often has negative implications for the domestic economies of developing countries.

The growth of information technology (IT) has been exponential throughout the world. This has greatly facilitated the impact of the industrialized economic performance on developing countries and has made it possible for a phenomenal growth in communications that does not respect any of the traditional national or regional checks and balances on such things as transfer of technology and transfer of capital with its resulting impact on the domestic economy and the labor force in particular. To use the example of Malaysia once again, in seven years, 1992-1999, that country tripled its productive use of IT. In that process, the involvement of often anonymous and certainly independent entrepreneurs who escape all national regulation increased correspondingly (cf. *WEO*, pp, 105-141).

This is not an argument against information technology or against the globalization of economic forces. These are a reality. They have brought much good and, one hopes, will be used to bring about even greater good. Nor is the difficulty one of increased labor productivity that is also a good and can be traced to IT as a positive influence. The difficulty is that this increases substantially the element of anonymous exploitation of the poor who are less able to sustain the impact of volatile shocks to their nascent, and often very fragile, initiatives into a sophisticated and rapidly moving economy. Thus, a series of factors—slowdown in industrialized economy, changing terms of trade to respond to developed countries’ needs, high inflow of volatile capital—all made possible by the global reality of IT create a series of

“new things” that place the poor in even more marginalized and vulnerable positions in the global economy while they have become ever more active in it and dependent on it. This demands the attention of all the sectors of society, the state, international actors, the private sector, and ethicists.

While no one wishes to revert to the kind of statism Pope John Paul II warned against in *CA* (ch. 5), such a caveat does not mean that there is no place for states to take a lead in consort with the actors in the global economy, multilateral institutions, the financial world, the business world, and ethicists. Here two aspects of the teaching of Leo in *RN* are worth recalling. The first concerns the state and poverty. “The first duty of rulers of the State should be to make sure that the laws and institutions, the general character and administration of the commonwealth, should be such as to produce of themselves public well-being and prosperity...It is in the power of the ruler to benefit every order of the State and among the rest to promote in the highest degree the interests of the poor...for it is the province of the commonwealth to consult for the common good” (*RN* #32). Note that Leo’s concern is for the right role of the state consistent with his commitment to the priority of the person over the state and his commitment that the individual person be given the opportunity to have access to private property, not as an absolute right, but as a necessary right for the well-being of the person, the family and society.

To that end Leo stresses the use rather than the possession of goods. “Those whom fortune favors are admonished...that they should tremble at the warnings of Jesus Christ...and that a most strict account must be given to the Supreme Judge for all they possess...But, if the question be asked, ‘how are one’s goods to be used?’ the Church replies without hesitation that a man should not consider his material possessions as his own but as common to all...because above the laws and judgments of man stands the law, the judgment of Jesus Christ” (*RN* #38).

Leo recognizes two things: that the State has an obligation to make laws that are equally beneficial to all and that, within the common good, special care should be taken to address the needs of the poor “who are at a disadvantage from the rich” (*RN* #60) in regard to access to the use of goods of this world for their good and the good of their families. Second, he sees the need to stress that possession of goods is not an absolute right but a conditioned right, one that is necessary but cannot be vindicated at the expense of those who are in need. Therefore, he proposes the classical notion of the use of goods as well as the distribution of surplus goods. His emphasis, however, is not on surplus

goods but on the use of goods as the norm for the proper use of property and this world's goods.

Placed in the context of a global economy, Leo's words could be used to argue for a new approach to the worldwide phenomenon of poverty. Just as a "just wage" became a broadened and positive new definition to replace the old "contracted wage" of the nineteenth century, so a new recognition of what constitutes just remuneration in the face of new, increased and radically different risk by labor ought to be explored. The just wage gave to the worker a certain stability and a just expectation that allowed him to plan his own life and that of his family. Even in a market in which profit was mercurial, productivity was rewarded as the expression of the creativity of the worker and not as the merchandise whose sole value was attached to its monetary value.

Similarly, today the volatility of the markets caused by the impact of industrialized economies on developing countries and the insecurity caused by capital inflows made possible by an IT that is immediate and anonymous increases the situation of risk for the poor of the world, both singly and as peoples and nations. The very principles Leo spelled out in *RN* would seem to argue that certain agreements should be entered into that would offer safeguards to the developing countries over a period of fluctuating markets and capital shifts and that would protect against the anonymous manipulator of the IT world taking advantage of the vulnerability of the emerging marketplace and its members. It is not my place to propose specific models or particular programs. However, one could imagine that various approaches might be employed. A few possible ones would be capital set-asides, similar to bonding in construction or in mutual cooperatives, that could offer minimum guaranteed returns; the providing of recourse through multilateral insurance agreements for those who have suffered; or the insistence on a new kind of transparency about the activities of those who manipulate the markets and the shift of capital.

These tentative ideas are floated within the context of raising the question of the real need for new alliances among the industrialized and developing nations. While I am no expert, and these issues belong with the experts, pastors can call for a new look at these issues. Leo saw the deficiencies in the nineteenth century contract for labor that denied a just wage in favor of an agreed upon "contracted wage." Discussion today should not be limited to agreed-upon terms of trade as though the agreement is always an act of justice. Rather, agreed-upon terms of trade must take into account the realities of those involved in the context of the common good of all. The state, then, could play a positive role, not in interfering with the market, but in seeing to it that the poor of whom Leo

spoke with such wisdom at the end of the nineteenth century might not be replicated by a new poor of the twenty-first century. In short, the challenges of the complex global economy which has such potential for good but has already been used often to exploit the poor unnecessarily might benefit from those who can imitate Leo and create some new categories that will serve the good of the persons and groups involved as well as the common good of all.

One final word that I never hesitate to point out to all readers of *RN*: Leo closes his encyclical on social justice and social concerns in a way that every pontiff since has imitated. He speaks of charity: “For the happy results we all long for must be chiefly brought about by the plenteous outpouring of charity; of that true Christian charity which is the fulfilling of the whole gospel law which is always ready to sacrifice itself for other’s sake and which is man’s surest antidote against worldly pride and immoderate love of self” (*RN* #93).

When in *Dives in Misericordia* #12 Pope John Paul II asks, “Is Justice enough?”, he offers the classic answer which Catholic social teaching has always made its own: “justice alone is not enough...if that deeper power which is love is not allowed to shape human life in its various dimensions.” As Leo XIII, as Pope John Paul II, as the Church in her perennial concern for social justice, we too are called to pursue justice but always as those who are committed to the truth in the virtue of love.