

# Liberty Capital Accumulation and Economic Growth

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This paper delves into the theoretical underpinnings of how freedom, grounded in the rule of law and property rights, shapes wealth accumulation and economic growth. By integrating liberty into the neoclassical growth model, we introduce the innovative concepts of “liberty consumption” and “liberty capital” and define utility and production functions on them. Through theoretical analysis and simulations, we ascertain that a robust preference for liberty nurtures sustained prosperity and heightened productivity. However, in scenarios where the costs associated with liberty consumption are substantial and liberty capital depreciates rapidly—indicating an environment inhospitable or constraining to liberty—it adversely affects economic output and overall well-being. These insights underscore the significance of examining liberty dynamics in economic growth and development. Without the presence of liberty, property rights, and the rule of law within utility and production functions, society faces the peril of descending into either a Hobbesian state of “war of all against all” or a totalitarian state ruled by a singular authority. In either case, life becomes solitary, poor, nasty, brutish, and potentially short.

*Key Words:* Liberty consumption; Liberty capital; Economic growth.

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## 1. INTRODUCTION AND MOTIVATIONS

Over the past few centuries, numerous nations have progressed into prosperous economies, while many others continue to face economic challenges and remain entrenched in poverty. Various factors contribute to the varying levels of economic growth and income disparities among nations. Among them are:

- **Inherent abilities:** Differences in the distribution of innate abilities among individuals and populations can significantly impact economic out-

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comes. Some regions may have a higher concentration of individuals with skills and talents conducive to economic productivity and innovation, contributing to disparities in growth and income.

- Colonial history: The legacy of colonialism has left lasting economic and social impacts on many nations. Colonized countries frequently endured resource extraction, forced labor, and economic exploitation, which hindered their development and perpetuated inequalities long after achieving independence.

- Technological advancements: Access to and adoption of technology play a crucial role in economic growth and income disparities. Nations that invest in research and development, innovation, and technological infrastructure tend to experience swifter economic progress and higher incomes compared to those with constrained technological capabilities.

- Geographical influences: Geographic factors such as climate conditions, natural resources, and proximity to markets can influence economic outcomes. Nations blessed with abundant natural resources or strategic geographical locations often possess inherent advantages for economic development, while landlocked or resource-poor countries may face more obstacles to development.

- Human capital development: Investments in education, healthcare, and skill development are critical determinants of economic growth and income distribution. Nations that prioritize human capital development can enhance labor productivity, promote social mobility, and mitigate income inequalities over time.

However, one crucial determinant that is often overlooked yet paramount is the dynamic process of liberty and freedom, which are grounded in private property rights and the rule of law. To fill this gap, we explicitly examine the dynamics of liberty capital formation alongside physical capital accumulation in a canonical neoclassical growth model. We believe that our approach enhances the understanding of the institutional foundations of economic growth, enables the analysis of policy interventions, and provides insights into the complex interactions between institutions, behavior, and economic outcomes. Specifically, our modeling the dynamics of liberty capital formation is important for several reasons:

- Understanding the role of institutions: Liberty and freedom, as ensured by private property rights and the rule of law, are fundamental institutional factors that shape economic behavior and outcomes. By modeling liberty capital formation, we can better understand how institutional arrangements affect economic growth and development.

- Accounting for intangible assets: Liberty capital encompasses intangible assets such as trust in institutions, social norms, and legal frameworks that support individual rights and freedoms. These intangible assets play

a crucial role in facilitating economic activities, fostering innovation, and encouraging investment. Explicitly modeling liberty capital allows us to quantify and analyze these intangible factors.

- Exploring feedback mechanisms: Liberty capital interacts with physical capital accumulation and human capital formation in complex ways. By incorporating liberty capital dynamics into economic models, we can explore feedback mechanisms and dynamic relationships between institutions, economic behavior, and growth outcomes.

- Policy analysis: Understanding how changes in institutional arrangements impact liberty capital formation can inform policy decisions aimed at promoting economic growth and development. Economic models that incorporate liberty capital dynamics provide policymakers with valuable insights into the potential effects of policy reforms on long-term growth prospects.

- Capturing heterogeneity across countries: Different countries have varying levels of liberty capital due to differences in institutional quality, governance structures, and historical legacies. By explicitly modeling liberty capital formation, we can capture this heterogeneity across countries and examine its implications for comparative economic performance.

### 1.1. The concept of liberty

Liberty denotes the state of being free within society, exempt from oppressive constraints imposed by authority on one's lifestyle, conduct, or political beliefs.

The concept of liberty holds varied interpretations based on context. In Christian theology, liberty signifies release from the influences of "sin, spiritual bondage, [or] worldly obligations". In the Constitutional law of the United States, Ordered liberty embodies the creation of a harmonious society where individuals enjoy the freedom to act without undue interference (negative liberty) and possess access to opportunities and resources for pursuing their aspirations (positive liberty), all within an equitable legal framework.

At times, liberty is distinguished from freedom, with "freedom" denoting the ability to act as one desires and possesses the power to do so, while "liberty" conveys the absence of arbitrary constraints, while respecting the rights of all parties involved. Thus, the exercise of liberty is contingent on capability and constrained by the rights of others, requiring responsible freedom under legal governance without infringing upon others' liberties. Liberty can be withdrawn as a form of punishment, as seen in many coun-

tries where individuals may lose their liberty upon conviction for criminal offenses.<sup>1</sup>

The term “liberty” finds its roots in the Latin word *libertas*, derived from the goddess *Libertas* and the ancient Roman god *Liber*. It is frequently highlighted in various contexts, exemplified by the principles of “Life, Liberty, and the pursuit of Happiness,” the famous declaration “Give me liberty, or give me death!” and the motto “*Liberté, égalité, fraternité*.”

Liberty incorporates rights but extends beyond them. While rights constitute specific entitlements or freedoms that individuals possess by virtue of being human or as members of a society, liberty encompasses a broader concept of freedom from oppressive restrictions imposed by authority on one’s way of life, behavior, or political views.

Rights are often legally recognized entitlements that protect individuals from infringement by the state or others. They can include civil liberties (such as freedom of speech, religion, and assembly) and socio-economic rights (such as the right to education and healthcare). On the other hand, liberty encompasses the state of being free within society and implies the absence of arbitrary restraints on one’s actions or beliefs. It involves the freedom to pursue one’s goals and aspirations, express oneself, and participate in civic life without undue interference or oppression.

## 1.2. Liberty consumption and liberty capital

### 1.2.1. *The concept of liberty consumption*

To the best of our knowledge, the concept of “liberty consumption” has not been extensively utilized in economic research. Therefore, it is imperative to elucidate its implications. Just as economic consumption requires allocating resources towards certain goods or services, the costs of liberty consumption refer to the expenditures or sacrifices individuals or societies may incur in order to exercise their freedoms and rights. These costs can vary depending on the context, the nature of the liberties involved, and the prevailing socio-political conditions.

Here are some aspects to consider regarding the costs of liberty consumption:

- **Legal and regulatory compliance:** In many cases, individuals may need to adhere to laws, regulations, and administrative procedures that govern

<sup>1</sup>For classical works on liberty and its relation to private property rights and the rule of law, please read Plato (2000, 2016), Aristotle (2013), Cicero (1995, 2017), Seneca (2017), Aurelius (2021), Machiavelli (2009, 2019), Hobbes (1996), Locke (1988, 2013), Montesquieu (1989), Rousseau (2018), Burke (1987), Mill (1978), Tocqueville (2022), Bastiat (2012), Constant (1872), Bagehot (2001), Roosevelt (1941), Hayek (1944, 1960, 1996, 2007, 2022), Mises (2021), Berlin (1990), Friedman (2020), Leoni (1991), Nozick (2013), Rothbard (2020).

the exercise of their freedoms. This could entail the cost of obtaining permits, licenses, or legal advice to ensure compliance with applicable rules.

- **Opportunity costs:** Pursuing certain liberties may involve foregoing alternative opportunities or benefits. For example, individuals who engage in political activism or advocacy may dedicate time, resources, and energy to these activities instead of focusing on personal or professional pursuits. The opportunity cost of liberty consumption reflects the value of the next best alternative that is forgone in the process.

- **Social and economic consequences:** While the enjoyment of freedoms like freedom of speech or freedom of association can enhance individual well-being and societal progress, it may also lead to conflicts, disagreements, or social tensions. The costs of liberty consumption may manifest in social divisions, economic disruptions, or strains on interpersonal relationships.

- **Risk and uncertainty:** Individuals may face risks to their personal safety, reputation, or livelihoods when exercising certain freedoms such as asserting their rights in environments characterized by intolerance, censorship, or authoritarianism. The costs of liberty consumption may include the fear of reprisal or the need to mitigate potential risks through precautionary measures.

- **Psychological and emotional toll:** The pursuit of liberties can also take a psychological and emotional toll on individuals, particularly in situations of adversity, persecution, or social stigma. Individuals who challenge prevailing norms or advocate for marginalized groups may experience stress, anxiety, or emotional distress as they confront opposition or face ostracism from society. The costs of liberty consumption may involve emotional resilience, coping mechanisms, or psychological support to navigate challenging circumstances.

- **Resource allocation:** Finally, the costs of liberty consumption may involve the allocation of financial resource to support efforts aimed at protecting and promoting freedoms. This could include investments in advocacy campaigns, legal defense funds, grassroots movements, or community organizing initiatives aimed at advancing the cause of liberty and social justice.

In summary, the costs of liberty consumption encompass a range of considerations related to legal compliance, opportunity costs, social and economic consequences, risk and uncertainty, psychological well-being, and resource allocation. The form of liberty consumption can evolve over time and in response to different circumstances. Various facets of liberty consumption may intersect and mutually influence each other. Therefore, describing lib-

erty consumption as multi-dimensional or vector-like is an apt approach to conceptualize its complexity and breadth. The concept of “liberty consumption” emphasizes that the exercise of liberty rights entails various forms of expenditure and effort, underscoring the significance of the pursuit of liberties is in fostering individual autonomy, dignity, and human flourishing.

### *1.2.2. The concept of liberty capital*

The term liberty capital is another crucial concept aligned with liberty consumption, referring to the accumulation of resources, rights, and opportunities that facilitate the exercise and protection of individual liberties within a society. The accumulation of liberty capital over time by individuals through liberty consumption bears resemblance to habit formation or consumption capital formation, as described by Becker and Murphy (1988).<sup>2</sup> Liberty capital encompasses various aspects of freedom. Key components of liberty capital include:

- **Civil liberties:** Civil liberties include freedom of speech, freedom of assembly, freedom of religion, freedom of the press, and the right to privacy. This dimension encompasses fundamental rights and freedoms designed to shield individuals from government interference or oppression.
- **Political liberties:** Political Liberties encompass the right to vote, the right to run for public office, and the right to engage in political advocacy and activism. These liberties enable individuals to participate in the political process, express their political opinions, and engage in political activities without fear of retaliation or persecution. Formation of political liberty capital strengthens democratic institutions and promotes responsive governance, contributing to the establishment more open and participatory political systems.
- **Democratic governance:** This relates to the access to information, freedom of speech, and the expression of opinions. Enhancements in democratic governance promote accountability, transparency, and respect for human rights, fostering an environment conducive to the exercise of individual liberties. Liberty capital thrives in democratic societies where citizens have a voice in decision-making processes, and government power is subject to checks and balances.

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<sup>2</sup>Generally, “consumption capital” refers to the accumulation of knowledge, experience, or habits that enhance an individual’s capacity to derive satisfaction or utility from consuming goods and services. As Alfred Marshall stated, “It is therefore no exception to the law that the more good music a man hears, the stronger is his taste for it likely to become...”.

- **Rule of law:** Legal liberty capital comprises the laws, regulations, and judicial systems governing a society. This dimension also encompasses the rights and freedoms protected by law and the quality of the judicial and legal systems in safeguarding these liberties. The rule of law provides a framework for protecting individual liberties and holding government officials accountable, ensuring that government actions align with legal principles and constitutional rights. Robust legal liberty capital guarantees justice, equality, and protection of rights. The reinforcement of liberty capital occurs through the adherence to the rule of law, ensuring the impartial, predictable, and transparent application of laws.

- **Economic liberties:** This dimension encompasses the right to own property, the freedom to contract, the right to engage in trade and commerce, and the protection of property rights. Economic liberties allow individuals to pursue economic opportunities, engage in voluntary exchange, and control their property and resources without undue government intervention or regulation. The accumulation of economic liberty capital can lead to innovation, entrepreneurship, and economic growth.

- **Social autonomy:** This refers to the capacity to make autonomous choices regarding their personal lives, relationships, and associations. Social autonomy encompasses rights such as the freedom to marry, pursue educational and career goals, and associate with others based on personal preferences, all without external coercion or restriction. Elevated social liberty capital lead to the development of a more cohesive, tolerant, and diverse society, fostering heightened levels of trust and cooperation among individuals.

- **Cultural and social values:** Cultural capital involves the knowledge, beliefs, shared values, and cultural awareness inherent in individuals and within a society. Societies that prioritize individual autonomy and pluralism often exhibit elevated levels of liberty capital, fostering dynamism and innovation. Such societies create a conducive environment for diverse perspectives and cultural expressions to thrive. Enlightenment ideas, for example, emphasized the importance of individual rights, leading to the formation of a cultural capital that values freedom.

Thus, viewing liberty capital as multi-dimensional offers a comprehensive perspective on the diverse freedoms and rights that collectively contribute to the well-being and development of individuals and societies. Liberty capital represents the collective reservoir of freedoms, rights, and institutions that enable individuals to live free, self-determined lives and participate fully in the social, political, and economic life of their communities. The

existence and protection of individual freedoms act as a cornerstone for the development and prosperity of these various forms of capital, shaping the dynamics of political systems, social cohesion, cultural richness, and the overall potential of individuals in a society.

### **1.3. The formation of liberty capital in history**

The pursuit of liberty signifies an innate desire for individual autonomy, dignity, and progress. However, the formation of liberty capital cannot occur suddenly or in isolation. In fact, the historical account of the persistent struggle for liberty, akin to the accumulation of what can be termed liberty capital, is a complex narrative that spans centuries.

Since the signing of the Magna Carta in 1215, various historical events, movements, and ideas have contributed to the development and expansion of individual liberties. In 1215, The Magna Carta, signed by King John of England, is considered a foundational document in the history of liberty. It asserted certain rights and limited the power of the monarchy, establishing the principle that the king is not above the law. The Renaissance and Enlightenment periods witnessed a surge in intellectual and philosophical developments. Thinkers such as John Locke, Montesquieu, and Voltaire promoted ideas of individual rights, the separation of powers, and the social contract. Subsequently, the English Civil War and the Glorious Revolution (1688) played a crucial role in the development of constitutional monarchy and parliamentary sovereignty. The Bill of Rights (1689) affirmed individual rights and limited royal authority. The American Revolution resulted in the creation of the United States and the adoption of the U.S. Constitution (1787). Influenced by Enlightenment ideals, the Constitution established a framework for democratic governance and the protection of individual liberties. The French Revolution, marked by radical shifts, contributed to the global spread of democratic ideas. The Declaration of the Rights of Man and of the Citizen (1789) emphasized individual rights and equality.

