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## Economic Insights from the Book of Mormon

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## **Economic Insights from the Book of Mormon**

Lindon J. Robison<sup>1</sup>

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### **Introduction**

If you want to know about people's interests, read the newspaper headlines. On almost every front page there is news about the nation's economy. "Interest Rates Rise," "Stock Prices Are Down," "Unemployment Rates Rise" are recent headlines. Interest rates, stock prices, and unemployment rates are only indicators of a country's economic well-being. Like body temperature and blood pressure, they indicate the health of a country's economy; however, they do not explain it.

Economic theory explains a country's economic well-being by focusing on such factors as money supply, tax rates, prices, unemployment rates, and market restrictions. Some economists, however, do not believe that these factors alone can explain the relative well-being of countries. Referring to the lack of consensus about the causes of economic development, G. Edward Shuh, past president of the American Agricultural Economics Association wrote:

Unfortunately, we do not yet have a theory of economic development, or even of agricultural development. What we have is a general consensus that the production and distribution of new production technology is a cheap source of income streams and thus

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<sup>1</sup> I wish to thank Linda Carroll for helpful editing of this paper.

must be the engine of economic growth at early stages of political and economic development.<sup>2</sup>

The development of successful economies is as difficult to explain and predict as the lack of development in less successful economies. Commenting on the inadequacy of current economic theories to explain Japan's economic success, Alan Blinder, past chairman of the Council of Economic Advisors, wrote:

Studying the Japanese economy has led me to a tentative conclusion: that market capitalism, Japanese style, departs so much from conventional Western economic thought that it deserves to be considered a different system. . . .

American capitalism rests on a grand theory begun by Adam Smith. There is no comparable theory of Japanese capitalism, but we need one if we are to formulate an intelligent economic policy toward Japan. The Japanese themselves seem less concerned with conceptualization than with results. So, we may have to produce that theory ourselves.<sup>3</sup>

In contrast to the confusion among economists about the causes of economic development, the Book of Mormon offers a simple solution. It teaches that economic prosperity depends on the spiritual condition of individuals as shown by their unity, caring, and voluntary sharing. Alma described this spiritual condition of members of the Church that led to prosperity.

And thus, in their prosperous circumstances, they did not send away any who were naked, or that were hungry, or that were athirst, or that were sick, or that had not been nourished; and they did not set their hearts upon riches; therefore they were liberal to all, both old and young, both bond and free, both male and female, whether out of the church or in the church, having no respect to persons as to those who stood in need. And thus they did prosper and become

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<sup>2</sup> G. Edward Shuh, "International Development and Affairs," in *Social Science Agricultural Agenda Project, Proceedings of Phase I Workshop*, Minneapolis, Minnesota, 9–11 June 1987.

<sup>3</sup> Alan S. Blinder, "There Are Capitalists, Then There Are the Japanese," *Business Week* (8 October 1990): 21.

far more wealthy than those who did not belong to their church. (Alma 1:30–31)

Ezra Taft Benson, who was trained in economics and who is prophet and president of The Church of Jesus Christ of Latter-day Saints, described how one's spiritual condition produces material results:

The Lord works from the inside out. The world works from the outside in. The world would take people out of the slums. Christ takes the slums out of people, and then they take themselves out of the slums. The world would mold men, who then change their environment. The world would shape human behavior, but Christ can change human nature.<sup>4</sup>

The explanation found in the Book of Mormon that economic development depends on the internal or spiritual condition of people can be used to enrich existing economic theories. The enriched theories can then be used to explain why different groups experience different economic results even when they have similar resources.

### **Adam Smith and the Pins**

The most accepted economic explanation of the causes of development was written by Adam Smith. Adam Smith was a Scottish moral philosopher. His book, *Wealth of Nations*, published in 1776, revolutionized economic thought by providing a reasoned explanation of why nations prosper. According to Smith, three major causes explain the wealth of nations: specialization, trade, and freedom of choice.

