

Greedy Innkeeper or Generous Capitalist?

The Bible story of the virgin birth is at the center of much of the holiday cheer at this time of the year. The book of Luke tells us Mary and Joseph traveled to Bethlehem because Caesar Augustus decreed a census should be taken. Mary gave birth after arriving in Bethlehem and placed baby Jesus in a manger because there was “no room for them in the inn.”

Over the centuries, people have come to believe that because Jesus was born in a stable, and not in a hotel room, Mary and Joseph must have been mistreated by a greedy innkeeper. This innkeeper only cared about profits and decided this young couple was not “worth” his best accommodations. This angle on the traditional story is repeated in just about every play, skit, or sermon on the subject.

These stories persist even though the Bible records no complaints at the time and there was apparently no charge for the use of the stable. It may be that the stable was the only place available. Bethlehem, like other small towns, was overflowing with people who were returning to their ancestral homes for the census, which was ordered by the Romans for the purpose of levying a tax.

If there was a problem, it was caused by the unintended consequences of government policy. However, a political spin has been added to the story and it blames capitalism and capitalists for being greedy and uncaring, even evil.

A different narrative could be easily generated. The innkeeper was generous to a fault – a hero even. He was over-booked, but he charitably offered his stable, a building that would not have existed if it weren’t for his foresight and industriousness. And don’t forget, the government officials who ordered the census slept in their own beds with little care for the wellbeing of those who had to travel regardless of their difficult life circumstances.

If you must find “evil” in either one of these narratives, remember that evil is ultimately perpetrated by individuals, not the institutions in which they operate.

And this is why it’s important to favor economic and political systems that limit the use and abuse of power over others. In the story of baby Jesus, a law that requires innkeepers to always have extra rooms, or to take in anyone who asks, would “fix” the problem of the evil innkeeper.

This regulation, which would be enforced by government, would have unintended consequences. Fewer people would become innkeepers because they would need to build larger structures (that could accommodate the crowd during a census). But because censuses are rare, the innkeeper would be forced to charge higher prices to cover costs. This, in turn, would cause many to complain that the innkeeper was greedy.

This does not mean that free markets are perfect or create utopia, they aren’t and they don’t. But, business can’t force you to buy a service or product. You have a choice – even if it’s not exactly what you want. And good business people try to make you happy in creative and industrious ways.

Government doesn’t always care. In fact, if you happen to live in North Korea or Cuba, and are not happy about the way things are going, you can’t leave. And just in case you try, armed guards will help you think things through.

This is why the framers of the US Constitution made sure there were “checks and balances” in the system. We’re now seeing that system operate. In reaction to the health care bill passed earlier this year, voters rejected many of the bill’s supporters and boosted the clout of its opponents. And the “new” majority favors lower taxes and less spending.

For many, this is not like having a savior. But it should give us all reason to hope for a better world in the years ahead.

Date/Time (CST)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
12-22 / 7:30 am	Q3 GDP Second Report	+2.8%	+3.0%		+2.5%
7:30 am	Q3 GDP Chain Price Index	+2.3%	+2.3%		+2.3%
9:00 am	Existing Home Sales - Nov	4.750 Mil	4.710 Mil		4.430 Mil
12-23 / 7:30 am	Durable Goods - Nov	-0.7%	-0.9%		-3.4%
7:30 am	Durable Goods (Ex-Trans) - Nov	+2.0%	+2.3%		-2.7%
7:30 am	Personal Income - Nov	+0.2%	+0.3%		+0.5%
7:30 am	Personal Spending - Nov	+0.5%	+0.8%		+0.4%
7:30 am	Initial Claims - Dec 18	420K	414K		420K
8:55 am	U. Mich. Consumer Sentiment	74.5	75.0		74.2
9:00 am	New Home Sales - Nov	0.300 Mil	0.291 Mil		0.283 Mil