8. Economic growth and the legitimation of inequality: 'A rising tide lifts us all; don't rock the boat!'

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A widely-held view on the relationship between poverty and inequality is that there isn't one.[1] Welfare, in this optic, is determined by economic growth, not distribution. How the poor fare has nothing to do with how well-heeled are the rich. What matters is not the pie's ingredients or how it is carved up, but the fact that tomorrow's delivery is bigger than today's. As the size of the average serving grows, all will reap the benefits.

To switch metaphor, the aphorism that encapsulates the case is 'a rising tide lifts all boats'. The 'rising tide' metaphor carries a distinctively modern charge. In this chapter I examine its qualities, as they relate in particular to the growth paradigm. By growth paradigm I refer to the idea that 'the economy' exists as an identifiable social sphere, that it possesses an inherent propensity to grow, that its growth is imperative, continuous (even limitless), and that growth is an acknowledged social goal and considered to be a fundamental social good – even, indeed, the principal remedy for a catalogue of social ills.

I shall discuss four aspects of the 'rising tide' image. Three are attributes of the metaphor itself: it envisages 'the economy' as, like the sea, a law-governed natural phenomenon; it moves (or rises) as a whole and in a manner that is perceptible and measurable; and all human livelihoods rest on a single socio-economic basis, much as vessels on the ocean. The fourth pertains to the conjuncture in which the aphorism first gained popularity: in a speech by John F. Kennedy in which he laid out his Smithian-Keynesian version of the growth paradigm.

'THE ECONOMY' AS A LAW-GOVERNED ENTITY

If the study of various aspects of economic behaviour – including policies, ethics and the dynamics of certain processes of production and trade – is ancient, it was not until the middle of the last millennium that 'the economy' as a discrete, law-governed realm came to be studied in a systematic way. The breakthrough was striking in Western Europe. In the medieval era, economic behaviour was considered an indissoluble aspect of the social totality, with economic interests deemed to be subordinate to the real business of life, which was salvation. God administered worldly affairs, and no sense existed of an economic realm independent of the service of the clerics and the nobles, having its autonomy and its own laws as a part of nature. The prevailing ideas held natural laws to be part of a comprehensively *graded* order consisting of hierarchies nested within hierarchies, punctuated by contingencies and divine intervention. It was a tiered conception of the universe: thoroughly hierarchical, with God, angels, kings, priests, etc., each in their place. And it was static. There was little sense in searching for laws of motion (Borkenau, [1934] 1971).

From around the sixteenth century that began to change. The new era was fascinated by motion and circulation. Copernicus had theorised the circular motion of heavenly bodies. Physiology was reinvented as the study of fluid hydraulics and forces, with the body conceived as a hydraulic machine of circulating fluids, and sickness and health understood as a matter of the equilibrium among the body's 'humours' (fluids) (Christensen, 1994, p. 252). These developments rubbed off on social discourse. Relations of economic value began to be discussed under a similar rubric to the laws of motion, and with similar metaphors. The circulation of commodities and money came to be explicated using the vocabulary of astronomy and mathematics, anatomy and pathology, and accounting: the *quantity* theory of money, the *balance* of trade (from the weighing apparatus, via accounting), and so on (Harris, 2004). The mercantilist economist Edward Misselden was far from alone in resorting to geometric and hydrological metaphor to depict the balance of trade. Whereas international trade marks 'the *Periphery or Circumference of the Circle of Commerce*', the balance of trade constitutes 'the very *Center* of this *Circle*', and if conceived thus, all the mysteries of exchange will resolve themselves. For, just 'as a paire of Scales or Ballance, is an Invention to shew us the waight of things' so the balance of trade is 'an excellent and politique Invention, to shew us the difference of waight in the *Commerce* of one Kingdome with another'. All the 'rivers of Trade' he concludes, 'spring out of this source, and empt themselves againe into this *Ocean.* All the waight of Trade falle's to this *Center,* & come's within the circuit of this *Circle'* (Misselden, [1623] 1995, p. 211).

The seventeenth-century mercantilists were interested in questions of growth, production and distribution, but their focus, more than that of their successors, was on the 'circular flow of economic life', the maintenance of which was deemed essential to the preservation of a stable commonwealth, and which helped writers to conceptualise the interdependence among diverse phenomena such as price levels, specie flows and the quantity of money (McNally, 1988, pp. 29–34). Out of this project, the 'circulatory model' of economic behaviour was to evolve.

