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ECONOMIC FREEDOM – A CATALYST FOR DEVELOPMENT

Associate Professor Ph.D. **Rozalia Iuliana KICSI**
"Ştefan cel Mare" University of Suceava, Romania
rozaliak@seap.usv.ro

Professor Ph.D. **Aurel BURCIU**
"Ştefan cel Mare" University of Suceava, Romania
aurelb@usv.ro

Abstract:
Liberal doctrine, in its various attempts to find legitimacy, has exerted a real influence on the "architecture" of the world economy. Liberal rhetoric, validated by historical reality, has shown that liberalism, through its virtues, design a proper environment for both individuals and nations development. In this equation of development the catalytic role of economic freedom and free trade was a theme of reflections during the evolution of many nations, but emphasis on the quantitative dimensions was obvious. In the last decades, attention has been focused on the quality of development too, understanding that the wealth of a nation is reflected not only in the improvement of macroeconomic indicators, but in the better quality of individuals' life.

Key words: economic liberalism, growth, development, industrialization

JEL classification: F13

1. INTRODUCTORY CONSIDERATIONS

Human development has always been an exciting and generous topic for economists, philosophers, sociologists and not only, thanks to its various theoretical and practical interpretations. From the promoters of mercantilism, preoccupied with ways of increasing wealth to the contemporary economists, this theme of reflection has stirred debates that vacillated between the theoretical-doctrinaire side and the 'real economy' one. From all doctrines, it seems that liberalism brings best into light its valences, and at the same time, it creates a milieu suitable for development. The entire liberal rhetoric spins around freedom, the importance of individuals as well as around the rights offered by the natural functioning of society.

From this perspective, freedom becomes a catalyst of development, and the latter one in its turn, triggers the expansion of freedom. Amartya Sen looks deeper into this 'duality' insisting upon the role freedom plays '… as a primary goal, as well as the main means of development.' (Sen, 2004: p. 14).

The market capacity of inducing economic growth and development has been acknowledged in the economic literature. The professor Ion Pohoaţă analyses the virtues of the free market, showing that 'the hypotheses of free market overlap with the premises of an efficient economic development.' (Poahoață, 2000: p. 79); briefly, the market is a source of earning and of harmony, it is a factor that reduces the organizational risks, it becomes a means of rationalizing the economy, the creator and the conserver of freedom, as well as a good way of transmitting information. Thus, the market stands for the most eloquent frame of expressing freedom; its entire philosophy, its functioning mechanisms depending on the reduction or elimination of restrictive intercessions. In this context, according to Adam Smith, 'the freedom of exchanges and transaction is in itself a part of the basic liberties worth to be cherished by individuals.' (Smith, 1904).

2. A CATALYTIC ROLE OF ECONOMIC FREEDOM IN THE 'ALCHEMY' OF DEVELOPMENT

The conviction that economic freedom and free trade plays a catalectic role in the process of economic growth and development has become a key topic around which the fundamental doctrines of modern economy occurred. Both the debates and controversies of this topic has as a starting point the fact that in the majority of world countries, the commercial policy is a mixture between free trade and protectionism, thus the result being a real 'network' of trade regimes with different degrees of liberalization.

During the postwar period, the architecture of the world economy was marked by a relatively constant tendency of liberalization, especially imposed by the results of negotiations developed under GATT patronage. Some syncopes in this evolution have been generated by a certain duality of some developed countries which, even if they pleaded for liberalization, negotiated in fact the diminishing of the commercial protection only for the products that had a comparative advantage, showing reluctance in opening their frontiers for items coming from developing countries.

The integration in the world value flow allows, as J. Stiglitz remarks, the utilization of growth and development opportunities; in this context, the freer international trade seems to be a necessary, yet not sufficient, condition of development.

The long-term success of a nation cannot be imagined without a permanent economic growth, even though the 'recipes' can differ from one country to another or from a historic period to another. What triggers the economic growth as a quantitative side of development, is linked to a more efficient utilization of the existing resources (natural and human) and to generating new productive resources through innovation and investments.

