Theological Studies
70 (2009)

SOCIAL AND ECONOMIC ETHICS

CHRISTINE FIRER HINZE

The Note surveys scholarship in social and economic ethics between 2004 and 2008, focusing on economic ethics and the financial crisis of 2008. The author analyzes the crisis through a Catholic economic-ethical lens that highlights principles of intelligibility, accountability, incarnation, solidarity, and preferential option for the most vulnerable; she also suggests trajectories for prescriptive responses along with select resources for further dialogue.

LABOR IN THE FIELDS of social and economic ethics over the past several years has yielded a rich and varied harvest. New treatments of Catholic social teaching have appeared.[1] The continuing war in Iraq has

CHRISTINE FIRER HINZE, with her Ph.D. from the University of Chicago, is professor in the Department of Theology, Fordham University, New York. Specializing in Christian social ethics, Catholic social thought, economic ethics, work and family ethics, feminist and liberationist ethics, her recent publications include: “A Distinctively Catholic Patriotism?” in *God and Country? Christian Perspectives on Patriotism*, ed. Michael G. Long and Tracy Wenger Sadd (2008). In press are: “Reconsidering Little Rock: Hannah Arendt, Martin Luther King, and Catholic Social Thought on the Role of Children and Families in the Struggle for Justice,” *Journal of the Society of Christian Ethics* (2009); and “Women, Work, and the Legacy of *Laborem Exercens*: An Unfinished Agenda,” *Journal of Catholic Social Thought* (2009). In progress is a monograph entitled “Radical Sufficiency: The Legacy and Future of the Catholic Living Wage Agenda.”

[1] See, e.g., Kenneth R. Himes, O.F.M., ed., *Modern Catholic Social Teaching: Commentaries and Interpretations* (Washington: Georgetown University, 2005); Michael P. Hornsby-Smith, *An Introduction to Catholic Social Thought* (New York: Cambridge University, 2006); Mary Ann Cejka et al., *The Development of Peoples: Challenges for Today and Tomorrow: Essays to Mark the Fortieth Anniversary of* Populorum Progressio (Blackrock, Co. Dublin: Columba, 2007); Uzochukwu Jude Njoku, “Discourse on the Foundations of Solidarity in the Social Encyclicals of John Paul II,” *Ethical Perspectives* 14 (2007) 79–97. On Catholic social thought, business, and economy, see: Helen Alford, O.P., et al., eds., *Rediscovering Abundance: Interdisciplinary Essays on Wealth, Income, and Their Distribution in the Catholic Social Tradition* (Notre Dame, Ind.: University of Notre Dame, 2006); John C. Medaille, *The Vocation of Business: Social Justice in the Market Place* (New York: Continuum, 2007), which presents a case for an “evolved” free market capitalism based on Catholic social teaching; Philip Booth, ed., *Catholic Social Teaching and the Market Economy* (London: Institute for Economic Affairs, 2007), which explicitly defends capitalist markets; Wolfgang

prompted writings on violence, including journal issues focused on torture and on terrorism.[2] Scholars have addressed debt and trade disparities, rising economic inequality, a world food crisis, and the scourge of HIV/AIDS, all of which have impeded progress toward the United Nations' Millennium Development Goals, especially the first: to halve extreme poverty rates globally by 2015.[3] The 40th anniversary of the death of Martin Luther King

---

Palaver's critical review of Booth in *Studies in Christian Ethics* 21 (2008) 521–24; Albino Barrera, O.P., offers economic and theological analyses in *Modern Catholic Social Documents and Political Economy* (Washington: Georgetown, 2001), *Economic Compulsion and Christian Ethics* (New York: Cambridge University, 2005), and *God and the Evil of Scarcity: Moral Foundations of Economic Agency* (Notre Dame, Ind.: University of Notre Dame, 2005).

[2] On torture see William T. Cavanaugh, "Making Enemies: the Imagination of Torture in Chile and the United States," *Theology Today* 63 (2006) 307–23; Edward Feld, "Developing a Jewish Theology Regarding Torture," ibid. 324–29; Jeremy Walton, "What Can Christian Teaching Add to the Debate about Torture?" ibid. 330–43; Dianna Ortiz, "Theology, International Law, and Torture: A Survivor's View," ibid. 344–48; David P. Gushee, "Against Torture: An Evangelical Perspective," ibid. 349–64; Jonathan Rothchild, "Moral Consensus, the Rule of Law, and the Practice of Torture," *Journal of the Society of Christian Ethics* 26 (2006) 125–56; Michael Peppard, "The Secret Weapon: Religious Abuse in the 'War on Terror,'" *Commonweal* 85.21 (December 5, 2008) 11–18. On terrorism see *African Ecclesiastical Review* 48.2 (June 2006).

[3] On the U.N. Millennial Development Goals see United Nations Web site, http://www.undp.org/mdg/ (all Web sites cited in this Note were accessed December 8, 2008). On debt, trade, and inequality see Andrew Dilnot, "Debt: An Economist's Perspective," *Studies in Christian Ethics* 14 (2001) 1–8; Karl-Heinz Pesch, "Debt Crisis and Debt Relief," *Irish Theological Quarterly* 70 (2005) 355–61; Pesch, "Debt: Some Further Comments," *Irish Theological Quarterly* 71 (2006) 350–51; Anne Pettifor (who connects unregulated financial markets to poverty), "The Urgent Need for Economic Transformation: Subordinating the Interests of Finance Capital To Human Rights," *Studies in Christian Ethics* 15 (2002) 11–19; and Martin Khor, "The Need for Reform and Rethinking of the WTO and the Multilateral Trading System," ibid. 20–24. For International Monetary Fund information on debt relief progress, see http://www.imf.org/external/np/exr/facts/hipc.htm. On poverty see Stephen C. Smith, *Ending Global Poverty: A Guide to What Works* (New York: Palgrave Macmillan, 2005) and the review of Smith in *Heythrop Journal* 48 (2007) 680, which names "the problem of governance" as "the elephant in the sitting-room" that Smith ignores; Kent Van Til, *Less Than Two Dollars a Day: A Christian View of Poverty and the Free Market* (Grand Rapids, Mich.: Eerdmans, 2007). On world hunger crisis see Eric Tollens and Johan De Tavernier, "World Food Security and Agriculture in a Globalizing World: Challenges and Ethics," *Ethical Perspectives* 13.1 (March 2006) 91–115; Catholic Relief Services, http://www.crs.org/public-policy/food-crisis-causes.cfm; other frequently-updated sources of information are the United Nations World Food Program, http://www.wfp.org/english/, and Bread for the World, http://www.bread.org/. On ethical dimensions of world hunger and religions' role see Per Pinstrup-Andersen and Peter Sandøe, eds., *Ethics, Hunger, and Globalization: In Search of Appropriate Policies*, International Library of Environmental, Agricultural, and Food Ethics