The metaphor of 'circulation' originated in husbandry (agricultural production), and in this it is of a piece with Thomas Mun's conceptualisation of the investment of bullion in foreign trade ventures as a kind of 'advance', like the planting of seed, which would yield a profitable 'harvest' (McNally, 1988, p. 33). Metaphors from biology and anatomy were also attracting attention, such as theories of the circulation of celestial bodies, and Claude Perrault's study of the circulation of sap in plants. Another was William Harvey's studies of the circulation of blood, which appeared in 1616. The understanding that prevailed before Harvey posited the key anatomical relations as those between each individual bodily part and the whole – for example, the Hippocratic notion of harmonic equilibrium among bodily humours. With Harvey, a new mechanical understanding emerged, of organs affecting one another through the flow of blood (Finkelstein, 2000). Harvey cited the mechanism of a water pump as an analogy for blood circulation (Borkenau, 1971), but Ernest Gilman's thesis is also suggestive: that the context was provided by the privateering ventures of Francis Drake and his ilk. Harvey, he writes:

> specifies the idea of bodily circulation by opening a 'passage' between the arterial and venous systems for the flow of blood (moving in vessels, coincidentally) to unite the most distant points in the body with the heart . . . In the 'lesser world' of man, Harvey remapped the global voyages of the great circumnavigators. (Harris, 2004, p. 161)

There was a close fit between the scientific revolution and the invention of the economy as a law-governed system; the ascent of mechanical philosophy coincided with that of the market mechanism, and the concomitant sundering of 'economy' from 'society'. From the conception of the universe as a machine it was a short step to envisaging society and economy likewise – as determined by lawful regularities that are akin to those that govern the natural world.

From the mid-seventeenth century onward, the idea prevailed that commerce 'is a field of social regularities' that should receive extensive support from, but not the detailed intrusion of, human law. By the late 1660s, Child already possessed 'a clear idea of the explanatory value of the simple fact that commodities tend to seek the most advantageous market' (Schumpeter, 1955, p. 368), being drawn by expectations of profit, and the related idea that trade is by *nature* free. He believed that the laws of money, with their 'foundation in nature' will ensure a downward trend to interest rates and a correlative upward trend to economic growth – in which respect he quotes William Petty: 'nature must and will have its course' (Child, [1668/1690] 1751, p. 10). Davenant, in 1696, argued similarly:

> Trade is in its Nature Free, finds its own Channel, and best directeth its own Course: and all Laws to give it Rules, and Directions, and to Limit, and Circumscribe it, may serve the Particular Ends of Private Men, but are seldom Advantagious to the Publick. Governments in Relation to it, are to take a Providential Care of the Whole, but generally to let Second Causes work their own way. (Hont, 2005, p. 216)

In Locke, the idea of the natural laws of trade finds a still more sophisticated form, with an explicit proposal that the laws of trade are different in character from, and thus independent of, laws of governments; that the exchange process possesses an independent causal character, with all prices determined by the universal forces of supply and demand, and the exchange mechanism of a free market 'generating an operation of its own, one which is independent of most of the characteristics of the participants' (Brown, 1984, p. 59).

Another key figure in developing the case that natural laws of economic phenomena exist which defy political control was North. He was the first, according to Letwin, to construct an analysis founded on a few general axioms, which enabled him 'to provide a mechanistic explanation of an economic process, and to reach policy conclusions that are deducible strictly from the premises' (Letwin, 1963, p. 198). This is most apparent with respect to his theorisation of the supply and demand for money. 'This ebbing and flowing of Money', he wrote, 'supplies and accommodates itself, without any aid of Politicians. For when Money grows scarce, and begins to be hoarded, then forthwith the Mint works, till the occasion be filled up again' (Brown, 1984, p. 60). Might the tidal allusion have been inspired by Isaac Newton's discovery, a few years earlier, that the tides are influenced by the Moon, as set out in his 'Equilibrium Theory of Tides'? Be that as it may, North's perspective is that the laws of trade form elements of a self-equilibrating system. The law he describes works through individuals – they take coins to the Mint for melting down, and so on – but in so acting not one of them is aiming to maintain the money supply in equilibrium. From this economic 'law', North deduces the *laissez-faire* conclusion that prices should not be set by government. There exists a self- adjusting mechanism which maintains the money supply within the required limits, a homeostatic process with which political regulation would interfere (Brown, 1984, p. 60). North thereby propounded an 'equilibrium vision' – a supply and demand theory of price formation. As mentioned above, he also identified the pursuit of profit as the driving force of economic activity, the notion that free market exchange is conducive to general economic welfare, and the idea that a self-regulating order emerges from the process of exchange between profit-driven individuals (Tieben, 2012). His arguments for *laissez-faire* policies, including towards the labour market – entailing abolition of the Elizabethan Poor Law – invoked self-regulating mechanisms (Finkelstein, 2000).

The market, according to post-mercantilist economists such as North (and, later, Richard Cantillon and Adam Smith) operates as a self-equilibrating system with, at its heart, the self-adjusting price mechanism functioning to maintain the supply of commodities (including money) in balance with demand. The economic 'machine', they postulated, works in an orderly and predictable manner to produce results that could be defined as subject to *laws* – in the novel, seventeenth-century sense of 'regularities' – and which therefore constituted a proper field of enquiry for the social scientist (Brown, 1984). The laws of the market are different in character from those of government, and intervention by government would interfere with the self-adjusting mechanism.