#### **Specialization**

From observing pin makers, Adam Smith learned the benefits of specialization. He saw that one worker alone could scarcely produce one pin a day. But 10 men, Smith reported, working together could produce 48,000 pins in a day. This increase in productivity was a result of specialization; when people specialize in a task, their ability to repeat the task

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<sup>4</sup> Ezra Taft Benson, "Born of God," *Ensign* 15 (November 1985): 5.

increases. Moreover, specialization allows individuals to work at tasks for which they are most skilled.

Saints in Nauvoo gave further evidence of the benefits of specialization. They divided the construction of wagons into specialized tasks and constructed over 2000 wagons during the winter of 1845 and 1846.<sup>5</sup> This was an incredible feat since one man skilled in wagon construction and working alone could hardly build one wagon every three months.<sup>6</sup>

### The Necessity of Trades

To specialize in pin production (or wagons), however, meant giving up the production of other things. If workers spent all of their time making pins, there was no time left for gardening, repairing and cleaning one's house, soap making, doctoring sick children, or philosophizing about economics. So unless the pin makers could trade pins for the services and goods they no longer produced themselves, specialization was not possible. For this reason, Adam Smith and economists since him have emphasized the importance of trades.<sup>7</sup>

There is still one more important reason to encourage trade: it is an antidote against aggression. When people trade, they give up something of value in exchange for something they value more. As a result, good feelings toward each other are likely strengthened or developed. Consequently, when two countries trade, they are less likely to fight, an activity that reduces the economic well-being of the warring parties. Recognizing the importance of trade on relationships among countries, policy makers often arrange for special trade agreements to maintain or improve relationships.

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<sup>5</sup> Russell R. Rich, *Ensign to the Nations* (Provo: Brigham Young University Publications, 1972).

<sup>6</sup> Nauvoo's economy prior to the exodus was characterized by an impressive number of trades and occupations that contributed to its economic success; cf. James A. Warner and Styne M. Slade *The Mormon Way* (Englewood Cliffs, NJ: Prentice-Hall, 1976), 15.

<sup>7</sup> All economists recognize the importance of a currency or monetary system to facilitate trading. Thus, it is interesting that the Book of Mormon patiently explains the Nephite monetary system even though it is an odd topic to have included in a religious text. Moreover, Alma also explains how the Nephites used money—to pay their judges, to discharge debts, etc. (Alma 11:1–20).

## **Freedom of Choice and Individual Responsibility**

For trading to occur in the most efficient manner, markets must be free to operate. Free markets exist when information about the market is widely known and prices are allowed to adjust to the market forces of supply and demand. Adam Smith recognized that free markets communicate to buyers and sellers. A product shortage in a free market causes the price of the product in short supply to rise. The price rise encourages increased supply because of the increased rewards for those who produce it and discourages consumption of the product because greater sacrifices are required to obtain the product. This adjustment of increased supply and decreased demand continues until the proper balance between supply and demand is restored. On the other hand, surpluses would cause prices to fall. The price decline discourages production and encourages consumption until the proper balance between supply and demand is again restored.

One other freedom is required for free markets. If producers are to respond to the incentives of rising prices, they must be rewarded for their efforts to increase production. Moreover, if consumption is to be responsive to changing prices, consumers must pay for goods from their own resources or they will have no incentive to respond to signals from the market.

Adam Smith's insights about the ability of free markets to communicate and efficiently organize the production and distribution of goods are widely accepted among economists. There does not exist anywhere in the world an information and incentive system equal to that provided by free markets. All substitute systems have failed, including our own experiment with gasoline price fixing during the oil embargo of the seventies and regulated agricultural prices that continue to produce surpluses of agricultural products. Finally, the shift in Eastern Europe from controlled to free markets gives testimony of the benefits that the people of Eastern Europe believe are associated with free markets. With so many advantages associated with free markets, one wonders why so many people of the world live and work in controlled or planned economies.



## Development Theory Since Adam Smith: Equity versus Efficiency

Not everyone has been happy with Adam Smith's theory nor is willing to allow markets to operate freely. Capitalism, some economists argue, allows or requires the unequal distribution of income. It permits some to live in opulence while others starve in squalor.<sup>8</sup> The conflict between the efficiency associated with capitalism and the equity associated with planned economies needs to be resolved, but has not yet been resolved, because economists consider efficiency and equity to be mutually exclusive goals.<sup>9</sup>

Proponents of socialism and other forms of control over markets and the distribution of income defend that control because of their goal of providing "to each according to his needs." Defenders of planned or controlled economies argue that efficiency is too high a price to pay for inequality. Unfortunately, many times we see that the loss of political, religious, and other freedoms frequently accompanies the loss of economic freedom.

