

THE COMMON GOOD AND THE INVISIBLE HAND:
FAITH BASED ECONOMY¹

Whenever a religious figure begins talking about the economy he or she surely runs the risk of being accused of meddling. There are certain subjects clergy are advised to avoid. Andrew Young liked to tell the story about a young and otherwise popular preacher in a country church in Tennessee who found this out one Sunday when, after warning about various of the seven deadly sins, he ventured to bring up the matter of the whiskey still several men of the parish had brewing in the backwoods. “You just stick to your preaching,” he was told after the service, “and don’t get to meddling.” Or, in another variation on the theme, the rabbi, priest or pastor is politely or firmly instructed to stick to the spiritual and not talk about things that do not have anything to do with religion and that they probably don’t know anything about anyway.

Such, however, is impossible advice to accept because any good religion and certainly many passages in the Bible do get to meddling about money and fairness in society. Any faith worth its salt has to be concerned with the economy as part of the wider *oikonomia* —the way people live together. When God speaks through the prophet saying “Is not this the fast that I choose: to loose the bonds of injustice... to share your bread with the hungry, and bring the homeless poor into your house, when you see the naked to cover them, and not to hide yourself from your own flesh?” (Isaiah 58:6-7), it turns out that bread for the hungry and home for the homeless are very much spiritual matters.

¹ It was fitting for this first George Barrett Memorial Lecture to be presented at St. Alban’s Church in Los Angeles where George Barrett preached many a thoughtful and trenchant sermon and at the University of California, Los Angeles campus, where George graduated in 1930. I was proud to have George as a friend and in several ways a mentor. I chose this topic because it raises the kinds of issues and questions George liked to think and talk and sometimes preach about. In his years as Bishop in Rochester he was known for his civil rights leadership and his work with the Eastman Kodak Company and others to foster a fairer and more equitable society.

Then, more biting, the prophet Amos (6:4-6) pronounces woe on those “who lie on beds of ivory... who sing idle songs... and anoint themselves with finest oils,” while not caring for their people who are in dire straits. In our time Amos and the author of the letter of James (2:1-7), who warns a group of early Christians against favoring the rich and dishonoring the poor whom God favors, might be accused of engaging in class warfare or at least meddling with the consumer-driven economy. Their more important concern, however, and the repeated focus of the Bible, is for the character of the community and the common good. There is an abiding hope that no member of the community will be dishonored because of their poverty or status in society. Thus are heard the repeated biblical admonishments on behalf of the orphans and the widows, the poor and also the foreigner or stranger who has come to live among God’s people. (See Exodus 22:21-22; Leviticus 19:34; Deuteronomy 10:17-19; 14:28-29; 26:13; 27:19; Psalm 41:1; 68:5; 72:4; 82:3; 113:7; 146:9; Isaiah 1:17, 23; 3:15; 10:2; 58:6-9; Jeremiah 22:3; Zechariah 7:10; Malachi 3:5; Mark 10:21; 12:40; Luke 6:20-22; 14:18; Galatians 2:10 and more) This reiterated challenge to God’s people is sometimes referred to as “God’s bias” or “preferential option” for the poor, the oppressed and disadvantaged. But it is much more a concern for the whole people and that no member of the community be left behind or left out and so deprived of their human dignity. This is a main reason why usury (either as exorbitant interest or more probably any interest at all – see Deuteronomy 23:19; Psalm 15:5; *passim*) is forbidden in the Hebrew Scriptures (except to foreigners – Deuteronomy 23:20). It was feared that usury would exaggerate the difference between those who had much and those who had little. The stories of Jesus’ healing the sick, the blind, deaf and lame and reaching out to the rejected and also to a rich but despised tax-collector (Luke 19:1-10) are more than stories of compassion. They are enacted parables indicating that all are to be included in God’s favor and in the invitation to participate in what Jesus called was the kingdom of God. In what has been described as his ‘inaugural

sermon' Jesus is reported to have used words from the prophet Isaiah to pronounce the time of the Lord's favor:

