

GENERAL SESSION

Dr. ATTIAT F. OTT

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- ✓ The Subject of Economics
- ✓ On Liberty and Governance
- ✓ Unresolved Issues
- ✓ Exerts from William Easterly's book
- ✓ The University in Africa



THE SUBJECT OF ECONOMICS

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From Kenneth Boulding (1969), **Economics as a Moral Science**,
American Economic Review:

“No one in his senses would want his daughter to marry an economic man, one who counted every cost and asked for every reward, was never afflicted by mad generosity or uncalculating love,... economic man is a clod.”

p. 10

THE SUBJECT OF ECONOMICS

From Dwight R. Lee (2006), “Economics with Romance”, Chapter 2, in **The Challenge of Liberty: Classical Liberalism Today**, R. Higgs and C. P. Close editors:

“There is real virtue in recognizing the power of the incentives created by the social institutions of constitutionally constrained government, private property, and market exchange to lead economic men, clods that they may be, to generate sound outcomes for better than the most virtuous people could generate without those institutions.”

p. 17

THE SUBJECT OF ECONOMICS

“If economists are interested in communicating their insights beyond the narrow confines of their profession, they should do more to recognize the human qualities that not only make us nobler than economic man but also make us want to be nobler than we are.”

p. 20, op. cit.



ON LIBERTY AND GOVERNANCE

ON LIBERTY AND GOVERNANCE

From Suri Ratnapala, Chapter 9, “Securing Constitutional Government: The Perpetual Challenge”, in Higgs and Close editors, **The Challenge of Liberty**:

“Some libertarians may question why we need to concern ourselves with the destinies of other peoples who in some sense have brought their condition on them selves and whose choices we have no right to interfere with or question... Still, it is important to inquire what, if anything, can be done within liberal principles to encourage the economic and political transformation of countries toward the liberal ideal and what compelling moral and economic reasons exist for doing so.”

p. 142-143

ON LIBERTY AND GOVERNANCE

What exactly is the “rule of law”:

“The bedrock of the classical ideal of constitutional government, and hence of freedom, is a particular conception of the rule of law – namely, the subordination of all public and private power to general norms of conduct. It is said that the rule of law is a necessary condition of freedom but not a sufficient one.”

p. 145

ON LIBERTY AND GOVERNANCE

“The rule of law as classically understood requires (1) that all public and private actions are, in general, subject to law conceived as general and impersonal norms that are end independent in the sense that they are not directed to the achievement of specific outcomes; and (2) that citizens, in general, are not compelled to obey and dictate that does not take the form of a general, impersonal, and end-independent norm in the preceding sense.”

p. 148

ON LIBERTY AND GOVERNANCE

Liberty and Justice are indispensable requirements of civilization based on the market economy.

“Democracy is a means of securing liberty and justice”.

p. 149

“Liberty in the traditional sense meant the absence of arbitrary interference by human agents as distinguished from the physical constraints that limit choice.”

p. 149

ON LIBERTY AND GOVERNANCE

In political discourse the question arises:

“How can one be free if one has no means to enjoy freedom?”.

Freedom and the capacity to enjoy freedom is a subject that was debated in 20th century. The argument advanced by those who include within freedom the positive capacity for its exercise, has two aspects: first, freedom is diminished not only by the arbitrary coercion of others but also by a person’s lack of material resources to exercise the freedom; the second aspect is that “certain physical constraints, such as the lack of material resources, are not purely the results of chance, but are the cumulative effects of the actions of many”.

ON LIBERTY AND GOVERNANCE

Justice:

“The older idea of justice as the observance of the general rules of just conduct was extended to include the notion of just distribution of the social product”.

p. 150

ON LIBERTY AND GOVERNANCE

“Philosophers from antiquity onward have sought unsuccessfully the objective means of ascertaining just material distribution. The principle “to each according to need, from each according to his means” requires highly subjective determinations of the needs and means of countless persons. ... General laws cannot produce or maintain specific material conditions. Even if the law succeeded in equalizing the wealth of all persons, such equality could not be maintained except by continuous microadjustments of wealth distribution through discretionary power. The pursuit of the egalitarian ideal invariably subverts the rule of law by the displacement of general rules of conduct with inherently arbitrary impositions of authority in the particular case. It strikes at the heart of the constitution of liberty.”

