

So, in this series of episodes, we've been looking into the truly astounding effectiveness of supply chains. Especially in the 21st century, they've become vital drivers of the economic betterment of literally billions of people across the economic spectrum in many nations—and yes, very much including the poor.

Earlier, we delved into the essential need for smooth and efficient cooperation for a fantastic supply chain to actually *be* fantastic—in delivering a low-cost, high-value path to consumers. And that collaboration relies on free markets that help to ensure a person or company is available to deliver the best stewardship.

Hey, do you recall the episode about the pencil? Yeah, a pencil! That episode quotes the leading advocate of free markets of the 20th century, Milton Friedman from the University of Chicago. You should go listen to that episode again. But why is that? In it, Friedman condenses a famous little story about a yellow pencil that was originally authored by the astute Leonard Read of FEE, the Foundation for Economic Education.

But the first time that kind of “pencil idea” was put forth was by the “Father of Economics” we talked about—Adam Smith. Remember him? Recently, we talked about Smith's two famous books and how powerfully he pioneered an awareness and understanding about real-world economics—yeah, transactions that create widespread prosperity, undergirded by morality. Now, what Smith did was write just a relatively few words about what he called the “invisible hand.” And his use of that little two-word phrase capturing the real-life experience of people everywhere has endured as a defining economic idea!

But instead of a pencil, Smith used the example of a lowly worker's simple wool coat. This was in the mid 1700's, and Smith's point was that numerous workers had labored jointly to produce that affordable wool coat—from merchants to deliverers to other workers, along with all the necessary machinery deployed, too. And Smith also mentioned many things the worker uses—the rest of his clothes, his tools, and all his personal possessions. Many, many people were each doing their roles, all working in concert in their own stewardship interest to serve this one worker—without having to really even know him. Yes, that's the invisible hand! The worker didn't really see very much of it at all, but the clear evidence was all there!

Likewise, every facet of our complex lives as consumers is everyday evidence of many people working in concert to serve us well—countless people who are great stewards for us, each and every one doing their small part in vast networks of activity. They each work to fulfill their role in providing us computers, cars, electricity, lettuce, spices, bicycles, yes, even pencils and wool coats! And we'll actually know just an *extremely* small fraction of those who provide us goods and services so efficiently. Yes, the invisible hand—the interwoven efforts of so many working on our behalf—is an everyday reality, very easy to grasp.

Except it *isn't* obvious or easy to embrace for some people. So let me explain why that is. And to do that, let's actually look at two simple principles for understanding and interpreting the Bible. Here we go...

Exegetical interpretation is where hearers or readers of the Bible passage do not impose inappropriate notions upon that passage. The opposite of that is *eisegetical interpretation*, where hearers or readers of the Bible passage do impose their own ideas upon that passage. Now anybody can hold their own ideas about the Bible. But God's Word is intended for us to read the Bible in the context and meaning that *God* intends! And since so many people have interpretations that are very much in conflict with one another, many folks are wrong! Nevertheless, the Christian is to work to understand Bible verses in God's context!

Now in a pure science like physics, there's not so much room for disagreements—that's because the truth is so verifiable. But in a *social* science like economics, there's more room for disagreements. Assumptions made and the methods used are really key. Funny thing is, some economists have pretty much declared the “invisible hand” as not true or inappropriate, sometimes creating a bunch of observations and allegedly scientific conclusions. Unfortunately for them, they have two formidable obstacles to overcome.

The first is this: *prosperity*. See, Smith only wrote a few sentences about the “invisible hand” in his two books. And, to any reasonable person looking at the economic fate of nations, it’s really obvious that he painted a nicely broad yet quite accurate picture of the invisible hand in the lives of people in observable, vibrant free-markets. It’s hard to deny history—free-markets America prospered, socialist nations didn’t.

