

## What if There Were No Ecological Limits to Growth?

© Stephen A Marglin

I see us free, therefore, to return to some of the most sure and certain principles of religion and traditional virtue—that avarice is a vice, that the exaction of usury is a misdemeanour, and the love of money is detestable, that those walk most truly in the paths of virtue and sane wisdom who take least thought for the morrow. We shall once more value ends above means and prefer the good to the useful. We shall honour those who can teach us how to pluck the hour and the day virtuously and well, the delightful people who are capable of taking direct enjoyment in things, the lilies of the field who toil not, neither do they spin. (John Maynard Keynes, 1931 [1930], 371–372)

It is only in the backward countries of the world that increased production is still an important object; in those most advanced, what is economically needed is a better distribution. (John Stuart Mill, 1909 [1848], p 749)

This paper abstracts from the most important question of our age—is growth sustainable?—in order to focus on another important question—is growth desirable? What if ecological constraints do not decide the matter?

For the poor, there is nothing to debate. Mohandas Karamchand Gandhi, the Mahatma, said that if God wanted a warm welcome in India, He should appear in the form of a loaf of bread (Gandhi, 1931). But the case is not so clear for the rich. What if consumption could go on, world without end? Would that be a good thing

In 1930, about the same time as Gandhi was advising God about the choice of avatars, John Maynard Keynes wrote “Economic Possibilities for Our Grandchildren” to make the point that in two or three generations it would become easy if not effortless to provide enough to satisfy people’s needs; consequently, there would no longer be the need to organize our lives around the economy, and we would be able to devote ourselves the finer things of life—as sketched in the epigraph above.

I devoted a chapter of *The Dismal Science* to analyzing Keynes’s vision, and why it has failed to materialize. Here I explore a variation on my critical theme, specifically, what’s wrong with the pursuit of happiness in the form of ever more consumption.

The “economics of happiness” literature points to diminishing marginal returns: after a certain threshold is reached (somewhere in the range of per capita GDP of \$10,000 to \$15,000 according to one study [Layard, 2005]; roughly the average per capita production of the world economy), further increases in

output add relatively little to perceived happiness/life satisfaction.<sup>1</sup> If this is so, why is the economy, not to mention economics, constructed around consumption—consumption today, consumption tomorrow, consumption forever?

Various surveys point to the fact that, notwithstanding diminishing marginal returns, people, whatever their incomes, whatever their wealth, aspire to more. Case in point: in 2005, PNC Advisors, an investment advisory firm associated with PNC Bank, surveyed several hundred wealthy individuals:

When asked how much they needed to feel financially secure in the future, respondents consistently cited a need to approximately *double* their current level of assets. Those with \$10 million or more felt they needed a median of \$18.1 million; those with \$5 million or more needed \$10.4 million, and those with a half million to \$1 million said they needed \$2.4 million. (PNC Advisors 2005)

There is, in short, a dynamic interaction: wants now exceed the means to fulfill them, and wants will always grow faster than means. At the individual level the question is why people strive for more if they are consistently disappointed in their expectations that more will add significantly to their well-being.

Daniel Kahneman (a psychologist who won a Nobel Prize in economics for his—mostly subversive—contributions to our understanding of economic behavior) together with four colleagues, offered several answers (Kahneman, Krueger, *et al*, 2006). One is that much of consumption is relative, keeping up with the Joneses. If we judge ourselves by how we compare with our neighbors, then, in an expanding economy in which the average level of income is always increasing, we must run faster just to stay in place.

Another answer offered by Kahneman *et al* is that consumption is a progressive addiction, like heroin. The fix wears off after a while and the addict needs a larger dose to get the same effect. Specialists in happiness economics call this hedonic adaptation.

Finally there is cognitive error. People don't learn quickly enough to do themselves any good. In the economist's timeless model of consumer choice, the individual's decision to consume one combination or another of pizza and cola is immediately carried out and the pleasures and pains immediately felt. In the case of choosing to devote one's energies to the pursuit of consumption, the balance sheet can only be drawn up after a long period of time, perhaps on one's death bed. If the bumper sticker "He who

---

<sup>1</sup> The happiness street is a busy one for economists. The pioneer was Richard Easterlin (1974, 1995), whose eponymous paradox set the agenda: cross-sectional studies of individual countries suggested that within a given country at a given time, the rich were happier than the poor, but neither cross-sectional comparisons of countries nor time series of individual countries supported the view that more income meant more happiness. Easterlin's conclusions been challenged for many reasons, conceptual and statistical; a good example is Betsey Stevenson and Justin Wolfers 2008, 2013). The controversy continues. Easterlin's most recent rejoinder was published in 2015.

Despite persistent controversy over the original hypothesis that a growing pie does not add anything to overall happiness, there is general agreement that a given chunk of pie contributes less and less to perceived happiness as the pie gets bigger.

dies with the most toys wins” is in error, we may not know so until the movie is almost over. And we can’t rewind the movie and change the plot.

The error, in the view of Kahneman and his collaborators, comes in focusing on the visible life style of the rich and neglecting the costs of pursuing happiness through consumption. Instead of more leisure—more time for golf or fishing or watching 500 channels of big-screen television—more income means a lot more work, a lot more commuting, and a lot more stress. Were individuals capable of perceiving these costs, if they could see the end of the movie, they would opt for less consumption and less work. The pursuit of goods crowds out the good.

