Introduction

In 2012, Kenneth Rogoff, professor at Harvard and former chief economist at the IMF, described economic growth as “the be-all and end-all of policy.” Considering the long-term future of economic development and the underlying causes of the current financial turmoil, Rogoff concluded: “There is a certain absurdity to the obsession with maximizing long-term average income growth in perpetuity, to the neglect of other risks and considerations.” And indeed, the dominance of the growth imperative is hard to ignore: growth statistics regularly appear on the front pages of newspapers, play a key role in economic analyses, and pervade political debates, not only across the political spectrum but also in all countries. Since these numbers have come to form our very language, it seems almost impossible to think about economic issues without referring to Gross Domestic Product (GDP) and its proxies. The recent global economic crisis has conspicuously demonstrated how dependent capitalist economies are on growth and how even minor reductions of GDP are received with almost religious disappointment.

Environmental historian John R. McNeill has argued that the “overarching priority of economic growth was easily the most important idea of the twentieth century.” Although this statement might at first seem exaggerated, there are good reasons that justify this view (if more with regard to the second half of the twentieth century than to the first). Not only was the idea of economic growth at the core of the ideologies of the socioeconomic and political systems whose competition marked the twentieth century, capitalism and communism in their different varieties. More importantly, the social and economic policies that were the result of

the overarching priority of economic growth, or were justified by it, have fundamentally and irreversibly reshaped human life and the planet itself. Over the twentieth century, millions of people have come to take part in the production and consumption of ever increasing quantities of goods and services. At the same time, economic growth has caused environmental changes of unprecedented proportions that are threatening the livelihood of millions of people today, and even more so that of future generations. Ecologists, geologists, and historians have used the concept of the “anthropocene” to mark the fundamental transformations related to the fact that humanity itself has become the dominant geological force on planet earth.4

In light of the sweeping acceptance of the pursuit of growth as a key policy goal around the world it is easy to forget that not only the reality of economic expansion, but even more so growth as a key category of economic and public discourse is a surprisingly recent phenomenon. Before the nineteenth century, when economic growth accelerated in the context of the industrial revolution, economic activity around the world had been characterized by periodic ups and downs, only expanding by an average of 0.05 percent annually – as far as this can be measured retrospectively – and this was largely due to the slow increase of populations.5 Even more recently, the term “economic growth” was not widely used before the middle of the twentieth century, but during the 1950s it advanced to become a key notion, not only within economics and other social sciences, but also in political discourses and everyday speech (see Figure I.1).6 One of the aims of this study is to contribute to explaining this change.

Although a highly ambivalent and elusive term, the semantic core of economic growth is statistically fixed. It is generally defined as the annual increase in the monetary value of all the goods and services produced within a country, including the costs of producing all the services provided by the government. Or, more technically, as the annual increase of

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6 The same trend can be analyzed within public discourse and non-academic publications, where the term “economic growth” (or its French and German translations) and its statistical correlates “GNP” and “GDP” only emerged from the 1950s onwards. See Google’s Ngram Viewer, https://books.google.com/ngrams.
what has been called “the world’s most powerful number,” Gross National Product (GNP) or GDP, which are sometimes expressed as per capita values to account for changes in the size of populations.7 While these definitions have always stayed at the core of what is meant by economic growth, the concept has become charged with a multitude of contested and shifting meanings, assumptions, and connotations.

Economic growth has in fact raised the living standard of millions of people, even though socially and geographically very unevenly, and still is

7 Lorenzo Fioramonti, *Gross Domestic Problem: The Politics behind the World’s Most Powerful Number* (London: Zed Books, 2013). While GNP measures the output generated by a country’s enterprises (whether physically located domestically or abroad), GDP measures all the output produced within the borders of a countries (including the output produced by foreign firms). Until the 1960s, GNP was more widely used, but GDP has since become the standard measure. Furthermore, national income differs from GDP in various ways, most importantly in so far as GDP subtracts the depreciation of capital. The differences between these measures, while important for the technical debates about growth modeling (and also for North-South relations), are not relevant to the questions discussed in this book and will thus be neglected in favor of a more general perspective.
the rallying cry for millions of others, who hope for a better life. And, as French economist Thomas Piketty has demonstrated in *Capital in the Twenty-First Century*, economic growth seems to be essential to counter capitalism’s tendencies to increase inequality since in times of slow growth inequalities in income and wealth increase as wages tend to grow much slower than returns on capital.8