The first studies and researches had as starting point the importance of capital acquirement. Fascinated by the rapid industrialization, during the 50s and 60s, many recently independent as well as developing nations, specialized on primary products, promoted developing strategies in the manufacturing sector based on investments. These strategies, built around the government, and having as key elements: development planning, industrialization under the protectionist barriers, special treatment in terms of international trade arrangements, were sustained by famous and sensitive arguments. Let us mention the well-known argument of embryonic industries and the dependence theory, also known as 'the center- periphery theory' (belonging to Raul Prebish). Under the conviction that they had a potential comparative advantage in the manufacturing domain (yet, its development would be prevented by competition coming from industries in the developed countries), the developing nations claimed protection from the state hoping for an industrial growth. On the other hand, starting from the presumption that the development of a certain economy is determined by the moment when it 'integrates' in the world economy, Prebish's observations led to the idea that a development strategy based on the industrialization of the poor countries (the last ones on the global economic stage) would avoid their blocking in that dependence from the 'center' (developed countries) (McCormick, 1988: p. 255)

The insufficient internal investment resources meant that the application of these strategies had imposed the appeal to loans and external help. Yet, the world economic context of the 70s proved that the planning, the growth strictly oriented towards investments, the protection of internal markets etc. were not enough to ensure a sustained economic growth. In many cases, this strategy did not overcome the limits imposed by the economic rationality, and even though it had some success when being applied according to this rationality, it proved to be just a preliminary stage of industrialization process, and not a panacea itself.

Overall, there has been a growing tendency in the world economy during the postwar decades, including some poorer countries as well. The empirical studies having as a topic the global economic growth between 1960- 2000, have revealed the importance of trade in this process (quantified as a weight of trade in GDP), higher than even that of investments. (WTO, 2003: p. 83).

Both the liberalization of trade and the market opening involve changes regarding the inner functioning mechanism of a certain economy, and impose a series of structural adjustments, especially when referring to the reallocation of resources towards more productive domains which, on long-term, can lead to economic development. (Bacchetta, Jansen, 2003)

Any economy is permanently submitted to certain adjustment processes, which are not imposed only by economic reforms; technological innovations, political reforms, demographical evolutions, climate changes, the modification of consumption traditions and not only, all these determine changes in the internal mechanics of an economy. In the context of a complex of influential factors, it becomes quite difficult to evaluate the incidence of trade liberalization measures upon the production pattern and employment.

Trade liberalization does not lead to an immediate economic growth; generally, one can speak of a transition period in which the economy can face difficulties that are even more serious than before liberalization. Empirical evidences have shown that, on medium and long-term, the benefits resulted from market opening exceed the adjustment costs occurred on short-term. Briefly, trade liberalization facilitates a series of economic benefits, such as (Rodriquez, Rodrik, 2000):

- the consumers have access to a wider range of products, where the quality is higher and the prices are lower;
- the countries can capitalize their comparative and competitive advantages, by means of an adequate/ efficient specialization;
- the manufacturers have the possibility to efficiently utilize the production skills, thus exploiting the advantages coming from scale economies;
- new investment opportunities are created/ identified, and the technology transfer is facilitated.

The facilitation of technology transfer draws one’s attention due to the fact that empirical studies have shown the existence of a direct connection between the commercial flows of a certain country and the overview level of productive factors (this relationship being more visible in terms of capital goods, like machines and equipments). The technology transfer by means of trade depends, on the one hand, on the amount and structure of imports, and on the other hand, on the conditions imposed by the politics of importing nations. It has been proved that customs taxes imposed to the technology import tend to be higher in countries that begin to develop themselves; in most of the states, these taxes are lower than those imposed to other categories of technological items (WTO, 2003: p. 91).

Numerous studies have revealed the impact that trade liberalization had upon the evolution of GNP per capita; the OECD estimates upon the existent reality after the ending of Uruguay Round show that the countries which had opened their markets, registered economic growth rates twice higher than other countries (OECD, 1998). Yet, the economists do not want to pronounce concerning the existence of a direct causal relationship between the expansion of free trade and the rhythm of economic growth; the conclusion is that this relationship cannot be seen as a simple coincidence. D. Irwin appreciates that, in spite of some drawbacks related to measuring methods, these surveys have emphasized better performances of countries that manifest an opening towards the exterior, compared with those promoting more restrictive commercial regimes. (Irwing, 2005: p. 48)

The colonialism disintegration following The World War II has sharpened the discrepancies between the rich North and the poor South. During the first postwar decades, the goods and services trade was the major binder that connected the two worlds; later on, during the 70s and 80s, the importance of transactions on financial markets increased, especially due to the avalanche of external debts that the developing countries had to face, as well as to their dependence regarding private loans.

