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Growthmanship in the Twenty-First Century[1]

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Abstract

In the run-up to the next general election both main parties are giving high priority to increasing the growth rate. But does past experience suggest this is a sensible strategy? The historical evidence does not support the idea that this is a winning stance, and it places reliance on a concept which is both deeply problematic as measure of economic well-being and little understood by the public.

Keywords: growth, GDP, public understanding, political strategy

IN A FABIAN pamphlet published in 1960 Anthony Crosland argued against the growing chorus of opinion in the Labour Party in favour of making the alleged economic stagnation under the Tory government a critical issue for Labour in the run-up to the 1964 election. His objection was twofold: claims about economic stagnation were not 'comprehensible to the public' and focussing upon it 'challenged the Tories on their own ground'.[2] Quite quickly, Crosland seems to have changed his mind, so when his pamphlet was republished in 1962 this argument was omitted.[3] Soon afterwards the accusation of twelve (later thirteen) wasted years, and the promise that Labour in power would boost the growth rate, had become the central thrust of Labour's election propaganda. The victory of 1964 leads to the easy assumption that Crosland was right to change his mind and that focussing on increasing growth was a winning strategy for Labour.

This history is relevant for today's politics. Apart from the coincidence of thirteen years having elapsed since the Tories came to office, the parallels between the early 1960s and the current period are strong in the way in which *both* parties have sought to foreground the growth issue. In their 1964 manifesto the Tories said: 'we shall give first priority to our policy for economic growth, so that Britain's national wealth can expand by a steady four per cent per year.' In their election manifesto, Labour focussed on criticising Tory failings on growth: 'If only we had kept up with the rest of Europe since 1951, our National Income in 1964 would be one third more than it is—and we should have available an extra £8,000 million of goods and services to meet Britain's problems and to raise living standards.' Later, in 1965, with the National Plan, Labour also adopted the 4 per cent target, which had originally been essayed by the National Economic Development Office in 1962.[4]

Sixty years later, in January 2023, Rishi Sunak made 'we will grow the economy, creating better-paid jobs and opportunity right across the country', one of the pledges in his endlessly repeated 'five-point plan'.[5] Likewise, Keir Starmer's five missions include for

[1]'Growthmanship' was a term coined by Colin Clark, a pioneer of the analysis of economic growth, to characterise critically the exaggerated pursuit of growth through higher investment: C. Clark, *Growthmanship: A Study in the Mythology of Investment*, 2nd ed., London, Institute of Economic Affairs, 1962.

[2]A. Crosland, *Can Labour Win?*, Fabian Tract 324, London, Fabian Society, 1960, p. 19.

[3]A. Crosland, *The Conservative Enemy*, London, Cape, 1962, p. 159; see D. Butler and A. King, *The British General Election of 1964*, London, Macmillan, 1965, p. 62.

[4]F. W. S. Craig, *British General Election Manifestos 1918–1966*, Chichester, Political Reference Publications, 1970, p. 216, p. 231.

[5]'Prime Minister outlines his five key priorities for 2023', GOV.UK, 4 January 2023; https://www.gov.uk/government/news/prime-minister-outlines-his-five-key-priorities-for-2023

Britain to have the 'highest rate of sustainable growth in the G7 by the end of the first parliament'.[6] So, in 2023 as in 1964, both parties think promises of faster growth should be at the centre of their claim to power. But is running an election campaign where a very explicit promise on economic growth is foregrounded the best approach for Labour? There are grounds for doubt.

Economic promises

Through the twentieth century British politics became more programmatic, with specific promises of what parties would deliver in government if elected increasingly the core of electoral competition.[7] Especially from the 1945 election, manifestos took this programmatic form and for several decades manifestos grew in size as the range of promises expanded. But, programmes can be expressed more pithily and Margaret Thatcher, followed by New Labour, began a pattern of also putting forward shorter lists of 'pledges', a trend perhaps reaching its culmination in the 2019 election when the Conservatives pledged little more than to 'get Brexit done'. Sunak and Starmer look likely to combine no doubt substantial manifesto commitments with their 'snappy' five-point 'plans' and 'missions' that seek to crystallise their respective promises into an election-winning formula. What is important here is how these short-form promises both include the commitment to faster growth. In including economic promises in this way, both parties are following a historical pattern. Since the 1940s the trend towards a programmatic approach to electoral competition has been allied to a significant focus on economic issues, broadly conceived. The belief that 'it's the economy stupid' that matters for electoral success has been widespread, summarised by Harold Wilson in 1968: 'all political history shows that the standing of a government and its ability of hold the confidence of the electorate at a general election depend on the success of its economic policy.'[8]