In the last century, global efforts to promote democracy and human rights expanded significantly. The Civil Rights Movement in the United States aimed to end racial segregation and discrimination, resulting in substantial legal changes, including the Civil Rights Act of 1964 and the Voting Rights Act of 1965. In the era of the Digital Age and Information Revolution, digital technologies have played a pivotal role in promoting freedom of expression and providing platforms for activism. These ongoing challenges underscore the dynamic nature of the long-run struggle for liberty. Throughout the history, the accumulation of liberty capital can be observed as the gradual expansion of rights, recognition of individual dignity,



and the development of legal and institutional frameworks that safeguard liberty. While progress has been made, the struggle for liberty remains an ongoing process, adapting to the evolving needs and challenges of each era.

We structure this paper as follows. In Section 2, we establish the basic new dynamic model incorporating liberty consumption and liberty capital. In Section 3, we explore an example with a logarithmic utility function that is separable among ordinary goods consumption, liberty consumption, and liberty capital, alongside a Cobb-Douglas production function encompassing physical capital, liberty consumption, and liberty capital, and derive important propositions regarding liberty and growth. We conclude this paper in Section 4.

## 2. A THEORETICAL FRAMEWORK OF LIBERTY CONSUMPTION AND LIBERTY CAPITAL ACCUMULATION

First of all, let us define the utility function on ordinary goods consumption,  $c$ , liberty consumption,  $l$ , and liberty capital,  $L$ . The objective function of the agents is defined as follows:

$$\max \int_0^{\infty} U(c_t, l_t, L_t) e^{-\rho t} dt, \quad (1)$$

where  $\rho$  is the subjective discount rate, and the instantaneous utility function  $U$  is twice continuously differentiable,  $U_c > 0$ ,  $U_l > 0$ ,  $U_L > 0$ ,  $U_{cc} < 0$ ,  $U_{ll} < 0$ , and  $U_{LL} < 0$ . While both liberty consumption and liberty capital exhibit multidimensionality in reality, for the sake of simplicity in our dynamic modeling and analysis, we aggregate multidimensional liberty consumption into an index denoted as  $l$  and represent multidimensional liberty capital stocks as an index denoted as  $L$ . This aggregation approach aligns with methodologies employed in influential reports such as the World Freedom Report (2023) by The Heritage Foundation and the Human Freedom Index (2023) by the Cato Institute.<sup>3</sup>

The principal departure of this paper from traditional growth models lies in our incorporation of liberty consumption and liberty capital into the utility function. As stated earlier, individuals derive utility and satisfaction directly from the freedom they experience or aspire to attain. They are eager to allocate financial resources towards causes or activities that promote

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<sup>3</sup>For more liberty index, see e.g. “Human Freedom Score”, “The Freedom in the World” by Freedom House, “World trends in freedom of expression and media development; Global report 2021/2022” by UNESCO

and defend liberty. On the other hand, the pursuit of liberty is often not just an individual endeavor but involves collective action, as observed in movements for civil rights, national independence, or political freedoms. In this context, the utility function of an individual is interconnected with that of society, where the collective pursuit of freedom enhances individual satisfaction.

Simultaneously, agents also derive utility from the formation of liberty capital, representing an awareness of individual and societal freedom. The accumulation of liberty capital implies that individuals are free to engage in cultural, social, economic, and community activities. Similar to habit formation, the regular exercise of liberty can enhance an individual's capacity to think critically, make informed decisions, and act autonomously. This empowerment constitutes a form of personal liberty capital that can lead to greater personal and professional achievements. From the perspective of social liberty capital, as mentioned earlier, a high liberty capital can contribute to a more cohesive, tolerant, and diverse society. This environment also fosters greater individual fulfillment and self-expression, ensuring justice, equality and the protection of rights. Upholding and experiencing liberty can also be seen as a long-term investment, not just in the immediate sense of personal freedom and dignity, but in the broader context of creating a society that values and preserves liberty for future generations. In summary, liberty consumption and liberty capital within utility underscores a profound truth about human behavior and values. It reflects not just economic decisions, but also the deep-rooted human desire for freedom and the lengths to which individuals and societies are willing to go to achieve and maintain it.

Furthermore, we assume that both liberty capital and liberty consumption play roles in the production process. Specifically, the production function can take the following general form:

$$Y_t = f(K_t, l_t, L_t), \quad (2)$$

where  $f_K > 0$ ,  $f_l > 0$ ,  $f_L > 0$ ,  $f_{KK} < 0$ ,  $f_{ll} < 0$ , and  $f_{LL} < 0$ . The inclusion of liberty consumption and liberty capital into the production function is a critical contribution of this paper. The accumulation of liberty capital can be realized through the exercise of one's liberty in a career, leading to innovation, entrepreneurship, and economic growth. An increase in liberty capital, coupled with stronger property rights and the rule of law, also protects such innovation, positively impacting the production function. The accumulation of liberty capital can contribute to improved

governance and political stability. As citizens become more accustomed to freedoms, they are likely to demand more accountability and transparency from their leaders, fostering better governance practices. Countries with a high level of accumulated liberty capital can wield significant soft power and facilitate quicker and more effective responses to emergencies, displaying greater resilience in the face of crises.

In our model, both liberty consumption and liberty capital contribute to constructing a tolerant and free environment that fosters innovation and entrepreneurship, and societies with a respect for liberty will experience greater political and economic stability. In the production function, this stability can contribute to sustained growth, attracting investments, and fostering an environment conducive to long-term economic development. An enlightened society also encourages individuals to express their individuality, impressions, and motivations, leading to increased productivity and efficiency in economic activities.

As for the formation function of liberty capital,  $h_t$ , we define it on liberty consumption,  $l$ , and liberty capital stock,  $L$ :

$$h_t = h(l_t, L_t), \quad (3)$$

where  $h_l > 0$ ,  $h_L > 0$ ,  $h_{ll} < 0$ , and  $h_{LL} < 0$ . That is to say, on the one hand, liberty consumption  $l_t$  has an impact on current liberty capital formation through a process akin to “learning by doing”: the exercise of rights and freedom keeps generating liberty capital. On the other hand, a culture of freedom and independence, once established, promotes further acts of liberty, resembling a positive feedback loop. Hence, we also let  $L_t$  play a positive role in the formation of liberty capital.

The dynamic equations of physical and liberty capital accumulation are given by

$$\dot{K}_t = f(K_t, l_t, L_t) - c_t - g(l_t) - \delta_K K_t, \quad (4)$$

$$\dot{L}_t = h(l_t, L_t) - \delta_L L_t, \quad (5)$$

where  $g(l_t)$  represents the expenditure on liberty,  $\delta_K$  and  $\delta_L$  denote the depreciation rates of physical capital and liberty capital, respectively.

To derive the optimal conditions for a representative agent, we define the present-value Hamiltonian as

$$\mathcal{H} = U(c, l, L) + \lambda_1 \dot{K} + \lambda_2 \dot{L}, \quad (6)$$

where  $\lambda_1$  and  $\lambda_2$  are co-state variables that measure the shadow prices of physical and liberty capital, respectively.

The first-order conditions for the optimization are

$$U_c - \lambda_1 = 0, \quad (7)$$

$$U_l + \lambda_1(f_l - g') + \lambda_2 h_l = 0, \quad (8)$$

$$\lambda_1(f_K - \delta_K) = \rho\lambda_1 - \dot{\lambda}_1, \quad (9)$$

$$U_L + \lambda_1 f_L + \lambda_2(h_L - \delta_L) = \rho\lambda_2 - \dot{\lambda}_2. \quad (10)$$

It is straightforward to derive the dynamic system consisting of  $c$ ,  $l$ ,  $K$ , and  $L$  by eliminating  $\lambda_1$  and  $\lambda_2$ :

$$\dot{c} = -\frac{U_{cl}}{U_{cc}}\dot{l} - \frac{U_{cL}}{U_{cc}}\dot{L} - \frac{U_c}{U_{cc}}(f_K - \delta_K - \rho), \quad (11)$$

$$\dot{l} = -\frac{\Omega_K}{\Omega_l}\dot{K} - \frac{\Omega_L}{\Omega_l}\dot{L} + \frac{\Omega_c}{\Omega_l}\frac{U_c}{U_{cc}}(f_K - \delta_K - \rho) - \frac{\Phi}{\Omega_l}, \quad (12)$$

$$\dot{K} = f(K, l, L) - c - g(l) - \delta_K K, \quad (13)$$

$$\dot{L} = h(l, L) - \delta_L L, \quad (14)$$

where  $\Omega_c = h_l D_c$ ,  $\Omega_l = h_l D_l - h_{ll} D - \Omega_c \frac{U_{cl}}{U_{cc}}$ ,  $\Omega_K = h_l D_K$ ,  $\Omega_L = h_l D_L - h_{lL} D - \Omega_c \frac{U_{cl}}{U_{cc}}$ ,  $D = U_l + U_c(f_l - g'(l))$ ,  $D_i$  denotes the partial derivative of  $D$  with respect to  $i$ , and  $i = c, l, K, L$ ; and  $\Phi = h_l^2 U_L + h_l^2 U_c f_L + h_l D(h_L - \delta_L - \rho)$ .

### 3. AN EXAMPLE WITH A LOGARITHMIC UTILITY AND A COBB-DOUGLAS PRODUCTION FUNCTION

#### 3.1. The Optimization Problem

Let the utility function be

$$U(c, l, L) = \ln c + \theta_l \ln l + \theta_L \ln L, \quad (15)$$

where  $\theta_l > 0$  and  $\theta_L > 0$  represent preference for liberty consumption and liberty capital, respectively. Furthermore, let the production function be

$$Y = A_K K^\alpha l^\beta L^{1-\alpha-\beta}, \quad (16)$$

and liberty formation be

$$h = A_L l^\sigma L^\theta, \quad (17)$$

where  $0 < \alpha < 1$ ,  $0 < \beta < 1$ ,  $0 < \sigma < 1$ ,  $0 < \theta < 1$ ,  $A_K > 0$ , and  $A_L > 0$ . If  $\sigma + \theta = 1$ , it can be concluded that there exists a balanced growth path.

However, in this paper we focus on the scenario where  $\sigma + \theta < 1$ , indicating the existence of a unique steady state for ordinary goods consumption  $c$ , liberty consumption  $l$ , physical capital  $K$ , and liberty capital  $L$ . Lastly, we assume that the marginal cost of liberty consumption, denoted as  $p_l$ , is constant:

$$g(l) = p_l l. \quad (18)$$

The equations of motion for physical and liberty capital accumulation can be written as

$$\dot{K} = A_K K^\alpha l^\beta L^{1-\alpha-\beta} - p_l l - c - \delta_K K, \quad (19)$$

$$\dot{L} = A_L l^\sigma L^\theta - \delta_L L. \quad (20)$$

Substituting equations (15)-(18) into equations (7)-(10), we obtain the optimal conditions

$$\frac{1}{c} - \lambda_1 = 0, \quad (21)$$

$$\frac{\theta_l}{l} + \lambda_1 (A_K \beta K^\alpha l^{\beta-1} L^{1-\alpha-\beta} - p_l) + \lambda_2 A_L \sigma l^{\sigma-1} L^\theta = 0, \quad (22)$$

$$\lambda_1 (A_K \alpha K^{\alpha-1} l^\beta L^{1-\alpha-\beta} - \delta_K) = \rho \lambda_1 - \dot{\lambda}_1, \quad (23)$$

$$\frac{\theta_L}{L} + \lambda_1 A_K (1 - \alpha - \beta) K^\alpha l^\beta L^{-\alpha-\beta} + \lambda_2 (A_L \theta l^\sigma L^{\theta-1} - \delta_L) = \rho \lambda_2 - \dot{\lambda}_2. \quad (24)$$

### 3.2. Solutions for the steady state

For a generic variable  $x$  we denote its value at the steady state as  $x^*$ . Since all variables have zero change rate at the steady state,  $\dot{\lambda}_1 = 0$  in equation (23) implies

$$Y^* = \frac{\delta_K + \rho}{\alpha} K^*. \quad (25)$$

When  $\dot{K} = \dot{L} = 0$  in equations (19) and (20), we have

$$Y^* - \delta_K K^* = p_l l^* + c^*, \quad (26)$$

$$h^* = \delta_L L^*. \quad (27)$$

Additionally, equation (21) implies  $\lambda_1 = \frac{1}{c}$ . When  $\dot{\lambda}_2 = 0$ , equations (22) and (24) become

$$\frac{\theta_l}{l^*} + \frac{1}{c^*} \left( \beta \frac{Y^*}{l^*} - p_l \right) + \lambda_2^* \sigma \frac{h^*}{l^*} = 0, \quad (28)$$

$$\frac{\theta_L}{L^*} + \frac{1}{c^*} (1 - \alpha - \beta) \frac{Y^*}{L^*} + \lambda_2^* \left( \theta \frac{h^*}{L^*} - \delta_L \right) = \rho \lambda_2^*. \quad (29)$$

Combining equations (28) and (29) eliminates  $\lambda_2^*$ :

$$\begin{aligned} & [(1 - \theta)\delta_L + \rho] p_l l^* - [\sigma \delta_L \theta_L + \theta_l ((1 - \theta)\delta_L + \rho)] c^* \\ &= [\sigma \delta_L (1 - \alpha - \beta) + \beta ((1 - \theta)\delta_L + \rho)] \frac{\delta_K + \rho}{\alpha} K^*. \end{aligned} \quad (30)$$

From equations (25), (26), and (30) we have

$$p_l l^* = \Theta K^*, \quad (31)$$

where

$$\Theta = \left( \frac{\delta_K + \rho}{\alpha} - \delta_K \right) \Theta_1 + \frac{\delta_K + \rho}{\alpha} \Theta_2, \quad (32)$$

and

$$\Theta_1 = \frac{\sigma \delta_L \theta_L + \theta_l ((1 - \theta)\delta_L + \rho)}{\sigma \delta_L \theta_L + (\theta_l + 1)((1 - \theta)\delta_L + \rho)}, \quad (33)$$

$$\Theta_2 = \frac{\sigma \delta_L (1 - \alpha - \beta) + \beta ((1 - \theta)\delta_L + \rho)}{\sigma \delta_L \theta_L + (\theta_l + 1)((1 - \theta)\delta_L + \rho)}. \quad (34)$$

Then

$$c^* = \left( \frac{\delta_K + \rho}{\alpha} - \delta_K \right) K^* - p_l l = \left( \frac{\delta_K + \rho}{\alpha} - \delta_K - \Theta \right) K^*. \quad (35)$$

We notice that  $c^*$  and  $l^*$  are both proportional to  $K^*$ . To guarantee a positive ordinary goods consumption  $c^*$ , the parameters must satisfy

$$\frac{\delta_K + \rho}{\alpha} - \delta_K - \Theta = \left( \frac{\delta_K + \rho}{\alpha} - \delta_K \right) (1 - \Theta_1) - \frac{\delta_K + \rho}{\alpha} \Theta_2 > 0. \quad (36)$$

Recall that, at the steady state,  $A_L l^{*\sigma} L^{*\theta} = \delta_L L^*$  and  $Y^* = \frac{\delta_K + \rho}{\alpha} K^* = A_K K^{*\alpha} l^{*\beta} L^{*1-\alpha-\beta}$  hold. With equation (31), we obtain

$$\ln L^* = \frac{1}{1 - \sigma - \theta} \left\{ \frac{\sigma}{1 - \alpha - \beta} \left[ (1 - \alpha) \ln \frac{\Theta}{p_l} + \ln \frac{A_K \alpha}{\delta_K + \rho} \right] + \ln \frac{A_L}{\delta_L} \right\}. \quad (37)$$

The optimal values of  $c^*$ ,  $l^*$ , and  $K^*$  are given by

$$\ln l^* = \frac{1-\theta}{\sigma} \ln L^* + \frac{1}{\sigma} \ln \frac{\delta_L}{A_L}, \quad (38)$$

$$\ln K^* = \ln p_l l^* - \ln \Theta, \quad (39)$$

$$\ln c^* = \ln \left( \frac{\delta_K + \rho}{\alpha} - \delta_K - \Theta \right) + \ln K^*. \quad (40)$$

### 3.3. Implications and simulation results

For a logarithmic utility function and Cobb-Douglas production function, explicit solutions for  $c^*$ ,  $l^*$ ,  $K^*$ , and  $L^*$  have been stated above. Now, we present several propositions regarding the comparative statics.