The main coordinates of industrialization strategies conceived on import substitution were: tariff and non-tariff protection (taking the shape of licenses and trade amount), the control of currency exchange, the subvention of interest rates (as a way of encouraging the investments), and so on; importing consumer goods became the main restriction, whereas importing capital goods was affected less. This business regime led to negative effects in the economy of countries that had promoted it, the most affected one being agriculture, which was often the main source of producing goods for export. At the same time, a distorted price system occurred- cheap imported capital, expensive work, export products submitted to taxation, etc.- this system was really incompatible with the actual dimension of the economy, as well as with the existing deficit. McCormick states that during the 50s and 60s, the export controlling system led to a certain industry development and an expansion of both investments and GNP, especially in comparison to the turbulent period of the 30s (McCormick, 1988). The role of the manufacturing sector in the GNP creation, improved itself, reducing the dependence on primary products and inducing a diversification tendency of the exports structure, in the way of increasing the exports with processed items.

This is how *the period of glory* of a strategy based on import substitution came to an end. It is important to mention that the economic successes gained during this period cannot be exclusively attributed to this orientation. Moreover, the tendencies of the following years raise questions regarding the long-term viability of the effects induced by the promotion of such macroeconomic politics.

At the beginning of the 70s, the initial success started to fade away; the serious economic distortions had as consequences the reduction followed by stagnation of economic growth. The internal mechanics of economies were affected, among others, by the permanent existence of current account deficits, induced by an overvaluation of exchange rates, by the inefficient usage of both capital and labor force, and last but not least, by the extremely slow improvement rhythm of work productivity in many of the protected industrial sectors (WTO, 2003: p. 101). The ‘infant’ industries did not properly respond to the expectations related to their growing and developing; ‘the umbrella of the state’ provided them with a ‘comfortable area’, thus reducing the wish for learning and for acquiring technological and managerial modernization (these being absolutely indispensable for improving the competitive spirit and the work productivity).

The need for an economic growth model adapted to the world economy pattern was obvious. In Asia, a new growing model was shaping itself, oriented towards export; countries like Korea and Taiwan became known in the world market as exporters of non-traditional manufactured products, thus destroying the myth according to which the South could not keep pace with the North and recommending the new type of export-led growth as a viable one.

The Asian miracle has imposed the belief that the role of trade in the economic growth/ development cannot be ignored anymore. The strategy of export- oriented industrialization and growth was conceived around some key elements that made reference to the absence of any export-restricting measures, to the ability of renouncing or giving protection to the companies that needed it, as well as to the promotion of some macroeconomic politics suitable for the social investments and for the infrastructure. (WTO, 2003: p. 101)

South-East Asia is known as a real model of sustainable economic growth; between 1965-1990, twenty- three economies of the region brought forward all the other world areas in terms of growing rhythm. ‘The engine’ was represented by Japan, the four ‘tigers’ (Hong Kong, Korea, Singapore, Taiwan), China and the new industrialized economies of South-East, respectively Indonesia, Malaysia and Thailand, whose spectacular economic growth promoted consistently the dynamics of the entire world.

One of the reports of the World Bank (1993), concluding upon the studies applied to the HPAEs (High Performing Asian Economies), shows that starting with the 60s, the eight economies had a dynamics twice higher than the other regional economies, three times higher than other world developing areas (Latin America and South Asia), and five times higher than Sub-Saharan Africa; they even surpassed the growing rates of industrialized countries and of nations rich in petrol (World Bank, 1993). The same survey mentions that between 1965- 1980, the real income per capita was four times higher in Japan and in the four ‘tigers’, and twice higher in the new industrialized economies; HPAEs gained remarkable performances regarding the reduction of differences induced by the wage distribution.

The high rates of savings, the stimulation of private investments, the great attention paid to human capital are only some of the determinants of this economic ‘miracle’. Scientific literature agrees with the idea that macroeconomic management played a fundamental role in promoting the economic performance of HPAEs; in most of these economies, the state interfered systematically through multiple levers, either in order to ‘force’ the development or to support certain industries (Page, 1994). This interference took the shape of various measures, the most used being subsidizing the credits given to some industries, imposing some restrictions to the interest rate for loans in order to facilitate the profit, protecting indigenous industries capable to substitute the imports, subsidizing the declining industries, establishing some export shares concerning the firm/ branch level, creating some marketing programs for export etc. (World Bank, 1993).

It is difficult to estimate what the direction would have been in the case of the economies which lacked the interventionist measures; yet, it can be concluded that this intervention increased the economic growth, and at the same time, diminished its inherent costs. Many politics that had the providing of macroeconomic stability as a main objective had played, at the same time, an important role concerning the stimulation of imports.