However, there are good reasons to question the desirability or possibility of further quantitative growth in industrialized countries. First, the universal merits of maximizing growth have become rather dubious. Research in welfare and feminist economics, social history, and ecological economics has definitely shown that the focus on GDP is “mismeasuring our lives.” It has raised cogent doubts regarding the continuing positive relationship (beyond a certain threshold) between further GDP growth and welfare, equality, distribution, happiness, and employment. This relates not least to the fact that GDP is a “blind meter” – a statistical measure that “counts only output; it ignores costs and losses” – and that therefore the deceptive logic “more is better” leads to problematic results. A wealth of studies demonstrate that growth has not been beneficial to all, that the level of inequality is much more decisive than average per capita incomes, and that in industrialized countries since the late 1960s or 1970s the costs of growth have been increasing faster than the benefits, thus making GDP growth increasingly “uneconomic.”9

Second, the ecological and social costs of economic growth are not negligible, especially in the context of achieving global social justice to overcome the North–South divide and repay the accumulated ecological debt of the rich countries. The fundamental promise of growth – to raise the living standard and consumption of soon to be nine billion people to Western levels through a continuous expansion of world GDP – has been irrevocably shattered by the ecological predicament, most importantly climate change.10 Economic analyses show that achieving equitable development in the global South while staying within planetary

boundaries will only be possible if the countries in the North drastically reduce their ecological footprint, which most likely implies reductions of economic output to be effective.\textsuperscript{11}

Third, the future possibilities of actually achieving further quantitative growth have become more and more precarious due to resource and energy scarcities and internal structural problems, which have led to declining or stagnating growth rates in the early-industrialized countries. Average per capita growth rates in Western Europe have, for example, continuously decreased since decades from almost 5 percent annually in the 1950s to around 1 percent in the 2000s and growing number of economists are convinced that it will be impossible to repeat the phenomenal growth rates of the last century.\textsuperscript{12} Growth will most likely be much slower in the twenty-first century or even stall.\textsuperscript{13} In a growth society, in which all kinds of policies are predicated upon ever increasing production and consumption, slower growth thus reinforces all the social and economic problems associated with economic crises such as rising inequality, unemployment, public debt, social tensions, and even an undermining of democracy. A growing array of economists and theorists thus demand to look “beyond growth,” arguing that growth may currently be causing the same problems it was originally hoped to solve and that political responses need to adapt to the changing social, economic, and environmental circumstances to work independently of growth.\textsuperscript{14}


\textsuperscript{12} This theme will be further discussed in the Conclusion. See also Hans Christoph Binswanger, \textit{Die Wachstumspirale: Geld, Energie und Imagination in der Dynamik des Marktprozesses} (Marburg: Metropolis, 2009); Richard Heinberg, \textit{The End of Growth: Adopting to Our New Economic Reality} (Gabriola Island, Canada: New Society Publishers, 2011); Jeff Rubin, \textit{The End of Growth} (Toronto: Random House Canada, 2012).

\textsuperscript{13} Piketty, \textit{Capital in the Twenty-First Century}, chap. 2.

In light of these perspectives the pervasiveness of GDP as a measure of social well-being and of growth as a policy goal seem rather peculiar – a “puzzle” or “paradox” in need of explanation. Indeed, by the beginning of the twenty-first century, even strongholds of economic orthodoxy have come to question the identification of growth with progress and well-being. For example, the Organization for Economic Co-operation and Development (OECD) proclaimed in 2008:

For a good portion of the 20th century there was an implicit assumption that economic growth was synonymous with progress: an assumption that a growing GDP meant life must be getting better. But now the world recognizes that it isn’t quite as simple as that. Despite high levels of economic growth in many countries, we are no more satisfied with our life (or happier) than we were 50 years ago.