**PROPOSITION 1.** *A greater preference to liberty consumption  $\theta_l$  results in an increase in the levels of liberty consumption,  $l^*$ , physical capital,  $K^*$ , and liberty capital,  $L^*$ , in the long run. However, its effect on ordinary goods consumption  $c^*$  is ambiguous.*

*Proof.* In the explicit solution for  $L^*$  in equation (37), we differentiate  $\ln L^*$  with respect to  $\theta_l$ :

$$\frac{\partial \ln L^*}{\partial \theta_l} = \frac{\sigma}{1-\sigma-\theta} \frac{1-\alpha}{1-\alpha-\beta} \frac{1}{\Theta} \frac{\partial \Theta}{\partial \theta_l}. \quad (41)$$

Since  $\Theta > 0$ , the sign of  $\frac{\partial \ln L^*}{\partial \theta_l}$  is determined by the sign of  $\frac{\partial \Theta}{\partial \theta_l}$ . Given (33) and (34), we have

$$\begin{aligned} \frac{\partial \Theta_1}{\partial \theta_l} &= \left[ \frac{(1-\theta)\delta_L + \rho}{\sigma\theta_L\delta_L + (\theta_l + 1)((1-\theta)\delta_L + \rho)} \right]^2 > 0, \\ \frac{\partial \Theta_2}{\partial \theta_l} &= - \frac{((1-\theta)\delta_L + \rho)[\sigma\delta_L(1-\alpha-\beta) + \beta((1-\theta)\delta_L + \rho)]}{[\sigma\theta_L\delta_L + (\theta_l + 1)((1-\theta)\delta_L + \rho)]^2} < 0. \end{aligned}$$

Thus

$$\begin{aligned} \frac{\partial \Theta}{\partial \theta_l} &= \left( \frac{\delta_K + \rho}{\alpha} - \delta_K \right) \frac{\partial \Theta_1}{\partial \theta_l} + \frac{\delta_K + \rho}{\alpha} \frac{\partial \Theta_2}{\partial \theta_l} \\ &= \frac{(1-\theta)\delta_L + \rho}{\sigma\theta_L\delta_L + (\theta_l + 1)((1-\theta)\delta_L + \rho)} \left[ \left( \frac{\delta_K + \rho}{\alpha} - \delta_K \right) (1 - \Theta_1) - \frac{\delta_K + \rho}{\alpha} \Theta_2 \right] > 0, \end{aligned} \quad (42)$$

which follows from equation (36). Therefore,

$$\frac{\partial \ln L^*}{\partial \theta_l} > 0. \quad (43)$$

Furthermore, given the optimal levels of  $c^*$ ,  $l^*$ , and  $K^*$  from equations (38) - (40), the optimal level of liberty consumption will increase with a higher preference for liberty consumption:

$$\frac{\partial \ln l^*}{\partial \theta_l} = \frac{1 - \theta}{\sigma} \frac{\partial \ln L^*}{\partial \theta_l} > 0. \quad (44)$$

Next, the effect of increasing  $\theta_l$  on the stock of physical capital is positive since

$$\frac{\partial \ln K^*}{\partial \theta_l} = \frac{\partial \ln l^*}{\partial \theta_l} - \frac{1}{\Theta} \frac{\partial \Theta}{\partial \theta_l} = \left( \frac{1 - \theta}{1 - \sigma - \theta} \frac{1 - \alpha}{1 - \alpha - \beta} - 1 \right) \frac{1}{\Theta} \frac{\partial \Theta}{\partial \theta_l} > 0. \quad (45)$$

Finally, we examine the effect of increasing  $\theta_l$  on  $c^*$

$$\begin{aligned} \frac{\partial \ln c^*}{\partial \theta_l} &= -\frac{1}{\frac{\delta_K + \rho}{\alpha} - \delta_K - \Theta} \frac{\partial \Theta}{\partial \theta_l} + \left( \frac{1 - \theta}{1 - \sigma - \theta} \frac{1 - \alpha}{1 - \alpha - \beta} - 1 \right) \frac{1}{\Theta} \frac{\partial \Theta}{\partial \theta_l} \\ &= \left( \frac{1 - \theta}{1 - \sigma - \theta} \frac{1 - \alpha}{1 - \alpha - \beta} - 1 - \frac{\Theta}{\frac{\delta_K + \rho}{\alpha} - \delta_K - \Theta} \right) \frac{1}{\Theta} \frac{\partial \Theta}{\partial \theta_l}. \quad (46) \end{aligned}$$

Whether an increase in  $\theta_l$  has a positive or a negative effect on  $c^*$  is determined by the sign of terms in the bracket of equation (46). Noting that  $\frac{\Theta}{\frac{\delta_K + \rho}{\alpha} - \delta_K - \Theta}$  is increasing in  $\Theta$ , and  $\Theta$  is increasing in  $\theta_l$ , the sign of terms in the bracket of (46) will change from being positive to being negative at a some value of  $\theta_l$ . Therefore, an increase in  $\theta_l$  exhibits an inverted U-shaped effect on the optimal ordinary goods consumption,  $c^*$ . ■

A higher preference for liberty consumption  $\theta_l$  stimulates the demand for liberty consumption  $l$  in comparison to ordinary goods consumption  $c$ . Consequently, more liberty capital  $L$  is accumulated since individual enjoys more liberty. The increase in  $l$  and  $L$  also promote total output and physical capital accumulation. However, an increase  $\theta_l$  exhibits opposite effects on  $c$ . The income effect indicates that an increase in the accumulation of  $K$  will also lead to an increase in consumption  $c$ . Conversely, the substitution



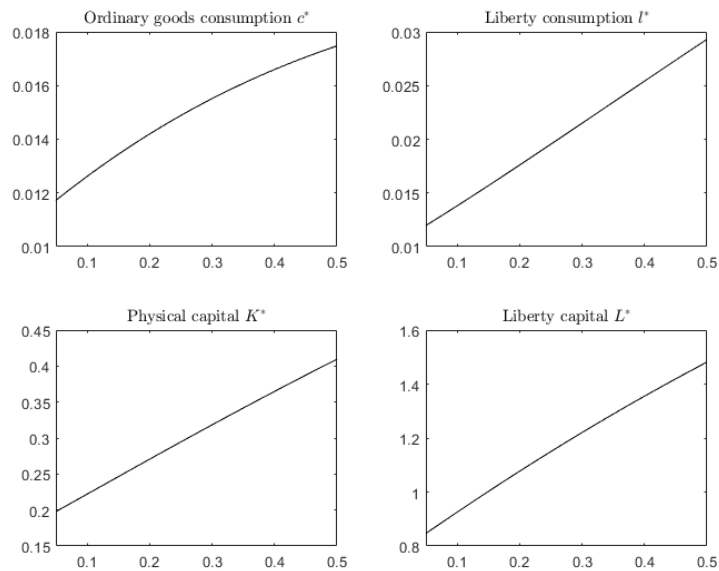
effect implies that a greater passion for  $l$  will result in a decrease in the demand for  $c$ . Equation (44) shows that the ratio of the consumption on liberty to physical capital is increasing as  $\theta_l$  grows. Ultimately, the income effect prevails over the substitution effect when  $\theta_l$  is relatively low, whereas the substitution effect dominates when  $\theta_l$  is high, resulting in a decrease in  $c$ .

To better appreciate this proposition, we assign the following parameter values in the benchmark case:

$$\begin{aligned} \theta_l = 0.3, \quad \theta_L = 0.3, \quad A_k = 0.3, \quad A_L = 0.4, \quad \delta_K = 0.05, \quad \delta_L = 0.05, \\ p_l = 1.5, \quad \rho = 0.03, \quad \alpha = 0.4, \quad \beta = 0.3, \quad \sigma = 0.5, \quad \theta = 0.2. \end{aligned}$$

Figure 1 illustrates the effect of changing  $\theta_l$  from 0.05 to 0.5, with all other parameters remaining constant (and the same applies to the subsequent simulations). It becomes apparent that all variables experience an increase as  $\theta_l$  increases.<sup>4</sup>

**FIG. 1.** Effects of  $\theta_l$  that changes from 0.05 to 0.5



<sup>4</sup>As the parameter  $\theta_l$  continues to increase, ordinary goods consumption,  $c^*$ , may transition from growth to decline, with the inflection point occurring at approximately  $\theta_l = 1.33$ , which is not illustrated in this figure.

PROPOSITION 2. *A greater preference for liberty capital  $\theta_L$  has a positive impact on the long-run levels of liberty consumption  $l^*$ , physical capital  $K^*$ , and liberty capital  $L^*$ . However, the effect on ordinary goods consumption  $c^*$  cannot be determined unambiguously.*

*Proof.* Differentiate  $\ln L^*$  with respect to  $\theta_L$

$$\frac{\partial \ln L^*}{\partial \theta_L} = \frac{\sigma}{1-\sigma-\theta} \frac{1-\alpha}{1-\alpha-\beta} \frac{1}{\Theta} \left[ \left( \frac{\delta_K + \rho}{\alpha} - \delta_K \right) \frac{\partial \Theta_1}{\partial \theta_L} + \frac{\delta_K + \rho}{\alpha} \frac{\partial \Theta_2}{\partial \theta_L} \right], \quad (47)$$

where

$$\begin{aligned} \frac{\partial \Theta_1}{\partial \theta_L} &= \frac{\sigma \delta_L ((1-\theta)\delta_L + \rho)}{[\sigma \theta_L \delta_L + (\theta_l + 1)((1-\theta)\delta_L + \rho)]^2} > 0, \\ \frac{\partial \Theta_2}{\partial \theta_L} &= -\frac{\sigma \delta_L [\sigma \delta_L (1-\alpha-\beta) + \beta((1-\theta)\delta_L + \rho)]}{[\sigma \theta_L \delta_L + (\theta_l + 1)((1-\theta)\delta_L + \rho)]^2} < 0. \end{aligned}$$

Similar to equation (42), terms in square bracket of (47) can be written as

$$\frac{\sigma \delta_L}{\sigma \theta_L \delta_L + (\theta_l + 1)((1-\theta)\delta_L + \rho)} \left[ \left( \frac{\delta_K + \rho}{\alpha} - \delta_K \right) (1 - \Theta_1) - \frac{\delta_K + \rho}{\alpha} \Theta_2 \right] > 0, \quad (48)$$

which implies that

$$\frac{\partial \ln L^*}{\partial \theta_L} > 0. \quad (49)$$

Moreover, similar to the effects of  $\theta_l$  on  $l^*$  and  $K^*$ , we obtain

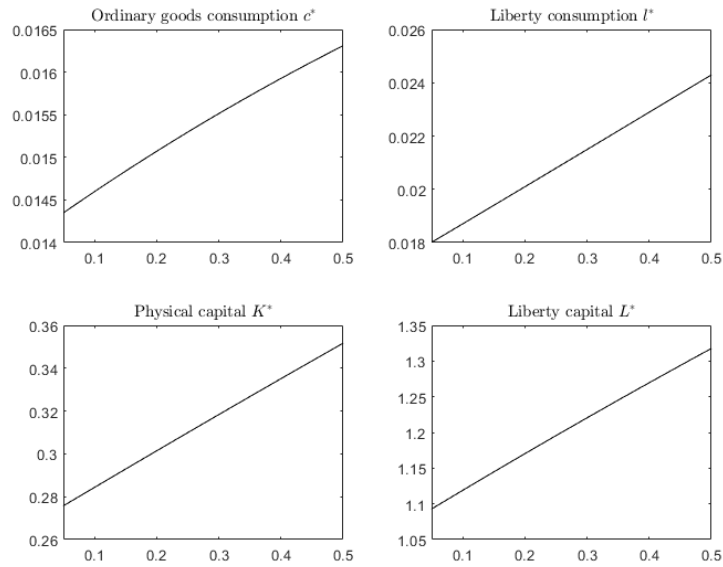
$$\frac{\partial \ln l^*}{\partial \theta_L} = \frac{1-\theta}{\sigma} \frac{\partial \ln L^*}{\partial \theta_L} > 0, \quad (50)$$

$$\frac{\partial \ln K^*}{\partial \theta_L} = \left( \frac{1-\theta}{1-\sigma-\theta} \frac{1-\alpha}{1-\alpha-\beta} - 1 \right) \frac{1}{\Theta} \frac{\partial \Theta}{\partial \theta_L} > 0, \quad (51)$$

and for the effect on ordinary goods consumption

$$\frac{\partial \ln c^*}{\partial \theta_L} = \left( \frac{1-\theta}{1-\sigma-\theta} \frac{1-\alpha}{1-\alpha-\beta} - 1 - \frac{\Theta}{\frac{\delta_K + \rho}{\alpha} - \delta_K - \Theta} \right) \frac{1}{\Theta} \frac{\partial \Theta}{\partial \delta_L}. \quad (52)$$

Therefore, an increase in  $\theta_L$  exhibits an inverted U-shaped effect on the optimal ordinary goods consumption level  $c^*$ . ■

**FIG. 2.** Effects of  $\theta_L$  that changes from 0.05 to 0.5

We notice that an increase in  $\theta_L$  leads the agents to derive more utility from the accumulation of  $L$ . This, in turn, encourages individuals to engage more liberty consumption to construct and maintain a free, open society. They also allocate more resources to liberty-related activities, to initiatives that promote and defend liberty. As shown in Figure 2, it is clear that variables  $c^*$ ,  $l^*$ ,  $K^*$ , and  $L^*$  increase with  $\theta_L$ .<sup>5</sup>

These two propositions above have demonstrated clearly that a nation with a passion for liberty will have greater consumption, higher capital accumulation, and faster economic growth. This is true for the following reasons: (i) Individual freedom and innovation: Liberty nurtures an environment where individuals are free to pursue their interests, innovate, and engage in economic activities without undue restrictions. When people have the freedom to explore new ideas, start businesses, and engage in commerce, it can lead to greater innovation and entrepreneurship, which are drivers of economic growth. (ii) Incentives for investment: In a liberty-respecting society, individuals are incentivized to invest in their own human capital and in productive assets. When people feel secure in their property

<sup>5</sup>The impact of an elevated  $\theta_L$  on the long-run level of ordinary goods consumption level  $c^*$  is similar to that of an increase in  $\theta_l$ , and the inflection point occurs at approximately  $\theta_L = 3.19$ .

rights and have the freedom to reap the rewards of their efforts, they are more likely to invest in education, training, and business ventures, contributing to overall capital accumulation. (iii) Efficient resource allocation: Liberty promotes market-based mechanisms where resources are allocated efficiently based on supply and demand. In a free-market system, prices serve as signals that guide producers and consumers in determining production, consumption, and investment choices. This efficient allocation of resources leads to higher productivity and overall economic growth. (iv) Competition and consumer choice: Liberty encourages competition and consumer choice, which drive businesses to improve quality, lower prices, and innovate in order to appeal to customers. This dynamic competition benefits consumers by offering them a wider range of high-quality goods and services at competitive prices, leading to increased consumption and overall welfare. (v) Rule of law and property rights: A society founded on principles of liberty typically upholds the rule of law and protects property rights. This provides individuals and enterprises with the legal certainty and security they need to engage in economic activities, make long-term investments, and participate in markets with assurance.

