

# What Did the Rich Man Do That Was so Wrong?

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[ 0 : 00 ] My good friends, it's really a privilege to be here and speaking to you about something that I care a little bit about. This is going to be a study in business ethics and we're going to use the foolish guy in Luke.

We're going to call him Ken. He's got everything. And the reason Ken interests me so much is because, frankly, I see a lot of me in him.

And I think maybe as we go down the line and look at who this chap is, perhaps you might see a little of you in him. So we're going to look at him, Ken.

And it was actually Harvey one day that was speaking and at the end of this talk, or maybe it was, I forget exactly when, but he was suggesting to us that we ought to go see this chap by the name of Volfe over at Regent, who was delivering a series of lectures.

And he talked about this chap by the name of Ken Light. And it dawned on me that this was the foolish guy in Luke. And one of the things that Dr. Volfe said was that it's more important to have ethical character than ethical knowledge.

[ 1 : 22 ] And I think we'll see some of that in Ken. Let's pray first. Our gracious Lord, we thank you for loving us.

In spite of the faults that we have in seeing through it and seeing deeper than other people would see. Seeing the men and women that you love and care about.

And put it in pressures and cookers, we sometimes misbehave. And you love us even so. We thank you for your redeeming grace. We ask your blessings upon the time today.

We'll learn something of you and your character. We will come to be drawn more closely to you through the stories that you tell us. Amen.

It might be helpful if we turn to Luke chapter 12. I just said, turn over in your Bibles.

[ 2 : 23 ] I've never seen that happen actually. 12-1. What I'd like to do as I read, I'm going to read a bit of this, Luke 12 through verse 21.

And while I'm reading this, I wonder if you could just make mental note of the things that were going on. And Jesus starts talking and teaching a story. Teaching about stuff.

And in the middle of his conversations to this great crowd, this guy pops up and asks the question. So first of all, as I read this, just pay attention to the things that Jesus is talking about.

It says, meanwhile, when a crowd of many thousands have gathered so that they had trampled on one another, Jesus began speaking to the disciples, to speak first to his disciples saying, Be on your guard against the yeast of the Pharisees, which is hypocrisy.

There is nothing concealed that will not be disclosed, or hidden that will not be made known. And what you have said in the dark will be heard in the daylight, and what you have whispered in the ear in the inner rooms will be proclaimed from the roofs.

[ 3 : 36 ] I tell you, my friends, do not be afraid of those who kill the body, and after that you do no more. But I will show you whom you should fear. Fear him who, after the killing of the body, has power to throw you into hell.

Yes, I tell you, fear him. And not five sparrows sold for two pennies, yet not one of them is forgotten by God. Indeed, the very hairs of your head are all numbered.

Don't be afraid, you are worth more than many sparrows. I tell you, whoever acknowledges me before men, the Son of Man, will also acknowledge him before the angels of God.

But he who disowns me before men will be disowned before the angels of God. And everyone who speaks a word against the Son of Man will be forgiven. But anyone who blasphemes against the Holy Spirit will not be forgiven.

When you are brought into synagogues, rulers and authorities, do not worry about how you defend yourself for what you will say. For the Holy Spirit will teach you what you should say. Now, that's the conversation that he's having with primarily his disciples, talking about all these rich things.

[ 4 : 46 ] And then someone in the crowd said to him, Teacher, tell my brother to divide the inheritance with me. Now, what does that have to do with the subject matter that Jesus is talking about?

Anyway, we'll come back. Jesus replied, Man, who appointed me judge or an arbitrator between you? Then he said, Watch out, be on your guard against the kinds.

All kinds of greed. A man's life does not consist of the abundance of his possessions. And he told them this parable. The ground of a certain rich man produced a good crop. He thought to himself, What shall I do?

I have no place to store my crops. Then he said, This is what I'll do. I will tear down my barns and build bigger barns. And there I will store all my grain and my goods. And I'll say to myself, You have plenty of good things laid up for many years.

Take life easy. Eat, drink, and be merry. If God said to him, You fool, this very night your life will be demanded from you. Then he'll get all that you have prepared for yourself.

[ 5 : 52 ] This is how it will be with anybody who stores up things for himself but is not rich toward God. Well, I'd like you to know first of all that this is a story about coveting.

Now that kind of struck me a little bit as I was reading this. It's not about just greed. Coveting has a special thing. It's defined in the Merriam-Webster's.

Is that acceptable for Canada? I don't know these things. I'll check in. Okay. It's to desire inordinately or culpably that which belongs to another.

It's not just greed that I want stuff. But it's to feel an inordinate desire for what belongs to someone else. So the context of this story is this.

There is a question presented to Christ. And note all the things he was talking about. And then all of a sudden this guy pops up and says, Well, what about this thing?

[ 6 : 51 ] And it was way off the subject. It wasn't on topic at all. If you can see the guy, he isn't listening to the topic. Now if you've ever been around and you've been talking about something and all of a sudden somebody pops in something.

You know he's not paying attention to what you're saying. In fact, he came to talk. He didn't come to listen. And Jesus digs at him just a bit. Now it is common as I understand.

I'm not a theologian. I'm a business guy. And part of the dismal science happens to be part of my background. So I understand it was common to have a rabbi be an arbitrator.

But if you notice the words, he wasn't looking for an arbitrator. He was looking for an advocate. And it's in this context of coveting that intrigues me so much. So we have this fool, the man's name, the fool.

And I ask myself, what makes him a fool? What's so foolish about what he did? Frankly, in fact, I think he was a very bright business guy. He probably, now we've, by inference, inductive reasoning, there are some things like I see here, this probably was not a man that was ignorant.

[ 8 : 08 ] And he was probably Jewish. He was probably went to the synagogue and did the things he was supposed to do. Ken Lay was a good man.