Of course, what exactly is meant by 'the economy' is unclear, contested and subject to change over time. Especially since the 1970s, fiscal promises have been very important, with the widespread perception that election results have turned on the plausibility of what parties promise on spending, taxation and debt.[9] A pledge on this issue figures in the current Conservative plan: 'we will make sure our national debt is falling so that we can secure the future of public services'.[10] Perhaps surprisingly, Starmer's five missions don't include anything on fiscal stance, though in many other statements leading party figures have made clear that a 'conservative' position on such matters is being promised.[11] It can well be argued that in the current political environment, economic promises of some kind are inescapable. The expectation of economic improvement, and the belief that governments are responsible for its delivery, have become deeply ingrained in our political culture. The interesting question is how these promises should be framed.

In the early 1960s the framing in terms of growth emerged in a very specific context. It followed two key developments in the 1950s. First was the recognition by the Conservatives that a combination of proposing to 'set the people free' from the Attlee government's rationing and controls, combined with the possibility of very substantial increases in the level of personal consumption, would provide a winning electoral strategy. By 1954 the Tory chancellor was promising to double the standard of living in a generation and by 1957 Harold Macmillan was famously proclaiming that Britons had 'never had it so good'. How far Tory policy was responsible for this expansion may be disputed; the technological legacies of the war, the completion of the industrialisation

[6]P. Crerar, 'Keir Starmer: Labour already planning second term in government', *The Guardian*, 23 February 2023; https://www.theguardian.com/politics/2023/feb/23/keir-starmer-labour-already-planning-second-term-in-government

[7]D. Thackeray, *Age of Promises. Electoral Pledges in Twentieth Century Britain*, Oxford, Oxford University Press, 2021.

[8]Speech to the Parliamentary Labour Party, *Financial Times*, 8 March 1968.

[9]A. Davies and P. Sloman, 'Fiscal promises: tax and spending in British elections since 1964', in D. Thackeray and R. Toye, eds., *Electoral Pledges in Britain since 1918. The Politics of Promises*, Basingstoke, Palgrave Macmillan, 2020, pp.117–137.

[10]'Prime Minister outlines five key priorities', GOV.UK

[11]R. Reeves, *A New Business Model for Britain*, London, Labour Party, 2023, p. 24.

of western Europe and a political consensus which favoured a focus on popular economic welfare were all at work. Alongside expanding personal consumption, the very low levels of joblessness which cut the level of spending on unemployment pay made it easier for the government to reconcile tax cuts with continuing spending on social provision, especially housing. With Labour profoundly conflicted over its response to this 'affluence', the Conservatives had found a winning strategy which led to resounding victories in 1955 and 1959.

The other key change in the 1950s was the revolution in economic statistics and the ways of thinking about the economy which these statistics underpinned. National income (NI) accounting, which had been enormously boosted by the needs of war planning, became both greatly elaborated and highly internationalised. In the Cold War atmosphere of the early 1950s, GDP growth, promulgated by the OEEC/OECD and the UN, became entrenched in official discourse about the economy in Britain and across the West.[12] However, GDP did not immediately sweep all before it. Comparative data on industrial production was a staple of both UN and OEEC publications throughout the 1950s. And this statistic remained central to official economic debate in Britain. The annual *Economic Survey*, the major official publication on economic policy in this period provided data (sometimes with international comparisons) on this right up until its publication was ended in 1961. Many commentators, especially critics of British performance, remained sceptical about GDP data, falling back on industrial production as a 'better' guide.[13]

Industrial production also featured strongly in party political debate, as initially GDP was not part of the language of electoral politics; political promises in the precise form of GDP growth are not apparent in the 'fifties. 'The standard of living' tended to be the term used in public pronouncements, a general term which politicians seemingly believed had more resonance with the electorate. The first manifestos to talk explicitly about GDP or NI growth were those of 1964.

