Now that the election is over, a lame duck Congress has returned to Washington and a "new Congress" convenes in January. Facing both is the so-called “fiscal cliff” of automatic budget cuts (sequestration) and the termination of the Bush tax cuts created by the failure of the so-called Congressional Super-Committee to reach a bi-partisan agreement last year on tax income, budget cuts, the deficit, and our ever-increasing national debt, now at $16 trillion (as of October 2012).

If Congress does nothing to change the current law, the Congressional Budget Office (CBO) indicates that in January the following changes will occur and have the largest cumulative impact on the budget and the economy:

- A host of significant provisions of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Public Law 111-312) are set to expire, including provisions that extended reductions in tax rates and expansions of tax credits and deductions originally enacted in 2001, 2003, or 2009. (Provisions designed to limit the reach of the alternative minimum tax, or AMT, expired on December 31, 2011.)
- Sharp reductions in Medicare’s payment rates for physicians’ services are scheduled to take effect.
- Automatic enforcement procedures established by the Budget Control Act of 2011 (P.L. 112-25) to restrain discretionary and mandatory spending are set to go into effect.
- Extensions of emergency unemployment benefits and a reduction of 2 percentage points in the payroll tax for Social Security are scheduled to expire.¹

Those “automotive enforcement procedures” from the Budget Control Act include the following key “sequester cuts,” which do not include certain defense and non-defense programs which were exempted in the Act (see chart on page 2).

—Continued on page 2
Because of the large amount of unused resources in the economy and other factors, the rate of inflation (as measured by the personal consumption expenditures, or PCE, price index) will remain low in 2013. In addition, interest rates on Treasury securities are expected to be very low next year. The term “fiscal cliff,” used by Federal Reserve Chairman Ben Bernanke on February 29, 2012, in House testimony has come to connote frightening implications, compounded by Senator John McCain’s assertions that defense department sequesters “would destroy the military” and cause an “inability to defend the nation.” Others counter that this is more “fiscal cliff hysteria” than disaster and that the changes are more of a “fiscal slope, not a cliff” because most of the cuts come on a monthly basis, many tax increases won’t be paid until later, and Congress has time to work out various modifications to eliminate the risk. The lines of that agreement were spelled out in what the U.S. Catholic Bishops wrote to House members a year ago, before Congress failed to agree on a debt reduction plan:

A just framework for future budgets cannot rely on disproportionate cuts in essential services to poor persons. It requires shared sacrifice by all, including raising adequate revenues, eliminating unnecessary military and other spending, and addressing the long-term costs of health insurance and retirement programs fairly.

The United States currently spends over 40 percent of the combined military spending of the entire world. China spends 7.9 percent, Russia 3.7 percent. Even if the complete sequesters were to go into effect, U.S. spending would still far outpace all other nations. While the blunt instrument of across-the-board cuts is considered acting “in an incredibly un-strategic manner, cutting both the good and the bad by the same portions with no planning,” it is hardly catastrophic. Calling it such creates needless fears among our allies. The reductions in defense spending under the worst case sequestration, when viewed over the past 60 years of defense budgets, “would take the U.S. defense spending not to the bottom of the historic trough but the rough average of overall spending.” Such a drawdown actually is typical of the periods following wars.

Actually, many commentators hope that the “fiscal cliff” fears will provide an opportunity for a kind of “grand bargain” whereby the two houses of Congress and the presidential administration would be pressured to work out a reasonable compromise to achieve debt reduction in a realistic fashion that meets the needs of the nation both domestically and overseas, while creating economic conditions that will speed the recovery of the nation.

While Catholic teaching does not provide hard and fast answers for this current political and economic crisis, the overall responsibility of every elected office for the common good does dictate caution against political grandstanding and working towards a common search for a way forward. The lines of that agreement were spelled out in what the U.S. Catholic Bishops wrote to House members a year ago, before Congress failed to agree on a debt reduction plan:

A just framework for future budgets cannot rely on disproportionate cuts in essential services to poor persons. It requires shared sacrifice by all, including raising adequate revenues, eliminating unnecessary military and other spending, and addressing the long-term costs of health insurance and retirement programs fairly.

These moral criteria are rooted in Catholic moral principles for a just society, including the common good of the nation and the global community, the preferential love for the poor and vulnerable, distributive and contributive justice, intergenerational responsibilities, and progressive taxation, among others.

The Catechism notes, “It is incumbent on those who exercise authority to strengthen the values that inspire the confidence of the members of the group and encourage them to put themselves at the service of others.” Failure to reach agreement on issues so important to the well-being of the nation hardly inspires confidence in the U.S. citizenship and the world community.


