

“The chief lesson from the globalization that began half a century ago is that the countries losing out are the ones that haven’t participated.” Benjamin M. Friedman

Pro Argument

Growth Spurs Society’s Moral Values

Growth not only spurs a society’s material living standards, it also boosts moral values such as democracy, fairness, generosity and tolerance, explains Harvard Professor Benjamin M. Friedman. However, from an environmental viewpoint, he believes global warming is an issue which needs to be addressed with global agreements and a better use of existing technology.

Bulletin: How would you define economic growth?

Benjamin M. Friedman: I prefer to define economic growth as a sustained increase in material living standards, broadly distributed throughout the population.

What are the pros of economic growth?

When the broad bulk of the population experiences a sustained increase in its living standard, society is more likely also to move forward in dimensions that Western thinking has regarded as positive ever since the Enlightenment, including moral values such as commitment to democracy, fairness, generosity and tolerance with

respect to diversity across racial, ethnic or religious lines.

Are there exceptions, when growth doesn’t achieve positive moral consequences?

Yes, countries where wealth creation primarily comes from extracting minerals from the ground do seem to be an exception to the positive moral consequences that growth generally triggers.

Does this mean an equal distribution of growth boosts a society’s moral values?

Not necessarily. Look at China today. Incomes are becoming sharply more unequal, but the economy is expanding so rapidly that even with this increased inequality, the great majority of Chinese enjoy a higher standard of living. What matters here, is whether the majority of the population is experiencing an improvement in its living standard.

What are the dangers of economic growth?

Growth, especially in a development context, implies that society undergoes all sorts of transitions – be it large-scale population

movements from farms to industrial employment, from rural areas into cities, urbanization, increased literacy rates. Many of these transitions can bring political unrest in the short term.

Is the current level of global growth sustainable in the long term?

From an economic and even a political point of view, I would say yes. The chief lesson from the globalization that began half a century ago is that the countries losing out are the ones who haven't participated like North Korea, Burma and sub-Saharan countries. Look at India and China, which have participated in global economic growth. They are doing extremely well, with the number of poor falling quite rapidly.

Is it sustainable from an environmental point of view?

Environmental damage in the traditional sense, like air pollution, or running out of vital non-renewable resources is not problematic. Air and water pollution is the worst in low-income countries. When such countries reach an income between 2,000 to 8,000 dollars per capita, the country normally starts to address the matter. China with a per capita income of about 6,000 dollars is for instance starting to address air pollution in cities, through emission controls on automobiles.

How about running out of oil or other essential non-renewable resources?

When it comes to running out of vital non-renewable resources, we aren't likely to run out of something that matters in the short term. However, looking over a 250-year horizon, we will. But then it is implausible to assume that technology will remain unchanged during such a long time period. Even some 150 years ago, people were already concerned about running out of oil. In 1857, they worried about oil because it was getting harder to find whales to catch. At that time, no one had started to extract petroleum from the ground.

