

CONTRADICTIONS OF PUBLIC VALUES – ORIGIN OF CONFLICT OF INTERESTS

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revaz.gvelesiani@tsu.ge**Abstract**

Fundamental social values (freedom, justice, security and progress) are always based on the economic well-being of society. However, the current level of economic development is a necessary but insufficient prerequisite for the development of society and the well-being of each of its members. But, when it becomes agenda to specify the economic-and-political objectives (in terms of identity, harmony, neutrality, conflict, and mutual exclusion), just in such circumstances the problems arise and the situation becomes extremely difficult, that contributes to occurrence of the conflicts of economic interests. Prevention of these conflicts through the instruments of the legal and legislative field is characterized by temporary positive effects which last for a short period, while in the long-term prospects; it may become very complicated and obtain an antagonistic nature. This is a necessary and the most important precondition for the prevention of the risks, which are associated with the rational economic policy. Of course, only a highly developed society can allow itself and allocate expensive resources to tackle conflicts of interest through consistent, long-term and cautiously drafted economic policy and its effective implementation.

Keywords: Fundamental societal values; Social state; Economic order; Economic contradictions; Economic risks; Conflict of interests

JEL Classification: D71, D72, D74, Z13

I. INTRODUCTION

The society regulation-related problem is to be solved on the basis of one instrument – justice / law. In this case, the aim of justice is introduced by two sub-goals - equality in behavior and outcome distribution. This issue would have been easily solved if we consider an empirical analysis of interdependence of goals as a starting point. In this case, these objectives were complementary (harmony of purposes). If we apply one instrument (law) to one sub-objective (eg, behavior), it would also achieve the second sub-objective according to the criteria of fairness. The problem arises when focusing on one sub-goal causes us to lose the other one, and a compromise becomes necessary. Applying the results of the empirical analysis shows that compromise cannot be long-lasting, and that is why we will eventually have to give up one of the sub-goals, for achieving justice. In this case, settlement of conflict through a compromise becomes a dilemma. All the three possibilities - harmony, conflict to be resolved through compromise, and dilemma, are always the subject of public discussions that ultimately lead to the interdependence of freedom and justice.

II. METHODOLOGY

Both general and specific research methods were used in this article, namely – the methods of analysis, synthesis, historical, logical, induction, deduction, scientific abstraction, comparative analysis, statistics (selection, grouping, observation, dynamics, etc.), static, as well as the methods of experimental evaluation.

III. RESULTS

Freedom of action allows an individual to accomplish his / her goals. However, if an individual (or an economic agent) is affected by the freedom of action of another individual, he or she begins to act in a way that the effects of his or her action are aligned with the objectives of the affecting individual (coincidence of interests). Such opportunities for influence are sometimes explored in the psyche of the affected individual. But, a power of it (ability) is determined by the extent to which a given individual gives up his or her autonomy in favor of heteronomy. Such a behavior may be detrimental to the individual affected, but he / she envisages the interests of settlement of conflicts and, agrees voluntarily to such pressure.

The usual possibilities of influence are, in essence, related to power. Here it seems to be important and useful to consider Max Weber's definition of power (1921/2002, p. 28): "Power is nothing but an opportunity to exercise your own will despite resistance, regardless of the basis on which this opportunity rests". Generally, the social boundaries of individual relationships must be understood as a restriction of freedom. But, on the other hand, it is unclear, to what extent it is possible to exercise one's will. We need to get into the Weberian definition to find out. In this aspect, power is to be conceived as a continuum i.e. integrity (e.g. Dahl, 1963, p.

62), on the one hand of which we must understand an autonomous individual with all his/her unlimited freedom of action, and on the other hand - complete heteronomy and / or domination exercised by others.

An individual involved in public relations may fall under the influence of power of others. Just this opportunity is that turns into violence that is nothing but an extreme form of the power. Violence arises when an individual tries to use his or her ability to commit another person's undesirable act. The purpose of the abuser is achieved by persuading a potential victim of violence that he or she will escape other potentially higher dangerous and harmful acts (Hayek, 1960, p. 134). Power and violence are intertwined and it is difficult to determine where one begins and where the other begins. Keeping this in mind is important because violence in public relations (among individuals) is considered unfair. Regarding power, the question arises: Are there any forms of its manifestation that are justified? Power in public economies has different causes, so the benefits they bring are different. This is confirmed by the events associated with the limitations of entry into a free market. On the one hand, we have "pioneering" profits, while on the other hand we have a monopoly rent. This is the problem of economic power and its reconciliation within the scopes of the competition policy.

Abuse of power is achieved by the adoption of restrictive laws. The danger that unlimited arbitrariness poses to the freedom of the individual is obvious, and is sometimes manifested in the illusions of a dictator or a "wise" tyrant in a "democracy." Democracy, as a set of law-making procedures, is used to mitigate a tension between the individual freedom and the political domination. However, we also have to take into account the danger that comes put from the "unlimited" democracy. An excessive d number of laws also endanger democracy.

Economic freedom requires to take all measures to enable citizens to carry out their economic aspirations without restriction, based on their personal responsibilities. Finally, the coordination and control of private economic decisions are based upon the following two principles:

- Coordination of economic entities through personal responsibility and market relations;
- Self-control exercised through economic pressure created by competition. It predetermines conformity of the individuals' aspirations with both developmental and restrictive conditions.

