

Chapter 14

Growing Pains: An Argumentative Analysis on the Desirability of Economic Growth

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Abstract

In 2012 the German Bundestag convened an inquiry committee tasked with investigating the role of economic growth in society. While the opposition parties presented a rather critical outlook on the phenomenon, the overall tone of the coalition, consisting of Christian Democrats (CDU) and Liberals (FDP), portrays a rather positive image of economic growth. Representatives of the coalition argue that economic growth is inherently tied to freedom and, by extension, to the principles of a free democratic society. This reasoning, called the 'Free-Society Argument' makes a case for the intrinsic value of growth. It is reconstructed and analyzed using the method of Analytical Discourse Evaluation. The underlying premises of the argument are in line with Robert Nozick's entitlement theory of justice, as well as the principle of negative freedom and can be defeated on the bases of critiques of these philosophical positions. Moreover, the argument is built upon on a specific (neo-liberal) interpretation of economic growth. This weakens the quality of the argument, since it undermines the complexity of the phenomenon and excludes important elements of growth from the reasoning.

1 Introduction

For a long time, economic growth has been considered to be of great importance to modern societies. In 1973 the members of the Club of Rome were the first ones to challenge this attitude and issued their concerns about the desirability of economic growth in their report, 'The Limits of Growth'. Since then the effects of global economic activity have become an ever more urgent matter in policy making. As part of the search for mitigation strategies on resource scarcity and climate change, the issue of economic growth itself has, in recent years, come under public scrutiny.

In 2012 the German Bundestag convened an inquiry committee tasked with investigating ‚Growth, Prosperity, Quality of Life – Ways towards a sustainable economy and societal progress in the social market economy‘. The objective of this committee was to “discuss the significance of growth in the economy and society, to develop a holistic indicator for prosperity and progress and to evaluate the possibilities and limits of decoupling economic growth, consumption of resources and technological progress.”¹ The committee was divided into 5 task forces, each of them focusing on a different aspect of the issue. At the center of this analysis is the debate that took part in task group one, which was concerned with the role of growth in society and the economy.

Unlike the other task groups, group one did not manage to come up with a single, unified final report. The purpose of this research is to analyze the debate taking place during the 26th meeting of the inquiry committee, during which the two factions introduce and defend their respective drafts for the final report. During this meeting authorized experts and politicians exchange their views on the role that growth should play in society and eventually cast their vote to adopt one of the drafts as basis for the final report.

As a result of this conference the report of the coalition party groups, consisting of the Christian Democratic Union (CDU) and the Free Democratic Party (FDP), was officially adopted as the basis for the final report of task group 1. While the opposition parties, including the Social Democrats (SPD) the Green Party (Bündnis 90/Grüne) and the Left Party (DIE LINKE), presented a rather critical outlook on the phenomenon of growth and its desirability, the overall tone of the coalition was much more positive with regards to the significance that growth should be granted in society. In this paper the final report, supported by a majority of the task group and representing the view that representatives of the coalition present on the matter, will be represented and analyzed using the method of Analytical Discourse Evaluation. It is aimed at reconstructing and investigating the strength of the arguments on which the coalition grounds their optimistic attitude towards economic growth. Systematically reconstructing and standardizing the argument will, subsequently, serve as a basis for detecting possible flaws or locating the controversial points in the debate and facilitate comparison with the opposition’s view.

Not surprisingly, a large part of the debate arises around the outcomes of economic growth and how to evaluate them in the light of prosperity and the well-being of society,

1 Deutscher Bundestag, *Enquete-Kommission ‘Wachstum, Wohlstand, Lebensqualität: Wege zu nachhaltigem Wirtschaften und gesellschaftlichem Fortschritt in der Sozialen Marktwirtschaft’*, accessed July 4, 2013, http://www.bundestag.de/bundestag/gremien/enquete/wachstum/oeffentlich/26_sitzung/index.jsp.

accounting for the most obvious controversy in the discussion. However, the argument at the center of the present analysis is articulated less directly, but is frequently implied or alluded to throughout the debate. Next to the instrumental role that growth plays in our society, something else seemed to be at stake in the discussion: a controversy rather concerned with the intrinsic qualities of economic growth, seeming to be of great importance to the representatives of the coalition. Throughout the debate, the coalition repeatedly touched upon relations between growth, freedom and the degree of centralization in the economy. Yet the Claims with regard to this matter were not as explicitly and cohesively articulated as the arguments concerning the relationship between growth and prosperity and well-being. Although some participants in the debate demurred that focusing too much on the right\left-wing controversy would miss the point of the actual debate, Claims with reference to growth and the market, free decisions, joy of discovery and innovative action kept reoccurring in such frequency and vagueness that it seemed necessary to have a closer look at them. Representatives of the coalition argue here that growth is inherently tied to freedom and, by extension, to the principles of a free democratic society. This reasoning, which I will call the 'Free-Society Argument' makes a case for the intrinsic value of growth.

My research is grounded in two sources of public discourse. The first is the oral debate taking place in the above mentioned meeting, during which the final reports on 'the role of growth in society' are discussed. In addition to this oral debate, the final reports themselves were used as sources to complete the argumentation of the debaters. For the purpose of this research the most significant contributions in the debate were owed to Professor Karl-Heinz Paqué and Professor Kai Carstensen - economists and authorized experts close to the coalition faction - as well as Norbert Reuter, economist and close to the view of the opposition. Moreover, reference will be made to comments by Michael Müller, politician of the Social Democratic Party (opposition) and Professor Meinhard Miegel, a referee that seemed to be equally critical of both sides' perspective on the matter.

Before reconstructing and evaluating the 'Free-Society Argument' the reader will be introduced to the different definitions of growth that occur in the discourse, align with an explanation of the importance of a consistent use of the term. Subsequently, we will head over to the argument at stake. The paper will finish with concluding remarks and suggestions to improve further debate on the issue.

2 Reconstructing the Free Society Argument

A fruitful debate is characterized by cohesion, precision and the ability of members to be responsive to each other. Language plays a crucial role in this. In order for a debate to proceed it is a necessity that actors in the debate, when discussing a certain phenomenon and the role it plays in society, are speaking about the same thing. In other words, it is impossible to have a fruitful discussion on the consequences, benefits, down-sides or intrinsic values of growth if the conflicting parties do not agree on their definitions of growth. Unfortunately precisely this seemed to be the case in great parts of the debate we are analyzing. We therefore need to have a closer look at what (conflicting) definitions of growth occur in the discourse and how they are used, as it is important to keep them in mind when diving into the arguments themselves.

