Market saturation as factor for the normative regulation of economic action?

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Abstract:

In the prevalent view competition in saturated markets leads to a race-to-the-bottom, i.e. to a social, sociopolitical and ecological deregulation since competitive advantages are only viable by cost reductions due to the depletion of standards. In the present research project a contrary position is theoretically claimed and empirically tested. The main proposition is that low growth rates due to exhausted technical innovations produce normative innovations (self-reglation). Normative is to be called every instrumentally irrational innovation, which abstains from specific technical rational means and substitutes them with ambitious and normative appropriate means based on social, ethical, ecological or religious reasons. However, before normative innovations can be a sales pitch technical improvements and economies of scale have to be maxed out, hence a producer can risk to introduce new quality features if there is no chance to be undercutted by already established quality features. In a consumer's view high prices for normative features can be justifiable if the technical maximum standard is already reached. The model

expects for instance no serious normative self-regulation in a booming petroleum industry, but in a stagnating automobile industry.

Furthermore the theoretical founded relationship shall be examined empirically. The operationalization of normative innovations is carried out by national and trans-national, private and governmental certification schemes for sectoral products. A database of certification schemes is used, which allows an insight in the frequency and sectoral distribution of certifications. Based on this, differences in the level of normative regulation between eight economic sectors (energy, timber, fishery, agriculture, imported commodities, carpets, textile and computer) become apparent.