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Book Reviews

Is the Market Moral? A Dialogue on Religion, Economics and Justice

Rebecca M. Blank and William McGurn. 2004. Washington, D.C.: The Brookings Institution and Georgetown University. ISBN: 0-8157-1021-6. \$16.95 (paper).

Reviewed by Robyn Klay, Hope College.

So, what is the answer to the title of this book, “*Is the Market Moral?*” According to the two authors, Protestant Rebecca M. Blank, and Catholic William McGurn, the answer may be abbreviated as, “Yes, but only when certain other things are right.” For McGurn, markets are effective and moral only if the culture in which they are imbedded supports strong values. For Blank, markets are neither moral nor immoral. Like any other human endeavor, they can be used for good or ill. Although she, too, believes that individual morals are important for markets to be used for good, she insists that governments are needed to achieve important social values.

This book represents a dialogue in the form of a series of essays, in which each author sets forth a position and responds to the other, reflecting on interactions among Christian faith, morality, and the marketplace. Blank begins with a summary of how markets work, giving proper attention to market failures that suggest certain roles for government. Readers looking for a balanced view of markets, as efficient and productive institutions, but not the Kingdom of God on earth, will find Blank’s first essay to be lively and accessible. She rightly defends economists against unfair criticisms that they are overly simplistic about human behavior. True, humans are not narrowly selfish; but economic models—when applied in places where they belong (she doubts they belong in the household)—often do a good job of modeling human behavior in everyday transactions.

Both Blank and McGurn emphasize that markets have the power to lift billions of people out of poverty—no mean feat for a system that is inaccurately described as being motivated by greed. They each review striking facts about reductions in world and domestic poverty as a result of increased access to markets. They both say that too much market is rarely the problem in Third World countries. Instead, it is the absence of open markets that traps the poor, often due to rampant corruption.

In his first essay, McGurn provides an especially vivid picture of markets working well, based on his ten-year residency in Hong Kong, working for the *Asian Wall Street Journal* and the *Far Eastern Economic Review*. He describes the “miraculous” transformation of this barren rock into a beehive of business and a beacon of hope for refugees from mainland

China, as well as immigrants from other parts of East Asia. In addition to the high standard of living (long ago surpassing that of the English), Hong Kong enjoys the presence of a vibrant moral/cultural sector. Hong Kong's economic success contrasts with a much lower standard of living and higher levels of corruption in the Philippines. Ironically, McGurn points out, the latter is a thoroughly Catholic country, but unable fully to realize the basic human aspiration for freedom, which is emphasized in recent papal teachings.

Readers who are not familiar with Pope John Paul's reflections on markets will find McGurn's essays in this book to be a useful introduction. He also does a good job of illustrating ways in which free markets provide a "place" where participants are able to practice habits of solidarity and other virtues, like "self-restraint, honesty, courage, diligence, [and] the willingness to defer gratification" (p. 83). Because competitive markets make producers look out for the good of consumers, and even for the wellbeing of workers, they facilitate relationships based on mutual good. This is not the same as Christian love, but we cannot afford to minimize its importance.

McGurn does an excellent job of demonstrating that market economies are not about either money or greed. Neither do they cause materialism, as is often claimed by religious critics. "Things" that pass through markets—especially capital—are not primarily material. McGurn writes, "In the materialist sense, the house is just a shelter. In the market sense, however, its value can be unlocked as a source of capital" (p. 74). Human capital, in particular, has a spiritual dimension, because it is imbedded in human beings, who are called and equipped by God to be co-creators through their work.

Blank's essays contain no surprises for members of ACE. She knows her economics. Her theme is balance. If markets are not balanced with other domains—like those of family and community—they carry us away from living out Christian values. Unlike McGurn, however, she believes that governments must play roles exceeding the minimalist list of defending law and order, reducing externalities, and ensuring competition. For her, governments are uniquely adept at coordinating and supporting the work of caring for the "other" in society. Thus, she defends government programs that provide safety nets through welfare, re-training, etc. She says that, without government funds, not enough help would be provided to those who are temporarily unable to work or permanently disabled. Furthermore, she identifies education as one of the proper responsibilities of governments.

McGurn challenges Blank on several of these points, believing that government failure is a more pressing problem than market failure. He cites education as a perfect example of a domain in which governments

have proven themselves inefficient and incapable of delivering “the goods”—especially to disadvantaged minorities, whose well being ought to be a particular concern of Christians.

For certain readers, Blank will appear to have the advantage of a more “nuanced” position. She is well aware that government can and does make mistakes. But, it may be the only institution, she believes, adequate for dealing with big problems. By contrast, McGurn could be labeled an ideologue. That would be a mistake. He is no libertarian. Such a position, he believes, is unacceptable to Christians. After all, our freedom ought to be used to make choices that honor God and affirm life. He personally considers abortion to be an immoral choice, but does not want governments laying down the law on this matter. McGurn writes (p. 142):

I also reject a constitutional amendment because in a free society we Christians bear a far graver responsibility, which cannot be answered by sloughing off our work on politicians. In reality we have no choice but the culture...To change laws in any meaningful sense, we must first do what Wilberforce and Wesley did in Britain over slavery: change minds.

The word “naive” comes up a few times. Blank insists that governments are servants of the community and its deepest values. Is she naive regarding the frequency of rent seeking by government agencies? McGurn looks to culture, and Christian involvement shaping culture, to deal with problems like immoral markets (abortion) or poverty. Is he naive about the difficulty of achieving cultural change, or about the need for public institutions to protect certain values?

Neither writer has the space to discuss details about particular instances when governments might add to social capital, rather than detracting from it. The latter may happen, however, if governments organize and finance activities that could be undertaken by the private, voluntary sector. Blank might even agree that, if tax relief returned more earnings to taxpayers’ pockets, some tasks that are currently too big for the private sector might be undertaken better outside of government.

This would be a good supplementary text for any economics class (beyond the principles level), where discussions take place about policy, and the values that should inform both policy and personal engagement in markets. The authors do a good job of clearing away some misconceptions about economic analysis and what motivates economists. Throughout, the special strengths of markets are rehearsed, especially for reducing poverty by bringing more people into them.

Neither writer is debating against a “straw man.” Both strongly argue that more economic literacy is needed among religious and other leaders, who often call into question the morality of market systems. As it is,

religious critics blame markets for what is not their “fault,” and suggest “remedies” that would undo many of the real achievements of markets.

This book could be effectively used as a resource for an adult Sunday class, or as a gift to one’s pastor. It should be required reading for persons who presume to speak for Christian values when writing for local newspapers and denominational publications. No 144 pages elsewhere will better equip them to address the real issues, rather than rehashing medieval debates.

McGurn argues that the most important thing to know about markets is their spiritual essence and their ability to call forth creative work, which is needed to support families and to contribute to the wider community. I find this a helpful way to go beyond the simple economic assertion that markets are win-win exchanges. Blank emphasizes a need for Christians to affirm “the other” in ways that cannot be done entirely through markets. Both she and McGurn challenge readers to consider a spectrum of ways that individuals and groups may engage their faith, as they live within and beyond markets. ■