

IMPERFECTIONS GENERATED BY THE IMPAIRMENT OF RIGHTS AND FREEDOMS IN THE FREE MARKET ECONOMY

If you destroy a free market, you create a black market.
Winston Churchill
(1874-1965)

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Abstract: This paper approaches the topic concerning the imperfections related to the rights and freedoms in economy, emphasizing the different degrees of freedom, as well as the effects resulting from the changes related to the degrees of freedom which affect development, especially in the field of tourism and economy in general.

The economic freedom, which is expressed mainly by the form of ownership and the scope of the free market, holds a special place in the range of rights and freedoms, in general, and it especially affects the field of tourism by its specific development ability.

The state plays an important role both through the importance given to the field of tourism, and through its degree of involvement in the legislative plan and in the economy.

Other development dimensions, such as the ways to ensure professional training, inflation, the size of taxes, the role of financial institutions, the size of the underground economy, of tax evasion and corruption, also play a major role.

At the same time, the existing interdependencies between freedom, inequalities and development are also significant.

We believe that freedom should refer to the human beings as individuals, and not as social groups considered distinctly from the individuals who make them up. We believe in an individualistic approach regarding rights and freedoms, connected with the idea of value of the individual as uniqueness.

If we set this approach as starting point, as far as we are concerned it is necessary to start the proper endeavour for national freedom, namely the one related to collective rights and freedoms.

Such an approach should be based on individualism: its purpose should point out that some of the individuals in our society should have greater freedom and overcome some foreign interests.

This approach will be accompanied by the specificity of sustainable tourism, and afterwards it will be extrapolated to other fields in the economy, and also to the entire economy as well.

Keywords: rights, freedom, tax evasion, cultural heritage entrepreneurship, recreation, tourism.

INTRODUCTION

Most assets exist in finite quantities, and it can be stated that people tend to put their own interest above the others', or in other words, they would prefer those assets to belong to themselves rather than to others. This situation represents a sufficient condition for the occurrence of competitiveness, which exists all over the world. It cannot be eliminated, but the manner and place it occurs may assume various forms.

Mainly three significant types of competition could be identified: competition for centrally distributed resources, namely the struggle for distribution, competition between buyers, and competition between producers.

Economic structures generate different areas of action for these types of competition, thus projecting how economic systems act to change people's living conditions and turn competition into a growth engine or, conversely, an economic contraction.

Therefore, competition is an important topic, and the market is a category specific to the exchange economy expressing the relationships generated by sales and purchases, together with the phenomena related to the manifestation of demand and supply, in connection with the space and time they take place in.

The market became necessary and appeared when the function of consumption separated from the function of production, being - in the past as in the present - an inevitable consequence of this process.

Over time, the market has developed both in width and in depth, becoming an increasingly complex reality. Undoubtedly, the qualitative leap in the evolution of the historical process of market development occurred altogether with the assertion of the capitalist economy.

The existence of a wide network of interrelated markets defines this system; in their unity, these markets form the mechanism of the competitive market economy.

In this context, the synthetic, concise definition of the contemporary market is difficult and even faulty. In other words, due to the great complexity and diversity of its characteristic structures, there is a variety of approaches and several angles from which the market may be analysed and defined, each trying to provide an image as close as possible to its contemporary meaning. However, all the stated points of view have the relations between sellers and buyers or the framework in which demand and supply occur as fundamental elements defining the market. Therefore, the market is considered, first of all, as an economic space in which demand and supply are expressed and met, with economic agents acting as buyers and sellers. In a certain market, demand and supply are to a certain extent relative to each other, the selling prices of goods being established and developing accordingly. The level and evolution of prices determine the behaviour of economic agents, determining the quantities and what to buy or offer on the market.

Thus, entrepreneurs or economic agents acting on the same market enter into competition, each of them seeking to maximize one's goals. The market thus functions as a self-regulating mechanism, and competition is the regulator of such mechanism.

The aforementioned elements essentially define the market, the central institution around which economic life gravitates. The market mechanism is the impersonal force also called the invisible hand; in a competitive market economy, it coordinates the choices and actions of all economic agents and ultimately regulate overall economic life.

Since resources are limited and have alternative uses, a criterion is necessary for their proper (effective) allocation. The continuous reactions of economic agents to change in the conditions of demand and supply of goods on the market, respectively prices, ensure such a criterion for the allocation and efficient use of resources, essentially defining the role of competition.

Competition stimulates economic performance and overall progress. It encourages creativity and innovation, which leads to diversification of supply and reduction of costs, increased economic efficiency in general and better satisfaction of needs. Competition differentiates economic agents, favouring those who are creative and enterprising, and eliminating or redirecting to other fields of activity the static and inefficient ones. Thus, we can consider that outside market interventions are wrong.

