

Note Biografiche

(Fred Hirsch 1931-1978)



It is an extraordinary measure of the man that Fred's legacy of ideas should still provoke lively discussion a quarter-century after his death, even though he himself would barely have passed his seventieth birthday.

Those close to him cannot avoid speculating how much greater his contribution to modern thought and public policy would have been, had his life not been cut so absurdly short.

Fred was born in Vienna in 1931, son of the social democratic political writer Hans Hirsch, a journalist on the influential *Arbeiterzeitung*.

As the political situation in Austria deteriorated Hirsch moved his family to London in 1934, and his home became a magnet for exiled intellectuals as the Nazi shadow grew. This was the backdrop for Fred's childhood.

Hans Hirsch died just after the Second World War, also well before his fiftieth birthday. With her son Fred and daughter Anni reaching adulthood, his widow Bettina chose to return to Vienna to witness and contribute to the reconstruction of Austria. Also a leading journalist, her home remained in the city until her death in 1986, although she spent considerable periods of time with her children and grandchildren in Britain and the United States.

Fred studied at the London School of Economics, where his intellectual power became obvious, but rather than choose an academic career he became a journalist first on *The Banker*, and later on *The Economist*, where he was an influential figure as financial editor.

In 1956 he married Ruth Weissrock, who had fled to Britain from Nazi Germany just before the war with her mother and three sisters. Their first home was a tiny cottage in Radnage, Buckinghamshire, birthplace of their first two sons Philip (b 1957) and Donald (b 1958). With their third son Tim on the way, the Hirsch family moved to a bigger house in Merton Park, South-West London in 1961.

In 1966 Fred accepted a position as senior adviser to the International Monetary Fund and the family moved to Washington DC, remaining there during an extraordinary period in US history, spanning the anti-war protests and race riots following the assassination of Martin Luther King, and ending in the week of the break-in at the Watergate Apartments in June 1972.

Returning to Britain as a fellow of Nuffield College Oxford, Fred spent the next three years working on the ideas for *Social Limits to Growth*, living at Long Crendon near Thame on the Buckinghamshire/Oxfordshire border.

In 1975 he became the first Professor of International Studies at the University of Warwick, involving another move for the family to Leamington Spa. It was here that he was diagnosed with motor neurone disease, which progressively paralysed his physical functions. His mind, however, remained as sharp as ever, and he was still writing until the week of his death in January 1978, even though by this time his only means of communication was the movements of his eyes. He was not yet forty seven years old.

The wide range of experiences that Fred witnessed in his short life was mirrored in an unusual spread of intellectual interests. His influences were as diverse as prewar continental socialism, the postwar LSE of Lionel Robbins, the heady affluence and social crisis of late 1960s America and the dismal pessimism of 1970s Britain. His professional interests were originally focused on international finance, but he always read widely on history, political philosophy and social development, as well as authoring books on themes as diverse as the newspaper business and inflation. *Social Limits to Growth* is so powerful partly because it draws on this broad perspective and defies, as Fred did, disciplinary boundaries.

FRED'S FAMILY

Ruth Hirsch moved in 1981 to the village of Wootton near Woodstock in Oxfordshire, where for many years she ran a bed and breakfast business in the 18th century house she bought after Fred's death. She also ran a children's market-garden project in her garden, linking the local village school to projects in Thailand and elsewhere in the developing world. In 2001 she moved into a smaller cottage which had formerly been part of her own property and which she herself had renovated before selling it in the 1980s. Ruth bought it back in a very satisfactory house-swap which has enabled her to remain in the village she loves while having a more practical home to manage.