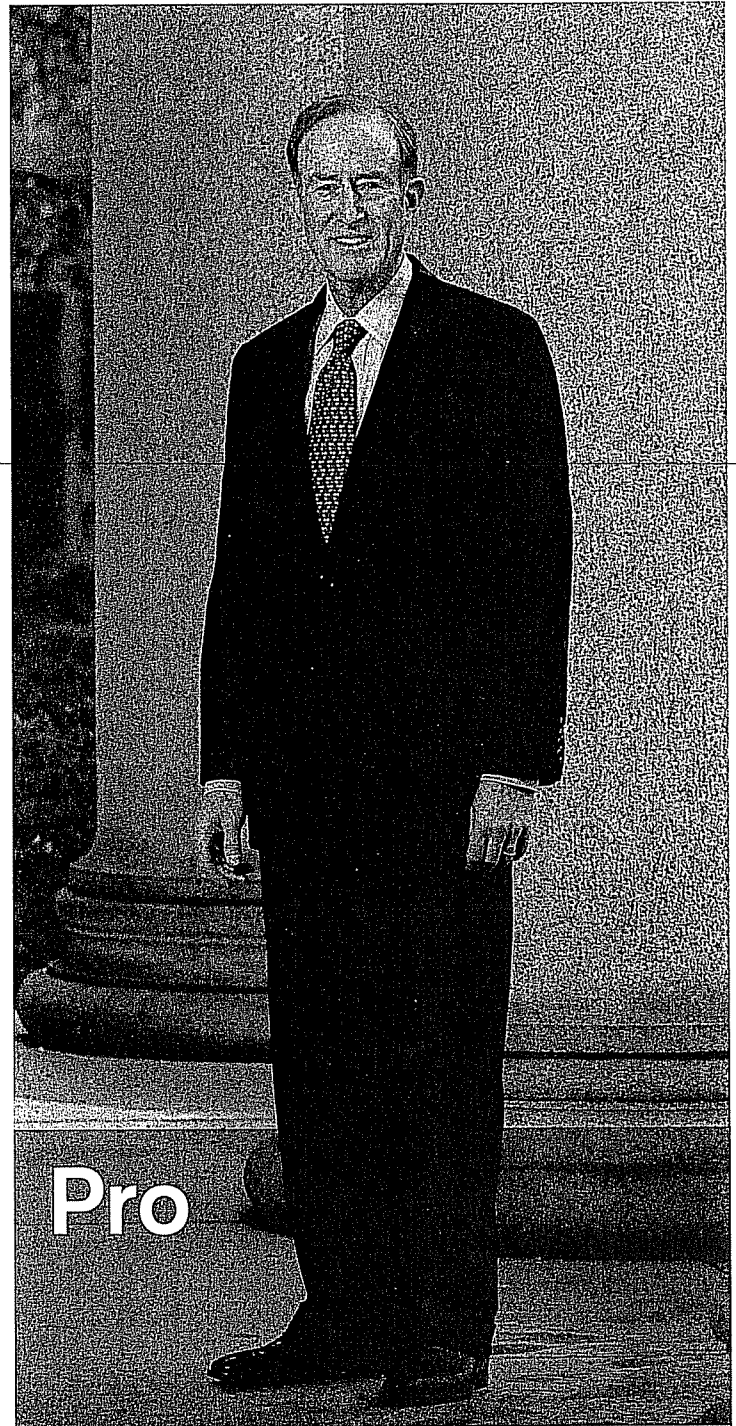
Are you as optimistic when it comes to tackling global warming?

No, precisely because the problem is global. There is today very little incentive for any individual political entity to address the problem on its own although there have been attempts to address the issue, such as the Kyoto Protocol, voluntary efforts in California, in some European Union (EU) states and by some corporate businesses. But over time and with some efforts in negotiating international agreements, the ordinary workings of technological progress should be able to address the problem.

Can you provide examples of the types of technological progress that can address the problem?

Much of the carbon dioxide (CO₂) released comes from power generation, and we know today how to prevent this from happening either by using nuclear power or by capturing the CO₂ before it leaves the power plants and gets into the atmosphere. We already have the technology, and it would today add 30 percent to 50 percent to people's electricity bill to recapture the CO₂.

This may sound like a lot, but when you know a typical family spends a mere 4 percent of its income on electricity, and so it would spend just 5.5 percent if it paid for carbon recapture. No one would like to do that gladly, but it is not a large amount compared to what people pay for many other public purposes. It's a matter of having a public policy mechanism in place. Moreover, the price of carbon recapture is likely to come down in the future thanks to technological progress. <



Benjamin M. Friedman is the William Joseph Maier Professor of Political Economy and former chairman of the Department of Economics at Harvard University, where he has taught for more than three decades. He is author of "The Moral Consequences of Economic Growth," published in 2005, and also the "Day of Reckoning: The Consequences of American Economic Policy Under Reagan and After," which was acclaimed for drawing critical attention to the problems with former President Ronald Reagan's tax cuts. For this writing, he received the George S. Eccles Prize, which is awarded annually by Columbia University for excellence in writing about economics. In 2005, the International Honor Society in Economics granted him the John R. Commons Award in recognition of achievements in economics and contributions to the economic profession. Friedman has also written for The New York Times, The Wall Street Journal and The New York Review of Books.