Many economists believe that there can be no intellectually satisfying answer that resolves the conflict between equity and efficiency. Most economies, including the U.S. economy with its progressive income tax and public health care programs, mix elements of planned economy (socialism) with capitalism. This unresolved conflict between socialism and capitalism makes the Book of Mormon solution to the equity-efficiency question all the more remarkable.

The Book of Mormon teaches that economic prosperity accompanied by efficient allocation of resources and equity can only be achieved by developing inwardly spiritual conditions of caring sometimes called charity (Moroni 7:47-48). It also proclaims that equity and efficiency in production are companions and likely to be achieved together if at all.

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<sup>8</sup> Arthur M. Okun, *Equity and Efficiency: The Big Trade-Off* (Washington: Brookings, 1975).

<sup>9</sup> For a recent example of the equity versus efficiency (sometimes referred to as the growth versus fairness) debate, see George F. Will, "Twilight along the Potomac?" *Newsweek* (19 October 1992): 80.

## A Book of Mormon Solution

### Reinterpreting Adam Smith

The economic system of free enterprise advocated by Adam Smith has become known as capitalism. Moreover, it has become known as the theory of selfishness or self-interest. Francis Edgeworth, a famous nineteenth-century economist, wrote that: "The first principle of Economics is that every agent is actuated only by self-interest."<sup>10</sup> This view of capitalism can in part be inferred from an oft-quoted phrase from Adam Smith that describes how workers in capitalism are inspired.

It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their self-love, and never talk to them of our necessities, but of their advantages.<sup>11</sup>

This phrase has often been misinterpreted. To many it means that economic agents are only motivated by selfish concerns. Therefore markets must be free to reward efforts if efficiency is to be achieved. But to place the phrase in its proper context, one must be familiar with another statement of Smith, which allows us to rationalize the economic views of the Book of Mormon with those espoused by Smith:

How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it.<sup>12</sup>

Adam Smith saw clearly that men and women do not act independently of the feelings and well-being of others. As D. Kirk Hart explained, the theme of Adam Smith's *Theory of Moral Sentiments* was that men and women have a natural need

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<sup>10</sup> Nicholas Rescher, *Unselfishness: The Role of the Vicarious Affect in Moral Philosophy and Social Theory* (Pittsburgh: University of Pittsburgh, 1975), 13.

<sup>11</sup> Adam Smith, *The Wealth of Nations* (Chicago: Regnery, 1966), 25.

<sup>12</sup> *The Theory of Moral Sentiments* (Indianapolis: Liberty Classics, 1759, 1976) part I, sec. I, ch. 1, 47.



to sympathize with one another. Thus, the happiness of men and women is interdependent.<sup>13</sup> Moreover, according to Smith, all successful human relationships must be based upon a mutual empathy of one for another or else society would degenerate to a Hobbesian war of “all against all.”

From this foundation of economic reasoning, Adam Smith declared the existence and the need for empathy. Unfortunately, much of modern economic theory has been developed without recognizing the importance of the interdependency of men and women on each other’s well-being. The basic theories of economics assume that individuals in the economy act selfishly without considering for others. Some economists claim that deduction of useful theories requires selfishness of preferences be assumed.<sup>14</sup>

Smith’s emphasis on sympathy, in contrast to modern-day theories of classical economics, is consistent with the Book of Mormon formula for prosperity. According to the Book of Mormon, it is the presence of caring or its absence that either promotes or impedes development. Indeed, caring fosters specialization and trades and maintains freedom of choice.

### **Caring and Economic Development**

Caring was an essential part of Adam Smith’s theory and is consistent with the requirements of prosperity described in the Book of Mormon. The quality of members of the Church that produced prosperity was an attitude of caring in which each person’s happiness depended on the well-being of his or her neighbor.