FREE MARKET IMPERFECTIONS, MARKET ORDER INTERVENTIONS AND COMPETITION

The market, as previously mentioned, is an increasingly complex network where relationships between individual entities (either individuals but also organizations) occur, within which products, goods and services are exchanged voluntarily. Thus, the market can also be understood considering the multitude of facets of time that are economically important.

Each market participant has individual goals and resources, and also makes decisions and acts according to the acquired knowledge. As a result of human actions, individual knowledge changes over time, and all

market organization mainly uses the need to spread information¹ that is useful most of the time for changing individual plans so as to be harmonized in the new conditions; this reality indicates that economy is moving towards the full occupation of resources.

Competition for centrally distributed resources mostly occurred in the socialist system, where the market had been replaced by a mechanism of order and distribution, and the economy was run by a system of order and distribution. Thus, the amount of distributed resources, as well as major decisions, depended on the force of pressure groups or the dignitaries' preferences.

The struggle for the distribution of resources also occurs proportionally in economies that were not part of the socialist system, in which interest groups enter the competition; such groups compel the state decision-makers in order to obtain some advantages such as protection against the competition represented by other suppliers, the allocation of resources from the budget as subsidies, or in other forms.

The size of such groups may affect economic development, because their actions represent a way of wasting social energy, which could have been used to optimize one's own economic activity.

Interest groups have represented real obstacles to the development of some countries, as researcher Mancur Olson points out.²

Competition between buyers occurred extensively in socialism, altogether with that for distribution.

The existence of the two forms of competition was not accidental; it was based on a common cause, namely the order and distribution mechanism as well as the structures necessary for its operation, represented by the hierarchical organizational structure, the insignificant share of foreign trade, the rigid prices; these conditions are the opposite of those necessary for the emergence of competition between suppliers.

Thus, the competitors in socialism were the buyers who tried to gain the suppliers' favours by offering them gifts; it was considered natural and by no means was it perceived as abnormal.

Under such competitive conditions, suppliers were in no way stimulated to work properly; hence the poor quality of the socialist production of goods and services. Overall, an economy in which buyers compete for the suppliers' favours is doomed to stumble; the only system able to create better living conditions from an economic point of view is one in which suppliers compete, and the various interest groups do not fight bitterly for the division of resources.

Competition between suppliers is the main source of economic development, and it occurs only in those economic systems that meet at least the following conditions:

- there is demand – buyers' money can be freely directed towards the offers of various producers of goods and services;
- there are suppliers whose economic activity meets the mentioned request;
- the change in demand has strong motivational effects on suppliers, namely it represents a strong source of profit for those who respond to the demand and causes major losses to those who ignore it.

Generous societal designed goals are a major opponent of both market and stability. This thinking is inferred from a series of arguments or findings regarding distributive justice, which may only be valid if we accepted the mistake of personifying society, which is the widest component of the environment of human action.

Therefore, it is relevant to understand how designed purposes may unbalance markets and start from the natural component of the environment where human action occurs. This will allow us to point out the existence of an erroneous governmental approach regarding human interventions in the self-made order of some systems that make up the natural environment and the self-made order of society.

¹ Hayek 1948, 92-107.

² Olson 1982.

In other words, governments are usually very concerned with the influences of human activity on the development and self-made order defining the natural environment, while some may not be concerned about their interventions in economy as a whole, which evolves and is, at all times, self-ordered.

Interventions are most often motivated by the need to reduce the difficulty of freedom and to protect the approach to reality. The second feature of the tradition of known rules is that today's society is part of structures with more complex rules; they include a set of genetically inherited rules as well as some assumed deliberately "in order to serve known purposes".³

Hayek emphasizes that this important part consisting of traditional rules, namely those originating from human action and not produced as having a goal, are necessary to repress some of the genetically inherited rules that have guided closed societies, such as tribal ones, but which do not fit with today's large society, which has general (aimless) rules of good conduct, but which show people what they should do in order to cooperate successfully.

ECONOMIC ACTIVITIES SPECIFIC TO SUSTAINABLE TOURISM THAT CAN GENERATE SOCIAL INCLUSION

Sustainable tourism represents the totality of relationships and phenomena resulting from the movement and stay of people outside their place of residence (such as going on holiday, attending various events, etc.), based on the current and future needs of tourists, tourism industry, environment and host communities. Sustainable tourism could be defined as "*tourism that takes into account the economic, social and environmental effects of all tourism activities*".

Sustainable tourism is not a special branch of tourism; however, we believe that the sustainable approach should guide the entire tourism sector as sustainability in tourism is extremely important not only for environment protection, but also for the future of the sector.