THE ECONOMY AS SUBJECT TO GROWTH AND MEASUREMENT

To become constituted as an object or process, the movement of which can be clearly apprehended (like a tide), economic affairs had to be subjected to rigorous measurement. Here too, the sixteenth and seventeenth centuries marked a watershed. In previous civilisations, arithmetical calculation was a normal and necessary part of economic life, particularly where money was involved. It was in some societies regarded as indispensable to justice and civic peace. Amon weighed the deeds of the ancient Egyptians in his scales, as did Archangel Michael for the Christians (Kula, 1986). 'The discovery of calculation (*logismos*) ended civil conflict and increased concord', proposed Archytas of Tarentum in the fourth century BC. 'For when there is calculation there is no unfair advantage, and there is equality, for it is by calculation that we come to agreement in our transactions' (Seaford, 2004, p. 269). But, on the whole, and certainly in pre-modern Europe, the standardisation of weights and measures remained relatively haphazard, and land was viewed through the prism of its purpose rather than against the slide rule of abstraction. 'The *łan* of barren soil in Poland was larger than the *łan* of fertile soil', the historian Witold Kula informs us, while the bushel for measuring oats was larger than that used for selling wheat. In France, similarly, the *arpent* was the area one farmer with two oxen or horses could plough in a day. One department had nine sizes of *arpent,* the largest was five times the size of the smallest. The unit of measure in both cases varied tremendously according to the value of the measured object – and often deliberately so, for in the feudal order price was regarded as an inherent attribute of a commodity, its alteration as sinful. Hence, different measures were necessary: merchants would apply one when buying and another when selling – the profit lay in the difference (Kula, 1986, pp. 29, 70, 103).

The picture changed dramatically with the rise of capitalism – and its associated culture of 'agricultural improvement' – and European colonialism. Colonial expansion and capitalist agriculture generated a demand for a type of science that could present reality as objective, precise, quantifiable. This was especially striking in seventeenth-century England. There, writes historian Sarah Irving, the discourse in which the natural environment was understood:

> became more quantitative and meticulous. It needed to, in order to render colonial knowledge useful. Natural philosophy became more theorized, experimental and regulated as a result of the exigencies of effective planting. Political arithmetic produced the kind of knowledge which colonization demanded: quantifiable, and encased in a claim of epistemological reliability. (2008, p. 67)

The system of 'political arithmetic' devised by Petty to statistically assess the economic potential of England and its Irish colony was important here. It tabulated assets in quantified form, enabling the process of assessment to appear 'objective and disinterested' (Irving, 2008, p. 66).

With this, Petty made a seminal contribution both to the political arts of economic administration (statistics) and to the conceptualisation of 'the economy' as a distinct field subject to scientific study and accurate measurement. The latter assured him recognition by *The Economist* as 'the man who invented economics' (Anonymous, 2013). Marx acknowledged him as the originator of English political economy – although, Hugh Goodacre points out, the more accurate moniker would be 'the political economist *par excellence* of the period of primitive accumulation' (2013). He planted quantification at the heart of scientific economics, crafted to the purposes of English empire and deployed in ideological form, making the most of the sheen of objectivity with which economic statistics – or 'political arithmetic' as he termed it – comes coated. Moreover, he played a significant part in priming the growth paradigm. In England before Petty, it could hardly have existed, for the simple reason that, as Paul Slack points out, no one knew the nation's territory, population or income (Smith, 2016, p. 2). But by the time of his death these all had been calculated:

> within acceptable margins of error and were widely known; they could be related to one another, so that average incomes per head and the distribution

> of population and taxable wealth could be determined; and they could be compared with data from other countries and from the past . . . New information enabled England's improvement, its material progress, to be measured. (McCormick 2009, p. 178)

For Petty, the quest to frame economic potential in scientific terms necessitated the reduction of all relevant phenomena to 'number, weight and measure'. To modern ears, this phrase has connotations of empiricism and logic but, in his time, it also connoted justice, authority and sovereignty – to all of which, for millennia, number, weight and measure had been seen as essential attributes. Indeed, 'number, weight and measure' is itself a scriptural quote that was much cherished by Petty – and, not coincidentally, by Francis Bacon, Blaise Pascal, Robert Hooke and Newton too – because it states that the substance of God's creation is revealed in the form of 'number, weight and measure' and is thereby discernible most clearly to mathematicians and natural philosophers such as they.

The purpose of Petty's political arithmetic was not just actuarial but political; it was, as Ted McCormick describes, 'not simply to describe the nation's lands and hands but to show the sovereign how to manipulate them' (McCormick, 2009, p. 178). Hence, it was not precise numbers that obsessed Petty so much as ratios. They provide information of the greatest relevance to the management of population, such as the ratio of an acreage of land to the number of mouths it feeds, or that of Protestants to Catholics in Ireland, or that of the labour required for the provision of the workers' necessary consumption to that which can be creamed off by landlords and the state: surplus labour (Aspromourgos, 1988; McCormick, 2009). The scientific authority that numbers conveyed, moreover, was less in their precision than in the procedure through which they are produced. Arguments based on 'number, weight and measure', in Petty's view (here paraphrased by Mary Poovey) 'would compel assent as surely as mathematics did – especially if the King was willing to back the knowledge that the supposedly disinterested numbers expert produced' (Verran, 2012, p. 114). The aspiration to 'disinterest' was central to the emergent discipline of economics. As Till Düppe has argued, economics ever since Petty has gained scientificity (and thus, in a scientific age, epistemic authority) less through 'objectivism' – e.g. the meticulous accounting of individuals' productive acts and consumer needs – than through 'formalism', and the belief that 'the economy' has an independent existence 'was not made by means of the objectification of economic life, but by means of the formalization of an a-subjective structure' (Düppe, 2011, p. 48).

