

ECONOMIC FREEDOM – THE DEVELOPMENT PROCESS***Doina MUNTEAN****Grup Scolar Economic „Gheorghe Dragos” Satu Mare, România*

Avantajele dezvoltării umane reprezintă îmbunătățirea directă a calității vieții și includ impactul acestei dezvoltări asupra capacităților productive ale oamenilor și, astfel, asupra creșterii economice. Foarte frecvent libertatea economică este complet separată de alte libertăți. În natură nu există nimic care să poată fi numit **libertate**, există numai regularitatea legilor naturii, cărora omul trebuie să le dea ascultare, dacă dorește să realizeze ceva. Libertatea în societate înseamnă că un om depinde de ceilalți în aceeași măsură în care ceilalți depind de el, depinde de aranjamentele sociale și economice, precum și de drepturile politice și civile. Libertatea reprezintă progresul dezvoltării, este punctul central al procesului de dezvoltare.

*Freedom has thousands of beauties to show,
which the slaves, even if content, will never come to know.*

(William Cowper)

As we learn from Aristotle's work „The Athenian State”, there was a time when Solomon introduced the fact of not taking part in the life of the city out of “indifference of stupidity” as political infraction.

Participative democracy implies certain functions that the citizen must practice so that this form of government should not be endangered. Each citizen's political option is very important in forming a majority that gives those who govern the authority to take decisions and to justify them at the same time through the trust implied by elections. Without this option practiced by the majority, the rule of the majority cannot be used to justify the more or less correct decisions. Otherwise the authority of the power in a state would be diminished in the eyes of the civil society. That is why the citizen is given certain individual rights and freedom. But if he does not use them, the state can withdraw them rightfully and also deny him the fact of really being a citizen. It is a special concept as far as the notion of freedom is concerned. There is the freedom of having your own opinion, the freedom to vote, the freedom of speech, but there is no freedom in taking or not taking part in the political life. Limiting it may finally take to not allowing access to or the annulment of all the other types of freedom. In fact the citizen of Athens was imposed to practice his democratic rights, or else, the authority of the state had the capacity to annul all those rights.

In such a situation one can ask himself if we can speak about real freedom or not. Because, as Friedman said, „Nobody can impose freedom on you. That is your own choice”. Imposing anything in this sense means in fact the annulment of freedom.

There is no absolute freedom, there is only utopia. But it is interesting to ponder upon the limits regarding the individual freedom of speech from social, political and economical points of view.

An important conclusion can be drawn out of Solomon's law. Freedom is a relative notion, which can be taken as such in a certain geo-historical context, in a certain circumstance. But in another situation it may seem as an act that limits rights. The same happens to any individual who lives in a certain society: he has to accept and adopt certain norms, without which living inside that society would be impossible because his own rights would be neither practiced, not respected.

Famous philosophers such as Rousseau, Kant, Fisher and thinkers and creators of theories in the field of economy such as Smith, David Ricardo, J.S. Mill, Fr. von Hayek, L. von Mises, M. Friedman have put on the following problem: „To live freely means to subdue to one's own rationality. But if I am rational, then I must admit that the others would like to live by their own will. What I wish anyone may wish. The line between my wishes and theirs must be drawn. The reason in the name of which I live imposes this. How is it possible to draw this line without putting to danger my own values? The answer is very simple and it cannot come but from a liberal direction: making use of reason. A sensible state (that is free) is that state which is governed by laws to which sensible people freely agree. They themselves would pass these laws had they been asked what they want”.

If we treat this law at the level of the economy, this rationality is owned only by the free market. Due to its well established mechanisms and in a frame of free competition, in which the price reflects the situation existing at a certain moment, the market is the most outspoken example of rationality. Its rules are precisely known, the way in which each person reacts can be foretold, the principles according to which people react are the same for everybody: the principle of hedonism and the interest of the individual. Nothing can be simpler and more efficient, everything unfolding according to the declared principles of liberalism.

Activities in the field of economy have as their final aim satisfying the necessities of the people, starting from the most necessary thing in life to those which bring joy; starting from the material necessities to the cultural and spiritual ones. Activities belonging to the field of economy concern exclusively the elements regarding these necessities, those obtained through struggle against the relative rareness of things in the world. Activities concerning economy unfold within the limit of certain premises. Some of them belong to social strata. When we speak about freedom concerning economy, we refer to market economy, to the system in which individuals from different social strata cooperate. And this cooperation is due to the market.

