

INSIGHT

MONOPOLY, MONOPSONY, AND ELOHIM: A FAITH AND LEARNING PARADOX

Dr. Howard Newell
Union University

ABSTRACT

This essay explores the relationships between: (1) the economic concepts of monopoly and monopsony and (2) certain qualities of Elohim, “the usual designation for God, . . . the Creator, the God of all gods, the transcendent One” (Dockery, p. 141). As we shall see, the pricing and quantity implications associated with the microeconomic models of monopoly and monopsony are in sharp contrast to Elohim’s perspectives on both pricing and quantity. This essay begins with and concludes with a set of thoughts on paradoxes.

INTRODUCTION

A paradox may be defined as “a statement which, though true, seems false and selfcontradictory” (Cayne, p. 727). Scripture, especially in the New Testament, is filled with a wide variety of paradoxes. Two of the best known are the three persons in one Trinitarian paradox and the “Word became flesh” (John 1:14) incarnation paradox. In addition, Jesus often taught using both parables and paradoxes. Three of His best known paradoxical teachings are: (a) “Whoever finds his life will lose it, and whoever loses his life for my sake will find it” (Matthew 10:39); (b) “So the last will be first, and the first will be last” (Matthew 20:16); and, (c) “For everyone who exalts himself will be humbled, and he who humbles himself will be exalted” (Luke 14:11).

Economic theory also is populated with a wide variety of paradoxes to include the diamond-water paradox, the paradox of thrift, the Leontief paradox, and the St. Petersburg paradox (Skousen and Taylor). Regardless of context, the paradoxical form of expression “often is employed to get hearers [and readers] to think at a deeper and more critical level” (Elwell, p. 1615). The following “Monopoly, Monopsony, and Elohim” faith and learning (i.e., *religio et eruditio*) paradox is intended to achieve this purpose.

MONOPOLY AND MONOPSONY

In microeconomic theory, monopoly refers to the product market situation where a single firm sells a product for which—as perceived by buyers—there are no acceptable substitutes. In contrast,

monopsony generally refers to the resource market situation where there is one—and only one—buyer of a particular resource, e.g., units of labor.

It is a well-established proposition that the monopolist has a powerful rational self-interest incentive to restrict quantity and thereby to charge a relatively high price for the product for which the monopolist enjoys no perceived competition. It is an equally well-established proposition that the monopsonist has a powerful rational self-interest incentive to restrict the employment of the resource in question (e.g., labor) and thereby to pay a relatively low price (e.g., wage rate) to the resource owner for which the monopsonist is the only buyer.

The relatively low quantity which the monopolist would produce and the relatively high price which the monopolist would charge are in contrast to the higher quantity and lower price which would prevail under competitive product market conditions. Correspondingly, the restricted resource quantity the monopsonist would employ and the relatively low wage rate the monopsonist would pay are in contrast to the higher resource quantity and the higher resource price which would prevail under competitive resource market conditions.

As already noted, the microeconomic theory-based models of monopoly and monopsony refer to different market circumstances; monopoly is used in the context of a single seller in a product market while monopsony generally is used in the context of a single buyer in a resource market. In economic theory, the market situation where there is one (monopolist) seller who interacts with one (monopsonist) buyer is called bilateral monopoly. As we shall see below, when the concepts of monopoly and, separately, monopsony are examined from Elohim's perspectives, there is only one market circumstance, the market for the redeemed of God, where Elohim serves **both** as the only (monopolist) seller and the only (monopsonist) buyer.

Elohim as Monopolist: Pricing

Scripture declares Elohim to be the one true God: "I am the first and I am the last; apart from

me there is no God" (Isaiah 44:6) and "I am the Alpha and the Omega, the Beginning and the End. To him who is thirsty I will give to drink without cost from the spring of the water of life" (Revelation 21:6). In dramatic, grace-filled contrast to the rational self-interest monopolist, Elohim charges a zero price (i.e., "without cost") to those who accept Him as the one true God: "For it is by grace you have been saved, through faith—and this not from yourselves, it is the gift of God—not by works, so that no one can boast" (Ephesians 2:8-9). The monopolist of economic theory charges a relatively high price for its product; in contrast, the monopolist Elohim—the Creator of "the heavens and the earth" (i.e., the Creator of the wherewithal from which all products are produced)—charges a zero ("gift") price to all who accept Him as Lord and Savior. Also—and this too is in contrast to the possible behavior of the secular monopolist—the monopolist Elohim does not engage in price discrimination but instead charges a uniform zero price to all "willing and able" believers.