Petty's claim to originality is usually thought of in connection with his adumbration of a 'national accounting' model of the economy. His presentation of estimates of income, expenditure, stock of land and other physical assets in an integrated set of accounts for the whole economy of England and Wales make him, according to a hagiography in *The Economist,* the man who 'came up with the idea of how to measure GDP' (Anonymous, 2013). But in establishing aggregated data as the raw material of economics, he also helped to steer the attention of scientific economics toward the aim of 'maximizing quantities like the total wealth of a nation', an approving stance toward economic growth *in the abstract,* with the occlusion of 'issues of distributive justice' (Olson, 1993, p. 65). As has been widely noted, in Petty's work 'the millenarian conquest of nature and the idea of nature as a machine (and hence of society as a machine) blended to produce a new concept of wealth as resources and the productive power to harness them' with the nation conceived 'as a productive engine' (Finkelstein, 2000, p. 254), an economic collectivity that serves the interests of English power projection (Fioramonti, 2013). His assessments of national income were dedicated not to the blue skies of social science but to improving the state's wartime tax-collecting capability by supplying it with a 'quantitative framework for effective implementation of fiscal policy and mobilization of resources' (Maddison, 2007, p. 5). In these ways, Petty helped to found economics as a positivist 'science of wealth'; one that gave methodological expression to commodity fetishism – for example the idea that the economy is a system that functions with similar law-governed regularities as are found in the natural world. The new discipline was infused with the spirit of scientific optimism, and the assumption that epistemological and material progress march arm in arm. It promised to seal the 'open link', as Düppe has put it, 'between science and economic growth' (Düppe, 2011, p. 101).

THE RISING TIDE LIFTS US ALL, SO DON'T ROCK THE BOAT!

In Petty's day, sustained economic growth did not exist as a reality, and the growth paradigm did not exist as a discernible ideology or mental construct. In the following century, the eighteenth, its contours began to become apparent, and this was, in part, in the form of the legitimation of inequality.

The context (at least in Britain, the focus of this chapter) was formed by political and ideological responses to a social transition. An older social arrangement, in which all forms of inequality is sanctioned by God and custom, in which the ruling classes were rigidly and culturally separated from the producing classes, and in which the latter were highly dispersed and fragmented (geographically and culturally), was giving way to a new order. The principle of legal equality was gaining ground and was associated with a levelling of the status order and a pervasive societal democratisation. Mentalities of subjecthood and deference were beginning to yield to those of citizenship and equality. Government was beginning to bargain with the legislature for the authorisation to tax, and with citizens over the delivery of taxes. Together with a revolution in transport, communications, media and literacy, all this contributed to a mobilisation of the citizenry. The producing classes were increasingly educated and socially mobilised – massing in workplaces and urban conurbations, and beginning to push their demands through organised public displays on the national scale. The two great revolutions of the period under consideration, in 1640s England and in 1789 in France, raised the spectre of popular sovereignty.

These transformations raised the question, in a new way, of how to legitimate economic inequality. Of course, the old ideologies – religious, patrimonialist, and so on – could be adapted to the task, but traditional conceptions of a fixed hierarchy of social rank were harder to maintain in the new order, pulsing as it was to ideas of individual self-interest, social change (progress, economic growth and revolution) and popular sovereignty (democracy and nationalism). However, might there be a way in which the new ideas, of individualism, nationalism and progress/growth, could be knitted together in a way that supports hierarchy and class division? The thinker who answered this question with particular originality and influence was Smith.

In *The Wealth of Nations,* Smith's starting point is self-interested commercial activity, as the engine of that natural social process of self-sustaining growth, the advance of 'opulence'. In his words, 'The uniform, constant, and uninterrupted effort of every man to better his condition, the principle from which publick and national, as well as private opulence is originally derived, is frequently powerful enough to maintain the natural progress of things toward improvement' (Smith, [1776] 1993, p. 205).