The Spirit of the Lord is upon me,
because he has anointed me
to bring good news to the poor.
He has sent me to proclaim release to the captives
and recovery of sight to the blind,
to let the oppressed go free. (Luke 4:18; Isaiah 61:1,2; 58:6)

"Blessed are you who are poor," proclaims the contrarian Jesus, who is said often to have often spoken about economic relations and money in the Gospels. Blessed are you who are poor "for yours is the kingdom of God." (Luke 6:20) This kingdom Jesus, taught his disciples to pray, was not just a distant future or heavenly utopia. It was God's ruling ways already to begin now, to "come on earth as it is in heaven" (Matthew 6:10). "Blessed are you who are hungry now, for you will be filled." (Luke 6:21) Recent archeological evidence indicates that during Jesus' lifetime there was a growing usage of coinage in his home region of Galilee.² The use of coins can facilitate trade and benefit an economy, but it can also bring about a new kind of poverty for those whose labor or produce gives them little ability to obtain coins, especially in times of scarcity. There is also evidence that larger estates were being created making at this time more peasant people landless and unable to live by subsistence farming. It is possible that some of Jesus' words were especially directed to these newly poor persons.

Not surprisingly, after Jesus' death interpreted as a self-offering and with belief in his resurrection from the dead, the emergent Christian faith stressed a new kind of equality among the believers. It sought to develop communities that would exemplify this common life through a sharing of resources. We are told that the first Christians in

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Jerusalem “had all things in common; they would sell their possessions and goods and distribute the proceeds to all, to any who had need” (Acts 2:44-45). They “were of one heart and soul, and no one claimed private ownership of any possessions, but everything they owned was held in common... There was not a needy person among them...” (Acts 4:32,34).

Given the stresses and strains of human living, it is probable that the quality of this community has been idealized and was relatively short-lived (note the story of Ananias and Sapphira withholding part of the proceeds of land they had sold: Acts 5:1-11), but the inspiration has been there for a series of later Christian communities from monasteries to experimental communities like Little Gidding and Koinonia and (from other biblical influences) Jewish kibbutzim. The ideal was, no doubt, in Puritan John Winthrop’s mind when he spoke to his followers as they embarked for the new world: “We must delight in each other, make others’ conditions our own, rejoice together, mourn together, always having before our eyes... our own community as members of the same body.”³ There was then and will always be a tug between the idea of justice that has people getting what they feel they have earned and deserve and the justice of fair distribution for life’s basic needs. Winthrop’s vision meant never losing sight of the good of all.

In other times and conditions this vision has provided encouragement for a fairer society in which, as President George W. Bush (borrowing from the Children’s Defense Fund) expressed it, “no child will be left behind.” One hears it in these words from Episcopal Bishops in 1913 at the height of the ‘social gospel’ movement when they resolved:

that the Church stands for the ideal of social justice, and that it demands the achievement of a social order in which the social cause of poverty and the gross

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human waste of the present order shall be eliminated, and in which every worker shall have a just return for that which he produces, a free opportunity for self-development, and a fair share in all the gains of progress...⁴

Franklin Roosevelt was an Episcopalian. He was, of course, a partisan politician and no mean rhetorician, too, but his economic hopes for the United States of America were inspired by a similar faith. “The test of progress,” he maintained, “is not whether we add more abundance to those who have much; it is whether we provide enough for those who have too little.”⁵

This way of valuing could be called a faith-based economy. It presents a conservative perspective for it looks to the good and the balance of the whole society. It is communal while understanding that the community is made of individuals with their rights and opportunities for life, liberty and the pursuit of happiness. Indeed, it wants to make those opportunities available for all or at least for as many as possible. At its best these economic principles value the justice of the earnings of industriousness and entrepreneurship while also upholding a distributive justice in which the labor along with the basic human needs of all are taken into account. This way of valuing, its proponents would claim, is morally and ethically based while also helping to bring about not only a better *oikonomia* or overall economy but also the most stable and vigorous economy in terms of dollars and cents.