Jr. and Barack Obama's election to the U.S. presidency add interest to recent work on racial justice that includes scholarship on King's legacy, and on white privilege's deleterious influences on theology and society.[4]

In 2008, compelling signs of the times clustered around economics. Continuing market turmoil raises pressing and multifaceted issues for contemporary Christian economic ethics and practice. Mindful of recent contributions on globalization[5] and on consumerism[6] in these pages, I here

12 (New York: Springer, 2007). On HIV/AIDS see Regina Ammicht Quinn and Hille Haker, eds., *AIDS* (Concilium 2007/3); on Catholic Relief Services' AIDS work in Africa, see Matt Hanley, "Risk Avoidance: the Imperative and Relevance of Abstinence and Be Faithful (A & B)," *African Ecclesiastical Review* 47–48, nos. 4–1 (December 2005–March 2006) 261–73; and Linda Hogan, ed., *Applied Ethics in a World Church: The Padua Conference* (Maryknoll, N.Y.: Orbis, 2008) chaps. 14–18.

[4] On race and King see James W. Perkinson's prescient, "Like a Thief in the Night: Black Theology and White Church in the Third Millennium," *Theology Today* 60 (2004) 508–24; ibid. 65 (2008), esp. Coretta Scott King, "The Legacy of Martin Luther King, Jr.: The Church in Action" 7–16; Peter J. Paris, "Martin Luther King Jr.'s Vision of America: An Ethical Assessment" 17–25; and Traci C. West, "Gendered Legacies of Martin Luther King Jr.'s Leadership" 41–56; see also Rufus Burrow Jr., *God and Human Dignity: The Personalism, Theology, and Ethics of Martin Luther King, Jr.* (Notre Dame, Ind.: University of Notre Dame, 2006) and review by Glenn Stassen, *Journal of Religion* 88 (2008) 416–18. On white privilege see, e.g., Laurie M. Cassidy and Alexander Mikulich, eds., *Interrupting White Privilege: Catholic Theologians Break the Silence* (Maryknoll, N.Y.: Orbis, 2007).

[5] *Theological Studies* 69.2 (June 2008); also M. F. Murove, "The Empirical Contradiction of Globalisation: A Quest for a Relational Ethical Paradigm," *Journal of Theology for Southern Africa* 121 (March 2005) 4–18; D. N. Field, "Journeys beyond the Gate: The Reign of God and the Response-Ability of the Globalised Middle Classes," *Journal of Theology for Southern Africa* 123 (November 2005) 48–61; Rebecca Todd Peters, *In Search of the Good Life: The Ethics of Globalization* (New York: Continuum, 2004) and review by Michael S. Hogue, *Journal of Religion* 87 (2007) 642–43; Christian Arnsperger, "Comment peut-on être altermondialiste? Cosmopolitism and the Resistance to Capitalism," *Ethical Perspectives* 13 (2006) 647–72; *Applied Ethics in a World Church* chaps. 1–8; and Albino Barrera, O.P., *Globalization and Economic Ethics: Distributive Justice in the Knowledge Economy* (New York: Palgrave Macmillan, 2007).

[6] Kenneth R. Himes, O.F.M., "Consumerism in Christian Ethics," *Theological Studies* 68 (2007) 132–53. See also Wilfred Dolfsma, "Consuming Symbolic Goods: Identity and Commitment," *Review of Social Economy* 62 (2004) 275–76; Martha Starr, "Consumption, Work Hours, and Values in the Writings of John A. Ryan: Is It Possible to Return to the Road Not Taken?" *Review of Social Economy* 66 (2008) 7–24; Gregory Beabout and Eduardo Echeverria, "The Culture of Consumerism: A Catholic and Personalist Critique," *Journal of Markets and Morality* 5 (2002) 339–84; Andrew Yuengert, "Free Markets and the Culture of Consumption," in *Catholic Social Teaching and the Market Economy*; and Mark Nixon, "Satisfaction for Whom? Freedom for What? Theology and the Economic Theory of the Consumer," *Journal of Business Ethics* 70 (2007) 39–60.

consider economic ethics, focusing on Catholic ethical approaches to the financial crisis of 2008.

Beginning in 2006, falling U.S. real estate values and the collapse of the subprime mortgage market exposed an epidemic of overleveraging in financial credit markets. Faced with dramatic declines in collateral values and weakening ability to back their credit products, major financial institutions faltered. Many historically stable companies were forced to offer themselves for sale at bargain prices, petition for huge government bailouts, or declare bankruptcy. In autumn 2008, despite injections of funds by the United States and other countries, an enormous breakdown of trust in credit and markets swept through the global economy. The results have been described as the worst financial crisis since the Great Depression. At this writing, its cascading impacts on national, local, and household economies, most especially already poverty-stricken regions and families, were only beginning to be seen.

CHRISTIAN ETHICAL ANALYSIS AND THE FINANCIAL CRISIS

Christian economic-ethical inquiry is a complex activity with intellectual as well as practical and sapiential aspirations.[7] It navigates fundamental questions concerning theological and moral anthropology; the impact of finitude and sin (along with grace) upon economic relations (and upon scholarly attempts to decipher and evaluate these relations); and the demands of human dignity and solidarity. In addressing economic problems, ethicists must adjudicate among competing economic, ethical, and theological theories and opinions and draw from these sources coherent, religiously-warranted moral arguments—taking account of the influence of ideology, social location, and power on which voices and whose concerns are privileged, and which are muted or marginalized in their sources and in their own work.[8]

The modern Roman Catholic social tradition addresses both perennial issues and the "new things" that mark a rapidly changing, global economy. The dynamics and dysfunctions of 21st-century financial markets, however unprecedented or recondite, thus fall firmly within the Church's analytic and evaluative purview. The 2004 *Compendium of the Social Doctrine of the Church* acknowledges globalization's achievements and potential, but also warns of the threats to human well-being (no. 362) of an economy in which financial markets have become "ever more decisive and central"

[7] "Sapiential" here connotes not only Aristotle's *phronesis* or practical reason, but the wisdom that is a gift of the Holy Spirit. As theological inquiry, Christian economic ethics is at bottom a spiritual pursuit.

[8] Mary Elsbernd, O.S.F., begins with this issue of "voice" in her Moral Note, "Social Ethics," *Theological Studies* 66 (2005) 137–58, at 137.

