Dialogue I

Response to Rejoinder by Professor Skinner

Stacey Brook
University of Sioux Falls

Overview

I am thankful for the opportunity to expound on my previous paper. It would seem that I have been unclear in parts of the previous paper, and Professor Skinner has keenly noted areas where greater details are warranted. I would like to respond to the main critiques that I found in Professor Skinner's rejoinder. To me these seem to be:

- the issue of a unique biblical system
- the relevance of the parable of the vineyard workers
- the issue surrounding minimum wages
- a concern about possible economic exploitation of human resources
- the distinction between compensation for human and non-human resources

A Personal View of the Integration of Biblical Principles and Economics

Professor Skinner states that the paper "does not develop a uniquely biblical system that differs from pure economics." I agree with Professor Skinner. I am unaware of any statement in the paper that says this is a uniquely biblical system that does differ from pure economics. Professor Skinner also does not develop a uniquely biblical system in his rejoinder, but neither does he say he will do so.

What I do say is that "[t]he focus of this paper is to integrate the New Testament principle of spiritual rewards with the issue of employee compensation." Since this is *The Journal of Biblical Integration in Business* and one of the definitions of integrate is "to unite with something else" (Mish, 1984), I do not feel that I have misled the reader in examining how economic labor theory can be united (or integrated) with the principle of spiritual rewards.

Parable of the Vineyard Workers

One of the prominent critiques of Professor Skinner is with regard to the parable of the vineyard workers. Professor Skinner does an excellent job of reviewing the historical content of labor markets during Christ's ministry here on earth. In the original version of this paper, I had not mentioned this passage, but a thoughtful reviewer made mention that the paper would be better if this passage of Scripture were addressed. Hence I inserted a section regarding two other prominent passages from the Gospel of Matthew. Yet I feel that Professor Skinner has misinterpreted my view regarding this passage of Scripture in the paper. To reiterate: the paper does not hold that the parable of the vineyard workers is related to the principle of spiritual rewards, as I stated on page 8, "The parable of the vineyard workers … does not fall into the category of spiritual rewards." Additionally, this passage from Matthew is not listed in the appendix as one of the New Testament passages regarding the principle of spiritual rewards.

In regard to each employee receiving the same pay as an example of the perfectly competitive labor market, Professor Skinner and I will have to agree to disagree.

Minimum Wage

This paper looks at how employers pay their employees by examining how Christ rewards those in faithful service to Him. The minimum wage/living wage is a wage administered by the government. Since the focus of this paper is on how employers compensate their employees for the effort that they perform, I believe that non-market wage determination issues fall outside the boundaries of the principle of spiritual rewards. I do not want to be misunderstood; the minimum wage/living wage is an important social issue that should be addressed by Christians, but it simply does not fit within the principle of spiritual rewards. I think Professor Skinner has opened up an avenue of fruitful research for the future.

Human and Non-Human Resource Concerns

In my view there are three concerns that have been raised: one is the issue of whether an employer is exploiting its employees if the wage is determined as in the perfectly competitive labor market; the second is the issue of compensation differences between human and non-human resources; and the third is the issue of employers not exploiting human resources but exploiting non-human resources.

Are employers exploiting some of their employees if wages are determined as in the perfectly competitive labor market? To answer this I would like to review the perfectly competitive labor market. The perfectly competitive labor market model assumes that labor is homogeneous, thus each employee has the same marginal productivity. A reason for the concavity of the marginal product curve is due to the assumption some non-human resources are fixed in the short run. Hence, as more employees are hired, marginal productivity eventually declines. It is the underlying production function that allows the employer to make profit on those employees. Yes, on those employees the firm is paying them less than their MRP, but remember — each employee is assumed to be equally productive. Thus, the interaction of other non-human resources owned by the firm allows the employer to make profit on some employees. I do not believe there is a biblical reason to pay people more simply because they were hired first (i.e., seniority pay), and I do not believe that there is evidence that those saved first will have greater rewards than those saved last, assuming each person is equally as productive. On the contrary, the parable of the vineyard workers would be evidence against preferential treatment given to those who have come first. According to Christ, he will reward according to what those in service to him have done. If each person is equally productive, then the reward would be equal, which is what I have argued.

Why do I draw a distinction between human and non-human resource compensation? Not only does the perfectly competitive labor market assume that all employees are equally productive, the model assumes that neither the employer nor the employee has market power (i.e., the ability to decrease or increase the wage above the market wage rate). Thus, the employer and employee take the wage as given. If the employer has market power in the labor market (such as a monopsony), then the employer is capable of paying the employees less than the MRP of the last employee hired. Yet, Christ acts as the only “employer.” From the New Testament passages given, there is no indication that Christ will be rewarding those who have been in faithful service to him less than what we should receive. So, using Christ as our example to follow, Christian employers should not compensate their employees less than the value of the output produced by the last employee hired, even if the employer has market power.

The principle of spiritual rewards is focused only on humans, or in business terms, human resources. I would argue that there is a guide for employer/employee wage determination for human resources. Using the principle of spiritual rewards provides a biblical distinction between how human resources are compensated and how non-labor resources are compensated.

Why do I think that exploiting non-human resources is acceptable? Since the principle of spiritual rewards is silent as to the value placed on non-human resources, I turned to economic theory, and I would like to use this as the background for comment regarding the differences between employer pay with human and non-human resources. As I stated, I do not have a problem with employers paying non-human resources less than their MRP. Professor Skinner has made a heroic conclusion that I am advocating stealing from non-human resource owners. If Professor Skinner knew me (or the imperfectly competitive resource market), he would know better.

As Professor Skinner no doubt will agree, if the non-human resource market is perfectly competitive, then all the resources are purchased at the same input price, which in equilibrium is equal to the non-human resource's MRP. Without market power there is no profit incentive to sell non-human resources below the equilibrium resource price, nor is there an economic incentive to purchase the non-human resource at a price above the equilibrium resource price. Thus the perfectly competitive resource market is incapable of yielding results in which non-human resource owners are compensated other than at their MRP. Alternatively, if an employer has market power in the purchasing of non-human resources and the seller of non-human resources does not have market power, then according to economic theory the employer will maximize profits by purchasing the non-human resources at a price less than the non-human resource's MRP. A resource price less than the non-human resource is economic exploitation. It is for this reason that I do not have a problem with employers exploiting (as defined in the paper) non-labor resources.

There is no stealing, nor is there a gift, but simple exchange in either the perfectly competitive or imperfectly competitive resource market. What I am arguing is that the principle of spiritual rewards is a guide for employers with market power to give up their profit-maximizing incentive to exploit human resources (i.e., pay a wage less than the employee's MRP) and set the wage equal to their MRP. The perfectly competitive labor market demonstrates that this is economically best for both the employer and the employee if neither group has market power. In regard to non-human resources the principle of spiritual rewards is silent, thus employers with market power should maximize their profits by paying non-human resources below their MRP.

Concluding Thoughts

I am grateful for the opportunity to respond to the careful and thoughtful comments by Professor Skinner. I would encourage others to think about how we can apply the principles found within Scripture to the business environment. Some of these principles will no doubt challenge current business theory. I can only think that society as a whole will be better off from the wisdom and insight of integrating biblical concepts with business practices.

Stacey Brook, Ph.D.
Associate Professor of Economics
Vucurevich School of Business
University of Sioux Falls
1101 W. 22nd St.
Sioux Falls, SD 57105
605-331-6706
FAX 605-331-6574
Stacey.Brook@usiouxfall.edu

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