After partaking of the fruit that filled his soul with joy, Lehi desired that his family should also enjoy the fruit (1 Nephi 8:12). To mourn with those that mourn and to bear one another’s burdens qualified converts for baptism at the waters of Mormon (Mosiah 18:8–9). The people of King Limhi fought like dragons against numerically superior Lamanites because they sought to defend not only their lives but the lives of their children and wives (Mosiah 20:11). The sons of Mosiah were

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<sup>13</sup> D. Kirk Hart, “Adam Smith in the Twentieth Century: Is the Vision Intact?” in *Exchange* (Provo: Brigham Young University School of Management, Winter 1985), 26–32.

<sup>14</sup> James Quirk and Rubin Saposnik, *Introduction to General Equilibrium Theory and Welfare Economics* (New York: McGraw-Hill, 1968).

motivated to do missionary work among the Lamanites because they could not bear that any human soul should perish and endure endless torment (Mosiah 28:3). Alma declared that his joy was in being an instrument in the hands of God to bring some soul to repentance. He added that his joy was more full because of the success of his brethren (Alma 29:9, 14). Later, Alma declared that his reward for his service to the Church was the happiness he felt because of the joy of his brethren (Alma 30:34).

The result of caring is a unity which produces cooperation, peace, material and spiritual prosperity, and equality. Describing such a condition following the visit of Christ, Nephi, the son of Nephi who was a disciple of Christ, wrote: "there were no contentions, that each man dealt justly with his neighbor." Nephi also added: "there were no rich or poor but the people had all things in common, and they prospered exceedingly." The spiritual condition that permitted this level of peace and prosperity was the empathy and unity of the people. There were no Lamanites, nor any manner of ites, but the people were in one, the children of Christ (4 Nephi 1:3, 10, 16).

In contrast to the attitude of caring among the righteous, there was a selfish craving for things among the wicked. Loving things instead of God and his children produced a spiritual condition described as hardheartedness, the opposite of a tender heart that cares. For example, Nephi chastised his brothers because their hearts were hard (1 Nephi 17:19), so much so that they were past feeling the words of God that lead one to caring (1 Nephi 17:45).

Hardheartedness is not only a lack of caring, but also an antipathy that produces unrighteous satisfaction when others suffer. Such was the attitude of Giddianhi and his Gadianton robbers, whose attitude towards the Nephites was "everlasting hatred" (3 Nephi 3:4). Moreover, Alma described the apostate Nephites under the Satanic influence of Amalickiah as more hardened and impenitent and more wild, wicked, and ferocious than even the Lamanites, entirely forgetting the Lord their God (Alma 47:36). In this state of mind, their only goal was to get power for themselves, which they eventually achieved.

The result of hardheartedness is division and dissension. The wicked Lamanites were divided and desired to rule because of their greed. The righteous Nephites were united in their love for God and man, which led them to serve. The wicked Lamanites loved gold and silver and sacrificed the well-being of

others to get it. So, to get material gain, the wicked murdered, plundered, stole, and bore false witness against their neighbors (Helaman 7:21). Meanwhile, the righteous fed the hungry, clothed the naked, and cared for those in need so there would be no poor among them (Jacob 2:19).

### **The Economic Results of Caring**

Adam Smith declared that empathy was needed for capitalism to succeed. The Book of Mormon lists it as a precondition for prosperity. An important lesson for economists to learn is how caring affects Adam Smith's pillars of economic prosperity as well as other important areas of our economic lives.

### **Caring and Trading**

To show how caring affects the level of trades, a colleague and I conducted the following survey. We asked students and faculty at Michigan State University the following question. Suppose you owned a used car, valued in the marketplace at \$3000. What would be the lowest price you would accept for your used car? The responses were: it depends on who wants to buy it. A buyer characterized as a poor friend could buy the car for an average price of \$2600. On average a nasty neighbor would have to pay \$3600.<sup>15</sup>

In order for a trade to occur, there must exist a trading range. The trading range is the set of prices less than the highest price a buyer is willing to pay and greater than the least price the seller is willing to accept. When the trading range includes the price zero, a gift may be exchanged. If there are no prices in this trading range, no trades can be completed. The survey my colleague and I conducted showed that the trading range was greatest between friends and did not exist for persons who dislike each other. Our conclusion was that trading was most likely to occur among caring friends.

