A Genealogy of Economic Growth as Ideology and Cold War Core State Imperative

John Barry

Draft July 2018

Abstract

This article critically examines and problematises the 'taken for granted' status of economic growth within modern politics and political economy. From a green political economic perspective it asks why and how given the socially regressive, ecologically destructive and human wellbeing failings of GDP economic growth as a permanent feature and objective of a 'healthy' economy, growth has such an assumed and authoritative position. The article outlines some of the historical and institutional origins of economic growth as a core state imperative. It focuses on the immediate post-WW2 period, the Cold War, and the role of the OECD (and its predecessor the OEEC) in systematically disseminating and promoting GDP growth in Western European countries as a key part of the US led competition of the 'free capitalist world' against the Communist bloc. In this way, the OECD can be viewed as being the 'economic wing of NATO' and the imperative for capitalist states to achieved coordinated stronger growth than the USSR and its client communist states was the 'economic race' equivalent to the 'arms race'. The article suggests that economic growth is s a powerful idea that has become a keystone of the (initially Keynesian-based) political ideology of growth, which in turn enabled and empowered state and supra-state institutions, and acted as a legitimating ideology throughout capitalist societies. Moreover, it arose as a powerful ideology within the context of the cold war and motivated as part of the struggle for 'hearts and minds' by core capitalist states (led by the US) and their historical encounter with communism and the USSR. The article shows how the capitalist state has a structural interest in achieving high and sustained rates of economic growth, and how economic growth became the 'economic commonsense' for populations and citizens of western countries. The article suggests that economic growth is an ideology, one that serves the interests of a specific class or elite rather than, beyond a threshold, the interests of a majority in society.

Introduction

> "The ideas of the ruling class are, in every age, the ruling ideas: i.e. the class which is the dominant material force in society is at the same time the dominant intellectual force" (Karl Marx, 1845/1970: 64).

A question that is rarely asked is 'why do we need economic growth?', so self-evident is it that 'we' (a moot issue of course is who is this 'we'?) need 'it'. However, what answers can we find if this question were asked? Economic growth we are told ensures pensions for when we retire, creates the wealth we can then use to spend on social or medical infrastructure (such as a national health care system) and welfare payments, or indeed remedial environmental policies. In this way economic growth is a means to these various ends...but what is not allowed, encouraged or listened to is whether these ends could be met without economic growth? Could we have pensions, a national health service, welfare services etc. without growth? And beyond that, is the reason why is there no serious and sustained public or policy debate on alternative views of the economy (such as ones which do not have orthodox undifferentiated economic growth as a permanent feature of the economy), due to these having been presented, considered, evaluated and dismissed, or that they are simply unable or not allowed to be even considered possible as objects for debate?

In addition, this lack of political debate is not simply that economic growth as an unquestioned 'good thing' or self-evident necessity, receives intellectual and authoritative support from the dominant form of economics – namely, neoclassical economics. It is also because economic growth has, since the post-war period, become a 'core state imperative', one backed up by cross-political party support from both left and right and indeed wide social consensus and a form of 'commonsense'.

Evidence that economic growth is good and is (or was up until recently) a (unqualified) social and political economy *desideratum*, something that enjoys almost complete support from across the political spectrum. In terms of left – right support for growth – and here simplifying – the main issues often revolve around the distribution of economic growth to capital and labour. But neither traditional socialist/social democratic or conservative /neoliberal parties, policies or political economy question growth *per se*. By 'economic growth' is meant the following, 'monetary measured GDP growth as a permanent feature of the economy, which is based on biophysical energy and resources (even if these are not recognised or acknowledged)'. For the most part, it is only green or ecological political economists who have for decades questioned economic growth (Daly, 1974, Jackson, 2017), and it is within that tradition of green political economy this article is written.

This article is motivated by a view of the importance of uncovering the historical, ideological and class origins of growth. It does so by uncovering the class and elite origins of growth as a 'core state imperative' – and locates it in the post-war and Cold War period and the role of transnational organisations such as the OCED in promoting, organising and disseminating GDP growth amongst liberal capitalist states. These conceptual and institutional analyses are motivated to demonstrate that there is nothing 'natural' about growth as the objective for the economy: it is a politically chosen objective, done for particular political interests, and therefore one that can be altered. Finally, the article suggest that these necessary deconstructive-critical endeavours can then clear the ground for a third more reconstructive aim of the difficult intellectual and political work of developing and getting popular support for any 'post-growth' political economy.

> Who, in the light of biophysical reality, can remain committed to the growth-forever vision? *Apparently, our decision-making elites can... Their commitment is not to maximize the cumulative number of people ever to live at a sufficient standard of consumption for a good life for all. Rather, it is to maximize the standard of resource consumption for a small minority of the present generation, and let the costs fall on the poor, the future and other species*" (Daly, 2013: 4-5; emphasis added)

What if economic growth is simply an idea that serves the interests of a minority in society rather than being of benefit to everyone? What if the 'social imaginary' of endless growth (Castoriadis, 1991: 184), is a ruling idea of our age because it is the idea of the ruling class? And serves that class's interests by becoming a 'core state imperative', but is not, after a threshold or as a permanent feature of the economy, in the long-term interests of the majority in society, future generations or the non-human world? Viewing growth as the ideology of the ruling class or elite means to understand that since the main aim of an elite ideology is to maintain the hegemony and power of this elite, issues of its ecological irrationality (or indeed social and economic irrationality) are unimportant. That is, despite evidence (either expressed in scientific peer reviewed papers or expressed as popular resistance) of the ecological or socio-economic downsides of an economic growth strategy, viewed as a political strategy for control and power, economic growth can make perfect sense: be a perfectly 'rational strategy', despite these objections, which can be simply dismissed…by being ignored. Better still if such ecologically dangerous and socio-economically dubious policy can be endorsed and enthusiastically supported by a majority in society i.e. gain widespread support and legitimacy.

