

"Economic Growth, Economic Freedom, and Morality"

Essay on Economic Growth

The book "Economic Growth: Unleashing the Potential of Human Flourishing" that was published in 2013 by Edd S. Noell, Stephen L.S. Smith and Bruce G. Webb discusses the case for economic growth as a moral issue by delivering to readers not only its reasonable benefits but also moral implications that affect societies. In this book, authors provide effective evidence from the past two centuries that reflect the relationship between economic growth and overall welfare of societies in terms of such aspects as poverty in greater inequality of people's incomes, environmental conditions and sustainability.

Generally, economic growth of a particular country refers to "an increase in economy's capability to produce goods and services or a sustained increase in overall output per person." (Noell, Smith, and Webb, p.3). It is undoubtedly that economic growth leads people's lives to sustainability of human flourishing, although it is essential to consider whether economic growth has more positive or negative effects on societies. Referring to the book, authors propose that even though GDP can create inaccuracy for measuring the rising income and fail to measure goods that are produced and sold for private use; this measurement remains to be the most effective.

Considering the effects, this book reflects whether human flourishing is desirable for nations by discussing significant effects that are ensured by economic prosperity. Authors reveal that economic growth is extremely necessary for enhancements in human well-being such as social wealth that ensures considerable improvements in health, education, and living accommodations. Likewise, economic growth enables people to gain an access to modern conveniences as entertainments, communication and travelling. (Noell, Smith, and Webb, p.31) All these benefits are enjoined in developed countries with sustained economic growth. Furthermore, economic growth is significant for long term human flourishing that is comprehended in moral aspects. Globally, economic growth leads to reducing inequality around the world, thus the growth creates substantial moral benefits for people who are in poverty. Other

criticisms regarding economic growth focus on environmental pollution. Moreover, discussing the economic growth, authors focus on negative impact environmental conditions and although they propose that growth creates a possibility for innovations to regulate pollution and generate new forms of energy. This aspect reflects that in developed countries wealth provides social willingness for people to be concerned for the environment, while poor countries are not able to compel the regulations that could diminish environmental pollutions. Thus, this aspect causes the crises of sustainability that means that even “if there is prosperity in controlling pollutants, there are resource limits in our modern economic life as well as there are biological limits on human activity due to population growth and global warming.” (Noell, Smith, and Webb, p.53). From the legislative perspective, an economic growth helps governmental structures from falling into debt that consequently depreciates future prosperity of a country. (Noell, Smith, and Webb p. 84).

Finally, authors proclaim negative sides of economic growth by delivering that economic growth supports greed and ensures consumerism that leads to consider wealth as influence. Also, authors argue that there is an objection that economic growth confuses society from perceiving actual social needs and wants. Secondly, there is an objection that the things people perceive to be economic needs are actually socially created wants. Thus, this fact reflects the aspect of scarcity that economists tend to consider as a fundamental problem. From this standpoint, it reveals that satisfying economic needs through economic growth is extremely hard. Thirdly, authors convey that growth erodes local communities. Referring these aspects to the economic morality, the truth is revealed because critics of this book are “right to fear that a growing abundance of goods and services may lead individuals to place their trust in wealth for their security”. (Noell, Smith, and Webb p.67). Therefore, Christians need to take this tendency into consideration and challenge it. Likewise, the critics are essentially right to worry about nations and how economic growth affects people’s values and morality.

Furthermore, it is essential to consider whether economic prosperity of a country provide moral benefits for its citizens. In this book, the authors claim that economists propose that economic prosperity raises different kinds of positive moral effects. In this book, Joel Mokyr claims that the “comprehension of how property rights are respected and honored helps to determine the roots of subsequent economic growth”. (Noell, Smith, and Webb p.70). Besides, authors claim that economic growth encourages a tolerance to other’s economic prosperity thus this aspect creates a nation’s moral expansion. Otherwise, economic growth can lead to negative concerns such as money-oriented and selfish attitudes that are reflected in strong disregard of the poor. For instance, a stagnant economy of the nation leads to negative moral consequences in people’s attitudes. There is no doubt that when people’s incomes are declining, they become less tolerant, trustful and generous to others due to their “greater intensity of resentment”. (p. Noell, Smith, and Webb p.72). Therefore, economic growth and morality reflect an essential interrelationship as wealth can either raise and ensure morality principles or conversely strengthen deterioration of people’s moral values.