—Endnotes on back cover
In October 2011, the Pontifical Council on Justice and Peace applied Catholic social teaching (CST) to global financial systems. The “Note” reiterates four strong CST themes:

First, there must be a strong ethical and legal framework to regulate “an economic liberalism that spurns rules and controls.” An unfettered economic market poses grave dangers to human dignity, community, world equilibrium, and peace. Pope Benedict has warned of “the pitfalls which exist on the African continent and elsewhere, such as unconditional surrender to the law of the market or that of finance.”

Second, the growing economic inequalities between and among individuals and nations threaten solidarity. Between 1900 and 2000, while world population increased almost fourfold, globalization produced worldwide wealth much more rapidly, “resulting in a significant rise of average per capita income.” But the Note immediately adds, “At the same time, however, the distribution of wealth did not become fairer but in many cases worsened.”

Third, individualism and utilitarianism produce dangers that undermine the common good. It is erroneous to think that “what is useful for the individual leads to the good of the community.” While containing some truth, “individual utility—even where it is legitimate—does not always favor the common good.”

Fourth, we need a strong ethic of solidarity embracing the logic of the common good and the common dignity of all peoples. This ethic of solidarity means abandoning all forms of petty selfishness, embracing the logic of the global common good, and a “keen sense of belonging to the human family, which means sharing the common dignity of all human beings.”

The Note underscores the call by both Blessed Pope John XXIII and Pope Benedict for a world political authority to deal with global issues. This means reform of international financial and monetary systems, including a world central bank. Respect for the traditional principle of subsidiarity requires any such world public authority to serve global society and regional and national institutions. Such reform should “proceed with the United Nations as its reference.”

In light of the responsibility of global financial institutions for the recent financial crash, the Note calls us to consider taxing financial transactions to generate revenue for “promoting global development and sustainability” and contributing to a world reserve fund “to support the economies of countries hit by crisis.” It also urged that recapitalization of banks with public funds require “virtuous” behaviors aimed at developing the “real economy” (instead of financial transactions producing no goods or services) and the separation of the “domains of ordinary credit and of Investment Banking,” which could have helped prevent the crises which toppled many banks here and abroad.

Catholic social teaching underscores the need for ethical and moral “boundaries” around economic and financial markets. In August 2011, Pope Benedict restated this fundamental principle in these words:

The economy does not function with a self-regulation of the market alone, but it needs an ethical reason if it is to function for man. And once again Pope John Paul II’s words in his first social encyclical become apparent: man must be the centre of the economy and the economy cannot be measured according to the maxim of profit but rather according to the common good of all, that it implies responsibility for others and only really functions well if it functions humanly, with respect for others.

A triple responsibility for one’s own nation, for the world, and for future generations has and will continue to distinguish Catholic thought from a free market ideology, which is all too popular today.
Reform of Guestworker

The perfect recipe for worker exploitation is to prohibit workers from changing employers, however unfair, abusive, or discriminatory. Yet that is exactly how U.S. guestworker programs are structured.¹ What makes the guestworker program for temporary non-agricultural labor, known as the H-2B visa program, even more susceptible to severe exploitation is that many H-2B guestworkers arrive to the United States deeply in debt. This happens when impoverished men and women, desperate to create a better future for their families, are required to pay for their own transportation to the United States, as well as huge application fees to labor recruiters. Workers, believing that they will be securing a bright future for themselves and their families in the United States, borrow money at high rates of interest or mortgage the family farm or home. When they arrive in the U.S. they may find no work or work at dramatically fewer hours and less pay. Mired in debt and desperate, they become compliant workers for abusive employers.

Exploitation of guestworkers on H-2B visas was widespread in New Orleans in the wake of Hurricane Katrina. A well-known case involved Decatur Hotels, a group of 15 luxury hotels in New Orleans that brought 290 guestworkers from Peru, Bolivia, and the Dominican Republic to the city to do re-construction work. Workers were promised $10 to $15 an hour and 60 hours of guaranteed work per week, comfortable housing with televisions and telephones in every room, and free food and transportation to and from the job site every day. Each of the workers paid between $3,500 and $5,000 to cover recruiting fees, travel, and visas.² But as guestworker Daniel Contreras soon discovered, “the promises made to us had been lies.”

The workers were put to work doing housekeeping and maintenance in Decatur Hotels for an average of 20 to 30 hours a week and paid only $6 to $8 an hour. Instead of luxury housing, the workers were installed in a partially-destroyed, rat-infested hotel with eight people to a room. Workers had to walk to the job site, and food was only provided for the first month. In Congressional testimony, Contreras said, “Our dreams were in pieces at our feet. The pressure from our families was unbearable—especially when we received news that our children had fallen sick or that someone from the bank had come by to make threats about our loan payments.”³ Yet the workers were prohibited by law from seeking other employment. When former House Ways and Means Committee Chairman Charles Rangel was asked about the H-2B program, he said, “This guestworker program’s the closest thing I’ve ever seen to slavery.”⁴

In recent years, dozens of criminal prosecutions and civil actions have been launched to address human trafficking, wage-and-hour abuse, involuntary servitude, and fraud involving H-2B guestworkers. In addition, concern has been growing that American industries are using guestworker programs to turn permanent jobs into temporary jobs, undercut U.S. worker wages, and thwart organizing efforts. Advocacy by guestworkers and worker justice advocates on these issues finally bore fruit on February 10, 2012, when the Department of Labor released new H-2B guestworker visa regulations that constituted major reform for this troubled program.