**PROPOSITION 3.** *The higher the physical capital productivity  $A_K$ , the higher the long-run ordinary goods consumption  $c^*$ , liberty consumption  $l^*$ , physical capital  $K^*$ , and liberty capital  $L^*$ .*

*Proof.* The effect of increasing  $A_K$  can be seen as follows:

$$\frac{\partial \ln L^*}{\partial A_K} = \frac{1}{1 - \sigma - \theta} \frac{\sigma}{1 - \alpha - \beta} \frac{1}{A_k} > 0, \quad (53)$$

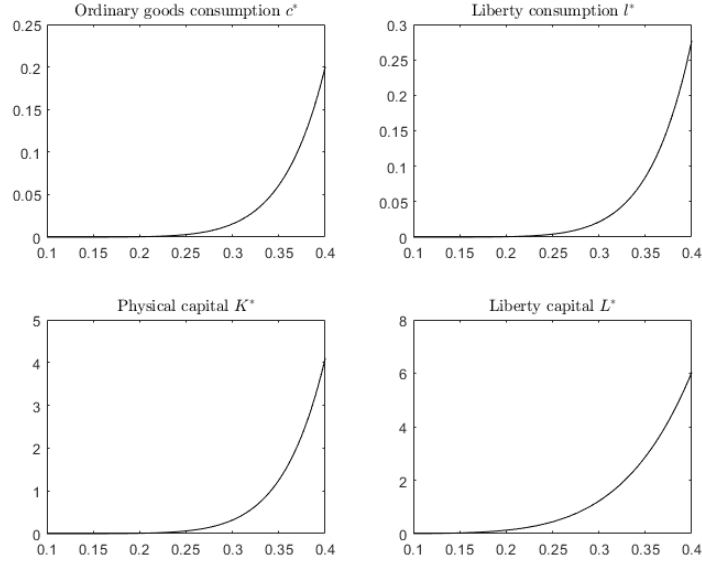
$$\frac{\partial \ln l^*}{\partial A_K} = \frac{1 - \theta}{\sigma} \frac{\partial \ln L^*}{\partial A_k} > 0, \quad (54)$$

$$\frac{\partial \ln K^*}{\partial A_K} = \frac{\partial \ln l^*}{\partial A_K} > 0, \quad (55)$$

$$\frac{\partial \ln c^*}{\partial A_K} = \frac{\partial \ln l^*}{\partial A_K} > 0. \quad (56)$$

■

This result of a rise in productivity measured by  $A_K$  is quite intuitive. A higher productivity in physical capital leads to a higher income, and, as a result, agents tend to spend more on both two kinds of consumption. This, in turn, leads to an increase in the formation of liberty capital  $L$ . The simulation results are shown in Figure 3.

**FIG. 3.** Effects of  $A_k$  changing from 0.1 to 0.4

**PROPOSITION 4.** *The higher the formation efficiency of liberty capital  $A_L$ , the higher the long-run level of ordinary goods consumption  $c^*$ , liberty consumption  $l^*$ , physical capital  $K^*$ , and liberty capital  $L^*$ .*

*Proof.* To see this, we differentiate  $\ln L^*$ ,  $\ln l^*$ ,  $\ln K^*$ , and  $\ln c^*$  with respect to  $A_L$ :

$$\frac{\partial \ln L^*}{\partial A_L} = \frac{1}{1 - \sigma - \theta} \frac{1}{A_L} > 0, \quad (57)$$

$$\frac{\partial \ln l^*}{\partial A_L} = \left( \frac{1 - \theta}{\sigma} \frac{1}{1 - \sigma - \theta} - \frac{1}{\sigma} \right) \frac{1}{A_L} = \frac{1}{1 - \sigma - \theta} \frac{1}{A_L} > 0, \quad (58)$$

$$\frac{\partial \ln K^*}{\partial A_L} = \frac{\partial \ln l^*}{\partial A_L} > 0, \quad (59)$$

$$\frac{\partial \ln c^*}{\partial A_L} = \frac{\partial \ln K^*}{\partial A_L} > 0. \quad (60)$$

■

The impact of a higher level of  $A_L$  on the economy is both intuitive and significant. Increased productivity in  $L$  facilitates the cultivation of a culture of freedom and independence within a society. With the existing level of liberty consumption, individuals accumulate more liberty capital,

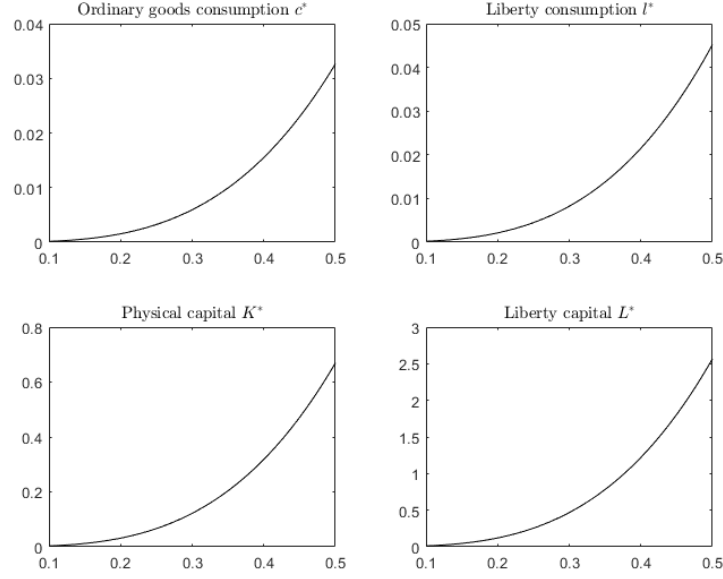
thereby directly enhancing the welfare of individuals. Furthermore, an increase in liberty capital  $L$  also boosts the productivity of physical capital  $K$ , resulting in higher total output and, consequently, higher levels of both ordinary goods consumption  $c$  and liberty consumption  $l$ . This result indicates the key role the productivity of  $L$  plays in economic growth. It is well-known that technology and the productivity of physical capital has explained much of the output variations among countries in the Ramsey-Cass-Koopmans model. However, in this liberty capital model, the efficiency of accumulated liberty capital  $L$  is equally crucial because liberty is the creative power of free and open societies! Specifically, the creative power of free and open societies stems from their ability to foster innovation, encourage diversity of thought, and provide individuals with the freedom to express themselves and pursue their interests without undue constraint. In such environments, people are more likely to exchange ideas, collaborate on projects, and experiment with new concepts and technologies. This dynamic interchange of ideas and perspectives fuels creativity and drives progress in various fields, including science, technology, art, culture, and, of course, material life. Additionally, the openness of these societies allows for the free flow of information and knowledge, enabling individuals to build upon existing ideas and develop new solutions to complex challenges. Overall, the creative power of free and open societies lies in their ability to unleash the full potential of human ingenuity and imagination.

Figure 4 illustrates the simulations.

**PROPOSITION 5.** *A higher depreciation rate of physical capital,  $\delta_K$ , decreases ordinary goods consumption  $c^*$ , liberty consumption  $l^*$ , physical capital  $K^*$ , and liberty capital  $L^*$  in the long run.*

*Proof.* To examine the impact of an increase in  $\delta_K$  on liberty capital  $L^*$ , we differentiate  $\ln L^*$  with respect to  $\delta_K$ :

$$\begin{aligned} \frac{\partial \ln L^*}{\partial \delta_K} &= \frac{\sigma}{1 - \sigma - \theta} \frac{1 - \alpha}{1 - \alpha - \beta} \frac{1}{\Theta} \frac{\partial \Theta}{\partial \delta_K} - \frac{\sigma}{1 - \sigma - \theta} \frac{1}{1 - \alpha - \beta} \frac{1}{\delta_K + \rho} \\ &= \frac{\sigma}{1 - \sigma - \theta} \frac{1 - \alpha}{1 - \alpha - \beta} \left( \frac{1}{\Theta} \frac{\partial \Theta}{\partial \delta_K} - \frac{1}{1 - \alpha} \frac{1}{\delta_K + \rho} \right). \end{aligned} \quad (61)$$

**FIG. 4.** Effects of  $A_L$  changing from 0.1 to 0.5

The sign of  $\frac{\partial \ln L^*}{\partial \delta_K}$  is determined by the terms in the bracket of (61). Note that

$$\begin{aligned} \frac{1}{\Theta} \frac{\partial \Theta}{\partial \delta_K} &= \frac{\frac{1-\alpha}{\alpha} \Theta_1 + \frac{1}{\alpha} \Theta_2}{\frac{(1-\alpha)\delta_K + \rho}{\alpha} \Theta_1 + \frac{\delta_K + \rho}{\alpha} \Theta_2} = \frac{1}{\delta_K + \rho + \frac{\alpha \rho \Theta_1}{(1-\alpha)\Theta_1 + \Theta_2}} \\ &< \frac{1}{\delta_K + \rho} < \frac{1}{1-\alpha} \frac{1}{\delta_K + \rho}, \end{aligned} \quad (62)$$

which implies  $\frac{\partial \ln L^*}{\partial \delta_K} < 0$ . It is straightforward to demonstrate that

$$\frac{\partial \ln l^*}{\partial \delta_K} = \frac{1-\theta}{\sigma} \frac{\partial \ln L^*}{\partial \delta_K} < 0, \quad (63)$$

$$\frac{\partial \ln K^*}{\partial \delta_K} = \frac{\partial \ln l^*}{\partial \delta_K} - \frac{1}{\Theta} \frac{\partial \Theta}{\partial \delta_K} < 0. \quad (64)$$

The impact of  $\delta_K$  on  $c$  is

$$\frac{\partial \ln c^*}{\partial \delta_K} = \frac{1}{\frac{\delta_K + \rho}{\alpha} - \delta_K - \Theta} \left( \frac{1-\alpha}{\alpha} - \frac{\partial \Theta}{\partial \delta_K} \right) - \frac{1}{\Theta} \frac{\partial \Theta}{\partial \delta_K} + \frac{\partial \ln l^*}{\partial \delta_K}. \quad (65)$$

Recall that

$$\Theta = \left( \frac{\delta_K + \rho}{\alpha} - \delta_K \right) \Theta_1 + \frac{\delta_K + \rho}{\alpha} \Theta_2,$$

we have

$$\frac{\partial \Theta}{\partial \delta_K} = \frac{1 - \alpha}{\alpha} \Theta_1 + \frac{1}{\alpha} \Theta_2. \quad (66)$$

Substitute equations (32), (62), and (66) into (65)

$$\begin{aligned} \frac{\partial \ln c^*}{\partial \delta_K} &= \frac{\frac{1 - \alpha}{\alpha} (1 - \Theta_1) - \frac{1}{\alpha} \Theta_2}{\left( \frac{\delta_K + \rho}{\alpha} - \delta_K \right) (1 - \Theta_1) - \frac{\delta_K + \rho}{\alpha} \Theta_2} \\ &\quad - \frac{\frac{1 - \alpha}{\alpha} \Theta_1 + \frac{1}{\alpha} \Theta_2}{\left( \frac{\delta_K + \rho}{\alpha} - \delta_K \right) \Theta_1 + \frac{\delta_K + \rho}{\alpha} \Theta_2} + \frac{\partial \ln l^*}{\partial \delta_K}. \end{aligned} \quad (67)$$

The combination of the first two terms is negative, therefore

$$\frac{\partial \ln c^*}{\partial \delta_K} < 0. \quad (68)$$

■

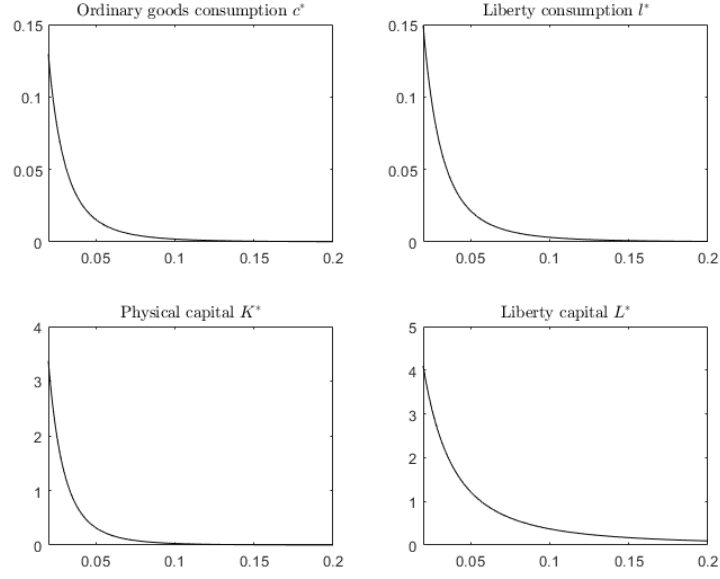
In an environment with a higher depreciation rate of physical capital, agents have less motivation to expand production, which implies a lower income for agents. This leads to a reduction in consumption of  $c^*$  and  $l^*$ , and less formation of liberty capital  $L$ . Figure 5 shows the simulation results.