Ken Lay was the head of Enron and the seventh largest company in our history of the U.S. to go down the tubes in bankruptcy. And he did so with a great deal of father.

Ken Lay was a good Christian man. I don't say he was just a Christian. He was a good Christian man. He honored the Lord in his talk. And he believed himself to be of high moral character.

He failed to discern the truth of his own culpability. He continually denied, refused to take responsibility for what he did. To his dying day.

He hid behind words of scriptures. And on the defense, when he was being, he was indicted for stock manipulation.

[ 9 : 08 ] And in his defense on the stock, on the witness stand, he became obstinate and was contentious to the lawyers as they were questioning him.

Because he was a Christian man, how dare they look at him and question him and his ethics. And then the judge at the end, he said three words.

And he said it in sort of a staccato words. And was guilty, guilty, guilty. And the other co-conspirators of that particular fiasco smirked and grimaced.

And he stood and held the hand of his wife. Linda turned red-faced and began crying. He blamed the media. And one of his last notes that he made in his personal diary, he recites Psalms 18, 19.

I am saved from my ends. And shortly thereafter, in heartbreak, he had a heart attack and it killed him. This man, this foolish man, this is a study about right versus wrong.

[ 10 : 19 ] And that's a setting in business. And it's all about business ethics. And we are all involved. And I'd like to show you how we're all involved. A little bit about the dismal science.

There is a place called the Marketplace. And just for grins, I want to put up here. Some of you have seen this before.

We have a chart. We have money on this side. And quantities on that side. And there are two things that happen in the Marketplace. You have buyers.

And buyers create what's called a demand line. And all that says in demand line is that we want more stuff as the price goes down. But we go to the Marketplace to buy stuff and it creates a demand.

Sellers go to the Marketplace to sell stuff. So we have a supply line. And all that supply line says that at any price point, we want to sell more things as the price goes up.

[ 11 : 24 ] And somewhere in that place, we meet. And where we meet, we have this thing called equilibrium, which establishes two things. It establishes the price at which we're willing to buy and the numbers that we want to buy.

And there, somehow, we have this equilibrium spot and we're all happy. But the point being, the business is about both buyers and sellers. It's not where just sellers are concerned. We all share this marketplace and we all come to it.

So we all have this problem of ethics. No matter which side of the bargain you're on, we're part of the same deals. So to that extent, we're all involved. And when we see the news and hear the scandals, the bells toll for all of us, not just for the sales guy.

My purpose in sharing is this. To help people in marketplaces learn properly. To give us skills of inquiry as well as good judgment.

To give us tools so that we can live as we ought to live. Maybe make some sense to this warfare. Help us avoid some mistakes that others have made in the marketplace.

[ 12 : 35 ] And as we do this, to thank him. For rescuing me, perhaps you, for doing what I ought not to do and not doing the things I should do.

I'm reminded of David's sermon when he was preaching the snake in the grass. And he said, he started his sermon, he said, if you really knew my heart, you wouldn't want to listen.

You know, and I think this would be true of Tom. That I don't preach or say things about ethics that I'm good at. These are things that are struggles to me.

And I have done that which I ought not to have done. And I have not done that things that I should have done. But hopefully learning from these things. So the study in ethics.

First of all, the study in ethics has two points. There's two points of view. And point of view is very important as we know, right? There are ethics based on outcomes. And outcome based ethics basically says this.

[ 13 : 35 ] If the outcome is good, then the thing is right. And if the outcome is bad, then the thing is wrong. We have some recent examples. We have a thing that happened in Virginia Tech this last week.

And we have some really bad outcomes. And because of the outcomes, we're pointing bad. And I think, you know, there was bad before the outcomes.

There was hurt and anger. And it was just as problematic before as it was after. The outcomes signaled that it was bad. We have this thing about Enron.

A great deal of people lost their wealth in the Enron scandal. There were men and women who were facing retirement. And some of them were on retirement. And they were living off the wealth of their stock investments in Enron.

And it went from \$100 a share to not listed, which is under a buck. And all of a sudden, their entire wealth was just destroyed. Men and women who were millionaires were now dependent upon the children.

[ 14 : 38 ] That very thought scares the daylights out. The problem is that when I was at one point in time, I was teaching accounting at a grad school down in the San Diego area.

And I'd have them do analyses of different firms. And in those days before Enron Fall, people are saying that this was, in fact, Fortune magazine said that this was the most innovative company in the world.

And through just entry-level accounting students, graduate students nevertheless, but still entry to accounting, they could discern that this was not a firm that they should invest in.

They wouldn't work for it, and they wouldn't loan money to it, and they wouldn't invest in. It was wrong before the collapse, and people knew it.

It was only when the stock started going down that people started screaming foul. And the truth of the matter is, it wasn't about the outcomes that made it wrong. There were some other things at stake that were wrong.

[ 15 : 50 ] Then we have principle-based ethics. Now, principle-based ethics goes beyond the circumstances. We really don't care so much about the outcome. And in principle-based ethics, we hold ourselves accountable to something outside, something beyond ourselves.

Two basis for that type of ethic is tradition. We have tradition that says things are right and things are wrong, and we think about fibber on the roof, and she just had to go and not get married by the matchmaker.

And she had to have a, you know, she didn't feel in love after all. And, you know, mom and dad had nothing to say about this. And it was wrong. And the poor father was, you know, what does he do?

It's a same old story still. Then we have religion. Religion. Way beyond ourselves and just a principle that's stated, and has nothing to do with the outcomes. It says, Thou shalt honor the Sabbath day and keep it whole.

It's just a principle. And we do it not because we feel good about it or not. Study of ethics. There are sources of ethics that are interesting, and they're germane to the conversation.