Among the most significant changes were:

- **Employers must make a real effort to hire U.S. workers first.** The new rules mandate the creation of a national database of jobs to advertise for guestworkers (currently databases exist only at the state level), require employers to certify and document (not just “attest”) that they actively recruited local workers, mandate employers to advertise at the job site for 15 consecutive days, and to keep records of any U.S. applicants they reject.

- **Employers must pay for all costs related to using the H-2B program,** including transportation costs and visa fees. Additionally, payment to recruiters for job placement fees is prohibited.
Program Thwarted

Employers must guarantee workers are paid three-quarter of the hours promised to them on a month-to-month basis, so employers will not over-recruit and workers do not travel all the way to the U.S. to find they have no means to support themselves.

New language protects guestworkers from threats or intimidation from employers if the workers complain or try to organize, and bars employers from confiscating immigration documents.

Jacob Horwitz, an organizer with the National Guestworker Alliance (NGA), headquartered in New Orleans, said, “That the Labor Department is taking this proactive stance is an enormous victory for guestworkers and American workers across the country.”

Unfortunately, the joy that guestworkers and their advocates were to experience for such a substantive, game-changing victory was to be short-lived. The rules were scheduled to take effect April 27, 2012. On April 16, five Florida businesses and the U.S. Chamber of Commerce filed a lawsuit to stop implementation of these sweeping reforms. The businesses are in industries that have become heavily dependent on H-2B workers—namely, landscape and forestry services. Plaintiffs argue that the Department of Labor, whose core mission is to “assure work-related benefits and rights,” does not even have the authority to change H-2B program requirements. Rather, plaintiffs assert, such regulatory power lies solely in the purview of the Department of Homeland Security.

The U.S. District Court for the Northern District of Florida issued a preliminary injunction blocking the new rules on April 26.

The crushing blow to H-2B visa reform, however, came from Congress, led by legislators from the Gulf South. Rep. Rodney Alexander (R-LA) filed a resolution on February 28 to get both houses to pass a resolution barring the new regulations.

Four months later, in the Senate Appropriations Committee, Sen. Richard Shelby (R-AL) introduced an amendment to the Department of Labor funding bill to prevent implementation of the new H-2B rules for one year. Four Democrats, including Sen. Mary Landrieu (D-LA) and Sen. Barbara Mikulski (D-MD), joined Republicans to block the rules in a 19-11 vote on June 14.

On July 18, the U.S. House Appropriations Committee voted to block funds for the Department of Labor to implement new wage rules for the H-2B program. According to Stephen Boykewich, an organizer with the NGA, business and corporate lobbying efforts to block any changes in the H-2B program, which includes about 66,000 workers a year, were “massive.”

The origin of Catholic social teaching is closely bound up with the Church’s concern for workers and the plight of immigrants. Recent developments in the H-2B visa program should be of great concern to Catholics and everyone concerned for the dignity and rights of workers and just immigration reform. President Obama reiterated his support for fixing our broken immigration system during his acceptance speech. Soon after, major Republican leaders acknowledged the need to address immigration reform. Guestworker programs will certainly be a major component of any deal that Congress might negotiate. The myriad injustices of U.S. guestworker programs must be addressed if a just and lasting resolution to our nation’s immigration crisis can be realized.

ENDNOTES

1 There are a number of guestworker visas, including H-1B (for professional workers); H-2A (for agricultural workers); H-1C (for nurses in underserved areas); and L-1 (for intra-company transfers). This article focuses on the H-2B visa.


4 Mary Bauer, Close to Slavery, p. 2.


7 See www.dol.gov/opa/aboutdol/mission.htm

8 Amy Nice, Chamber joins lawsuit challenging new H-2B visa regulations that will devastate small businesses, Free Enterprise, April 16, 2012, at http://www.freeenterprisecom/immigration/chamber-joins-lawsuit-challengingnew-h-2b-visa-regulations-will-devastate-small. Plaintiffs also argue that DOL violated the Regulatory Flexibility Act (FRA) by failing to consider the impact the rule will have on small businesses.


