



The market and morality

The market economy is not perfect. However, we do sometimes forget that it is the market that has delivered significant prosperity to the world and lifted millions of people out of poverty. Improvements in literacy and sanitation have contributed to a significant reduction in the number of people existing on the benchmark measurement of \$1 a day. Enterprise, trade, micro-credit and social venture capital are, however, foundational to a global reduction in poverty. This reminds us that there is a moral case to be made for the market.

Capitalism is built upon four moral principles. These principles are rooted in the Judeo-Christian tradition upon which a market-based enterprise economy is constructed.

First, the principle of *creativity*. This idea is expressed through the creation of wealth and the flourishing of human creative skill. Wealth creation is about the harnessing of human capital, skills and innovation to add value to the productive capacity of the economy. So, the combining of raw materials to make goods for sale, the delivery of services, entrepreneurial skill in developing and applying new ideas lie at the heart of enterprise. Wealth creation has to precede the debate on distribution.

Second, the principle of *responsibility*. Encouraging dependency denies the essence of humanity. Human flourishing means recognising humanity's uniqueness and capacity for innovation and learning.

Third, the principle of *freedom*. Free human expression is only possible within a context of both economic and political freedom. That is one reason why Marxist command economies don't work. It is also why excessive economic control constrains enterprise and innovation. Entrepreneurial skill and risk needs recognition and reward.

Fourth, the principle of *fairness*. The fairness of the capitalist system stems from the fact that the market allocates goods and services fairly and efficiently between willing buyers and sellers at agreed prices. Excessive levels of taxation in this respect are intrinsically unfair.

The market economy also generates moral problems. Issues of greed, excess, monopoly and oligopoly mean that there is a proper place for regulation. However, because we seem to have lost sight of the intellectual case for the market, regulation and taxation seem to have become ends in themselves, rather than as means or tools to act as moral restraints in an essentially free economy in a free society.

Richard Turnbull, Director

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Enterprise not Aid?

Dr Kim Tan, one of CEME's Trustees, has extensive experience of how enterprise can be a more effective tool than inter-government aid in the relief of poverty. Around 50 people gathered at the Said Business School in Oxford to hear from Kim and also reflections from Professor Alex Nicholls of the Business School and Penny Fowler from Oxfam.

The increase in inter-government aid has been inversely related to growth in GDP. Although there might be several reasons for falling GDP this statistic is a reminder of the limitations of aid. For example, the World Bank reports that some 60% of aid remains in donor countries.

Enterprise can provide at least a partial solution. Social venture capital invests in commercial projects that have significant social impact.

The Kuzuko Game Reserve in South Africa is an example. Although built on commercial principles, impact measurements include the percentage of the work force with housing with running water and fair terms and conditions. Staff also hold shares in the business.



Quaker Capitalism: lessons for today

We are excited to announce our major conference on what business can learn today from the Quaker-run companies of the industrial revolution. Are there lessons for integrity and the restoration of trust? What can we learn today about different models of business ownership.

Speakers include *Deborah Cadbury*, on the Cadbury story, *Richard Turnbull* on the lessons from the Quakers and *Professor Colin Mayer* on restoring trust.

The date is 26th November, the location One Great George Street, London SW1. All participants will receive a copy of CEME's first publication, *Quaker Capitalism: lessons for today*. Details from office@theceme.org.

Lord Shaftesbury: radical conservative? Lessons for social welfare today

CCLA Investment Management sponsored a lecture by the Director on Shaftesbury's approach to social welfare. Richard described how Shaftesbury sponsored legislation to prevent the most horrendous of evils in Victorian England but then adopted the 'voluntary' principle in dealing with poverty – a strong and effective voluntary sector combining both philanthropy and commercial principles to address social problems such as housing.

Future events

Professor Martin Schlag of the Centre for Markets, Culture and Ethics from the Pontifical University of the Holy Cross will be with us in early 2015 to speak on the issue of catholic teaching in the market economy.

The Centre for Enterprise, Markets and Ethics (CEME) exists to promote, through events, research and publications, an enterprise based economy built upon ethical foundations drawing upon the history and values of the Judeo-Christian tradition.

The Board consists of Lord Griffiths of Fforestfach, Carl Ferenbach, Dr Kim Tan and Philip Wood.

The Director is the Revd Dr Richard Turnbull, Research Fellow and member of the Faculty of Theology in the University of Oxford and a Chartered Accountant.

How can you help us?

We aim to both educate and transform. We seek to change opinion and make a practical difference. Our passion is for an effective, enterprise economy shaped by ethical values so that the world can be a better place.

We are an independent Centre, and rely entirely upon donations to fund our work.

In the UK donations can be sent payable to the Centre for Enterprise, Markets and Ethics, 31, Beaumont Street, Oxford OX1 2NP. We will supply a Gift Aid form and higher rate taxpayers can claim further relief via their tax returns

US citizens can send donations, payable to CAF America, for the benefit of 'The Centre for Enterprise, Markets and Ethics' ('the CEME Fund') to *CAF America, 1800 Diagonal Road, Suite 150, Alexandria, VA 22314* with the donor advice available from www.theceme.org or office@theceme.org. *This is tax deductible.*

Please advise us of any donation so we can thank you promptly and properly.

To join our mailing list and be kept informed of future events please contact us on office@theceme.org or in any other way.

Our website is www.theceme.org