



## INTRODUCTION

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IN OUR DAILY newspapers, reports about religion appear a long distance away from the business pages. Religion is so often defined as a realm far removed from the concerns of “this world” that it is assumed to have little of practical value to offer on trade and commerce, wages and dividends, investment and reward. We expect churches, synagogues, and mosques to have much to say about personal behavior, about matters related to the family and sexuality, about interpersonal dealings and individual spiritual yearnings. But if the discussion is about profits and losses, religious voices are supposed to fall silent.

This view is, of course, absurd. It is untrue to history—religious traditions have always had much to teach us about the moral underpinnings of economic systems and the practical rules for making an economy good and just. It also is untrue to human nature—if religions teach us that we are supposed to be moral in all our actions, there is no special exemption for activities in the economic sphere. We are not supposed to lie, cheat, or steal, and we are supposed to love our neighbor. If such rules do not apply to economic life, they are meaningless. And it is untrue to the actual workings of any society to say that religious voices can be heard on family life, but not on the economic underpinnings of the family; on personal responsibility, but not on the responsibility of economic actors; on generosity of the spirit, but not on the corporal and economic works of mercy.

This volume is in a long tradition of argument among religious people about what it takes to make an economic system just. We chose two people with training in economics rather than theology to present this dialogue, which gives this book a cast that is wholly different from that of most books on religion and economics. To their credit, both Becky Blank and Bill McGurn acknowledge their debts to their forebears in this debate, biblical as well as contemporary, while also bringing a splendid freshness and vigor to their arguments based, in part, on the practice and implementation of economic policy.

We suspect that the debate about to unfold here bears many similarities to the arguments about economic justice that take place every day in our nation's capital, in the meeting halls of our religious institutions, in living rooms, across back fences—and yes, on talk radio and television. Yet because Blank and McGurn have agreed to an extended, rigorous, and informed debate designed to clarify differences as well as points of agreement, we are certain that they will greatly enrich not only conversations among social scientists and policymakers but all future kitchen table, classroom, and congregation debates.

This book and the Pew Forum Dialogues on Religion and Public Life, of which it is a part, are built on the idea that religion always has and always will play an important role in American public life. Religion is by no means the only factor in public policy debates. Many who come to the public square reach their conclusions on social and economic issues for practical and ethical reasons that have little or nothing to do with faith. Nonetheless, our public deliberations are more honest and more enlightening when the participants are open and reflective about the interactions between their religious convictions and their commitments in the secular realm.

This does not happen often enough. Some participants in public debates fear that they will be misunderstood if they talk too much about their faith. Many worry—understandably—that being explicit about their faith commitments will be misinterpreted as an attempt to impose their religious views on others. We therefore salute the courage of Becky Blank and Bill McGurn, as we earlier saluted the courage of Mary Jo Bane and Larry Mead, who kicked off this series with their volume *Lifting Up the Poor: A Dialogue on Religion, Poverty, and Welfare Reform*. The willingness

of these authors to bring together their academic and religious experience, their respective faith traditions, and their political commitments will, we hope, provide a model of how the religious imagination can enlighten many of our political and policy debates. After all, as Blank writes in these pages, “we are both economic and spiritual creatures.”

*Is the Market Moral?* We gave that title to this volume because that is the question we saw both authors grappling with as their dialogue went forward. Both conclude that the market is—or at least can be—moral, though McGurn reaches that conclusion with fewer qualifications and doubts. We are fully aware that some, inside the religious community and elsewhere, would give a negative answer to the question. Those who see the market as immoral worry about any system that is based on self-interest rather than on the good of the community as a whole. Such critics would prefer systems based on production for need rather than profit and on state or collective ownership of economic resources.

But we chose our dialogue partners knowing that both, in some sense, support market economics, even as they disagree sharply on the role of government in regulating market transactions and ensuring a fair distribution of the market’s rewards. We did so because we believe Blank and McGurn reflect rather well the poles of the economic debate in the United States and most other countries as it is being conducted now. At this point in history, even socialist and social democratic parties accept the necessity of markets. Such parties are not seeking ways to overturn capitalism; rather, they grapple with how the market and its outcomes can be made more just.

