

Democratic values as a debatable legitimation of growth

Supporters of economic growth often relate this growth to strong moral relevance, especially in a cultural context. They focus on both, a potential good life by generating affluence as well as stability of democratic values in a modern society. Benjamin Friedman shows in his historical analyses of the last hundred and fifty years, that intolerance and xenophobia increased in periods of weak economical growth. As examples he highlights the U.S.A., Germany, Great Britain and France. He states, that this tendency is based on the human disposition to compare one's own living standard to that of others. Bad attitudes arise when people rank lower in this comparison. They feel pressurized and want to exclude others, because they see them as a threat that might worsen their social position. If the own living standard increases step by step then the comparison with the living standards of others becomes less important. The result is an optimistic view towards the future and the adoption of positive attitudes with no need to exclude others.¹

This issue needs to be considered. In a first step we have to answer the question, with the help of economic theory, if growth itself induces inequalities. Then even if growth increases the living standards of people who rank lower, the difference between living standards will increase simultaneously – in this case the positive effects of growth on democratic values described by Friedman would not be that prominent. In fact technological progress, which is an important source of growth,² seems to foster inequalities. For instance the introduction of IT-based technologies requires skilled workers and so raises their wages compared with those of unskilled workers.³ With this in mind Friedman switches topics and offers impressive data demonstrating a positive effect of growth on the elimination of absolute poverty. He argues, that absolute poverty primarily hinders people from becoming better off over time.⁴ Indeed, this might be the case. But it is questionable whether absolute poverty might be understood as the

¹ Cf. Benjamin Friedman: *The Moral Consequences of Economic Growth*, New York 2005.

² Cf. Elhanan Helpman: *The Mystery of Economic Growth*, Cambridge 2004. Chapter 3.

³ Cf. Benjamin Friedman: *The Moral Consequences of Economic Growth*, New York. p. 350 f. ; Elhanan Helpman: *The Mystery of Economic Growth*, Cambridge 2004. p. 94 ff., 100, 103.

⁴ Cf. Benjamin Friedman: *The Moral Consequences of Economic Growth*, New York. p. 351 ff.

prevailing source of intolerance and xenophobia in modern, affluent societies. I doubt it.

In fact sociological studies indicate intolerance and xenophobia as prevailing issues of socially deprived people. But they are not restricted to these milieus.⁵ More important seems to be the experience of a precarious social situation, which is a result of highly competitive labour markets, a condition that prevails in modern, affluent societies rather among low income workers than among people in absolute poverty and their specific problems.⁶

In a second step we have to investigate the anthropological dimension of a comparison of living standards as assumed by Friedman. An alternative interpretation of comparing ones own living standard with that of others is proposed by several critics of growth. They conceive this kind of comparison as a problem of status. According to this interpretation prestige goods do not increase quality of life but cause a senseless competition for status. This competition enforces growth in a cultural way. For most critics of growth, competition of status does not amount to an anthropologic dimension. They see it primarily as a bad cultural development in consumer societies.⁷

I think that a paramount task is to clarify the special quality of modern consumption. Several approaches strike me as partially helpful. One approach addresses modern consumption as an embodied orientation to this world, in contrast to an orientation to the afterworld. But this does not explain why the orientation to this world expresses itself in a consumption of status by acquiring commodities. Another approach focusses on identity generating power of a symbolic order which is highly influenced by advertising activity and allows a person to establish either a border between her and others or conformity within the group. But could consumption be contained by containing advertising activity? Is the “manipulable“ consumer merely seduced by the power of that activity? May one consider conformity and non-conformity as dominant motives for consumption? I fail to be convinced. A third approach shows another possible motive for consumption: the orientation towards the upper class to participate in their status and well-being. This approach argues from a historical point of view: The modern culture of consumption arose in courtly societies. Consumption was used by the nobility, competing for power and appreciation, to gain prestige. The middle classes imitated the noble way of life.⁸ Are they still behaving in this way today – in a non-aristocratic society? We also need to ask here: Can conformity – in this case with the upper class – be seen as a dominant motive of

⁵ Cf. Jürgen Mansel u.a.: Der Effekt von Prekarisierung auf fremdenfeindliche Einstellungen, in Wilhelm Heitmeyer (ed.): Deutsche Zustände 10, Berlin 2012. p. 105.

⁶ Cf. *ibid.* p. 110.

⁷ Cf. Meinhard Miegel: Exit (2. ed.), Berlin 2012. p. 51 ff.; Cf. Nico Peach: Befreiung vom Überfluss (3. ed.), München 2012. p. 110 f.; Cf. Tim Jackson: Wohlstand ohne Wachstum, München 2011. p. 67 f.

⁸ For a good overview of these approaches cf. Stengel, Oliver: Suffizienz, München 2010.

consumption?

I evaluate it as a deficit of these approaches, that all three explanatory hypotheses do not systematically take the specific quality of that society into account, in which consumption exploded exorbitantly: the modern market society.

Especially Nico Peach offers a promising approach, in which he focusses on the specific social situation of people in modern market societies. He argues that the involvement of people in market societies secures them not only in terms of affluence, but also creates dependency within a range of more or less random happenings which cannot be controlled.⁹ This approach seems to be able to reflect the above-mentioned relevance of precarious working conditions for the spread of intolerance and xenophobia remarkably well. I want to refer to modern consumption as an expression of wellbeing in a society, which renders the individual a recipient of social appreciation for one's personal successful job performance and pays him money in return; a society that translates successful job performance into a personal practical test, because social participation depends on successful participation in markets. Thus I want to point out that individual orientation to consumption needs no specific (social)psychologic explanation. Rather its source is the general context of a market society. Let us draw some consequences: First, a cultural transformation that focusses mainly on individual behavior might range not far enough. Second, individual dependence on markets and the corresponding basic precarious social position raises the question, whether the bad attitudes that Friedman describes should not be disconnected from anthropological assumptions and relativized to a specific social context. Consequently, we have to ask the following questions: Does the basic precarious social position affect human wellbeing in a bad manner because it forces people into conformity with markets? Is the legitimacy of pervasive markets affected by this issue?¹⁰ Could this issue be mitigated by alternative modes of economic activity? Could alternative modes of economic activity turn the imperative of growth back into an open question?

⁹ Cf. Nico Peach: *Befreiung vom Überfluss* (3. ed.), München 2012. p. 64 ff.

¹⁰ The economic ethicist Peter Ulrich argues in this way. Cf. Peter, Ulrich: *Integrative Wirtschaftsethik* (4. ed.), Bern – Stuttgart – Wien 2008. p. 214, 243 f.