Growth is a complex phenomenon. The most commonly agreed-upon aspect of it is probably that it can be quantified and measured as an increase in the Gross Domestic Product. Yet, this does not tell us much about the phenomenon per se. An increase in GDP can be caused by different factors, such as the amount of resources involved in the production (resulting in quantitative growth), an increase in productivity or an increase in quality of the produced goods (resulting in qualitative growth), all of which can result in added value. The main controversy in the debate is between putting emphasis on quantitative or qualitative growth.

In the coalition report it is stated that in politico-economic theory one often distinguishes four factors accounting for economic growth: (1) amount of the area of land used, (2) increase in manpower, (3) capital in kind and (4) human capital. The last two are clearly related to innovation, since they depend on the level of marketable knowledge that exists within society. They are thus qualitative indicators of growth, while the former two factors are obviously quantitative in nature. In their use of the term growth throughout the debate, the coalition put great emphasis on the aspect of innovation. Prof. Paqué defines growth as: “nothing but innovation translated into added value”. His associate, Prof Carstensen adds: “it results from new ideas on how to improve production and how to increase standards of life”.² They furthermore emphasize that growth is “endogenous

2 Karl-Heinz Paqué and Kai Carstensen, Deutscher Bundestag Enquete-Kommission Wachstum, Wohlstand, Lebensqualität, *26 Sitzung am 14 Januar 2013: Beratung und Beschluss über den Berichtsbeitrag der Projektgruppe 1*, accessed July 4, 2013, http://www.bundestag.de/bundestag/gremien/enquete/wachstum/oeffentlich/26_sitzung/index.jsp (“[...] resultiert daraus, dass Menschen und Untenehmen neue Ideen entwickeln, wie man besser produzieren kann, wie man höheren Lebensstandard erreichen kann[.]”).

and the result of decentralized actions in the economy” and “the result of a magnitude of individual decisions in the economy on the accumulation and allocation of resources”. The coalition apparently emphasizes the role of qualitative growth. On the opposite side, members of the opposition criticize this innovation focused interpretation of growth. As Prof. Miegel states, growth nowadays is to a great part based on plain consumption of raw materials. In this context he even describes the currently dominant form of growth as ‘robber economy’.³ The most dominant type of growth in the developed countries is therefore to be characterized as volume-growth or quantitative growth.

Even more important than finding a mutual agreement on a definition is that the parties make it obvious to which definition they are referring when making a Claim and that this reference is consistent throughout the whole argument as well as in the response or criticism of a particular argument. This seems to be a significant shortcoming of the entire debate.⁴

Especially regarding arguments about consequences of growth and their benefits for society, the debate has been proven to be frequently distorted by an inconsequential or one-sided use of the term.

The coalition fields a rather explicit argument concerning the consequences of growth by claiming that growth is desirable as an instrument facilitating assets of prosperity (such as health, the environment, debts, employment and pensions), said to be crucial for the well-being of society. The essential conflict, however, is concerned with how these indexes relate to growth and whether growth is indeed a useful tool to achieve them or rather works to their detriment. How one positions oneself in this conflict is very much

3 Meinhard Miegel, *Sitzung*.

4 Throughout the discourse, terms such as ‘progress’, ‘economic wealth’, ‘innovation’, ‘development’ etc. were used almost as synonyms and without clarification of their relation to growth. This aggravates the distillation of arguments and prevents the listener from understanding what the speaker refers to when talking about growth.

dependent on which definition of growth one employs in the argument.⁵ In order to have a fruitful debate, the mechanisms between growth and the respective assets of prosperity should be re-evaluated, critically taking into account the different facets of growth and their consequences, while making it very explicit to which type one is referring in the argumentation.

Whether or not the outcomes of economic growth are considered beneficial for society is, however, not the only issue at stake. According to the coalition, growth has an intrinsic value, which in the hierarchy of their arguments seemed to be given priority over the instrumental role of growth. In the debate representatives of the coalition invoke this intrinsic value to justify growth despite coming to the conclusion that its outcomes

5 Needless to say, it is not the purpose of this research to go into depth into the distinct mechanisms and evaluate them on a technical level, in order to come up with a concluding remark on the economic outcomes of growth. Rather, it is aimed at facilitating judgments on the matter by bringing to light what has been left implicit in the reasoning provided. What is crucial at this point of evaluation is to refer back to the matter of language and definitions. When trying to evaluate the distinct mechanisms of how growth relates to the political targets of the good life pointed out in the argumentation of the debaters, we need to be very clear on what type of definition of growth we employ to come to a conclusion. Given the limited capacities of this research, it is not desirable to go through all these mechanisms and discuss them extensively. It in fact seems useful to pick one of the mechanisms to point out the ambiguity in which it can be discussed and show how the outcome is highly dependent on what definition of growth we chose. Let us, for instances, have a closer look at the second point mentioned in the 'individual well-being' argument, stipulating that growth positively correlates with preservation of the environment.

In the coalition-report this assertion is backed by the claim that "in more developed national economies efforts for an intact environment are usually particularly strong". What is striking about this claim here is the concealed use of the concept growth. Proponents use a synonym for it, referring to a developed economy. What could be meant here is that in an economy where there is growth (i.e. a developed economy) there is innovation, which provides the actors in the economy with possibilities to produce in more sustainable ways. This would require an innovation based understanding of growth. Moreover, it could also be meant that only in economies in which a certain level of development has been achieved, actors in the economy can afford to care about the environment. However, this leaves room for interpretation how this certain standard of development in return relates to growth.

