

Polycentric Status Contests

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As societies become richer, and basic needs are satisfied, positional goods gradually become more important. The zero-sum nature of various status contests gains more prominence, while the regular positive-sum benefits of markets subside in the background. The institutions for managing resource scarcity, and spurring economic growth, i.e. the institutions of capitalism, are not particularly well suited for managing status competitions. As such, if we don't develop institutions that nudge status competitions toward relatively benign forms, the long-term equilibrium of super-rich societies may not be as peaceful as many assume. A society that is "post scarcity" with respect to physical resources, can be overrun by the zero-sum competition for positional goods, which, by their very nature, cannot become post-scarce. In this paper I explore the idea that a solution to this problem rests with the fact that status is internal to a group, and high status in one group may not translate to high status in another group. As such, if status contests are highly polycentric, the overall importance of positional goods is diminished. The problem of positional goods takes a particularly damaging form only within a hierarchical system of status, while a polycentricity of status limits the range of the negative spillovers from this competition.

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