Likewise, economic freedom and equality of people’s opportunities of a country leads to an enhancement of countries potential improvement. Generally, the true concept of economic freedom should be discovered in a more profound way than just understood as the absence of limitation. According to Simon (1990), “government should be concerned that its chief mission is not to create barriers for an economy but rather dismantle them in order to unleash human potential”. (p.35).Hence, government is fully responsible in respect to the continuous support of the potential of human flourishing. It is a fact that an advanced economic freedom provides a greater flourish for nations because “they reinforce self-motivated prosperity through efficient resource allocation, value creation, and innovation.”(Simon, 1990).Therefore, there is a strong interrelationship between prosperity and economic freedom because not only lack of restrictions ensures growth but also growth directly helps national finances and at the same time it alleviates intergenerational conflict. In a higher prosperity of nation, a particular economy has higher tax

revenues from employed people who are regularly paying taxes. Thus, this approach reflects that in times of higher unemployment and lower incomes government would spend less money on a country's welfare assistance and unemployment compensations. However, a stagnant economy of a country makes government to spend more money on general well-being of the nation since people have persistent needs for health assistance, education, environmental control and agricultural services. According to the book, some countries have demographic complications in terms of rapidly aging populations. Consequently, an advanced growth income in a prosperous economy could smooth demographic problems by "simplifying aspects of adjusting to an aging population". (p. Noell, Smith, and Webb p.80- 83). As well, an economic freedom leads to a nation's economic prosperity in terms of providing solutions to the development difficulties and considerable improvements in welfare. These aspects are enhanced in countries that have "free-market capitalism and economies that are open to the free flow of goods and services supported by efficient regulations". (Terry & Anthony, 2015). Moreover, having an economic freedom creates a progressive impact on people who are in poverty since such nations tend to accomplish higher growth rates of GDP per capita. According to the United Nations Development Program's Multidimensional Poverty Index, which measures the poverty's intensity at the individual level in terms of health assistances, welfare and education, indicates that countries with higher economic freedom have much lower poverty on average than countries with lower economic freedom. (Terry & Anthony, 2015). Thus, resistant economic growth leads to poverty reduction by creating new jobs so that people will gain employment and prosper in their well-being.

Overall, economic growth is an extremely significant aspect for every country in terms of improving general welfare and government's budget deficits, reducing poverty and unemployment. Although, economic growth has some limitations on enhancing prosperity in terms of creating negative consequences on environment such as pollution and global warming. Furthermore, economic growth can increase higher crime rates because of inequality in a distribution of income between poor and rich people. Accordingly, considering all these aspects,

governments should not only steadily find ways of stimulating economic growth for the welfare of its nations, but also should constantly be aware of limitations that are enhanced by economic growth and can lead to reducing human prosperity.

References

- McMahon, F. (2009). The benefits of economic freedom. *Fraser Forum*, 15-16. Available from EBSCO database.
- Miller Terry & Kim B. Anthony. (2015). Why Economic Freedom Matters: *2015 Index of Economic Freedom*. Retrieved from <http://www.heritage.org/index/book/chapter-2>
- Noell.S.Edd, Smith S.L.Stephen, Webb.G. Bruce. (2013).*Economic Growth: Unleashing the Potential of Human Flourishing*. Washington, DC: AEI Press
- W. E. Simon (1990). The Morality of Economic Freedom. *National Review*, 42(21), 54-55. Available from EBSCO database.