(no. 361). As the ensuing remarks (nos. 362–76) show, a normative understanding of economy's purpose—namely, to serve human dignity and material well-being—and a set of principles grounded in this purpose orient Catholic ethical analyses of contemporary finance.[9]

First, a *principle of intelligibility* affirms that social and economic processes and structures are subject to human comprehension. Ethical analysis thus begins by seeking an accurate understanding of financial markets, how they work, and what has gone awry. This descriptive work requires critical familiarity with pertinent economic theories, concepts, and debates.[10]

The recent market crisis can be traced to financiers' turning to the booming mortgage market in their efforts develop high-yield, stable-risk investment products to offer to "the giant pool of money," more precisely, the fixed securities market, which grew at unprecedented speed after 2000. In response to intense demand, there was an explosion of new financial instruments known as "over-the-counter credit derivatives."[11] Two credit derivative products, funded "collateralized debt obligations" (CDOs) and unfunded "credit default swaps" (CDSs), were central in the lead-up to the 2008 crisis.

A collateralized debt obligation is built from a mortgage-backed security, which is a pool or bundle of mortgages. That bundle is cut into slices. Depending on the quality of the mortgage pools they are cut from, slices

[9] Pontifical Council for Justice and Peace (hereafter PCJP), *Compendium of the Social Doctrine of the Church* (Washington: U.S. Conference of Catholic Bishops, 2004), chap. 7, nos. 361–75.

[10] See "Interview: Prof. Susan Wachter on Securitizations and Deregulation," Knowledge@Wharton E-newsletter, June 20, 2008, http://knowledge.wharton.upenn.edu/article.cfm?articleid=1993; "The Giant Pool of Money," National Public Radio segment aired on May 9, 2008, on the background and causes of the subprime mortgage and credit crisis, *This American Life,* episode no. 355, http://www.thislife.org/extras/radio/355_transcript.pdf; Matthew Attwood, "The Emergence of Credit Derivatives," *Credit Magazine*, August 2004, http://www.credit-mag.com/public/showPage.html?page=168229; and Jeff Madura, *Financial Markets and Institutions*, abridged, 8th ed. (Cincinnati: South Western, 2008).

[11] "The birth of credit derivatives can be traced back to two major market developments: the packing of US mortgage bonds in the 1980s to create collateralised debt obligations and the selling of default protection in the 1990s as credit default swaps to trade credit risk. Over the past decade, the credit derivatives market has grown at a breathtaking speed. When the most basic form of credit derivatives, credit default swaps (CDS), first emerged in the US in the early 1990s, they were used principally by banks as proprietary instruments to hedge their loan exposure. By . . . the latter part of the decade . . . credit derivatives were working their way into the mainstream of the financial market. . . . Within no time, credit default swaps were being used to build increasingly complicated derivatives of their own" (Attwood, "Credit Derivatives").

("tranches") are deemed higher or lower risk. Regularly, higher and lower-risk slices were pooled and sliced again. Credit rating agencies, using complex predictive computer modeling, frequently gave the top (and even middle) slices of *these* pools credit ratings of AAA: low risk—as "good as money."[12]

Credit default swaps, introduced in the 1990s, are, at their simplest, contracts between a credit protection seller and a credit protection buyer. "The seller agrees to pay out sums by reference to a single or group of reference entities," such as a CDO. "The buyer buys a pre-agreed amount of credit protection on a reference entity's obligations.... The seller sells credit protection against the loss in value of the reference entity's obligations if certain events occur [such as bankruptcy or default]." But unlike buying insurance on, say, one's own house, in a default swap, "the reference entity [the item being insured] is not a party to the transaction and is probably unaware of its existence," making such swaps essentially "side-bets on the future performance of the U.S. mortgage markets and major financial institutions."[13] CDSs in various forms quickly morphed into a highly profitable market. By 2007, backing nearly $62 trillion (compared to the $1.3 trillion subprime market), the CDS market had become grossly overleveraged as credit defaults were traded by speculators for up to 100 times the value of the bonds those policies insured.[14]

By 2003, with housing prices continuing to rise, the appetite for CDOs and CDO-referenced swap products unabated, and huge profits to be made by those who could supply this market, two things happened: Guidelines for mortgage-granting went on a steep slide[15] (the nadir was likely

[12] Credit rating agencies hired to calculate risk levels were pressed for positive ratings on products their clients were anxious to sell, making computer models that judged risk-ridden bundles as "money good" therefore less likely to be questioned.

[13] Steve Kroft, "The Bet That Blew Up Wall Street," *CBS 60 Minutes*, October 26, 2008, http://www.cbsnews.com/stories/2008/10/26/60minutes/main4546199.shtml

[14] Jesse Eisinger, "Death By Derivatives," *Conde Nast Portfolio*, November 2008, http://www.portfolio.com/interactive-features/2008/10/Timeline-of-Derivatives-Market; Edmund Parker, "Derivatives Uncovered" (Mayer-Brown Publications) October 2005, http://www.mayerbrown.com/publications/article.asp?id=3648&nid=6; and Edmund Parker and Jamilia Piracci, "Documenting Credit-Default Swaps on Asset-Backed Securities" (Mayer-Brown Publications) April 2007, http://www.mayerbrown.com/publications/article.asp?id=3517&nid=6. "Overleverage" refers to "a balance sheet condition where the entity is incapable of servicing its debt load (interest payments) with available capital resources. Simply put, the entity is carrying too much debt" (*Financial Dictionary* [2008]), http://www.financial-dictionary.com; also Jeff Madura, *Financial Markets and Institutions* 160–61, 728.

[15] Mortgage guidelines were relaxed in the 1990s, partly due to well-intentioned efforts to make home ownership possible for more Americans. But by 2007, adjustable-rate mortgages (ARMs) accounted for 30% of all mortgages, and for 75%

"no income no asset" mortgages) greatly increasing the number of subprime mortgages. Meanwhile, midsize mortgage companies borrowed from larger banks at increasingly leveraged rates to get the funds to buy loan pools that they, in turn, sold to Wall Street, which sold them again, repackaged, frequently into the international markets. Minimal regulation[16] enabled financial institutions to sell these products widely, as high-risk loans were sliced, diced, and resold in mixed-basket products.

Derivative markets spread risk around and protected against risks associated with localized housing crises.[17] But unprecedented levels of high-risk, low-transparency trading injected crisscrossing veins of uncertainty into local and international markets. To the extent that these veins harbored "bad risk," markets became networks of "interlocking fragility."[18] Experienced managers, distracted by a combination of huge potential profits, sophisticated computer models purporting to confirm the AAA status of complicated loan bundles, and the belief that spreading diversified products out in the world securities market would somehow protect everyone from the consequences of defaults, overrode their own hesitations.[19]

By 2006, these weaknesses honeycombed the financial system. Then, falling U.S. property values set off a chain reaction. Foreclosures rose, the instability of derivatives markets was exposed, and confidence in the creditworthiness of even venerable financial institutions was severely undermined. Between 2007 and 2008, the subprime mortgage market crisis ballooned into a full-blown credit and liquidity crisis. The tissue of trust on which markets always depend thinned dangerously.

