

## JESUS, THE GREAT ECONOMIST

Charles E. Hansen

The current economic crisis and political debate have brought to the fore the age old conflict between Socialism and free market Capitalism. Perhaps it is time to look at this issue from an entirely new perspective, from a source that very few would expect: Jesus.

Most modern scholars, Christians included, hold that Jesus' basic teachings set in place a type of "primitive socialism" by which many of the early Christians organized and lived. Under scrutiny of the most modern economics, however, it appears that Jesus had no such intention for the greater society of the world. Almost all students of Jesus, past and present, do concur that his teachings and example were primarily those of love, however they may be surprised to find that Jesus' teachings are fully applicable to the whole of economics including the current economic crisis.

Frequently, we consider Jesus' teachings as somewhat of a disconnected collection of statements, principles and examples. But if we listen closely to him, and only to him, we will see that it is an entire, integrated system of human action and interaction with the universe that Jesus teaches. Can this system of Jesus be defined? Yes, it can, as he defined it himself in his Great Commandment: "Love one another." It is the System of Love.

We know that Love is not just some simple emotion or feeling, but as we humans can define it, is a rather complex, holistic system involving many elements of respect, care, knowledge and responsibility. It is no wonder that Jesus stressed that "narrow is the way." Like the technology of flight, there are thousands of ways to build an airplane that won't fly; any plane that does fly, however, must conform to certain basic principles of flight. And some planes fly much better than others.

Regardless of how spiritual or intellectual we consider our existence, our linkage to the energy and material levels of the universe is so extensive that there is virtually no human action possible without its economic counterpart. Even to think, or to pray, requires energy from food extracted by human labor from the earth. We know that the spirit, the mind, and the energy/material realms are all inter-related, so it would appear almost obvious that the teachings of the Master, although usually considered "above" our daily bread-winning activities, are, in fact, directly applicable to economics.

Economics is basically the study of our individual actions and our interactions with each other that are necessary to draw forth and shape resources from nature; to provide for their distribution among us; and to employ them to some purpose that,

in one way or another, satisfies our needs or increases our happiness. These activities were going on a long time before there was a "science" of economics; and, as the intent of any science is to help us improve, the science of economics actually gets down to the search for understandings and principles that can help us do these activities more efficiently.

Jesus' teachings are aimed primarily at the individual, and only indirectly at the greater organization of mankind. There is nothing whatsoever that is done by or in any organization that is not done by, to, or for individuals. By addressing the larger organizations of man in so few instances in his teachings, clearly Jesus felt that his system was sufficient if operative at the individual level regardless of the scale of organization. This means, then, that the more organized endeavors of mankind--family, community, workgroup, company, state, nation or world, should not be constituted so as to violate the "least of" his teachings as they impact the individual.

Jesus' equation can only work, however, in a free market. As we will see, the teachings of Jesus are about truths that set men free in economic or material terms as well as in intellectual and spiritual terms. Jesus draws no lines in the application of his words. They are universal.

The task of combing thru the vast scale of economic organizations and aligning them with Jesus' teachings would be enormous, however Jesus saw fit to give us some assistance-- assistance which is amazingly comprehensive and precise:

First, Jesus states that there are plenty of resources to go around; that our Father, who provides for the birds of the air and the flowers of the field, has allowed ample provisions for His children. Jesus never said that these resources could be converted into useful form without work; but he then goes on to say to those who "labor and are heavy laden" to learn of him (his System of Love) and he will give us "rest unto our souls"-- satisfaction or happiness; "for my yoke is gentle and my burden is light." In raw economic terms, Jesus is saying that if we work in his ways, we will not only find satisfaction or happiness, but it will be easier, that is, more efficient. A lesser amount of effort will be required to produce the result. This is a challenging statement when viewed in economic terms, for with it Jesus makes a stupendous claim: Love is economically efficient. This cuts right to the heart of economics; for all economics is the study of conversion of resources, by human effort, to meet human purposes in the most efficient manner.