Apart from Hong Kong, all HPAEs initially proved a powerful ‘reluctance’ towards exports, yet pleading for politics of import substitution; attracted at first by the mirage of industrialization, and protected by the foreign competition, they abandoned quite rapidly this approach of external relations (Japan in the 50s, ‘the tigers’ in the 60s), even faster than the other developing countries, and they reoriented themselves towards policy of sustaining the industrial branches linked to exports. In most of the Asian economies, the trade policies took the shape of a mixture between measures of promoting the exports and a moderate, yet ‘flexible’ protection of imports (World Bank, 1993).

An essential determiner of the economic performances in South- East Asia was represented by the opening towards external ideas and technology; the state continuously maintained open some transmission channels, thus encouraging the technological absorption from outside the borders even when the internal markets were protected (Page, 1994).

This strategy has transformed South- East Asia into a huge integrated ‘factory’, as it is described by R. Baldwin, where the classic production processes on a national level were ‘disintegrated’ and spread in locations that provide the lowest costs; for instance, the best locations regarding components based on intensive work are China and Thailand, while Japan and Korea stand for the components based on intensive technology. The one-side liberalization of components/ subassemblies trade has played a very important role concerning the construction of this huge ‘factory’; this type of liberalization represents the decisive majority of the intra-areas workflows. (Baldwin, 2006: p. 26)

3. RESEARCH METHODOLOGY AND EVIDENCE OF RELATIONSHIP BETWEEN ECONOMIC FREEDOM AND DEVELOPMENT

What needs to be emphasized is that there might be a possible correlation between the economic and trade freedom and development (both material and human). Therefore, we formulate the hypothesis that *there is a relationship between economic freedom and development.*

Both economic freedom and development are complex ”constructions” which cannot be described quantitatively very precisely. Economic theory continues to focus on the quantitative characteristics of development; in this context, we appreciate that GDP per capita reflects more eloquent the level of economic development of a nation, i.e. the ability of an economy to ensure a higher level of prosperity for individuals. But the quantitative approach of the development has its own limits; the GDP reflects, as Samuelson states, ‘the excessive materialism of a society that dedicated itself to an endless production of useless goods’ (Samuelson, 2001: pp. 502- 503). Or, as Dinu Marin believes, if the existence of a nation is limited to its material dimension, then progress does not represent but a quantitative sum’ (Dinu, 2008).

At the beginning of the 90s, starting from the idea that the manner in which material wealth improves the individuals' life standards, there was established inside of UNCTAD an alternative to the quantitative perspective. This one took the shape of a composite index, namely *Human Development Index (HDI)*, which gathers several factors meant to analyze the quality of life, together with the GDP per capita.

For evaluation of economic freedom, the Wall Street Journal and The Heritage Foundation have proposed *The Index of Economic Freedom (IEF)*, a complex composite index which "quantify" economic freedom more linked to the principles of classic liberalism (property right, the free movement of goods, capital and labor, the lack of coercive measures, etc.). Index of Economic Freedom is a composite index that provides a comprehensive image of a country's performance; it covers ten areas such as financial freedom, fiscal freedom, labor freedom, government spending, monetary freedom, trade freedom, business freedom, freedom from corruption, investment freedom, property rights.

To highlight the relationship between economic freedom and development, we tested the connection between IEF and GDP per capita, on the one hand, and, on the other hand, the relationship between IEF and HDI. The study was based on the data submitted from 178 countries in *Index of Economic Freedom 2014 Report* and on *Human Development Index data 2014* (181 countries). The data has been processed with SPSS for Windows.

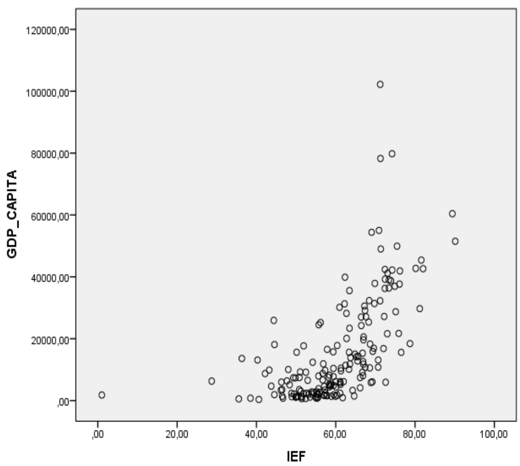
The correlation matrix, as shown below, reveals a value of the Pearson's correlation coefficient of 0,613, at a minor limit of significance of 0.01. At this stage, we can reject the null hypothesis and we can accept that there is a strong positive correlation between a dependent variable (GDP per capita) and the predictor variable (IEF); this relationship is obvious in the scatter plot, too.

