

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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Market-based Economic Systems

A faith perspective

- **10/7/20 - Humans and our social journey**
- **10/14/20 World economic systems**
- **10/21/20**
 - Business and profits
 - Government and business
- **10/28/20**
 - Trust
 - Faith and economic systems
 - Influencing the economic system

Take home questions from last 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

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 applicable in today's economic climate
- Has become an ideological divide – we need both and must balance them judiciously
- Discussion: Stimulus approaches

Business, profits and altruism

- Profit is the reason for being in business
- Competitive market regulates profit, drives innovation, drives efficiency and delivers value for customer
- Monopolies drive profiteering and stagnate innovation
- Altruism can be business justified (to a degree)
 - Employee retention, morale and productivity
 - Customer goodwill and loyalty
- Altruism of businesses is not a substitute for uniform rules that spread social burden across all businesses

Government, business and society

- Effective government is vital for businesses
 - Innovation pipeline – e.g., human genome, space, internet...
 - Rule of law, transparency and trust
 - Public services, including a capable workforce
 - Actionable, pragmatic regulations (and enforcement)
 - Diplomacy and treaties for international trade enablement
- Can become bloated. Any organization of people (government, business, non-profits) is vulnerable for bloat
- Anti-government rhetoric is harmful
- We get the government we vote for – example
 - US Covid death rates: 70x vs S. Korea, 21x vs Canada, 170x vs China and 5x vs Germany

Government, business and society

- Markets are complex and adaptive
- Interventions must be carefully considered and can have unintended consequences
- Examples – how are these interventions working out?
 - Mortgage interest deduction
 - Subsidies for ethanol
 - Subsidies for renewable energy
 - Minimum wage
 - Subsidies for agriculture
- Can low cost products be detrimental to society? For the environment?

Takeaway thoughts

- Role of trust in your decisions and transactions
- View the market systems as tools versus ideologies
- Observe the political dialog. How much of it is significant versus the trivial open-end/close-end debate?



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/>