

ABSTRACT

ECONOMIC GROWTH: GOOD, BAD OR UGLY?

THE PURPOSE OF GROWTH AND HAPPINESS RESEARCH
AND NORMATIVE POSITIONS ON ECONOMIC GROWTH

Economic activity is a question of attaining outputs by means of input. What is regarded as input and output is not only a technical consideration, but also a moral one. The way, however, that input is transformed to output can be classified in four categories, some of which are more compatible with sustainability than others. This classification divides growth into extensive versus intensive growth and material versus immaterial growth.

Extensive growth is more of the same: increasing production by higher inputs. This is of course only attainable as long as there are available inputs. Intensive growth is more of something new, and in new ways. The increased production stems from an increased productivity, and a higher output per measure of input. The driving force here is technical and organizational development.

Material growth is a growth in the consumption of goods, while immaterial growth is the consumption of services. Generally, the consumption of goods relies on a higher amount of input than services, and in this perspective it is notable that as income grows, a larger share is dedicated to services than goods. After the basic necessities are attained, additional income is mostly spent on immaterial services.

HUMAN SATISFACTION

As production is steadily more intensified, and consumption tends towards immaterial services, a higher output value is attained for every unit of input. As such, economic growth is increasingly 'decoupled' from environmental impact. While this might optimistically ensure sustainable development, there are still reasons to be cautious: populations are growing, consumption is still growing in absolute terms and many of the negative impacts of economic growth are not accounted for in the calculation.»

Research in happiness points out that as important as economic growth is, it is not a goal in itself but only a mean to achieve human satisfaction and well-being. The research on happiness finds that wealth and income is in fact uncorrelated to happiness after a base level is attained. This is potentially a immensely important finding, because if the damaging economic growth fails to increase human happiness, there is all the more reason to explore alternative venues.

5 NORMATIVE POSITIONS ON ECONOMIC GROWTH

Economic growth is not a neutral natural phenomena, but a human construction, and both its conditions and results have great impact on society. Because of this political and social aspects of the debate about growth, there are many different normative positions of growth. Here we present a five of these positions, which emphasize different sides of growth and prefer radically different outcomes. As such they illustrate how growth is never a neutral term, but always deeply value laden.

#1. Growth is Good: Growth is the central driver of improvement. It is progress in science and technology that opens new possibilities for humans, and the only way to abolish poverty.

#2. Growth is Right: There is still remarkable poverty and hunger in the world, and economic growth is necessary to ensure progress in developing countries. This position is institutionalized in the World Bank and the UN, and expressed in the Brundtland Commission amongst others.

#3. Growth is Necessary: This is an approach driven by competitive short term concerns. When growth stalls in economic recessions unemployment rises, firms close down and public finances suffer. The short term fix is stimulating growth, which is seen as imminently necessary.

#4. Growth is Bad: Growth is a strenuous requirement, and a mindless rat race without purpose. Growth changes society, and not in a positive way.

#5. Growth is Sinful: Economic growth is an expression of greed and gluttony, hedonism and contempt for nature. This position tends towards misanthropy and pessimistic view on human nature.