[ 16 : 56 ] Family. We get a lot of our ethics from family. Right is based on doing what the family says to do. Religion. Now, all cultures have this, and we have it too. And our scriptures tell us what's right and what's wrong.

Right is based on those principles that we find, and not necessarily on the outcomes. Reason is another basis. Reason is one we find rampant today, that if we can just think our way to what's right and what's wrong.

It is just logical that which is right, and it's illogical that which is wrong. So, what's good for me is right, and what's bad for me is wrong. And I know what's bad for me because it hurts.

And I know what's good for me because I feel good. So, all I have to do is do what feels good, that's right, and avoid those things that don't feel good, and that's wrong. Ann Rand wrote a lot about that, and it was popular.

Duty. Doing our duty is right, and that's the basis of ethics. Failing to do our duty is wrong, and in our law, I'm going to guess, I have not studied Canadian law, but I'm guessing that it's fairly well the same, since we both come out of the same traditions of common law.

[ 18 : 09 ] Tort, which is a civil wrong where one person harms another, is based on duty. Doing our duty to one another is right, and when we breach that duty, we are somehow held culpable.

Contracts is based on duty. When we sign contracts, we have duties and obligations. We have rights, but we also have duties. And unfortunately, contracts is the very basis of business.

Everything we do tends to go around the idea of contracts. In fact, the very thing that we need in business, which is called the transaction, that transaction is based on that place in the marketplace where we agree as buyers and sellers that we will buy and we will sell.

That's a contract, and contract is based on duty. So we have family, religion, reason, duty. All those are sources of ethics, and all of those are also dependent upon your point of view, whether you believe in the principles or whether you believe in outcomes.

What the foolish man did right, let's first of all look at what he did do right. He was a supplier of goods to a marketplace, and from my point of view, he probably was a very good businessman.

[ 19 : 23 ] It's said that the ground gave him a lot of good, and gave him good crop. Europe gave him good crop. Now in those days, they didn't have exactly good ideas of crop rotation and non-organic fertilizers and stuff like that.

But it was probable, though we don't know this, but by inference we can probably see that if he had it, his neighbor probably had a good crop too.

And so when you have good crops, price goes down. Here's what happens in the marketplace. When you extend the line of supply, the price stops.

So if we have a big increase all of a sudden, we have a marketplace drop. And that's a problem. This guy had a good increase. And he stored his grain.

And again, I haven't traveled in Canada, but I've traveled in the U.S. and traveled probably in the middle part of our country. And in the middle part of our country where the big farms are, there's all these silos.

[ 20 : 32 ] And they're storing this grain and they're keeping it off the market. They're not just storing it because they don't want it, because there's plenty of people who need the food. They're storing it to keep prices up. So I don't see that he did such a bad thing.

I know this is a dismal science. That comes from Thomas Carlyle. I'm calling it a dismal science. But he saved for his future. He didn't leave it to his society or his kids to do.

I'm not sure that that's such a bad thing to do. I do that myself. I'm guessing that most of you do it too. We've saved for our future. We put things away. In the States, we have this thing called a 401K plan.

I understand you have something called an RSP plan. It's the same thing. You put money away for a rainy day and keep it. And you hope that you've stored up enough value so you don't have to depend on society or the kids.

Maybe I'm beating that up, but I'm really scared about that. I think this guy was a good businessman. He was a tenant to both price and price.

[ 21 : 37 ] He cared about the future, both for having it in the future and the price of the future. There was another guy in the Bible who did the same thing. His name was Joseph.

He took big crops and he saved them and piled them up for the future. He's what is called a hero. This guy is called a fool. He did exactly what Ecclesiastes says to do.

Over and over Ecclesiastes says, I can't find anything better to do than to eat, drink, and be merry. Take satisfaction from your work.

Ecclesiastes 5.18 says, Then I realize that it is good and proper for a man to eat and drink and find satisfaction in his toilsome labor.

Under the sun, during the few days of life God has given him. And again in 5.19, Moreover, when God gives any man wealth and possessions and enables him to enjoy them, to accept his lot, to be happy in his work, this is a gift of God.

[ 22 : 42 ] I see that he was gifted and he stored it. And he, what's wrong with saying I'm just going to eat, drink, and be merry? I've been given this from God. One of the wisest guys in the Bible says that's a good thing.

Go ahead and do it. Well, let's turn just for a minute and look what he did that might have been not so good. This is from my point of view. Again, I'm not a theologian, just a business guy.

And so this is my point of view. He says, my crops, my grains, my goods, my barns. What we receive folks is a gift at every level and every time.

Psalms 24.1 says, the earth is the Lord's and the fullness thereof. Exodus 19 says, the earth, Lord speaking, the earth is mine. It's mine.

First Chronicles 29.11 says, everything in heaven and in the earth is the Lord's. Psalms 104.24 says, the earth is full of his riches.

[ 23 : 45 ] And this guy got God's riches. It was from the earth and God gave him a good crop. And this person was really nice to notice.

And this, of course, it's surgery to sneak in on us, and his qualifications. But if his mommy has better canned flavor, I believe it's something that we've seen in on YouTube. And he's in one of my favorites, 1920 kids do not give a small amount of razem, and his guess is that is, city. And we live in energía. It why principle, I believe it's the title of a mental risk print in color, One Saturday morning■■■■ car.

Speaker 11 February 19th crying about ■ day, in our parents topaid networking in argucible. I used to teach graduate MBA students. I got to teach what was called the capstone course.

And in order to get into that particular program, you had to be a very good student, first of all. B students didn't get in, and only A students were allowed to get into this program.

And you had to be a mid-level manager or above. And I'd go to class, and I would do whatever you do when you're teaching those kind of students.