A *principle of agency and accountability* insists that economic markets are not weather-like processes, but complex sets of relationships that are

---

of subprime mortgages. As ARMs continue to reset at higher rates (in 2009 60% of ARMS made since 2004 were to increase by 25% or more, and 25% by 50% or more), defaults are rising precipitously. See Economic Policy Institute, "The ARMs Alarm," May 2, 2007, http://www.epi.org/content.cfm/webfeatures_snapshots_20070502; also Kristopher Gerardi, Adam Hale Shapiro, and Paul S. Willen, "Subprime Outcomes: Risky Mortgages, Homeownership Experiences, and Foreclosures," Federal Reserve Bank of Boston Working Papers no. 70–15, May 2008, http://www.bos.frb.org/economic/wp/wp2007/wp0715.pdf.

[16] U.S. critics fault the December 21, 2000, Commodity Futures Modernization Act (HR 5660, S 3283) and an antiregulatory climate during the subsequent Bush administration.

[17] I thank economist Mary Beth Combs, Fordham University, for clarifying this point.

[18] David Brooks ("The Behavioral Revolution," *New York Times*, October 28, 2008, A31) referenced Nassim N. Taleb (see, e.g., his *The Black Swan: The Impact of the Highly Improbable* [New York: Random House, 2007]).

[19] *This American Life* transcript, 10–11. See Alex Blumberg, "How Credit Default Swaps Spread Financial Rot," National Public Radio, October 30, 2008, http://www.npr.org/templates/story/story.php?storyId=96333239&ps=cprs.

produced and affected by human agency. To work at optimum efficiency for the common good, markets require structurally-attuned, political buffering in the form of effective norms, rules and oversight, and practitioners who exhibit "business virtue" by cooperating responsibly with both the letter and spirit of pertinent norms and regulations.

Debates about the credit crisis often betray disagreements about de facto or de jure limits of agency in economic processes.[20] Extrapolating the Smithian metaphor of the "invisible hand," some hold that financial markets *cannot* be controlled. Others contend that markets *ought not* be interfered with. "It is easy to believe that the processes of global economy are beyond our control. . . . Both those on the political right and the left tend to encourage such a view, the right emphasizing the invisible hand of the free market that benefits all and the left emphasizing a handful of elites who run the capitalist machine that exploits the masses."[21] Certain economists admit degrees of agency and accountability but argue that traditional ethical categories, which focus on personal ethics, must be adapted to the impersonal and competitive features of complex market relations.[22] And business ethicists have debated the extent to which competitive market relations operate by a game-like code wherein participants, expecting one another to bluff, feint and maneuver to gain the most profitable advantage for their respective stakeholders.[23]

[20] Frequently the crisis is framed as a "Frankenstein" narrative: "Even when well-meaning, responsible people create a product that helps them, it can have disastrous and unintended consequences. . . . That's why markets need oversight" (Jesse Eisinger, "Behind the Story: Market Mayhem," *Conde Nast Portfolio,* November 2008, http://www.portfolio.com/in-this-issue/Jesse-Eisinger-Q-and-A). Oversight solutions themselves require ongoing scrutiny because (as behavioral economists are now documenting and Reinhold Niebuhr famously emphasized) the unreliability of human perception and judgment, especially when clouded by self-interest, makes both governmental and business bodies untrustworthy market guardians.

[21] Laura Stivers, "A Sense of Place in a Globalized World: Place-Based Organizing for Corporate Accountability," *Journal of the Society of Christian Ethics* 27 (2007) 95–111, at 97, citing Julie A. Nelson, "Breaking the Dynamic of Control: A Feminist Approach to Economic Ethics," *Journal of Feminist Studies in Religion* 19 (2003) 32–33.

[22] Economists Peter J. Hill and John Lunn ("Markets and Morality: Things Ethicists Should Consider When Evaluating Market Exchange," *Journal of Religious Ethics* 35 [2007] 627–53) agree with Nobel-laureate Vernon Smith that "Markets economize the need for virtue, but do not eliminate it" (637), but argue that the impersonal exchange of mass markets calls for a different, impersonal ethics, something theologians often misunderstand. (They understate the extent to which concentrations of corporate power systematically skew the exchanges from which "impersonal" price information is derived.)

[23] Albert Z. Carr, in "Is Business Bluffing Ethical?" *Harvard Business Review* 46.1 (January/February 1968) 143–53, likened business rules to those of a poker

Hindsight suggests multiple failures of accountability and business virtue in the buildup to the 2008 credit crisis. First, many agents recognized the dangers of extending huge credit lines to poor-risk homebuyers and of overleveraging credit at multiple levels, but the pressure of demand and the enticement of high rewards for supplying that demand overruled prudence. This bred collusion between irresponsible borrowers (including individual home-buyers and investors) and irresponsible lenders. Second, highly complex and varied derivative products and contracts diminished buyers' and sellers' ability to make well-informed decisions about price and risk. Third, the temptation to take advantage of these markets was great, because the short-term payoffs were high, the risk appeared low, and external regulation or oversight was limited or absent. Fourth, even when evidence mounted that a proliferating derivative market based on securities whose collateral was contaminated by poorly backed loans in a thinning housing bubble threatened the whole credit system, an ethos of "everyone is doing it," combined with rationalizing technical maneuvers (including off-balance sheet accounting techniques, the use of credit rating agencies with conflicts of interest, and computer models that predicted security for commonsensically foolish levels of risk) deterred most from shifting course.

As Arjun Appadurai observes, this perfect financial storm required "arcane changes in the rules of accounting which allowed banks to disguise totally unspecified *uncertainties* as calculable (and profitable) *risks*; it required remarkable suspension of the elementary rules of government oversight over financial institutions; and it required a society that did not mind living with awesome amounts of debt at every level of its functioning." Many relevant participants did not fully understand "what derivatives were or how they worked, and each one hoped that they would be sitting on a secure chair . . . when the music stopped. The music stopped because of the housing market . . . but the game which stopped was a much larger faith-based system based on *the radical replacement of risk by uncertainty*."[24] Marshall

---

game; "ethics" in business has a circumscribed meaning coherent with Milton Friedman's contention expressed in the title of his article "The Social Responsibility of a Business Is to Increase Its Profits," *New York Times Magazine* (September 13, 1970) 122–26. See Carr's essay, with responses, in Joanne B. Ciulla, Clancy W. Martin, and Robert C. Solomon, eds., *Honest Work: A Business Ethics Reader* (New York: Oxford University, 2007) chap. 3, and in Scott B. Rae and Kenman L. Wong, *Beyond Integrity: A Judeo-Christian Approach to Business Ethics*, 2nd ed. (Grand Rapids, Mich.: Zondervan, 2004) chap. 1. See Sissela Bok, *Lying: Moral Choice in Public and Private Life* (1978; New York: Vintage, 1999).