The state's primary task in securing the economic freedom is to enforce coercion. It (the state power) is obliged to create and adhere to the legal conditions of self-regulation. This task is implemented by non-market institutions that form the structure of the market economic system (Mestmaecker, 1975):

- Legally equal citizens and legal entities act by providing private and subjective autonomy in a way that is consistent with their decisions and that ensures their coordination through interchange. In this process, both private property and economic freedom are protected and a diversity of positions is ensured. It is precisely their interest in the implementation of their goals that drives them (citizens and legal entities) to cooperate with other individuals.

- With taking the legal private safety measures, a personal autonomy cannot be exercised at the expense of violating the autonomy of others. In such a case, the first and immediate measures to implement are protection and promotion of competition, support and provision of measures against abuse of power on the market (which is an instrument for controlling the economic power).

The pursuit of justice is often driven by the following factors.

- People compare and analyze the factual and desirable circumstances of life. In such analysis, they take into account both income and consumption levels, demands, and public status;
- Such aspiration is based on completely unconscious assumptions about equality (which exist among people as members of society);
- An in-depth analysis of the orientation based on social values shows that people understand in it a state desirable for the society. It provides much more sustainability than evolutionary reality;
- Aspirations are often derived from comprehensive forms of the public relations. These forms, however, are separated from happiness, fate, other advantageous or disadvantageous circumstances which are characteristic for individual life.

As to achieving the goals of justice, there are always difficulties in this path. This is because people seek both a fair attitude and a fair distribution of the results of their actions based on the law. There are cases of discrimination in the field of social justice in the contemporary world, but however when tasting this assumption, it is necessary to determine whether they are originated by the self-regulated market or they are the result of the past practice of intervention of the state into the market relations, which was not aimed at all at the social justice. Of course, the attitude between the state and society changes as the state expands its scope and aims to equalize opportunities and outcomes based on the equality of rights. Prior to such expansion of the sphere of activity, the state was essentially a weapon of coercion that served as a guarantor towards the self-formed society. This situation does not exclude the fact that it has kept the members of the society at least socially protected. The creation of equal conditions, its equalization is the principle of the principles of social statehood and the mechanism by which it controls a state market-oriented economic order.

"Social justice" has a definite content, expresses an ideal, and points to the defect of a modern public order that needs an urgent correction (Hayek, 2003, p. 217). Either the market-economic order and the private autonomy characteristic of it will exist for a long time, or the social state may appear to be an order that inadvertently but systematically promotes the "moving towards lowering" (Hayek, 2004).

It is clear that when the use of freedom and justice as a criterion of social justice of the basic social values becomes an agenda, only the law is not a sufficient instrument to resolve the conflict originated between them. There are frequent attempts to undermine the importance of this conflict by arguing that the distinction between procedural or formal justice and the freedom of action secured by it, seem to undermine the possibilities of a material evaluation of freedom. From this perspective, formal justice (and freedom) in legal or formal terms may be more attractive than real events and social justice.

Such an argument is based on a rather dubious comparison from a methodological point of view: on the one hand, we have legal equality, while on the other hand - possible results allowed by such equality, that is, differences between social-and-economic positions. It is assumed that the latter is nothing but a complete or partial consequence of legal equality. But, when applying social justice as a criterion, the subject must also consider one more procedural outcome. This does not, however, imply limitation of formal freedom by means of inequality or discrimination, but rather restriction of material freedom on the basis of planned redistribution, by the state.

IV. CONCLUSION

The Western welfare state seeks a compromise between the freedom and the social justice. However, the democratic methods of forming a political will do not allow for such a compromise. On the contrary, the use of socially-based privileges in political competition threatens both material and formal justice. There seems to be a fragile compromise between freedom and social justice. However, it is possible that we are dealing with a dilemma. On the other hand, it is worth to examine whether the institutional conditions under which the political will-making process can be altered may allow for long-term compromise. The subject of such examination is nothing more but a political system. The main assumption would be that in conditions of unrestricted democracy, it is not possible to ensure a satisfactory freedom (Hayek, 1979/2003, p. 128). The practice of realizing a social legal state shows that this assumption also extends to the compromise between freedom and social justice.

Depersonalization of conflicts in the economic sphere is carried out using social methods and/or competition. This demonstrates its socio-political function. Indeed it is a mechanism for controlling the power, but, as soon as it is turned into the mechanism of abuse of power, it jeopardizes the freedom of others. However, competition is also a process of monitoring achievements (results), because when one's efforts are underestimated or evaluated negatively and their material capabilities are reduced, it is not the competitor who is to blame, but the "market dictate"

Market coordination can also create problems to an individual security. Market participants' economic security risks are caused by unstable development in separate markets as a phenomenon of conjuncture and economic development (growth and structural change).

Due to the risks inherent in market coordination, more or less large-scale security requirements arise. As we strive for a total security and wish to avoid all the risks associated with individual incomes and the ability of their earning, the conflicts related to these circumstances but preconditioned by another reasons, become especially evident. Total security requires a firm system of intergenerational cooperation. Neither medieval manufacture economics nor forms of centralized bureaucratic socialism can prove that competition-free economic systems have an advantage. However, both these systems as the firm ones, meet much better than others the requirements of a total security. Even without such an evidence it is obvious that such a security means a more or less hindrance to the realization of the goals of other individuals. Total security means that social status is inviolable and no individual has the right to endanger the state of others. In terms of employment, this means that there are plenty of jobs. Each individual has a guaranteed job place that will not be jeopardized by competition or entrepreneurial dispositions. However, it is impossible to make total security and economic freedom compatible to each other.

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