In the past there have been a number of business and other leaders in American society who would claim that this was, indeed, what the United States was all about: fairness and opportunity for all. The opportunity for decent living would be there for everyone who could work with the severely handicapped supported and cared for as necessary. The heads of companies, those who managed other people’s monies, lawyers,

⁴ *Journal of the General Convention of the Protestant Episcopal Church*, 1913 (The Sherwood Press for the General Convention:1988) p.122.

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accountants and other professionals, whether or not they always lived up to their ideals, were first of all in the service of their employees and clients, those who have entrusted their savings to them, and others who sought their skills and expertise.

At the same time, it was well understood, much of the energy for a robust economy comes from the individual desire to have enough for one's and one's family needs and then something more for security and for life's pleasures and adventures. How people wish to use their income and savings, if they have them, is in many ways best left to the freest possible exercise of that energy. This can help develop the common good. Along with this emphasis on free enterprise perhaps of even more importance for the development of a strong local economy as a necessary condition for capitalist based free enterprise markets has been the development of a code of law that secures contracts and private ownership along with trust in such a legally based ownership system. One can best see the significance of a sound legal code in countries where it is lacking and where contracts, and such matters as secure home and business ownership and a consequent ability to take out loans, are often in jeopardy.⁶

Even in the most developed economies there can, however, be severe problems. Unemployment and poverty may swell in certain periods exacerbated by the tendency of wealth to accumulate in a small percentage of the population. There can be both conspicuous and wasteful consumption along with relatively unrestrained long-term environmental damage. The tendency to emphasize short-term profit may lead to reckless boom-and-bust cycles and instability in the economy. During the past two centuries some Christians and others concerned for the common good have advocated for more communally-based economies in which, for example, the natural resources of a country would be seen as commonly-owned and so developed by communal means for

⁶ On the significance of sound codes of law and trustable ownership and contracts for economic development see Hernando de Soto, *The Mystery of Capitalism: Why Capitalism Triumphs in the West and Fails Everywhere Else* (Basic Books: 2000).

the benefit of all. Such efforts have, however, come to be seen by many as failures. Communism, in particular, was seen to bring on totalitarianism and produce inferior economic results. Socialism, even in some of its milder forms, was deemed to have similar tendencies. Central planning and ownership, bureaucracy, lack of fiscal discipline, too much regulation and taxation inhibited the rights and incentives of individuals in a world of increasingly complex and dynamic markets. Capitalist and free market economies, on the other hand, it was held, led to the overall common good for the greatest number. Private ownership and corporate growth were among the valued and necessary conditions for such economies. While they may have some dangers and downsides, the accumulation of capital for business investment and the need to treat labor as a commodity seemed to many to be necessary constituents for such development. Also acceptable in liberal economies was a fair amount of “creative destruction” in dynamic systems in which some companies and, indeed, whole industries would fail as new ones, along with their new technologies, emerged.⁷ The railroads quickly put the pony express out of business. At various points in our history farm laborers have been less and less in demand. Many elevator operators and pumpers of gas have gone the way of telephone operators. In recent decades fewer manufacturing workers have been needed in this country, and the pace of change increases.

The benefits of such free market economies can be sizable, especially to some, but the costs in terms of human livelihoods and lives can be considerable as well. Those who espouse what I am here calling a faith-based economy want to do better and believe the society can do better. Let me give some definition. As a kind of motto and guide for a faith-based economy one can take those words of Franklin Roosevelt: “The test of progress is not whether we add more abundance to those who have much; it is whether we provide enough for those who have too little.” That is a goal and ideal that

⁷ See Joseph A. A. Schumpeter, *Business Cycles: a Theoretical, Historical and Statistical Analysis of the Capitalist Process* (Porcupine Press: 1982).

will never be fully accomplished, but it need not be surrendered. In order to work toward that goal people have to be intelligent and hard-headed. They must use the energy of human self-interest that, for better or worse, includes their capacity to scheme, consume and try to get a leg up. At the same time, supporters of such a faith-based economy do not believe this wholly describes the potential of humans living together. They look also for communal instincts and interests. They look for and hope for wisdom. Wisdom is knowledge and intelligence that also includes empathy and compassion for others. It is an enlightened self-interest that can also take into account the needs and aspirations of others.