[24] Arjun Appadurai, "Welcome to the Faith-Based Economy," Social Science Resource Council, "The Immanent Frame: Religion and American Politics," October 14, 2008, http://www.ssrc.org/blogs/immanent_frame/2008/10/14/welcome-to-the-faith-based-economy/#comment-4813. See also Frank H. Knight's classic *Risk, Uncertainty, and Profit* (Boston: Houghton-Mifflin, 1921) chap. 1.

Auerback identifies this infiltration of markets by genuine uncertainty, rather than calculable risk, as a primary factor in the recent credit implosion.[25]

A third, *incarnational principle* refuses to deracinate social and economic relations from their embodied, material bases and consequences, and demands that economic processes, however complex, remain anchored in and accountable to the situations and needs of the embodied persons, local communities, and particular cultures from whom they spring, on whom they depend, and whose welfare they influence.[26] Thus official teaching cautions concerning global financial markets' increasingly abstract contours and self-referential workings: "A financial economy that is an end unto itself is destined to contradict its goals, since it is no longer in touch with its roots and has lost sight of its constitutive purpose . . . [and] essential role of serving the real economy, and, ultimately, of contributing to the development of people and the human community."[27] This criticism is especially pertinent to the speculative distention of financial markets over the past decade.[28] Honoring the incarnational principle also requires that concrete impacts of large-scale economic dynamics on local communities, workers, and their families be given careful attention.[29]

[25] "The key distinction . . . is that while 'risk' can to some extent be priced by financial market participants, 'uncertainty' cannot. The failure to distinguish between the two concepts is one reason the seizure of the credit system has been so rapid and has caught everybody off-guard . . . . Pricing opacity . . . is mirrored by a lack of statistical transparency, which breeds even greater uncertainty." Marshall Auerback, "Risk vs. Uncertainty: The Cause of the Current Financial Crisis," *Japan Policy Research Institute Occasional Paper* no. 37 (October 2007) 5–6, http://www.jpri.org/publications/occasionalpapers/op37.html.

[26] Thus, e.g., "a major lesson in the reform of financial institutions in Sub-Saharan Africa is the realisation that financial sector liberalization that fails to take the socio-economic setting of the region into consideration, will not achieve its objectives" (Peter Gakunu, "Reforming the Financial System in Sub-Saharan Africa: The [Long] Way Ahead," *Finance and the Common Good* 28–29 [2007] 139–46.

[27] PCJP, *Compendium* no. 369.

[28] John Bogle, *The Struggle for the Soul of Capitalism* (New Haven, Conn.: Yale University, 2005), gives an insider's trenchant critique of financial institutions' post-1980s shift from investment to speculation, from being "stock *owners* to stock *traders*." See Joe Pettit's discussion of shareholder primacy, "The Spoil of the Poor Is in Your Houses," *Journal of the Society of Christian Ethics* 27 (2007) 33–55, at 47–52.

[29] On working poor families, see especially Jody Heymann, M.D., *Forgotten Families: Ending the Growing Crisis Confronting Children and Working Families in the Global Economy* (New York: Oxford, 2006); Global Working Families Project, http://www.hsph.harvard.edu/globalworkingfamilies/; *The State of Working America* 2007–2008 (Washington: The Economic Policy Institute, 2008), and Web site http://www.stateofworkingamerica.org/index.html; Gloria Albrecht, *Hitting Home: Feminist Ethics, Women's Work, and the Betrayal of "Family Values"* (New York: Continuum, 2002); and *Review of Social Economy* 66.1 (January 2008), a themed issue on "Living Standards."

A *principle of subsidiarity* calls for dispersing power in economic relations, locating decision-making authority at local levels wherever possible, and resisting power's usurpation by governments, corporations, or any body lacking accountability to the communities it affects.[30] While accepting ordered asymmetries of power, subsidiarity's norm of *subsiduum*, (mutual assistance) requires "higher" levels of organization such as the state to ensure the conditions whereby power and authority can be appropriately exercised at local and grassroots levels.[31]

Power's tendency to clot and concentrate suggests that global financial markets require oversight mechanisms devoted to ensuring that economic and social power circulates to the grassroots. Subsidiarity, then, both reflects an incarnational appreciation for local sites of economic agency (such as states, communities, and families), and points to the need for international collaboration in formulating, and continually updating, regulations designed to keep global markets connected to the common good.

The extent to which such dispersion of power is fostered by the capitalist economy in its currently dominant form is debated both within and outside religious ranks.[32] Globalization theorists like Ulrich Beck and Arjun Appadurai critique a hegemonic rhetoric of "faith in the market system" and a fervor for its preservation reminiscent of religious piety. In the post-Cold War era, they suggest, market capitalism has sought to position itself as the "one, true, catholic" economic faith.

[30] Charles Lindblom, *The Market System: What It Is, How It Works, and What to Make of It* (New Haven, Conn.: Yale University, 2001), addresses the tension between markets envisioned as a matrix of roughly egalitarian competition and the enormous command and political power of corporations.

[31] See "The Principle of Subsidiarity," PCJP, *Compendium* nos. 185–89. See Kenneth R. Himes, O.F.M., "Catholic Social Teaching and Globalization," *Theological Studies* 69 (2008) 282–87.

[32] For ethical defenses of market capitalism, see, e.g., the Acton Institute's journal, *Markets and Morality*; Samuel Gregg, *The Commercial Society*: Foundations and Challenges in a Global Age (Lanham, Md.: Lexington, 2007); Michael Novak, *Three in One: Essays on Democratic Capitalism 1976–2000* (Lanham, Md.: Rowman & Littlefield, 2001). On capitalism's deleterious effects see Michael L. Budde and Robert W. Brimlow, *Christianity Incorporated: How Big Business Is Buying the Church* (Grand Rapids, Mich.: Brazos, 2002); Vincent Miller, *Consuming Religion* (New York: Continuum, 2003); David K. Ma, "Destructive Creation: The Covenantal Crisis of Capitalist Society," *Theology Today* 63 (2006) 150–64. On alternative Christian approaches to economy, see Budde and Brimlow, *Christianity Incorporated*; D. Stephen Long et. al, *Calculating Futures: Theology, Ethics, and Economics* (Waco, Tex.: Baylor University, 2007); Kathryn Tanner, *Economy of Grace* (Minneapolis: Augsburg Fortress, 2005); and Philip Goodchild, *Theology of Money* (London: SCM, 2007). See also economist Rowena Pecchenino's critiques of Tanner and Goodchild in *Irish Theological Quarterly* 72 (2007) 96–104, and 73 (2008) 211–12.