What Gets Measured Gets Done: The Birth of GDP

Initially invented to help the US government under Roosevelt address mass unemployment and the economic depression of the 1930s, the progress of creating the system of national accounts in the form of GDP was thoroughly political and politicised. The demand or need for the data was politically motivated to address a crisis; the way certain forms of economic activities were included and excluded (non-market/informal economic activities or women's housework, for example) were informed by political preferences and ideologies; and finally the availability of this economic information "gave politicians the power of choice: to act or not to act. And here it becomes clear why measuring economic activity was never an objective pursuit, but always a deeply political choice... inaction did not require data…Action certainly did" (Phillipsen, 2015: 71). In addition, this action extended to non-economic political ends in the sense that the system of national accounts created by Simon Kuznets and others in the 1930s within the US Bureau of Foreign and Domestic Commerce's Division of Economic Research proved indispensable in enabling the US and the UK in allocating resources during the war.[1]

The revolution in statistical measures of national economic activity brought by GNP ensured the US state had much better knowledge of its own economy than Germany and Japan, and was therefore better able to organise production, allocate resources such as capital and labour more effectively (Patterson, 2014; Coyle, 2014; Lacey, 2011). While government and military leaders in the US and UK planned the war effort in terms of their needs arms, munitions, food, clothing etc., these demands on national production often did not correlate with actual productive resources (in terms of labour, capital, finance etc.). That was because up until the 1930s and early 1940s the statistical information was either not there for certain sectors, or patchy at best. As Keynes ruefully noted in his influential work, *How to Pay for the War Effort*, "Every government since the last war (WWI) has been unscientific and obscurantist, and has regarded the

[1] A related point here has to do with the power-knowledge of GDP statistics in inventing what we now commonly accept as 'the economy'. The reality is that there is nothing 'natural' or 'real' about 'the economy' in the sense that we only have this 'economy' when we decide to count and develop particular statistical measurements of it. That is, what the economy 'is' (or taken to be) is completely dependent on the analytical model and statistical paradigm one employs (Mitchell, 2005).

collection of essential facts as a waste of money" (Keynes, 1940: 13), but he strongly pointed out that reliable and robust statistical measures of the productive state and potentials of the national economy were vital. But the increases demanded, along with the need for diverting factors of production to the overall aim of fighting a war changed all that. Robert J. Shapiro, Under Secretary of Commerce for Economic Affairs who at a press conference announcing the creation of GNP/GDP accounts as the US Commerce Department's 'Achievement of the Century', noted that, "When America went to war to be sure that democracy would survive, the Division extended the early accounts to also track production and to produce the first quarterly and annual estimates of GNP, *so the government could mobilize the economy for the war effort*" (Shapiro, 1999; emphasis added). While in the UK, Ramsden points out, "The start of World War II was also the start of the Civil Service's systematic employment of economists and statisticians. *Planning for war needs good data*" (Ramsden, 2015: 3; emphasis added). Thus, GNP became both a measure of the war-fighting capacity of the US and UK, and a vital tool in mobilising resources, labour, capital towards production to that end (Edelstein, 2001).

In the post-war period, a condition of receiving Marshall Aid from the US was acceptance not just of trade liberalisation and economic growth (outlined in the next section) but also the GDP. As Masood notes,

> "Europe's countries had no real choice in the matter [of submitting their economies to be measured by GDP]. If they wanted America's aid, they needed to submit to its system of measurement. Little did they know that the act of measuring their economies would ultimately determine how their economies would be managed. In order to keep receiving American aid, a country's GDP had to go up each year" (Masood, 2016: 35).

Moreover, the way of measuring whether economic growth was being achieved was by measuring GDP increases. Thus GDP measured growth in the economy was embedded across Western Europe and became associated with national prosperity - the main ingredients of which were consumer spending and government spending and public sector growth. Thus, was propagated "the idea that GDP, economic growth and national prosperity are interchangeable" (ibid.: 37). GDP enabled and empowered a small group of transatlantic experts to systematise and homogenise how 'the economy' was understood and offered a single metric by which policy-makers, academics, politicians and populations could judge the health or performance of national economies and compare economies.

The expert neoclassical knowledge and these experts who invented and refined this measure viewed and presented themselves and the knowledge the possessed as 'neutral', 'apolitical', 'objective' and 'value free'.[2] However it and they were (and are) anything but

[2] There is a link here between the expert/elite/specialised power—knowledge of neoclassic economic growth and the argument put forward by Earle, Moran, Ward-Perkins (2016) that the modern discipline or economics has transformed itself into an *'econocracy'*, including how this knowledge is taught and disseminated. As they put it, "Economics education frames economic issues in terms of clearly defined problems and answers, depoliticises economics, devalues non-economic forms of knowledge and does not

(Barry, 2015). While the process that led to the creation of the eventual GDP measure was shaped by methodological, statistical and technical debates, disagreements and arguments (between income and production measured GDP for example), it was equally shaped by political, ideological and normative claims and counterclaims. For example, Simon Kuznets, who can be legitimately viewed as the inventor of GDP/GNP, had a very different conceptualisation of GDP than others such as Keynes. He for example wanted to include income distribution, exclude defence/military spending and government spending, and was clear that a key issue to consider was both the quality of economic growth and not to forget that growth was a means to an end, not an end in itself. While he lost the 'battle of ideas' over how to model, measure and understand GDP growth (Masood, 2016; Firamonti, 2013) he continued to question the way this new measure was (mis)understood by policy-makers and he public alike. As he put it in 1962, "Distinctions must be kept in mind between quantity and quality of growth, between its costs and return, and between the short and long term...Objectives should be explicit: *goals for more growth should specify more growth of what and for what*" (Kuznets, 1962: 29; emphasis added).