I believe there is merit in all these answers, but none is completely satisfactory. The relativity of our wants is certainly a major issue. But it can’t be the whole story. For one thing, we might expect a political movement based on the social harm of keeping up with the Joneses if the problem were widely recognized and the inability of the invisible hand to deliver even on its limited promise were appreciated. There are indeed political movements based on the idea that growth is infeasible but even Green parties do not find it helpful to argue against growth in terms of the limits of keeping up with Mr Jones.

But whatever we might think about the importance of Mr (or Ms) Jones to our own consumption desires, over time we spend more and more on commodities like health care which only by stretching the plain meaning of words can be called relative. How do we account for the rise of consumption that fulfills absolute needs, needs that, in Keynes’s words, “we feel . . . whatever the situation of our fellow human beings may be” (Keynes 1931 [1930])?

Similarly, the addiction hypothesis has considerable truth to it. The conventional assumption of unlimited wants is better understood as a ratcheting up of wants with income than as a once-and-for-all of consumer psychology. Individuals may, as in the PNC survey, say they need more than their present income to meet their needs, but they are somewhat modest as to how much more they need. The clients the PNC team interviewed put a limit on how much they needed at roughly double their present level of wealth.

But there is a puzzle: how do we account for the massive denial of addiction? Cigarette smokers may be unable to stop smoking, but they normally do not encourage their children to follow their bad example. One would expect, at the very least, a form of “shoppers anonymous” if addiction were central to the story.

This leaves cognitive error. I think Kahneman and his colleagues are onto something here, specifically that there are hidden costs to consumption. But I think these costs are hardly limited to the crowding out of time for enjoying the fruits of one’s labor. There are more deeply hidden costs, hidden as much by our apparatus for understanding these costs as by their inherent opaqueness.

### **The Parable of the Poor Man’s Son**

Adam Smith was aware of these deeper costs 250 years ago. It is worth quoting him at some length:

The poor man's son, whom heaven in its anger has visited with ambition, when he begins to look around him, admires the condition of the rich... In order to arrive at it, he devotes himself for ever to the pursuit of wealth and greatness. To obtain the conveniencies which these afford, he submits in the first year, nay in the first month of his application, to more fatigue of body and more uneasiness of mind than he could have suffered through the whole of his life from the want of them. He studies to distinguish himself in some laborious profession. With the most unrelenting industry he labours night and day to acquire talents superior to all his competitors... For this purpose he makes his court to all mankind; he serves those whom he hates, and is obsequious to those whom he despises. Through the whole of his life he pursues the idea of a certain artificial and elegant repose which he may never arrive at, for which he sacrifices a real tranquility that is at all times in his power, and which, if in the extremity of old age he should at last attain to it, he will find to be in no respect preferable to that humble security and contentment which he had abandoned for it. It is then, in the last dregs of life, his body wasted with toil and diseases, his mind galled and ruffled by the memory of a thousand injuries and disappointments which he imagines he has met with from the injustice of his enemies, or from the perfidy and ingratitude of his friends, that he begins at last to find that wealth and greatness are mere trinkets of frivolous utility, no more adapted for procuring ease of body or tranquility of mind than the tweezer-cases of the lover of toys; and like them too, more troublesome to the person who carries them about with him than all the advantages they can afford him are commodious... Power and riches appear then to be, what they are, enormous and operose machines contrived to produce a few trifling conveniencies to the body, consisting of springs the most nice and delicate, which must be kept in order with the most anxious attention, and which in spite of all our care are ready every moment to burst into pieces, and to crush in their ruins their unfortunate possessor. (Smith 1982 [1759], 181-183)

Smith's argument is Kahneman Plus, richer and more nuanced. Smith deplores not only the time that it takes to amass wealth, but the attitudes and behaviors which must be cultivated: he who seeks happiness through wealth must "make his court to all mankind... serve those whom he hates, and [be] obsequious to those whom he despises."

What is crowded out is not only time but our very capacity to relate to each other and to the cosmos in any but a manner conducive to the end of more and more consumption. For Smith the problem is that we have to cultivate subservience and dissembling. But his argument is more general: even if we were to operate in the rarified domain of competitive markets, in which anonymous agents need neither hate nor bow down, to succeed in our quest for wealth we would still have to acquire the characteristics of *homo economicus*. We must at the very least become self-interested, rationally calculating individuals.

We do not wish to become such limited human beings. We may not even notice the change, any more than the student of economics recognizes that his socialization into the profession is complete the moment he calculates the marginal utility of an evening with friends and compares this with the marginal utility of spending the evening with the latest issue of *The Quarterly Journal of Economics*.

The market system<sup>2</sup> itself is one of those “operose machines” that Smith deplures. Humankind has not devised a better machine for promoting the growth of production and consumption, but I would argue the success of the market in this regard owes much less to its static efficiency properties—Pareto optimality and all that—than to the ability of the market to mobilize an evanescent kind of knowledge that cannot be separated from action, a kind of knowledge that I have elsewhere called “experiential,” in opposition to the “algorithmic” knowledge of *homo economicus* (Marglin, 2007, ch 7-9).<sup>3</sup>

As Friedrich Hayek argued almost 3/4 of a century ago (Hayek, 1945), the virtue of the market is precisely that it calls forth knowledge which people cannot explain, justify, or defend intellectually, knowledge that economic agents themselves may not fully understand. It calls forth this knowledge by the incentives it provides for action and the ruthlessness with which (in the absence of government bailouts) it weeds out error. Ironically, the symbiosis between markets and economic growth depends on a reality of knowledge as experience that is strikingly at odds with the dominant ideology of knowledge as algorithm.