Similarly, Britain’s Sustainable Development Commission in 2009 criticized that “the state has become caught up in a belief that growth should trump all other policy goals,” a belief regarded as “a horrible distortion of the common good” that the pursuit of growth pretends to serve.

In spite of these considerable problems, in the second half of the twentieth century economic growth has become and largely remains what scholars from a variety of fields, including renowned historians, have described as a “fetish” (John R. McNeill) or “obsession” (Barry Eichengreen, Elmar Altvater), an “ideology” (Alan Milward, Charles S. Maier), a “social imaginary” (Cornelius Castoriadis, Serge Latouche), or an “axiomatic necessity” (Nicholas Georgescu-Roegen). With varying emphasis, these scholars have highlighted the quasi-religious adoration of growth by economists and policy-makers, the underlying interests that are served and at the same time concealed by the dominance of the

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17 Jackson, Prosperity, 99.
growth discourse, in particular in the context of postwar class conflicts and Cold War confrontations, or the general acceptance of “growthism” as an incontestable and self-evident dictum.19

However, the question how economic growth attained its status as an overarching priority in public discourse as well as in academia and politics has not received much attention by historians, nor by researchers in other disciplines. While studies on economic growth – explaining, assessing, and modeling its causes, effects, and various growth policies – constitute the core of both economics and economic history, there are strikingly few accounts on how economic growth became a priority among social scientists, politicians, and the general public.20 Obviously, since this discourse was at the core of policy-making in the postwar era, some of the historiographical narratives about that period are closely related to the establishment of what contemporaries have called “growthmanship.”21 For example, historians have analyzed the rise of the consumer society, processes of Westernization or Americanization, or the conceptual framework of modernization theory and development discourses or the history of economic statistics. Yet studies that specifically focus on growth as an idea, discourse, or policy goal are rare.

Probably the most influential book on the subject is economic historian Heinz W. Arndt’s The Rise and Fall of Economic Growth (1978), an intellectual history that focuses on publications by British and US economists in the three postwar decades.22 More recently, historians have presented an ideology-theoretical synopsis of the evolution of the growth paradigm and analyses of the politics and idea of growth focusing on the US, Japan, Sweden, and West Germany.23 While highlighting the

19 The term “growthism” is employed by O’Bryan, but was already used in the 1970s by Paul Ehrlich. See Scott O’Bryan, The Growth Idea: Purpose and Prosperity in Postwar Japan (Honolulu: University of Hawaii Press, 2009).
21 Politicians and economists used the term “growthmanship” since the 1950s. See, e.g., Colin Clark, Growthmanship: A Study in the Mythology of Investment (London: Institute of Economic Affairs, 1961).
22 Heinz W. Arndt, The Rise and Fall of Economic Growth: A Study in Contemporary Thought (Melbourne: Longman Cheshire, 1978). There are several other good accounts, which, however, are largely based on Arndt. See, for example, Peter A. Victor, Managing Without Growth: SLOWER BY DESIGN, NOT DISASTER (Cheltenham: Edward Elgar, 2008), chap. 1.
specific national peculiarities to explain the emergence of growthmanship— for example the structural ills of Japanese capitalism or the end of the American frontier and American nationalism— these studies reveal some noticeable similarities between the growth discourses in these countries. Not only have these scholars all argued that the political focus on growth emerged during the 1950s (first in the US, somewhat later in Europe and Japan), but they emphasized the strength and pull of growthmanship as the all-embracing and overarching priority shaping political and economic debates, and described quite similar dynamics of the national debates in the three postwar decades, in particular regarding the challenges to growthism in the early 1970s. Further, historians have analyzed the making, influence, and problems of GDP statistics. In particular in recent years, there have been a number of books addressing how GDP statistics relate to the nation state, to socioeconomic and military conflicts, and to understandings of global inequality and historical accounts have critically scrutinized “how GDP came to rule the world” or have “affectionately” described its functionality.24 Finally, the hegemony of growthmanship has been highlighted in studies on postwar European and US economic history. Characteristically, Michael M. Postan has argued about the postwar European situation that