While I know of no modern study showing the effect of caring on trades, the Book of Mormon offers abundant evidence that among the friendly and righteous, there was abundant trade.

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<sup>15</sup> Lindon J. Robison and A. Allan Schmid, "Interpersonal Relationships and Preferences: Evidences and Implications," in Roger Frantz, Harinder Singh, and James Gerber, eds., *Handbook of Behavioral Economics*, vol. 2B (Greenwich, CT: J.A.I., 1991), 347-58.

When the Lamanites were friendly with one another, their trade with each other increased dramatically. The result was that they waxed great, increased in riches, and began to be a cunning and a wise people, as to the wisdom of the world (Mosiah 24: 5, 7). At another time, following the conversion of the Lamanites, there were friendly relationships between both the Lamanites and the Nephites. As a result, Lamanites and Nephites could travel and trade freely to get gain. Moreover, both groups enjoyed economic prosperity and became rich; and they both had plenty of gold, silver, and all manner of precious metals, both in the land south and in the land north (Helaman 6:3, 8–9).

### **Caring and Specialization**

Trading activities that depend on caring allow for workers to specialize. During the righteous reign of King Lib, the Book of Mormon records:

And they were exceedingly industrious, and they did buy and sell and traffic one with another, that they might get gain.

And they did work in all manner of ore, and they did make gold and silver, and iron, and brass, and all manner of metals; and they did dig it out of the earth; wherefore, they did cast up mighty heaps of earth to get ore, of gold, and of silver, and of iron, and of copper. And they did work all manner of fine work.

And they did have silks, and fine-twined linen; and they did work all manner of cloth, that they might clothe themselves from their nakedness.

And they did make all manner of tools to till the earth, both to plow and to sow, to reap and to hoe, and also to thrash.

And they did make all manner of tools with which they did work their beasts. (Ether 10:22–26)

Caring led not only to trading and specialization, but also to sharing of new technology for producing food and clothing and for constructing buildings. As a result, their civilization progressed. Nephi wrote that he taught his people to build buildings, and to work with wood, iron, copper, brass, steel, gold, and silver and other precious ores. To process and use these materials, however, would have required that his people

specialize and trade, something they could only do with caring and unity (2 Nephi 5:15).

In contrast to the trading and specialization that occurred among the righteous people of Lib, the Book of Mormon contrasts the wicked Jaredites:

Wherefore every man did cleave unto that which was his own with his hands, and would not borrow neither would he lend; and every man kept the hilt of his sword in his right hand, in the defense of his property and his own life and of his wives and children. (Ether 14:2)

Without the caring required for completing trades, the economic climate among the wicked Lamanites was one in which trading and specialized production ceased. This meant a life of hunting. This occupation required little if any cooperation and could provide the food, shelter, and clothing for a primitive society.

In this condition of not caring, the Lamanites did not specialize or trade. Moreover, they did not extend their efforts beyond that needed to supply their own immediate wants. Nephi described them as “an idle people, full of mischief and subtlety, [who] did seek in the wilderness for beasts of prey” (2 Nephi 5:24).

Moreover, their lack of caring not only limited their means of food production to hunting and stealing, but it also reduced the quality of their housing and clothing to tents and loincloths made of animal skins. Meanwhile, their diet consisted of raw meats (Enos 1:20). In this condition of not caring, they made few if any advances in their civilization. Writing many years later, Alma saw that the more idle part of the Lamanites lived in the wilderness, close to the animals, and dwelt in tents (Alma 22:28).

### **Caring and Worker Response**

The jewel in the crown of capitalism has been worker incentives. Rewarding individuals for their labor encourages them to work harder. Evidence of the importance of personal responsibility for the economic results of one's efforts is seen in Russian agriculture. While only five percent of the land in



Russia in 1986 was privately controlled, this land produced fifty-five percent of the Russian agricultural output.<sup>16</sup>

Still, Book of Mormon evidence shows that it was not the free-market system that induced lazy Lamanites to work hard; it was their conversion to the gospel and the development of an attitude of caring.

