Benjamin Friedman: Economic growth in 'moral' perspective

Friedman, Benjamin. 2006. *The Moral Consequences of Economic Growth*. Vintage: . 592 pages.

Ben Friedman's work, *The Moral Consequences of Economic Growth* is an important addition to the contemporary literature on the validity of economic growth goals in both industrialized and industrializing economic contexts. As a whole, the book is extremely well-researched, argumentatively thorough, and quite convincing. Friedman's fundamental premise seems to make common sense: economic growth raises individual and collective living standards, which in turn provides a society with resources to make itself prosperous and build strong institutions. However, his larger thesis is more novel: the process of economic growth (and the accompanying increase in living standards) is crucial to the maintenance of a democratic, transparent, and tolerant society congruent with Enlightenment-era moral values.

The idea that it is not only a high standard of living but also the existence of a *rising* standard of living that promotes such moral values is particularly innovative. The pursuit of economic growth has often been vilified by anti-globalization activists and other groups hostile to neo-conservative thought; however, Friedman's meticulous research about and evidentiary support for the necessity of growth shows that its pursuit is not actually a method of consolidating wealth in the hands of the wealthy, but rather a smart policy aim when pursued conscientiously. He ably identifies the fundamental reason why economic growth is a viable policy goal — it will bring positive social consequences in addition to money to buy goods and services (such as the aforementioned higher standard of living).

It is partly Friedman's writing style that makes his thesis so convincing. His detailed discussion of the interaction between economic climate and political history in the Western democracies is instructive, and that his admission of the occasional situation that does not corroborate his argument actually serves to strengthen the reader's faith in its worth. Overall, both the argument and the book itself become more interesting as Friedman applies his ideas to the developing world. Again, the analysis in those chapters is thorough and considerate. Friedman is open in admitting the presence of economic, social, political, and cultural diversity in the developing world, and this tendency again makes his work believable. He sets out with admittedly broad questions, and then proceeds to answer them as best as possible with clear-cut, rigorous analysis and statistical evidence.

Friedman is also understanding and inclusive of the social forces at work in economic development processes. His recognition that modernization creates political alienation and conflict is reminiscent of Samuel Huntington (*The Clash of Civilizations and Remaking of World Order* and *The Soldier and the State*), but seems more evolved. The point that economic growth is creates the kind of interpersonal trust necessitated by any kind of democracy suggests that he is working with a more nuanced interpretation of events than Huntington; Friedman's assertion that growth creates trust in the idea that one's situation will improve and therefore also creates a greater tolerance for the inequality of early economic development is indeed compelling. His recognition of the fact that citizens must perceive that everyone has an equal chance at being successful is also important; in fact, it may be used to explain why phenomena such as backlash against wealthy ethnic minorities occur fairly regularly in developing economies.

Although the basic argument is most appropriate in the context of Western democracies, Friedman's ideas do seem to hold true throughout most of the chapters about developing countries. His use of Freedom House data regarding civil liberties and political freedoms is helpful in understanding what exactly is meant by moral consequences outside of the examples given in specific context (such as legislation in Western democracies). Further, the idea of vicious and virtuous circles helps the reader to understand how economic growth and healthy democracy are mutually reinforcing in the best situation, and, by contrast, how economic stagnation and repressive politics are mutually reinforcing in the worst situation. His conclusions about education and other methods of human capital formation are crucial to the reader's understanding of how such circles work — democracies promote greater access to education, an educated workforce generally promotes growth, and growth in turn promotes democracy.

It is also fitting that Friedman proceeds to address the issue of resource allocation; the environmental problem is immediately evident once one has agreed that the pursuit of continual economic growth is a valid aim. It may be surprising to many environmentalists that Friedman — an economist — asserts that today's industrial economies became the way that they are today because of large-scale habitat destruction and that climate change is a crucially important public policy issue.

One of his most sensible and relevant points on this issue relates to the cost of mitigation: if environmentalists want to protect the Amazon, their countries must be prepared to help the Brazilians pay for it. This is a simple point, but it is very relevant to attempts at international environmental cooperation. As well, Friedman's discussion of the nature of sustainable development clarifies the character of an often-confused field. He even goes as far as to extend the idea of sustainable development beyond its environmental roots, asserting that "bequeathing future generations a better state of life than our own — including not just their material standard of living but also the physical environment in which they live and the societal institutions under which they go about their daily lives — is central to what sustainable development means" (394). Friedman's conclusions regarding the use of the natural environment can readily be universalized to symbolize his larger recommendation for policy makers. They can be summarized as this: Market forces will do part of the job in both protecting the resource base and encouraging growth, but there is also a crucial role for public policy that creates the condition for environmental protection and economic growth. Public policy can fill the gap between what people *should* do and what they *will* do when faced with existing (largely market) incentive structures. Overall, Friedman's argument that the promotion of economic growth is essential to the development of a democratic, open society to which most of us aspire is extremely sound; as is often the case with this kind of literature, it is a discussion of the specific character of public policy capable of achieving this goal that is somewhat missing from the argumentative equation.