

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

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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**
- **10/14/20** World economic systems
 - Investment, profits, supply chains
- **10/21/20, 10/28/20**
 - Role of private industry vs government
 - Regulations
 - Trust
 - Faith and economic systems
 - Influencing the economic system

About human species

- Evolved about a million years ago— one of the newer species
- Started as hunter gatherers
- Part of nature's predator and prey Darwinian order
- Can be aggressive, cruel and dominating to each other and other species
 - Predator and survival behavior
- Prone to laziness, pleasure, survival and fear

- Intelligent, creative, curious
- Social creatures -- ethics, morals, empathy
- Language
 - Communication
 - Record knowledge to share and pass on
 - Create the "power of many" – we have outsize capabilities and impact
- Solve problems
- Make tools, machines
- Create art, music

We have much in common, but we are also different
How do we make an economic system that is fair for all?

The higher calling of our scripture

- Call for reducing our bondage to material things

Jesus, looking at him, loved him and said, "You lack one thing; go, sell what you own, and give the money[a] to the poor, and you will have treasure in heaven; then come, follow me." Mark 10:21

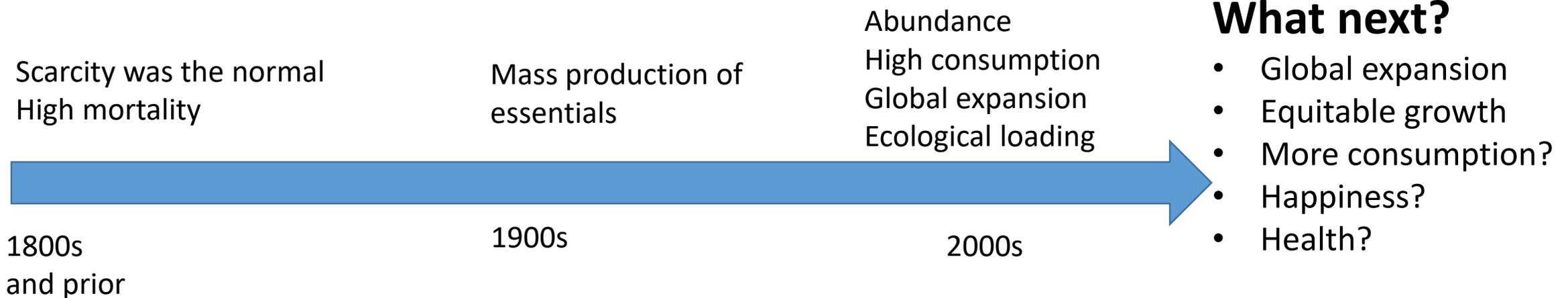
- Call for kindness and justice

I was hungry and you gave me no food, I was thirsty and you gave me nothing to drink, 43 I was a stranger and you did not welcome me, naked and you did not give me clothing, sick and in prison and you did not visit me.' 44 Then they also will answer, 'Lord, when was it that we saw you hungry or thirsty or a stranger or naked or sick or in prison, and did not take care of you?' 45 Then he will answer them, 'Truly I tell you, just as you did not do it to one of the least of these, you did not do it to me.'

Matthew 25

Pick up our discussion from 10-07-20

We have made remarkable progress globally in last 100 years



- Principles and values are timeless
- Business models and technologies change
- We get to imagine and choose our future

Pick up our discussion from 10-07-20

- View the market systems as tools versus ideologies
- Pick the best tool or path to achieve our objectives



Key terms and concepts

- **Supplier/customer and producer/consumer**
 - These transactions are the basis of economic activity
 - All of us are suppliers **AND** customers.
 - Exchange of money in these supplier/customer transactions is the basis of national and world economic system
 - My spending is another person's income
 - Supplier/customer relationships today are complex extended chains national or even global. We refer to these as "supply chains"
 - Specialization and mass production
 - Auto manufacturing
- **Inflation** – rise in price of goods and services
 - Demand outpaces supply – or too much money chasing a limited supply
 - Control: tighten money supply, incentivize production (and price controls?)
- **Deflation** – Low or negative inflation and contraction of economy
 - Examples: sub-prime housing bubble, businesses contraction from pandemic
 - Control: economic stimulus and lowering of interest rates

Key terms and concepts

- **Investor** -- a person that allocates capital with the expectation of a future **financial return**
 - Proprietor, partner, stock investor, lender
 - Most of us are investors – ownership of property/business, securities, and retirement funds
 - An investor takes on risk and is looking for rewards for the risk
- **Profit** – price of product sold minus cost to make it
 - Price is determined by cost to make – i.e., raw materials, labor, marketing, research, management and more
 - Price (and profit) is determined by market conditions, including competition (or lack of it)
 - Question: How much profit is OK?

Supply side and demand side economics

- Supply side – incentivize the investors and producers
- Demand side – enable the consumers' buying power to generate demand for goods and services produced by investors
- Supply side is generally embraced by Republicans
- Demand side is generally embraced by Democrats
- Demand side economics proving to be more valid in today's economic climate
- Has become an ideological divide – we need both and must balance them judiciously
- Discussion: Stimulus approaches

For next week

- Profits and social obligations of corporations
 - Do corporations have a social obligation?
 - Who do they serve?
- Government vs private sector
 - Observe your different interactions with government and private sector for transactions and services
 - Regulations – impediments to business necessities for success?
- Trust
 - In your various interactions reflect on the underlying trust

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. There are many podcasts with economists on the topic of behavioral economics
 - 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/>
- World Economic Forum – a source of different perspectives and ideas to reflect on looking to the future
 - <https://www.weforum.org/>