MARKETS, STATE, AND SOCIAL OPPORTUNITY

"We have good reasons to buy and sell, to exchange, and to seek lives that can flourish on the basis of transactions. To deny that freedom in general would be a major failing of a society."

SO, EVERYTHING DEPENDS ON WHETHER THE MARKET WORKS FREELY, FAIRLY, AND... VERY EFFICIENTLY, ON ALL SIDES!

WHETHER IT IS COMPETITIVE OR MONOPOLISTIC? IT NEEDS TO BE COMPETITIVE?

YES! AND EVEN IF ALL THE NEEDED MARKETS ARE THERE, AND HAVE ENOUGH INFORMATION...

? BUT... WHY?

BECAUSE IT IS NOT EASY TO IMPROVE SOMEBODY'S OPPORTUNITIES WITHOUT REDUCING SOMEBODY ELSE'S IN THE MARKET. RIGHT?

SURE! YOU KNOW, SOME PEOPLE ARE SHARPER TRADERS THAN OTHERS! BUT, THE TRANSACTIONS HAVE TO BE FAIR! HEY!

BUT, THE FREEDOM-EFFICIENCY OF THE MARKET MUST OPERATE, AT THE SAME TIME, TO TACKLE THE FREEDOM-INEQUALITY ASPECTS. IT'S NOT JUST THE TRADING!

40! KILO

39!50 KILO

THINGS LIKE "UNEMPLOYMENT BENEFIT" AND OPPORTUNITIES TO LEARN?

KEEPING IT FAIR?

EXACTLY! THE ROLE THAT THE MARKET PLAYS DEPENDS NOT ONLY ON WHAT YOU CAN DO, BUT ALSO ON WHAT YOU ARE NOT ALLOWED TO DO!

? IT'S NOT A JUNGLE?

THE MARKET... IT HAS RULES AND REGULATIONS!

CERTAINLY! A MARKET WITHOUT RULES WILL ALLOW SOME, OR ONE GROUP TO GET SO POWERFUL THAT THEY TAKE OVER EVERYTHING!

... AND FORM A MONOPOLY! JUST LIKE IN THE GAME "MONOPOLY"!

THEN THEY CAN KEEP OTHERS OUT OF THE MARKET, TO PROTECT THEIR OWN PROFITS, AND EVEN OBTAIN ADVANTAGES FOR THEMSELVES!

... THERE'S ONLY ONE WINNER!

NO DUMPING
IT NEEDS ONLY BE A LITTLE 'ADVANTAGE,' BUT THE LOSS OF ONLY ONE DOLLAR TO EACH OF A THOUSAND PEOPLE...

... CAN MEAN THE SLY GAIN OF ONE THOUSAND DOLLARS TO AN INDIVIDUAL!

YES! AS ADAM SMITH ARGUED... THE VESTED INTERESTS TEND TO WIN BECAUSE OF THEIR BETTER KNOWLEDGE OF THEIR OWN INTEREST, RATHER THAN THE PUBLIC INTEREST!... HEH! HEH! HEH!

THE POLITICALLY FAVOURED? EH?

THAT'S WHY ALL ARGUMENTS ABOUT MARKETS NEED TO BE UPFRONT AND TRANSPARENT! PUBLICLY DISCUSSED!

YOU SEE? FREEDOM OF PUBLIC DISCUSSION OR POLITICAL DISCUSSION CAN HELP FREE OPPORTUNITY!

... OR COULD?

YES! AND WE EVEN NEED LEGAL RESTRICTIONS UPON THINGS LIKE 'LOAN INTEREST' TO AVOID WHAT USED TO BE CALLED 'USURY'!

SIMPLY TO SPECIFY THE BORDERS WITHIN WHICH THE MARKET CAN WORK FAIRLY!

SO, THIS APPROACH TO DEVELOPMENT IS MANY-SIDED. MARKETS CONTRIBUTE A GREAT DEAL, BUT THEY CANNOT DO IT ALONE...

THE MARKET ALONE CAN'T DO IT? EH?

(NO. BUT THEY HELP IF THEY ARE HELD... WE NEED MARKETS!)

THE CITIZENS OF EVERY COUNTRY HAVE THE RIGHT TO EXPECT A GOOD BALANCE OF FREEDOMS, INCLUDING SOME 'PUBLIC GOOD,' THE MARKET CANNOT PROVIDE!

LIKE PUBLIC BASIC EDUCATION, AND INFRASTRUCTURE, PUBLIC SERVICES?

... YES, AND THINGS LIKE PUBLIC SYSTEMS OF HEALTH CARE, FOR THOSE WHO CANNOT AFFORD TO PAY FOR IT. THE STATE HAS TO INTERVENE WITH PUBLIC FUNDS.
How do you find out who can afford to pay? Eh?

This is usually done by 'means testing' across the world... and it has to be done very carefully!

In order to make sure that only people really in need get help?

Some people will try to cheat, I bet!

Yes, and in finding that information many distortions can occur...

...in the information itself: in attempts by people not to lose the benefit; and even in social stigma!

Then there are also things like administrative corruption, or the quality of service actually provided, that cause distortions!

So, means testing is not at all easy, is it?

No, it certainly isn't! The effectiveness of it varies considerably! The ability to pay must be identified...

But the capability handicaps must also be acknowledged in public service provision!

But who pays for all of this?

Well, we do, of course, with government taxes. But government can cope with this, if it is financially prudent.

And if it maintains low inflation, and macro-economic stability, it helps!

We need good civil servants!

Governments can go into debt more confidently than individuals! But, inflation is best avoided, and while financial conservatism is a good path, any shortfalls...

UH-OH!
“Individuals live and operate in a world of institutions. Our opportunities and prospects depend crucially on what institutions exist and how they function. Not only do institutions contribute to our freedoms, their roles can be sensibly evaluated in the light of their contributions to our freedom. To see development as freedom provides a perspective in which institutional assessment can systematically occur.”