Philip Hirsch studied geography at St Edmund Hall, Oxford, worked in Scotland for two years, then spent several years working in Thailand in the early 1980s. After completing his doctorate in social anthropology at SOAS, University of London, he took up a post at University of Sydney in 1987, where he is now Associate Professor of geography, specialising in environmental development studies in South-East Asia. He lives in Marrickville, Sydney with his wife Soh, daughter Jom and son Yung

Donald Hirsch has had a varied career since studying politics and economics at Christ Church, Oxford, spending ten years as a journalist, latterly on the staff of the *Economist*, and then working on international education comparisons at the OECD in Paris. He is now a freelance social policy consultant, whose clients are the OECD, the Joseph Rowntree Foundation and the Prime Minister's Strategy Unit. Donald lives in Guildford, Surrey with his wife Christine and children William, Thomas and Kate.

Tim Hirsch studied history at Gonville & Caius College, Cambridge then joined the staff of the *Western Mail* newspaper in Cardiff before joining the BBC in 1986. After working in various broadcasting jobs in news and politics, he is now environment correspondent for BBC News. Tim lives in Putney, South-West London with his partner Fernando and cocker spaniel Gus.

Some reflections on the positional economy 25 years on – Donald Hirsch

The "positional economy" was described in *Social Limits to Growth* as relating to "aspects of goods, services, work position and other social relationships that are either

- (i) scarce in some absolute or socially imposed sense or
- (ii) subject to congestion or crowding through more extensive use" (p27).

This is contrasted with the "material" economy, whose salient characteristic is that supply can be indefinitely increase – not just by using more materials but also by increasing productivity: the amount of goods and services that can be produced per unit of raw material.

Twenty-five years on, the contrast between these two sectors remains important, and the efforts by individuals to pursue positional goods continues to cause inevitable frustrations across society. But some of the political, economic and social scenery has changed. Here are

some particular reflections on how such changes might influence the positional economy, and its relationship to the material economy.

1. Today's "sustainability" lens differs both from the Club of Rome "limits to growth" arguments and the "social limits" alternative as presented in the 1970s – although it has links to both of them. The Club of Rome argued that material resources were subject to absolute limits. These limits turned out to be less important than then predicted, because of our ability to use existing material resources more efficiently – and Social Limits argued that it was not satisfaction of absolute material needs that was the problem. We have of course made huge technological progress, in extraction of resources, in production techniques (eg in agriculture) and in efficiency of use, which have continued to put off the day when key resources "run out".

Yet at the same time, we have discovered significant new "externalities" of resource use – unintended social effects. These have become the really big constraint. Perhaps the least tractable of these is global warming. If we were all to agree that total carbon emissions had to be permanently and strictly limited, such emissions would become a positional good of the second variety identified above – subject to crowding and therefore ultimately limited in absolute supply. Of course, it is possible that as with raw material shortage the pressures will eventually create a technological solution – in this case emission-free or low-emission technologies. (And in general, "sustainability" advocates like to point out that it's not just a matter of trading consumption for environmental protection, but adapting consumption and production patterns.) Yet in the medium term, trade-offs will be needed, reconciling demand for consumption of a good that we choose to define as limited in supply – global carbon emission rights. How this part of the positional economy develops depends on how we grant access to such scarce emission rights. A comparable development, also linked to externalities and crowding, is the rationing (by price or otherwise) of scarce road space, which in London is for the first time being subject to a congestion charge.

In both of these cases, one of Fred Hirsch's suggested responses – that we try to mitigate the inequalities created by positional goods, by spreading them round, could come into play. But should we try to do this within a price-based allocation system, or through some other means? If your sole aim is to spread consumption of a particular positional good, you might give a travel voucher to each London resident of a fixed amount of scarce road space each year, or permit to a country to emit a maximum amount of carbon relative to its population. However, a more economically "efficient" variation would be to allow people/countries to trade such vouchers on the open market (as of course is proposed in the case of emissions) – equity would be achieved in the initial allocation, but people would be allowed to express their own economic preferences in trading this particular positional good for alternative forms of consumption. Of this is likely to result in poorer people/countries consuming fewer positional goods, since they are likely to have relatively higher preferences for unsatisfied material ones. Does this matter? I don't know. Perhaps one reason it might do in the case of emissions is that they are so fundamental for the production of essential goods of all varieties and hence the ability for countries to reach higher levels of development. Thus this new kind of positional good is anything but a luxury item.