> "GDP became mainstream because....it was designed with the interests of rich countries in mind. After the end of WWII, the forerunner to the OECD promoted GDP as a system of accounting to reassure richer nations that the assistance they were providing under the Marshall Plan wasn't being misspent and was contributing to the growth of economies". (Masood, 2016: 171).

The key issue to understand here is that the imperative for GDP growth was born in a specific historical context and invented to politically solve economic and social problems of that context. There were three problems and contexts to consider here. *First*, were unemployment and social instability in depression-era USA in the 1930s. Here as Lepenies notes, "The role of gross national product or GNP as a political phenomenon is inextricably linked to the idea of growth. However, modern economic theories of growth do not emerge until after the idea of its necessity had already gained a sure footing in American politics" (Lepenies, 2016: 131). Thus, the political-policy imperative for growth preceded the academic interest in it. *Second* was organising national resources efficiently in the war effort by Allied countries in WW2. The *third* was the post-war Cold War context and there were at least two salient dimensions. On the one hand was the adoption of the statistical measure of GDP as the universal way to measure and understand the economy and economic growth. On the other, was how, under the auspice of US hegemony and international elite organisations such as the OECD, GDP economic growth (Keynesian and neoclassical) was disseminated and accepted by state mangers of national economies as both the dominant economic paradigm and principal political economic state objective.

This powerful paradigm quickly became a 'core state imperative' in the post-War period and the promotion of GDP growth became a neoclassical Keynesian policy, presented as the panacea to a whole host of problems from unemployment to welfare and securing

---

highlight the limits of what we currently know and what it is fundamentally possible to know. Taken together, these features underpin the view that the economy is something that can be detached from politics and society and mapped, measured and shaped in an objective manner by a small number of experts" (Earle, Moran, Ward-Perkins, 2016: 161-2).

the political legitimacy of capitalist regimes (Dale, 2012). In this way, GDP growth became the measure of a nation's welfare – despite it neither initially being invented for this purpose or despite concerns of conflating the two by its main inventor, Kuznets (Kuznets, 1962) - viewed as the same as 'development', and quickly a universally accepted and used measure of a nation's standing in the world (Fioramonti, 2013). In the post-war Cold War context, the political importance of western capitalist states being able to reach and sustain high rates of economic growth was about the superiority of capitalism over its communist alternative, and buttressing popular support for capitalism within western countries. A large measure of this popular support was based on the ability of capitalist economies to deliver well-paid jobs, and higher levels and a more diversified consumer goods and services.

> "Given that the GDP approach saw consumption as the driver of prosperity, society itself was shaped accordingly and economic policies were designed to push for all types of consumerism. While military conflict had marked the success of GDP as a political instrument, the post-war system of mass consumption sealed its grip on society as a tool of economic hegemony" (Fioramonti, 2013: 48-9).

The Capitalist State's Imperative for Growth: The Cold War origins of 'Growthmania'

The emergence of 'economic growth' both as a core state imperative and taken for granted, everyday 'commonsense' objective of a healthy and well-functioning modern economy did not happen by accident. Its original formulation, refinement and widespread dissemination from a small group of pre- and post-WW2 academics, business people, state policy-makers in a small number of capitalist nation-states and international organisations, to a larger number of states and civil society, eventually to the global as a whole is important to understand if we are to begin to think critically about and beyond growth. In short, the ideology of growth begins as an elite, expert discourse. There were other organisations and institutions which played (and continue to play) important roles in legitimising, disseminating and 'enforcing' growth (and particular patterns of growth i.e. pro-market, free trade/export-oriented) throughout the world (such as (parts of) the UN system, the World Bank, the International Monetary Fund and European Economic Community (EEC) for example). However, this article focuses on the Organization for Cooperation and Economic Development (OECD) and its predecessor the Organization for European Economic Cooperation (OEEC), and its complicated relationship to NATO within the Cold War context of post-war geopolitics (OCED, n.d)

Schmelzer documents one source of the rise of economic growth as a core state imperative – within the OEED in the immediate post-war period and the cold war context of capitalism versus communism. As he notes,

> "The pursuit of economic growth is not a self-evident goal of industrialised countries' policies, but rather the result of a very specific ensemble of discourses, economic theory, and statistical standards that came to dominate policy-making in industrialised countries under certain social and historical conditions in the second half of the twentieth century" (Schmelzer, 2016: 10).

So how did 'economic growth' become so powerful an idea and objective for states and citizens not to question it?

Here, I wish to focus on the emergence to prominence of economic growth amongst policymakers within nation-states, political parties, politicians, academics and the general population in the decades following the Second World War. Schmelzer's work makes a convincing case for the OECD as a key institution that formulated, shaped and diffused the 'growth imperative' and associated economic policies, metrics and strategies to other countries of the 'free world'. As he notes, "Up until 1989 (and possibly beyond) the organization [OECD] was the economic grouping representing the economic interests of the capitalist West vis-a-vis the communist East and the decolonizing countries in the global South" (Schmelzer, 2016: 29). Maddison (1964), for example charts the opening up and greater coordination of trade in Western Europe in the immediate post-war period, and stresses the impact of the American Marshall Aid programme. A condition of receipt of this aid required states commit to trade liberalisation under the auspices of the OEEC/OECD.