ON LIBERTY AND GOVERNANCE

Government bureaucracies:

“Bureaucracies substitute conformity with technical procedures for individual responsibility (Bauman 1989, 98).”

p. 204


“... bureaucracies reflect the image of the political institutions empowering them to act.... political institutions are fundamentally amoral.”

p. 206

ON LIBERTY AND GOVERNANCE

“Government bureaucracies are agencies of political power, and the accomplishment of their missions typically depends on the unreflective wielding of the power made available to their administrators. Hence, a ruthless willingness to wield an agency’s power is an occupational requirement for someone to rise to the upper echelons (Hayek 1944, 159-67).”

p. 210



**ISSUES NOT
RESOLVED OR NOT
FULLY EXPLORED**

ISSUES NOT RESOLVED OR NOT FULLY EXPLORED

“No one’s life, liberty or property is safe while the legislature is in session.”

First and second sessions:

1. Whether democracy or autocracy are conducive to economic development.
2. Definition of Freedom. Do people have different views of freedom?
3. What should come first: Removing poverty and misery or guaranteeing political liberty?

First and second sessions (cont.):

4. Who has the responsibility for maintaining liberty:
Governments or individuals themselves?
5. Should freedom from coercion be included in the utility
function?
6. What constitute good governance?

ISSUES NOT RESOLVED OR NOT FULLY EXPLORED

Third session:

1. “Institutions make rules, coordinate decisions, prevent abuse of power by politicians.” What are these institutions and how did they develop?
2. The concepts of government and governance.
3. “It is generally agreed in the Public Finance/Economics literature that the function of government is to address market failure.” Should absence of liberty, freedom, be included in the definition of market failure? If so, what are the trade offs?

Third session (cont.):

“The concept of governance came into prominence when donors decided that it was not enough to institute economic reforms in Africa. That it was necessary, in addition, to reform the manner in which African governments were carrying the business of governance. The question is: Why the matter of governance not linked to development well before now?”



EXERTS FROM W. EASTERLY
WILLIAM EASTERLY
ON GOVERNMENTS AND
GOVERNANCE

EXERTS FROM W. EASTERLY

William Easterly (2006), **“The White Man’s Burden: Why The West’s Efforts To Aid the Rest Have Done So Much ill And So Little Good”**, The Penguin Press.

1. Can the state build a good society?

“The Achilles’ heel is that any government that is powerful enough to protect citizens against predators is also powerful enough to be a predator itself.”

p. 117

EXERTS FROM W. EASTERLY

2. Why democracy is not so simple?

“Democracy is an intricate set of arrangements that is far more than just holding elections. The functioning of democracy depends on the slow and bottom-up evolutions of rules of fair play. You can cheat at elections just as you can cheat your market customers.”

p. 119

EXERTS FROM W. EASTERLY

“Another problem with democracy is that of the tyranny of the majority. If a majority of the society hates a minority, they may decide to abuse that minority.”

p. 119

“The rich have markets, the poor have bureaucrats.”

p. 167



THE UNIVERSITY IN AFRICA

THE UNIVERSITY IN AFRICA

From Adonis Hoffman, **The Destruction of Higher Education in Sub-Saharan Africa**, Winter 1995-1196:

“What happened since the destruction of higher education in Sub-Saharan Africa?”

“During the middle ages students were studying a broad range of academic subjects at the University of Timbuktu in what is now Mali. In the 1960s, after many African nations gained independence, there was a renewed push to elevate higher education as a means of lifting the African nations out of poverty. Now, financial pressures and an explosion in the college-age population have put tremendous pressures on higher education in Africa. These pressures threaten the very future of the continent’.”

p. 83

THE UNIVERSITY IN AFRICA

“Against a backdrop of political and economic transformation facing most African states, higher education has become easily overshadowed. And yet it is the higher education crisis which portends, perhaps, the most egregious long-term damage to Africa’s economic survival.”

“Consistent with the spirit of African independence, the university community has been, and continues to be, in the forefront of the movement for human rights, democracy, privatization, and economic liberalization occurring throughout much of Africa.”

p. 83

THE UNIVERSITY IN AFRICA

“How can African universities begin the process of training tomorrow’s leaders? How will African states develop the sorely needed market reforms and transformational systems necessary to contend with the expectations of its own citizens and the global community? What can be done to arrest the decline of African higher education?”

p. 86



EXERTS FROM GARY BECKER REMARKS


Fundamentals of Economic Freedom:

1. Choice
2. Competition

Becker noted that:

Individuals do make mistakes, but if they are not allowed to make choices, even wrong ones, they will become dependent on others. Making optimal choices is a learning process.

Competition not only enhances choice but also bring about efficiency.



Economic Freedom ultimately leads to political freedom. Once choice and competition in the market exist they spill over to non market areas.

The role of the internet in enhancing freedom through the spread of knowledge.

Paternalism. The default argument.