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
  - 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/