**PROPOSITION 6.** *A higher depreciation rate of liberty capital  $\delta_L$  decreases the level of ordinary goods consumption  $c^*$ , liberty consumption  $l^*$ , physical capital  $K^*$ , and liberty capital  $L^*$  in the long run.*

*Proof.* We differentiate  $\ln L^*$  with respect to  $\delta_L$

$$\frac{\partial \ln L^*}{\partial \delta_L} = \frac{1}{1 - \sigma - \theta} \left( \frac{1 - \alpha}{1 - \alpha - \beta} \frac{\sigma}{\Theta} \frac{\partial \Theta}{\partial \delta_L} - \frac{1}{\delta_L} \right). \quad (69)$$



**FIG. 5.** Effects of  $\delta_k$  that varies from 0.02 to 0.2

Since

$$\frac{\partial \Theta_1}{\partial \delta_L} = \frac{\sigma \theta_L \rho}{[\sigma \theta_L \delta_L + (\theta_l + 1)((1 - \theta)\delta_L + \rho)]^2}, \quad (70)$$

$$\frac{\partial \Theta_2}{\partial \delta_L} = \frac{\sigma \rho [(1 - \alpha - \beta)(1 + \theta_l) - \beta \theta_L]}{[\sigma \theta_L \delta_L + (\theta_l + 1)((1 - \theta)\delta_L + \rho)]^2}, \quad (71)$$

we have

$$\frac{\partial \Theta}{\partial \delta_L} = \left( \frac{\delta_K + \rho}{\alpha} - \delta_K \right) \frac{\partial \Theta_1}{\partial \delta_L} + \frac{\delta_K + \rho}{\alpha} \frac{\partial \Theta_2}{\partial \delta_L} > 0. \quad (72)$$

The sign of  $\frac{\partial \ln L^*}{\partial \delta_L}$  is determined by the sum of the two terms in the bracket in equation (70). We take the ratio of the two terms:

$$\frac{1 - \alpha}{1 - \alpha - \beta} \frac{\sigma \delta_L}{\Theta} \frac{\partial \Theta}{\partial \delta_L} = \frac{(1 - \alpha)(\sigma \delta_L)}{1 - \alpha - \beta} \frac{\sigma \rho}{\sigma \theta_L \delta_L + (\theta_l + 1)((1 - \theta)\delta_L + \rho)} \cdot \frac{\left( \frac{\delta_K + \rho}{\alpha} - \delta_K \right) \theta_L + \frac{\delta_K + \rho}{\alpha} [(1 - \alpha - \beta)(1 + \theta_l) - \beta \theta_L]}{\left( \frac{\delta_K + \rho}{\alpha} - \delta_K \right) (\sigma \delta_L \theta_L + \theta_l ((1 - \theta)\delta_L + \rho)) + \frac{\delta_K + \rho}{\alpha} (\sigma \delta_L (1 - \alpha - \beta) + \beta ((1 - \theta)\delta_L + \rho))}. \quad (73)$$

For a reasonable share of liberty capital, i.e. when  $1 - \alpha - \beta$  is not exceedingly low, the ratio is proved to be less than 1. Thus, the effect of  $\delta_L$  on  $l^*$  is expressed by

$$\frac{\partial \ln l^*}{\partial \delta_L} = \frac{1 - \theta}{\sigma} \frac{\partial \ln L^*}{\partial \delta_L} + \frac{1}{\sigma} \frac{1}{\delta_L} = \frac{1}{1 - \sigma - \theta} \left( \frac{1 - \alpha}{1 - \alpha - \beta} \frac{1 - \theta}{\Theta} \frac{\partial \Theta}{\partial \delta_L} - \frac{1}{\delta_L} \right) < 1, \quad (74)$$

Furthermore, we take derivatives of  $\ln K^*$  and  $\ln L^*$  with respect to  $\delta_L$ , respectively:

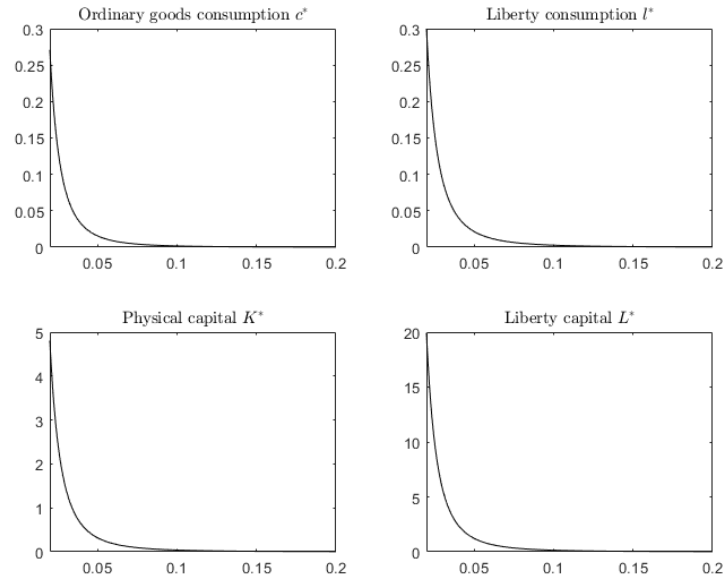
$$\frac{\partial \ln K^*}{\partial \delta_L} = \frac{\partial \ln l^*}{\partial \delta_L} - \frac{1}{\Theta} \frac{\partial \Theta}{\partial \delta_L} < 0, \quad (75)$$

$$\frac{\partial \ln c^*}{\partial \delta_L} = - \left( \frac{1}{\frac{\delta_K + \rho}{\alpha} - \delta_K - \Theta} + \frac{1}{\Theta} \right) \frac{\partial \Theta}{\partial \delta_L} + \frac{\partial \ln l^*}{\partial \delta_L} < 0. \quad (76)$$

■

In general, when the depreciation rate of liberty capital is higher, it is more challenging to accumulate and maintain liberty capital. Consequently, individuals feel discouraged and less motivated to pursue liberty, especially when societal conditions are unfavorable, making the accumulated liberty capital vulnerable to degradation. These impediments hinder productivity improvements, resulting in reduced consumption levels and subjecting individuals to hardships. Figure 6 illustrates the simulation in the benchmark case. In the absence of liberty, property rights, and the rule of law integrated into the utility and production functions, the concepts of free choice and self-determination become obsolete. This scenario drives society towards a Hobbesian state characterized by conflict among individuals or a totalitarian regime controlled by a singular authority.

In fact, the depreciation rate of liberty capital has been rising rapidly in the US and Europe these days, and many examples illustrate this phenomenon: (i) Restrictions on free speech: There has been a growing trend of imposing limitations on free speech observed in both the US and Europe. This includes censorship on social media platforms, the implementation of hate speech laws, and the stifling of dissenting opinions through cancel culture. The erosion of free speech rights diminishes individuals' ability to express themselves freely and engage in open dialogue. (ii) Expansion of surveillance and privacy concerns: The proliferation of surveillance technologies and government monitoring programs has raised significant privacy concerns among citizens. Mass surveillance programs, such as those

**FIG. 6.** Effects of  $\delta_L$  varying from 0.02 to 0.2

revealed by Edward Snowden, undermine individuals' rights to privacy and anonymity, leading to a depreciation of liberty capital. (iii) Erosion of due process rights and civil liberties: Governments have, at times, curtailed due process rights and civil liberties under the guise of national security and public safety. This encompasses the expansion of executive powers, the use of secret courts, and the implementation of indefinite detention policies. Such measures undermine the rule of law and diminish safeguards for individual rights. (iv) Growing authoritarianism and populist movements: The rise of authoritarian leaders and populist movements in both the US and Europe has led to increased threats to democratic institutions and norms. Assaults on independent media, judicial independence, and electoral integrity contribute to the erosion of liberty capital by undermining the checks and balances that safeguard individual freedoms. (v) Corporate influence and technological advancements: The concentration of corporate power and influence, particularly among tech giants, poses a threat to individual liberties. The unchecked expansion of surveillance capitalism, data mining practices, and algorithmic manipulation can lead to the erosion of personal autonomy and individual agency.

PROPOSITION 7. *The higher the relative cost on liberty consumption  $p_l$ , the lower the level of ordinary goods consumption  $c^*$ , liberty consumption  $l^*$ , physical capital  $K^*$ , and liberty capital  $L^*$  in the long run.*

*Proof.* It can be readily demonstrated that an increase in  $p_l$  will lead to a reduction in the values of  $c^*$ ,  $l^*$ ,  $K^*$ , and  $L^*$  since

$$\frac{\partial \ln L^*}{\partial p_l} = -\frac{\sigma}{1-\sigma-\theta} \frac{1-\alpha}{1-\alpha-\beta} \frac{1}{p_l} < 0, \quad (77)$$

$$\frac{\partial \ln l^*}{\partial p_l} = \frac{1-\theta}{\sigma} \frac{\partial \ln L^*}{\partial p_l} < 0, \quad (78)$$

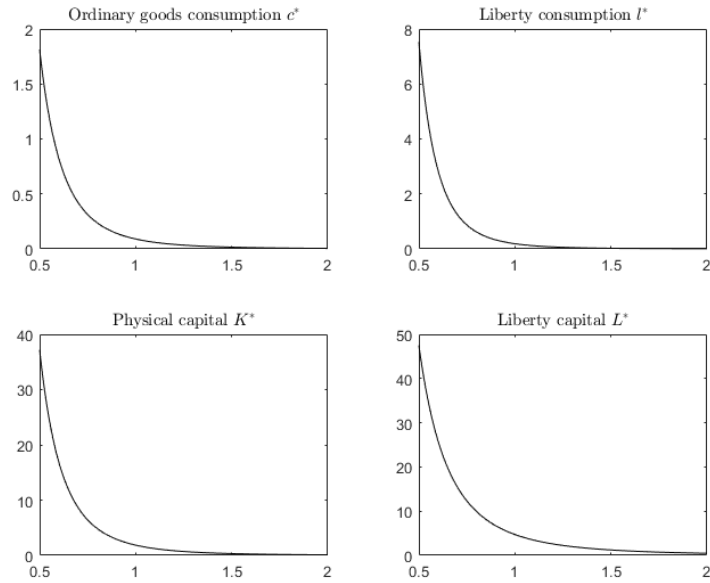
$$\frac{\partial \ln K^*}{\partial p_l} = \frac{1}{p_l} + \frac{\partial \ln l^*}{\partial p_l} = \left(1 - \frac{1-\theta}{1-\sigma-\theta} \frac{1-\alpha}{1-\alpha-\beta}\right) \frac{1}{p_l} < 0, \quad (79)$$

$$\frac{\partial \ln c^*}{\partial p_l} = \frac{\partial \ln K^*}{\partial p_l} < 0. \quad (80)$$

■

The parameter  $p_l$  represents the costs of liberty consumption. In a society where engaging in liberty is costly, people will allocate more resources towards ordinary goods consumption  $c$ . This choice will lead to less accumulation of physical capital, as people reduce their liberty consumption,  $l$ , and accumulate less liberty capital,  $L$ , which in turn results in a decline in production output. In our model, this decision leads to a long-run reduction of ordinary goods consumption,  $c$ , as illustrated in Figure 7.

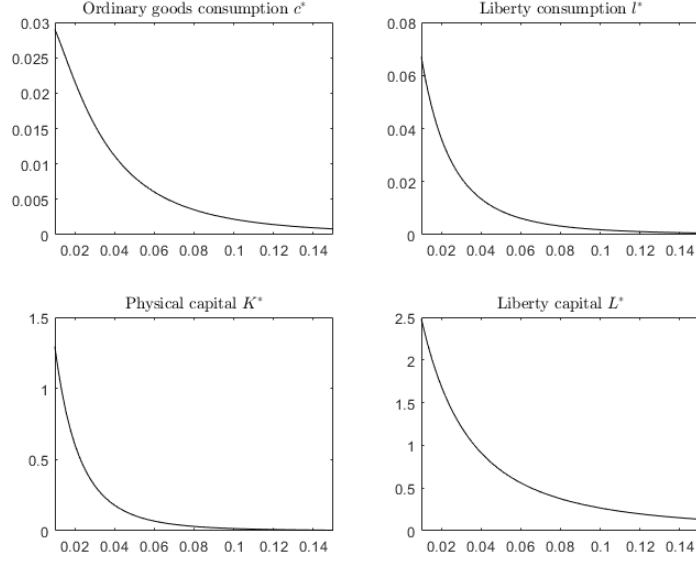
The rising price of liberty consumption reflects the increasing costs and challenges associated with exercising and preserving individual freedoms and rights. This is highly relevant even in the US and Europe today. Here are some details illustrating this trend: (i) Legal and regulatory hurdles: Individuals in the US and Europe face growing legal and regulatory hurdles when exercising their rights. This includes restrictive laws on free speech, cumbersome bureaucratic processes for obtaining permits and licenses, and intricate legal frameworks that limit the scope of individual liberties. (ii) Financial costs: Defending one's rights and liberties often comes with significant financial burdens. Legal representation, advocacy campaigns, and court battles require financial resources that may be beyond the means of many individuals, particularly marginalized communities. The high price of legal defense can deter people from contesting injustices and asserting their rights. (iii) Social and professional repercussions: Speaking out against injustice or questioning authority can have social and professional repercussions. Individuals risk facing ostracism, defamation, and retaliation.

**FIG. 7.** Effects of  $p_l$  ranging from 0.5 to 2

tion from powerful entities or societal norms that oppose their perspectives. The apprehension of social and professional consequences can discourage people from exercising their liberties. (iv) Surveillance and monitoring: The pervasive surveillance and monitoring apparatus in the US and Europe create a chilling effect on individual freedoms. Constant surveillance, both online and offline, can lead to self-censorship and reluctance to express dissenting opinions or engage in controversial activities for fear of being monitored or targeted by authorities. (v) Political polarization and divisiveness: Political polarization and divisiveness in society contribute to the rising price of liberty consumption. Individuals may face hostility and discrimination based on their political beliefs, leading to self-censorship and withdrawal from civic engagement. The toxic political climate undermines trust in democratic institutions and stifles open dialogue and debate. (vi) Threats to personal safety: Exercising certain liberties, such as freedom of assembly or freedom of the press, can pose risks to personal safety in environments where dissent is met with violence or repression. Individuals may face intimidation, harassment, or physical harm for peacefully exercising their rights, deterring them from engaging in activities that challenge the status quo. (vii) Technological Risks: The growing reliance on digital technologies and social media platforms exposes individuals to new risks

to their privacy and security. Data breaches, online harassment, and algorithmic manipulation can compromise individuals' autonomy and control over their personal information, amplifying the cost of liberty consumption in the digital age. The rising price of liberty consumption in the US and Europe reflects the multifaceted challenges and barriers that individuals encounter when asserting their rights and freedoms.