Beck criticizes a neoliberal agenda that has attempted to "generalize from the short-lived historic victories of mobile capital." In an ideology that frames markets as "absolute and autonomous," "what is best for capital becomes the best option for everyone." Unless sufficiently buffered, transnational capital trumps any less-powerful interests. In current circumstances, "the power of this new liberalism rests on a radical inequality; not just anyone is permitted to flaunt the rules. The breaking or changing of rules remains *the revolutionary prerogative of capital*." Corporate and financial institutions' tendency to clamor in hard times for government intervention that in good times they would vigorously resist reflects a proclivity for *privatizing* market success and *socializing* market failure that illustrates Beck's claim. To effectively counterweight transnational capital's clout and protect subsidiarity will require nations to build multilateral regional or global unions invested with real political power.[33]

Finally, and crucially, the combined *principles of solidarity and preferential option for the most vulnerable* yoke an embrace of the mutual obligations entailed by human interdependence within a shared natural and social environment, with a priority commitment to including and empowering those whom current economic arrangements oppress, exploit, or marginalize.[34] The 2008 financial meltdown brought home the inescapable connectedness—*de facto solidarity*—of a globalized economy. One commentator compared citizens protesting the U.S. government's $700 billion bailout of financial markets to people on one side of a sinking ship crying, "We did our duty; our side is fine; just let the irresponsible folk on that other side go down!"[35] But forging policies and practices that infuse this

[33] Ulrich Beck, "A New Cosmopolitanism Is in the Air: Seven Theses to Combat the Global Power of Capitalism," *Sign and Sight.Com* (November 20, 2007) 1–6, at 3, www.signandsight.com. Beck sees the European Union as a prototype for the necessary alliances. See Ulrich Beck, *What Is Globalization?* trans. Patrick Camiller (Cambridge, UK: Polity, 2005); Arjun Appadurai, "Faith-Based Economy"; Andrew Cornford, *Finance and the Common Good* 28–29 (2007) 171–74, notes the current hegemony of a particular "American" model of neoliberal market capitalism. See PCJP, *Compendium* nos. 370–72: In an era of global economy, "the loss of centrality on the part of States must coincide with a greater commitment on the part of the international community to exercise a strong guiding role." The *Compendium's* ensuing remarks overlap with Beck's.

[34] On solidarity see Pope John Paul II, *Sollicitudo rei socialis* (1987); PCJP, *Compendium* 85–87; Constance J. Nielsen, "The Harmony between the Right to Private Property and the Call to Solidarity in the Modern Catholic Social Teaching" (PhD diss., Marquette University, 2007); and Christine Firer Hinze, "Straining toward Solidarity in a Suffering World: *Gaudium et spes* 'Forty Years After,'" in *Vatican II: Forty Years Later*, ed. William Madges (Maryknoll, N.Y.: Orbis 2006) 165–98.

[35] For intertwined global and local effects, see, e.g., "From Midwest to M.T.A.: Pain from a Global Gamble," *New York Times*, November 2, 2008, http://www.nytimes.com/2008/11/02/business/02global.html; Carter Dougherty, "A Scramble to

simultaneously global and localized ("glocal") economic web[36] with an *intentional solidarity* aimed at *democratizing power* in pursuit of an ecologically sustainable, economic common good is a radical goal that supersedes anything the United Nations' "social development" approach to globalization—a model largely embraced by official Catholic teaching—has attempted to date.[37]

With the collapse of the speculative bubble, Appadurai observes, "as usual, vulnerable nations, communities and persons are the most exposed."[38] Over the past decade trade and debt disparities between richer and poorer nations increased; within developed nations involved in the Organization for Economic Cooperation and Development (OECD), conditions for those with less deteriorated while the benefits of growth augmented the incomes of the affluent.[39] Absent targeted, sustained strategies for ensuring inclusive solidarity, financial remedies and assistance will flow toward already-privileged corporations or regions. Some concerns will be deemed "too big—or important—to fail," others as too small or too weak to matter. To advance inclusive economic solidarity will require intelligent scholarship, creative leadership and concerted, sacrificial effort by individuals and communities. Solidarity makes special demands on Catholic scholars, institutions, and citizens, demands we ignore or minimize to our moral and spiritual peril.

In bringing these principles to bear on current economic difficulties, Christian ethicists must address complex and contested questions concerning: (a) *Description and diagnosis*: How are contemporary financial markets supposed to operate, for what ends and whose benefit? What has caused recent dysfunction? What are the anticipated consequences of the 2008 crisis,

---

Shore Up Economies Worldwide," *New York Times*, October 27, 2008, http://www.nytimes.com/2008/10/28/business/worldbusiness/28banks.html Also valuable is the *New York Times's* ongoing column "The Credit Crisis: The Essentials," http://topics.nytimes.com/top/reference/timestopics/subjects/c/credit_crisis/index.html

[36] On "glocality," see Beck, *Globalization* 46–52.

[37] Peters, *In Search of the Good Life*, critiques the "social development model" of globalization, arguing that solidarity requires attention to ecological sustainability and a genuine democratization of power that will demand costly changes of international bodies, nations, religious communities, and citizens. On solidarity's requirements, see Mary E. Hobgood, "Solidarity and the Accountability of Feminists and Church Activists to Typical (World-Majority) Women," with responses by Daisy L. Machado, Jane D. Schaberg, Mary C. Churchill, Christine E. Gudorf, *Journal of Feminist Studies in Religion* 20 (2004) 137–68.

[38] Appadurai, "Faith-Based Economy."

[39] *Growing Unequal? Income Distribution and Poverty in OECD Countries* (Paris: OECD, 2008) reports that between 1998 and 2008, income inequality and poverty increased in most OECD countries. In three-quarters of OECD countries (including the United States and Mexico), growth was accompanied by increasing disparities between rich and poor, and in Germany and the United States, incomes of the poor had no net improvement.

especially for vulnerable communities and persons? (b) *Normativity*: What aspects of financial markets are subject to moral evaluation, and according to what principles and norms? How are diagnoses and prescriptions to be made in light of economy's purposes? (c) *Accountability*: For what, and how, are various economic agents to be held accountable? How might economic practices and structures (from local to global) be organized to foster responsible agency at all levels? (d) *Prescriptions and strategies for change*: What changes (personal, cultural, institutional) are needed to ensure that markets better serve persons' economic well-being, understood through the lens of solidarity and the preferential option for the poor? How are these changes to be infused into individual, local, and macroeconomic practices?[40]

The Catholic moral tradition regards work, business, trade, the pursuit, investment, and distribution of wealth, and their supporting virtues (diligence, entrepreneurial creativity, organization, leadership, efficiency, contractual honesty, etc.) as instrumental to economy's threefold human end: the material survival and flourishing of all community members (in a global marketplace, that community extends dramatically); the development and use of participants' abilities; and the promotion of the common good—all for the greater glory of God.[41] Public deliberations over economic diagnoses and policies need robust Catholic ethical voices that provide intelligent and value-sensitive analyses of the circumstances at hand and the stakes involved—especially for the vulnerable;[42]

[40] I advocate an economic ethics that fuses the radical critique and transformative vision of contemporary liberationist approaches with the strategic pursuit of education for economic virtue and incremental policy change. See Christine Firer Hinze, "What Is Enough?" in *Having: Property, and Possession in Religious and Social Life*, ed. William Schweiker and Charles Mathewes (Grand Rapids, Mich.: Eerdmans, 2004) 162–88, esp. 171–75.

