

The Dollar and the Pen
By
Chick BeVier

In 1968, which was my sophomore year in college, I had the good fortune to take my first economics class with a twenty-year veteran of the Economics department at the University of Denver. The professor was an elderly man, who had seen much, living during the depression and WWII. Throughout the war years, he had worked for the Office of Economic Warfare and after the war as Director of Industrial Relations Analysis for the Federal Wage Stabilization Board. He had been around and viewed the world with a clarity that came from hard-edged experience and careful thought, not the emotionally driven irrationality that permeated the air in '68.

This elderly gentleman quickly became my favorite professor; and over the next three years, I took most of my economics classes with him. *Why did I do that at a time when there were so many others who were far more "with it" and "in touch with" the new and "exciting" times that "appeared" to lie just ahead?*

Now, armed with almost fifty years of hindsight, I wish I could make a claim to prescience or some profound revelation, but I cannot. The best I can claim is I had an intuitive sentiment that *this old professor was speaking the truth*, and the best way I can convey one of those Truths is with a story I wrote some time ago.

His first lecture began with a premise, which he insisted underlay *all* economic transactions: **without honesty, no economic system can operate**. Today, his premise is on display with a vengeance. He was a kind man and would be saddened to see the fallen state of our system; but he was also a tough old bird, who would not have hesitated to say, "See!"

He began that first lecture by asking a member of the class to come up to the lectern. When the student joined him, he gave him a dollar bill. The professor then explained that he was a merchant who sold pens, such as the one he was holding in his hand, and the student was a customer wishing to purchase a pen. Turning to the student, the professor said, "The price of the pen is one dollar; would you like to buy it?"

The student replied, "Yes."

The professor then turned to the class and said, "It appears that we now have all the ingredients necessary for a sale. I have a product and a customer who is ready (he has announced that he wants to buy), he is willing (he has agreed to the price), and he is able (he is holding the necessary money in his hand)."

At this point, the professor said to the student (who had been previously briefed on how this scenario was to be played out), "Please give me the dollar."

The student replied, "Not until you give me the pen."

Both of them then withdrew their items (pen and dollar) to make their body language match their words.

The transactional impasse was momentarily frozen as the professor turned to the class in a theatrical aside and explained, "We've got a problem that you need to know about. Some merchants in this town have a reputation for being thieves. Occasionally, if they think they can get away with it, they will take a customer's dollar and then refuse to hand over the pen. To make matters worse, some customers have a similar reputation, sometimes taking the pen and running out the door without paying the dollar. Neither the customer nor the merchant knows if the other is a thief or not."

At this point, the student said, "I've got a solution: You give me the pen; and at the same time, I'll give you the dollar."

The professor said, "OK," and both placed their item in the other's hand but did not let go. Now both had a grip on the pen and the dollar. The professor said, "Now what?"

The student replied, "On the count of three, each of us lets go."

"OK," replied the professor.

"One, two, three," counted the student; and at three, each tugged on the other's item, but neither customer nor merchant let go. A tug-of-war ensued, followed by a shouting match. Soon thereafter, both student and professor began to laugh, and the student let go of the pen but not the dollar. (Remember, both belonged to the professor.)

The student then said, "Professor, let go of the dollar."

The professor replied, "No."

Countering, the student said, "Professor, you and I had an agreement. We agreed that if I took part in this demonstration you would pay me a dollar."

The professor replied, "I've changed my mind; you can't have it."

The student said in a loud voice, "But professor, we had a *contract*."

At this point, both the professor and the student became silent and glared at each other. Eventually, they began to laugh, and the student let go of the dollar and returned to his seat.

Coming out from behind the lectern, the professor walked amid the students and began, "Without the *expectation* of honesty, which can only be created by a *history* of honesty, neither the simplest of transactions—an over-the-counter purchase of an item—nor the more complex creation and adherence to a contract can be accomplished."

The professor smiled and then gave the student the dollar saying, “By the way, John and I had no such contract, But, in keeping with what I just said, I’m giving John this dollar in return for his help in order to create a *history* of honesty and fair dealing, upon which *future* transactions can be carried out.”

Then he said, “In the course of this semester, we’re going to examine all kinds of economic theory and practice, but *if honesty is not present at the bottom, none of it means anything.*”

The Godly virtues, of which honesty is but one, are ancient and essential to the well-being of not only individuals but to something greater as well: *They are the centre of the human condition that must hold.*

My old professor saw something in 1968 that worried him, and he used the leverage of his position to do what he could to address it—his simple story made an impression on at least one student...*may it do the same again!*