A sense of the role and function of the OCED in relation to growth can be discerned from the statement by one of its former directors, Alexander King, who opined that the OCED was "a kind of temple of growth for industrialized countries- *growth for growth's sake was what mattered*" (Peckham, 2007; emphasis added). It is worth noting and highlighting this this view of growth is as a need in itself, not, growth as means to other ends, such as full employment, social welfare/wellbeing or ecological sustainability. This objective as Schmelzer notes was, in large part, initiated by and from the US (Schmelzer, 2016: 41), as an explicitly element of its foreign policy objectives of linking European capitalist countries to its leadership, in part through stressing the common state goal of coordinated growth between these non-communist nations.

The OECD provided the convincing narratives, research, polices and neoclassical economic models and metaphors about the effective and rational way to manage a modern economy - leading to member countries all perceiving problems in the same way and coming to similar proposals to solve them. Here the role of the OECD centred on providing expertise and policy advice for, *inter alia*, the liberalisation of capital, the opening up of markets (Maddison, 1964), coordinated free trade (Schmelzer, 2016), education policy as 'human capital formation' (Kirby, 2009), active labour market policies, and the promotion of economic globalisation. As such in providing technical expertise and training 'economic technocrats', the OECD became a key institution of what might be called a pan-Atlantic institutional 'econocracy'. The OECD was and is linked other pro-growth international organisations such as the International Energy Agency. Fredrichs points out that both the IEA and OECD shared a belief of markets leading to energy abundance, and mainstream economists dominate both. An example of this is that, "until 2008 the standard practice if the IEA [International Energy Agency] has been to extrapolate trends in energy demand, and simply to assume that future demand will be met via the market mechanism" (Fredrichs, 2013: 116). Bridge goes further in analysing this carbon energy–growth relationship. He points out that,

> "the social significance of an 'economic imaginary' like continuous growth (a particularly pervasive imaginary rooted in the experience of energy abundance and falling energy costs associated with transition from coal to oil in the United States in the early 20th century)" cannot be understood without knowledge of the oil energy assumed to underpin and inform the economic imaginary of endless GDP growth, capital accumulation and consumerism (Bridge, 2010: 5).[3]

This 'econocracy' created and disseminated by the OECD can be defined as when

> "economic discussion and decision-making has become a technocratic rather than political or social process. We increasingly view the economy as something separate from wider society and, *in many cases outside the sphere of democratic debate*. The philosophy of econocracy is to leave decisions about the economy to those who supposedly know best" (Earle, Moran, and Ward-Perkins, 2016: 8; emphasis added).[4]

The OECD certainly did 'know best' in the post-war period, when it came to understanding and knowing how to grow the economy as measured by GNP. Its aim was to create "a common value system at the level of civil servants in the OECD countries that should form the basis for consensually shared definition of provokes and solutions in economic policy making" (Marcussen, 2001: 1), and largely it was extremely successful in this (Schmelzer, 2016). In promoting economic growth, it was at the same time disseminating an elite, technocratic way for policymakers and politicians to bypass issues of socio-economic inequality and demands for more a less unjust distribution of the national wealth (Barry, 2015).

Growth thus allowed for an economic 'supply-side' solution to any political demand side call for redistribution. This of course was useful in the Cold War context to be used against socialist/communist ideas of equality and fair shares of the social product, or even more radically for demands for democratic control over via ownership of the very means of production. GDP growth in this way allowed, "the primacy of economics over politics, to de-ideologize issues of political economy into questions of output and efficiency" (Maier, 1987: 146). A key text here was a bestselling book written in 1958 by the West German economics minister, Ludwig Erhard's entitled *Prosperity through Competition*. In it, he outlined how economic growth avoided the politically difficult ('quarrelsome' 'squabbling') task of distribution.

> "to increase prosperity by expansion than to try for a different distribution of then national income *by pointless quarrelling*…This measure of the undisputed

[3] Mitchell develops this insight further stating that, "The conception of the economy depended upon abundant and low- cost energy supplies, making post-war Keynesian economics a form of 'petroknowledge'" (Mitchell, 2008: 417). This not only highlights the dependence of economic growth on cheap and secure sources of carbon energy, but also how "national dreams were underwritten by cheap energy" (Patel and Moore, 2018: 176).

[4] This technocratic, non/apolitical conceptualisation of growth is related to a similar process within neoclassical economics, the dominant form of knowledge of the economy, in which growth is viewed neutrally and functionally, to the extent that "the term [growth] has become so naturalised in the field of economics"(White, 2003: 136).

> success of the policy demonstrates how much more sensible it is to concentrate all available energies on increasing the nation's wealth *rather than to squabble* over the distribution of this wealth, and thus be side-tracked from the fruitful path of increasing gross national product. It is *considerably easier* to allow everyone a larger slide out of a bigger cake than to gain anything by discussing the division of a smaller cake" (Erhard, 1958: 3-4; emphasis added)

The OCED was the key transnational organisation that systematically and consistently promoted GDP growth, a powerful transatlantic political economy-epistemic network of 'economic experts' drawn from academia, national governments, business and international organisations. As an organisation, it was forged in the Cold War context, and thus its aims, such as the promotion of economic GDP growth, reflected those origins and contexts and the interests of specific states and suprastate organisations – notably the USA, NATO, the EEC, the UK and West Germany – and Western businesses and multinational corporations. And all with popular support, part of the aim of which was the transatlantic "transfer of the ideas and practices of economic growth, embedded liberalism and consumerism from the US to Western Europe" (Schmelzer, 2016: 119), as well as to more effectively coordinate post-war national capitalist economies, through technocratic means which required more statistical and standardised data and measures of 'the economy'. Here, while stretching it somewhat, just as Marx described "The executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie" at the national level, one could make the case that the OCED did the same for NATO countries internationally, thus becoming the 'economic arm of NATO' in the Cold War period (ibid.: 43).