Markets foster innovation by allowing, indeed encouraging, the translation of experiential knowledge into action. But the embrace of innovation, along with hard work and capital accumulation, would be minimal without the spur provided to the poor man’s son by the vision of future opulence. Again Smith:

It is well that nature imposes upon us in this manner. It is this deception which rouses and keeps in continual motion the industry of mankind. It is this which first prompted them to cultivate the ground, to build houses, to found cities and commonwealths, and to invent and improve all the sciences and arts, which ennoble and embellish human life; which have entirely changed the whole face of the globe, have turned the rude forests of nature into agreeable and fertile plains, and made the trackless and barren ocean a new fund of subsistence, and the great high road of communication to the different nations of the earth. The earth by these labours of mankind has been obliged to redouble her natural fertility, and to maintain a greater multitude of inhabitants (Smith 1982 [1759], 183-184).

The important point is that the larger society benefits from the innovations and the accompanying accumulation of capital of a relatively small group. An enlarged and improved capital stock increases a worker’s productivity even while her work becomes less difficult physically, and higher productivity

---

<sup>2</sup> By “market system,” or simply “the market,” I mean something different from the variety of markets that have been with us since time out of mind and exist in virtually all societies. I mean, with Karl Polanyi (1944), a self-regulating market system, a world in which markets collectively allocate resources, set prices, determine the distribution of income—in short, a system in which markets provide for our needs and wants and from which we derive our sustenance. And, as I shall argue, something more: a system that not only regulates itself but also regulates ourselves, a process that shapes and forms people whose relationships with one another are circumscribed and reduced by the market.

<sup>3</sup> Another aspect of experiential knowledge is that it cannot be separated from emotion. This introduces a subjective element—Keynes’s term is animal spirits—into both investment and consumption demand which accounts for the volatility and unpredictability of aggregate demand.

allows higher wages as well as greater returns to the owners of capital. Even if for some workers, particularly in services, productivity is unchanged, the demand for their labor increases along with a general rise in the standard of living, and they too will benefit: a barber in the US or France does pretty much the same work with pretty much the same tools as a barber in India, but earns 10 or 20 times as much money.<sup>4</sup>

Why is inequality a spur to effort, innovation, and accumulation? Even at low levels of income and consumption, we are concerned with what others think, and we desire goods for what they say about us. Adam Smith observed that the poor, like the rich, crave dignity almost as much as food, drink, or shelter—and will pay for it. Smith, living in a much poorer society than ours, saw that much consumption expenditure goes not for bare, or even enhanced, subsistence, but to be able “to appear in public... without denoting a disgraceful degree of poverty” (Smith (1937 [1776], p 822), both literally and metaphorically. Keeping up with the Joneses, at least to a certain extent, is necessary simply to be included in society.

Market society is at work here too, for where markets hold sway, where everything is for sale and everything has a price, we are what we possess; lacking in goods means lacking in human quality. In a non-market society, such as one in which feudal and manorial institutions dominate, it does not occur to commoners that they too might be kings. If the Joneses are from a higher class, caste, or clan, one simply can't keep up with them. But in a modern individualistic society, barriers to mobility are much lower. Commoners can hope to live like kings if not to be kings. So where individualism has taken root and enhanced social mobility, inequality becomes a stimulant to growth. Smith saw this point too. Inequality stimulates effort, hard work, investment, and innovation in order to “attain the pleasures of wealth and greatness.” And we all benefit, even those, especially those, who have neither the wit nor the will to amass great wealth. (Or perhaps these folks simply see, with Smith, that the game is not worth the candle.)

What happens when the growth process is successful, and a society reaches what we may call the *dignity threshold*, when there is finally enough for everybody to have the material basis of a fulfilling and dignified life? <sup>5</sup> Smith was sanguine about the inequality that he saw as the necessary companion of economic growth because he saw inequality as temporary. Soon enough, a leveling process would insure, if not equality, at least “the same distribution of the necessaries of life, which would have been

---

<sup>4</sup> I only recently learned that this was a new idea to economists when Will Baumol and Bill Bowen put it forward in the 1960s (Baumol and Bowen, 1965). It is known as the “Baumol effect” or simply as the “cost disease.”

<sup>5</sup> For purposes of this discussion I will take the dignity threshold as a range of income between \$10,000 and \$15,000. As has been noted—see fn 1—in the economics-of-happiness literature beyond this range further increases in output add relatively little to perceived happiness/life satisfaction. \$15,000 is the current per capita production of the Chinese economy, and less than a third of US GDP per capita (CIA World Factbook, [www.cia.gov/library/publications/the-world-factbook/geos/ch.html](http://www.cia.gov/library/publications/the-world-factbook/geos/ch.html). accessed March 16, 2016). The US reached this threshold sometime around World War II after more than a century of growth, whereas China is only just now reaching it after a period of stupendous growth lasting hardly a single generation.

made, had the earth been divided into equal portions among all its inhabitants” (Smith 1982 [1759], 184).

The more inequality, the fewer the number of people who actually attain the dignity threshold even when the average income is considerably higher than the threshold. This wouldn’t matter if there were a self-correcting mechanism *à la Smith* for redressing the distribution of income once the dignity threshold is attained. But what if the leveling process gets derailed?

