In: The Way, Vol. 48(3), July 2009

THE PARABLE OF THE PRODIGAL SON AND MODERN MOTIVATION THEORY

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TO MOST PEOPLE THE PARABLE of the prodigal son (Luke 15:11–32) appears unjust, if not downright scandalous. The person who might be called the 'good' son stays with and cares for his father, works hard and refrains from frivolously spending money. In contrast, the 'bad' son leaves his father's home, enjoys his life, works little and wastes the money his father has given him. Only when he is no longer capable of surviving on his own does he repentantly return to his father's home. His father not only refrains from reviling him but forgives him and accepts him on equal terms with his 'good' brother. Not surprisingly, the 'good' son gets very angry and complains bitterly, as probably most would have done.

Standard economists would agree with the 'good' son's anger. They would base their analysis on the behavioural assumptions of neo-classical economics,[1] according to which every individual pursues his or her self-interest. They would, therefore, immediately point out that the father's forgiving behaviour is likely to lead to an unstable outcome. It would give *every* son an incentive first to enjoy life to the fullest and only later to return to his father assured that he will forgive him. Such behaviour would be optimal from the point of view of maximising self-interested personal utility (that is, selfish pleasure and satisfaction). As a result, no one would work hard and everyone would waste money.

1 See, for example, Gebhard Kirchgässner, *Homo Oeconomicus: The Economic Model of Behaviour and Its Applications in Economics and Other Social Sciences* (Berlin, Heidelberg and New York: Springer, 2008); Bruno S. Frey, *Economics as a Science of Human Behaviour* (Boston, Dordrecht and London: Kluwer, 1999); and Bruno S. Frey, *Inspiring Economics: Human Motivation in Political Economy* (Cheltenham and Northampton, Ma: Edward Elgar, 2001).

The father would die of hunger and would have no bequest to leave. A society based on such attitudes would break down because nobody would be motivated to provide the work input necessary for survival. From the point of view of traditional economics, the parable teaches a flawed lesson and actually leads to disaster. It is unfit for perpetuation and would not be observed in reality.

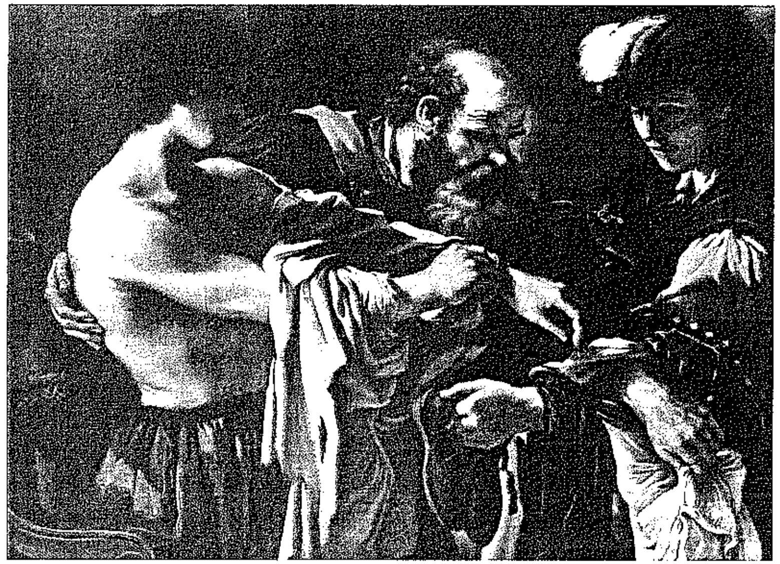
In recent years, however, the fundamental behavioural assumptions of neo-classical economists have been heavily criticized. There is overwhelming empirical evidence that people do not always behave in a self-interested, egoistic manner. Such evidence has been gathered by economists and psychologists in carefully executed laboratory experiments. The most extreme case is the so-called 'Dictator Game': a simple game that involves two players. One player receives a certain sum of money, which he or she may either keep or give, partly or wholly, to the other player. The prediction of standard neo-classical economics is clear: the player with the money will keep it all. Laboratory experiments, however, reveal a very different picture of human behaviour. Almost all players pass on a share of the money, not quite half of it but still a substantial proportion (in many experiments about forty per cent, depending on the exact conditions). That people are far from behaving in a purely selfish way in making economic decisions has also been shown in real-life situations. For example, students at the University of Zurich are prepared to donate money to a fund designed to support other, poorer students, even though they remain totally anonymous and cannot expect any gratitude from the recipients.[2]

Psychologically informed economics deviates quite strongly from the basic behavioural assumptions of standard economics. It rejects the presumption that individuals are always and under all conditions self-interested and do not care for the interests of others. The assumptions underlying psychological economics[3] (sometimes also called behavioural economics)[4] accept that human beings may have some pro-social

[2] See Stephan Meier, *The Economics of Non-selfish Behaviour* (Cheltenham and Northampton, Ma: Edward Elgar, 2006), and Bruno S. Frey and Stephan Meier, 'Pro-social Behavior in a Natural Setting', *Journal of Economic Behavior and Organization*, 54 (2003), 65–88.

[3] See for example the collection of articles in Bruno S. Frey and Alois Stutzer, *Economics and Psychology: A Promising New Cross-disciplinary Field* (Cambridge, Ma: MIT Press, 2007).

[4] This is a misnomer because standard economics also deals with behaviour, and because the term 'behavioural' in psychology is associated with 'behaviourism', which stipulates a mechanical reaction to outside triggers.