Blank captures the ambiguities of market outcomes well when she insists that they are “not *either* good or bad; more frequently, they are *both* good and bad.” She continues: “Markets can enrich the lives of some who were previously poor while excluding others; markets also can generate new jobs and encourage the development of new human talents, even while they displace or disempower others whose skills are no longer as useful.”

“The role of the church,” Blank writes at another point, “is not to be ‘antimarket’ or ‘promarket,’ but to be life-affirming. In those cases in which markets and incentives promote better life opportunities, the church should affirm this, but when the market limits opportunity and

creates human misery, the church must call the market to judgment and open a conversation about alternative institutions and social responses to the problem.”

McGurn suggests another ambiguity in market thinking, which is usually presumed to be highly individualistic. He points to “an oft-overlooked truth,” namely “that a market economy presumes more than an individual; it is impossible to have a market without a network of other human beings. If that is true, the market is not just about individual performance but, even more, about relationships.” At another point, McGurn offers this memorable aphorism: “Born free, capitalist man is everywhere in contract to his neighbor.”

Rebecca Blank sees herself firmly rooted in mainline Protestant traditions, “culturally Protestant in habits of mind and heart.” She was born into the German Evangelical and Reformed tradition. For the better part of her life she has been an active member of the United Church of Christ (UCC). She has belonged to UCC churches that were linked with the United Methodists, the American Baptist Church, and the Presbyterian Church in America. She also chaired the committee that wrote the statement *Christian Faith and Economic Life*, which was adopted by the UCC General Synod in 1989. She currently is a member of a Presbyterian congregation. Blank is an academic economist and has been both a researcher and professor for many years. She was appointed a member of the Council of Economic Advisers by President Clinton, having served on the council staff during the administration of the first President Bush. She is now dean of the Gerald R. Ford School of Public Policy at the University of Michigan with an affiliation in the department of economics. While her specialty has been the economics of the labor market, she has also branched out to work on a wide range of social policy issues.

Blank has long maintained a personal interest in the ways in which economics and religion interact, but she says she often “wince[s] at the things that theologians write about economics, many of which are strongly critical of market economics and market outcomes.” While recognizing the market’s many problems, she sees no alternative to the market as a means of organizing economic activity in a complex society. She finds “no inconsistency between a strong belief in the value and power of

competitive markets and the belief that our economic view of the world must be shaped by more than market analysis alone.”

William McGurn is the chief editorial writer for the *Wall Street Journal*. His Catholic faith has always played a central role in his political commitments. McGurn has written extensively on the relationship between capitalism and religion, in particular on how Catholicism is not only compatible with but also complemented by the market’s creative impulse. In the arguments within Catholicism about capitalism—they became especially fierce when the U.S. Catholic bishops released their powerful 1986 pastoral letter on the U.S. economy—McGurn has been a staunch defender of the capitalist ethic, of the view, as he once wrote, that “the market has an inherent moral worth.”<sup>1</sup>

McGurn joined the Dow Jones Company in 1984 and worked as an editor for both the *Asian Wall Street Journal* and the *Wall Street Journal Europe*, first in Brussels then in Hong Kong. He left the company in 1988 to take a position as the Washington bureau chief for the *National Review*, before returning to Dow Jones in 1992 as the senior editor at the *Far Eastern Economic Review*. McGurn’s experiences in Hong Kong powerfully effect his views, as his essays here make clear. “There was Hong Kong,” he writes, “then the epitome of colonialism and still the embodiment of what we think of as dog-eat-dog capitalism—but apparently attractive enough that even the poorest from other countries go to extraordinary lengths to get there and where almost all its denizens face tomorrow with the idea that it was destined to be better than today.”

Thus do two close students of economics, two serious people of faith, grapple with what constitutes economic justice and what makes economic sense.

### *Making Markets Moral*

Blank is a market economist, so it is not surprising that she writes: “The key question is not ‘Should there be a market?’ but ‘What are the limits to markets as an organizing structure for economic life?’” Hers is a nuanced view of the balance between the benefits and the costs of market activity. “In many situations, self-interested and individualistic

behavior is appropriate,” she writes. “But as Christians, we sometimes must balance self-interested behavior with a concern for others and for the communities in which we participate.”