Let me quickly add that part of the hard-headedness of this wisdom is that it also recognizes sin and the mixed motivations of human beings. With this recognition comes a watchful eye of suspicion on all, including oneself, who claim to have the larger good as their major focus. Sin may seem like a strong word these days, even though there is plenty of evidence of it in our world. People may wish to define it differently, but here I am thinking of the kind of immaturity that does not take other people needs and interests into account. In one of its manifestations it is greed that refuses to admit that money represents power and the capacity –in one way or another—to purchase other people’s time and labor and then to be excessive in the exercise of that power. By way of contrast to the advocacy of a faith-based economy, there are those who seem willing, as we shall see, to place their faith in a belief that unalloyed self-interest, if left untrammelled, will invariably lead to the best economic results for all.

The wisdom that would guide a faith-based economy is pragmatic and wise enough to know that it does not have all the answers. I have been privileged to know some of the countries top rated economists, and many of them, even if only pressed lightly, can be quick with their humility regarding the overall economy. Wisdom that is looking to a faith-based economy is at its best in continuing to ask hard and sometimes suspicious questions and pointing to the overall virtues of an *oikonomia* that tries to value

all human beings and, in the words of the baptismal vows, “to respect the dignity of every human being.”

I want to offer three illustrations of important and complex areas of our *oikonomia* and economy where such questioning and overall guidance may be of benefit. But first let us recognize how ‘mixed’ an economy we in fact, have in this country with a number of sectors where debate continues about measures of public and private participation, provision of services, regulation and cooperation.

The armed forces are generally agreed to be the government’s proper business, although the makers of planes, armaments and so forth and the suppliers of many services to the military are private businesses subject to some governmental regulation and subsidy. We now also learn that there are a growing number of para-military ‘protection’ forces for hire by government contractors and sometimes by the government itself. In recent years, as more and more services for the military have been privatized, it is hard not to notice how many former politicians and upper level government officials have entered into these businesses and the groups who lobby for them. While it is held that this privatization results in efficiencies and economies, one does notice to whom a lot of those savings seem to be going.

Water (often fought over especially in the west where much of it is supplied through dams and other public projects) is mostly in common hands, though it could undergo privatization as it grows more scarce. Police and fire protection are government prerogatives, while those with wealth to guard increasingly provide some of their own security. With over two million fellow Americans now in jail (some, at least, because of the lack of decent employment prospects), the penal system is controlled by various national, state and local governments, but in some places private companies are used for prison operations. Space exploration and satellite technology are a public and private mixture.

Then there are a host of businesses, financial institutions, agricultural corporations, companies like Freddie Mac and Sallie Mae that are private but subject to varying degrees of government regulation, subsidy or measures of protection. Some of the most heated debates take place over issues of regulation when the government argues that regulation is necessary to promote freer markets by preventing too much control of pricing in a few hands. One recalls in this regard the Republican President Teddy Roosevelt's fulminations against various forms of big business and trusts.

The environment, beaches, education, mail, the internet, telecommunications, radio, TV, sport stadiums, roads, railroads, planes, medical care, drugs, food, housing, electricity, oil and gas are other areas of the economy in which the government is involved to various degrees through direct provision of services, partial provision, subsidy or regulation. Some would argue for more involvement, some less. The new libertarians in the United States (styled as conservatives but who probably draw more of their arguing points from forms of liberalism than from older more communal forms of conservatism) want decidedly less involvement. They lobby and vote not only in favor of individual rights to ownership and for lower taxes so that individuals can make more decisions about their money, but, they contend, with regard to almost every commodity and service area, that this 'freedom' and 'choice' will lead to greater efficiency and a stronger economy. This, one presumes they would maintain, brings the greatest form of common good.

One could, by way of debate, point to the Savings and Loan crisis of the late 1980s as an example of where too much deregulation (what might be called 'faith-based' deregulation) led to enormous financial losses (One has to love the irritated response of some compatriots who contended that "the taxpayers shouldn't have to pay for this. The government should."⁸) A more recent test has been with deregulation of electricity.