2. Education is viewed by many people as a "positional good" – as a means of "getting ahead". In the past 25 years we have supposedly seen the development of "knowledge economies". Does this mean that education as a positional good has become more important than ever?

Leaving aside the important non-economic value of education, one needs to distinguish the degree to which education provides access to a limited number of people to relative economic advantage, and the degree to which more education overall is of general benefit. The former view is dominant if one regards education as something for the elite few who are running the economy and doing certain elite jobs. But does wider access to education enhance the economy overall? Already in the 1960s economists were identifying, through measures of "human capital" ways that whole economies did well if educational levels were higher. However, insofar as this was linked to competitive advantage in producing high-value-added

goods and services, this could still be seen as a benefit at the cost of other people – those in less well educated countries.

On the other hand, if we accept today's arguments about the creation of knowledge economies, the economic benefits of education can be seen as more generalised. These arguments state that there is a need for education, skills and learning throughout economic life: increased productivity depends not just on a small educated elite but on a broadly educated workforce. If this is true, we can collectively increase our prosperity – including at a global level – with widening access to education. So education is not a zero-sum game, nor purely a positional good.

However, this does not rule out the possibility that positional aspects of education continue to play a large and even growing role. As knowledge and skills become more central for a wider range of jobs, individuals' relative well-being is increasingly determined by them – as has been seen for example in widening wage disparities linked to skill levels. Nor is the idea that education brings real productivity benefits inconsistent with a tendency for people to become overqualified, as education acts as a "filter" to select people for the best jobs beyond the point where a qualification really gives information about a person's suitability for a particular job or occupation.

3. The reproducibility of knowledge/information, and the ease of its transmission through electronic networks, has created new conundrums for economists and others. Knowledge can in some circumstances (notably those where "knowledge is power") be the ultimate positional good. However, any knowledge or intellectual/creative output that is reducible to data can now be transmitted around the world at zero marginal cost. This is making intellectual property harder to protect and to price (not least in the music business.) It is also forcing those keen to protect the positional character of knowledge to distinguish it more visibly from raw data. An interesting recent example of this occurred when MIT announced that it was putting all of its courseware on the web for open access, but emphasised that this was not the same as an MIT education. This was a response to the emergence of all sorts of on-line providers of forms of higher education; the point being made was that knowledge and understanding is about more than just digesting raw information. If you wanted the real thing, you had to be one of the few paying a large fee to study at MIT.

Yet despite this important distinction, there may be much good in the world that can be done by spreading some forms of knowledge that are both useful and reproducible, and to which access has in the past been limited. The importance in the developing world of health-related knowledge around things such as hygiene, or behaviour and AIDS, are obvious examples. The spread of communication technologies have also made it harder for repressive regimes to make information a positional good.

4. The redistribution of working time has, perhaps, done more than anything else in the past 25 years to influence the shape of the positional economy. The main trends are that many more women work, men's working lives have shortened and there has been a polarisation of household working patterns – with more two-earner and no-earner households, and fewer one-earner households. At a household level, this has created greater concentrations of privilege and disadvantage. Yet the privileged groups often do not feel particularly privileged, especially in crowded conurbations like London where their numbers are large, since they are competing with each other for positional goods such as house location, road space and a limited (also by housing) supply of labour for personal services such as cleaning and nannying. The result has been that the promise of extra choices/opportunities resulting from opening labour markets to women have caused a level of disappointment: when most other women are working (standing on tiptoe), an individual woman has not choice but to work, just to meet basic material aspirations. For men in good jobs, too, the pressure to work hard in mid-life is great, for similar reasons.

Of course, for the less privileged in such an economy, the disappointments are all the greater – accentuated by the exposure to advertising that is many times greater than in the 1970s.