To accomplish this, does Jesus circumvent the law of supply and demand? No. In fact, there are few better definitions of this law than Jesus'. He describes the most basic workings of his system as being one of balance: "Give and it shall be given unto you; ...With the measure you mete withal it shall be measured back unto you." This is identical with the economic law of balanced

transactions, which, when aggregated, economists call the law of supply and demand.

But what is the "measure" to be in Jesus' system? Here, Jesus is quite specific; his measure is Service; with "the greatest" measure being "service to all." Is it not amazing that this is exactly the measure of modern market economics. The worker is paid, in general, according to the service he provides; as is the manager; as is the professional, and so on right up through the largest organization. Products are valued and priced according to their content of service and/or their measure of service in the overall scheme of human activity. Microsoft's revenues and size are directly related to the services it provides; as is any firm's, as is any organization's, including the local public library. The greatest enterprise in any market will be that which provides the most service in its area of expertise. To be of "service to all" would be the apex of economic achievement.

There is another surprise, though, in this statement of "service to all." The little word *all*. The implications of this single word are so vast in terms of economics--especially what we call economic policy. Suffice it to say, this one word *all* brings into question any economic mechanism that supports or protects special interests by taking from the *all* rather than serving the *all*. (And the word *all*, used by Jesus, is not the same word used for group, common good, community, or society.) If we look closely at the System of Love, Service to *all* can only mean Service to each and every individual, from the greatest down to the least of our brethren, as Jesus said. As you will see, this Service, including necessary resources does not equate to modern concepts of "economic justice" or wealth redistribution via government power.

It is not that government has no role in providing a basic socio-economic safety net, but such safety nets can only be derived from the most profitable and most efficiently performing economy; and that economy is, again, not one of economic justice or wealth redistribution which is why Jesus taught neither except by voluntary action.

Among human societies there has always been a partial redistribution of wealth via the government taxman as even Jesus recognized, "Give unto Caesar," but as most studied economists know, almost every type of redistributive economic scheme at the foundational or constitutional level of a nation's political economy has been tried...and under any disguise--economic justice, social justice, fairness, communism, etc., they have all failed. On the other hand, it is the elements of Love that can be found at the foundational principles of the political economies that are the most successful and profitable. It is no coincidence, then, that Adam Smith, the father of modern free market capitalism, even with its necessary government taxation, regulation, and oversight, found the elements of Love at the core of his system, even without recognizing

it as such. However, as his only reference to Jesus was "our Savior," it appears he had a hint of what we now are presenting.

So the capstone of Love, Service, is also the capstone of economic transactions among humanity, with "service to all" as the objective. This is only a first clue that the System of Love may be completely compatible with economics. It is important to realize that philanthropy and charitable contributions including real work by corporations, churches, and other organizations provide the most efficient avenue of person-to-person assistance to those in need while not removing government entirely from a vital role.

If Love is truly efficient, as Jesus suggests, then it is not surprising that those who Love will be the most efficient as workers and managers of the Earth's resources; and so Jesus states: it is the non-coercive, "the meek," the gentle, who shall ultimately have responsibility and management of the Earth's resources; who "shall inherit the Earth." Jesus is saying that ultimately, the efficiency of Love will win over less efficient methods. Love's efficiency needs no force to reign in economics. People, with freedom of choice, will go where the service is best and the price is lowest; and where they feel loved -- or where products embody the qualities of Love.

The management of Love, then, is not the management by authority or coercion; it is the management of Service and leadership by example, as Jesus, the greatest leader, was among us "as one who served rather than be served"; who washed the feet of his followers that we might do the same to each other. So it is not by happenstance that "servant leadership" is the watchword of today's most progressive management thinking even in academia itself. The manager applying the System of Love will serve his group, not command them nor control any part of their relationship by coercion, nor seek special treatment or advantage. You may not be surprised to find that this, basically, is the Japanese method of management as well as the method employed by the most profitable firms in America.

