Knox Adult Faith Formation

Market-based Economic Systems
A Faith Perspective

Wednesdays, 10/7/20, 10/14/20, 10/21/20 and 10/28/20
7:00 – 8:00 PM, via Zoom

Israel Bonnell
Our objective for this journey

- Gain a basic understanding of market economic systems and how they work

- See the economic systems as tools to serve us versus ideologies that divide us

- How we influence market systems, guided by our faith to work better for us and the greater good
Market-based Economic Systems
A faith perspective

• 10/7/20 - Humans and our social journey
  • Transition from hunter gatherer to agrarian communities
  • Attributes of human species and social order
  • Beginnings of systems of social order and their evolution
  • World economic systems

• 10/14/20, 10/21/20, 10/28/20
  • Role of private industry vs government
  • Regulations
  • Investment and profits
  • Trust
  • Supply side and demand side economics
  • Faith and economic systems
  • Influencing the economic system
## About myself

- Born in India
- Grew up in a family of academics
- Significant US influence growing up – US educated faculty, US text books, moon landing, Voice of America radio, USIS, US columnists syndicated in Indian newspapers
- Came to US in 1976 for graduate school in chemistry and computers
- Worked in P&G and HP and worked with a cross section of large US companies who are customers of HP
- Understand the strengths and pitfalls of the workings of global businesses
- Experience of growing up in India in a socialistic economy and exposure to poverty in society
- Experience life of abundance and consumption in US
- Observing the transition of India from socialist to open market economy
- Observing the economic growth of Eastern Europe, China, Southeast Asian countries as they adopted market based economic system
- Exposure to life in other nations of the world, their cultures and economies
- Observation of poverty, injustice and inequality in the US
### About human species

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Details</th>
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<tbody>
<tr>
<td>Evolved about a million years ago— one of the newer species</td>
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<tr>
<td>Started as hunter gatherers</td>
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<td>Part of nature’s predator and prey Darwinian order</td>
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<tr>
<td>Can be aggressive, cruel and dominating to each other and other species</td>
<td>Predatory and survival behavior</td>
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<td>Generally lazy, driven by pleasure and survival (including fear)</td>
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<td>Intelligent, creative, curious</td>
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<td>Social creatures -- ethics, morals, empathy</td>
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<tr>
<td>Language</td>
<td>Communication</td>
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<td>Record knowledge to share and pass on</td>
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<td>Create the “power of many” – we have outsize capabilities and impact</td>
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<td>Solve problems</td>
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<td>Make tools, machines</td>
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<tr>
<td>Create art, music</td>
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We have much in common, but we are also different
How do we make an economic system that is fair for all?
Hunter gatherers to agrarian communities

• Started 10,000-15,000 years ago
• As communities formed, rules emerged
  • For equitable use of community benefits and contributions
  • Rules of engagement with each other—trust, contracts, disputes
  • Moral/cultural order
  • Management of order and punishments when rules were broken
• Early social rules were the beginnings of religious orders and values
• Group identity – culture, religion, and physical attributes
• Beginnings of trade, labor specialization
• From survival model to work and wealth ethic and meritocracy
Terminology

• Capitalism -- private ownership of business, property rights, acceptance of differences among humans for rewards
  • i.e., Intelligence, talents, skill, diligence

• Communism – community ownership of production and consumption, equalization and distribution

• There are several flavors between the above bookends

• Generally associate capitalism with freedom—however, tyranny can take over either system
Economic systems in countries today

Communism

Most economies today are mixed

Unregulated capitalism

- Communism and socialism are mostly discarded
- Market based economy with varying degrees of state control or participation is the norm
Key world statistics

Population
• 1 AD – estimates range from 200-600 million
• 1800 -- 1 billion  1900 – 1.65 billion  2000 – 6.6 billion  2017 – 7.5 billion
• 2100 -- over 10.5 billion (takes into account reduced population growth rate from 2% to 1% per year)

Life expectancy
• World average: 1960s – 52 years  2010s – 72 years
• By country: US – 78  Hong Kong – 85  Canada – 82  India – 69

Literacy
• % who can read/write: 1820 – 12%  2016 – 86%  Literacy growing at 4% per year

Progress is uneven and some signs of regression too
Infant mortality

https://upload.wikimedia.org/wikipedia/commons/e/e6/Leading_cause_of_child_mortality.jpg
Global child mortality, 1800 to 2015
Share of the world population dying and surviving the first 5 years of life.

Data source: Global child mortality (since 1800) based on Gapminder and World Bank
OurWorldInData.org/a-history-of-global-living-conditions-in-5-charts/ • CC BY-SA
Spending patterns with affluence

Share of Consumption by Sector and Consumption Segment, 2010 (%), 92 Countries

<table>
<thead>
<tr>
<th>Consumption Segment</th>
<th>All</th>
<th>Lowest</th>
<th>Low</th>
<th>Middle</th>
<th>Higher</th>
</tr>
</thead>
</table>

- Food and Beverages
- Housing
- Transport
- Education
- Personal Care
- Financial Services
- Clothing and Footwear
- Energy
- Water Utility
- Health
- ICT
- Others
Key take aways from today

- **Scarcity**
  - High mortality

- **Essentials**
  - Mostly US and Europe

- **Abundance**
  - High consumption
  - Global expansion
  - Ecological impact

**What next?**
- Global expansion
- More consumption?

1800s and prior

- 1900s

**View the market systems as tools versus ideologies**

**Pick the best tool or path to achieve our objectives**
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References

• Human progress – factual, humorous and up-beat presentations on a variety of world statistics topics
  • https://www.gapminder.org/

• Understanding humans – our primal and logical sides. Both sides make us who we are and drive our decisions and actions
  • NPR Podcasts Hidden Brain -- https://www.npr.org/series/919079861/hidden-brain-the-npr-archive
  • PBS 4-part series, Hacking Your Mind -- https://www.pbs.org/show/hacking-your-mind/

• World statistics – one of many sites for any questions
  • https://ourworldindata.org/