12 Phone conversation with author on October 12, 2012.
While many of Thomas Merton’s books have helped a broad lay audience understand and engage in practices of Western mysticism and Buddhism, his prophetic and contemplative stance against white racism has yet to be understood—much less practiced—by a critical mass of white people of faith. Perhaps this is partially because he directly (yet compassionately) calls whites to confront our ongoing complicity in over-privilege and the oppression of people of color.


By “white liberal,” Merton does not mean partisan progressives. Rather, he means any white person, especially Christians, who claim good intentions toward all people, including African Americans.

Seeds begins by noting that the contemplative life is not an abstraction or a flight from the world. Monastic communities are fully implicated in the sinfulness of the world, Merton explains, and must bear witness to baptismal conversion into God’s love in the midst of worldly egoism and injustice. When monastic communities remained silent in Europe in the first half of the twentieth century, Merton notices that, too often, they were “publicly giving support to totalitarian movements.”

Contemplatives, lay and monastic, are called to witness God’s mercy, truth, and justice in the midst of earthly conflict. If he is to live a vow of poverty, Merton reflects, “it seems illusory if I do not in some way identify myself with the cause of people who are denied their rights and forced, for the most part, to live in abject misery.”
The success of Civil Rights legislation “is not the end of the battle but only the beginning of a new and more critical phase in the conflict.” Changes in the law cannot change minds, hearts, or the source of violence in society. Like Dr. King’s analysis of the triple evils of racism, militarism, and consumerism, Merton sees white racism as intimately intertwined with militarism and the American propensity to put profits before people.

In order to resist violence, the contemplative must identify with people who are in any way oppressed or demonized by society. As long as white people clench the status quo and “persist[s] in clinging to its present condition and to its own image of itself as the only acceptable reality,” then there is no room for real change and “invariably there will be violence.”

Merton believed that the nation stood at a societal impasse that demanded the transformation of society. The Seeds of Destruction are grounded in the desires of white people to maintain power and privilege over and against the fundamental dignity and human rights of the Negro (to use the language of the 1960s).

In other words, if society is going to fully respect African Americans as human beings, not as a projection of the fears or ideals of white people, “then that society is going to be radically changed.” Merton sees that racial justice will demand major sacrifices on behalf of white people, including loss of relative economic advantage.

In Merton’s estimation, there are two critical conditions for the possibility of white atonement. A genuine white response to African Americans’ thirst for love and justice, says Merton, must consist of two things:

- A complete reform of the social system which permits and breeds such injustices;
- This reform must be carried out under the inspiration of the Negro whose providential time has arrived, and who has received from God enough light, ardent, and spiritual strength to free the white man in freeing himself from the white man.

In other words, the condition of the possibility of white people being transformed into the love of God and neighbor is the freedom of African Americans to thrive as human beings.

Good will and charity are insufficient. Merton does not question white sincerity or generosity. Rather, creating social, political, and economic structures that are just is constitutive of being transformed into God’s love for the world. Even work for justice is insufficient without Merton’s second point, a profound turning to African Americans in their experience, wisdom, and truth.

Merton calls whites to practice “Christ’s kingdom of humility” by turning our full attention to people of color in the fullness of their humanity, as they are—not as whites imagine, fear, or project them to be.

Practicing Christ’s humility means that whites must learn from African Americans about the ways that we whites are imprisoned both to a false idealization of ourselves as racially innocent and to a false demonization of African Americans.

Merton invites white Americans to see ourselves as African Americans have seen and experienced us through history. When whites see ourselves as African Americans do, then we may see where Jesus stands. Jesus stands with the demonized of society as a way of calling us to transformation through lived solidarity and as a way of ending demonization. Thus, Merton specifically invites white Americans to listen to the Freedom and Gospel Songs, to read King’s “Letter from Birmingham Jail,” and James Baldwin’s prophetic books, among many others. Turning to African Americans means attending to the experiences and wisdom of our Muslim brothers and sisters, including Malcolm X. This also means listening to contemporary perspectives, such as hip hop, as Laurie Cassidy expresses in our book forthcoming in early 2013.²

Ultimately, Christ’s love invites humility before all others who have given us life and who reveal God’s infinite love for the world. When we enter the Light of love of neighbor, we enter Christ, our shared light and love, and walk the only Way of hope for liberation and salvation.

ENDNOTES

1 Italics in quotes reflect Merton’s original emphasis throughout this article.

Fiscal Cliff, Fiscal Slope, or the Common Good

ENDNOTES


3 CBO, op. cit.


7 Singer, op. cit., p. 17.

8 Ibid., p. 5.


10 Catechism of the Catholic Church, no. 1917.

THE MISSION OF THE JESUIT SOCIAL RESEARCH INSTITUTE

The Jesuit Social Research Institute works to transform the Gulf South through action research, analysis, education, and advocacy on the core issues of poverty, race, and migration. The Institute is a collaboration of Loyola University New Orleans and the Society of Jesus rooted in the faith that does justice.