[ 24 : 43 ] And I came home, I was so bright. I was teaching them so much. And had nothing to do with me. It was, these folks were well-founded scholastically.

They were well-founded in their disciplines. They knew what they wanted to do. They were goal-oriented, overachievers to begin with. They would have learned without me.

But boy, at that time, I really thought I did stuff. And I had nothing to do. We tend to do that with the things of which we're in charge, is to believe that it's all about me.

It wasn't. It was God's gift. He was going to store all of his grain. All of it. And he says, several places, this is all of my stuff.

I'm going to take all of my stuff and store it up. Well, this is a breach of duty to the poor. So that's a problem. Now, he had a duty to do, and he didn't do that duty.

[ 25 : 43 ] Leviticus 19.9 says that what he's supposed to do, in those days, what he's supposed to do is you're supposed to take a piece of the property that you have, and the corners belong to the poor people. And you weren't supposed to pull up the crops.

And you're supposed to let the poor people go in and harvest that. Not only that, when he went through, we didn't have the combines back then. You had people, you know, pulling up and cleaning, and the heads of the grain would fall off.

And when they went through the field, they weren't supposed to reach down and pick it up. They were supposed to let the poor people do that. He took it all. You might remember the story of Rachel. And then there's this tearing down of barns.

That's always intrigued me. So what's so wrong with tearing down his barns? You can build bigger barns. So I find out that people don't do that sort of thing.

So I didn't know that. But I don't know if you look, but it's fascinating up here. Down in San Diego, Los Angeles, not too many farms there anymore. But up here, he got a lot of farms.

[ 26 : 42 ] And I was intrigued when I moved up here. People all tear down their barns. And I said, let them rot. And again, it just gets, I don't know why. There's a reason for that, I'm sure.

But it intrigues me. So when I go down, you know, it annoys some people that happen to be driving with me. Because I want to stop and I want to take pictures. And I've got a collection of pictures of barns as they're declining and falling back into the earth.

And they're at different stages. You can see the saddlebacks go on. And you can see them, you know, just. So I go to the farmer. I just, I was intrigued. So I just had to know. I go up to the farmer and pull in.

And I say, why don't you tear that thing down? My business from which I come is insurance. And so I can just see insurance claims. Oh, you know, all these big things. And they're tearing down.

And all somebody has to do is stand on him down. And I don't know if you're litigious up here, but he has that reputation down there. Tear down barns. So it captured me.

[ 27 : 40 ] Why do farmers do this? And he says it would be ostentatious. He says we don't tear down barns. We build our other barns.

When we need barns, we need bigger barns. We build them somewhere else. The footprint that we would get to recover isn't worth the time or effort. And we would have the lost opportunity cost of just taking our time away from other things to tear this thing down.

He says, well, I do. We don't recover that much of a split space. To do that is just ostentatious. He says that would be silly. Flaunting wealth.

Flaunting wealth. So what did he do wrong? We have a violation of the first commandment. He appropriated God's stuff and said it was his. In violation of the second commandment, he coveted an inordinate desire for what was somebody else's.

And he went through his fields and he took what belonged to somebody else according to the law. Then he flaunted it. He waved it in front of people. He said, it's mine.

[ 28 : 45 ] Look what I got from you. Well, there's some lessons to be learned here, I hope, for business people. Consumers and buyers are all in the same marketplaces, just different sides of the same coin.

Can't have one without the other. The marketplace, though, is a very interesting tempest. Money has a denomination to it. It's counted. It's observed.

And it's measured. And this dismal science of economics tracks our choices. And it's one way we can track our choices. You know, there are not a lot of places we can go and we can measure so clearly our choices.

But the measurement of money is very precise. And monetary goals are more troublesome than other goals. For instance, they can be measured and there's a business axiom that says, well, that which gets measured gets done.

I used to do this a lot. I used to go through the office and try to find things where there were problems and I'd measure it. And I wouldn't talk about it. I'd just measure it.

[ 29 : 55 ] And then I'd put the results out in some place and make them public. And if I found that there was a great deal of mistakes going on, well, all you've got to do is measure that mistake.

And it goes away. A strange thing. So for instance, very easy. 10% sales goal. I can know when I've arrived. And all I have to hit is that 10%.

It's a little bit different if I'm trying to measure how do I develop a closer and deeper relationship with somebody. That's a more difficult.

How do you measure that? How do I... Somebody said, I don't know why, somebody said that I need to have a goal of becoming more humble. How do you measure that?

No. But how about can I increase my RSP by 12%? Or how about drive my investments to a 12% return on investment?

[ 30 : 54 ] What is measurable is observable. And that which is observable is also observable in relationship to others who are observing the same or similar things.

So we can measure not only what I do, but I can measure what my competition does. And so we become very focused on this monetary denomination thing.

And it's more insidious than other types of goals. Here's another problem. It's more difficult to give than to receive. It may be more blessed, but it is really more difficult.

We are risk adverse as a group. Most of us are risk adverse. That is, we will give up again in order to avoid a loss.



Most of us will do it. The society as a whole is risk adverse. Now there are a group of people called entrepreneurs who are not. There are a group of people that will jump out of perfectly good airplanes.

[ 31 : 56 ] You know, we don't know why. But for most of us, we don't do that sort of thing. And we leave money in a sinking hole too long.

We know that the thing is going down and we just, we don't want to take it out. We are risk adverse. So we leave things too long. We fail to take opportunities or advantages of opportunities because we're afraid of losing our capital.

So as a group of citizens, we will invest in things at 2 and 3% rather than take the risks of higher opportunities. Just as a group, we're more willing to do that.

There is a thing called the law of diminishing returns. Again, I love this dismal sign. Now we know, all of us know about this law of diminishing returns.