Elohim as Monopsonist: Pricing

In addition to monopolist, Scripture also presents Elohim as monopsonist or as the one true buyer/redeemer of persons for eternal life: "You are not your own; you were bought at a price" (Romans 6:19-20). The price Elohim paid for the redemption of each believer is the once for all sacrifice of His one and only son: "And by that will [(i.e., by Elohim's will)] we [(the redeemed)] have been made holy through the sacrifice of the body of Jesus Christ once for all" (Hebrews 10:10). The monopsonist of economic theory pays a relatively low price for each resource unit it employs; in contrast, the monopsonist Elohim—the Redeemer of mankind—paid the highest price for all who accept Him as Lord and Savior.

Elohim as Monopolist and Monopsonist: Quantity

In addition to the two very different pricing behaviors evidenced by Elohim—the zero price (monopolist) behavior evidenced when seeking the redeemed and the highest price (monopsonist)

behavior evidenced when sacrificially providing for the Way of redemption—Elohim's quantity behavior also is in stark contrast to the rational self-interest, restrictive quantity choices of the monopolist and the monopsonist as postulated in microeconomic theory.

The principles undergirding Elohim's quantity choices are two-fold. First, rather than placing restrictions on total quantity, His message of redemption is extended to all persons: "He is patient with you, not wanting anyone to perish, but everyone to come to repentance" (1 Peter 3:9). Second, and embedded in the first principle, His plan of redemption is barrier-free: "There is neither Jew nor Greek, slave nor free, male nor female, for you are all one in Christ Jesus" (Galatians 3:18) and "For there is no difference between Jew and Gentile—the same Lord is Lord of all and richly blesses all who call on him, for, 'Everyone who calls on the name of the Lord will be saved'" (Romans 10:12).

It also may be added that the secular monopolist as well as the secular monopsonist represent unacceptable concentrations of economic power which require either government regulation or dismantlement while—once again in sharp contrast—Elohim as monopolist and Elohim as monopsonist represents "Holy, holy, holy is the Lord God Almighty, who was, and is, and is to come" (Revelation 4:8).

REFLECTIONS ON THIS *RELIGIO ET ERUDITIO* PARADOX

In this essay, the grace-based pricing and quantity outcomes associated with Elohim as monopolist and, separately, with Elohim as monopsonist are very different from the microeconomic theory-based outcomes of the monopolist and monopsonist each behaving with rational self-interest. These stark differences provide an illustration of a *religio et eruditio* paradox and, much more generally, of the Christian versus secular "ethos" which is central to George Marsden's "outrageous Idea" or the idea "for mainstream academics to reflect on what difference

Christian outlooks would make in their various fields" (Marsden, p. 23).

As noted above, the key to understanding the faith and reason paradox presented in this essay is to understand that Elohim's perspectives are very different than human perspectives. At the center of Elohim's perspectives is agape love; at the center of human perspectives as set forth by much of microeconomic theory is rational self-interest. Although the construct of rational self-interest has been and is a powerful tool for the development of insightful economic models as well as for the implementation of wise public policy based on such models, paradoxically this construct is consistent with a variety of potentially self-destructive behaviors including a person attempting to find his life on his own, a person attempting to be first, and a person exalting himself presumably in a vain attempt to be first. James M. Boice has beautifully summarized this reflection with the following words.

The Sermon on the Mount was not given so that a man could say to himself, 'Come on, old chap, I guess we'll just have to try harder to pull you up by your bootstraps.' This cannot be done. Paradoxically, Jesus teaches that the Sermon on the Mount is only for those who know that they cannot live [according to their own strength] by it (Boice, p. 23).

Finally, Boice's words crystallize the paradox between secular economy and Elohim's economy. In a capitalistic, market-driven economy, **self-interest** serves as a powerful, though imperfect, motivator for the effective allocation of finite resources in a sinful world; in Elohim's economy, men and women are redeemed because they are willing to **deny self** (Matthew 16:24) and accept God's grace.

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