**FIG. 8.** Effects of  $\rho$  ranging from 0.01 to 0.15



**PROPOSITION 8.** *A higher subjective discount rate  $\rho$  decreases the level of liberty consumption  $l^*$ , physical capital  $K^*$ , and liberty capital  $L^*$  in the long run. However, its effect on ordinary goods consumption  $c^*$  is undetermined.*

*Proof.* Firstly, we differentiate  $\ln L^*$  with respect to  $\rho$ :

$$\frac{\partial \ln L^*}{\partial \rho} = \frac{1}{1 - \sigma - \theta} \frac{\sigma}{1 - \alpha - \beta} \left( \frac{1 - \alpha}{\Theta} \frac{\partial \Theta}{\partial \rho} - \frac{1}{\delta_K + \rho} \right), \quad (81)$$

where

$$\frac{\partial \Theta}{\partial \rho} = \frac{1}{\alpha} \Theta_1 + \left( \frac{\delta_K + \rho}{\alpha} - \delta_K \right) \frac{\partial \Theta_1}{\partial \rho} + \frac{1}{\alpha} \Theta_2 + \frac{\delta_K + \rho}{\alpha} \frac{\partial \Theta_2}{\partial \rho}, \quad (82)$$

and

$$\begin{aligned}\frac{\partial \Theta_1}{\partial \rho} &= -\frac{\sigma \delta_L \theta_L}{[\sigma \theta_L \delta_L + (\theta_l + 1)((1 - \theta) \delta_L + \rho)]^2}, \\ \frac{\partial \Theta_2}{\partial \rho} &= \frac{\beta \sigma \delta_L \theta_L - (\theta_l + 1) \sigma \delta_L (1 - \alpha - \beta)}{[\sigma \theta_L \delta_L + (\theta_l + 1)((1 - \theta) \delta_L + \rho)]^2}.\end{aligned}$$

Hence, the sum of the second term and the fourth term of (82) is negative.

Note that

$$\begin{aligned}& \frac{(1 - \alpha)(\delta_K + \rho)}{\Theta} \frac{\partial \Theta}{\partial \rho} \\ &= \frac{(1 - \alpha)(\delta_K + \rho)}{\left(\frac{\delta_K + \rho}{\alpha} - \delta_K\right) \Theta_1 + \frac{\delta_K + \rho}{\alpha} \Theta_2} \left[ \frac{1}{\alpha} \Theta_1 + \left(\frac{\delta_K + \rho}{\alpha} - \delta_K\right) \frac{\partial \Theta_1}{\partial \rho} + \frac{1}{\alpha} \Theta_2 + \frac{\delta_K + \rho}{\alpha} \frac{\partial \Theta_2}{\partial \rho} \right] \\ &< \frac{(1 - \alpha)(\delta_K + \rho) \left(\frac{1}{\alpha} \Theta_1 + \frac{1}{\alpha} \Theta_2\right)}{\left(\frac{\delta_K + \rho}{\alpha} - \delta_K\right) \Theta_1 + \frac{\delta_K + \rho}{\alpha} \Theta_2} = \frac{(1 - \alpha)(\delta_K + \rho) \Theta_1 + (1 - \alpha)(\delta_K + \rho) \Theta_2}{((1 - \alpha) \delta_K + \rho) \Theta_1 + (\delta_K + \rho) \Theta_2} < 1,\end{aligned}\tag{83}$$

which implies

$$\frac{\partial \ln L^*}{\partial \rho} < 0.\tag{84}$$

Secondly, a higher  $\rho$  has a negative effect on liberty consumption  $l^*$  since

$$\frac{\partial \ln l^*}{\partial \rho} = \frac{1 - \theta}{\sigma} \frac{\partial \ln L^*}{\partial \rho} < 0.\tag{85}$$

Next, the effect of a higher  $\rho$  on  $K^*$  is

$$\frac{\partial \ln K^*}{\partial \rho} = \frac{\partial \ln l^*}{\partial \rho} - \frac{1}{\Theta} \frac{\partial \Theta}{\partial \rho} = \frac{1}{1 - \sigma - \theta} \left( \frac{\sigma}{\Theta} \frac{\partial \Theta}{\partial \rho} - \frac{1 - \theta}{1 - \alpha} \frac{1}{\delta_K + \rho} \right).\tag{86}$$

The sign of (86) is negative since

$$\frac{\sigma}{1 - \theta} \frac{(1 - \alpha)(\delta_K + \rho)}{\Theta} \frac{\partial \Theta}{\partial \rho} < \frac{(1 - \alpha)(\delta_K + \rho)}{\Theta} \frac{\partial \Theta}{\partial \rho} < 1.\tag{87}$$

Finally, the partial derivative of  $\ln c^*$  with respect to  $\rho$  is

$$\frac{\partial \ln c^*}{\partial \rho} = \frac{1}{\frac{\delta_K + \rho}{\alpha} - \delta_K - \Theta} \left( \frac{1}{\alpha} - \frac{\partial \Theta}{\partial \rho} \right) - \frac{1}{\Theta} \frac{\partial \Theta}{\partial \rho} + \frac{\partial \ln l}{\partial \rho}.\tag{88}$$

Given equation (82), the sum of the first two terms in (88) is positive, and the third term is negative, therefore the sign of  $\frac{\partial \ln c^*}{\partial \rho}$  is undetermined. ■

The subjective discount rate  $\rho$  measures the impatience of the agent. A higher  $\rho$  implies that agents value present consumption more and neglect the investment for the future. This decision may raise ordinary consumption level,  $c^*$ , in the short run, though at the cost of diminished future physical and liberty capital. In the long run, both consumption and freedom declines. The simulation results is plotted as follows

#### 4. CONCLUSION

In this paper, we have established a novel framework that integrates liberty into both the utility and production functions, addressing a long-standing gap in economic growth studies that have overlooked the significance of liberty, the rule of law, and property rights. Through theoretical analysis and simulations employing logarithmic utility and the Cobb-Douglas production function, we find that a strong preference for liberty leads to prolonged prosperity. However, in scenarios where the costs associated with liberty consumption are substantial and liberty capital depreciates rapidly—indicating an environment inhospitable or constraining to liberty—it adversely affects economic output and overall well-being. These insights underscore the significance of examining liberty dynamics in economic growth and development. In the absence of liberty, property rights, and the rule of law within utility and production functions, society risks descending into either a Hobbesian state of universal conflict or a totalitarian state governed by a singular authority. In both scenarios, life becomes solitary, poor, nasty, brutish, and even short.

This paper have also make it clear that individuals accrue liberty capital through participation in liberty activities and engaging in liberty consumptions, which alters their ability to derive satisfaction or utility from subsequent consumption of ordinary goods and liberty. Unlike the traditional growth models, our approach considers the role of liberty in production and the accumulation of physical capital, allowing us to explore how liberty influences behavior in consumption and production.

While the terms related to liberty used in this model are treated as aggregators or indices, it is more suitable to analyze the role of liberty consumption and liberty capital in economic growth and development as a multidimensional concept. It is essential to recognize that various dimensions of liberty, including political, economic, social, personal, legal,



informational, and global aspects, can intersect and influence each other. Further research in this area is warranted. Additionally, our model offers a theoretical framework linking economic growth and liberty, suggesting the importance of empirical research examining the relationship between economic growth and each dimension of liberty.

In ending this paper, we need to emphasize again that, in the US and Europe, liberty consumption and liberty capital accumulation are encountering escalating costs and challenges due to the following factors:

- **Regulatory burden:** Increasing regulations and bureaucratic red tape impose significant constraints on individual liberties and property rights. Complex regulatory frameworks make it difficult for individuals and businesses to exercise their freedoms without facing bureaucratic hurdles and compliance costs.
- **Erosion of civil liberties:** Surveillance measures, data privacy concerns, and restrictions on freedom of expression undermine the traditional values of liberty and individual autonomy. Heightened security measures in response to security threats have encroached upon civil liberties, leading to debates about the balance between security and freedom.
- **Legal and judicial challenges:** Legal interpretations and judicial decisions can shape the extent of individual liberties and property rights. Changes in legal precedent or judicial interpretations either enhance or curtail individual freedoms, depending on the prevailing legal and political landscape.
- **Technological advancements:** Technological innovations present both opportunities and challenges for liberty. While technological advancements have the potential to enhance individual freedoms and expand economic opportunities, they also raise concerns about privacy infringement, data surveillance, and algorithmic bias.
- **Political and ideological shifts:** Shifts in political ideologies and priorities can influence the protection of liberty and property rights. Changes in government policies, ideological polarization, and societal attitudes toward individual freedoms may impact the legal and institutional frameworks that safeguard liberty and property rights.
- **Globalization and international relations:** The interconnectedness of economies and societies in a globalized world introduces new dynamics that can affect liberty and property rights. International trade agreements, cross-border regulations, and geopolitical tensions may shape the extent to which individuals can exercise their liberties and protect their property interests.

**APPENDIX: A FEW SIGNIFICANT HISTORICAL ITEMS  
ON LIBERTY, THE RULE OF LAW, AND PRIVATE  
PROPERTY**

The trinity of liberty, the rule of law, and private property are interconnected principles that form the foundation of a free and just society. Each element depends on the others to ensure the protection of individual rights and the proper functioning of legal and political institutions. Here's how they relate to one another:

**Liberty:** Liberty refers to the freedom of individuals to act and make choices without undue interference or coercion from others, including the government. It encompasses various freedoms such as freedom of speech, religion, assembly, and association. Liberty is essential for individuals to pursue their interests, express their opinions, and live their lives according to their own values and beliefs.

**Rule of Law:** The rule of law is the principle that all individuals and institutions, including the government, are subject to and accountable under the law. It ensures that laws are applied consistently and fairly, and that no one is above the law. The rule of law provides a framework for the protection of individual rights, the resolution of disputes, and the maintenance of order and stability in society.

**Private Property:** Private property refers to the legal right of individuals and groups to own, use, and dispose of property, resources, and assets. It includes tangible assets such as land, buildings, and personal belongings, as well as intangible assets such as intellectual property and financial assets. Private property rights allow individuals to secure their possessions, invest in economic activities, and enjoy the fruits of their labor.

These principles depend on each other:

**Liberty and the Rule of Law:** Liberty thrives in a society governed by the rule of law. When laws are clear, predictable, and consistently enforced, individuals can exercise their freedoms with confidence, knowing that their rights are protected and that they will be treated fairly under the law. Conversely, the absence of the rule of law can lead to arbitrary and discriminatory actions by authorities, undermining individual liberties.

**Liberty and Private Property:** Liberty is closely linked to private property rights. The ability to own and control property is fundamental to individual autonomy and economic freedom. Private property rights empower individuals to make choices about how to use their resources, pursue economic opportunities, and build wealth. Without secure property rights, individuals may be vulnerable to arbitrary confiscation, expropri-

ation, or infringement of their possessions, limiting their liberty and economic prospects.

**Rule of Law and Private Property:** The rule of law is essential for the protection of private property rights. Legal frameworks and institutions that uphold the rule of law provide mechanisms for the recognition, enforcement, and defense of property rights. They establish clear rules for property ownership, transfer, and dispute resolution, fostering trust and confidence in the integrity of property rights. In the absence of the rule of law, property rights may be undermined by corruption, political interference, or lack of legal safeguards, jeopardizing individual liberties and economic stability.

Therefore, the trinity of liberty, the rule of law, and private property are mutually reinforcing principles that are essential for the preservation of individual rights, the promotion of economic prosperity, and the stability of society. They form the bedrock of constitutional governance and the protection of human dignity and well-being.

### TEN COMMANDMENTS

The Ten Commandments, also known as the Decalogue, are a central set of religious and moral principles found in the Old Testament of the Bible, particularly in the book of Exodus, chapter 20, and Deuteronomy, chapter 5. Here is a summary of the Ten Commandments as they appear in the Old Testament:

1. You shall have no other gods before me.
2. You shall not make for yourself an idol, whether in the form of anything that is in heaven above, or that is on the earth beneath, or that is in the water under the earth.
3. You shall not bow down to them or worship them; for I the Lord your God am a jealous God, punishing children for the iniquity of parents, to the third and the fourth generation of those who reject me, but showing steadfast love to the thousandth generation of those who love me and keep my commandments.
4. You shall not make wrongful use of the name of the Lord your God.
5. Remember the Sabbath day and keep it holy.
6. Honor your father and your mother.
7. You shall not murder.
8. You shall not commit adultery.
9. You shall not steal.

10. You shall not bear false witness against your neighbor. You shall not covet your neighbor's house; you shall not covet your neighbor's wife, or male or female slave, or ox, or donkey, or anything that belongs to your neighbor.

These commandments are considered foundational to both Judaism and Christianity and serve as a guide for moral conduct and the relationship between individuals and God, as well as between individuals and their fellow human beings.

The Ten Commandments, while originating as religious and moral principles in the context of the Judeo-Christian tradition, have influenced the development of legal and ethical frameworks that underpin concepts like liberty, the rule of law, and private property. Here's how they relate to each:

**Liberty:** Several of the commandments emphasize individual freedom and autonomy. For instance, the commandment prohibiting false witness against one's neighbor underscores the importance of truthfulness and fairness in interpersonal relationships, which are essential components of a free society. Additionally, the commandment against coveting one's neighbor's possessions reflects the respect for personal boundaries and property rights, which are integral to individual liberty.

**Rule of Law:** The Ten Commandments lay down moral and ethical principles that serve as the foundation for legal systems based on the rule of law. The commandments establish standards of behavior and provide a moral compass for individuals and societies to follow. In many legal traditions, including Western legal systems, the principles articulated in the Ten Commandments have influenced the development of laws and legal codes that aim to uphold justice, equality, and the protection of individual rights under the rule of law.

**Private Property:** Several commandments directly relate to the protection of private property rights. The commandment against stealing, for example, recognizes the sanctity of personal belongings and emphasizes the importance of respecting the property rights of others. Similarly, the commandment against coveting one's neighbor's possessions reinforces the idea of property rights and the prohibition of unjustly desiring or seeking to acquire what belongs to others.

While the direct connection between the Ten Commandments and legal systems may vary across different cultures and legal traditions, the ethical principles embodied in the commandments have played a significant role in shaping societal norms, moral values, and legal frameworks that promote

liberty, the rule of law, and the protection of private property. They provide a moral foundation that guides individuals and societies toward principles of justice, fairness, and respect for human dignity.

### **MAGNA CARTA LIBERTATUM (GREAT CHARTER OF LIBERTIES, 1215)**

The Magna Carta, also known as the Great Charter of Liberties, is a foundational document in the history of constitutional law and governance. It was originally issued by King John of England in 1215 in response to grievances from barons and nobles over his abusive exercise of royal power. While the Magna Carta has evolved over time and its specific provisions may not be directly applicable today, its principles have had a profound and lasting impact on the development of legal systems and the protection of individual rights. Here are some main items from the Magna Carta and their relations to liberty, the rule of law, and private property:

#### Protection of Liberty:

Clause 39 of the Magna Carta states: “No free man shall be seized or imprisoned, or stripped of his rights or possessions, or outlawed or exiled, or deprived of his standing in any other way, nor will we proceed with force against him, or send others to do so, except by the lawful judgment of his equals or by the law of the land.” This clause emphasizes the principle of habeas corpus, which protects individuals from arbitrary arrest and detention without legal justification. It asserts the right to due process and fair treatment under the law, safeguarding individual liberty against unchecked state power.