But the American vision of and for the OECD (and the early EEC and EFTA in the late 1950s and early 1960s as well) went beyond NATO members, seeing for it a significant role in ensuring 'developing world countries' did not fall under the sway of the USSR and communism. Thus, development policy and development aid and ideas of 'development' were also presaged into and shaped in the project of 'free market', non-communist economic growth. As US Secretary of State Colin Herter noted in a significant and (in)famous 1958 memo to President Eisenhower,

> "The great—even startling—changes in the international economic situation over the past two years have created two new problems of major dimensions for our foreign policy. The first is: how can we mobilize the energies and resources of the other industrialized countries to assist the development of Asia, Africa, the Near East and other development-hungry parts of the Free World? The enormous task of developing these areas must go forward or we will, in the end, lose out to the Communists". (Herter, 1958)

We can summarise this US and later OECD version of 'development' (a 'one size fits all' conception of what constitutes a modern economy i.e. a *capitalist* economy, based around, *inter alia*, industrialisation, urbanisation, a de/limited role for the state, secure private property rights, free trade, low import tariffs etc.) was based on a neoclassical economic pro-growth analysis. The most prominent and influential of which was Walt

Rostow's prescriptions as outlined in his book *The Stages of Economic Growth: A Non-Communist Manifesto* (Rostow, 1960), the title of which says it all. Also worthy of note is that Rostow went on to become US State Department's head of policy planning and later advisor to President Kennedy in establishing the US Agency for International Aid (USAID). As noted by Borowy and Schmelzer "Through aid policies in post-war Europe and, later, in the global South, GDP was exported to the rest of the world, soon taken up and propagated by the United Nations and the OCED. During the Cold War, the US government sought to discredit the USSR by reassessing Soviet economic performance through a GDP lens" (2017: 18), and Rostow's neoclassical economic model of 'development as capitalism' was effectively a part of US foreign policy in its battle against USSR influence in the global South (Macekura, 2017: 119-120). Rostow was to go on to be national security advisor to President Lyndon Johnston, a leading anti-communist advocate and an unapologetic hawk in relation to the Vietnam War.

A significant development in this regard, demonstrating the elite and technocratic origins of GDP growth as a state imperative, was the creation of an internationally recognised, adopted and standardised System of National Accounts in 1953. While modern GNP measurements were initially devised by three countries in 1944 – the US, UK and Canada, after the war this system of measuring national income and product was promoted by the forerunner of the OECD and the UN. Moreover, such a system of accounts was an important element in promoting, mapping and comparing economic growth rates between countries in the Cold War period. With the SNA economic technocrats gathered data, mapped causal relations and increased their knowledge of (and hence power over) the management of national economies and coordination of trade between them, to produce productivity growth amongst Western European countries in competition with those of the USSR and the communist bloc.

Indeed, following Mitchell, we can go further and say that the SNA and the concepts of GNP and GDP created what we now know as and take for granted as 'the economy' (Mitchell, 2005, 2008), both within the academic study of economics and state economic policy-making. Nevertheless, this conception and image of the 'economy' excludes, on normative, ideological grounds forms of work and economic activity that might otherwise have been included. Thus, this 'economy' as constructed by GDP systematically excluded unpaid housework and informal, non-monetised economic activity. It also included military expenditure rather than exclude it as 'unproductive' or not adding to welfare (as Simon Kuznets, one of key creators of GDP proposed), and assumed environmental services as free. In this way, the GDP measure was, also taking into account the small number of countries involved in developing it, a thoroughly Eurocentric and capitalist political economy measure. To paraphrase Marx, if Malthus looked for 'economic man' and found the English shopkeeper, the transatlantic policy and intellectual elite who looked for 'the economy' and found the gendered, liberal capitalist monetised one.

Another key figure in the development of GDP, Richard Stone, won the Nobel Prize in Economics in 1983. The official citation demonstrates, I think, the value and ideological biases and bases of GNP accounting. The citation reads that Stone's work meant that:

"An excellent common basis was thus obtained for statistical comparisons between countries, of levels of economic activity, and of economic structures. The international organizations (the various UN organs, OECD) have greatly benefited from the existence of this type of comparable national accounts statistics" (Sveriges Riksbank, 1984). Note the specific mention of the OCED. The citation then proceeds to state the following:

> "The theoretical analysis of national economic balance problems was, for Stone, the starting-point and justification for the national accounts. Although it was primarily the Keynesian revolution in economics which gave the strongest impulse towards the construction of national account systems, *these systems may today be regarded as 'neutral' from both the analytical and the ideological point of view*". (Sveriges Riksbank, 1984)

However, they are anything but neutral or objective.