The opposition seems to be more precise when describing the relation between growth and prosperity in the light of an intact of the environment and see the ambiguity of the issue, dependent on different types of growth: "This influence can be positive in the form of innovation in environmental technology, enhancing resource productivity, or new market for sustainable products and services. Here we can assume on balance an increase in prosperity. Losses in prosperity are, however, to be expected in an exploitation and overuse of the environment." Despite this very simplistic presentation of the matter, it nicely shows that when evaluating whether growth positively correlates with a safe environment, we can say 'yes for some types of growth', but 'no for other types'. The way in which the coalition explains these relationships is, however, predominantly based on a very one-sided definition of economic growth, namely innovation focused. In doing so the coalition excludes important factors, such as questions of resources, from the argument, which makes the argument rather weak and difficult to evaluate.

might not always be desirable for society. This becomes obvious in the following statement taken from the coalition report:

To propose a voluntary or even coerced abandonment of growth for the sake of environmental concerns would, however, fundamentally contravene the decentralized organization of the market economy and contradict the inventive and entrepreneurial genius in a free, democratic society.⁶

This Claim suggests the opinion that economic growth positively correlates with the core values of the social market economy, especially with freedom. It therefore provides the foundation of what I call the 'Free-Society-Argument'. This argument will be reconstructed in the following paragraphs. In contrast to the arguments concerned with the outcomes of growth, which were debated in a very explicit manner, this argument is more subtle in the way it occurred in the discourse.

The argument begins with the normative statement that the government should protect the freedom of its citizens and create a framework in which they can exercise this freedom:

The task of politics or public authority is clearly defined: That is to say to determine the framework and with it the ecological, economic and social guide-rails in the space of which citizens and companies can develop freely.⁷

This Claim is grounded in what in the context of Analytic Discourse Evaluation is called a constitutional value – a value that is likely to be shared by all members of that society. This means that for the purpose of reconstructing the argument embedded in the German political discourse this Data does not require any further Backing for argumentative practice.

From the coalition's Claim for freedom as the first premise of the argument, the opposition concluded that the actual Claim was that the government should not interfere

6 Ibid., 7 ("Aus der Besorgnis über den Zustand der Umwelt einen „freiwilligen oder gar erzwungenen Verzicht auf Wachstum“ abzuleiten, steht jedoch grundsätzlich im Widerspruch zur dezentralen Organisation der Marktwirtschaft und zum Erfinder- und Unternehmergeist in einer freiheitlichen demokratischen Gesellschaft.“).

7 Ibid., 5 ("Die Rolle der Politik bzw. staatlichen Handelns ist dabei klar definiert; nämlich den Rahmen und damit die ökologischen, ökonomischen und sozialen Leitplanken festzulegen, innerhalb derer sich Bürger und Unternehmen frei entfalten können.“).

in economic activities to enforce an abandonment of growth, since this would mean infringing on the citizens' right to freedom. However, this is not at all a logical necessity.

[Data] The government should promote a free society.

[Claim] The government should not interfere in the economy to limit economic growth.

We need to fill the gap between the two premises, establishing a Warrant, which supports that the Claim logically follows from the Data. In other words, we need a type of information which will explain why declining growth by government intervention would be an infringement on the citizen's freedom and contradict the principles of a free democratic society. We need to make explicit what is implicitly stated in the piece and fragments of the discourse. Filling the gap, we then should get to the following set of premises:

[Data] The government should promote a free society.

[Warrant] If the government should promote a free society, it should not interfere in the economy to limit economic growth.

[Claim] The government should not interfere in the economy to limit growth.

Let us further examine what kind of Backing is provided in the discourse to support this Warrant. During the process of re-construction I have identified three pieces of Data, which are taken both from the debate and form the coalition-report, which can be modeled in order to this account for the Backing of the Warrant. These pieces of Data will in three steps establish a relationship between economic growth and freedom and back up the above mentioned set of premises.

In the coalition report, we find a clear ideological hint, as to what is to be done as a sociopolitical task to protect the people's freedom. In the chapter 'The prospective sociopolitical constitution of the social market economy', it is stated that it is a sociopolitical goal to "design the conditions of life in the way that everyone is allowed to autonomously shape their lives according to their needs and abilities".⁸ This Claim provides us with a more concrete indication of what is to be done to promote a free society. What is striking about this new piece of Data is that it makes a strong reference to the idea of self-determination and autonomy. According to this idea, freedom is claimed to be achieved if people are allowed to shape their lives according to their needs and abilities.

8 Ibid., 27 (" [...] die Lebensumstände des Einzelnen so zu gestalten, dass die autonome Wahl eines selbstbestimmten Lebenswegs gemäß eigener Neigungen und Fähigkeiten möglich wird.").

Noticeably, this Claim resembles Robert Nozick's concept of freedom as self-ownership. According to Nozick's Entitlement Theory of Justice non-interference is a central right of all people. Any coercive interference with the things people rightfully own is according to Nozick unjust. People should be allowed to do what they want with what is theirs.⁹ Based on the idea of self-ownership, which is a central theme in his theory, people should be allowed to decide what they want to do with their talents and abilities, since they own them as they are part of themselves. This serves as the rationale behind the Claim the coalition is making. It explains why free people should have the right to determine their lives according to their needs ('doing what they want') and abilities ('with what is theirs'). Translating this into Toulmin, we get the following set of premises:

- [Warrant\Data] If the government should promote a free society, it should allow everyone the autonomy to shape their lives according to their needs and abilities.
- [Warrant\Warrant] If the government should allow everyone the autonomy to shape their lives according to their needs and abilities, it should not interfere in the economy to limit economic growth.
- [Warrant\Claim] If the government should promote a free society, it should not interfere in the economy to limit economic growth.

This leaves us with another a new Claim to be accounted for, as the new Warrant that if we should allow everyone autonomy to shape their lives, it is necessary to not limit economic growth, needs to be backed up and explained. We have established that, according to freedom as autonomy, it seems to follow that people should be allowed to shape their lives according to their needs and abilities. However, it is not yet clear, how this relates to economic growth.

According to Nozick's Entitlement theory of justice, one does not only own his talents and abilities, but also external (previously unowned) objects that one transforms and improves by mixing them with his or her labor. This rule of acquisition of property is inspired by John Locke who in this way bridges self-ownership and ownership of external things. It is important to stress that by mixing ones labor with an object one adds a certain value to the object and, thus improves it. The only legitimate way of transfer of property is through voluntary transaction, which is the second rule of legitimately acquiring property.