The working group of Jesus' economics, "where two or more are gathered," is centered on Love and will pursue those conditions most favorable to Love's manifestation. Because productivity, that is, efficiency and quality, are primary issues in today's economy, do not be surprised to find words entering the workplace that have a strange affinity to the causes, effects and properties of Love: Respect for the individual; Care as typified by attentiveness, listening, comforting, encouraging, assisting, sharing; Knowledge as typified by objectiveness (honesty, non-judgment), positiveness, patience, conscientiousness, humility, forgiveness; and Responsibility, as typified by trust and loyalty among management and labor; and ultimately typified by Service, leaders serving followers, and workers serving each other, and ultimately serving the end user of all resources, the consumer.

In the workplace, Jesus' teachings are counter to the hostility

and antagonism between labor and management found in so many firms. "A house divided against itself cannot stand" is only too true as verified by our declining industries that have relied on this adversarial concept. If we look closely, we will find that the Japanese work group, and the work group concept of America's most economically efficient firms, such as those analyzed in the book *In Search of Excellence*, already employ the attributes of Love as their foundation--though many of them may not use Love's explicit terminology.

Although in Jesus' teachings we are encouraged not to be too watchful over our own private resources, he holds up the highest standards of accountability and performance for those resources over which we are granted stewardship in business or economic terms. While disdaining the profit motive as a primary or sole intention, "You cannot serve both God and mammon," his standards demand highest profitability, and he directly states what economists call the law of highest and best use of resources. In his parable of the invested talents, not only is the unprofitable steward fired on the spot; his holdings are transferred, not to the moderately profitable steward, but to the most profitable steward. He clearly states that those who have such profitability will receive more investment; those who are not profitable will lose even that which they think they possess. No one invests just to receive the principal back at some future date without a reasonable increase. It is along these lines of irresponsible stewardship that the current crisis of the world economy squarely rests including leaving "liquid gold" buried rather than put to profitable use. So the economy of Jesus must be a "performance" economy, meaning resources will be distributed primarily according to profitability or efficiency.

Jesus keeps stressing Service, and many hold that Love's Service should be given without charge, without direct or indirect recompense. However, according more to Jesus than to economic theory, it is impossible to avoid the compensation for services rendered. The question is: who from, in what form, and, perhaps, at what time do you wish to receive this compensation? Jesus does suggest that we "store up some treasure in Heaven" rather than in our wallets only; but, if we think that the loving Service of a carpenter who asks for wages in order to house and feed his family is below the loving Service of the hospital volunteer who asks nothing (but can probably afford to eat otherwise) then we have not studied the Master -- or his life -- in enough detail. Regarding compensation, again Jesus gets precise: "The laborer is worthy of his hire."

It is very interesting the way in which he states this; for it constitutes a theory of wages and labor, without which any economic system would be incomplete. When he states, "The laborer is worthy of his hire", he is saying that the worker is worthy of being paid according to the value he renders (or the service he provides). This is nothing less than the Value Theory of Labor by

which, in general terms, our modern market economy operates; but it is actually a little different from the general market-driven theory of wages: by bringing in the concept of being hired, Jesus brings the worker's value into the specific job and market situation. It is the concept used by Henry Ford, in fact, to revolutionize the status of labor in the United States. Rather than pay the general market value to labor, Ford saw fit to pay labor what their services were worth in his unique new production line factories; about twice the going market rate. This is the theory used so successfully by many Japanese and excellent American firms in adjusting wages and salaries to the objective conditions of the world economy. When things are good for a particular firm, workers get a bonus; when things are not so good, everyone -- including management-- sacrifices. Jesus' theory of wages is, therefore, a candidate for the most advanced ever stated by any economist. While maintaining that a worker be paid according to his value in each specific situation -- and this allows for performance measures of value; it also allows for adjustments to changes and competition that are beyond the worker's or firm's immediate control.