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Many economists would hold that, in order for markets to work efficiently, there must be sufficient depth, liquidity and breadth in the particular market. There needs to be a sufficient number of participants, transactions and genuinely competitive suppliers. Also there needs to be sufficient transparency about pricing so that people can see what is going on. More than 200 years ago Adam Smith, the Scottish philosopher and founder of economic theory, fashioned the image of “the invisible hand” to explain how myriad individual choices within a free market system could in such circumstances lead to maximum production and efficient pricing. While Smith held that the competitive system must be embedded in appropriate legal and institutional frameworks and valued the roles of government and taxation, the popular idea took on a life of its own, suggesting that there were few if any areas of human endeavor in which the hand should not profitably have free reign.

One can best see the problems that can arise when there is not this depth, breadth, liquidity and transparency as, for instance, for different reasons with cable television suppliers or for many prescription drugs. Perturbed by the apparent willingness to overlook the actual circumstances of supply and demand in the electricity and natural gas market and the uncritical faith some seemed to be putting in the invisible hand, I wrote a satiric op.ed piece for *The Los Angeles Time* at the height of the early 2001 electricity crisis in California. None of us like being taken for ‘rubes’ as many of the public too often are, and I feared that was exactly what was happening. I noted how belief in the hand’s handiwork had developed mystical and even quasi-religious undertones.

A deistic god sets the proper principles of the world’s economy in motion and now needs to do little else than observe the invisible handiwork. A natural theology provides an economic and political creed: this is the way things are and are meant to be. Social Darwinism buttresses the faith, at least as far as markets, if not people, are concerned: Only the most competitive and efficient survive.

Utilitarianism joins the chorus, with the praise that this brings the greatest good to the greatest number of people.

Ideologies and religions need their theologians. Arguments in favor of free competition and the most unregulated possible markets point out the failures of communism and state-sponsored socialism. Capitalism, in contrast, has proved to be universally successful. Indeed, almost all government is evil to the extent that it does not keep hands off the hand. Markets based on self-interest, and that take into account and even sanction natural human greed, are the only way to sort out economies and people.

Faith in an invisible hand becomes a form of piety. Competing evidence can be explained away. Questions may well be treated as heresy. This is serious business. On the lips of eloquent spokesmen, the gospel becomes deeply personal and moving, not least in witness to the ways individual initiative is everywhere rewarded.

Certain activities, such as policing, sewage disposal, garbage collecting and firefighting, may for now need to be managed by the community. Even here, however, other possibilities could be considered, and the wealthy, who so often lead the way in worship of the hand, are already developing markets of their own in some of these areas.

Meanwhile, not only is higher education best left to the invisible hand, but private schools and vouchers may well be the wave of the future, from preschool to high school. Transportation can be given over to the hand, as happened with Amtrak and the railroads in Britain. Deregulation of the airlines has been a blessing. Eventually, all public transportation will likely be seen as a failed social experiment. Certainly the free hand will be terrific for electricity, once supply and demand are allowed to kick in fully and the environmentalists are put in their place. Speaking of which, the hand will eventually take care of the environment,

too.

One of the wonderful things about faith in the hand is that it absolves humans of the responsibility of doing the work of hard thinking and cooperative planning. If the public sector isn't doing things well, just turn them over to the hand. One must believe that resultant tax cuts will benefit everyone. There is no need to develop common goods with respect to the necessities of life because competition will provide them at the proper price. Look at what this has done to our health care in the United States. Water, too, might one day be metered out in a similar manner.