Material progress redounds to the good of the community as a whole, in terms of higher living standards (a greater quantity of goods sold at lower prices), such that class inequality tends to diminish. As axioms, Smith postulates a direct and automatic relationship between the welfare of the nation and the quantity of goods and services produced (relative to population), and that the increase of capital is synonymous with the increase of national wealth. 'Every individual', he writes in a famous passage, endeavours 'to employ his capital in the support of domestic industry, and so to direct that industry that its produce may be of the greatest value'. Hence, 'every individual necessarily labours to render the annual revenue of the society as great as he can'. In acting thus, 'he intends only his own gain, and he is in this . . . led by an invisible hand to promote an end which was no part of his intention' (Smith, 1993, p. 477). Note in this passage the elision of capitalists and the population at large ('every individual' invests 'his capital') and the notion that each capitalist-individual is an active, if unwitting, agent of the growth imperative.

At times, Smith portrays the rich as the key source of demand; (he even imagines that they serve the poor in a familial, 'hand-me-down' manner).

> The houses, the furniture, the clothing of the rich, in a little time, become useful to the inferior and middling ranks of people. They are able to purchase them when their superiors grow weary of them; and the general accommodation of the whole people is thus gradually improved. (Smith, 1993, p. 143)

Elsewhere, and equally memorably, he identifies 'butchers, brewers, and bakers', and indeed labourers, as a prodigious source of demand, and even defines wealth in terms of the level of consumption of the majority of society, the labouring poor (McNally, 1988). One of his justifications of economic growth, moreover, is linked to his assumption that it leads to rising real wages, and he is adamant that the most thriving and felicitous state – especially for its working masses – is not the wealthiest but the one that is growing most rapidly, as measured by output and the average wage. (These go hand in hand: higher wages are the necessary effect' of 'increasing national wealth'.) 'An augmentation of fortune', he argues, 'is the means by which *the greater part of men* propose and wish to better their condition . . . and the most likely way of augmenting their fortune is to save and accumulate some part of what they acquire' (Adams, 1993, p. 203).

In having provided grounds for both the rich and the poor to hitch their wagon to economic growth – the rich, as the principal creators of demand and the enlightened stewards of the civilisation process; the poor, as beneficiaries of growth, through rising living standards – Smith's ideas were amenable to interpretation by two quite different traditions of political economy. A conservative-liberal route proceeded via Burke and Ricardo to Hayek and Samuelson; a radical route wended via Paine and Sismondi to the Smithian socialism of William Thompson and Karl Polanyi. Relatedly, Smith's argument that economic growth raises wages was seized upon by radicals and liberals alike. For radicals, it justified demands for wage rises, and, much later, served to endorse social democracy's embrace of the capitalist system. For conservatives and liberals, it was rolled out whenever the poor needed to be put in their place.

A critical period was the 1790s, a decade of social turbulence, as the lower orders found inspiration in the French Revolution. For philosophers and political economists, it appeared imperative to remind readers of the need to keep the hoi polloi in their place. Burke's view, as laid out in *Thoughts* *and Details on Scarcity*, was that the deity and science, in alliance, ensured that the poor shall and must remain poor. The laws of commerce, after all, 'are the laws of nature, and consequently the laws of God' (Stanlis, [1958] 2009, p. 58). The mutual benefit that arises from the pursuit of individual selfish interest, he argued, depends upon the universal acceptance of the natural chain of subordination: of beast and plough to labourer, of labourer to farmer, and so on (Macpherson, 1980). A similar argument was put by Archdeacon Paley – a utilitarian philosopher, admirer of Smith, and one of the two dominant theological figures of the age – in a two-pence anti-revolutionary pamphlet of 1792. How lucky they are, he reminded the poor, given that God had created frugality as 'a pleasure' (Paley, [1793] 1849, p. 931). Workers should 'learn the art of contentment', and should accept their role as one of God-given duty – for 'the labour of the world is carried on by *service*, that is, by one man working under another man's direction' (Paley, 1849, p. 931). The crass inequality of wealth that obtained across Europe, he argued, was dispiriting but was the by-product of a system that, by fostering industry and the arts, was, considered in the round, beneficial to all. In his ideal society, 'a laborious frugal people [ministered] to the demands of an opulent, luxurious nation' (Bellon, 2014, p. 102). He warned the lower classes who were enchanted by events in Paris that:

> The change, and the only change, to be desired, is that gradual and progressive improvement of our circumstance which is the natural fruit of successful industry; when each year is something better than the last; when we are enabled to add to our little household one article after another of new comfort or conveniency, as our profits increase, or our burden becomes less.

This, he cautioned, 'may be looked forward to, and is practicable, by great numbers in a state of public order and quiet; it is absolutely impossible in any other'.[2]

In ways such as these, traditional norms of deference (to rulers, to God, to the social hierarchy) were reinvented for the new times. They slotted neatly into the nationalist framework, affirming that, although in a sense equals before the law, the political community could, like a family, act together as an ordered unit, with individual differences seen as either functional or irrelevant. They could be alloyed to the idea of material and social progress: if each accepts their place in the nation's hierarchy, all will benefit from the 'gradual and progressive improvement' that ensues. This may not have constituted 'grand' ideology, in the sense of a population swept up in fervent support for a set of beliefs. It was perfectly compatible with a grumbling pragmatic apathy towards the social order and its rules. Nonetheless, it was vitally ideological. It said, in effect: the rising tide will lift us all, so don't rock the boat!