We used to believe that, whatever theory might say, the data were reassuring. I grew up in an era of relative equality, which we took to be the norm. The work of Thomas Piketty and his associates suggest a very different story, namely, that the middle of the 20<sup>th</sup> century, roughly from 1920 to 1980, was the anomaly, that the norm was the much greater inequality that now characterizes the US and many other (but not all) rich countries and characterized the capitalist world before World War I (Piketty, 2014).

We also believed that solidarity provided some restraint on the polarizing tendencies of growth. But the widening of income differentials, illustrated by the ratio of CEO pay to the pay of an average worker, suggests that there is less and less solidarity in the capitalist enterprise. From 20:1 a half century ago, this ratio is now close to 300:1—see Figure 1.

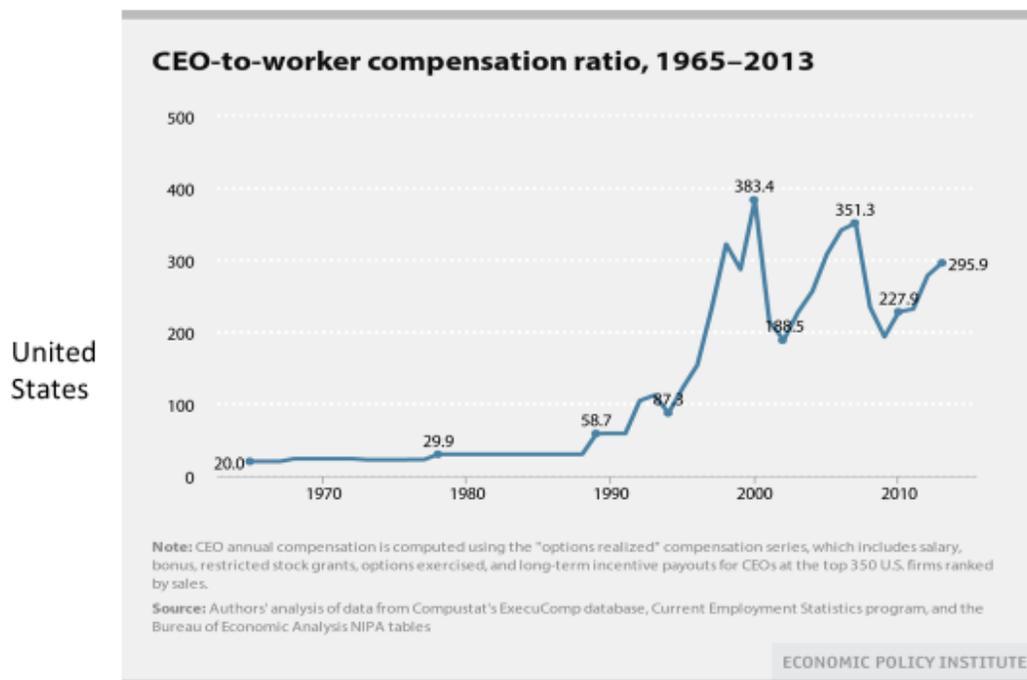


Figure 1

With continuing, perhaps even growing inequality, the pressures to keep up with the Joneses continue, and perhaps even accelerate. As do the opportunities for conspicuous consumption that announces our importance wherever we go. So inequality continues to act as a spur to growth even after growth ceases to be necessary to provide the economic basis of a dignified life.

Once the genie of emulation has been let out of the bottle, there might be no way of putting it back. This in the end might be the chief reason—if hardly the only one—why we might never reach Keynes’s utopia in which the economic problem has been solved.

On the way there, two diametrically opposed unintended consequences are at work: the positive one of trickle down of the fruits of innovation and capital accumulation and the negative one of transformation of our very selves. Not surprising because the market produces both goods and people. Markets shape and form us, circumscribing and reducing our relationships with each other, with the cosmos. It is also the negative consequences that require our attention because it is these that make unlimited growth problematic even apart from the toll it takes on the planet.

For Keynes as for Smith, the point was not that consumption was intrinsically evil; Keynes is quoted as saying that his only regret in life was that he had not drunk more champagne (Council of King’s College, 1949, p 37). Rather the problem was what individuals have to do and to be in order for the accumulation of sufficient capital to take place. It is the means that narrow and deform, not the end.<sup>6</sup>

Keynes thought the solution to this problem was three or four more generations of hard toil. Humankind (by which he meant the rich countries of Western Europe and North America) would then be free to devote itself to pursuits worthier of its energies (Keynes 1931[1930]). Once the economy had fulfilled its historical role of providing the means of fulfilling our absolute needs, we need not organize our society, culture, and psychology around economic growth:

We shall be able to rid ourselves of many of the pseudo-moral principles which have hag-ridden us for two hundred years, by which we have exalted some of the most distasteful of human qualities into the position of the highest virtues. We shall be able to afford to dare to assess the money motive at its true value . . . a somewhat disgusting morbidity, one of those semi-criminal, semi-pathological propensities which one hands over with a shudder to the specialists in mental disease. All kinds of social customs and economic practices, affecting the distribution of wealth and of economic rewards, and penalties, which we now maintain at all costs, however distasteful and unjust they may be in themselves, because they are tremendously useful in promoting the accumulation of capital, we shall then be free, at last to discard. (1931 [1930], 369–370)

The economy could in effect wither away—shades of Karl Marx.