As Blank has written elsewhere: “A commitment to economic justice necessarily implies a commitment to the redistribution of economic resources so that the poor and the dispossessed are more fully included in the economic system.”<sup>2</sup> Blank has produced a significant body of work dealing specifically with easing poverty, but she also finds it essential to understand *why* people are poor. “Effective social responses that reflect our religious convictions,” Blank concludes, “must deal in a sophisticated manner with the diversity of problems faced by our brothers and sisters who are poor.”<sup>3</sup>

Blank challenges the view that individual decisionmaking within competitive markets should be premised only on self-interest and utility maximization—on the assumption that “producers and consumers . . . care only about themselves, not about each other.” The market, then, is not by itself a fully adequate model for Christian behavior.

An essential element of Blank’s argument is the importance of placing economic concerns alongside other values and needs. Market transactions are essential, but there is a danger that the economic cost/benefit thinking that dominates markets may be applied in inappropriate ways to issues of family, community, and faith. The market should not only be kept in check, but other social institutions must “speak for alternative values in civil society,” which can lead to limiting the market’s reach.

She sees one role for religion in championing the need for “mediating the effects of the market economy” when such effects are neither socially nor morally acceptable. Blank draws from Douglas Meeks, who argues that one of God’s primary roles in the Bible is that of an economist who distributes and redistributes resources in order to promote the greater good. “God the Economist acts in history,” Blank writes, “to assure that the household of God’s people is a just household, where all have the resources necessary for life.”<sup>4</sup>

Substantial government intervention often has been required simply to keep the market from running off the rails, and state-sponsored services such as welfare, subsidized housing, homeless shelters, and child labor laws reflect moral commitments—such as compassion and concern for

the next generation—that the market does not take into account. In one article Blank advised that “the unique nature of the social service area, with multiple forms of overlapping market failure, provides an opportunity for effective government involvement.”<sup>5</sup> “One can argue for government involvement,” she explains in these pages, “because the market itself pays little attention to certain strongly held social values.”

Calling the market to judgment, of course, is no easy task, and maintaining generous “other-interested” behavior with the stranger, orphan, and widow requires vigilance and commitment. “A virtuous economy,” she writes, “is one in which both the individual behavioral norms and the government and private structures that surround markets reflect the Christian mandate to care for the poor and the disadvantaged.”

*“As Christians, we cannot view all choices as morally neutral,”* she writes. “Some choices lead us closer to God and some turn us away.” “Is the economic world no more than the sum of individual actions?” she asks. “If one’s faith is to infuse all parts of one’s life, it is hard to argue that community has meaning in religious life but no meaning in economic life. Religious life cannot be neatly separated from daily activities.”

### *The Catholic Ethic and The Spirit of Capitalism*

In 1993 Michael Novak published *The Catholic Ethic and The Spirit of Capitalism*, and McGurn’s insistence on the “convergence between Catholic social doctrine and modern economics” closely parallels Novak’s arguments on the moral necessity of markets.<sup>6</sup> Markets are moral, McGurn argues, because they create circumstances in which individuals can act freely and command dignity and respect. They are moral also because they foster the creation of the very wealth that that allows the poor and the oppressed to be lifted up—and, more to the point, to lift themselves up.

“For the poor,” McGurn writes, “the real danger is almost never markets and almost always the absence of them.”

“Human beings,” McGurn says, “need the freedom to work—by which they become integrated with others—as well as the freedom to make the most of what they have worked at through associating with others.”

“It strikes me as not a coincidence,” McGurn concludes at another point, “that the God who made thinking beings in His own image appears

to have put us in a world in which our wealth and well-being depend not only on our own freedom but on that of our neighbors.”

McGurn explicitly rejects the view that capitalism leads to the exploitation of labor and concentrates resources in the hands of the wealthy and privileged. On the contrary, he says, the market system allows the human person to express his or her innate creativity and intelligence through entrepreneurship, thereby “improving and adding to God’s bounty on earth.”<sup>7</sup>

McGurn does insist that “the market must be bound by a moral culture” whose most important component is the family, the primary cultivator of virtue.<sup>8</sup> “The only thing that can really guarantee that a market will function in a moral way (and not to its own destruction) is a properly oriented culture within which to operate. We need to obey those red lights even when no one else is there.” For McGurn, theologians help us do that.