Correlations

Correlations

		IEF	GDP
IEF	Pearson Correlation	1	,613**
	Sig. (2-tailed)		,000
	N	178	178
GDP	Pearson Correlation	,613**	1
	Sig. (2-tailed)	,000	
	N	178	178

**. Correlation is significant at the 0.01 level (2-tailed).



The analysis of correlation chart also reveals a homoscedastic relationship, meaning a linear relationship for the entire amplitude of distribution of the two variables.

We think that the results would be much more accurate if we analyze the influence of components of IEF on economic development (GDP per capita). Regression analysis indicates an effect of this correlation estimated at 0,611 (R Square), corresponding to an explained variance of 61,10%; so, we can consider that economic development is influenced by dimensions of economic freedom in a proportion of about 61,10%; the difference is the result of the action of other factors/variables which have not been taken in the analysis in this study.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,782[a]	,611	,588	10919,64623

a. Predictors: (Constant), financial freedom, fiscal freedom, labor freedom, gov spending, monetary freedom, trade freedom, business freedom, freedom from corruption, investment freedom, property rights
b. Dependent Variable: GDP_CAPITA

The result of the significance test entitled us to accept that there is a *significant relationship between economic freedom and development.*

ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	31308432811,669	10	3130843281,167	26,257	,000[b]
Residual	19912858528,936	167	119238673,826		
Total	51221291340,605	177			

a. Dependent Variable: GDP_CAPITA
b. Predictors: (Constant), financial freedom, fiscal freedom, labor freedom, gov spending, monetary freedom, trade freedom, business freedom, freedom from corruption, investment freedom, property rights

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-11717,446	8190,651		-1,431	,154		
Property rights	20,887	109,184	,030	,191	,849	,094	10,608
Freedom from corruption	**592,513**	112,969	,745	5,245	,000	,116	8,657
Fiscal freedom	83,082	81,569	,066	1,019	,310	,553	1,808
Gov spending	4,008	42,247	,006	,095	,925	,663	1,508
Business freedom	,596	75,956	,001	,008	,994	,382	2,616
Labor freedom	-31,886	56,703	-,032	-,562	,575	,710	1,408
Monetary freedom	-190,490	120,375	-,102	-1,582	,115	,562	1,781
Trade freedom	**143,457**	93,718	,107	1,531	,128	,479	2,087
Investment freedom	-88,975	67,003	-,122	-1,328	,186	,277	3,606
Financial freedom	**122,731**	84,248	,139	1,457	,147	,257	3,896

a. Dependent Variable: GDP_CAPITA

As we can see, freedom from corruption, trade freedom and financial freedom have a greater impact on the evolution of economic development than other components of economic freedom. Freedom from corruption has the most significant influence; the Beta coefficient indicates a strong positive influence. Trade freedom and financial freedom have a positive influence too, but rather low, on dependent variable GDP per capita. Property rights, fiscal freedom, business freedom and government spending have an almost weightless impact on GDP per capita, while labor freedom, monetary freedom and freedom does not influence the evolution of the dependent variable.

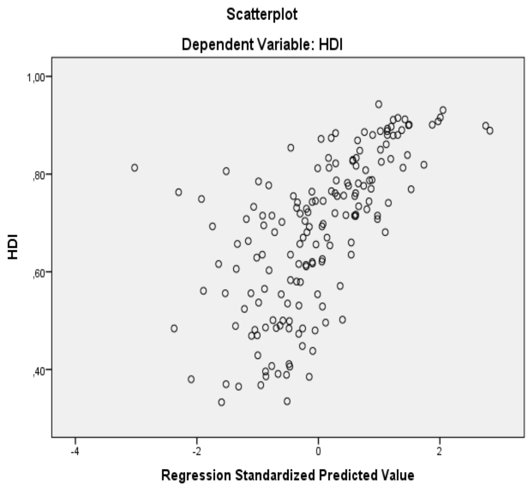
To test for a correlation between economic freedom and the qualitative aspects of development, we analyzed the relationship between IEF and HDI. The correlation matrix indicates a value of the Pearson's correlation coefficient of 0,613, at a minor limit of significance of 0.01. At this stage, we can reject the null hypothesis and we can accept that there is a major positive correlation between a dependent variable (HDI) and the predictor variable (IEF), an obvious relationship in the scatter plot, too.