9 Robert Nozick, *Anarchy, State and Utopia* (New York: Blackwell 1974).

The rule of the state thus results in a minimal state, which protects property rights and otherwise minimizes the level interference. Often the 'night-watchman' metaphor is used to describe such a state.¹⁰

This reasoning leads us to the next piece of Data, providing us with a second level of Backing for the Warrant. It consists of two elements, taken from both, the coalition-report and the parliamentary debate. Throughout the discourse these two elements are mentioned by the coalition as central norms in a free democratic society: the first is a decentralized economy and the second is encouraging the human drive for pursuing a better life and discovering new things.

The first element is not surprisingly the first element is in perfect line with the Nozickian reasoning mentioned above:¹¹ Adopting a Nozickian interpretation of allowing people to shape their lives according to their needs and abilities, requires allowing them to do what they want with what is theirs. This will result in a decentralized economy, in which actors are to make free (voluntary) decisions about their property transactions and are free from coercive interference in 'their business'. Proponents of the Free Society Argument agree that this would be a desirable state of affairs, as the following statement by Prof. Carstensen shows:

[...] this means that eventually not businessmen will make their own decisions, but that the state will decide for them and this will lead us back into a world that we certainly not want.¹²

The second element consists of the state's duty not to hinder, but encourage people in finding ways to improve their lives be it through generating new ideas and inventions that will enable them to enjoy more free time or make their lives more pleasant in other ways, if they please.¹³ Therefore it seems that allowing people to freely shape their lives entails encouraging pursuing better life-forms and encouraging joy of discovery. Both

10 This refers to the role of the state which is limited to protecting the citizens from external or internal harm, such as theft, breaches of contract or violent attacks.

11 Deutscher Bundestag, *Sitzung*; and Enquete-Kommission: Wachstum Wohlstand Lebensqualität, *Bereichsentwurf der Koalitionsfraktionen Projektgruppe 1: Stellenwert von Wachstum in Wirtschaft und Gesellschaft* (Berlin: Deutscher Bundestag, 2013).

12 Carstensen, *Sitzung*

13 Paqué, *Sitzung*.

requirements are according to the coalition deep-seated elements in a liberal democracy.¹⁴ It follows that:

- [Warrant\Warrant\Data] If the government should allow everyone the autonomy to shape their lives according to their needs and abilities, we should (a) decentralize economic decisions and (b) encourage human pursuit of a better life and joy of discovery.
- [Warrant\Warrant\Warrant] If the government should (a) decentralize economic decisions and (b) encourage human pursuit of a better life and joy of discovery, it should not interfere in the economy to limit economic growth.
- [Warrant\Warrant\Claim] If the government should allow everyone the autonomy to shape their lives according to their needs and abilities, it should not interfere in the economy to limit economic growth.

Let us now consider the final Backing and fill the last gap, which makes the link between a decentralized economy (a) and pursuit of better life-forms and joy of discovery (b) and the initial Claim that we should not interfere in the generation of growth. This final piece of Data consists of two descriptive statements, which are based on ideas on how growth comes about. They appear in the coalition-report, as well as in the parliamentary debate, where it is repeatedly stated that growth is (a) a direct result of individual decisions in a decentralized economy. Prof. Paqué elaborates his market based understanding of growth as nothing but the sum of a multitude of individual decisions about the allocation of resources and their advancement.¹⁵ Moreover, growth is defined as (b) an expression of the human drive to pursue a better life and the joy of discovery. Here Prof. Carstensen asserts that:

Growth is the expression of human joy of discovery, [...] the result of aspirations and searching.¹⁶

14 Enquete-Kommission, *Bereichsentwurf*.

15 Paqué, *Sitzung*.

16 Carstensen, *Sitzung* („[...] ist Wachstum Ausdruck dieser Entdeckungsfreude von Menschen, [...] ein Ergebnis menschlichen Suchens und Strebens“).

Proponents of this argument claim that it directly results from the human quest to generate new ideas that help to improve their lives: This innovation, which is then translated into added value results in what we call growth.¹⁷ From the assertion, that growth is directly tied to decentralized decisions and human aspirations, proponents of the Free-Society Argument conclude that interfering with growth would violate these values. In the discourse this is revealed in both, the coalition report and the coalition's stance throughout the debate. Concerning decentralization it is stated in the report that:

The political control of economic growth cannot be an appropriate means to tackle the present challenges, especially because in a decentralized economy it is impossible to prescribe desired growth rates.¹⁸

Speaking about growth as an expression of human aspiration and quest, Prof. Carsten reasons that "if we want to forbid this quest, then we can enter into an economy without growth, this is what happened in the planned economies in Eastern Europe".¹⁹ This provides us with the Data for our concluding Warrant, a double-if-construction, making the final link between freedom and economic growth. It states that if we regard growth as resulting from decentralized decisions and the quest for pursuing improvement and discovery, then the government cannot interfere with economic growth if it wants to preserve these values.

[Warrant\W\W\Data] Growth is (a) a direct result of individual decisions in a decentralized economy and (b) an expression of the human drive to pursue a better life and the joy of discovery.

[Warrant\W\W\Warrant] If growth is (a) a direct result of individual decisions in a decentralized economy and (b) an expression of the human drive to pursue a better life and the joy of discovery; Then if the government should (a) decentralize economic decisions and (b) encourage human pursuit of a better life and joy of discovery, it should not interfere in the economy to limit economic growth.

17 Paqué, *Sitzung*.

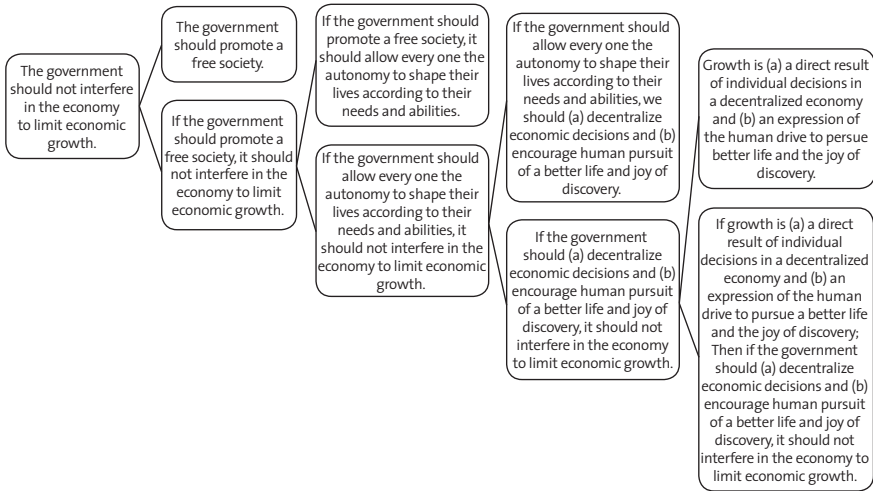
18 Enquete-Kommission, *Bereichsentwurf*.