“Theologians and economists need each other,” McGurn insists. “Theologians and religiously informed activists need to have some grasp of how the economy really works if their critiques are to be taken seriously. Obversely, market economists, if they are not to succumb to the same self-destructive hubris as the socialists, need a religiously informed culture to remind them that economics is made for human beings and not vice versa.”

McGurn concludes that markets are, or can be, moral with fewer quibbles than Blank, but he is uncertain whether government intervention is ever the way to make them so. He thinks that Blank is insufficiently skeptical of the government’s ability to make markets moral without becoming a tool for vested interests. “If I had to sum up our respective propositions,” McGurn writes in these pages, “I would say that Rebecca would probably consider it naïve to think of culture as strong enough to counter powerful market forces while I deem it even more naïve to expect government, which enjoys a monopoly of force, to do it properly.”

### *How Many Cheers for Capitalism?*

We have offered here just a taste of the argument that is about to unfold in this volume. At the risk of oversimplifying, one might summarize



McGurn's view as holding that religious people, and Christians in particular, are insufficiently appreciative of capitalism's moral contribution. "When we are inclined to talk about the need for limits on the market," McGurn writes, "it is worth remembering that for the most desperate among us, it is precisely the *limits* on the market that stand in their way."

And one might summarize Blank's view as insisting that while markets are valuable, the task of religion is to nurture a critical spirit that encourages impatience with the injustices that capitalism, or any other economic system, can leave in its wake. "We in the church are called to live in the modern economy," Blank writes, "but to maintain values that may sometimes conflict with those of the market. . . . We need to think about community interests as well as individual interests, at times opting for government structures that enforce community priorities that the market may not value, such as job safety, environmental protection, or redistribution programs that provide resources for those who cannot achieve economic self-sufficiency in the market."

Religious and nonreligious people alike care about economic justice. And what is economic justice? It might be said to rest on a "social vision" well described by Father J. Bryan Hehir. It is a vision that "seeks to preserve freedom and to provide space for private initiatives and institutions," yet does so "in a way which guarantees that the basic needs of the person, every person, are met and satisfied."<sup>9</sup>

A demanding standard, indeed! But it also is a morally decent standard toward which all economies and societies should strive. Religious people alone will not achieve the goal Hehir sets out, but neither will it be reached if religious people choose to be indifferent to questions of economics and social justice. By inviting us into their debate, Blank and McGurn call all of us to our obligations to contemplate what a just economy would look like, and then to act on our conclusions.

### *Notes*

1. William McGurn, "A Challenge to the American Catholic Establishment," in George Wiegel, ed., *A New World Order: John Paul II and Human Freedom* (Washington: Ethics and Public Policy Center, 1992), p. 116.

2. Rebecca Blank, *Do Justice: Linking Christian Faith and Modern Economic Life* (Cleveland: United Church Press, 1992), p. 68.
3. Rebecca Blank, "Poverty and Policy: The Many Faces of the Poor," in Charles R. Strain, ed., *Prophetic Visions and Economic Realities* (Grand Rapids, Mich.: Eerdmans Publishing, 1989), pp. 156–68.
4. Rebecca Blank, *Do Justice: Linking Christian Faith and Modern Economic Life*, p. 18.
5. Rebecca Blank, "When Can Public Policy Makers Rely on Private Markets? The Effective Provision of Social Services," *Economic Journal*, vol. 110, no. 462 (March 2000), pp. C34–C49.
6. William McGurn, *Wall Street Journal*, Eastern ed., March 20, 1996, p. A14.
7. William McGurn, "Pulpit Economics: Christianity and Capitalism," *First Things* (April 2002), pp. 21–25. The article was adapted from an O'Hara Lecture on Business Ethics delivered at the University of Notre Dame.
8. William McGurn, "A Challenge to the American Catholic Establishment," p. 116.
9. J. Bryan Hehir, "Religious Ideas and Social Policy: Subsidiarity and Catholic Style of Ministry," in Mary Jo Bane, Brent Coffin and Ronald Thiemann, eds., *Who Will Provide: The Changing Role of Religion in American Welfare* (Boulder, Colo.: Westview Press, 2000), p. 118.