The following statistic tells us quite a lot about this. Between 1968 and 1995 in the UK, spending on children's toys more than doubled in real terms in the 20% of richest families. By 1995 it was about seven times as high as in the poorest 20%, for whom there had been almost no real increase since 1968. Similar trends occurred for shoes and clothes. And anyone who doesn't think that children's material possessions are positional goods should spend a few minutes in a 21st century secondary school playground...

Reflections on Social Limits and the positional economy: an Antipodean perspective 25 years on – Philip Hirsch

A significant question raised on publication of *Social Limits to Growth* was whether this was a theory of affluence, applying only or mainly to affluent societies and reflecting the values of affluent sections of those societies. Do the ideas have relevance beyond the wealthy, the middle classes and middle class aspirants of Europe and North America? Translation of the book into Japanese suggests that its currency went beyond the western world, but to what extent is the positional economy relevant to what the New Internationalist calls the "majority world", i.e. developing countries and the poor in the West? I raise this question at the outset to suggest that perspective 25 years on may depend on from where, as well as when, one writes.

When do social limits to growth become significant limits to the connection between economic prosperity and individual or social well-being?

Social Limits to Growth was a commentary on a late twentieth century predicament, the seemingly growing discrepancy between unprecedented prosperity and social well-being. The core of the argument was that positional goods become increasingly important determinants of well-being, and because these are by definition limited or rationed, there is a limit to the happiness they can bring. The implication is that in relative terms, the more affluent economies are coming up against these limits as the basic material determinants of well-being have become less important in relative terms.

What values create the positional economy?

Having worked on and in rural Southeast Asia for the past 20 years or so, and now living in a city with a perhaps more than normally significant positional economy (epitomized by Sydney Harbour views, which alas I cannot afford, even on tiptoe!), one of the more obvious contextual observations is that the relative significance of the positional and material economies varies from one place and time to another. What determines the place of the positional economy? Is it a linear and correlative association with economic development? Are there other values that intervene irrespective of, or more loosely associated with, affluence? Advertising suggests that there are. While advertising reflects societal norms and wants, in a globalised world it surely also creates wants, influences values and is thus one of the producers as well as instruments of the positional economy.

What is the relevance of the positional economy in the developing world?

A comparison of advertising in Thailand in the early eighties and the early noughties suggests that advertising both reflects fundamental changes in values but also influences them. The house in an exclusive location and the corrupt purchase of places at prestigious schools both reflect a heightened positional economy in a country where inequality is longstanding but where material goods used to be the main subject of aspiration and marker of status. Meanwhile, the premium put on membership of the globalised elite is reflected in absurdly expensive golf course membership that has little to do with the pleasure of hitting little white balls into a hole. The new middle classes of Southeast Asia and Latin America are ripe ground for looking at social limits beyond the western context in which they were construed.

Interestingly, the positional aspect of education in East and Southeast Asia is perhaps longer standing than in Europe or North America, again suggesting that there are important cultural determinants of the positional economy that do not correlate neatly with levels of development.

How do sustainability concerns relate to the positional economy?

A globally rationed atmosphere is one way of looking at the positional economy, but concern with the environment is not only relevant to the global commons. Ecological limits are being reached at local as well as global scales, and environmental action means that limits are, fortunately, being imposed socially before they become life-threatening in a more absolute sense. Certain resources, most topically water, are absolutely finite and non-substitutable.

A key concept that both the social limits argument and much of the global discussion on sustainability tends to bypass is the notion of environmental justice, i.e. that there are important distributional issues involved in the ways in which we approach sustainability. Brought together analytically, environment as a positional good and concern for sustainability might provide a more robust and socially relevant approach to rationing or otherwise allocating environmental resources and values at a point before they self-limit or disappear. One way to do this is through the rights-based approach increasingly taken by NGOs and the more progressive legislation. An example of the latter is the South African water law, that sets both ecological reserves and basic human survival guarantees on a river catchment basis. The contrast between this and a water-pricing driven demand management approach shows the importance of ensuring that as life-giving environmental resources increasingly enter the positional economy, collective safeguards are required to ensure at least basic levels of equity.