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**Hansjörg Siegenthaler, Prof. em., University of Zurich,
Switzerland**

Economic Growth and Welfare: Summary

Modern economic growth is a process of social and individual learning: Societies accumulate economically useful knowledge; institutions and incentive structures emerge which tend to favor the systematic search for and application of such knowledge. Individual actors adjust to the process. They practice learning routines that help them to meet the imperatives of a society devoted to the division of labor.

For centuries economic growth was a topic of mostly qualitative observation. But by the middle of the 20th century economists found it appropriate to put a figure on the rate of economic growth. The new measure entered the political process as an indicator for policy success. Public opinion took it for granted, that economic growth elevates homo sapiens to new levels of evolutionary achievements.

Some of the economists pioneering the new practice of quantification disagreed. They knew that, for many reasons, GNP does not measure human welfare. Today we become aware of those implications of economic growth, which are likely to strangle the opportunity space of future generations. - The lesson to be learned is obvious: What lies below the surface of quantification, a process of social and individual learning, has to undergo, in the years to come, a radical revision. Adjustment of social and individual behavior to future needs of mankind must be the goal.