The second obstacle is this: *complexity*. Yeah, honest adults in a complex society honestly know, say, that they could never *personally* create a yellow pencil that costs them, say, a nickel. Or even at all. In fact, they don’t know how to *start* to think about sourcing and putting together all the parts of a simple #2 pencil—the graphite, eraser, wood, paint, and little metal band. Beginning with actually discovering the graphite in nature, it would take them months, years...or even a lifetime...to create just one pencil. But the invisible hand that interconnects every person who’s doing their part to make and deliver that pencil is obvious—and all that for a nickel! That is, unless you’re an economist with eisegetical political views who wants to *start* the analysis by assuming that free markets are immoral and inherently foster greed.

You see, in a social science like economics, some economists are eisegetical—they infuse their version of morality into their conclusions. Yeah, to them, it’s inherently *not fair* that Sam Walton became a billionaire even though, for decades, he helped hundreds of millions of people manage their family budgets more frugally. No, Sam was getting way too much wealth for that...never mind that Sam Walton’s company, Walmart, profoundly helped the working poor, crafting and sustaining a very astute supply chain involving thousands of companies and many millions of people. Yeah, to some, Sam’s wealth is *inherently* immoral!

But that’s not to say that everybody who participates in free markets *is* moral. Many are not. But even that’s a key part of the magic of broad free markets among many millions of people—it’s self-correcting! We can merely move on to transacting with others who are moral or are just plain better stewards for us. In contrast, with socialism and communism, people can’t easily move on other choices—their freedoms are severely restricted to dealing with government-controlled edicts and structures, with favored treatment for the special few. All that’s done in the name of equality!

This is a very old story, ever since Karl Marx launched his communist ideology to work to defeat Smith and supposedly call out free markets. The folks who claim to have discredited Smith’s invisible hand often simply want to leaven in their idea that immoral behavior is pretty much always a core ingredient in every product or service provided in a free market system. Instead, their idea is that very virtuous government bureaucrats need to take over to right the inherent wrongs of two free people entering a free will transaction. In their world, wealth is inherently ill-gotten. No credit is to be given to Sam for his risk-taking, his knowledge-creation, his hard work, his results...no, the thinking goes, this all would have been created anyway by the community without unique individual efforts working in concert. Yes, it *would* all happen because the community would just magically put it all together. ...Except it never does. Socialist countries remain poor, except for the elite. Free enterprise countries’ citizens can become prosperous. And every person who is truly willing to steward their gifting in making that happen can prosper more than in socialist countries. Again, compare the average person’s standing in socialist countries versus the free-markets United States. Only someone with a huge eisegetical blind spot will say the invisible hand doesn’t exist.

Hey, we can see a parallel to all this in the Bible. Many say they are atheists—that God doesn’t exist. But here’s what the Bible says (Romans 1:18-20), “For the wrath of God is revealed from heaven against all ungodliness and unrighteousness of men, who by their unrighteousness suppress the truth. For what can be known about God is plain to them, because God has shown it to them. For his invisible attributes, namely, his eternal power and divine nature, have been clearly perceived, ever since the creation of the world, in the things that have been made. So they are without excuse.” Yes, God’s fingerprints are everywhere...you must be willfully blind to not notice His handiwork, His invisible hand in creation! There it is—God’s higher case for His invisible hand being visible to all who would have eyes to see. And in a lesser but very powerful way, the fruits of the invisible hand of free markets are clearly real and deposited!

A&A: Application & Action

1. Given the next ten years to do it, could you make a pencil from scratch by yourself, one that works and lasts as well as a simple #2 pencil? How about you personally manufacturing a car, starting with getting the necessary metals out of the ground? With those about you right now, take a look around the room for a few minutes and marvel at the prosperity, ingenuity, and supply chains that modern humanity takes for granted.
2. Why is it that many people project “greed” as key motives of others? Is this because they themselves are greedy and find it easy to consider it a universal snare? Or do you yourself believe that people go to work every day driven by greed—rather than the joy of being a great steward for their company, their customers, and their families? Discuss.
3. Do you see God’s “invisible hand” in areas well beyond creation covered in Romans 1:18-20...perhaps in the seemingly coincidental blessings that seem to come your way so often? Discuss.