But I teach a group of folks who are coming out of high school and they haven't a clue about it. When they want something, they get it and it doesn't matter. But we know about this and it says we can sometimes hit this point in which too much of a good thing is too much.

[ 33 : 04 ] I take my class to prove the point because they don't understand. I take them to a little eatery in Fairhaven and I have them eat peanut butter pie. It's cream cheese peanut butter pie which is one of the best health foods ever.

So they have to eat this peanut butter pie. Now the rule is this. I'll buy all they eat as long as they eat all I buy. So what happens is and I have them measure the utility of every bite.

And I'm telling you this thing is delicious. Delicious. I'm going to take it here one day. So you bite into this and you have a scale of 1 to 10. And it's a 10.

That first bite is a 10. Whatever there was. And then the second bite, well some people have recorded that's even better. And it goes to 11. But then after about the first piece and they slide into that second, it starts going down.

About halfway through that second piece they're getting the idea. They're going to have to buy the pie. Because I am never going to not buy pie. And before too long that pie doesn't taste good.

[ 34 : 19 ] In fact, that pie that started out really good is no longer good. Too much of a good thing gets to not be lost. However, the law is worse at the loss level than it is at the gain level.

And here's another graph I want to give to you. This is about the law of diminishing returns. The law of diminishing returns has what's to do with the marginal utility of the next thing.

And when we first start something it starts going off like this and we really like it. But then after a while it tends to go and it can actually start falling off in terms of our liking of something. And that marginal utility up here, down here, the next thing can have a really high slope and we really like it.

Up here, it's the next thing that we really don't like it all that much. The problem is it's not the same slope when we go the other way. This is the marginal utility but there's a marginal disutility also.

And the marginal disutility goes like that. It's way down. We don't like losses. Now, we're going to come back to this.

[ 35 : 38 ] We can have in growing the next thing we like it but boy, it's on a steeper slope and it stays on a steeper slope of marginal disutility as we go down on the losses side.

Then we have another thing that's called the endowment effect. Endowment effect. This is an effect that says once it's mine, it's mine. Once it's mine, I don't want to let it go.

And to let it go is a loss. And losses are more of a loss than gains are gains. We put higher value on things that we possess as a group than the same thing that we don't possess and are willing to buy.

Here is an interesting example of that. There are two groups and this has been done over and over. I thought about doing this and I thought, no, I probably won't if I get the wrong answer. But anyway, this has been done in several classes and two groups given mugs.

One group over here, they have mugs up there they can buy. The other group are given mugs. And the question to this group is, what will you take to sell the mug?

[ 36 : 50 ] And this group here, what will you take to buy the mug? And the people who have mugs universally, I mean, it's just not often, it's just universally.

The people who possess the mugs want a higher price than the people who want it but have to buy it. When you possess it, you have a higher value system, it seems.

Advertisers know this. And they will, for instance, there are places where you can get discounts by paying cash. There are other places that will charge you premiums for paying charge cards.

Well, any good retailer knows, charge whatever price you want and then discount for paying cash because that's a better deal. We don't like losing things.

We don't want to give up. His choice, the foolish guy's choice, was not about a game. It was about a loss. And given the law diminishing returns, his loss, was on a very steep slope.

[ 37 : 53 ] It was his. He had it. He owned it. He took it from others when he shouldn't have. He claimed it as his in spite of that it was God's. There are things that are implicit and things that are explicit.

Things that are explicit are written down and they're denominated. Things that are implicit exist and we know them but we know them and we keep them mentally and store them mentally. We don't write them down.

He didn't want to let go because the loss would have been an explicit loss and his gain would have been an implicit gain. So we have a steep slope going down on disutility of losses.

We are risk-aversion. First, we don't want to give things away. Not only that, but because this was denominated in whatever money value they could have denominated at that time, it was a very explicit loss.

And what would he have gained from doing anything else? Marginal loss, which can be denominated, is difficult for all of us to accept. But we can see the disutility going down is very difficult.

[ 38 : 57 ] That's why the marketplace is a very difficult place for people to exist and to understand. Then we have this thing, this has helped me more than probably anything else and understand.

When I was playing in the game and I was doing the things I needed to do to increase revenues and return on investment and return on assets and all that sort of thing, there is this chap that comes up with this concept and his name is Ken Goodpastor.

He actually teaches and taught at Harvard and couldn't make it there. The idea of the business ethics that he was finding it, he just didn't fit.

So he left and he went to Minnesota. And he defines this thing called telepathy. Telepathy is the unbalanced pursuit of a goal. The unbalanced pursuit of a goal.

And the symptoms are this. Fixation, rationalization, and detachment. And last Sunday, I was observing a comparison to Dr. Packer's bad theology of rationalization, anti-intellectualism, and subjectivism.

[ 40 : 03 ] And I was looking at the definition of those. Those are fairly well summarized, I think. Fixation on something. Rationalizing that it's okay and detachment.

It wasn't me. It wasn't me. So we get fixated. We can get fixated because it's so easy to do it. There are denominations of which we can speak.

They're not theoretical. Ken Lay fixed on keeping his company. It was going down the tubes. He was taking over and all he could talk about was being the cheerleader.

He was being the cheerleader and telling everybody everything was okay when all the evidence was there to the contrary. It was good for his company. It was good for America. If it went down, look at all the people that would hurt.

It wasn't his fault. It was this other guy's man, the name of Skillings in Bastow. It was Arthur Anderson's fault. They were the accounting firm. Arthur Anderson did exactly the same thing.

[ 41 : 00 ] Arthur Anderson in the United States was one of the best, one of the early consulting accounting firms and one of the most rigorous in their ethics. After the market crash in 29, Arthur Anderson went out personally and he did a lot of lobbying for new laws and he got the Securities Exchange Act passed much because of him and then a governing board called the Financial Accounting Standards Board which made the rules that we were supposed to live by.