[41] Hence the U.S. bishops' pastoral, *Economic Justice for All* (Washington: USCC, 1986) chap. 1, no. 1: "Every perspective on economic life that is human, moral, and Christian must be shaped by three questions: What does the economy do *for* people? What does it do *to* people? And how do people *participate* in it?" Adam Smith embraced a normative understanding of economy as do certain heterodox economists today. See, e.g., Schlomo Maital, "Reclaiming Moral Sentiments: Behavioral Economics and the Ethical Foundations of Capitalism," in *Handbook of Contemporary Behavioral Economics*, ed. Morris Altman (Armonk, N.Y.: M. E. Sharpe, 2006) 202–17. On Smithian economics as value-laden, see, e.g., Daniel Finn, *The Moral Ecology of Markets: Assessing Claims about Markets and Justice* (New York: Cambridge University, 2006); Jonathan Rothchild, "Ethics, Law, and Economics: Legal Regulation of Corporate Responsibility," *Journal of the Society of Christian Ethics* 25 (2005) 123–46; Megan Maloney, "Acting (Economic) Persons: Adam Smith and Karol Wojtyla/John Paul II as Sources for Economic Personalism" (Ph.D. diss., Marquette University, 2004).

[42] See, e.g., Ettore Gotti Tedeschi, "Development and Financial Crisis: The Bubble That Will Save Us," *L'Osservatore Romano* Dec. 4, 2008, 1, trans. Matthew Sherry, reproduced in Sandro Magister, "The Encyclical on Social Doctrine Can

agentially- and structurally-astute evaluations of what works and what does not; and theologically grounded, publicly persuasive rationales for action plans that can direct markets toward solidary, sustainable ends.[43]

RESOURCES FOR FURTHER DEVELOPMENT

The economic-ethical agenda suggested by this discussion is urgent, manifold, and barely begun. I close by flagging three promising loci for further scholarly and practical work.

Bernard Lonergan and Economic Ethics

The ethical and economic writings of Bernard Lonergan harbor potent resources for addressing the pitfalls and potentials of 21st-century markets.[44] Stephen L. Martin's lucid 2008 volume introduces Lonergan's economic theory and situates it in relation to Catholic social thought and liberal and liberationist economics.[45] In Lonergan's economics manuscripts, which complement more foundational epistemological and ethical writings, Kenneth Melchin detects one major idea "screaming out": "*a market is not a mechanism that directs the economy so much as it is a pipeline through which human decisions can direct the economy.*"[46]

For Lonergan, when decisions within different economic sectors are informed by accurate insights into the unfolding dialectical relationships involved, a pattern of responsible decisions can yield a "cycle of growth." Economic decisions oriented toward value (that is, decisions that integrate

---

Wait. But the Wager on Poor Countries Can't," http://chiesa.espresso.repubblica.it/articolo/210100?eng=y.

[43] "Genuine solidarity requires sustainability" (William French, "Greening *Gaudium et spes*," in *Vatican II: Forty Years Later* 196–205, at 202). Economic justice entails ecological stewardship, a point most Catholic social ethicists are only beginning to absorb. See PCJP, *Compendium* chap.10, esp. nos. 482–83, which links closely the environmental crisis and poverty, and "the development of the poorest countries . . . and a sustainable use of the environment."

[44] Bernard J. F. Lonergan, *Insight: A Study of Human Understanding,* 5th ed., rev. and aug., Collected Works of Bernard Lonergan (hereafter CWBL) 3, ed. Frederick E. Crowe and Robert M. Doran (1957; Toronto: University of Toronto, 1992); Lonergan, *For A New Political Economy*, CWBL 21, ed. Frederick E. Crowe (Toronto: University of Toronto, 1998); and Lonergan, *Macroeconomic Dynamics: An Essay in Circulation Analysis*, CWBL 15, ed. Frederick G. Lawrence (Toronto: University of Toronto, 1999).

[45] Stephen L. Martin, *Healing and Creativity in Economic Ethics: The Contribution of Bernard Lonergan's Economic Thought to Catholic Social Teaching* (Lanham, Md.: University Press of America, 2008).

[46] Kenneth Melchin, interview, Lonergan Web site, n.d. (ca. 1997), http://lonergan.concordia.ca/interviews/melchin.htm#N_5; see also Melchin, *Living with Other People* (Ottawa: Novalis, 1998).

legitimate concerns for self-interest and efficiency into economy's normative purposes) "impart the appropriate nudges and nuances into the economy" and hedge economic relations against "a longer cycle of decline." Decline is "a dynamic that builds on itself, yielding conditions that seem more and more opaque and impenetrable to understanding, much less to repair." Without an adequate understanding of economic agents and dynamics, efforts to repair things may "accelerate decline precisely at the moment when a potential for growth could be coming into play, if decision-making were appropriately informed." One culprit in decline is a self-perpetuating "general bias of common sense," which, "in its refusal of adequate theory, progressively builds into the empirical situation corresponding deformations that accelerate as they become the experiential basis for the next round of insights."[47] Paraphrasing Lonergan's biases as, "neurosis, egoism, loyalism, and anti-intellectualism," Tad Dunne adds that, in each type, "one's intelligence is selectively suppressed and one's self-image is supported by positive affects that reinforce the bias and by negative affects toward threats to the bias."[48]

For describing recent market events, these Lonerganian concepts seem strikingly apt. Over the past decade, decision-making that failed to incorporate pursuit of value (rather than merely self-interest or of "what works" in the short run) compounded oversights and bred bias. As financial institutions (from CEOs to consumers) retreated from a culture of prudence and transparently calculated risk,[49] an egregious example of the cycle of decline unfolded. Interest overcame intelligence and value as home-buyers and investors gambled on overleveraged debts, proceeding on, at best, implausible assumptions that housing prices would never stop rising, and that the rot of bad debt could be hedged by ingenious financial instruments that would protect everyone from major exposure. In a time- and profit-pressured atmosphere, stupidity, denial, and self-interest fed on one another as persons at every point on the chain failed to ask, or pursue, further relevant questions. As scholars and practitioners work to unravel the snarls besetting financial markets, Lonergan's thought may prove freshly illuminating.[50]

[47] Ibid.

[48] Tad Dunne, "Bernard Lonergan (1904–1984)," *Internet Dictionary of Philosophy,* http://www.iep.utm.edu/l/lonergan.htm#H3.