#### Rule of Law:

The Magna Carta establishes the principle that the king is subject to the law and cannot act arbitrarily or oppressively. It limits the authority of the monarchy and establishes the supremacy of legal norms over the will of the ruler. Clause 40 states: “To no one will we sell, to no one will we refuse or delay, right or justice.” This clause underscores the importance of equal access to justice and the impartial administration of law, regardless of social status or wealth. It upholds the rule of law by ensuring that legal remedies and protections are available to all individuals within the realm.

#### Protection of Private Property:

The Magna Carta includes provisions that protect the property rights of barons and nobles against arbitrary confiscation or seizure by the crown. Clause 41 states: “All merchants may enter or leave England unharmed and without fear, and may stay or travel within it, by land or water, for

purposes of trade, free from all illegal exactions, in accordance with ancient and lawful customs.” This clause affirms the rights of merchants to engage in commerce without undue interference or extortion by royal authorities. It recognizes the importance of property rights and economic freedom in fostering trade and prosperity. Overall, the Magna Carta represents a pivotal moment in the history of constitutionalism and the protection of individual rights. Its principles of liberty, the rule of law, and private property have influenced legal systems around the world and continue to shape contemporary notions of justice, democracy, and the rule of law.

### **SIR EDWARD COKE (1552-1634)**

Sir Edward Coke’s contributions to English law and the establishment of the rule of law are profound and enduring. Coke played a pivotal role in defending English liberties against the encroachments of royal prerogative during the reigns of the Stuart kings. His legal principles and writings have left an indelible mark on the legal profession, judiciary, and political landscape not only in England but also across the English-speaking world.

One of Coke’s most significant achievements was the compilation and organization of English law in his famous work, “The Institutes of the Laws of England.” This monumental undertaking sought to codify the entirety of English law, spanning from foundational documents like Magna Carta to various branches of law such as land law and criminal law. Coke’s Institutes served as a comprehensive reference guide for students, lawyers, and laymen, providing them with a systematic understanding of the legal framework governing English society.

Moreover, Coke’s authority as a jurist and his meticulous legal scholarship lent immense credibility to his work. The Reports, which documented his judicial decisions and legal opinions, further solidified the modern understanding of case law and served as precedents for future legal interpretations. Coke’s Reports, coupled with his Institutes, became foundational texts that shaped the development of English common law and the principles of legal reasoning.

Coke’s enduring influence on the legal profession is evidenced by the continued study and reference to his works by lawyers, judges, and politicians to the present day. His steadfast defense of the rule of law and individual liberties laid the groundwork for the constitutional principles that underpin modern democratic societies.

Edward Coke explains one of the key sections of Magna Carta on English liberties (1642) that “the liberty of a mans person is more precious to him,

then all the rest that follow” he listed the nine “branches” which made up the “tree of liberty” as understood in the mid-17th century:

“Upon this Chapter [29], as out of a roote, many fruitfull branches of the Law of England have sprung...

This Chapter containeth nine severall branches.

1. That no man be taken or imprisoned, but per legem terrae, that is, by the Common Law, Statute Law, or Custome of England; for these words, Per legem terrae, being towards the end of this Chapter, doe referre to all the precedent matters in this Chapter, and this hath the first place, because the liberty of a mans person is more precious to him, then all the rest that follow, and therefore it is great reason, that he should by Law be relieved therein, if he be wronged, as hereafter shall be shewed.

2. No man shall be disseised, that is, put out of seison, or dispossessed of his free-hold (that is) lands, or livelihood, or of his liberties, or free customes, that is, of such franchises, and freedomes, and free customes, as belong to him by his free birth-right, unlesse it be by the lawfull judgement, that is, verdict of his equals (that is, of men of his own condition) or by the Law of the Land (that is, to speak it once for all) by the due course, and processe of Law.

3. No man shall be out-lawed, made an exlex, put out of the Law, that is, deprived of the benefit of the Law, unlesse he be out-lawed according to the Law of the Land.

4. No man shall be exiled, or banished out of his Country, that is, Nemo perdet patriam, no man shall lose his Country, unlesse he be exiled according to the Law of the Land.

5. No man shall be in any sort destroyed (Destruere. i. quod prius structum, & factum fuit, penitus evertere & diruere) unlesse it be by the verdict of his equals, or according to the Law of the Land.

6. No man shall be condemned at the Kings suite, either before the King in his Bench, where the Pleas are Coram Rege, (and so are the words, Nec super eum ibimus, to be understood) nor before any other Commissioner, or Judge whatsoever, and so are the words, Nec super eum mittemus, to be understood, but by the judgement of his Peers, that is, equals, or according to the Law of the Land.

7. We shall sell to no man Justice or Right.

8. We shall deny to no man Justice or Right.

9. We shall defer to no man Justice or Right.”

Edward Coke defends British Liberties and the Idea of Habeas Corpus in the Petition of Right before Parliament (1628) :

“And where also by the statute called the Great Charter of the Liberties of England, it is declared and enacted that no free man may be taken or imprisoned, or be disseized of his freehold or liberties, or his free customs, or be outlawed or exiled, or in any manner destroyed, but by the lawful judgment of his peers, or by the law of the land...”

Edward Coke declared in a ruling known as *Semayne’s Case* that there were strict limits on how Sheriffs may enter a person’s house in order to issue writs:

“That the house of every one is to him as his Castle and Fortress as well for defence against injury and violence, as for his repose; and although the life of man is precious and favoured in law; so that although a man kill another in his defence, or kill one per infortuntun’ (by misfortune), without any intent, yet it is felony, and in such case he shall forfeit his goods and chattels, for the great regard which the law hath of a mans life; But if theeves come to a mans house to rob him, or murder, and the owner or his servants kill any of the theeves in defence of himself and his house, it is no felony, and he shall lose nothing, and therewith agreeth 3 Edw. 3. Coron. 303, & 305. & 26 Ass. pl. 23. So it is holden in 21 Hen. 7. 39. every one may assemble his friends or neighbours to defend his house against violence: But he cannot assemble them to goe with him to the Market or elsewhere to keep him from violence: And the reason of all the same is, because *domus sua cuique est tutissimum refugium*. [everyone’s house is his safest refuge (“Every man’s home is his castle.”)]”

Coke, Edward, 2005. *The Selected Writings of Sir Edward Coke* (3 Volume Set), Liberty Fund.

### **JOHN LOCKE’S SECOND TREATISE OF GOVERNMENT (WRITTEN BETWEEN 1679-1682; PUBLISHED IN 1689)**

**Natural Rights:** Locke argued that individuals possess natural rights that are inherent and inalienable, including the rights to life, liberty, and property. These natural rights are not granted by government but are derived from human nature itself, and they preexist the formation of political society. Locke believed that individuals have a right to defend their natural rights against infringement, even if it means resisting the authority of government.

**Social Contract:** Locke proposed the idea of a social contract, wherein individuals voluntarily agree to form a civil society and establish government for the purpose of protecting their natural rights. According to Locke, government derives its legitimacy from the consent of the governed. If



government fails to protect the natural rights of its citizens, it forfeits its legitimacy.

**Limited Government:** Locke advocated for the concept of limited government, wherein governmental power is restricted to specific functions and is subject to constitutional constraints. He argued that government should be divided into separate branches with checks and balances to prevent the abuse of power.

**Right to Revolution:** Locke asserted that individuals have a right to resist and overthrow oppressive government that violates their natural rights. The right to revolution is considered a last resort and should only be exercised when government becomes tyrannical and no longer serves the interests of the people.

**Influence:** Locke's Second Treatise of Government profoundly influenced Enlightenment thinkers and revolutionaries, including the Founding Fathers of the United States and leaders of the French Revolution. His ideas laid the groundwork for modern liberal democracy, the concept of individual rights, and the principles of constitutional government.

### **THE ENGLISH BILL OF RIGHTS (1689)**

The Act asserts "certain ancient rights and liberties" by declaring that:

- the pretended power of suspending the laws and dispensing with (i.e. ignoring) laws by regal authority without consent of Parliament is illegal;
- the commission for ecclesiastical causes is illegal; levying taxes without grant of Parliament is illegal;
- it is the right of the subjects to petition the king, and prosecutions for such petitioning are illegal; keeping a standing army in time of peace, unless it be with consent of Parliament, is against law;
- Protestants may have arms for their defence suitable to their conditions and as allowed by law;
- election of members of Parliament ought to be free; the freedom of speech and debates or proceedings in Parliament ought not to be impeached or questioned in any court or place out of Parliament;
- excessive bail ought not to be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted;
- jurors in trials for high treason ought to be freeholders; promises of fines and forfeitures before conviction are illegal and void;
- for redress of all grievances, and for the amending, strengthening and preserving of the laws, Parliaments ought to be held frequently.

The Act declared James's flight from England following the Glorious Revolution to be an abdication of the throne. It listed twelve of James's policies by which James designed to "endeavour to subvert and extirpate the protestant religion, and the laws and liberties of this kingdom". These were:

- by assuming and exercising a power of dispensing with and suspending of laws and the execution of laws without consent of Parliament;
- by prosecuting the Seven Bishops; by establishing the court of commissioners for ecclesiastical causes; by levying taxes for the use of the Crown by pretence of prerogative as if the same was granted by Parliament;
- by raising and keeping a standing army within this kingdom in time of peace without consent of Parliament;
- by causing Protestants to be disarmed at the same time when papists were both armed and employed contrary to law;
- by violating the freedom of election of members to serve in Parliament; by prosecutions in the Court of King's Bench for matters and causes cognizable only in Parliament, and by divers (diverse) other arbitrary and illegal courses;
- by employing unqualified persons on juries in trials, and jurors in trials for high treason which were not freeholders;
- by imposing excessive bail on persons committed in criminal cases against the laws made for the liberty of the subjects; by imposing excessive fines and illegal and cruel punishments;
- by making several grants and promises made of fines and forfeitures before any conviction or judgment against the persons upon whom the same were to be levied;

all of which were declared to be utterly and directly contrary to the known laws and statutes and freedom of the realm.

### **SIR WILLIAM BLACKSTONE (1723-1780)**

William Blackstone's "Commentaries on the Laws of England" is a seminal work in legal literature, divided into four volumes covering various aspects of English law. Here is a brief overview of each volume:

**The Rights of Persons:** This volume focuses on individual rights, parliamentary rights, royal prerogatives, and the relationship between the king, his family, and the people. It also delves into the roles of subordinate magistrates, the clergy, civil and military states, as well as the dynamics within various interpersonal relationships such as master and servant, husband and wife, and parent and child.

The Rights of Things: Blackstone's longest volume, it extensively discusses property rights, particularly real property which was rooted in feudal law. While chattel property is also covered, the focus is on the complex feudal background of English land law.

Of Private Wrongs: This volume explores tort law as it existed during Blackstone's time. It discusses the various methods of trial and the jurisdictions of different courts, ranging from the lowest to the highest. Additionally, it touches upon equity, the parallel legal system addressing wrongs not handled by common law.

Of Public Wrongs: Blackstone's treatise on criminal law, this volume justifies England's criminal laws, emphasizing their perceived justice and mercy. Despite acknowledging the severity of the laws, including the "Bloody Code," Blackstone seeks to explain their rationale and asserts that not all prescribed penalties were enforced. He also highlights the king's power of pardon to address any perceived injustices.

Overall, Blackstone's "Commentaries" provide a comprehensive overview of English law at the time, covering various legal principles, rights, and obligations within the legal framework of the era.

"Of great importance to the public is the preservation of this personal liberty; for if once it were left in the power of any the highest magistrate to imprison arbitrarily whomever he or his officers thought proper, (as in France it is daily practised by the crown,) there would soon be an end of all other rights and immunities. Some have thought that unjust attacks, even upon life or property, at the arbitrary will of the magistrate, are less dangerous to the commonwealth than such as are made upon the personal liberty of the subject. To bereave a man of life, or by violence to confiscate his estate, without accusation or trial, would be so gross and notorious an act of despotism, as must at once convey the alarm of tyranny throughout the whole kingdom; but confinement of the person, by secretly hurrying him to jail, where his sufferings are unknown or forgotten, is a less public, a less striking, and therefore a more dangerous engine of arbitrary government."

"[T]he principal aim of society is to protect individuals in the enjoyment of those absolute rights, which were vested in them by the immutable laws of nature, but which could not be preserved in peace without that mutual assistance and intercourse which is gained by the institution of friendly and social communities. Hence it follows, that the first and primary end of human laws is to maintain and regulate these absolute rights of individuals."

"That the King can do no wrong, is a necessary and fundamental principle of the English constitution."

"It is better that ten guilty persons escape than one innocent suffer."

“There is nothing which so generally strikes the imagination, and engages the affections of mankind, as the right of property; or that sole and despotic dominion which one man claims and exercises over the external things of the world, in total exclusion of the right of any other individual in the universe. And yet there are very few, that will give themselves the trouble to consider the original and foundation of this right.”

William Blackstone’s passages above capture several key principles of English common law and political philosophy, reflecting a commitment to individual liberty, the rule of law, and the protection of fundamental rights.

**Preservation of Personal Liberty:** The excerpt highlights the importance of safeguarding personal liberty against arbitrary government power. It emphasizes that arbitrary imprisonment poses a grave threat to individual rights and can serve as a dangerous instrument of tyranny.

**Protection of Absolute Rights:** The passage underscores the notion that society’s primary aim is to protect individuals in the enjoyment of their absolute rights, which are inherent and cannot be denied without undermining the foundation of a just society.

**Principle of the King’s Immunity from Wrongdoing:** The principle that “the King can do no wrong” reflects a fundamental tenet of the English constitution, asserting that the monarch is not subject to legal liability for actions taken in their official capacity.

**Presumption of Innocence:** The statement that “it is better that ten guilty persons escape than one innocent suffer” underscores the importance of the presumption of innocence and the principle that it is preferable to err on the side of protecting individual rights, even if it means some guilty individuals may go unpunished.

**Right of Property:** The passage highlights the significance of the right to property as a fundamental aspect of human society. It acknowledges the profound impact of property rights on human affairs while prompting readers to contemplate the origins and justification of this right.

Together, these excerpts reflect foundational principles of English jurisprudence and political thought, emphasizing the importance of individual liberty, the rule of law, the protection of fundamental rights, and the limits of governmental authority. They underscore the enduring relevance of these principles in the maintenance of a just and free society.

Blackstone’s Ratio, often attributed to the jurist Sir William Blackstone, is a foundational principle in judicial theory that emphasizes the importance of protecting the innocent, even at the expense of allowing some guilty individuals to escape punishment. The principle is succinctly expressed as “it is better that ten guilty persons escape than that one innocent suffer.”