But Keynes did not offer an argument explaining how the withering away would take place, and this might be the Achilles heel of his vision (an idea developed more fully in *The Dismal Science*). He did

---

<sup>6</sup> Indeed, it doesn’t really matter that the goal is consumption, as distinct from perversely valuing production for its own sake. The problem lies in the pursuit of wealth, to whatever end wealth might be directed, for the negative effects on people (as well as the negative effects on the ecosystem) stem from what we do and what we become in this pursuit. Were we all Weberian Protestants, frugal in our personal lives to the greater glory of accumulation, the quest for more would shape us the same way: we would still need to be single-minded in the manner of *homo economicus*.

recognize that once cut adrift from its moorings in society, the economy might not simply do the right thing and disappear, that people habituated to the ways and relationships of the market might be rendered unfit for ways of being and relating that would fulfill the promise of abundance. Like the cleaning woman who supposedly fashioned her own epitaph:

Don't mourn for me friends, don't weep for me never,  
For I'm going to do nothing for ever and ever. . . .  
With psalms and sweet music the heavens'll be ringing,  
But I shall have nothing to do with the singing. (1931 [1930], 367)

It remains to be seen which vision of the future—one of people singing or one of continued striving—will be our lot.

### **The Costs of Economic Growth, I: Community**

How are we deformed by striving for what the market can provide? Community and spirituality are the most important victims of the market. With respect to community the process is reasonably clear. With regard to spirituality I must be more tentative.

I should first make it clear what I mean by “community.” The important distinction is between community and association.<sup>7</sup> Associations are organizations men and women create to facilitate individual objectives. Temperance unions to foster sobriety, parent-teacher organizations to foster the education of our children, bowling leagues to foster rolling heavy balls at an array of pins. Communities, by contrast, are prior to the individuals who comprise them and indeed are central to the very identities of individuals. We join associations when it serves our individual interests and leave them when they no longer serve our interests. We may or may not join communities—often we are born into the communities to which we belong. Nowadays (a big change from the past) we can leave communities, but we can never leave them without some cost, often economic but at the very least a psychological cost.

Community, unlike association, takes relationships among the individual atoms, rather than the atoms themselves, as fundamental. Indeed, community may be defined as a set of relationships, ties that bind. In a word, my argument is that a market system undermines the economic ties that help to hold communities together.

---

<sup>7</sup> The terminology of social capital blurs the distinction. Robert Putnam, whose book *Bowling Alone* popularized the concept, sees social capital in terms of both individual advantages and wider externalities (p 20ff). Individuals gain from relationships with others (both in associations and communities) and others benefit from the externalities. Putnam's subtitle, *The Collapse and Revival of American Community*, is in fact misleading. Putnam's focus—most of his examples illustrate this—is not on the decline of community, but on the decline of association over the 20<sup>th</sup> century. Community too declined in the 20<sup>th</sup> century, but the decline of community is the consequence of a centuries long process bound up with the presuppositions of modern society—and encapsulated in the foundational assumption of economics, *homo economicus*, the rational individual whose life is based on calculations of individual utility. This is the central message of *The Dismal Science*.

This is not to say that economic ties are strictly necessary for particular communities to flourish. Ties of affinity—ties of sentiment, shared values, and the like—may be enough. But economic reciprocity at the very least strengthens ties of affinity. A 4-legged stool can stand on 3 legs, but it is more likely to tip over.

An Amish barn raising is a case in point of the importance of economic ties: the Amish men putting up the barn, while their wives prepared and served a picnic lunch and the children frolicked in the fields, charmed moviegoers who saw Harrison Ford in *The Witness* three decades ago. The Amish, of course, were simply continuing a practice that was quite common in rural America in past centuries but has long since gone the way of the horse and buggy—the Amish, not altogether coincidentally, have both community and horse and buggy. For the Amish, barn raisings are not exercises in nostalgia, but the cement that binds the community together.

In contemporary America, insurance has replaced the barn raising as a way of coping with an accident, like fire, that destroys the farmer's barn. Fire insurance originated in England in the wake of the Great London fire of 1666 (Richard 1956, 13) and spread to the Continent and North America over the course of the next century. Before then, what the historian Michèle Ruffat notes for France was undoubtedly true elsewhere: fire and its consequences were the province of mutual assistance based in the local community. Like other community-based institutions, these mutual assistance organizations relied on the individual's regard for both self and others, with the monitoring available to community-based organizations an important antidote to the moral hazard inherent in providing relief for the consequences of a (partially) controllable event such as fire (Ruffat 2003, 187–188). The Amish forbid insurance precisely because they understand that the market relationship between an individual and the insurance company undermines the mutual dependence of the individuals.

It is instructive to examine the difference between market transaction and community reciprocity as coping mechanisms. The market solution is for me to pay a premium of \$200 per year, in return for the \$60,000 compensation my insurance company pays if the barn burns down. In the event of a fire, I hire a contractor, who in turn hires the specialists necessary to rebuild the barn—carpenters, plumbers, electricians, laborers. A relatively simple set of market transactions replaces the more cumbersome process of gathering my neighbors for a barn raising. In an increasingly specialized world, it is easy to see the argument that insurance is a better mousetrap, which undermines barn raisings because of the greater efficiency of the market as compared with reciprocity.

In terms of building barns with a minimal expenditure of resources, insurance may indeed be more efficient than gathering the community. But it is only when we focus on barns rather than on the people raising barns that insurance appears to be a more effective way of coping with disaster. In terms of maintaining the community, insurance is woefully lacking. The Amish know this, and they ban insurance.