What gave such data political prominence was the rise of 'declinism'. This was the very late 1950s/early 1960s explosion of analysis and debate about the condition of Britain, which suggested that the country was suffering from profound pathologies in all its major institutions, and this was leading, amongst other things, to economic failure on an epic scale.[14] In many ways this was an extraordinary episode. Clearly Britain was suffering from relative decline as a world power, emphasised by the rapidity of decolonisation. But on the economic plane, it was bizarre that in one of the richest countries in the world, and which had seen unparalleled improvements in real incomes for a decade, all the talk was of decline.

As Adrian Williamson has rightly pointed out, Labour's allegations of 'twelve/thirteen wasted years' which emerged out of this declinism were deeply problematic.[15] As he shows, the relatively slow growth of GDP in Britain compared with western Europe since 1951 was largely a matter of those countries catching up with the British levels (and those of the USA, which had equally slow growth in the 1950s). Indeed, we can push his point even further. As Nick Crafts showed almost thirty years ago, GDP growth rates in western Europe in the 1950–1973 period were very closely inversely related to absolute levels of GDP/head at the beginning of the period. Britain was almost the richest in 1951 and so grew almost the slowest.[16] A key element in this was

[12] H. W. Arndt, *The Rise and Fall of Economic Growth. A Study in Contemporary Thought*, Melbourne, Longman, 1978; M. Schmelzer, *The Hegemony of Growth. The OECD and the Making of the Economic Growth Paradigm*, Cambridge, Cambridge University Press, 2016. Pioneer economic statisticians commonly used Gross National Product, which unlike Gross Domestic Product includes output and income generated overseas (net of foreign-owned income and output generated within the country). GDP now dominates.

[13] A. Shonfield, *British Economic Policy since the War*, Harmondsworth, Penguin, 1958, pp.14–15; M. Shanks, *The Stagnant Society*, Harmondsworth, Penguin, 1961, pp. 24–6.

[14] J. Tomlinson, 'Thrice denied: "declinism" as a recurrent theme in British History in the long twentieth century', *Twentieth Century British History*, vol. 20, no. 2, 2009, pp. 227–251.

[15] A. Williamson, '"Thirteen wasted years": a strategy for Starmer?', *The Political Quarterly*, vol. 94, no. 3, 2023; doi.org/10.1111/1467-923X.13277

[16] N. Crafts, 'The Golden Age in western Europe', *Economic History Review*, vol. 48, no. 3,1995, p. 435, table 2.

the capacity of most western European countries to transfer workers from low productivity agriculture to high productivity industrial occupations, a process largely complete in Britain before 1939.

Whatever its merits as an analysis of post-war Britain, declinism served to focus attention on GDP growth in a much more public way; it moved the concept from the domain of the economic statistician and government adviser to the electoral stage. The Labour Party used it to accuse the government of failure; the Conservatives used it not only to defend their record, but to make promises of future better performance. How far this mattered to the election outcome is impossible to say definitively. Opinion polling was much more limited than today and pollsters had not yet picked up the language of GDP. They first asked questions about the 'standard of living' in 1955, reflecting the Conservative Party language of the time. In the month of the 1964 election they asked which party was most likely to 'maintain prosperity' and the answer was the Conservatives by a margin of 47 to 34 per cent.[17] So, what little evidence there is suggests that Labour won in 1964 *despite* the electorate's strong scepticism concerning their promises about growth.[18]

What is GDP growth?

Since the spread of the idea of GDP growth in the 1950s and 1960s, the concept has had a paradoxical career. On the one hand, its entrenchment in official discourse has intensified and globalised. For the IMF, the OECD and the British Treasury, it retains its hegemony—hegemony meaning not that it is the only measure of the national economy that is used, but is the one that has a foundational, always-to-be-returned-to, status. For poorer countries the alternative measure, the Human Development Index, has gained traction, but for rich countries GDP growth projections, growth league tables and the whole statistical paraphernalia of growthmanship is flourishing.

