

Economic Growth, Economic Freedom, and Morality

Today people live in a very progressive, fast-moving, and sometimes even cruel world. Everything around is innovating. Technology is developing, human knowledge is expanding, and the possibilities of the whole world are getting bigger. Growth is the ultimate purpose of all that. Countries are seeking to increase their wealth's capacity, to grow intellectually and economically. However, there are such applications of the economic growth, such as economic freedom and morality. Unfortunately, sometimes these concepts are left unrelated and unimportant.

First of all, it is essential to define the economic growth itself. According to Noell, "it is a sustained increase in the economy's overall output of goods and services" (Noell, 2013, p.3). The majority of countries are continuously growing in different rates, because as I have mentioned above, everything is historically developing. The economic growth is accepted to be a very desirable process worldwide. According to Noell, "economic growth was a key that transformed societies from dire poverty to prosperity and well-being" (Noell, 2013, p.2). However, it is worth to mention that the economic growth would not be even possible without the economic freedom of societies.

The term of economic freedom is usually associated with the free trade. According to Kicsi, "it is more linked to the principles of classic liberalism, as it emphasizes the property rights, the free movement of goods, capital and labour, and the lack of coercive measures" (Kicsi, 2014, p.34). All the countries worldwide keep track of the Index of Economic Freedom (IEF), which is designed to "provide a comprehensive image of country's performance" (Kicsi, 2014, p.34). This particular index consists of ten areas, which are crucial in determining the performance of the country. From the first glance, the two concepts of economic growth and economic freedom may seem unrelated. However, Kicsi claims that

“we formulate the hypothesis that there is a relationship between economic freedom and development” (Kicsi, 2014, p.33).

The relationship between two variables can be seen in the connection test of IEF and GDP per capita. As we know from our economics classes, GDP per capita reflect the growth rate of the country (if we compare the change from one year to another), and as it is mentioned above, IEF reflects the economic freedom coefficient of the particular country. So, the tests have shown that “there is a significant relationship between economic freedom and development”. In other words, this means that GDP per capita of particular country depends on the variables of economic freedom. The examples of these variables are financial freedom, fiscal freedom, trade freedom, and labor freedom. Therefore, after testing the hypothesis and revealing the results, it is clearly seen that the economic freedom is the driver of the economic growth.

In my mind, the explanation of this significant dependence is pretty easy to explain. I refer to the definition of economic growth, where it is summarized as the increased output of goods and services. I believe that the population of a particular country would like to feel freedom. If people are free to make their choices, can trade without restrictions, and are happy with both quantitative and qualitative conditions of their work, all this works as an enormous impulse. This impulse causes the will in society to appear. Satisfied and happy society is more willing to develop, to produce, and to cooperate. And my small conclusion in this point is that because of all that freedom the citizens have, the whole country is thriving in growth and development.

Another important question to answer is how the economic growth and economic freedom relate to the concept of morality. I will try to explore this in two different directions, based on the separate relationships between morality and economic freedom, as well as the relationship between morality and economic growth.

I myself define morality as something right and ethical for the society. Today people often forget this concept in their everyday life. The majority of businesses and whole economies are oriented to the profit maximization, and they forget about morality. However, in my mind, it is extremely important and it definitely relates to the economic growth and freedom. Simon states that “the only defensible kind of economic freedom is freedom coupled with a sense of moral responsibility” (Simon, 1990, p.35). I think that it is absolutely true. If country wants to provide the economic freedom for its citizens, it must consider the morality issues. Otherwise, this just would not work.

Every state, which is concerned about the economic freedom, has to think about the community first and about the values, which are important in this community. As I am a student of a Christian University, I think it is essential to relate the concept of economic freedom to the religion itself. According to Cavanaugh, “the key question of economic freedom is whether or not this freedom contribute to the flourishing of each person involved, and the participation in the life God” (Cavanaugh, 2008, p.4). The economic freedom has to provide flourishing for ne nations, and respect the moral laws of Christianity. So, it is very important to make this freedom moral. It should not abuse, it should bring only benefits to the society. That is why I think the concept of morality is closely related to the concept of the economic freedom. It is really matters.

Morality is also important in talking about the economic growth of the countries. As I have mentioned above, growth is often associated with quantity, rates, and profits. However, the right moral principles must also be considered here. According to Noel, “growth is a moral issue” (Noel, 2013, p.2). Growth consists not only of the numbers, but also of the needs of people. Noel states that “economic growth ignores the needs of the poor, and cultivates harmful personal attitudes of materialism and consumerism” (Noel, 2013, p.62). I totally agree with this statement. As countries are growing economically, the gap between

rich and poor people increases. Therefore, it drives societies to the imbalance. In my mind, economic growth often underestimates the effect on the health and culture of the society. Without considering the moral issues, the economic growth is all about the output, the wants of the government, and the global consumption. In my mind, it is not right. The morality has to be involved, all not only wants, but also needs of the whole communities have to be considered.

Therefore, I see the straight relationship between the morality and economic growth and freedom. Moral responsibility of the countries has to keep the citizens healthy and undamaged. I agree that keeping the economic rates high and further developing is important today, as there is a huge competition, and the need to perform the best. However, we are human beings, designed in the image of God. So, we should not forget about the morality, righteousness and ethics, which are crucial in being a healthy community, and in growing even further.

References

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