It is crucial to understand the post-WW2 and Cold War context within which the OECD and the economic growth imperative – sometimes referred to 'growthmanship' (Cypher, 2016) and 'growthmania' (Daly, 1974). The geopolitical motivation behind the aggressive, sustained and coordinated growth of western economies was of US-led anti-communism, in order to demonstrate and deliver the superior benefits of a non-communist, capitalist free market economy (and associated liberal democracy) to Western and non-Western populations in the decolonising global South. Popular legitimation bought and delivered by capital accumulation (GDP growth, employment, consumerism and the welfare state in Western countries) as it were, and GDP growth as 'development' and 'modernisation' as 'capitalism' in the global South. In the 1958 note from US Secretary of State Herter to President Eisenhower on restructuring the OEEC (basically outlining the rationale for the OEEC to become the OECD), the centrality of economic growth as a vital element in fighting the Cold War, and the ever-present link to NATO, is clear:

> "If these two vital problems in the field of development [increase role of the dollar in international trade] and trade [prevent inter-European trade conflicts] are not dealt with through cooperative action, they *could lead to a serious decline in the rate of economic growth of the Free World (which must be increased in the face of the Communist threat)* and to sharply divisive political wrangles within Western Europe and between Europe and America which would inevitably weaken the NATO alliance." (Herter, 1958; emphasis added).

Economic Growth as Elite Ideology

Based on the above, a good case can be made that economic growth operates not as a factual or neutral functional objective of the economy, but a policy choice based on certain political ideological commitments, as well as arising from a particular set of geopolitical historical circumstances. But more than that. One can go further and assert that it operates as a powerful ideological political economy 'commonsense' that, after a threshold (Barry, 2015), serves the interests of the few not the many. In addition, a moot question here is: how would one go about systematically investigating whether economic growth is the ideology of the ruling class or elite?

The working hypothesis of the argument presented here is that the main reason why growth can be viewed as an ideology of the elite is that it is an extremely effective, persuasive and (at first gloss) empirically robust proposition against redistribution and reducing inequality. Ideological strategies to operationalise this vary from 'trickle down economics', 'a rising tide raises all boats', to more culturally specific ideas such as 'the American Dream' in the USA, or colloquial and widespread ideas such as 'work hard, play hard', or 'skivers versus strivers' in the UK. What they all share is the core claim that economic growth (mostly viewed as a growing 'economic pie') is the only effective means to improve the lives of citizens. All can have their fill, but only if the pie is growing, and all accept unequal slices.

Whether expressed in Marxian terms that economic growth secures the buy-in of workers to the system by, as Douglas Dowd puts it, "camouflage[ing] the necessary inequities and inequalities of income, wealth, and power that are intrinsic to the system" (1989: 21): in more overtly 'mythic' or cultural terms of 'the American dream', or generic beliefs that 'a rising tide raises all boats', economic growth in being so legitimised by a majority in society, thereby legitimises socio-economic inequalities. For as long as economic growth is deemed legitimate, then so are the socio-economic inequalities within and between societies, that the achievement of such growth both requires and produces.

Simply put, for neoclassical economics the only way to address inequalities (though usually rendered as 'poverty' rather than inequality) is through more economic growth. As Coyle puts it, offering a mainstream neoclassical economic defence of economic growth, "Economic growth is essential...*Without economic growth, there would not be enough jobs to keep the unemployment rate down to a tolerable level. It is not possible to redistribute incomes unless the economic pie is growing.* Democracy itself is more fragile when growth halts" (2014: 135-6; emphasis added). A possible indication/evidence of economic growth as an elite ideology is elite support for 'jobless growth'. A good example of the jobless growth is Herman Daly's discussion of the US Full Employment Act and its relation to economic growth. As he puts it:

> The Full Employment Act of 1946 declared full employment to be a major goal of U.S. policy. Economic growth was then seen as the means to attain the end of full employment. Today that relation has been inverted. *Economic growth has become the end, and if the means to attain that end ... result in unemployment, well that is the price 'we' just have to pay for the glorified goal of growth in GDP*.... Cheap labor and funny money policies in the name of 'growth and global competitiveness' *are class-based and elitist.* (Daly, 2013; emphasis added)

Here Daly is obviously presenting a view of economic growth as an ideology or strategy and while of course contestable, there is certainly circumstantial evidence in favour of this proposition. Think how 'jobless growth' is presented by state and business elites and the media as a positive development, heralding 'recovery' and a 'return to growth' (Bailey and Barry, 2016).[5] Or indeed how austerity policies in many European countries, slashing public sector jobs, reducing social welfare and other state supports, are justified as 'necessary pain for future economic gain'. However, more than that. It is not as if elites are imposing these measures on an unwilling populace by force of arms. Even as there are social resistances to austerity (most prominently in Greece and Spain), we also find a much larger degree of support, or grudging acceptance would be a better way of putting it, for these policies (here I am thinking of the UK and Ireland). In addition, this in the face of massive public sector bailout for the private financial sector in both countries. What is suggested here is that non-elites, ordinary citizens, the majority in society, accept/support such negative policies like 'austerity', in large part because they believe these are 'necessary' (painful) for a 'return' to economic growth (desirable).

The point here is to recognise the widespread and popular support for economic growth and policies proposed to sustain or return to it. To state the obvious: from a political-discursive or ideological point of view of economic growth as hegemony, what matters is the *widespread belief* that economic growth *and only economic growth* is the answer to our economic and social problems (Dale, 2012). *Not* that economic growth actually works to solve those problems. In this manner economic growth as a hegemonic ideology frames what is possible as responses to any economic crisis. That is, if it is strong enough it can represent the crisis as a *crisis in* not *a crisis of* the current economic growth system (Offe, 1984), i.e. a crisis that is solvable within the current parameters, frameworks and structures. And thus, elite commitment for economic growth (within state, corporate, media and academia) coupled with popular support, makes economic growth 'natural', desired, expected, demanded and the 'commonsense' and obvious headline objective of economic policy, both domestically and internationally. Growth in this way achieves (almost) 'full spectrum ideological domination' within modern liberal capitalist politics.