Correlations

Correlations

		IEF	HDI
IEF	Pearson Correlation	1	,644**
	Sig. (2-tailed)		,000
	N	171	171
HDI	Pearson Correlation	,644**	1
	Sig. (2-tailed)	,000	
	N	171	171

**. Correlation is significant at the 0.01 level (2-tailed).



The correlation chart also reveals a linear relationship for the entire amplitude of distribution of the two variables (homoscedastic relationship). The effect of this correlation is estimated at 0,415 (R Square), corresponding to an explained variance of 41,50 %; so, we can consider that human development is influenced by economic freedom in a proportion of about 41,50%; the difference is due to the action of other factors/variables which have not been taken in the analysis in this study. Due to the result of the significance test we can accept *that there is a significant relationship between economic freedom and human development*, too. The Beta coefficient indicates a strong positive influence of economic freedom in human development.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,644[a]	,415	,412	,12138

a. Predictors: (Constant), IEF

b. Dependent Variable: HDI

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1,768	1	1,768	119,995	,000[b]
	Residual	2,490	169	,015		
	Total	4,258	170			

a. Dependent Variable: HDI

b. Predictors: (Constant), IEF

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,096	,054		1,762	,080
	IEF	,010	,001	,644	10,954	,000

a. Dependent Variable: HDI

So, we can describe the relationship of dependence of the two variables as a regression model expressed by the following equation of regression:

$$y_i = 0{,}010 \times x_i + 0{,}096$$

The studies carried out starting with 1990 have shown, as a dominant tendency, the fact that the countries having high incomes are performing in terms of life quality and vice-versa.

However, even if this correlation between a nation's wealth and the individuals' life quality is obvious, there are also quite many exceptions; thus, some countries still lack many things regarding human development, even though they obtain high incomes (for example, countries rich in oil).

It can be seen that the countries which enjoy relative full freedom, as well as those which are mostly free are performing in terms of development as well (both quantitative and qualitative). On the opposite side there are the countries with restricted economic mechanisms, also suffering regarding the material and human welfare.

Without claiming to be a general truth, this correlation sustains the idea that freedom promotes development, and on the other hand, development imposes the expansion of freedom.

4. FINAL REFLECTIONS

Economic development. What is in this phrase?

We live in an era in which progress has become the main objective not only of the individuals taken separately, but also of the entire nation; unfortunately, one of the permanent feature of the modern world is represented by the gap between the world's rich and poor people. In the second half of the 20th century and at the beginning of the 21st century, notions like: *primitive, underdeveloped, undeveloped*, *emergent, developing*, have been used to describe a reality that characterizes too many countries, in comparison with those few *strongly industrialized, developed* nations.

Like many other important topics, the development or, better said, the manner of dealing with its inherent features, has a powerful sign of the dominant ideology in terms of each nation and during a certain historical period. Undoubtedly, liberalism has truly changed the world, and it has proved to be the engine that sustained the process of economic and human development. The liberal rhetoric, included in the idea of freedom, emphasizes the individual and everything that freedom signifies (*free competition, free initiative, free trade*).

The catalyst role of liberalism concerning human and economic development is difficult to challenge. The performances of the freest economies or economic entities are a good proof in this way.

During the first postwar decades, both the underdeveloped and developing countries have been reluctant regarding the markets opening, trying to get oriented towards the inner areas. The industrial maturity did not respond to the expectations, the state protection offering to the indigenous firms a pretext for not admitting their age. When success was obtained, this politics of import substitution proved to be nothing but a stage in the way of healthy development. The 80s marked a change in terms of considering things, as a result of some internal politics and of pressure imposed by international organisms. The implementing of some measures of trade liberalization and market opening led to new development opportunities. The statistics from international organizations working in the business field state that the income belonging to developing countries has gone three times higher than that of the nations oriented towards their internal economy.

Free trade, as a powerful dimension of the economic liberalism, is not necessarily an optimum stage, and at the same time, it is far from being a universal panacea. Even in the case of the present industrialized countries, protectionism has played a temporary role in terms of economic development. Great Britain, the biggest admirer and promoter of free trade, has known the development stage under the state protection. Japan is another well-known example; during the first postwar decades, protected from the external competition, it 'absorbed' and adapted occidental technology, developing itself later on, but imposing itself as a model. As long as it is applied according to the limits of rational economic logics, protectionism is favorable; however, it becomes harmful when it is expanded in time. According to the existent contexts, free trade can yet be a viable option worthy of being assumed, with all its drawbacks and possible negative effects.

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