19 Carstensen, *Sitzung* ("[...] wenn wir Menschen dieses Suchen und Streben verbieten wollen, dann können wir in eine Wirtschaft ohne Wachstum eintreten. Das ist das, was die zentralen Verwaltungswirtschaften in Osteuropa gemacht haben.").

[Warrant\W\Claim]

The government should not interfere in the economy to limit economic growth.

14.1 The Free Society Argument



3 Evaluating the Free Society Argument

After having reconstructed the argument, the next step of analysis is evaluating its logical and empirical strength. We shall therefore examine the three main premises on the Data-side, on which the argument is grounded and finally regard the double-if-construction on the Warrant side, which links these premises together. In order to test the validity of the argument, we will discuss the logical strength of the premises provided and debate possible flaws and aspects. Moreover, we will look at possible ideological counter-positions to the premises at hand, provided by either political theory or opinions of the opposition derived from the discourse.

Data-Side

[Warrant\Data]

If the government should promote a free society, it should allow everyone the autonomy to shape their lives according to their needs and abilities.

As already pointed out above, this piece of Data rests on a right-libertarian understanding of freedom. It builds upon the Nozickian idea of self-ownership according to which we own ourselves including our talents and abilities. Moreover, individuals are not only entitled to themselves, but also to the things they produce with the use of their own labor, which in return depends on their abilities and talents. From this it follows that if we want to preserve freedom, interference in the individual's decision making over what they own is illegitimate.

Noticeably, the first premise is attain its justification from a thinking style based on the philosophy of Robert Nozick, that probably many members of the coalition, especially those situated on the very right end, share. This also means that the extent to which we agree with this premise to be true depends on the extent to which we agree with Nozickian entitlement theory of justice. In order to comprehend valid criticism to this premise, we have to take into account his counter-position provided by his contemporary and intellectual antagonist, John Rawls.

Rawls strongly disagrees with the Nozickian conception of self-ownership. According to him abilities and talents should not be a factor in determining what we are entitled to own. He argues that since it is beyond our control what talents and abilities we have, they are somewhat arbitrarily attached. They therefore do not provide us with a good basis for making moral judgments about entitlements and distributive Claims.

Rawls suggests that when making these kind of judgments it is therefore to enter into a state devoid of bias, free from situational arbitrariness.²⁰ Rawls proposes that individuals should formulate their conceptions of justice from what he calls the 'original position'. In such a state individuals are equally deprived of their knowledge about their own social status and talents, as well as of their conception of the good. Only in such a state they are really free from the arbitrariness of the situations they are born into and can make valid decisions. Based on the Rawlsian criticism, one could therefore disagree with the premise that a free society is sufficiently promoted by allowing individuals based on their abilities and talents. Instead they should be allowed to freely shape their lives in accordance with the principles that people under the veil of ignorance (and therefore free from arbitrary situational constraints on their rational decision making) have agreed upon. The liberty principle states that "Each person is to have an equal right to the most extensive total system of basic liberties, compatible with a similar system of liberty for all"²¹, which is not likely to be achieved if everyone would simply act according to their needs and abilities.

20 John Rawls, "Justice as Fairness: Political not Metaphysical," *Philosophy and Public Affairs* 14 (1985): 223-251.

21 Rawls, "Justice as Fairness", 227.

If one chooses to agree with Rawls, and therefore chooses to take a more left-libertarian approach to the issue, it will be difficult to agree with the said premise and what follows from it. Using this alternative perspective, let us examine the Data of the second premise.

[Warrant\Warrant\Data] If the government should allow everyone the autonomy to shape their lives according to their needs and abilities, we should (a) decentralize economic decisions and (b) encourage human pursuit of a better life and joy of discovery.

There are two possible ways to refute the first part of the of this piece of Data. The first objection against the principle of non-interference in the economy is based on the above mentioned criticism. The first part of the Data is consistent with the Nozickian line of reasoning. It seems logically sound to conclude that the state should refrain from intervention, since any coercive interference into property decisions would be illegitimate interference with what people rightfully own. In line with the Rawlsian criticism, the principle of non-interference in the economy based on the sanctity of individuals' decisions to do what they want with what is theirs, can therefore be dismissed, since we have established that these rules of entitlement are based on morally arbitrary grounds. The range of legitimate state interference and its distributive Claims should instead be based on the principles formulated behind the veil of ignorance, which are the above mentioned liberty principle and the difference principle, establishing the legitimacy of social inequalities only if they are based on equality of opportunity and work to the advantage of the worst off. According to left-libertarians such interference would not limit the people in their freedom, but- on the contrary- remove situational arbitrariness and therefore make them freer than they would be without it.

There is, however, another way to object to this piece of Data. It has to do with how one positions oneself with regards to the question of positive and negative freedom. Here it is important ask what the fact that the government should allow everyone such a type of autonomy might entail beyond simple non-interference. This does depend on how one interprets the meaning of 'allowing' and whether this is understood as something rather passive (as the coalition obviously interprets it) or active. In the latter case it could imply that the government has to ensure that the circumstances of life make it possible for everyone to exercise this type of autonomy in the first place. In order to decide between these alternative questions, one would have to be very clear on what is meant by 'needs and abilities'. Especially with regards to abilities it seems difficult to draw a line between

natural talents and external influences. Therefore one could take different sides when discussing the scope of the government's obligation to allow everyone to act according to their abilities. For instance, what about someone whose social status does not allow him to pursue a certain talent, let's say to become a professional piano player, even though he is highly talented. Should he then have the right to live his life according to this talent and would it mean that the government, if it should allow him to do so would have to make sure he receives the education or funding he needs to become a piano player? In other words, does it mean that the government is responsible to remove all obstacles (such as social background, environmental conditions) to make sure the person can really actualize his or her needs and abilities? If one chooses to interpret this statement in such a way, the state, in order to fulfill its duty, would have to engage in a certain redistributive practice in order to provide the disadvantaged with the (positive) freedom to act upon their needs and abilities and freely shape their lives.