Conclusion

What is presented here is only a small snapshot of a much larger story of how orthodox GDP measured growth historically emerged and became a 'core state imperative' – others included the structural necessity for growth as the tax base for national welfare state goods and services, and the need for the state to secure a regime of accumulation as a core feature of the capitalist nation-state, some of which are developed and explored in more detail by the articles from Daniel Bailey, Martin Craig and Robyn Eckersley in this issue. Hopefully, enough has been outlined here to defend the claim that the origins of economic growth as a core state and social imperative lie in a specific set of normative and ideological commitments, a specifically neoclassical political economy applied within the cold war context after WW2. While GDP as a measure of growth was born in the build-up and preparation for WW2, and its utility for state wartime planning, it was with the Cold War that it became a widespread state objective. Under post-war American

[5] Alongside jobless growth there is also 'voiceless growth' - defined by the United Nations Development Program as a condition under which economic growth does not expand democracy or empower people, but rather perpetuates authoritarian and repressive political structures (UNDP, 1996: 2-4).

hegemony, institutions such as the Marshall Plan, the OEEC/OCED and indeed the EEC were key institutions that spread 'growthmanship' to national political, policy and business elites within both core capitalist states and countries in the global and decolonising global South. And using neoclassical economics (initially Keynesian), which also had a 'pro-growth' and pro-market bias, institutions such as the OCED, the IEA, NATO and the EEC/EU promoted nation-state commitment to prioritising economic growth. And in this endeavour states were also supported by most political parties from left and right, trades unions, businesses, the media and the academy; all of which helped produce and sustain a widespread Gramscian 'commonsense' social acceptance of and support for policies that would promote economic growth.

In this way, the Cold War, US hegemony in its post war role as 'leader of the free world', and transatlantic elite economic, policy, military and energy institutions combined with neoclassical economics in the promotion and protection of 'managed' capitalism that secured popular support through achieving and promising (and for a time delivering) continuous economic growth.[6] This can explain the remarkable *resilience* of the ideology of economic growth in the face of the mounting scientific and social scientific evidence of its ecological unsustainability and inability to reduce socio-economic inequalities or increase human well-being after a threshold within those self-same developed capitalist nations where it was first practiced (Barry, 2012, 2015; Jackson, 2009).

Which leaves us with a key political dilemma: have populations who have lived under regimes of economic growth become so beguiled by it, that *it is easier to imagine the end of the world than the end of orthodox undifferentiated economic growth as a permanent feature of the economy*? If so, how do we overcome this failure of imagination? What, in other words are the most effective strategies to challenge the ideology of growth? Along with the still relevant ecological questions of the 'limits to growth', we now have to ask what are the limits to the resilience of the ideology of growth?

References

Bailey, D. and Barry. J. (2016), 'The Hollowness of GDP: The Case of Ireland', available at: http://speri.dept.shef.ac.uk/2016/09/22/the-hollowness-of-gdp-the-case-of-ireland/ (accessed 17/8/17).

Barry, J. (2015), 'Green Political Economy: Beyond Orthodox Undifferentiated Economic Growth as a Permanent Feature of the Economy', in Gabrielson, T., Hall, C., Meyer, J. and Schlosberg, D. (eds), *Oxford Handbook of Environmental Political Theory*, (Oxford: Oxford University Press), pp. 304-317.

Barry, J. (2012), *The Politics of Actually Existing Unsustainability: Human Flourishing in a Climate Changed, Carbon Constrained World*, (Oxford: Oxford University Press).

[6] This 'economic-energy-military-business complex' we might call the 'growth alliance' easily embedded itself with capitalist states given the continual flow of elites from these states within and through these transatlantic Cold War organisations.

Blackmore, E. (2015), 'Developing Discourse or Stunted Growth?: Taking the Sustainable out of the Sustainable Development Goals', *Common Cause Foundation*, available at: http://valuesandframes.org/developing-discourse-or-stunted-growth-taking-the-sustainable-out-of-the-sustainable-development-goals/ (accessed 18/6/17).

Borowy, I. and Schmelzer, M. (eds) (2017a), *History of the Future of Economy Growth: Historical Roots of Current debates on Sustainable Degrowth*, (London: Routledge).

Borowy, I. and Schmelzer, M. (2017b), 'Introduction: The End of Economic Growth in Long-Term Perspective', in Borowy and Schmelzer (eds), *op cit.*, pp. 1-26.

Bridge, G. (2010), Heading 'Downstream': Towards a Cultural Political Economy of Energy Consumption', available at: https://www2.le.ac.uk/departments/geography/documents/research/seminar-series-geographies-energy-transition/seminar-3/seminar_3_bridge.pdf (accessed 6/6/16).

Coyle, D. (2014), *GDP: A Brief but Affectionate History*, (Princeton: Princeton University Press).

Cypher, J. (2016), 'Inside the Institution of Growthmanship: Reprising the Stagnation Hypothesis', *Journal of Economic Issues*, 20:2, pp. 415-423.

Dale, G. (2012), 'The Growth Paradigm: A Critique', *International Socialism*, 134, pp.55-88.

Daly, H. (1974), 'Steady-State Economics versus Growthmania: A Critique of the Orthodox Conceptions of Growth, Wants, Scarcity, and Efficiency', *Policy Sciences*, 5: 149-167.

Daly, H (2013a), *From Uneconomic Growth to a Steady-State Economy* (Cheltenham: Edward Elgar).

Daly, H. (2013b), 'Full Employment versus Jobless Growth', available at: http://steadystate.org/full-employment-versus-jobless-growth/ (accessed 31/5/15).