Since everything works out for the best without common efforts, untrammelled free enterprise, even if it must sometimes administer pain, is the most compassionate way to do business. Such a faith can get rid of the very idea of welfare. It can also be used to encourage the taking up of collections to help elect politicians who will end any governmental interference with the work of the hand. All praise to the hand.⁹

“The Invisible Hand” was written before Enron (whose CEO had often given both patriotic and pietistic praise to the hand) imploded. It appeared well over a year before it became publicly known that Enron and other electricity and natural gas companies had, indeed, engaged in a series of manipulations and tricks that at least a few critics had accused them of at the time of the crisis. I consider myself, however, neither a seer nor a psychic. It was fairly obvious to any sharp-minded observer what had to be going on behind all the talk about the problems with too much environmental and government regulation of electricity, the problems of only partial deregulation, excuses about plant maintenance, gas shortages, etc. One only needed to look at some of the *games* and manipulations that earlier went on in England after deregulation. Why, one might have

⁹ *Los Angeles Times*, Feb. 5, 2001, p.A22.

asked, was there beginning about 1995 all the political maneuvering and heavy lobbying for deregulation, together with the promises of lower electricity prices for everyone? Did entrepreneurs just want to get into the business of trading to help the populace and the economy out? Was there not a lot of money to be made? Was there not, it turns out, huge amounts of money to be made and all sorts of opportunities for clever and then even deceitful accounting?

It does not take a seer or psychic or even a cynic to know that, despite all the pieties about free markets, most companies and corporations are regularly maneuvering to limit price competition. They can do this by producing better products and by efficiencies that result in lower prices, but sooner or later the temptation is almost irresistible to try to gain some corner in the market for widgets. This is more than understandable. Were I running a business I would likely be thinking some of the same methods. Can I in some way undercut or otherwise keep other companies out of my sales area? What more than clever advertising can I use? Can I obtain a patent on my product (or today, increasingly, on ideas for marketing, packaging or advertising my product) that will lessen or omit competition? Today everyone –including universities –seems to want a patent if it will help make money. (It was a different era when Jonas Salk insisted on not patenting the vaccine for the prevention of polio. One wonders whether he would be allowed to get away with that today.) More possibilities come to mind. Can I gain government subsidy, tax breaks, or trade restraint in order to get an edge? Can I influence or even capture the regulatory agency that deals with my business? What about mergers so that a dominant company can take market control? Can I arrange to be a major player in a cartel or oligopoly in the widget business?

Satire is always dangerous, and I received some sharp responses to my essay about the invisible hand. But satire is intended to provoke thought – to encourage people to be critical of ideologies and pieties and to look at circumstances honestly and

realistically – if we are to try to define and to ask what really works best for the common good.

In several ways the partial deregulation of major aspects of the electricity market has increased the risk of catastrophic failure. Because privatization has concentrated on those areas where the most money is to be made, particularly production and marketing, there has been a neglect of the power transmission system and investment in it. It would be amusing, were it not so serious, to watch now as private interest groups with different stakes in the matter have had to lobby lawmakers “to pick and choose among industries and companies that are among their party’s largest and most influential supporters.”¹⁰

Meanwhile, despite a lot of rhetoric and investigation after the great Northeast blackout in the spring of 2003, little seems to be being done about the overall problems. It is at least possible to argue that the supply of such a now common necessity as electricity is most efficiently and safely left to cooperative and communal public efforts rather than to the often inefficient competitiveness (so much also spent on advertising as well as taken in profit and executive rewards) of private entrepreneurship and management. In response to those who insist that public enterprise is forever inefficient and/or corrupt, we might point to past examples of vital public works which would not have taken place without state initiative. Indeed, much of this country has been built up through communal and governmental entrepreneurship and public sector investment (e.g. roads, sewers, education, dams and water, deep water ports, postal service), tight government regulation of a monopoly (e.g. telephones) or strong encouragement to try to make sure that control of a particular service or commodity (in earlier years, for example, newspapers, broadcasting, banks¹¹) is not in the hands of a very few. Experience more than suggests that governmental ownership, though itself rarely ideal, is preferable in

¹⁰ Dan Morgan in *The Washington Post*, Sept. 11, 2003, p.A5.

¹¹ See, e.g., Paul Starr, *The Creation of the Media: The Political Origins of Mass Communication* (Basic Books, 2000).

certain basic areas to private monopoly or even strong cartels unless they are highly regulated. One can at least ask for more wisdom, alert intelligence and industrious pragmatism from political leaders and public servants striving to best make Thomas Edison's legacy available to everyone.