Nephi taught his people to be industrious and to work with their hands (2 Nephi 5:17). After hearing the gospel taught by Ammon and his brothers, the converted Lamanites, the Anti-Nephi-Lehies, became a very industrious people (Alma 23:18). Moreover, the righteous leaders of the Book of Mormon taught through example to till the earth and to support themselves so they would not be a burden for others (Mosiah 6:7).

In contrast to the industrious Nephites, the Lamanites, after losing the gospel light, became an idle people and resorted to hunting to get their food (2 Nephi 5:24). The Lamanites continued in their lazy and idolatrous state at the time Zeniff found them. They allowed Zeniff and his people to stay only because of their desires to bring them into bondage and live off their labors (Mosiah 9:12).

### **Caring and Freedom of Choice**

The gospel teaches that it is the nature of nearly all men and women that when they suppose they have a little power, they immediately exercise unrighteous dominion. In the process of exercising this dominion, the economic freedom of individuals is often reduced. Reduced economic freedom in turn reduces the ability of free markets to function, limiting opportunities for trades and specialization. Modern economies achieve economic dominion by taxation whereby those in power take the product of the workers' labor. When the less caring control the government, the tax burden has been greater, while the tax revenues have benefitted those governing.

Thus, we are not surprised that under the righteous reign of King Benjamin and his son Mosiah, there were no burdensome taxes imposed on the people. In contrast, the wicked King Noah imposed a tax of one-fifth part of all that his subjects owned to support himself, his wives and concubines, and his priests in their idolatry. In addition, Noah built a spacious palace and a wonderful and richly decorated throne for himself and

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<sup>16</sup> *The State of Food and Agriculture* (Rome: Food and Agricultural Organization of the United Nations, vol. 21, 1988), 67.



raised seats ornamented with gold for his priests. All were paid for from the taxes wicked King Noah imposed on his people (Mosiah 11:11–12).

Amlici was a wicked man who wanted to be king and enslave the Nephites (Alma 2:4). No people will voluntarily submit to slavery or even to unfair taxes. Thus, the uncaring and selfish who try to impose their will on others without their consent must eventually turn to force as did Giddianhi and his Gadianton robbers. To enslave the Nephites, they did “go up to battle against the Nephites” (3 Nephi 4:5).

Economic prosperity through force (an approach first tried by Satan in the premortal council in heaven), included plundering, robbing, and murdering. This managerial style has been followed by all of Lucifer’s lieutenants, including the wicked Korihor, who taught that every man prospered according to his genius and that every man conquered according to his strength and in this there was no crime.

To fully appreciate the economic consequences of unrighteous dominion, one must recognize that force often destroys the ability to care. Whenever force is applied, unity and caring is sacrificed. Then without caring and unity, trading ranges disappear and the opportunity for economic growth is lost. For without good will or trust, the only trades that occur are those that are forced—either through war or through stealing.

In contrast to Korihor’s economic doctrine is that of the humble followers of Christ who recognize their dependence on God and rely on him for guidance and strength. They also recognize that to serve God requires that they care for one another, which often leads to specialization and trade.

### **Caring and Concentration of Income**

The poorest countries of the world all have something in common; income in these countries is highly concentrated in the hands of a few. Among the poorest nations of the world, on average the richest 10 percent receive over 40 percent of their nation’s income. Meanwhile in the prosperous country of Japan, the wealthiest 10 percent receive only 22 percent, a figure nearly equal to that of the prosperous and highly socialized Swedes.<sup>17</sup> The same evidence exists in the United States. Those states with

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<sup>17</sup> *World Development Report 1984* (Published for the World Bank by Oxford University Press, July 1984), table 14, 244–45.

the highest concentration of income are less economically developed.<sup>18</sup> Thus the equity and efficiency trade-off that is supposed to exist cannot be defended empirically. In fact, economic prosperity appears to be a companion of equity.

The Book of Mormon message is that the distribution of income is based on the level of caring and unity among the people. Among the righteous, income is evenly distributed as are opportunities to progress. The distribution of income is simply a reflection of their unity. The righteous were taught that their giving should be voluntary and result from their love of God and desires to serve him (Mosiah 18:28). By voluntarily redistributing their income to the poor, they were able to maintain an economic system that included incentives to work hard because of individual responsibility and rewards for efforts. Moreover, one of the reasons the caring work hard is that they desire to use the product of their work to bless the lives of others.