This is in contrast to the coalition's interpretation of freedom as negative freedom, which minimizes the role of the state to protect individual from interference. Yet, when applying the reasoning above, it seems that a 'night-watchmen' state then can hardly fulfill its duty of allowing everyone to shape their lives according to their needs and abilities.²²

The second part of the Data, stipulating that allowing everyone to shape their lives according to their needs and abilities requires encouraging the pursuit of a better life and joy of discovery seems less controversial in nature. It is very difficult to dismiss this premise on the basis of logic. It is not likely that anyone would disagree that respecting someone's pursuit of a better life is conducive to this person's freedom. Unsurprisingly then, there seems to be no direct opposition to this view in the actual debate. However, what is more controversial is how this Claim links to growth, as we shall see in the subsequent part of the evaluation.

[Warrant\W\W\Data]

Growth is a direct result of individual decisions in a decentralized economy.

22 At this point of discussion it is worth mentioning that the importance which was given to the matter of degree of state regulation was ambiguously discussed. Whilst certain members of the debate tried repeatedly to shift the focus away from the topic, it kept popping up between the lines and in form of subtle forms and still seemed determine the underlying tone of the debate. Yet, it is very interesting to observe that in the final reports, both factions suggest some form of state regulation. Still, they obviously differ on the form and scope that such a regulation should take.

Let us for now have a closer look at this final piece of Data. In the coalition report it is stated that growth is the result of decentralized economic activity in the free-enterprise system.²³ Basing their argument on the central role that entrepreneurs have in the social market economy, the line of their argument is the following: Entrepreneurs in a free-enterprise system are driven by the pursuit of profit. In a decentralized economy this pursuit is exposed to the conditions of market competition, which results in the constant urge to find and present novel solutions to consumer's needs. In other words, in order to be able to compete at the market, entrepreneurs have to innovate. This innovation can have technical, social and organizational dimensions. It will eventually result in an increase in productivity, new products or services, which then are translated into growth.

Decentralized decisions in the economy → Competition → Innovation → Growth

One crucial observation about this part of the Data is that it, once again, is based on a very specific definition of growth, namely qualitative growth, based on innovation. Here innovation is defined as "development, production and commercialization of new goods and services and furthermore includes process innovation, organization of labor or change in social structures".²⁴ Yet, it remains questionable to what extent such a line of reasoning can hold for growth, which does not result from innovation, but an increase in quantity of resources used for production and commercialization. Whilst the causal relation between profit, competition and innovation seems plausible, it is not specified whether or not these mechanisms account for other types of growth. It seems that once again the coalition builds the argument on a specific kind of growth (based on innovation), which leaves other aspects of growth unexplained.

[Warrant\W\W\Data]: Growth is an expression of the human drive to pursue a better life and the joy of discovery.

One could take the position that the line of reasoning according to which innovation based growth is motivated by market forces that force actors on the market to remain competitive poses a threat to the second part of the Data, according to which innovation based growth is motivated by a human quest for what is new. It is described as the result

23 Enquete-Kommission, *Bereichsentwurf*.

24 Enquete-Kommission, *Bereichsentwurf*.

of free decisions, which are motivated by the expression of human joy of discovery and pursuit of better life forms. Prof. Carstensen: "Growth results from the fact that in the economy people and entrepreneurs explore how to improve production, how to improve quality of life and how to maximize well-being. It is therefore an expression of this joy of discovery of humans. It is, therefore no precondition of person-hood ('conditio humana'), but an expression of human aspiration and quest."²⁵ According to this statement, the innovative drive in society can be explained by human curiosity, creativity and aspirations. It is important to note that the point of discussion here is not whether we need growth in order to pursue a better life, but that the phenomenon of growth can be explained by such drives.

Joy of discovery & Pursuit of better life-forms → Innovation → Growth

However, taking into account the above mentioned line of reasoning in which innovative capacities are explained by forces of the market, it leaves some doubts about the extent to which growth then can be related to 'joy of discovery' and 'pursuit of better life forms': Entrepreneurs design new goods and services in order to fulfill the needs of consumers. If we follow this reasoning it is not their personal motivation to pursue a better life, but their urge to compete on the market, which determines their innovative activity. As a result, one could infer from this that growth, indeed, does not follow 'naturally' from inner human quests, but is rather imposed on individuals by the forces of the market. Horst Meierhofer, a right-libertarian politician comments on this issue in a surprisingly critical tone:

Of course this is about innovation. Yet, this should not be primarily about capitalist driven innovation or the it should also not be primarily about the domination of the principles of profit, this is something that often is hidden behind the idea of the social market economy. It is about more. It should be about a society, in which principles of profit and forced accumulation so not dominate.²⁶

Let us therefore have a closer look at an alternative, more critical view on how growth comes into being. Generally, members of the opposition are very skeptical of the way the

25 Carstensen, *Sitzung* ("Wachstum als Resultat menschlichen Suchens und Strebens").

26 Horst Meierhofer, Deutscher Bundestag, *Sitzung* ("Natürlich geht es da um Innovation. Es geht aber eben nicht primär um kapitalistisch getriebene Innovation, es geht auch nicht primär um die Dominanz von Profitprinzipien, das wird ja oft mit einer Sozialen Marktwirtschaft verwoben. Es geht um eine Gesellschaft in der nicht Profit- und Akkumulationszwänge dominieren.").

coalition portrays growth as an instrument for human freedom and something that is emblematic for human aspirations and quests. They rather seem to see it as something that has come to dominate society as an outside force. In this context, referee Norbert Reuter speaks of the presence of coerced growth in society (using the term 'Wachstumszwang').²⁷ As referee Michael Müller refers to what he calls a shift in the history of the concept of progress about the way freedom, progress and growth relate. He claims that although it might be that in the history of progress human emancipation (which for him includes freedom) was the end and growth a means to achieve this end. Now this relationship got reversed in the sense that nowadays growth has come to replace the actual end it was initially subordinate to. In the debate he states the following:

It becomes clear that the history of the concept of progress, was not about growth, but the history of the concept of progress was about human emancipation- justice, freedom and so on... This became self-perpetuating during the past 100, 150 years to an absolute orientation towards technological progress and growth. Historically, however, technological progress and expansion of productive power were the means but not the end. And this got totally reversed and in my opinion we here today are facing that.²⁸