Dare we step into the still more complex and controversial area of health care and ask what a faith-based economy might suggest? Almost everyone, from one or more perspectives, has seen the medical/healthcare business close up. I have sat on the board of a not-for-profit hospital in a poor area of Los Angeles and am also old enough to have watched many a change in health care –remembering, for instance, when a number of the not-for-profit health insurance providers were replaced by for-profit companies. The promise was that the private enterprise could reduce bureaucracy, bring new efficiencies and lower prices –especially through managed care. There were some early results, in part through cutting some wages down and limiting certain services, but after early gains, the promise has lessened considerably. When people hear that nearly a third of each health care dollar is spent on paperwork and other administrative costs, that health insurance executives can be paid and claim to be worth 30 million dollars plus a year, that the chairman of a chain of for-profit hospitals that had been indicted for defrauding Medicare in the same year exercised his stock options worth \$111 million (while the stock of other stockholders was declining 75%), they are entitled to ask hard headed and suspicious questions. And then one thinks, too, about the health care dollars that must become profit for stockholders. Many will ask where the supposed savings and efficiencies are really going. We may have the resources to provide the best health care in the world for a part of the population, but our overall health care is notoriously uneven and inefficient and now such a tangle of private and governmental interests and activity that even the experts throw up their hands. Medicare, in part because our nation seems unable to control the rising price of drugs, threatens to become a nightmare and the band-

aid of more choice through more privatization may well cost a good deal more rather than less.

Several weeks ago another much needed emergency room in Los Angeles closed. Just the other day I heard of a woman whose diagnosis and treatment had been so long postponed that –in this case- her cervical cancer may now be inoperable. Few of us here do not know such stories, and they no longer are stories only about the poorest among us. With wisdom, our resources (spending as we do twice as much per capita as any other country on health care, several of whom have medical service standards rated equal to ours), with our doctors and with our vaunted American know-how, we ought to be able to do better for the good of all. One might also argue that some form of universal health care would remove the growing disincentive that many employers have to providing jobs and do as much as anything else to invigorate the employment climate. Indeed, contrary to the ‘received wisdom’ which maintains that too much social spending deters a society’s economic growth and productivity there is good evidence that public sector spending and investment, administered wisely, on health, education, childcare and transportation can have high value for everyone. Neither the spending nor the right forms of taxation necessary for this spending need inhibit economic growth and may, in fact, enhance it.¹²

Let us look briefly at one more issue among the many that might be subject to our attention and questions. For some years I have been engaged in the living wage movement –an effort to enable local government workers, those working for firms with government contracts and other low wage earners to have health care and to earn several dollars an hour more than the minimum wage.¹³ It is still little enough to live on¹⁴, but

¹² See the analysis of Peter H. Lindert, *Growing Public: Social Spending and Economic Growth Since the Eighteenth Century* (Cambridge University Press, 2004). Lindert compares the social spending levels over nine decades in nineteen developed nations.

¹³ See *The Living Wage: Building a Fair Economy* by Robert Polling and Stephanie Luce (The New Press: 1998) which references (p.9) “Should “Los Angeles Pass a ‘Living Wage’ Ordinance? Yes. It Makes

one is sustained in such efforts by hearing the story of an airport worker who, after gaining the living wage, was able to quit her second job and spend more time with her seven year-old son who has a slight learning disability. That could be described as good investment in the economy, but one not always easily made when some politicians have discovered that outsourcing is a way of cutting costs by eliminating jobs with decent wages and benefits. I do not believe that the Commission probing the terrorist attacks of September 11, 2001 looked into the ways that poverty wages and the virtual temp. jobs conditions of airport security workers were contributing factors to the horrors of that terrible day. They should have. It is a no-brainer now that was then regarded by some as economic efficiency was a false economy and *oikonomia*.