After the visit of Christ, the disciples in both the Old World and the New World had all things in common (3 Nephi 26:19). The result, of course, of this sharing of resources was that there were neither poor nor rich among the Nephites (4 Nephi 1:3). A similar condition existed among the members of the Church during the time of Alma, the son of Alma. Every man imparted of his substance to the poor, and the needy, and the sick, and the afflicted. And neither did they distinguish themselves by wearing costly apparel, but were neat and comely (Alma 1:27). In all of this they were simply following God's instruction delivered by his prophets, who taught:

And now, if God, who has created you, on whom you are dependent for your lives and for all that ye have and are, doth grant unto you whatsoever ye ask that is right, in faith, believing that ye shall receive, O then, how ye ought to impart of the substance that ye have one to another. (Mosiah 4:22)

In contrast to the equality of income and benefits among the righteous Nephites was the concentration of income among the wicked Lamanites and apostate Nephites. On his mission to the Zoramites, Alma was distressed to find among them a wealthy class whose hearts were upon their riches, their costly apparel, ringlets, and ornaments of gold. They tried to justify

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<sup>18</sup> D. J. Slottje, *The Structure of Earning and the Measurement of Income Inequality in the U.S.* (New York: North-Holland, 1989).

such ostentatious living by ascending their prayer tower to thank God for saving them, the chosen people, while all the others would perish (Alma 31:28). Earlier, Alma saw that inequality among the Zoramites and among the wicked in general was a result of sin and transgression (Alma 28:13).

Finally, the first fruits of the wicked seeds planted in the hearts of men after 200 years of following Christ was pride that showed itself by some wearing costly apparel, fine pearls, and other fine things. First the people set their hearts on their riches with the purpose of lifting themselves up above others (Helaman 6:17). This they did to distinguish themselves from each other. They divided into classes and no longer had their substance in common (4 Nephi 1:26).

### **Caring and Care of our Natural Resources**

People in today's world who are concerned for the environment and our dwindling natural resource base should note that this problem was shared by those whose history was recorded in the Book of Mormon. Among the wicked who had no concern for the future nor for the well-being of their neighbors, natural resources were exploited. They soon exhausted the supply of wild game which was their chief means of support. It was recorded that wild game became scarce in the wilderness insomuch that the robbers were about to perish with hunger (3 Nephi 4:20).

Among the righteous Nephites, however, who lived in a land of few trees, any tree that sprouted up was allowed to grow so that in time they might have timber to build their houses, cities, temples, etc. (Helaman 3:9).

### **Investments, Savings, and Caring**

Alma instructed his son Corianton not to seek after riches and vain things because they cannot be carried out of this world (Alma 39:14). Using the Book of Mormon as our reference, we have shown that the righteous of the Church prospered more than the wicked who did not belong to the Church. Thus, he that loses his riches for the Lord's sake shall find them. Or as Jacob explained, after having obtained a hope in Christ the righteous would obtain riches if they sought them for the intent to do good (Jacob 2:18–19).

To share with others the fruits of our labors, we must consume less than the total of what we earn. This amount of

consumption foregone equals our savings. When the savings are used to purchase other goods with the intent of increasing production in the future, the savings have been converted into investments.

A common characteristic of the caring and united is their high level of savings and investments. Moreover, not only do they invest in private goods which will benefit their families, if not themselves, at some time in the future, but they also invest in public goods. Public goods are those whose services produced are not restricted to those who made the investment.

Jarom, the son of Enos, wrote that his people became very rich in gold, silver, machinery, iron, copper, brass, and steel, and made tools of every kind to till the ground and to protect themselves in war (Jarom 1:8). And during the reign of the righteous King Lib, it was recorded that his people worked in all the metals: gold, silver, iron, brass, etc. And to get the ore they did heap large mounds of dirt. Then with the ore they did make all manner of tools to till the earth both for plowing and sowing and for reaping, hoeing, and threshing. They also had tools for working their animals and making weapons of war (Ether 10:23, 27).