While the idea can be traced back to biblical references and earlier thinkers like Maimonides and Sir John Fortescue, Blackstone's formulation of the principle gained significant recognition and influence. Benjamin Franklin and others popularized Blackstone's analysis, leading to the principle becoming known as "Blackstone's Ratio."

The importance of safeguarding innocence, as articulated by Blackstone's Ratio, is underscored by figures like John Adams, who argued that protecting innocence is paramount to maintaining the integrity and effectiveness of the legal system. Adams emphasized the detrimental effects of unjustly condemning the innocent, which could erode public trust and confidence in the law.

Blackstone's Ratio has been integrated into English law and has also influenced legal thought and practice in the United States. It is often cited in court proceedings and legal education to underscore the principle that the protection of innocence is a fundamental aspect of justice. Blackstone's Ratio represents a fundamental principle in legal theory that prioritizes the protection of the innocent and highlights the importance of maintaining public confidence in the fairness and integrity of the legal system.

Blackstone, William (1770, 1773, 1774, 1775, 1778). *Commentaries on the Laws of England*, facsimile edition with introductions by Stanley N. Katz. (Univ. Chicago, 1979). 4 vols.

### **THE DECLARATION OF INDEPENDENCE (1776)**

The Declaration of Independence, adopted on July 4, 1776, outlines several main ideas that were pivotal to the American Revolutionary War and the establishment of the United States as an independent nation. Here are the key ideas expressed in the Declaration of Independence:

**Natural Rights:** The Declaration asserts that all individuals are endowed by their Creator with certain unalienable rights, including the rights to life, liberty, and the pursuit of happiness. These rights are considered inherent and cannot be taken away by any government or authority.

**Government by Consent:** It states that governments derive their just powers from the consent of the governed. In other words, the legitimacy of government is based on the consent of the people it governs. If a government becomes destructive to the rights of the people, it is the right of the people to alter or abolish it.

**Right to Revolution:** The Declaration declares that when a government fails to protect the rights of the people, it is not only their right but also

their duty to overthrow it and establish new forms of government that will better protect their rights and interests.

**Grievances Against King George III:** The document lists specific grievances against King George III, the British monarch, and his government, including unfair taxation, obstruction of justice, and the imposition of oppressive policies without the consent of the colonies.

**Declaration of Independence:** The document concludes with a formal declaration that the American colonies are, and of right ought to be, free and independent states, absolved from all allegiance to the British Crown. This declaration marks the formal break between the colonies and Great Britain, leading to the American Revolutionary War.

The Declaration of Independence articulates the principles of individual rights, popular sovereignty, and the right to self-government, which have profoundly influenced democratic movements around the world.

### **UNITED STATES CONSTITUTION (1787) AND BILL OF RIGHTS (1791)**

The Constitution was drafted during the Constitutional Convention in Philadelphia in 1787 and ratified by the states in 1788. It serves as the supreme law of the United States, providing the framework for the federal government and establishing the structure and powers of its branches. The Constitution consists of a preamble and seven articles. The preamble sets forth the purposes of the Constitution, including establishing justice, promoting the general welfare, and securing the blessings of liberty. The seven articles outline the structure of the federal government, delineate the powers of Congress, the presidency, and the judiciary, and define the relationships between the federal government and the states. The Constitution also includes provisions for its own amendment, ensuring that it remains adaptable to changing circumstances and evolving societal norms.

The Bill of Rights comprises the first ten amendments to the Constitution and was added in response to concerns about individual liberties and the potential for government overreach. Ratified in 1791, the Bill of Rights guarantees certain fundamental rights and protections to individuals against government infringement.

The First Amendment protects freedom of speech, religion, and the press, as well as the right to peaceably assemble and petition the government.

The Second Amendment safeguards the right to keep and bear arms.

The Fourth Amendment protects against unreasonable searches and seizures and requires warrants to be supported by probable cause.

The Fifth Amendment guarantees due process of law, protects against self-incrimination, and ensures the right to a fair trial.

The Eighth Amendment prohibits cruel and unusual punishment and excessive bail or fines, safeguarding against government abuse of power.

The Constitution and the Bill of Rights collectively form the foundation of American democracy and the rule of law. They establish the principles of limited government, individual rights, and the separation of powers, ensuring that the government remains accountable to the people and that individual liberties are protected against government intrusion. These documents reflect the ideals of liberty, justice, and equality upon which the United States was founded and continue to serve as guiding principles for the nation.

### **THE DECLARATION OF THE RIGHTS OF MAN AND OF THE CITIZEN (1789)**

The French Revolution, which began in 1789, was a period of profound social, political, and economic upheaval in France, culminating in the overthrow of the monarchy and the establishment of the French Republic. One of the most significant documents to emerge from the French Revolution was the Declaration of the Rights of Man and of the Citizen (*Déclaration des droits de l'homme et du citoyen*), adopted by the National Constituent Assembly on August 26, 1789.

The Declaration of the Rights of Man and of the Citizen was influenced by Enlightenment ideas, particularly those of thinkers like John Locke and Jean-Jacques Rousseau, as well as the American Declaration of Independence. It aimed to establish the principles of liberty, equality, and fraternity as the foundation of the new French Republic. Here are some key aspects of the Declaration:

**Natural Rights:** Like the American Declaration of Independence, the French Declaration asserts the existence of natural and inalienable rights, including the rights to liberty, property, security, and resistance to oppression. It proclaims that these rights are universal and apply to all individuals.

**Equality Before the Law:** The Declaration emphasizes the principle of equality before the law, stating that all citizens are equal in the eyes of the law and are entitled to equal protection and treatment under the legal system.

**Freedom of Speech and Religion:** It affirms the freedoms of speech, press, and religion, recognizing the importance of individual liberty and

conscience. Citizens are guaranteed the right to express their opinions freely and to practice their chosen religion without persecution.

**Popular Sovereignty:** The Declaration emphasizes the sovereignty of the people and the right of citizens to participate in the making of laws and the administration of government. It establishes the principle that political authority derives from the consent of the governed.

**Limits on Government Power:** The Declaration asserts that the purpose of government is to protect the natural rights of citizens and that government authority is derived from the people. It also recognizes the right of citizens to resist tyranny and oppression.

The Declaration of the Rights of Man and of the Citizen represented a significant step toward the establishment of democratic principles and the recognition of individual rights in France. However, the French Revolution was a complex and turbulent period marked by violence, social conflict, and political instability. While the Declaration articulated lofty ideals of liberty and equality, the Revolution itself was characterized by radical changes, factionalism, and the rise of authoritarian regimes. Nevertheless, the principles enshrined in the Declaration continue to serve as a foundational document in the history of human rights and democratic governance.

The concept of the general will, proposed by Jean-Jacques Rousseau in his influential work "The Social Contract" (1762), laid the groundwork for some of the philosophical underpinnings of the French Revolution. However, the application of Rousseau's ideas, particularly the notion of the general will, played a controversial role during the radical phase of the revolution, often associated with the Reign of Terror.

Rousseau's theory of the general will posits that in a properly constituted society, the general will represents the collective desires and interests of the citizens. According to Rousseau, individuals must subordinate their personal interests to the general will in order to promote the common good and maintain social harmony. He believed that the general will, when properly discerned, reflects the true essence of democracy and ensures the legitimacy of government actions.

However, the concept of the general will is highly abstract and susceptible to interpretation. During the French Revolution, different factions and leaders claimed to represent the general will, often using it to justify their own political agendas and suppress dissenting voices. This ambiguity contributed to the polarization of revolutionary politics and the rise of authoritarian measures.



The radical phase of the French Revolution, marked by the Reign of Terror from 1793 to 1794, saw the ascendancy of the Jacobin faction led by Maximilien Robespierre. Under the guise of defending the revolution and promoting the general will, Robespierre and the Committee of Public Safety initiated a campaign of mass executions targeting perceived enemies of the revolution. The Reign of Terror was characterized by arbitrary arrests, show trials, and the guillotine, resulting in thousands of executions, including those of political opponents, aristocrats, clergy, and even former revolutionaries deemed too moderate.

The Reign of Terror represents a dark chapter in the history of the French Revolution, where the pursuit of revolutionary ideals led to widespread violence, repression, and the erosion of civil liberties. While Rousseau's concept of the general will provided a theoretical basis for the revolutionary fervor, its application in practice demonstrated the dangers of unchecked power and the manipulation of democratic principles for political ends.

We must emphasize that the concept of the general will is often related to totalitarian regimes. While Rousseau envisioned the general will as the collective expression of the common good and the authentic voice of the people in a legitimate society, its interpretation and implementation can diverge significantly, particularly in contexts where authoritarian or totalitarian regimes emerge.

Totalitarian regimes typically seek to centralize power and control all aspects of public and private life, often under the guise of promoting the common good or serving a purported higher purpose. In such regimes, the concept of the general will can be co-opted and manipulated to justify the concentration of authority in the hands of a single leader or ruling elite.

The danger lies in the potential distortion of the general will to serve the interests of those in power, rather than genuinely reflecting the needs and aspirations of the populace. Totalitarian leaders may claim to embody the general will and use it as a pretext to suppress dissent, curtail individual freedoms, and enforce conformity to their ideological agenda.

In the context of totalitarianism, the general will can become synonymous with the will of the ruling regime, which brooks no opposition and seeks to impose its vision of society through coercion and propaganda. Any dissent or deviation from the official line is portrayed as a betrayal of the general will and a threat to the stability of the regime.

The perversion of the general will in totalitarian regimes highlights the importance of safeguarding democratic institutions, individual rights, and the rule of law. While Rousseau's concept of the general will reflects an idealized vision of participatory democracy, its real-world application requires

vigilant oversight and accountability mechanisms to prevent its manipulation for authoritarian ends.

### JOHN STUART MILL (1806-1873)

In the Introductory section of his great work, *On Liberty* (1859), John Stuart Mill states clearly the limits to state power over the liberty of the individual: The object of this Essay is to assert one very simple principle, as entitled to govern absolutely the dealings of society with the individual in the way of compulsion and control, whether the means used be physical force in the form of legal penalties, or the moral coercion of public opinion. That principle is, that the sole end for which mankind are warranted, individually or collectively, in interfering with the liberty of action of any of their number, is self-protection. That the only purpose for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others. ... In the part which merely concerns himself, his independence is, of right, absolute. Over himself, over his own body and mind, the individual is sovereign.

Mill's central thesis in "On Liberty" is the principle of individual autonomy and the importance of protecting individual liberties against encroachments by society and the state. Mill argues that the only legitimate reason for the exercise of coercive power by the state is to prevent harm to others. He famously states: "The only purpose for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others." This principle, known as the harm principle, forms the cornerstone of Mill's philosophy of liberty.

Mill contends that individuals should be free to pursue their own interests and express their own opinions without interference from the state or society, as long as their actions do not harm others. He advocates for the widest possible scope of individual freedom, including freedom of thought, speech, and action.

However, Mill also acknowledges that there are instances where the state may legitimately intervene to protect individuals from harm, such as in cases of self-defense or preventing harm to vulnerable members of society.

Overall, Mill's "On Liberty" serves as a powerful defense of individual autonomy and a critique of paternalistic or authoritarian forms of government. His articulation of the limits of state power over individual liberty continues to be influential in discussions about civil liberties, human rights, and the proper role of government in modern democracies.

In “On Liberty,” Mill asserts that the primary justification for interfering with an individual’s liberty of action is self-protection. He argues that society, collectively or individually, should only intervene to prevent harm to others. This principle forms the foundation of Mill’s defense of individual freedom and his critique of paternalistic or oppressive forms of government.

Conversely, in “The Subjection of Women (1869),” Mill declares: “... the principle which regulates the existing social relations between the two sexes—the legal subordination of one sex to the other—is wrong in itself, and now one of the chief hindrances to human improvement; and that it ought to be replaced by a principle of perfect equality, admitting no power or privilege on the one side, nor disability on the other.”

While “On Liberty” focuses on the broader principles of individual liberty and the proper limits of state interference, “The Subjection of Women” addresses the specific issue of gender inequality and the need for reform in societal attitudes and laws regarding women’s rights.

### **THE UNIVERSAL DECLARATION OF HUMAN RIGHTS (1948)**

The Universal Declaration of Human Rights (UDHR), adopted by the United Nations General Assembly on December 10, 1948, consists of 30 articles that outline fundamental human rights and freedoms. Some of the main items covered in the UDHR include:

Article 1: Recognition of the inherent dignity and equal rights of all human beings, without distinction of any kind.

Article 2: Prohibition of discrimination based on race, color, sex, language, religion, political or other opinion, national or social origin, property, birth, or other status.

Article 3: Right to life, liberty, and security of person.

Article 4: Prohibition of slavery and servitude.

Article 5: Prohibition of torture or cruel, inhuman, or degrading treatment or punishment.

Article 6: Recognition of the right to recognition as a person before the law and the right to equal protection of the law.

Article 7: Right to equality before the law and protection against discrimination.

Article 8: Right to an effective remedy by competent national tribunals for acts violating fundamental rights.

Article 9: Prohibition of arbitrary arrest, detention, or exile.

Article 10: Right to a fair and public hearing by an independent and impartial tribunal.

Article 11: Presumption of innocence until proven guilty, and right to be heard in the determination of rights and obligations.

Article 12: Right to privacy, family, home, and correspondence.

Article 13: Right to freedom of movement and residence within the borders of each state, and the right to leave any country, including one's own, and to return to one's country.

Article 14: Right to seek and enjoy asylum from persecution in other countries.

Article 15: Right to nationality and the freedom to change nationality.

Article 16: Right to marry and found a family, with full and free consent of the intending spouses.

Article 17: Right to own property alone or in association with others, and the right not to be arbitrarily deprived of property.

Article 18: Right to freedom of thought, conscience, and religion.

Article 19: Right to freedom of opinion and expression. Article 20: Right to freedom of peaceful assembly and association.

Article 21: Right to take part in the government of one's country, directly or through freely chosen representatives.

Article 22: Right to social security and realization, through national effort and international cooperation and in accordance with the organization and resources of each State, of the economic, social, and cultural rights indispensable for dignity and the free development of personality.

Article 23: Right to work, to free choice of employment, to just and favorable conditions of work, and to protection against unemployment.

Article 24: Right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.

Article 25: Right to a standard of living adequate for health and well-being, including food, clothing, housing, medical care, and necessary social services.

Article 26: Right to education, which shall be free, at least in the elementary and fundamental stages.

Article 27: Right to participate in cultural life and to enjoy the benefits of scientific progress and its applications.

Article 28: Right to a social and international order in which the rights and freedoms set forth in the Declaration can be fully realized.

Article 29: Duty to the community in which alone the free and full development of personality is possible.

Article 30: Recognition that rights and freedoms set forth in the Declaration are subject to limitations and restrictions for the purpose of securing recognition and respect for the rights and freedoms of others, and meeting the just requirements of morality, public order, and the general welfare in a democratic society. These articles collectively form the foundation of human rights principles and have served as a guiding framework for international law and advocacy efforts to promote and protect human rights worldwide.

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