Most often freedom in the field of economy is considered completely apart from other types of freedom. There is nothing in nature that can be called „freedom”. There is only the rule of the natural laws to which man must obey if he wants to achieve something. Freedom in society means that a man depends on other people in the same degree in which others depend on him. Each man depends on social and economic arrangements but also on political and civil rights. Freedom represents the progress in development and it is the central point in the process of development.

The rejection of the freedom to take part in the labor market is one of the ways in which people are kept in slavery and captivity. Many people all over the world suffer from different forms of freedom limitation. Food crisis continues to exist in certain regions, denying millions of people the fundamental right to survive. Also, very many people have limited access to medical assistance, sanitary agreements or clean water and lead their life in continuous struggle against useless suffering, very often facing early death. There are disadvantaged citizens even in rich countries. They lack basic medical assistance, functional education, advantageous jobs or economic and social security. It happens quite often that economic insecurity may have to do with the lack of democratic rights and freedom.

It is not surprising that no food crisis has ever taken place in the history of mankind within a functional form of democracy – be it rich from the point of view of the economy (as democratic economies are in the Western Europe or Northern America) or relatively poor (as is the case of some countries such as India, Botswana or Zimbabwe after they have won their independence) [1].

While concentrating attention upon freedom in the process of evaluating development, it is not suggested that there is a unique criterion of measuring development by which different types of experiences within the process of development can be compared and classified. There will often be arguments that lead to opposite directions due to the most different from each other components of the development process and to the need of taking into account various needs each man has.

The freedom of competing on different markets may in itself have a significant contribution to development, along with what the market mechanism may or may not do with the aim of promoting economic and industrial growth.

Freedom in market transactions resides in the fundamental importance of freedom itself. The omnipresence of transactions in modern life often strikes our mind because there is a tendency to undervalue the importance of these transactions. The absence of freedom to make transactions may represent a major problem in many contexts.

This situation is mainly encountered when freedom on labour market is denied by law, regulations and conventions. Thought the Afro-American slaves in the South of the USA before the civil war is possible to have had at least as big incomes as any other of those who worked and to have lived even more than urban workers [2], there were fundamental ways to deprive them due to slavery itself. Loss of freedom due to the impossibility to choose the working place or to having a real job may be considered a great loss in itself.

The fundamental freedom to make transactions may have major importance. When evaluating market mechanisms it is important to have marketing forms in view, namely if they are dominated by rivalry or if they own the monopoly or if some markets do not exist. The nature of real circumstances as the availability or the absence of certain types of information, the presence or the absence of different economies on a large

scale may influence real possibilities and can impose true limits upon what can be achieved through different institutional forms of market mechanisms. The balance of rivals on markets guarantees the person's freedom cannot grow in the context of maintaining the others' freedom. The importance of fundamental freedom must not be judged in terms of the number of options a person has, but also with sensitivity towards the degree to which the options at disposal are attractive.

One must discuss simultaneously the efficiency of market mechanism based on freedom on the one hand and the seriousness of the problems connected to the unequal types of freedom on the other hand.

The question of equity must be mainly taken into consideration when we ponder upon poverty and serious depriving. In this case social interference that comprises governmental support may play a fundamental part. But the need to pay simultaneous attention to aspects of efficiency and to those of equality stays as interference motivated by efficiency in the functioning of the market mechanism may weaken efficiency at exactly the same time with promoting equity.

The part markets play does not depend only on what they can do but also on what they are allowed to do. Market mechanisms represent a fundamental argument due to which people can interact and can do mutually advantageous activities. It is difficult to doubt the contribution of market mechanism efficiency and the results of traditional economy, within which efficiency is judged by prosperity, richness or usefulness, results that can be extended to efficiency judged through the eyes of individual freedom. Forming social opportunities leads to direct contribution to extending human capacities and life quality.

The advantages of human development lead directly to improving life quality and include the impact of this development upon human productive capacity and thus upon economy growth. In the process of establishing economic development it is not relevant to analyze only PNB growth or other indicators of global economic expansion but the impact of democracy must also be analyzed along with political freedom upon life and the citizens' abilities. Friedrich Hayek has placed the success of economic progress in a very general concept of liberty and permission: "Economic considerations are only those which we consider when organize and adjust various aims, from among which finally none belongs to economy (but for those of a stingy man for whom money is an aim in itself)".

References:

1. Amartya Sen. Development that freedom. - București: Editura Economică, 2004, p.32.
2. Robert W. Fogel and Stanley L. Engerman: Time on the Cross: The Economics of American Negro Slavery. - Boston: Little, Brown, 1974.

Prezentat la 30.01.2009