In one respect we have to go deeper than Smith's parable of the poor man's son who learns too late that money cannot buy happiness. Smith's anti-hero is simply mistaken. But what about us moderns? Do we allow the market to undermine community out of ignorance of its virtues? Or do we balance these virtues against the costs of community—such as intolerance, patriarchy, racism—and find

community wanting? Or if not wanting, at least not worth spending much time and effort to preserve, especially since we continue, as moderns, to have access to a wide variety of associations, perhaps more access than if we had stronger communities. This suggests that we should leave community to the market, and (to change the metaphor) just let people vote with their feet. In other words, if people want community, they will have it, and if not, they won't—and shouldn't.

With regard to associations, we can leave it to the market—that is, leave it to the aggregate self-interest of individual agents—to determine which associations survive and which go under. If we think of associations as organizations created by individuals to achieve certain limited purposes, there is no good reason for associations to survive beyond the point that they serve individual interests. It is hard to argue against subjecting the life of any association to a referendum of individual preferences—even if, as a practical matter, associations often take on a life of their own.

Community is different. Community, I have said, is prior to the individual. Perhaps it is more on the mark to say that communities and individuals mutually create each other. But whatever its precise ontological status, community is unlikely to survive a market test because of the combined force of two independent but reinforcing problems.

The first is the “free rider” problem. My decision to purchase fire insurance rather than participate in the give and take of barn raisings with my neighbors has the side effect—the “externality” in the jargon of economics—of lessening my involvement with the community. This effect may be small, no harm done, if I am the only one to act this way. But when all of us opt for insurance, and we all leave caring for the community to others, there will be no others to care, and the community will disintegrate. I buy insurance because it is more convenient, and—acting in isolation—I can reasonably say to myself that my action hardly undermines the community. When we all do so, the cement of mutual obligation is weakened to the point that it no longer supports the community.

It would take an implausibly strong “preference for community” for a rational calculation of utilities by an individual considering his or her actions in isolation from others to overcome the free-rider problem. Only a sense of identification with, and obligation to, the community, not a utility calculus, can overcome free riding. (See Richard Tuck [2008] for a historical and philosophical critique of the economist's approach to free riding, a critique which applies more generally to a key tool of modern economics, marginal analysis.)

The second problem is that our beliefs, values, and preferences are not independent of our actions, especially repeated and habitual actions. A decision to purchase fire insurance not only makes me less dependent on the community; it subverts any and all of my beliefs that sustain mutual dependence. Thus the process of undermining interdependence becomes self-validating. As is behavior that reinforces community ties: a decision to participate in a community barn raising reinforces community interdependence and strengthens the beliefs that support this interdependence.

The general point is that when belief systems change according to the choices we make, when beliefs are endogenous and depend on our actions, we cannot compare outcomes as we do when beliefs are fixed. It becomes impossible to conclude that because individuals do not take actions that maintain and

sustain community, they do not value community, or at least would not value community under another set of behavioral norms.

### **The Costs of Economic Growth, II: Spirituality**

First off, there is the common element that spirituality, like community, is a plastic word, capable of many different definitions. I conceive of the spiritual not as a separate experiential realm, not as a set of phenomena beyond the reach of rationality or direct sensory experience, but as a distinct way of connecting with elements of the cosmos. Spiritual connection may include what I have called algorithm and experience, but it goes beyond both. A farmer may relate to the land in terms of its chemical and physical structure, as revealed by laboratory analysis; he may relate to the land in terms of his direct experience of it; but beyond both he may relate to the land in terms of love, gratitude, awe—not as a means of production but as the source of life.

Conceived of this way, spirituality has common ground with community. Each is a particular kind of relationship, or set of relationships. Indeed, in some religious traditions, spirituality is embedded in community. Observant Jews, for example, recite certain prayers only in the company of other Jews in a *minyan* consisting of 10 adults. A thirteenth-century German Jew was actually prevented from leaving his village because his departure would leave his fellow Jews without a minyan.<sup>8</sup>

The connection between the spiritual and the communal is even more dramatic when the relationships that constitute community go beyond the relationships of people to one another. In *A Sand County Almanac*, one of the basic texts of the ecology movement, Aldo Leopold expresses a philosophy of caring based on the idea that we humans are members of a larger community and are bound to this community by spiritual ties:

We abuse land because we regard it as a commodity belonging to us. When we see land as a community to which we belong, we may begin to use it with love and respect. . . .

That land is a community is the basic concept of ecology, but that land is to be loved and respected is an extension of ethics...

All ethics so far evolved rest upon a single premise: that the individual is a member of a community of interdependent parts...

The land ethic simply enlarges the boundaries of the community to include soils, waters, plants, and animals, or collectively: the land...

---

<sup>8</sup> We know this because the question of whether or not it was ok for him to depart reached Rabbi Meir of Rothenburg, the great Talmudic authority in the Europe of his day, and the rabbi's answer—that the man could not abandon his community unless he found a replacement—is preserved in the collected responsa of the sage (Finkel 1990, 18).

A land ethic changes the role of Homo sapiens from conqueror of the land-community to plain member and citizen of it. It implies respect for his fellow-members, and also respect for the community as such. (Leopold 1968 [1949], viii–ix, 203–204)

In the United States, where Leopold lived, worked, and died, his ideas have hardly become mainstream in the six-plus decades since the publication of *A Sand County Almanac*. But outside the modern West, people actually live what Leopold preached. Andean culture, for example, is predicated on a community that includes humans, gods, and nature, all of which exist, interact, and converse on a basis of mutuality and reciprocity:

In the Andean mode of thinking, *Ayllu* [community] refers not only to relationships between human beings but to the relationship between all the members of the *Pacha*—the stars, the sun, the moon, the hills, lakes, rivers, mountains, meadows, the plants and the animals of the *sallqa* (wild) and of the *chacra* [the cultivated field and orchard], along with the rocks and the human beings or *runas*, all are relatives and are at once children, parents and siblings. (Valladolid Rivera 1998, 58–59)

It is hard to exaggerate the difference between regarding nature as part of one's community and regarding nature as an input into a calculus of the self-interested individual's utility. A community extending to animals and plants, fields and rocks, rivers and mountains, a community extending backward in time to the ancestors and forward to generations yet unborn, will find the language of trade-offs and opportunity costs as alien as the calculating self-interested individual will find the idea of responsibility and ethical obligation.

