

Dialogue I

A New Testament Perspective on Wage Determination Using the Principle of Spiritual Rewards

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This paper integrates the New Testament principle of spiritual rewards with the economic theory of wage determination. An argument is made that this approach is best for both the employer and the employee.

Introduction

As Jesus was about to send out the 72, in his instructions to them he said, "... for the worker deserves his wages ..." (Luke 10:7b).² Additionally, the Apostle Paul twice mentioned that those who preach the gospel are to be compensated for preaching the gospel (I Cor. 9:3-9; I Tim. 5:17-18).

The question that arises is: how should employers compensate their employees for their effort and performance? The focus of this paper is to integrate the New Testament principle of spiritual rewards with the issue of employee compensation. Before I provide an explanation of employee compensation from a New Testament perspective, I will provide a brief distinction between gifts and spiritual rewards in the New Testament.

Distinction Between "Gifts" and "Spiritual Rewards" in the New Testament

In the New Testament, God offers the lost the free gift of salvation (Romans 6:23; Ephesians 2:8-9), while to those who have accepted the free gift of salvation (the saved), God offers rewards³ earned by works for service to Christ (Matthew 10:42; Luke 19:17; I Corinthians 9:24-25; II Timothy 4:7-8; Revelation 22:12). A further distinction is that salvation is a present possession (Luke 7:50; John 3:36; John 5:24; John 6:47), while rewards are future compensation to be given at the return of our Lord Jesus Christ (II Timothy 4:8; Revelation 22:12) (Scofield, p. 1200).

Biblical integration for wage determination does not focus on Scripture pertaining to the gift

of salvation, nor am I advocating a “works” salvation. Rather I will focus on the New Testament principle of spiritual rewards for those who are saved as an example of how an organization can set wages in a biblically based way in the best financial interests of both the employer and employee.

Christian New Testament Rewards

There seem to be two types of spiritual rewards mentioned in the New Testament. The first is a mention of spiritual rewards as a numerical value, in the sense that faithfulness to the Lord Jesus Christ will be rewarded.

Jesus said to them, “I tell you the truth, at the renewal of all things, when the Son of Man sits on his glorious throne, you who have followed me will also sit on twelve thrones, judging the twelve tribes of Israel. And everyone who has left houses or brothers or sisters or father or mother or children or fields for my sake will receive a hundred times as much and will inherit eternal life. But many who are first will be last, and many who are last will be first” (Matthew 19:28-30; also Mark 10:28-30 and Luke 18:28-30).⁴

One can think of this spiritual reward as simply the wonderful opportunity of being in the presence of a holy God for all eternity. The second type is a mention of spiritual rewards as a function of the labor one does in faithful service to Jesus Christ. For example:

For the Son of Man is going to come in his Father’s glory with his angels, and then he will reward each person according to what he has done (Matthew 16:27).

The man who plants and the man who waters have one purpose, and each will be rewarded according to his own labor (I Corinthians 3:8).

Behold, I am coming soon! My reward is with me, and I will give to everyone according to what he has done (Revelation 22:12).

Although spiritual rewards are mentioned in the New Testament in reference to both the effort of our labor in faithful service to Jesus Christ and to the value of that effort, I do not hold the belief that Christian employers are required to compensate their employees using this approach. There is no direct command by Christ or any of his apostles on

how employees should be paid. Thus, the following should be thought of as a guide to Christian employers on integrating the New Testament principle of spiritual rewards within the workplace in regard to employee compensation.

Two Other Prominent New Testament Passages

The above New Testament verses are not the only passages in which wages are mentioned. Other passages such as the parable of the talents in Matthew 25:14-30 and the parable of the vineyard workers in Matthew 20:1-15 also use an employer-employee relationship as a backdrop to teach spiritual principles.

In the parable of the talents, the master gives three servants differing amounts of talents “each according to his ability” (Matthew 25:15c). On his return, an accounting (and rewarding to the two good and faithful servants) is made of what was done by each of the three servants. This is consistent with the passages in Matthew 16:27, I Corinthians 3:8, and Revelation 22:12, where believers are rewarded as a function of the work done in service to Jesus Christ.