To expand on this critique and relate it to a more concrete framework of analysis, it is worth taking a look at Herbert Marcuse's social theory, contained in his work 'One dimensional man'.²⁹ Marcuse's framework of analysis is embedded in the tradition of critical theory. It depicts society as dominated by what he calls 'technological rationality' referring to the paradigm of progress, which makes society unfree. Marcuse claims that the system promotes progress, despite the fact that this progress is not designed to achieve a certain goal. In fact, in advanced industrial civilization, progress is means and end in itself, which makes technological rationality something irrational. Instead of using the benefits of progress to the (partial) abolition of labor in order to lead the good life, as suggested for instance by Karl Marx, progress closes society against any such possibility of

27 Norbert Reuter, *Sitzung*.

28 Michael Müller, *Sitzung* ("Da wird nochmal deutlich, dass die Ideengeschichte des Fortschritts nicht Wachstum war, sondern die Ideengeschichte der Moderne war Emanzipation des Menschen- Freiheit, Gerechtigkeit usw. Und das hat sich verselbstständigt in den letzten 100-150 Jahren vor allem durch eine absolute Orientierung auf technischen Fortschritt und Wachstum. Aber historisch gesehen waren die technischer Fortschritt und Ausdehnung der Produktionsmittel die Instrument und nicht das Ziel und das hat sich fundamental verkehrt und meiner Meinung nach sehen wir hier heute das Ende.").

29 Herbert Marcuse, *One dimensional Man*, (London, London:Routledge, 1991).

pacification of existence.³⁰ According to Marcuse, this type of society individuals has lost its ability to make truly autonomous decisions, since the system operates on various levels (economic, cultural and political) to deprive them of their ability to critically reflect and resist the status quo, in which they are required to produce, consume and contribute to technological expansion. “The apparatus imposes its economic and political requirements for defense and expansion on labor time and free time, on the material and intellectual culture. By virtue of the way it has organized its material base, contemporary culture tends to be totalitarian”.³¹ This so-called totalitarianism of technological rationality is exercised through the manipulation of consumer’s needs, which in return are in constant interplay with the mechanisms of competition and innovation, which determine the action of entrepreneurs on the market as described above.

Following the Marcusian line of thought, one could very well claim that growth is in fact not an expression of inner aspirations of individuals (such as the joy of discovery and pursuit of a better life) but rather imposed on them by external forces. If we agree to such a line of reasoning, it is worth asking why people still seem to be convinced that growth indeed results from our free decisions. Let us, therefore, get into the Marxists mood and approach the question why are we then made to believe growth results from free decisions and is an expression of human needs, even if it is not the case. This can easily be explained by Antonio Gramsci’s notion of hegemony. The Italian thinker was influenced by Marxists thinking, in which the antagonism between the social classes, which divides society, plays a central theme. This antagonism is not only present in the economic sphere (or society’s material base, as Marx calls it) but also manifested in what Marx coins the ideological superstructure, consisting of political and legal institutions and cultural ideology. According to Marx the ideological superstructure is dominated by the ideology of the ruling class and therefore functions as an instrument of domination.³² Gramsci develops this idea further in his notion of hegemony, in which he shifts the focus from antagonism and overt oppression to a more consent based model of domination. He explains that in a capitalist society, the working class is made to believe that social institution and mechanisms thereof work in their interest. This way they internalize ruling class ideology, which comes to be the hegemon of ideas.³³ If we, therefore, try to

30 Ibid.

31 Ibid., 5.

32 Karl Marx and Friedrich Engels, “Manifesto of the Communist Party,” in *Sociological Theory in the Classical Era: Text and Readings*, ed. Laura D. Edles and Scott Appelrouth (New York: Sage Publications, 2005).

33 Antonio Gramsci, *Selections from the Prison Notebooks* (London: The Electric Book Company, 1999).

explain growth in the context of a Marxist framework of analysis, one could claim that it functions as something that benefits only those who make the profit, namely the ruling class. Yet, the ruling class depends on the proletariat to create demand for production, in order to sustain the system. This is where one could fit in the Marcusean idea of false needs, which ensures that the loop of production and consumption and the generation of profit endure. Thus, following Gramsci's notion of hegemony, we can interpret the quest for new products and ideas as something superimposed on the proletariat in their role as consumers, in order to make them believe that the system operates in their interest.³⁴

Warrant-Side

[Warrant\W\Warrant] If growth is (a) a direct result of individual decisions in a decentralized economy and (b) an expression of the human drive to pursue a better life and the joy of discovery; Then if the government should (a) decentralize economic decisions and (b) encourage human pursuit of a better life and joy of discovery, it should not interfere in the economy to limit economic growth.

Departing from the premise that growth results from individual decisions and human quests that the government should protect and allow its citizens to freely pursue, the coalition concludes the following: if we forbid growth we necessarily forbid the joy of discovery and pursuit of a better life. Carstensen: "If we want to forbid such aspiration and quest, then we can enter into a economy without growth. This is what the planned economies in the Eastern countries were doing. There, quest and aspiration were not permissible, new ideas were not wanted, there was no growth".³⁵

34 That it eventually does not operate in their interest but rather results in an alienation of the average worker and consumer from himself is explained by the Marxist economic analysis, in which he describes how the worker is deprived of free development and the possibilities of fulfillment in a capitalist mode of production. In such a mode of production, consumption practices operate in a way to sustain the worker as a commodity and to make him improve his position on the market and to perpetuate the flows of capital. See Karl Marx, "Capital," in *Sociological Theory in the Classical Era: Text and Readings*, ed. Laura D. Edles and Scott Appelrouth (New York: Sage Publications, 2005).

35 Carstensen, *Sitzung* ("Wenn wir dieses Suchen und Streben verbieten wollen, dann können wir in eine Gesellschaft ohne Wachstum eintreten. Das ist das, was die zentralen Verwaltungswirtschaften Osteuropas gemacht haben. Suchen und Streben war dort nicht zulässig, man wollte keine neuen Ideen. Es gab dort kein Wachstum.").