[w]hat was really remarkable (and to some historians and social scientists unexpected) was that economic growth was so powerfully propelled by public

sentiments and policies. By comparison, the purely material achievements of the age are easier to explain.25

Unlike existing accounts, this is a study of growthmanship at the transnational level and at the interface of academia, national bureaucracies, and international organizations. More particularly, as explained below, I focus on the emergence and evolution of knowledge about economic growth within the OECD and its predecessor, the Organization for European Economic Co-operation (OEEC), one of the least researched international organizations.26 Three characteristics of the existing accounts of the history of growth ideas are striking and will be addressed by this approach: While providing important insights into the discussions in specific national contexts and key national actors, in particular economists and politicians, these studies fall short of analyzing growthmanship as an eminently transnational set of ideas, expertise, and norms.27 Yet a transnational analysis is best suited to understand the significance of the standardization of economic statistics, of the internationalization of economics and related transnational transfers, and of international comparisons and competition between countries, all of which were crucially important for the rise and evolution of economic growth as a policy goal and the debates justifying and challenging it. Furthermore, following Arndt’s influential account of the Rise and Fall of Economic Growth, a rather linear narrative has become accepted according to which the economists’ belief in growthmanship was a product of the postwar and


26 Unless otherwise stated, the acronym OECD will refer to the OECD and its predecessor, the OEEC.

27 The studies of national growth discourses have referred to similar debates in other countries and have mentioned the possibly influential role of international organizations, but they have not analyzed this dimension. Further, they have all tended to emphasize that the importance of growth discourses were stronger in their respective country than in other countries. For example, O’Bryan characterizes Japan as the “premier icon of the postwar growthist ideal,” while Collins argues that growthmanship was dominant throughout the Western world, but “nowhere more dramatically than in the bastion of materialistic excess, the United States.” O’Bryan, The Growth Idea, 8; Collins, More, x. Exceptions are the related remarks in Charles S. Maier, “The Politics of Productivity: Foundations of American International Economic Policy after World War II,” International Organization 31, no. 4 (1977): 607–33; David W. Ellwood, “The Marshall Plan and the Politics of Growth,” in Explorations in OEEC History, ed. Richard T. Griffiths (Paris: OECD, 1997), 99–105; Stephen J. Purdey, Economic Growth, the Environment and International Relations: The Growth Paradigm (London and New York: Routledge, 2009).
Cold War situation of the 1950s and 1960s that, even though powerful, was short-lived and subsided after it was cast into doubt in the 1970s. This study, in contrast, emphasizes the politically contested and more complex evolution of the growth discourse, and discusses the continuous remaking and, in particular, the resurgence of growthmanship in the 1970s, which gave rise to its continuing hegemony until today. Finally, by relying on published materials and focusing on professional economists and official policy statements, existing studies have tended to treat economic ideas as detached from particular socioeconomic, political, or organizational contexts. By analyzing growth discourses in their political and economic context within the OECD, this study takes a more grounded perspective that focuses on how economic growth became ingrained in statistical standards, international policy frameworks, and widely accepted norms.

The making and remaking of the growth paradigm in a nutshell

The book argues that the pursuit of economic growth is not a self-evident goal of industrialized 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 industrialized countries under certain social and historical conditions in the second half of the twentieth century. Thus, I aim at analyzing the idea of economic growth in its historical genesis in a similar way as this has been done with regard to the idea of “development” by cultural anthropologists of the so-called Post-Development school, focusing on the close nexus of power and knowledge. It rests on the thesis that the exceptional position of economic growth as a core policy goal is based on the hegemony of what I call the “economic growth paradigm” and cannot be adequately understood without taking into account the complex structure and long-term historical evolution of this paradigm. Economic growth is, of course, one of the key features of capitalist societies, which are predicated upon the continuous accumulation of capital, and to some degree all states in a competitive state system pursue the national interest of increasing their wealth

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28 Arndt himself defended growth against its critics and has thus to be read as a participant in the debates of the 1970s. Arndt, Rise and Fall, 142–56.
29 An exception is the study on US growth policies by Collins, More.