It was a high ethics firm and they would give up business rather than misstate the financials. They thought ethics were way more important than money and they changed.

They had three things, four things that when Enron went down they were accounting, four things that they considered important when they were reviewing, doing annual reviews for their people.

Four things, quality, leadership, people management, and financial performance. Quality, leadership, people management, financial performance.

It became known as the three pebbles in the big boulder. It was all about financial management. Nothing mattered except the money.

[ 42 : 23 ] I'm here for the money was what they reported. And it was denominated. They could tell. They could tell when they were watching who was doing what. Not only did I have to get my goals, but my goals had to be better than his goals.

The foolish man. No, not so much wrong that he did as just foolish. Philopathy, probably not evil. Fixed on maintaining and sustaining wealth over God and others.

Not losing was more important than gaining. And outcomes were more important than principles. So here's what I teach my students.

Have a statement of ethics. Actually write down a statement of ethics. Something that is clear and precise and something that you can hold yourselves accountable to on a daily basis and have reminders.

Have reminders all over the place. It is so difficult in business to keep one pointing to what I call the true norm. I have reminders all over the place. I have compasses.

[ 43 : 25 ] I like compasses. So I have a compass at the place that I really like to sit. And when I'm looking out there's that compass and it's not just to show true norm.

on the geography around me is to help me remind me of whom I'm true north is. I have anchors. I have an anchor sitting on my wall it's kind of an anchor that looks like it.

It looks like it. It's a candle hole but it's an anchor. And it teaches me and tells me that I've got to be grounded in this. All the things that I have are not mine. They were gifted to me.

Oh I am so susceptible to that. I watch I watch I watch my retirement accounts I watch my savings and daily I do that. And I keep track I've got a spreadsheet and I put all that stuff in.

I've got to keep focused all the time. Firms of the United States now must have an ethics officer. They must have a department of ethics.

[ 44 : 27 ] We have a law called the Sorbonne's Oxley Act which makes them the directors personally liable for the ethics of their company. That's what it's supposed to do.

It's not going to do that. But that's what they say it's going to do. We should have that as our and I teach them. We need to do that. The theory is this. The studies are that 95% of all people joining a business are going to take on the ethics of that business rather than their own.

95%. Terrible. So we have to have those things to keep us heading direct and daily and to know what our true north is. I used to tell my dad the important thing to me was trying to keep my eyes focused on Jesus.

Not asking what he would do or what he would want me to do. Reminding me that it isn't good or it isn't me. It's all his and it's all just a gift.

Obedience is a principle. It's not an outcome. My wife gave me this list of things of why to have a doggy. I don't know of any good reason but anyway the dogs shake you know welcome you they weigh their whole body.

[ 45 : 52 ] another one was dogs obey when it's convenient. See obedience is not an outcome it's a principle.

It's not just when it's convenient. To know scripture in order to know him. In the poem called The Sacrifice for a Fervor wrote about fixation all ye who pass by whose eyes and mind to worthy things are sharp but to me blind to me whose eyes that I might be defined.

So in conclusion I'd like to wrap up by reading a little bit of Luke 12 22 Then Jesus said to his disciples therefore I tell you don't worry about your life and what you will eat or about body and what you wear life is more than food and body more than clothes and consider the ravens they don't sow or reap and they have no storeroom or barn yet God feeds them and how much more valuable you are than birds and who of you by worrying can add a single hour to his life since you cannot do this little thing why do you worry about it?

Consider how the lilies grow they don't toil or labor or spin yet I tell you not even Solomon and all his splendor was dressed like one of these. If this is how God clothes the grass of the field and here is today and tomorrow is thrown into the fire how much more will he clothe you all you of little faith and do not set your heart on what you bleed or drink and do not worry about it for the pagan runs the world runs after such things and your father knows you need them but seek his kingdom and these things will be given to you as well.

Questions? Questions? There's questions? Questions? I'm fascinated by what you said about how people would want to cling to things they've been given more than things that they paid for.

[ 47 : 57 ] It seems to contradict what I was always told that you will value something more if you work for it. Would you say a little more about this? Well, the how you get it is not so much the theory of endowment is not so much how you get it it's the having of it.

That once you have it that possession it is so difficult to open up and let go. So this idea it is more blessed to give and to receive maybe because we go through so much because the studies are real clear on this we just hate giving stuff up.

We hate to. I dare say that there's lots of people in this room that harder paper. I enjoyed your talk.

I talked very much, Tom. I think you brought in a whole bunch of new food for thought. Two small thoughts. One is that giving things away is one of the warning signs when a person is suicidally depressed.

And obviously that's coming from a different place but it does seem that there is something human about trying to hold on to the things that you might need sometime. In fact, that's my definition of junk.

[ 49 : 12 ] Anything you might need sometime. But you might mention that. The other thing is that the parable of burying the talents is very much like what you're talking about. The fear of loss being a loss.

Sir? Something you might help me. We've been blessed to be able to travel. We came to travel mostly with other North Americans. When you go into poorer countries where you have some craftsman who has probably spent hours crafting something and he's asking by our standards a very nominal sum.

And yet, I see North Americans who would pay five dollars for a cup of coffee at Starbucks. He's sitting there with this poor man negotiating.

Now, I'm a terrible negotiator because I see this guy and I think he had him five bucks getting more than he wants. I see people really strong negotiation over two or three dollars.

It almost boils my vacation. I don't know if that's my problem or their problem. But I don't understand this. Do you have any insight into it?

[ 50 : 38 ] Well, the point that you bring up about going into smaller countries, particularly as business people and buying things at such a low rate there that we would, Nike does this.