Having a closer look at this statement, we can see that this Warrant is based on a causal confusion. The first Claim is that an innovative quest for new ideas is a precondition for growth, which is manifested in the Data discussed above. Abandoning the above mentioned objections and limitations to this Claim in the Data, we can agree that it logically follows that preventing innovative activity will result in a decline in economic growth. Yet, it would be a logical fallacy to simply reverse this conclusion into 'If we prevent growth, we will prevent innovative activity and therefore limit the citizens in their freedom to pursue better life-forms'. This would entail a causal confusion:

$$\begin{aligned}
 &A \rightarrow B \\
 &\neq \\
 &\text{not } A \rightarrow \text{not } B
 \end{aligned}$$

Concluding that A causes B does not necessarily account for the absence of B if A does not occur. Especially not if we cannot exclude that there are other factors that might account for B. The same goes for the causal relationship between innovation and growth. If we agree that innovation (driven by human aspirations) causes growth, we cannot infer that an interference in growth will hinder innovative activity, and therefore forbid humans to follow their aspirations for discovery and pursuit of a better life.

$$\text{Joy of discovery + Pursuit of better life forms} \rightarrow \text{Innovation} \rightarrow \text{Growth}$$

\neq

$$\text{No Growth} \rightarrow \text{No Innovation} \rightarrow \text{Suppression of Joy of discovery \& Pursuit of better life-forms}$$

To further illustrate this logical error, let us have closer look on the relationship between innovation and growth as it occurs in the debate in relation to this argument. Prof. Paqué, representative of the coalition faction, states that growth is innovation translated into added value. This means that innovation, which may provide for a renewal of the given of the capital in kind or human capital, will result in an increase in GDP. However, this is only true given a constant retention of the input of land- and workforce (natural and human resources used in the production process). Consequently, members of the opposition argue that it is not a logical necessity that innovation will translate into added value. For this to happen it is first necessary that the innovative capacity will be used to invest into the productivity of the human capital or capital in kind. Second, this would only lead to an increase in added value if the amount of land-and workforce involved in the process is retained. Therefore, it is still imaginable to regulate and decrease growth

without hindering innovative activity, simply by regulating how innovation is used in the economic process and by decreasing the use of land-and workforces. This view is also taken in the debate by members of the opposition: Prof Reuter, claims that it can also be possible to “have innovation that will not necessarily lead to growth”.³⁶ When making this point he especially refers to the generation of products that are involve a huge amount of innovation, but do not necessarily result in growth, since their new qualities require a smaller input of resources or labor power. Taking these two conflicting displays into account, we can conclude that it is necessary to be critical towards the exclusive causal connection that is drawn between growth and innovation by the coalition, especially if it is used in its negative form.

4 Conclusion

Throughout the analysis, growth has been proven to be a complex phenomenon with a range of characteristics and outcomes, thereof. The most obvious downside of the debate following from the observations in this research is that, unfortunately, most of the participants of the debate failed to acknowledge the ambiguity of the phenomenon and rather chose to only discuss the side that seems best suited for the Claim they are trying to make (which might lead one to raise concerns about the degree of intellectual honesty in the debate). Although at the beginning of the debate controversy on the definition of growth did occur in a rather explicit manner, this, what can indeed be seen as a useful start, was not carried on to the more concrete level of debate at which consequences and attributes of growth were discussed in relation to other phenomena (such as freedom, economic-welfare or well-being). Unfortunately, the debaters did not always make it explicit to which component of growth they were referring. In fact, when making their Claims, they did not even seem aware that they were referring to only parts of the phenomenon and that therefore their arguments only accounts for parts of the mechanisms attributed to it.

Evaluating the Free-Society Argument, it has become clear that there are several ways to defeat the normative premises it builds on. The first two premises seem highly dependent on one conception of freedom and what it entails for the government to provide its citizens with freedom. Here it becomes obvious how opposing parties differ in their ideologies. The Rawls vs. Nozick debate on self-ownership and the arbitrariness of entitlement is a useful way of

³⁶ Norbert Reuter, *Sitzung* (“...dass selbst wenn wir Innovation haben, dass nicht zu einer Wachstumsnotwendigkeit führt”).

illustrating the underlying rationale of this controversy. Moreover, concerning the second premise, in which a decentralized economy is promoted, one's positioning with regards to positive and negative freedom is crucial to determine whether or not one can agree with this premise.

Furthermore, evaluating the third premise requires us to rethink our conception of growth and how it comes into being. Opposed to the coalition's portraying of growth as a phenomenon stemming from human aspirations for pursuing a better life and discovering new is the Marcusean framework of analysis. His social theory, according to which society is dominated by the paradigm of progress which superimposes the urge to grow and perpetuate circles of consumption and production serves to explain, why debaters are disagreeing with the coalition's portrait of growth. When discussing what motivates the generation of growth members of the opposition doubt the extent to which growth nowadays is really emblematic to human aspirations or rather has become compulsory. Eventually, the Gramscian notion of hegemony can be employed to explain the ideological controversy surrounding the third premise. It explains how the Claim that growth is an expression of the human drive to pursue a better life and the joy of discovery, can be uncovered as ruling class ideology, which is superimposed on the (working class-) consumers, in order to maintain the status quo and make them believe the system operates in their interest. Finally, it has been pointed out that the double-if-construction, which glues the argument together is based on a causal confusion between the variables of growth and innovation, which weakens the validity of the whole argument.

It is hoped that this evaluation has contributed to making the arguments of the controversy more clear and explicit. The analysis has pointed at the most prominent flaws in the reasoning of the coalition and the ideological rationales that are behind the premises that the argument builds upon. Being aware of the respective ideological rationales and their counter-positions can be used as a handrail for positioning oneself in the debate and for improving future discussion on the matter. Moreover, the analysis has shown that a great part of the reasoning employed in the coalition focuses a specific (neo-liberal) interpretation of economic growth. This undermines the complexity of the phenomenon and excludes important elements of growth from the reasoning. This is problematic in two respects: Firstly it weakens the quality of their argument. Secondly, it should raise serious doubts about how representative such a reasoning is and to which extent it does justice to the objectives of a national inquiry committee. The work of the committee should in the first place have a cognitive interest, which also includes trying to be as objective and all-encompassing as possible. The coalition report has now been adopted as the final report, which means that it will represent the dominant opinion on what role growth should play in our society. The question arises whether or not the report is acceptable as a final document given the rather one-sided view it entails.