And the combination of Service and performance in the system of Jesus results in a certain level of competition. It cannot be otherwise: the better, the more efficient, the more useful product or service will always be selected if freedom of choice prevails. According to Jesus there is no market for "salt that has lost its savor." Competition serves a vital function; it enables each of us to face the facts and steers us into our own place of optimum Service. Without performance-based competition, your airline pilot would be the first guy who happened to sign up. But, it is important to observe that competition directed toward providing better, more efficient conversion of resources or service, while certain to eliminate inefficient and redundant suppliers, is not of the same type that purposefully destroys competition in order to have an easier time of it.

Economic theory holds that a performance-oriented competitive economy is impossible without "perfect information"; that is, free-flowing and universally available information so that consumers can make optimum choices and workers can find optimum jobs and investors can find the most efficient performers. So states Jesus of his system: "All things shall be revealed, there is nothing secret that shall not be known." While it may be an unreachable ideal, this constitutes, of course, complete and perfect freedom of information, including that of advertising and other expression.

What about the economic issues of assistance and welfare in Jesus' teachings? Jesus says that we "will always have the poor [individuals] with us" to care for. His teachings of serving and caring are well known. Love has its own safety net that stretches to all who are encountered in need; but Jesus, again being very explicit, points to the government of the gentiles and their leaders

who are "benefactors to the people," and turning to his disciples, says, "With you it shall not be so; ...but he among you who would be leader (the chiefest) will be as a servant." Jesus apparently knew what we are gradually learning: any nation following the benefactor route has had to cut, eliminate, or ration such socialist oriented programs, i.e. socialized health care, or face bankruptcy. Even the United States cannot avoid this fate if it elects to go any further in this direction.

Jesus' teaching, to participate in direct service to those in need rather than establish a beneficent mechanism using government authority, poses a direct question for the concept of the welfare state including its subsidy and protective mechanisms and its "redistribution" of resources. Jesus makes no restriction regarding cooperative endeavors to assist, share with, contribute to and serve those in need. The organization of his disciples to accomplish these ends is, in fact, one of the world's greatest models; however, he clearly points to the mechanism of a beneficent government as not his way. Where the line should be drawn between a government that is a "servant to the people" and one that is a "benefactor to the people" is beyond our scope here. Even to consider drawing such lines may seem entirely out of date and unreasoned; until we realize that the government mechanism of the welfare state delivers no Love, and, in fact, has largely replaced the direct citizen-to-citizen, neighbor-to-neighbor respect, care, knowledge and service (it's called Love) that we know in our hearts is required to halt the declining values, immorality, family destruction, work and responsibility avoidance, decaying neighborhoods and other symptoms that the modern welfare state, according to mounting evidence, seems to have aggravated rather than relieved. It is extremely doubtful that Jesus would direct us towards the less efficient solution to the problems of those who have real needs; to say nothing of those who have come to rely on government authority to benefit themselves -- at the expense of the *all* -- by subsidy or protective mechanisms.

Among the most vital elements of free market capitalism is the right to private property rather than the equally shared resource schemes of socialism. Again, Jesus, with one simple parable, elevates the right of private property to an almost absurd level to make this point crystal clear. In his example of the householder (note this is a private individual, not a company or civic organization), the householder goes into the labor market to hire workers for his vineyard and agrees to pay each of them the same sum for differing amounts of work. This is certainly one way to create an outrage, which, sure enough, occurred. How does Jesus' householder answer?"Is it not right to do what I will with mine own?" And in this teaching, Jesus also validates the freedom to negotiate contracts as well as the sanctity of contracts -- another vital component of free market economics, wherein a bargain freely and willingly entered into among informed men is held to even though "circumstances change." Circumstances always change.

In this same parable, Jesus includes all the remaining critical elements of free market capitalism: market driven wages, the mobility of labor, the mobility of capital (the householder puts his money where he wants to), and then concludes with his foremost statement on competition, "many who are first will be last and many who are last will be first." Without all of these vital ingredients, free-market capitalism is impossible. Only a true master of economics could include all of the free market principles into one such simple parable.