THE RISING TIDE AND THE GROWTH TAKE-OFF

The heyday of the growth paradigm arrived in the twentieth century. In its early decades, a shift occurred, from a vague sense – long prevalent – that government should preside over economic 'improvement' and 'material progress' to a conviction that promoting growth is a matter of national priority. Factors behind the shift included intensified geopolitical rivalry, and the increasing 'muscularity' of states, with expanded bureaucratic apparatuses, surveillance systems and welfare provision. In some countries the expansion of the suffrage was an additional factor: rights were extended and an infrastructure and ideology of 'national belonging' was constructed with the aim of incorporating the lower orders as citizens into the body politic. National accounting techniques were systematised. In 1932, the US Congress commissioned the economist Simon Kuznets to devise a means by which to measure the nation's output. Gross domestic product (GDP) was the result. Another 1930s' milestone was the publication of Keynes' *General Theory.*

Keynesian ideas, developed in parallel, and/or in dialogue with Michał Kalecki, Joan Robinson and Keynes' former student Roy Harrod, among others, responded to, and fed into, the mid-century transformation of the world economy towards corporatism and state capitalism. For social democratic parties in particular, Keynesian theory offered a strategic ideology that provided justification for their aspiration to, or assumption of, a role as a party of government within a capitalist environment. Following success in winning legal status in Western Europe and elsewhere, it sought to marshal its followers behind goals – economic growth, welfare spending and war – that can be pursued within a capitalist framework. The paradigmatic case was Sweden's Social Democratic Party, which, in the inter-war period abandoned the quest for 'equal rewards' and economic democracy in favour of aspirations to economic growth and 'democratised opportunities', neatly wrapped in a Keynesian compact with the corporate sector. Keynesianism offered something precious to social democracy. As Adam Przeworski explains, it:

> granted a universalistic status to the interests of workers. Earlier, all demands for increased consumption were viewed as inimical to the national interest: higher wages meant lower profits and hence a reduced opportunity for investment and future development . . . But in the logic of Keynes' theory, higher wages . . . meant an increase of aggregate demand, which implied increased expectations of profit, increased investment, and hence economic stimulation. The significance of increasing wages changed from being viewed as an impediment to national economic development to being its stimulus. Corporatist defence of the interests of workers, a policy social democrats had pursued during the 'twenties . . . now found ideological justification in a technical economic theory. (Przeworski, 1980, p. 122)

In short, Keynesianism furnished social democracy with new tools with which to claim that the corporatist defence of workers' material interests was synonymous with the interests of the nation as a whole. Economic growth would enable rich and poor to flourish together. This helped to ensure the marginalisation of some of the left's traditional agenda, notably workers' control, economic planning and radical redistribution. In the US, for example, the left and the union movement in the 1940s dropped such demands in favour of support for a government-led programme of economic growth. In her history of the period, Elizabeth Fones-Wolf describes the emergence of a capital-labour accord:

> with unions abandoning their quest for industrial control in return for periodic wage and benefit increases. In politics, labor shelved its earlier commitment to economic planning and social solidarity for a program emphasizing 'sustained growth and productivity gain-sharing' with a small expansion of the welfare state. (Fones-Wolf, 1994, p. 3)

This went hand in hand with the expulsion of communists from the unions, undermining militancy, and limiting labour's ability to act as an independent political force. Writing of the same period, Steve Fraser (2015) has described how US unions bargained away control over the shop floor in exchange for employment security and wage growth. A comparatively affluent age ensued, but the spirit of solidarity declined, with organised labour taking its place within the prevailing culture of acquisitiveness and individualism.

By the mid-point of the century, growth had firmly established itself in industrial societies, whether capitalist or communist, as a 'secular religion', in Daniel Bell's phrase, supplying 'the source of individual motivation, the basis of political solidarity' and the justification for mobilising society behind a common purpose (Bell, [1976] 2008, p. 237). Growth was increasingly understood as a goal (as much as a means), with the economy conceived as an entity essentially divorced from a natural resource base defined by its momentum of growth (Lane, 2014). It became an integral part of social life throughout the world, and played a decisive part in binding 'civil society' into capitalist hegemonic structures. It came to be seen as a proxy for the profitability of national economies and as a magic wand to achieve all sorts of goals: to abolish the danger of returning to Depression, to soothe class tensions, to reduce the gap between 'developed' and 'developing' countries, to carve a path to international recognition, and so on. The greater the rate of growth, it was universally supposed, the lesser the economic, social and political challenges, and the more secure the regime. There was a military angle too. The Cold War rivals identified growth as the elixir of geopolitical success. 'If we lack a first-rate growing economy', as John F. Kennedy declaimed on the campaign trail, 'we cannot maintain a first-rate defence' (Kennedy, 1960a).

