

Best Practices

Economic Applications to the Bible or “Dad, My Bible has some Economics in It”

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I recall one summer day when my daughter Sara and I were on the back porch of the house I was renting at Nyack College outside of New York City. The house resembled a small chalet and had a beautiful view overlooking the Hudson River. I was reading *Essays on Economics and Economists* by R.H. Coase (1994) and she was reading *My First Bible*. She looked at me and said, “Dad, what are you reading?” I said, “I’m reading economics. What are you reading, Sara?” She replied, “I’m reading the Bible, Dad, and it has some economics in it.”

This has become my view regarding the integration of economics with the Scriptures in the college classroom—look for ways to apply economics to the Scriptures in order to better understand both the passage and the economic principle involved, but don’t try to make an economic interpretation of the

Bible. Too many Christian economists and business professors make this mistake, and I believe it is a mistake because the primary intention of Scripture is to reveal Christ and His plan of redemption for us and not to convey economic principles. Once we see the Bible as an economic blueprint for living, we start down a path of economic legalism along with its judgmental attitude.

I now will give you a few of the many examples that I use in my classroom (primarily in the principles courses). These examples have proven to be very popular with students, not because they are perfect, but because they promote the exchange of ideas both spiritual and academic.

Life’s Most Important Lesson

Perhaps the most important application of economics to the Scriptures is the idea of “opportunity cost.” Opportunity

cost is the cost of the sacrificed alternative. That is, what have I sacrificed in order to gain something else? I like to think of it as “opportunity lost.” This economic principle can be applied to Matthew 16:26 where it states, “What profit is it to a man if he gains the whole world, and loses his own soul? Or what will a man give in exchange for his soul?”

In the above situation, what has the individual gained? He has gained the world that includes all the pleasures therein. But what has he lost? He has lost his soul—the only part of him that is eternal—and exchanged it for that which is temporal. Therefore the wise person will determine the opportunity cost in advance and ask himself the question, “What am I giving up in order to gain this temporal pleasure or pursuit?” If we can see past the short run and recognize the eternal benefits that we are giving up, we never will accept the trade-off.

The Price of Bean Soup

There is a much-used concept in microeconomics called “elasticity of demand.” It states that given a percentage change in price, there is an associated percentage change in the quantity

demand of that particular good or service. Let’s say the price of a good goes up ten percent and the demand for that good goes down 20 percent. This case would be regarded as “elastic.” That is, the demand for that good is very sensitive to a change in price. If you were the seller of that good you might think twice before raising your price, because total revenues would decline. On the other hand, you might raise the price of a good by ten percent and the demand for that good might only go down by five percent. This would be described in economic terms as “price inelastic” and reflects an insensitivity to changes in the price of a good or service. The more insensitive to price changes we are, the more inelastic the demand for that commodity.

Now think about this story from Genesis 25:29-34.

Once, when Jacob was cooking some stew, Esau came in from the open country, famished. He said to Jacob, “Quick, let me have some of that red stew! I’m famished!” ... Jacob replied, “First sell me your birthright.” “Look, I am about to die,” Esau said. “What good is the birthright to me?” But Jacob

said, "Swear to me first." So he swore an oath to him, selling his birthright to Jacob. Then Jacob gave Esau some bread and some lentil stew. He ate and drank, and then got up and left. So Esau despised his birthright.

Esau was very insensitive to the price of soup. We might say in economic terms that he exhibited very inelastic demand. Soup on the open market in a typical situation might have only cost him \$0.25, however, given the circumstance, he was willing and able to offer a much higher price. And as a result, he paid his inheritance for a short-term need.

Do we get into situations where we act irrationally such as Esau? Do we enjoy short-term pleasure, simultaneously giving up long-term gain? What are the consequences of trading our blessings, both current and future, to fill our stomachs, minds, etc. because we need it now? If someone craves drugs, money, sex, power, etc., will they be insensitive to the price and possibly pay anything for them, such as a prison sentence, loss of family, loss of friends, ruined career, etc.? Does our shortsighted decision-making sometimes end up having long-run repercussions?

Jesus the Monopolist?

Monopolists generally have the characteristics of being single sellers of commodities with no close substitutes for their products or services. The monopolist's firm therefore represents the entire industry and can charge a higher price at a reduced output, thus eliminating some consumer surplus.

Is Jesus a monopolist? Let's look at the scriptural evidence.

In John 14:6 we see that Jesus is the only provider: "Jesus answered, I am the way and the truth and the life. No one comes to the Father except through me." In Acts 4:12 it is apparent that there is no substitute for this good: "Salvation is found in no one else, for there is no other name under heaven given to men by which we must be saved." Thus, Jesus is the industry. Unlike the auto industry, where GM, Ford, Honda, Toyota, Daimler-Chrysler, etc. are all competing for consumers' preferences, there are no other firms supplying the good (although there are numerous false advertisers).

Even though Christ is the sole provider of salvation and therefore has a monopoly on it, He offers it at no cost. He could

set a monopoly price (thus gouging the needy, of which we all are), but instead He provides free access by faith for all, to a good that He has complete control over. This is quite unlike the monopolists of this world who get what they can (until social responsibility is forced upon them) from a dependent population.

The Medium of Exchange

Money has four basic functions: it is a store of value, a standard by which we can compare various goods, a method of deferring payment, and a medium exchange.

In the past people bartered for goods. They traded their cows for chickens for pots and pans for cheese for grain for tools and so on. This was quite inefficient, because it was hard to determine an exchange rate (is my cow really worth 100 chickens?), the goods may not be available when I want to trade, I may not really want the goods that are available, I may need to transact with more than one person to get the item that I want, and some tradeable items can't be stored (I can't keep a pig indefinitely).

It is much easier and more efficient for the market mechanism to use a particular

currency to place value on a good or service and then trade the common currency. There are still problems with using currency (especially if it is not accepted universally for international payments), but the benefits outweigh the costs.

What is the form of currency that can purchase our salvation? Is it the currency of good works or the currency of charitable giving or the currency that a religious group might sell me?

The only currency that can secure our salvation is the blood of Jesus. And isn't it a medium of exchange? In exchange for the blood of Jesus we receive the gift of God which is eternal life. Acts 20:28 states, "Be shepherds of the church of God, which He bought with His own blood." Hebrews 9:22 declares, "... and without the shedding of blood there is no forgiveness." Mark 8:37 adds, "... Or what can a man give in exchange for his soul?"

The blood of Christ is the only form of payment accepted in heaven—not even American Express will do.

Conclusion

In this paper I attempted to give some concrete examples of how the Scripture might be used to convey basic economic

principles. By doing so, I hope to help students develop a better understanding of both the Scriptures and economic principles. These examples are neither perfect nor exhaustive. They also do not reflect everyone's theological perspective. At a Christian college, I do think it is appropriate and helpful to make economic applications to the Bible which, I believe, will promote both learning and retention.

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