Jesus uses another example to demonstrate the results of communal property. In his parable of the ten virgins at the wedding ceremony, five of whom were wise and brought enough oil; and five of whom were foolish, and didn't bring enough; Jesus has the answer to the foolish who want a share from the wise; "Not so, lest there be not enough for anybody." Now it's amazing how Jesus balances this; five against five, a sure deadlock and a war in a communal setting. He also observes what has been the result of all communal/socialistic endeavors that have abrogated private property rights: the result is scarcity, not abundance.

Jesus, of course, says we are to trust the Father and use our private property generously; lending it at no interest--(this does not apply to business i.e., mortgages) even to those whom we doubt will repay; giving it away to the poor; not even asking for it back if it's stolen; asking the homeless and hungry to join us at our table. But this is all our personal choice, not to be dictated or socially legislated by others thus eliminating the element of love.

Jesus also teaches that we should trust the Father in all things, not just in our private property transactions. In the larger economic scheme of things, Jesus is the first to suggest the Invisible Hand of the Father. With the Father aware, as Jesus describes, that in the market place "five sparrows are sold for two farthings, and not [even] one is forgotten before the Father." In using such a minute transaction in the economic market place as his example, Jesus reinforces that the Father's knowledge and care are so pervasive that they easily extend to our economic concerns. Indeed, "The Father knows our needs before we ask him." To ask, of course, means that a reasonable appraisal of our needs is required; and it assuredly doesn't mean that our needs will be met without our own common-sense efforts. It also doesn't mean that planning for specific purposes and projects is not necessary: as Jesus observes, it is not a very wise man who starts building a tower without reckoning its ultimate cost, nor is it a very wise leader who undertakes to defend his nation without reckoning his nation's resources as compared to the approaching enemy.

These teachings of Jesus, while allowing for the planning or control necessary to accomplish a specific project, are, however, directly contrary to centralized planning and control of an

economy. Such centralized economic planning is better geared to provide authority of one man over another; rather than to provide service, one man to another. Also, such "planning and control" is usually based on fear in one form or another; fear for the future that there will not be enough here, or too much there, or that someone will lose something here, or make too much there. Or worse, for those in power, the fear that individual's choices will bring down those who would keep economic authority over their brothers and sisters. Jesus dismisses such attempts, or at least surely puts them in perspective, by his continual trust in God operating similarly to Adam Smith's "invisible hand." Finally, as we all now know, centralized power and control inevitably bring corruption.

As only a few are aware, by writing his *Theory of the Moral Sentiments* prior to his economic masterpiece on the wealth of nations, Adam Smith demonstrated that free market capitalism must reside upon an ethical/moral foundation; obviously Jesus' system is of the identical noncorruptive nature. It is in fact the failure of the elements of love, responsibility, trust, loyalty, and honesty of *individuals* all of whom have names, faces, and usually private parking spaces, not failure of the free market capitalistic system itself, that has brought the world to the brink of economic disaster. Socialism, by nature of its coercive content without which it cannot operate, is always detrimental to one or more of the key elements of love and can only bring further economic and social degradation.

So, in conclusion Jesus' teachings present the keys to economic efficiency in economic terms that are clear and precise -- a complete framework of economics, even more than we have briefly reviewed, entirely compatible with, and in fact derived from, his great command: Love one another. It probably isn't surprising that to all of his titles and authority we can confidently add one more: Jesus, the Great Economist.

All quotations have been taken from various translations of the Bible and can be found in The New Testament Gospels

The author is an economist who spent 14 years in Washington D.C. as an energy economist and also specializing in economic productivity. He holds an MBA degree and has completed all course work for a PhD in Economics at George Washington University. He worked as an economic consultant to many government agencies and private corporations from 1971-1984 after which he devoted his time to writing on related subjects and working as Marketing Director for a multi-million dollar family manufacturing business he helped found.

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