The US in the 1950s saw the growth paradigm achieve its acme. In 1952 William Paley's report *Resources for Freedom: Foundations for Growth and Security* declared that it shares 'the belief of the American people in the principle of growth', for growth seems preferable to its every conceivable antithesis, all of which imply 'stagnation and decay' (Lane, 2013, p. 3). In 1958, the Republican plutocrats Nelson and Laurence Rockefeller recruited Henry Kissinger to prepare a report on *The Challenge of the Future*. Heading a panel comprised of economists associated with large corporations and major universities, Kissinger produced a book, *The Key Importance of Growth to Achieve National Goals*, which identified growth as *the* solution to the continuous pressure of competing claims on national income (the arms race, public infrastructure, education, etc.). Growth, it argued, not only brings 'dignity, freedom, and purpose' but promises to expand 'the opportunities for individual fulfilment, multiply the incentives for enterprise, enable us to improve our educational system, permit us to increase our protection against economic hardship, make possible rising standards of national health and open new vistas of cultural achievement' (Andrew, 1998; Purdey, 2010, p. 80).

In this context, the notion of the economy as a tide that raises all boats appeared common-sensical. The idiom itself entered popular discourse thanks to Kennedy. He first used it in 1960, on the campaign trail in Ohio. His campaign was oriented around questions of the arms race, social justice, and above all growth – one of his campaign promises was to hike the GDP growth rate to an annual rate of 5 per cent. In his Ohio speech Kennedy asks rhetorically: how can we 'move this country ahead'?; how can we 'provide full employment, [and] develop the natural resources'? The answer he gives is: 'We must attempt to stimulate the growth of the United States' and 'we must develop our natural resources' (Kennedy, 1960b). He related these points specifically to the building of the St. Lawrence Seaway. This was a project for which he was proud to have voted in the Senate, for, even though his base was Massachusetts, which did not stand to benefit, the scheme would be 'a national asset, and a rising tide lifts all boats'.[3] This was, in essence, a Smithian-Keynesian formulation of the growth paradigm: Smithian in its assumption that the extension of commerce is of universal benefit, and in its denigration of protectionism and pork-barrel politics; Keynesian in its emphasis on full employment as the goal and public infrastructure investment as the means.

It was little wonder, then, that Kennedy was impressed by the work of Walt Rostow, a leading purveyor of growth economics, along neoclassical/

Keynesian lines. Rostow's theory was based on neoclassical assumptions, and focused on the 'supply side' conditions for growth (population, savings, innovation, capital accumulation). However, he paid close attention to social and institutional factors, and, although never a card-carrying Keynesian, did think that Keynes had essentially solved the problem of economic volatility (Rostow, 1990). Rostow enthused:

> There is every reason to believe . . . that the sluggish and timid policies of the 1920s and 1930s with respect to the level of unemployment will no longer be tolerated in Western societies. And now the technical tricks of the trade – due to the Keynesian revolution – are widely understood. It should not be forgotten that Keynes set himself the task of defeating Marx's prognosis about the course of unemployment under capitalism; and he largely succeeded. (Meszaros, 2008, p. 100)

Rostow's own neoclassical/Keynesian box of tricks proved influential within the new politics of 'development' that arose in the post-1948 conjuncture, in which Cold War rivalry extended to the newly independent nations of the South. US administrations, from Truman to Kennedy and Johnson, were keen to associate themselves with the 'modernisation' of their Third World allies, and development economists were recruited to advise on the project. Academics would 'swarm into Washington', with much talk of nation-building and 'self-sustaining growth' recalls George Ball, Under Secretary of State from 1961 to 1966, in his memoirs.[4] In 1958, Kennedy met Rostow, and the modernisation theorist entered his inner circle of advisors.

The alliance of Rostow's *Stages* and Kennedy-Johnson foreign policy ushered in the heyday of modernisation theory, during an era in which development became synonymous with rapid GDP growth, to the service of which an industry was called into being to advise the US and other major powers on how to develop the Third World (much as 'developers' develop real estate).[5] Rostovian theory – with its postulate that, once liberated from their traditional customs and institutions, poor countries will enjoy rapid capitalist growth – was transparently aligned with a long-standing but newly revitalised US mission to remake the Third World in its interests, establishing thriving zones of Western capitalism, secured against the threats of leftist nationalism or communist insurgency. But Rostow's influence extends beyond 'development', to the theory of growth, and to the propagation of the growth paradigm. In his magisterial treatise on the age of ecology, Joachim Radkau goes so far as to refer to Rostow as *the* principal source of 'the growth obsession of the economic sciences' (Radkau, 2011, p. 487).

CONCLUSION

The growth paradigm serves to naturalise and justify the prevailing social order, applying ideological gloss to the true goal of capitalist production: the self-expansion of capital. Capitalists and the social layers that support them would prefer their interests not to be seen in these terms. In other words, as a system of competition, capitalism depends on the growth of capital, but as a class system it depends on obscuring the sources of that growth. In this, the ideology of growth is pivotal. It enables accumulation to be understood as something of general interest – growth – rather than as a process of exploitation that depends upon structural inequality. In this sense, growth is central to the justification of capitalism. As the economist Joseph Schumpeter argued in the 1940s, capitalist economic growth produces 'avalanches of consumer goods' which 'progressively raise the standard of life of the masses' – and if sustained, moreover, will surely abolish poverty (Schumpeter, 1954, pp. 66–8). The system, as Joan Robinson paraphrased Schumpeter's case, is 'cruel, unjust, turbulent, but it does deliver the goods, and, damn it all, it's the goods that you want' (Castoriadis, 1996, p. 66).