It is also interesting that it was during a period of unity and caring—when Gidgiddoni was the Nephite commander and Lachoneus the chief judge—that the Nephites' investments in public goods were renewed. Nephi, the disciple of Christ, records that there many highways cast up and many roads which led from city to city, and many cities built anew and many old cities repaired (3 Nephi 6:7–8).

Quickly following this period of peace and unity, pride and divisions rose again to destroy the people from within. There developed again inequality in the land and Satan led away the hearts of the people to do all manner of iniquity. Finally, the people set at defiance the laws and rights of their country. They agreed to “establish a king over the land, that the land should no more be at liberty but should be subject unto kings” (3 Nephi 6:30).

In contrast to the investment pattern of the righteous and united was the absence of savings and investment on the part of the wicked. In fact, not only did they not invest in public goods, but they refused to be bound by the public laws, a social contract essential for a functioning society.

### **Conclusion: Equity versus Efficiency**

It is interesting to note that the alternative economic systems of the world, capitalism and communism or other forms of controlled economies, are divided on the same issue that divided God's children in the premortal council. In his proposal, Lucifer promised that not one soul would be lost, that he personally would have the glory, and that individual freedom would be the cost. Communism is willing to limit the rights of ownership, the choice of where to work, and other economic freedoms in exchange for "each according to his needs." Moreover, the glory of the system is the state. Under capitalism, individuals are free to choose, but they must bear the consequences, and the consumer is sovereign. Only recently have the Eastern-bloc countries found that their controlled societies have not been able to deliver "to each according to his needs" and as a consequence they are seeking an alternative.

Sadly enough, the newly created capitalist economies will find that a free-market economy is no guarantee of economic success, at least for many people. The reason for this is that in a free-market economy, workers are rewarded not only for their efforts and talents, but also for having wealthy parents, for being there first or at the right time, and for being born into a particular family or caste. There is nothing inherent in the free-market system to guarantee housing, shelter, food, and medical attention to those who for whatever reason cannot provide for themselves. Those who can afford these things have access to them. For others, there is no guarantee. In its most elemental form, a free-market economy without righteousness and caring is simply the survival of the fittest. Korihor described such a system as one in which success depends on the management of the creature.

To soften the bleak consequences of an economy based on the survival of the fittest, people voluntarily impose taxes on themselves to pay for social security for the aged, welfare checks for the unemployed, and medicaid payments for the poor and sick. In addition, our legislative body has imposed laws that try to provide equal opportunities for employment and equal pay for equal work for women and minorities. Moreover, inheritance taxes limit to a large extent the development of an aristocracy based on birth. But all of these programs that try to provide



equitably for the welfare of the people impose a sacrifice in the form of lost economic and political freedom.

Thus economists are left to dispute the relative merits of measures to achieve equity which is most often achieved at the expense of efficiency. There is no accepted solution to this endless debate because the debate is over values, not economic facts. Is it freedom of choice or is it equity that is to be the most valued? Sweden emphasizes equity, for example, while the United States emphasizes efficiency. Still, the recent revolution of thought in the controlled economies of the world is evidence that despite their theme of "to each according to his needs and from each according to his abilities" the reality has been "all comrades are equal but some are more equal than others."

Only the gospel of Jesus Christ offers a solution to the problem of how to get equity without loss of efficiency. It provides a system for both equity and efficiency. If an economy is made up of caring individuals, they will voluntarily support the poor and invest in public goods without force. And because they receive vicarious joy from helping the less fortunate, they keep their incentives to work hard while the markets are left free to send their signals.<sup>19</sup> Thus the powerful economic insight offered by the Book of Mormon is: economic solutions can only be found in living the message of caring taught by Jesus Christ.

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<sup>19</sup> An externality is a cost one person imposes on another without that person's consent. Pollution or overuse of a shared resource that reduces the well-being of another without the person's consent is an externality. When individuals seek their own interest without caring for others, externalities are created that diminish the collective well-being. Caring, love, or genuine interest in the welfare of others resolves externalities and creates an environment conducive to the realization of the benefits of a free market.