Dowd, D. (1989), *The Waste of Nations*, (London: Westview Press).

Earle, J., Moran, C., and Ward-Perkins, Z. (2016), *The Econocracy: the perils of leaving economics to the experts*, (Oxford: Oxford University Press).

Edelstein, M. (2001), 'The Size of the U.S. Armed Forces during World War II: Feasibility and War Planning', in Wolcott, S, and Hanes, C. (ed.) *Research in Economic History, Volume 20,* (London: Emerald), pp.47 – 97.

Erhard, L. (1958), *Prosperity through Competition*. Translated by Edith Temple Roberts and John B Wood (New York: Praeger).

Fioramonti, L (2013), *Gross Domestic Problem: The Politics behind the World's Most Powerful Number* (London: Zed Press).

Fredrichs, J (2013), *The Future is not what it used to be: climate change and energy scarcity* (Cambridge, MA: The MIT Press).

Galbraith, J.K. (1982), 'Recession Economics', *The New York Review of Books*, available at: http://www.nybooks.com/articles/1982/02/04/recession-economics/ (accessed 25/08/17).

Hausman, D. (1992), *The Inexact and Separate Science of Economics*, (Cambridge: Cambridge University Press).

Herter, C. (1958) 'Memorandum From Secretary of State Herter to President Eisenhower, November 24, 1959. Subject: Proposed United States Initiative to Mobilize Free World Resources for Development and to Strengthen Trade Relations', *Foreign Relations of the United States, 1958-60, Foreign Economic Policy*, Vol. IV, Available at: https://history.state.gov/historicaldocuments/frus1958-60v04/d26 (accessed 29th June 2017)

Jackson, T. (2017), *Prosperity without Growth*, 2nd edition, (London: Earthscan).

Keynes, J.M. (1940), *How to Pay for the War*, (London: Macmillan).

Kirby, P. (2009), 'The Competition State – Lessons from Ireland', Limerick Papers in Politics and Public Administration 2009, No. 1, available at: http://www.ul.ie/ppa/content/files/Kirby_competition.pdf (accessed 26/08/17),

Kuznets, S (1962), 'How to Judge Quality', in Croly, H. (ed), *The New Republic*, 147:16.

Lacey, (2010), *Keep from All Thoughtful Men: How U.S. Economists Won World War II*, (Annapolis: Naval Institute Press).

Lepenies, P. (2016), *The Power of a Single Number: A Political History of GDP*, (New York: Columbia University Press).

Macekura, S. (2017), 'Development and Economic Growth: An Intellectual History', in Borowy and Schmelzer (eds), op cit., pp.110-128.

Maddison, A. (1964), *Economic Growth in the West*, (London: George Allen and Unwin).

Maier, C. (1987), *In Search of Stability: Explorations of Historical Political Economy*, (Cambridge: Cambridge University Press).

Marcussen, M (2001), 'The OECD in Search of a Role: Playing the Idea Game', ECPR Joint Sessions, 6-11 April, Grenoble.

Marx, K. (1845/1970), *The German Ideology*, edited by C.J. Arthur, (New York: International Books).

Masood, E. (2016), *The Great Invention: The Story of GDP and the making and Unmaking of the Modern World*, (New York: Pegasus Books).

Mitchell, T. (2005), 'The Work of Economics: How a Discipline Makes its World', *European Journal of Sociology* XLVI, 297–320.

Mitchell, T. (2008), 'Rethinking Economy', *Geoforum*, 39, pp.1116–1121.

Mitchell, T. (2009), 'Carbon Democracy', *Economy and Society* 38: 3, 399–432.

Offe, C. (1984), *Contradictions of the Welfare State* (Boston: MIT Press).

Organization for Economy Cooperation and Development (n.d), 'Organisation for European Economic Co-operation', available at: http://www.oecd.org/general/organisationforeuropeaneconomicco-operation.htm (accessed 24/08/17).

Patel, R. and Moore, J.W (2018), *A History of the World in Seven Cheap Things*, (London: Verso).

Patterson, R. (2014), *Arming the Nation for War: Mobilization, Supply and the America War Effort in WWII*, (Tennessee: University of Tennessee Press).

Peckham, E. (2007), 'Alexander King', *The Independent*, March 26th.

Ramsden, D. (2015), 'The First 50 years of The Government Economic Service', available at: https://www.kcl.ac.uk/sspp/policy-institute/news/assets/Ramsden-transcript-270415.pdf (accessed 27/08/17).

Rostow, W. W. (1960), *The Stages of Economic Growth: A Non-Communist Manifesto*, (Cambridge: Cambridge University Press).

Schmelzer, M (2016), *The Hegemony of Growth: The OECD and the Making of the Economic Growth Paradigm* (Cambridge: Cambridge University Press).

Shapiro, R. (1999), 'Remarks by Robert J. Shapiro, Under Secretary of Commerce for Economic Affairs', available at: https://www.bea.gov/scb/account_articles/general/0100od/maintext.htm, (accessed, 26/08/17)

Sveriges Riksbank (1984), 'The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 1984 awarded to Professor Sir Richard Stone' press statement, available at: http://www.nobelprize.org/nobel_prizes/economic-sciences/laureates/1984/press.html (accessed 28th June 2017)

United Nations Development Program (UNDP), (2009), *Human Development Report: Economic Growth and Human Development*, available at: http://hdr.undp.org/en/content/human-development-report-1996 (accessed 4/4/17).

White, M. (2003), 'Metaphor and Economics: The Case of Growth', *English for Specific Purposes*, 22; 131–151.