The United Nations World Tourism Organization (UNWTO) summarizes the objectives of sustainable tourism as follows:

- ensuring the optimal use of environmental resources, a key element in tourism development, by maintaining fundamental ecological processes and contributing to the preservation of natural heritage and biodiversity;
- to observe the social and cultural authenticity of the host communities, protect their established and living cultural heritage and traditional values, contribute to intercultural understanding and tolerance;
- to ensure sustainable, long-term economic operations, to create stable employment and opportunities to generate income, to provide equitable social and economic benefits to all stakeholders, including social services for host communities, contribute to poverty reduction.

The United Nations Environment Program (UNEP) and the United Nations Tourism Organization (UNWTO) established the 12 principles for sustainable tourism in 2005.

The sustainable tourism principles listed in this guide are:

- economic viability: ensure the viability and competitiveness of tourism destinations and enterprises, so that they are able to continue to prosper and deliver benefits in the long term;
- local prosperity: increase local visitor spending rates to increase the contribution of tourism to host destinations;
- employment quality: increase the number and quality of local jobs created and supported by the tourism sector, by improving the salary level and the quality of services, without discrimination by race, gender, disability;
- social equity: ensure that the economic and social benefits generated by tourism are widely and equitably distributed to society and improve opportunities, incomes and services for economically and socially disadvantaged people;

³ Hayek 1993, 159-161.

- visitor fulfilment: provide a safe and satisfying experience to all visitors, regardless of gender, race, disability or in any other way;
- local control: involve local communities in planning and decision-making processes, in consultation with other stakeholders, for the management and development of tourism in their region;
- community wellbeing: maintain and improve the quality of life of local communities by providing social structures and access to resources, amenities and life support systems, while preventing degradation and social abuse;
- cultural richness: respect and enrich the historical heritage, authentic culture, traditions and distinctiveness of the host communities;
- physical integrity: maintain and enhance the quality of both urban and rural landscapes, and avoid the physical and visual degradation of the environment;
- biological diversity: support the conservation of natural areas, habitats and wildlife, and minimize damage to them;
- resource efficiency: minimize the use of scarce and non-renewable resources in the development and operation of tourism facilities and services;
- environmental purity: to minimize the pollution of air, water and land and the generation of waste by tourism enterprises and visitors.

Four projects have been identified at European level; they aim at promoting the development of disadvantaged areas. These projects are:

- The SPOT project;

It is a project funded by the Horizon 2020 program, aiming at developing a new approach to the understanding and approach of cultural tourism and promoting the development of disadvantaged areas;

- SmartCulTour;

This project is funded by the Horizon 2020 program, and supports development in European regions with an important cultural heritage, both tangible and intangible, through sustainable cultural tourism;

- IMPACTOUR;

This project is funded by the Horizon 2020 programme, and brings together cultural tourism stakeholders and researchers with new approaches and methods to support European cultural tourism. The aim of the project is to strengthen belongingness and to highlight minority cultures;

- European Destinations of Excellence (EDEN).

The EDEN project promotes sustainable tourism models at EU level. Under this initiative, partner countries select and promote "destinations of excellence".

EDEN focuses on emerging non-traditional European destinations, highlighting their values and features. It also acts as a platform for the exchange of best practices between award-winning destinations. The European Commission and national tourism bodies choose a theme each year.

At national level, we consider that activities in the field of sustainable tourism may be carried out in destinations that are relevant to Romanian history, culture and geography in destinations such as:

- Corbii de Piatră Monastery – rock-hewn church;
- Sarmizegetusa Regia – the capital of the Dacian state;
- Sfânta Ana Lake – the only crater lake in Romania;
- Voronet Monastery – Sistine Chapel of the East;
- Sibiu – medieval city crowded with tourists;

- The Danube Boilers - the most beautiful area of the Danube Gorge;
- God's Bridge, Mehedinți - one of the three natural bridges in the world;
- Cheile Nerei National Park – national protected area;
- Beușnița Waterfall – Romania's spectacular waterfall;
- Sighișoara – a city located in the heart of Transylvania;
- The Village Museum in Bucharest – the largest and oldest museum in Europe;
- The Danube Delta – it is an exotic land, where one can encounter over 1830 species of trees and plants, over 2440 species of insects, 91 species of molluscs, 11 species of reptiles, 10 species of amphibians, 341 species of birds and 44 species of mammals, many of which have been declared unique species and natural monuments. One should not forget that 136 species of fish live in its waters, representing a significant source of food for birds and aquatic mammals as well as an important scientific and economic resource.

CONCLUSIONS AND PROPOSALS

In conclusion, capitalism supports freedom and development, and balanced capitalism is a macroeconomic environment favourable to economic development and growth.

In this context, we recommend capitalizing on the existing heritage and culture by sustainable tourism activities, respectively by the development of specific businesses linked to adjacent fields such as education, professional training, culture, and sustainable tourism.

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