[49] Jesse Eisinger found that credit derivatives were useful and reasonably secure when employed within the culture of prudence that had been the hallmark of long-established financial pillars like J. P. Morgan: "The $58 Trillion Elephant in the Room," *Conde Nast Portfolio*, November 2008, http://www.portfolio.com/views/columns/wall-street/2008/10/15/Credit-Derivatives-Role-in-Crash.

[50] Recent works engaging Lonergan's thought for the African context are Cyril Orji, *Ethics and Religious Conflict in Africa: An Analysis of Bias, Decline, and*

Alternative Streams in Economic Theory

Given their historical interconnections, it is surprising that so few contemporary Catholic economic ethicists (Daniel Finn is the notable exception) draw seriously on the scholarship of social economics.[51] Economists in the Association of Social Economics, along with its journal, *Review of Social Economy*, comprise a wealth of resources for Christian ethicists studying economy and finance. Recent themed issues of *Review of Social Economy* address such topics as social capital, the economic subject in modern and postmodern economics,[52] and living standards and social wellbeing.[53] Other sites of norm-sensitive economic scholarship are the fields of behavioral and institutional economics (or New Institutional Economics—NIE). Some see these approaches as moving the neoclassical mainstream of the field toward revision, even paradigm shift.[54] Finally, a growing cohort of feminist economists are producing works attuned to women's varied economic contributions, concerns, and well-being.[55]

Finance Ethics and Ethics Education

Also inviting further engagement is the still-nascent field of finance ethics and ethics education. Inroads to date include (1) the 1997 book by

---

Conversion Based on the Works of Bernard Lonergan (Milwaukee: Marquette University, 2008); Charles Onyango Oduke, "Lonergan's Notion of Cosmopolis: A Study of a Higher Viewpoint and a Creative Framework for Engaging Individual and Social 'Biases' with Special Relevance to Socio-political Challenges of Kenya and the Continent of Africa" (Ph.D. diss., Boston College, 2005).

[51] For an overview of social economics, see, e.g., John B. Davis and John Boyle, eds., *The Social Economics of Human Material Need* (Carbondale: Southern Illinois University, 1994); Catholic social economists include Edward J. O'Boyle and Peter Danner.

[52] David F. Ruccio and Jack Amariglio (*Postmodern Moments in Modern Economics* [Princeton, N.J.: Princeton University, 2003]) respond to critics in, "Beyond the Highs and Lows: Economics as a 'Process without a Subject,'" *Review of Social Economy* 65 (2007) 223–34. See also John B. Davis, "Postmodernism and the Individual as a Process," ibid. 203–8; and John B. Davis, *The Theory of the Individual in Economics* (London: Routledge, 2003). Mark C. Taylor interprets the "spectral" features of global finance from a postmodern, postreligious perspective in *Confidence Games: Money and Markets in a World without Redemption* (Chicago: University of Chicago, 2004); see the review of Taylor by Craig Gay in *Journal of Markets and Morality* 8 (2005) 137–38.

[53] *Review of Social Economy* 66.1 (2008).

[54] See, e.g., Eirik G. Furubotn and Rudolf Richter, *Institutions and Economic Theory: The Contribution of the New Institutional Economics*, 2nd ed. (Ann Arbor: University of Michigan, 2005); and Altman, *Handbook of Contemporary Behavioral Economics*.

[55] See, e.g., works by Nancy Folbre, Julie Nelson, and the journal, *Feminist Economics*, 14 vols. (London: Routledge, 1995–).

John Dobson, *Finance Ethics*: *The Rationality of Virtue*;[56] (2) the publication since 2003 of an international journal, *Finance and the Common Good*,[57] treating topics including corporate responsibility and socially responsible investment, normative analyses of financial practices, regulation, and Islamic finance; and (3) in the United States and internationally, efforts of Catholic business schools, collaborating with the Association of Catholic Business Schools and the International Association of Jesuit Business Schools, to devise strategies for incorporating ethics grounded in Catholic social teaching into finance and other business curricula.[58] More broadly, the dramatic events of the past year underscore economic-ethical education and formation as pressing agendas requiring sustained participation by academic and religious institutions, economics and business leaders, and citizens.

[56] See John Dobson, *Finance Ethics: The Rationality of Virtue* (Lanham, Md.: Rowman & Littlefield, 1997); and the review by Helen Alford, in *Oikonomia: Journal of Ethics and Social Sciences* 1.0 (January1999), http://www.oikonomia.it/pages/genn/recensione.htm; John Dobson, "Finance Education in US Business Schools: Toward a Moral Ideology," *Finance and the Common Good/Bien Commun* 30–39; Thomas Oberlechner, *The Psychology of Ethics in the Finance and Investment Industr*y (Research Foundation of CFA Institute, June 2007), http://www.cfapubs.org/doi/pdf/10.2470/rf.v2007.n2.4697; John R. Boatright, "Teaching Finance Ethics," *Teaching Business Ethics* 2 (1998) 1–15; Boatright, "Financial Ethics: An Overview," in *Beyond Integrity* 300–316; Robert F. Bruner, "Ethics in Finance," (Charlottesville, Va.: Darden Business Publishing, Case No. UVA-F-1503, 2006).

[57] *Finance and the Common Good/Bien Commun*, published in Basel in French and English, treats such topics as corporate responsibility and socially responsible investment: Pier Luigi Sacco and Michele Viviani, "Corporate Social Responsibility: A Critical Methodological Appraisal," *Finance and the Common Good* 23 (2005–2006) 75–89; Dirk Van Braeckel and Marc Bontemps, "SRI; The 'Materiality Approach' vs. the 'Sustainability Approach,'" ibid. 13–14; normative analysis of financial practices: Prabu Guptara, "Regulation vs. Transformation of Our Financial System," ibid. 21 (2005) 26–32; John Taylor and Maryellen Lewis, "Irresponsible Lending: Lax Rules and Failed Oversight in the U.S.," ibid. 28–29 (2007) 26–29; and Islamic finance: Athar Murtuza, "Does Modern Islamic Finance Deserve the Name?" ibid. 81–87. See also Muhammad Ayub, *Understanding Islamic Finance* (Hoboken, N.J.: Wiley, 2007).

[58] The University of Saint Thomas's John A. Ryan Institute for Catholic Social Thought sponsors national and international conferences on economic and business ethics. See, e.g., Quentin DuPont, S.J., "The Catholic Mission in Finance Curricula: Towards Ethically Grounded Finance" and other papers from the conference, "Business Education at Catholic Universities: The Role of Mission-Driven Business Schools," June 2008, http://www.stthomas.edu/CathStudies/cst/conferences/becu/conferencepapers.html; also Linda Achey Kidwell and Roland E. Kidwell, "Ethical Beliefs in the Catholic Business School: The Impact of Catholic Social Teaching on Classroom Reality," *Journal of Markets and Morality* 9 (2006) 293–316.