Starbucks does this. We buy very low rates. And the ethical dilemma that businesses fail for that or face in that. And the way Starbucks has handled it is to increase the wage the rates that they're willing to pay just a little bit.

But not much because when you do that and you give more than what you should what happens because of the supply and demand effect is it raises prices. And it destroys economies.

So what Starbucks does is come in the back side and they invest in infrastructure. Now when I'm doing it personally I don't try to negotiate prices. In fact, I don't negotiate prices much anymore.

I either take it or do I know. And if somebody asks a price and I think that they must know what it's worth to them and if it's worth the same thing we get equilibrium.

[ 51 : 48 ] If we don't, we don't. But in those places where they're trying to grind it down faster it is that thing about greed.

it's covered it's that which belongs to you. That's hard to judge. I can judge me.

I'm judging. I can judge the thing. Yes. And this is just an aside but today is birthday so if you go to Starbucks today and take your own mug you can get a free coffee.

There you go. I got a big mug. In a way it's to say to people rather than have disposable cups and all that waste if you bring your own mug today we'll give you.

So in some ways it's a responsible thing to do for the ear today. I'm going to do that today. I was just thinking a few things but in regards to like businesses and ethics and things like that.

[ 52 : 57 ] If a person is not ethical in their business, A, are they going to survive for very long and B, I don't think people are going to find out probably for too long that their practices are like just not as practices.

And I just think like the scripture says to you, if a person whatever we do has consequences, you know, we reap what we sow. So if people like I'm on ring business just for short term gain instead of, you know, financially to the long term business goodness and practices which will be even through maybe the next 15, hundred years or longer or whatever, then it doesn't even make sense really, does it just grab at the short term?

well, the idea of cheating in the short term, which is, which we're in, you can see the reward versus the possibility of punishment in the future which may not happen is very enticing.

So the cheating happens pretty often. In the Enron thing, the guy that really intrigues me was Kinley because it wasn't so much, Kinley was not in charge.

His subordinates, this guy, Skillings and Fastout were actually the guys that actually did the thing. You know, Kinley probably didn't even know. But he knew something was wrong and he didn't go get it.

[ 54 : 22 ] He didn't go look and he was the head of it. Now, interestingly enough, in his private life, this was a guy who gave enormous sums of money to people to his church.

He was a regular tender church. His pastor spoke very, very highly of him. United Methodist, that's almost Nazarene. And he was, from his point of view, he thought he was a very ethical man.

He was caring for all of these people. He had a huge organization, thousands of employees, everybody was getting wealthy. He was a by all reports a very humble man.

In fact, at his trial, there was a lady that was cleaning up and he thanked her. And after he died, she came out and she said, he was the only person in 12 years that ever thanked me, even looked in my eyes, who wore a suit.

He was a very ethical man. In his private life. But they were willing to do some things in their corporate life that just weren't.

[ 55 : 38 ] And instead of that detachment, fixating on a goal, the tax, rationalization, where I'm doing this because, and I have a rationale for doing it and it's okay.

It's not my fault, it's their fault. It ruins your reputation. He didn't think it would. In fact, he blamed, after his trial, he blamed the media.

It's the media's fault. They brought this down because the stock exchange is all about the supply and demand issues. So the stock goes crashing down and some of their contracts were based on the stock price and had the media not brought attention to it, it would have been okay and by good management they could have recovered.

And maybe could have, really, maybe could have. argued. The other two men were just downright mean. Downright mean. There were two ladies who went to jail, Don in Texas.

They were bookkeepers, really, in their mid to late 30s. And they went to their boss and said, we don't want to record these transactions. And I said, either do it or find another place to work.

[ 56 : 47 ] We'll find somebody at will. So they went back to their desk and they did it. At their trial they were asked why they did it. Because these transactions were illegal. And they said that we needed a job.

We were told to do it. It wasn't us. And in the ethics class, sorry, I and the students thought, there were some men who were trained in the Lutheran tradition.

And they were knowledgeable men. And they put on a Nazi uniform and led people to their death. Somehow we just, we detach ourselves from the, it's easy to.

We just detach ourselves. And we put our, it's somebody else's and I'm not really the one doing it, it's the company doing it. And over here on my personal life, they took care of that pretty well. Pretty well.

But it crooks, huh? It really, the way they've chosen these parables, it never crossed my mind that the guy popped up his head and wanted to get his personal argument with his brother settled.

[ 57 : 54 ] Right. And, you know, necessarily in that temporal order because I've always thought these parables might have been shuffled around a little bit. But it really does hang together that the guy's worried about his share of the inheritance.

Yeah. And in essence, what he really means is, I have so little faith that God will provide that I want a whole bunch of money to be given to me. Yeah. And expecting an inheritance is always a very bad thing, isn't it?

Yeah. And we don't know, you know, in the Hebrew law there, the rules where the oldest guy got it, you know, and the son got it.

But they often shared family wealth. And so, you know, the other sons could participate in the family business. So it might not have been that he wanted all the land, he just may have wanted his slice of the action.

I'm not really sure. But he didn't want an arbitrator. You know, he wanted you to fix it. Fix it.

[ 58 : 57 ] I have a few things that came to mind. We are in the age where people who were to court to remove the Ten Commandments from the walls.

Say that again? has said we are in the age where, we have been in the age where people actually go to court to sue for the removal of the Ten Commandments from, you know, things that are making law of statues in the court and so on and so forth.

Now, so an interesting thing has developed where on the cover of Time Magazine, there's the exhortation to return to teaching biblical principles in schools.

And also, what a lot of people don't know about is that in the most surprising of places, countries like China, for example, there are actually movements within the government to do the same thing.

Now, I've been told that it is because they want to grow their business and they know that ethics is required to do so. Now, I'd like your opinion on this. Is it possible to increase the outcome of good ethics in an economy by merely teaching the principles that are inherent in the scriptures?

