

BOOK REVIEWS

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

Rebecca M. Blank and William McGurn

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Market economies have won the so-called bathtub test. Few people, even denizens of institutions historically resistant to the wiles of capitalism—academia and the environmental movement—still deny that economic freedom delivers more and better goods and services.

But critics of capitalism often make a more fundamental attack: markets are immoral. They might work, but they are unfair. In particular, their outcomes are badly flawed, requiring intrusive corrective action by government. This is the topic that spurred the debate about theology and economics between Rebecca Blank, Dean of the Gerald R. Ford School of Public Policy and professor of economics at the University of Michigan, and William McGurn, then an editorial writer for the *Wall Street Journal*—and since chosen to be President George W. Bush's chief speechwriter. The two commentators stake out their initial positions and follow with two rounds of responses.

Blank is a critic, but a well-informed one. As an academic economist she suffers none of the illusions held by those on the utopian left. In order to have a productive, prosperous society, markets are necessary but not sufficient, she contends: "Christian theology surely recognizes the fact that human beings can be selfish and self-interested, but Christian faith calls us to be more than that whenever possible" (p. 22). That's an unexceptional claim, however. Her most important assertion is that Christians should engage government to advance their faith by "showing other-interest" (p. 26), as she puts it. "For Christians, government programs may serve as an instrument to help support the values and responsibilities taught by their faith" (p. 49).

That means making—or attempting to make—markets more efficient, limiting their scope, and, perhaps most significantly, altering "market outcomes by redistributing resources" (p. 43). Although Blank's ambitions seem reasonably restrained, these principles broadly interpreted

would allow the sort of market manipulation characteristic of mismanaged economies around the world.

McGurn develops his analysis by drawing on his experience in Hong Kong, which became a beacon of prosperity and freedom aside a murderous totalitarian state. He has no illusions about the problems that result from human imperfection transmitted through markets. Nevertheless, he emphasizes “the possibilities of markets, especially for the most hopeless parts of the world” (p. 59).

Capitalism has its limits, he acknowledges, but “my experience, especially in the developing world, tells me that for the poor the real danger is almost never markets and almost always the absence of them” (p. 59). It is an observation that has borne out in my extensive travels abroad as well: what poor countries have in common is the absence of economic liberty—especially open, competitive markets.

McGurn reacts as much against typical leftist critiques of capitalism as against Blank’s analysis. The basic theological analysis, he explains, “depends largely on whether we see freedom as enhancing possibilities and solidarity or taking them away” (p. 62). He takes the former position, even as he allows that abuses occur. But those flaws are rooted not in the market itself, but rather in human nature and culture.

Although freedom gives more opportunity to sin, “the sins themselves are by no means unique to capitalism” (p. 85). As tempting as it is to look to government for redress, he emphasizes reforming the culture. He concludes: “Within this structure of markets and competition, there still remains plenty of room for redressing injustices and taking the side of the weak against the powerful” (p. 87).

Their sharpest disagreements emerge in the rounds of point-counterpoint. Do markets promote virtuous behavior? McGurn says yes. Blank disagrees, at least to some degree. She contends “that a virtuous market goes beyond individual traits” (pp. 94–95). Which means using government to impose broader social goals: “The government and private structures that surround markets should reflect the Christian mandate to care for the poor and the disadvantaged” (p. 96).

Here McGurn and Blank clash most directly, and McGurn has by far the better argument. He confronts Blank’s claims: “Not least of the weaknesses in so-called ‘Christian’ prescriptions for economic life is the idea that the gospels are somehow a policy platform, as though the Golden Rule can be simply legislated” (p. 105). The first point is principle: The use of coercion is “hardly the premier Christian virtue,” he observes. Blank never explains what justifies threatening to jail those who are less generous or more discriminating than the government decides is appropriate.

The second factor is practical, pervasive government failure. Even the best-intentioned programs, such as foreign aid, often have had disastrous consequences. Blank, in contrast, thinks we should be asking, “How does the government accomplish so much, given all of the problems that it faces?” Her curiously rosy view of government action is the weakest link

in her argument. She even points to the postal service—an unnecessary and grossly inefficient government monopoly—as a paragon of government success.

McGurn's concluding argument is devastating. Government intervention is so often counterproductive even in the most tempting circumstances, such as child labor and the minimum wage. After all, he notes, "the real alternative" for a child laborer in the Third World "would not be trundling off to class but scavenging through garbage heaps or prostituting herself" (p. 131). The problem is not just unintended consequences, but intended consequences, since "when the government intervenes, it puts the powers of the state on the side of one interest—which makes redress much more difficult to effect." If getting government right were as easy as Blank seems to think, he adds, "our problems would have been solved long ago" (p. 134).

In sum, both intellectual combatants recognize the virtues of the market and the importance of virtue, but they differ on how best to constrain harmful human behavior. Despite McGurn's needless rhetorical swipes at libertarianism, there is no inconsistency between government limits and moral restraint.

Indeed, McGurn nicely links the practical case for freedom to his transcendent theological beliefs. As he concludes, "We know, from the considered experience of the century past, that markets work better than control, that markets require law and not simply license, in short, that freedom works—and, if we are Christians, that it works not because it sanctions greed but because it is more in accord with our God-created human natures" (p. 143).

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