The airport worker whose story I told and her son are also no longer a drain on the health care system. They are better contributors to the economy. A strong argument can be made that the best way to encourage a stable and growing economy is by means of such bottom up economics – by ‘percolating up’ rather than ‘trickle-down’. Possibly the single best thing that has been done for our economy over the last seventy years is to provide social security for our elderly along with some of its accompanying programs. (And Social Security, contrary to what some might have us believe is fiscally not in all that bad shape. It’s Medicare that’s in long-term straits.) Instead of a large cadre of impoverished people acting as a drag on the economy, we have millions of people who can make at least some contribution to the economy through their spending on goods and services. Would that more of the unemployed and the working poor could participate more vigorously in our economy and help to strengthen it upward. This would also be a

Ethical and Economic Sense,” *Los Angeles Times*, December 30, 1996, p. B5 by myself, Rabbi Leonard J. Berman and Methodist Bishop Roy I. Sano. Note also “An Ethical Imperative: Paying Living Wage Helps Build Healthy Society,” *Episcopal Life*, Feb. 2003. P.27.

On the lines of the working poor in America see the now classic *Nickeled and Dimed: On (Not) Getting By in America* (Henry Holt & Co.: 2002) by Barbara Ehrenreich and *The Working Poor: Invisible in America* (Knopf: 2004) by David K. Shipler. Even worse, of course, are the effects of Joblessness, not least on Black Americans. See Julius Wilson’s *When Work Disappears: The World of the New Urban Poor* (Knopf: 1996).

better way to build and keep an economic body politic in which many feel they can participate rather than the many suspecting that the economy is being operated by the well-to-do for the well-to-do.

While active in the living wage movement and related efforts, it was difficult to hear that living wages were inflationary and/or liable to make companies non-competitive. It was difficult to hear this when one knew (or at least could estimate what is often obfuscated) the total compensation of a number of heads of companies (often amounting to a considerable percentage of the company's profits) and was asked to accept the idea that their compensation somehow stood outside these same concerns. But, without going into the disadvantages of excessive compensation and wealth disparities in our country¹⁵, let us observe that the median pay of the chiefs of the 50 companies that announced the largest layoffs in this country in 2001 went up 44% in 2002.¹⁶ There are, of course, economists and entrepreneurs that would applaud such forms of economy as necessary and beneficial in the long run, though the benefits could look to be suspiciously short term and based on faith in trickle-down economics. I guess what might surprise at least some of us is that such forms of job cutting would be thought of as the most ingenious and rewardable forms of corporate leadership.

A number of these same companies also have underfunded pension programs and have moved their operations offshore to avoid U. S. taxes. No doubt their spokespersons have and believe in justifications about "keeping themselves competitive and their responsibility to share holders," but, when having a job is so important for livelihood and dignity as well as for the overall economy, one would like to believe that the wisdom of an economy based in Roosevelt's vision of progress would help us come up with better

¹⁵ Kevin Phillips (in *Wealth and Democracy: A Political History of the American Rich* [Broadway Books, 2002] p. 153) notes that the average pay of corporate CEOs which was 25 times that of hourly production workers in the 1960s, had risen to 93 times as much in 1988 and 491 times in 1999.

¹⁶ See *Los Angeles Times*, August 26, 2003, p. C1, 7.

incentives for employment and economic balance.¹⁷ “The test of progress is not whether we add more abundance to those who have much, it is whether we provide enough for those who have too little.”

When running against Ronald Reagan for President in 1980, George H. W. Bush famously accused Reagan of espousing “voodoo economics.” He implied that Reagan was putting a kind of blind religious faith in an economic program. Maybe, I am arguing, more people than we realize have such faith-based economics. If so, there are good reasons frequently to undertake as honest and careful a look at our reasons and values as we can, and then for others of us to apply the best critical thinking and economic wisdom we can muster. An economy that is based in concerns for the common good can be the best way to achieve a sound long-term bottom line for companies and a country. An economy that is part of an *oikonomia* of living and working together to “provide enough for those who have too little” is a vision and a good that is worthy of the best of us as a people of God.

¹⁷ On more ways and the reasons for doing so, see *The Soul of Capitalism: Opening Paths to a Moral Economy* by William Greider (Simon & Schuster:2003).