[ 60 : 33 ] Yeah. There's a chap by the name of Jim Collins. He's written two excellent books. One's called Bill Falasco, one's called Good to Great. And the ones where Good to Great, it was a study of companies that were kind of mediocre companies and all of a sudden, boom, they take off.

And what happened? And he identified that it was a single leader, not a charismatic leader, very humble person.

and it was centered around principles. Now, the principles that we talk about, for instance, in North America, principles of honesty, integrity, honesty, integrity.

We have a concept of freedom, for instance, that is not like some of the other cultures. And our concept of freedom, the guys that wrote is going back into Magan, Card, and all that, so from which both traditions come together.

We have a concept of tradition, or freedom, that, you know, comes a lot from Bible. In fact, it doesn't want, I'd like to teach some of the history of the old code.

[ 61 : 52 ] I'll teach you one. There is a concept about treating people well. And in the old age, you used to be able to keep a domesticated animal.

I don't know why you want to, but you could keep a domesticated animal. And by domestic, like a dog, a cat, something like that, but you could not harbor a dangerous beast. You harbor a dangerous beast, you are absolutely liable to call strict liability.

So, with strict liability, no matter who was at fault, it was yours. No matter what you did to maintain this, strict liability. But a dog, you don't have to bit something, you were under no notice.

So, you were not be responsible or accountable, you had no duty to take care of that beast other than a normal person would take care of it of.

Unless it bit somebody, if it bit somebody, then you're under notice. So, it's called the one free bite test. That comes out of the Old Testament.

[ 62 : 56 ] It says if an ox gore a man, you'll put in the ox death, keep a guy alive. Unless, the ox was known to gore a man in times past, in which you'll put the owner to death, too.

That was known as the one free gore test. Those are good principles.

It is really interesting in my ethics class about writing a statement that not one student in all time I've been teaching this, which is a day or two, have ever talked, even Christians have ever written a statement.

I asked them to submit it to me personally so we got to do the drill. But not one of the Christian students have ever written a statement of ethics that ever talked about seeing God and having to answer for it.

There's never one concept about eternity. Interesting. I wonder if some other confusion comes in with the idea of you cannot serve two masters, God and man.

[ 64 : 12 ] If you're ethical, you're serving God. If you're in business, you're serving man. I don't know if you can get some money. I don't agree with that. I think business people have a noble task to do.

It is through business, it's not through government. It's through business that we have increased our standard of living. It's through being able to take the excess savings and being able to invest in things.

And only in places where we have a viable and vibrant economy do we have things like increasing standard of living denoted by life expectancy, infant mortality, things like that.

No, I think it's through business that that happens. And I think we can do both at the same time. It is so insidious because we have this number.

And as soon as you have a number and you measure it, that which you measure is going to get done. And it's hard to measure other things. Hard to measure other things. So I agree with you on doing, you can't serve two masters, but I think in business we can run a good business, a good sound business, and a good ethical business at the same time.

[ 65 : 34 ] I don't see those as incongruent. Some companies actually view it as a strategic advantage. Don't you think a lot of discuses arises when Christian principles are promulgated as roads to success?

Oh, yes. That offends my Christian sense. In particular when politicians say that it's the right thing to do. It's a story. That is manipulation.

And there are things that I think, I think, honestly, I think integrity are good. I think treating people, justly. I would challenge this. Why do I get paid more than the secretary?

Because if I was a good Christian, wouldn't we just share? Well, you know, in getting in business, we bring people to the table, and they have certain skills, and they can do certain things, and there are certain values to those things.

And I don't see anything dishonest. people, and if I say to you, will you work with them? There's a really interesting part of the scripture where it talks about the guy, the farmer again.



[ 66 : 43 ] He has a people that he needs to harvest. And he says to a group of them, I need you to harvest, and here's what I'm going to pay you. And they go out and work all day. And they have to pay through. I need you to harvest.

And he gives another group, and he pays them the same. And an hour before it's quitting time, he gives another group, and he pays them all the same. And everybody how many people think it's unfair, outcome-based efforts?

What's the principle? Did I negotiate with you, and was I honest and truthful with you, and did I pay you what I agreed to? If I did, that's what the Bible teaches. Being honest, being, keep me to work.

Another hand. Another hand. Yes? I think your point of the measurement on numbers are so measurable. really fits with, to the end of this parable where it's this, um, where it's explaining the point, and it says that it's not just what the story of his birth and will, but he has a rich relationship with God.

And that is maybe not so very measurable in, you know, in what he says, but that's really helpful that his concern was more than numbers, and he wasn't thinking about this maybe difficult to measure area, but it's so much more significant than he did.

[ 68 : 08 ] Yeah. I think as business people, I think not just business, business people being everybody who goes to the marketplace, not just the seller, but as business people, we need to be very careful about the fact that things denominated are so easily measurable, and they capture our attention, but those are not things that are valuable.

I'm a big fan of some of the thinking that's come out of the Fraser Institute, which is a local conservative think tank. One of the things that their founder said once, it struck me as quite misguided, he said, if it matters, measure it.

Now, this is a good thing when you're trying to urge people not to be lazy about trying to measure things which are measurable, but I would have preferred if he had had the insight to go on to say, or had faith to go on to say, the things that really matter, you won't be able to.

The idea of money, that was kind of given in exchange for a certain amount. It stores value, not just for today, but for tomorrow. And the thing that we hold as value in North America are to currency in circulation, and deposits in banks.

that's what we denominate. But that's really not what's value. I'd be attracted by that denomination stuff.

[ 69 : 40 ] I've noticed that others have seen and remarked that when Bill stands, it's a signal. A signal. Thank you, thank you.

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