The Return of the Prodigal Son, by *Guercino*

preferences. These preferences may take a number of forms. In pure altruism the utility of other people positively affects an individual's own utility;[5] whereas in impure altruism the individual may have a 'warm glow' motive and give in order to feel good about giving.[6] Individuals may also be motivated by inequality aversion—disliking or disapproving of large differences in income—or by reciprocity—wishing to do as has been done to them—or by social comparison—looking at their own position relative to those of other people.[7]

The insights of psychologically informed economics are quite strongly echoed in the parables of the Bible. Following the Jewish tradition of interpreting the Torah—the first five books of the Christian Old Testament—Jesus often prefers to use stories and metaphors in order to make his point. It is significant that at least a third of the

[5] See for example Gary S. Becker, 'A Theory of Social Interactions', *Journal of Political Economy*, 82/6 (1974), 1063–1093.

[6] See James Andreoni, 'Giving with Impure Altruism: Applications to Charity and Ricardian Equivalence', *Journal of Political Economy*, 97/3 (1989), 1147–1158.

[7] See Ernst Fehr and Klaus Schmidt, 'A Theory of Fairness, Competition, and Cooperation', *Quarterly Journal of Economics*, 114/3 (1999), 817–868.

parables in the New Testament can be related to examples from the financial or business world. Stories with an economic basis inspire everybody to discover the concrete benefit of altruistic behaviour, imbued with the altruism of Christ, who is not only there for his friends but for the whole world.

All versions of psychological economics allow us to interpret the parable of the prodigal son in a quite different way from standard economics. First of all, the neoclassical prediction that a society in which fathers forgive their repentant sons will break down need not necessarily come true. If the proportion of people who behave like the prodigal son is not too large, many sons will keep on behaving like the 'good' son. This is an important insight. What the threshold is depends on the exact conditions, but a considerable number of experiments and simulations suggest that if the proportion of prodigals is not larger than about ten per cent, others will not start to imitate them and will keep acting in a responsible way.

A second major insight concerns incentives presented to the prodigal son once he has pursued his unfortunate course and is in distress. Standard economists would argue that the appropriate strategy is to leave him in this situation in order to demonstrate to others that such behaviour does not pay. Psychological economists approach things differently, and ask what can be done in order to induce him to get back on a right course. They consider it unlikely that people in distress are necessarily able to get out of their unfortunate situation on their own. Such economists suggest that the prodigal should be given a positive incentive to return to a productive life. This increases the opportunity cost—that is, the loss incurred by rejecting an alternative course of action—of maintaining his sinful way of life, giving him a stronger incentive to overcome his old ways. This incentive corresponds to the behaviour of the forgiving father who gives the prodigal son the chance to start anew.

Such an approach is strongly consonant with the structure of parables in general. Rather than just inculcating a lesson, parables seek to involve the reader in a journey. In the case of the parable of the prodigal son—one of the most important stories in the Christian tradition—the reader is taken not only on the son's physical journey but, more significantly, on his inner journey of the ego which culminates in his longing for the food thrown to the pigs. The concrete

images of the parable compel each 'traveller' to share the conclusions of the younger son when he comes to himself and decides to return to his father. The genre of the parable allows all sons and daughters, even if they have never actually done so, to admit the experience of going astray.

'Forgiving' policies are indeed practised in many areas of modern, developed economies. Such policies diverge markedly from the ideas of classical and neo-classical economists, who argue that people living in poverty and the unemployed should not be supported, because this support could be exploited by a larger segment of the population, leading to a breakdown of the economy and society. In today's welfare economies it has become accepted that the poor and the unemployed should be helped by other members of society, mostly through the agency of government. It is not assumed that all such people are like the prodigal son and have got into a situation of distress wilfully. The financial support sometimes becomes so extensive that, under certain conditions, it pays to receive social benefits rather than to work and therefore to have to pay taxes. While this is certainly not beneficial for the economy, it has not yet been observed that the societies in which this has happened have actually broken down. Excessive help tends to be reduced over time. Most importantly, the social programmes that exist in all developed economies have helped to stabilise society. Those in distress are prevented from either disappearing completely (through emigration or death) or from becoming engaged in revolutionary activities. Social programmes tend to reduce the gap between the rich and the poor.

The poor and the unemployed should be helped by other members of society

This leads to another important and topical situation in which forgiveness may be a good policy. Actual or potential terrorists and other criminals may be prevented from committing criminal acts if they have a feasible way of returning to a peaceful and law-abiding life. It may even be worth making generous offers to encourage them to leave their destructive way of life, enabling them to change their identity and start again with a worthwhile job. This approach has been shown to work well with members of the Sicilian Mafia, and has been suggested as a possible way to deal with terrorists.[8]

In the resolution of political conflicts some spectacular successes have been obtained by employing forgiveness. The Truth and Reconciliation Commission in South Africa is a striking example. In Northern Ireland, following a programme of early release of those imprisoned on paramilitary charges, former terrorists from both sides have been welcomed into legitimate politics as long as they renounce their former armed struggle. By contrast, if actual or would-be terrorists are not forgiven but rather hunted down, tortured and killed (as unfortunately often happens today), there is no other option for those who remain but to keep on fighting. An important insight we can gain from the situation of the younger son in the parable is that it is never too late for someone to turn his or her life around for the better.

Far from being scandalous or unjust, the parable of the prodigal son has economic, social and political, as well as moral, lessons to teach us at the beginning of the twenty-first century. This can be witnessed not only in the gospel itself, but also by the observations of modern economic theory and the outcomes of real political situations.

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[8] Bruno S. Frey and Simon Luechinger, 'How to Fight Terrorism: Alternatives to Deterrence', *Defence and Peace Economics*, 14/4 (2003), 237–249.