In the parable of the vineyard workers, in the NIV, verse 1 starts out by stating, “For the

kingdom of heaven is like ...,” which does not fall into the category of spiritual rewards (i.e., compensation received according to the Christian’s service to Jesus Christ), since the phrase “kingdom of heaven” refers to the rule of the God of heaven over the earth.

Tying Spiritual Rewards to Temporal Wages

The reader may be curious as to how the principle of spiritual rewards can be applied to temporal wage determination. I make the following observation based on the unforgiving servant from Matthew 18:23-33. In this parable, a king was to settle his accounts with his servants and found one servant who owed him more than he could ever pay back. The servant begged for mercy and the king canceled the debt. Yet, the same servant who received mercy found a servant who owed him money and did not show him mercy. The king subsequently found out what the unmerciful servant had done.

Then the master called the servant in. “You wicked servant,” he said, “I canceled all that debt of yours because you begged me to. Shouldn’t you have had mercy on your fellow servant just as I had on you?” (Matthew 18:32-33).

The way that I interpret this passage is that there is a spiritual lesson — if we ask for forgiveness, the king (Jesus Christ) will grant us mercy. Additionally, we as Christians should behave toward others in this earthly realm like Christ treats us in the spiritual realm. Thus the principle of spiritual rewards is just that, a spiritual principle. But it also can be a guide to how Christian employers behave toward their employees concerning compensation.

Now that I have presented the principle of spiritual rewards, the next task is to present a brief discussion of the economic theory of wage determination and discuss the implications for employers and employees.

Economic Perspective of Wage Determination

From the employer's viewpoint, the demand for labor and the compensation paid are dependent on a variety of factors, such as the additional benefit of the employee's work, the additional revenue the organization can generate by selling the output, the type of labor market, the type of output market, the bargaining power of the employers and/or employees, and the amount of government

intervention in the labor market. This is balanced against the organization's labor costs in both wage/salary and other costs such as health insurance, retirement, training, and recruitment.

If the labor market is working without any government intervention, and if the employer and the employee exert no bargaining power, an employer — in order to maximize its profits (margin) — keeps hiring employees until the last employee equalizes the additional benefits and additional costs of hiring more employees. This is the standard labor market theory (McConnell & Brue, pp. 294-297).

The perfectly competitive labor market states that the last employee should be compensated based on the value of the employee's effort to the employer. This is done by looking at the additional productivity (or marginal product) of hiring an employee and valuing that additional output by the additional revenue (or marginal revenue) that can be received by selling the output in a market. From the organization's perspective, the demand for labor will be determined by the multiplication of marginal product and marginal revenue. Economists refer to this as either marginal revenue

product (MRP) or the value of the marginal product. Marginal revenue product is the additional benefit to the employer of hiring one more employee. Also, the perfectly competitive labor market states that the cost to the organization is the additional cost, marginal resource cost (MRC), of hiring the employee. Thus the point at which MRP equals the MRC of the last employee hired determines the wage or compensation to be given by the employer.

A biblical example of the perfectly competitive labor market is found in the parable of the vineyard workers in Matthew 20:1-15. In this parable, the landlord hires additional workers throughout the day, and at the end of the day each worker is paid what the last worker was paid.

Implications for the Employer and Employee

When the wage is determined by the value of the additional benefits of the last employee hired, this is beneficial to both the employer and the employee. First, if the employer hired a number of workers where MRP is greater than the MRC, then the firm would be giving up profitable opportunities to produce more output and sell it

in the marketplace and would be compensating its employees less than the value received by the organization. If, on the other hand, MRP is less than MRC, the firm is paying more in additional employee compensation than it receives in additional revenue in the marketplace and is therefore giving up profits. When MRP equals MRC, the employer is maximizing its profits. The employee also benefits in the sense that more workers are employed under this system of wage compensation than if wages do not equal the marginal revenue of the last employee hired.