In any case, whether or not spirituality is joined to community, there is a common element in how consumption affects both, or rather how consumption itself is not the issue. In both cases it is not consumption but the pursuit of wealth that is the problem. In both cases the problem is the corrosive effects of the market on our values and beliefs. The values and beliefs which make for success in the market, which facilitate our amassing wealth, are precisely those which impede spiritual relationships, just as they do community values.

One might argue that we can insulate our spiritual relationships from the market by setting aside a portion of the day, week, or year for spiritual pursuits. The Sabbath can be, and indeed is, seen in this way. "God blessed the seventh day and made it holy," as Genesis (2:3) teaches. In Rabbi Abraham Joshua Heschel's words

To set apart one day a week for freedom... a day of being with ourselves, a day of detachment from the vulgar, of independence from external obligations, a day on which we stop worshipping the idols of technical civilization, a day on which we use no money, a day of armistice in the economic struggle with our fellow men and the forces of nature—is there any institution that holds out a greater hope for man's progress than the Sabbath? (Heschel 1951, 28).

It is not clear that we can so easily compartmentalize our lives. Indeed, Heschel himself, keenly aware of the problem, insists that the six days of ordinary time must serve the Sabbath, not vice versa (Heschel

1951, 13-14). But Heschel is optimistic only because of what he understands to be a special relationship that Jews have to the Sabbath; he attributes to the 2<sup>nd</sup> century sage Shimeon bar Yochai the conception that

in spite of all dedication to temporal things, there was a destiny that would save the people of Israel, a commitment deeper than all interests—the commitment to the Sabbath.

This, then, is the answer to the problem of civilization: not to flee from the realm of space; to work with things of space but to be in love with eternity. Things are our tools; eternity, the Sabbath, is our mate. Israel is engaged to eternity. Even if they dedicate six days of the week to worldly pursuits, their soul is claimed by the seventh day (Heschel, 1951, p 48).

Jesus of Nazareth, brought up according to the religion of his forbears, gives us reason to doubt Heschel. Both Mathew (6:24) and Luke (13:16) report Jesus saying “No man can serve two masters: for either he will hate the one, and love the other; or else he will hold to the one, and despise the other. Ye cannot serve God and mammon.”<sup>9</sup>

### **An Uncomfortable Loose End**

If you have read this far, you will perhaps have anticipated the “loose end”: my argument suggests, absent Lamarckian heredity, that it is morally better to be born to wealth than to acquire it. Born to wealth one need not form himself in the image of *homo economicus*. One might really be “free to choose” (as, in his eponymous book, Milton Friedman claims we all are under capitalism). This is an uncomfortable but not implausible conclusion. For one thing, Lamarck is making something of a comeback even in evolutionary biology, and in any case there is no reason why cultural characteristics cannot be acquired and passed down through a Lamarckian process.

Discomfort stems from the association of this aspect of the argument with the snobbery of Victorian Britain, in which the upper classes looked down their collective nose on trade and industry because of the perception that business—Keynes’s money motive—deformed the personality of the tradesman and industrialist.<sup>10</sup>

However politically incorrect it is to endorse snobbery, maybe the upper classes were onto something. Tocqueville certainly thought so. In *Democracy in America* (volume 2, part 2, ch 10) he observes that the preoccupation with getting and keeping is universal precisely because of the fluidity of classes: the American poor, unlike the poor in other countries with less social mobility, reckon that they could be

---

<sup>9</sup> Jewish writings and practice reinforce the idea that consumption is not the problem and austerity is not the solution. Jews are enjoined to delight and take joy in the Sabbath, from donning their most beautiful clothes to eating the tastiest food they can afford. In some traditions the Sabbath is for dancing, and Friday night is a particularly auspicious time for husband and wife, in the language of the Hebrew Bible, to experience each other.

<sup>10</sup> Snobbery did not preclude accepting the sons of self-made men into their ranks once they had been properly socialized to upper-class values on the playing fields of Eton. Or accepting their daughters as marriage partners for their sons, especially if they came with large dowries.

rich, and strive like the poor man's son of Smith's parable. Meanwhile the rich, sensing that they could lose what they or their parents have worked so hard to obtain, are equally under the thrall of economic gain.

