

ETHICS AND ECONOMICS

The Power of Freedom: Uniting Development and Human Rights

Jean-Pierre Chauffour

Washington, D.C.: Cato Institute, 2009 (197 pages)

If unfettered freedom is the power to achieve a better world, Jean-Pierre Chauffour advances that world with his scrutiny of economic development rights. The difficulty is that no idea capable of expression as a single term—such as freedom, order, beauty, or justice—has sufficient explanatory power until its ramifications are elaborated. Herein lies the strength and weakness of this book. On one hand, the author aptly defines and elucidates the enduring idea of freedom. Nevertheless, by the time Chauffour's concept of economic freedom is expounded, the definition is decorated with libertarian policy ideals, thus leaving the book short of breaking new ground in economic philosophy. On the other hand, if the book is understood as a bridge-building initiative between the human rights and development communities, then it achieves a good deal that is worthy of scholarly attention.

Whatever one's ideological attachments, it is difficult to deny that Chauffour—an au fait veteran of the International Monetary Fund and current World Bank economic advisor—thinks deeply, organizes strategically, writes clearly, and argues to good purpose. This is not the work of an idea packrat any more than it is an attempt to create a paradigm shift in human rights. The author has not been captured by an academic temptation to sacrifice development utility to theoretical purism. Furthermore, the book outperforms in its orderly progression through origins, concepts, practices, paradigms, institutions, and policies. In short, its systematic nature makes it a pleasure to read (some verbosity aside).

The work begins with the assertion that economic development, along with freedom and peace, is a central agenda topic in our time. By premise, there can be no lasting peace without economic development—a first truth for some but not all thinkers. The problem here, according to the author, is that global thinking has not yet identified freedom as the touchstone for maximizing whatever good is achievable through economic development. The informed reader will judge whether this is hyperbole or observation.

Chauffour argues, “liberty in all its civil and political as well as economic, social, and cultural dimensions is the only viable way for thinking about development and human rights in an internally consistent and mutually supportive way.” To the degree that this contention is defensible, it necessitates a supplanting of entitlement policies with empowerment policies: libertarian policies that encourage people to pursue their best personal interests without government coercion. By this logic, a reader could conclude that global economic development is better advanced by the type of civil and political liberties sought in America’s Founding Era than by universal economic rights brokered by multinational agencies of global redistribution.

The centerpiece of the current controversy over international development rights is the 1986 United Nation’s Declaration on the Right to Development. In the first of its ten articles this aspirational document argues as follows: “The right to development is an inalienable human right by virtue of which every human person and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development....” As Chauffour points out, the ambitious declaration calls upon states to undertake “all necessary measures for the realization of the right to development,” ensuring equality of opportunity for all (Article 8). The difficulty is that this ambitious declaration engenders predictable posturing rather than practical dialogue. More significantly, it lays groundwork for the evolution of legal obligations that advanced nations, as “duty bearers,” owe to developing countries (17). Along the way, the economic liberties of people in developed states are at risk of degradation, the members of developing states acquiring claims against third states as well as against their own states and the international community.

In pushing toward his conclusion, Chauffour observes that international development aid often demonstrates a psychology that is paternalistic and corrupting, especially on the African continent (67). He develops the concepts of negative and positive liberty in relationship to economic development, argues for free markets, and observes interstate mobility as a stepchild of economic liberty. In his exegesis of the complexities of freedom, Chauffour’s arguments begin to sound like the “open society” advocacy of internationalist George Soros. However, there is no textual requirement to make this connection in light of Chauffour’s insistence that all coercive taxation is “a *prima facie* interference with economic freedom and the right of enjoyment of property” (111).

The most convincing argument in the book is a macroeconomic policy observation that “a sovereign’s discretion in monetary matters” is a serious threat to human rights (115). Sovereign discretion over monetary policy can lead to confiscation of people’s wealth,

most notably through stealth inflation. Furthermore, it is the poor who are most heavily taxed in an inflationary environment (116).

The importance of Chauffour's monetary policy observations should not be underestimated, especially when one considers remarks made by Federal Reserve Governor Ben Bernanke in a May 31, 2003, Tokyo speech before the Japan Society of Monetary Economics. With an explicit candor seldom found in his stateside remarks, Bernanke advocated the aggressive monetization of government debt in Japan. Thereafter, he acknowledged that monetization "simply amounts to replacing other forms of taxes with an inflation tax." Chauffour's argument on monetary policy highlights the hazard that inflation may cheat liberty by incremental means, especially in the context of global economic development.

On balance, the Chauffour book is a valuable read, especially for individuals with the intellectual drive to endure its elongated arguments. If the work has an Achilles heel, it is the hyperbolic assertion that "freedom determines the norms, value, and nature of institutions and constitutes the ultimate determinant of growth" (74). Is it possible, however, to isolate freedom as the fountainhead of goodness without simultaneously demarcating the intrusions of ignorance, hedonism, and anarchy? Virtuous freedom must work its wisdom in conjunction with other meritorious inputs.

What role should be assigned in economic development to knowledge, institutional memory, culture, ethos, and a state's natural resources? Is rapid economic growth—such as China's current growth—a sufficient appraisal of the propriety of its freedoms? When, if ever, does the expansion of freedom undercut economic growth? Is there an economic development equivalent of "peak oil" by which development produces a detrimental feedback loop against benign liberties? Chauffour's book leaves room to differ on these and other questions. Meanwhile, it constructs a platform for thinking about freedom's power in a world where economic development is differentiated by state jurisdictions.

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Handbook of Economics and Ethics

Jan Peil and Irene van Staveren (Editors)

Cheltenham, United Kingdom: Edward Elgar Publishing,
 2009 (605 pages)

Peil's and van Staveren's *Handbook* is a very ambitious undertaking. In it the editors packed seventy-five articles from seventy-two contributors with the explicit intent to "contribute to the expansion of a critical mass of theoretical and empirical research that challenges the still common beliefs and practices of positivism in much of today's economics" (xvii). They reject the fact-value dichotomy of the mainstream way of thinking on the grounds that values are part of economic analysis, and call for "a revival of