The second is that the employee is compensated based on the value of that output produced by the last employee to the employer. Thus, the employer is not “exploiting”⁵ the employee. When the wages the employee receives are equal to the value gained by the organization, the employer is paying its employee “what the employee is worth.”

A natural response would be to ask whether it is fair to the other workers to be paid what the value of the last worker is paid. In the parable of the vineyard workers in Matthew 20:1-15, each worker is paid the same wage. A uniform wage is not unfair in the sense that each worker has

agreed to be paid a specific wage, in this case the value of the last employee hired.

How can a Christian employer make a profit if that Christian employer paid the employee a wage equal to MRP? First, since the Christian business owner is paying a wage based on the value of the marginal product of the last employee hired, the businessperson is making profit from the previous employees hired, in that those previous employees are producing a greater value of output than they are paid. Second, profits can still be made by paying capital or natural resources (i.e., property resources) less than their MRP. In other words, from the principle of spiritual rewards there is a strong distinction between how employees are compensated and how property resources are compensated.

One may ask about the impact of market structure other than perfect competition in the output market. The major implication regarding wage determination in an imperfect competitive output market is that since the market price in the imperfectly competitive market declines as output increases, the MRP curve in the labor market will have steeper negative slope as

compared to the MRP under a perfectly competitive output market. Employee wages will still be determined using the same

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process, and employees will still be paid according to the value created by the last employee hired by the firm (i.e., where $MRP = MRC$).

If labor has the market power as in the case of a union, the principle of spiritual rewards results in the same conclusion. Unions should seek a wage rate in which the employees will be paid according to the value created by the last employee hired.

Synthesis of Biblical Perspective on Wage Determination

Using the New Testament system of rewards as a guide to wage determination, we can come up with a biblical perspective to answer how employees should be compensated for their labor. Faithful Christians will be rewarded based on what is given up here in this world. This relates to the idea of marginal revenue from the theory of wage determination, in which we will

be rewarded not because of what we do, but on the value the Lord Jesus Christ places on being a faithful servant. The second relates to the reward based on our faithful effort in doing the “business” of the Lord here in this present world. This relates to marginal product, since our reward is based according to what we have done. Taking these two types of spiritual rewards together gives us marginal revenue product or the value of Christian faithfulness from the perspective of a holy God. By paying employees “what they are worth” to the organization, the employer can reflect New Testament principles and simultaneously make the most profit by doing so.

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ENDNOTES

¹I have benefited from helpful comments from four anonymous referees. All remaining errors are my sole responsibility.

²All Scripture passages are from the New International Version (NIV).

³New Testament passages relating to spiritual rewards as mentioned by Scofield are provided in the Appendix.

⁴Although Luke does not give an actual numerical value, it is the companion to the other two gospel passages.

⁵I use the term “exploited” in the sense of economic exploitation, which occurs when the wage is less than the MRP (Robinson, 1933, p. 282).

REFERENCES

- McConnell, C., and Brue, S. (2002). *Microeconomics*. 15th ed. Irwin-McGraw-Hill.
- Robinson, J. (1933). *The economics of imperfect competition*. London: Macmillan.
- Scofield, C.I. (1984). *Oxford NIV Scofield study Bible*. Oxford, UK: Oxford University Press.

APPENDIX

New Testament Biblical Passages on Rewards

The following is a list of New Testament passages on rewards as found in a Scofield Reference Bible.

1. Matthew 5:12; 6:1, 4, 6; 6:18; 10:41, 42; 16:27; 24:47; 25:21-23, 28, 29; 25:34-40
2. Mark 9:41
3. Luke 6:23; 6:35; 19:17-19, 24-26
4. I Corinthians 3:8, 14; 9:24, 25
5. II Corinthians 5:10
6. Ephesians 6:8
7. Philippians 4:1
8. Colossians 3:24
9. I Thessalonians 2:19
10. II Timothy 4:8
11. Hebrews 11:6
12. James 1:12
13. I Peter 5:4
14. II John 8
15. Revelation 2:10; 3:11; 4:4; 11:18; 22:12

JBIB