The growth paradigm enjoyed its heyday during the *trentes glorieuses*. Since then, storm clouds have gathered, from several directions. One concerns the growth paradigm in its own terms. Per capita growth rates, at the global level and especially in the richer countries, have declined, decade by decade. This poses a problem for systemic legitimacy, for 'performance legitimacy', based on popular approval of a regime's success in bringing about economic growth and satisfying popular demand for goods and services, has over the decades become the norm. In a context of lower growth, the notion of a 'social contract' between the state and the citizenry suffers attrition. States rely more heavily on techniques of repression and of divide and rule. The symptoms are manifest in the form of alienation, electoral volatility, anti-politics, and so forth. Increasing numbers feel excluded. As a modern proverb of uncertain origin puts it, 'A rising tide that lifts all boats drowns those who have no vessel' (Higgs, 2014, p. 63).

Secondly, various forms of growth scepticism are on the march. Some emphasise the disconnect between economic growth and social well-being. As numerous scholars have argued – perhaps most notably Richard Wilkinson and Kate Pickett in *The Spirit Level* (2010) – the relationship between per capita GDP and well-being is limited, and such correlation between them as does exist tends to decline after a certain point (for the sake of argument, when the former hits $15,000). As national income increases beyond a certain level it ceases to translate into improvements in health or general well-being. Instead, the critical variable is the degree of equality.

Another source of growth scepticism concerns the impact of growth on supplies of non-renewable resources and on the natural environment. Recognition of the hazardous effects of climate change in particular have transformed the debate on growth. For the most powerful pro-growth argument is an argument from freedom. It has been put with particular eloquence by Arthur Lewis. The advantage of economic growth, he proposed,

> is not that wealth increases happiness, but that it increases the range of human choice . . . What distinguishes men from pigs is that men have greater control over their environment; not that they are more happy. And on this test, economic growth is greatly to be desired. The case for economic growth is that it gives man greater control over his environment, and thereby increases his freedom. (Lewis, 2007, p.71)

This argument from freedom is becoming less convincing with each passing season. Certainly, growth gives human beings the *potential* for greater control over our environment, and greater *actual* control over certain *aspects* of it. But partial control can create blowback, and enhanced control of some part of the system can undermine our ability to shape the whole.

Think for example of our ability to 'tame rivers'. This, as Fred Pearce shows in *When the Rivers Run Dry*, often involves the exercise of short-term, localised and merely instrumental control that doesn't consider the long term, or for the entire course of the river let alone other affected ecosystems. The successful 'taming' of a river may generate all manner of problems downstream – geographically or temporally (Pearce, 2006). Specific cases such as this may erode but do not destroy Lewis' argument. Climate change, however, is on an altogether different scale. A momentous example of humanity learning the laws of nature but failing to apply them judiciously, it attests to economic growth *actually decreasing* humanity's ability to control the natural environment, as the planet careers towards feedback-fuelled runaway warming.

And at that point, the rising tide will no longer be a metaphor.

NOTES

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2. Paley, William ([1793] 1849) 'Reasons for Contentment, addressed to the labouring part of the British public', in *The Works of William Paley*, Wm Orr & Co, p. 933. A reply to Paley, penned by an anonymous 'poor labourer', rebutted his arguments point by point. What reasons, it began, 'could be given why we labourers ought to be contented, by a man who never worked in his life, and how he who never felt the anguish of dividing a mouldy crust among his famished children could presume to offer arguments to convince us that we were unreasonable because such a state did not afford us content?'. Paley's aim, it concluded, 'was not to lessen the hardships of the labourer, but to secure to the rich and powerful their luxuries, extorted from the toil and miseries of the poor!' A Poor Labourer (1793) *A letter to William Paley, M.A., Archdeacon of Carlisle, from a poor labourer in answer to his reasons for contentment*, J. Ridgway, pp. 2–3.
3. The St. Lawrence Seaway had long stood as an emblem of pork-barrel disputation between New York and the Lake States. See, e.g., Lippmann, Walter ([1937] 2005) *The Good Society*, Transaction, p. 79.
4. The development decade – Development Doctrine and Modernization Theory. Available at: http://www.americanforeignrelations.com/A-D/Development-Doctrine-and-Modernization-Theory-The-development- decade.html#ixzz1c5bAIQVv
5. The development decade – Development Doctrine and Modernization Theory. Available at: http://www.americanforeignrelations.com/A-D/Development-Doctrine-and-Modernization-Theory-The-development- decade.html#ixzz1c5bAIQVv

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