### **When Will We Have Enough?**

The short answer is that the more than half a billion residents of the US, the EU, Japan, and one or two other countries already have enough, and would have a lot left over if our wealth were distributed reasonably evenly. Given the standard of living already reached in these parts of the world, the further pursuit of consumption—beyond the threshold of the material basis of a dignified and fulfilling life—is pernicious. Here is a short summary of the argument why:

1. As Kahneman and his colleagues argue, the pursuit of wealth crowds out leisure and the contributions that leisure can make to a meaningful life. And it may be true that people are simply mistaken in counting the costs and benefits of doing what it takes to get rich. But the inability to do one's sums is, to my way of thinking, less important than what the pursuit of wealth does to one's values and beliefs, to one's way of being in the world, to one's very soul.
2. The market system is unequalled as a device for ramping up production, consumption, and material wealth. The good side of this is that economic growth can provide the basis for a dignified and meaningful life by allowing us to meet our absolute needs, the needs we have independent of what others consume, with very modest effort and time.
3. The downside is that markets produce people as well as goods. Specifically markets produce precisely the attitudes, values, and beliefs that are necessary for success in the market: we must become *homine economici* in order to succeed economically.
4. *Homo economicus*—the self interested, rationally calculating, individual whose sole goal in life is more, more, and still more—loses the capacity to relate to others or to the cosmos in any but an instrumental fashion.
5. Community and spirituality, which require very different ways of relating than those cultivated by the market, are prime victims of economic growth. Market ways of thinking, being, and doing crowd out the ways of the community and the ways of the spirit.
6. A further downside of growth is that the genie of emulation might not go back in the bottle once it is no longer functional to the project of creating the economic basis of a good and meaningful life. The dignity threshold might be an ever receding target.

## References

- Baumol, William, and William Bowen. 1965. "On the Performing Arts: The Anatomy of Their Economic Problems," *The American Economic Review*, 55:495-502.
- Council of King's College. 1949. *John Maynard Keynes, 1883-1946, Fellow and Bursar*, prepared by direction of the Council of King's College, Cambridge University, printed at the University Press, Cambridge for King's College.
- Easterlin, Richard. 1974. "Does Economic Growth Improve the Human Lot?", in Paul A. David and Melvin W. Reder, eds., *Nations and Households in Economic Growth: Essays in Honour of Moses Abramovitz*, New York: Academic Press.
- Easterlin, Richard. 1995. "Will Raising the Incomes of All Increase the Happiness of All?" *Journal of Economic Behavior and Organization*, Vol. 27 pp 35-47.
- Easterlin, Richard. 2015. "Happiness and Economic Growth: The Evidence," in W Glatzer, L Camfield et al, *Global Quality of Life*, Springer.
- Finkel, Avraham. 1990. *The Responsa Anthology*. Northvale, N.J.: Jason Aronson.
- Frank, Robert. 1999. *Luxury Fever: Money and Happiness in an Era of Excess*. New York: Free Press.
- Friedman, Milton, and Rose Friedman. 1979. *Free to Choose*, New York: Harcourt, Brace, Jovanovich.
- Heschel, Abraham Joshua. 1951. *The Sabbath: Its Meaning for Modern Man*, New York: Farrar, Straus, and Young.
- Keynes, John Maynard. 1931. "Economic Possibilities for Our Grandchildren," in *Essays in Persuasion*, pp 358-373, London: Macmillan. Originally published in *The Nation and Athenaeum*, October 11 and 18, 1930.
- Layard, Richard. 2005. *Happiness: Lessons from a New Science*. London: Penguin. Leopold, Aldo. 1968. *A Sand County Almanac*. Oxford: Oxford University Press. [Originally published in 1949.]
- Marglin, Stephen. 2008. *The Dismal Science: How Thinking Like an Economist Undermines Community*. Cambridge, MA: Harvard University Press.
- Mill, John Stuart. 1909. *Principles of Political Economy, With Some of Their Applications to Social Philosophy*, Edited with an Introduction by W J Ashley, London: Longmans Green. Originally published in 1848.
- PNC Advisors Web Site. 2005. "Many Wealthy Americans Have Done Nothing to Protect Assets and Are Worried about Financial Security, Family Values, According to Largest Study of Its Kind Released Today." January 10.  
[http://www.pncadvisors.com/print/pdf/1,1218,,00.html?PDF=/files/section/pdf/WealthandValueSurvey\\_1634.pdf](http://www.pncadvisors.com/print/pdf/1,1218,,00.html?PDF=/files/section/pdf/WealthandValueSurvey_1634.pdf) (accessed February 23, 2005).

- Polanyi, Karl. 1944. *The Great Transformation: The Political and Economic Origins of Our Time*. New York: Rinehart.
- Putnam, Robert. 2000. *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon and Schuster.
- Richard, P. 1956. *Histoire des Institutions d'Assurance en France (History of Insurance in France)*. Paris: L'Argus.
- Ruffat, Michèle. 2003. "French Insurance from the *Ancien Régime* to 1946: Shifting Frontiers between State and Market," *Financial History Review*, 10:185-200.
- Smith, Adam. 1982. *The Theory of Moral Sentiments*, eds. D. Raphael and A. Macfie. Indianapolis: Liberty Classics. (Originally published in 1759.)
- Stevenson, Betsey, and Justin Wolfers. 2008. "Economic Growth and Subjective Well-Being: Reassessing the Easterlin Paradox," *Brookings Papers on Economic Activity*, Spring, pp 1-87.
- Stevenson, Betsey, and Justin Wolfers. 2013. "Subjective Well-Being and Income: Is There Any Evidence of Satiation," *American Economic Review*, 103:598-604.
- Tuck, Richard. 2008. *Free Riding*. Cambridge, Mass.: Harvard University Press.
- Valladolid Rivera, Julio. 1998. "Andean Peasant Agriculture: Nurturing a Diversity of Life in the *Chacra*." In Frédérique Apffel-Marglin with PRATEC, eds., *The Spirit of Regeneration: Andean Culture Confronting Western Notions of Development*. London: Zed Books, pp. 51-88.