On the other hand, the capacity of GDP growth to measure economic welfare has been under continuous assault. Indeed, one of the ironies of the history of GDP is that even before it was well-established, one of its key founders had offered a trenchant criticism of its use in that way. As early as 1934, Simon Kuznets was pointing out some of the key weaknesses, including the exclusion of the household sector, the problems of measuring non-marketed government outputs, and the fact that NI accounting only looked at the output side of the economy: 'no income measurement undertakes to estimate the reverse side of income, that is, the intensity and unpleasantness of effort going into the earning of income'.[19] Finally, he emphasised the distributional aspect:

> Economic welfare cannot be adequately measured unless the personal distribution of income is known. … market valuation of commodities and especially of direct services depends upon the personal distribution of income within the nation. Thus, in a nation with a rich upper class, the personal services to the rich are likely to be valued at a much higher level than the very same services in another nation, characterized by a more equitable personal distribution of income.

Note that the point is not only the obvious one that an average figure of GDP/head says nothing about the distribution of income, but also that the value of GDP is itself partly a function of that distribution. Given these points, it is unsurprising that Kuznets noted that: 'The welfare of a nation can, therefore, scarcely be inferred from a measurement of NI as defined above.'[20]

Kuznets had also asked questions about the way GDP calculations treated intermediate

[17] G. Gallup, *Gallup International Public Opinion Polls. Great Britain 1937–75, vol. I*, Westport CT, Greenwood Press, 1977, p. 768; the Gallup Poll of January 1955 asked, 'Is your standard of living (things you can buy or do) going up, going down, or is it the same?', to which the answers were: Up 38%; Down 21%; Same 40%; Don't know 1%. Ibid., p. 468.

[18] S. Fielding, 'Rethinking Labour's 1964 election campaign', *Contemporary British History*, vol. 21, no. 3, 2007, pp. 309–324.

[19] S. Kuznets, 'National income, 1929–32', Senate Document no. 124, 73rd Congress, 2nd session, Washington DC, US Government Printing Office, 1934, pp. 4, 127, 6–7. For some of the issues arising from Kuznets' arguments for understanding post-war Britain, see J. Tomlinson, 'Imagining economic growth in post-war Britain', *Twentieth Century British History*, 2023; https://doi.org/10.1093/tcbh/hwad049

[20] Kuznets, 'National income', pp. 6, 7; Schmelzer, *Hegemony*, p. 97.

products in an arbitrary way (for example, why was commuting to work not an intermediate product netted out of value added?). This was one of the issues taken up in the 1970s in another major commentary on GDP, by Nordhaus and Tobin which, with the concept of 'measured economic welfare', also sought to incorporate measures of leisure and environmental impacts. In the last twenty years or so, critiques building on Kuznets and Nordhaus and Tobin have multiplied, including by Nobel Prize winners in economics. Unsurprisingly, much of the recent focus has been on the way in which GDP calculations deal with environmental issues, with climate heating and collapsing biodiversity, emphasising the fundamental nature of these shortcomings.[21]

Back in the 1970s, Nordhaus and Tobin argued that 'maximization of GNP is not a proper objective of policy. Economists all know that, and yet their everyday use of GNP as the standard measure of economic performance apparently conveys the impression that they are evangelistic worshippers of GNP'.[22] Since then lots more economists have expressed profound doubts about GDP, but there are still many who behave as Nordhaus and Tobin suggested. And this stricture applies also to politicians, who may add qualifiers like 'green' or 'sustainable' to their growth promises, but still remain fundamentally in thrall to the concept.

[21]W. Nordhaus and J. Tobin, 'Is growth obsolete?', in M. Moss, ed., *The Measure of Economic and Social Performance*, Cambridge MA, National Bureau of Economic Research, 1973; http://www.nber.org/chapters/c3621; J. Stiglitz, A. Sen and J. P. Fitoussi, *Mis-measuring our Lives: why GDP Doesn't Add Up*, New York, The New Press, 2010; P. Dagsputa, *The Economics of Biodiversity: The Dagsputa Review*, GOV.UK, February 2021; https://www.gov.uk/government/publications/final-report-the-economics-of-biodiversity-the-dasgupta-review; for surveys of these arguments, see S. Macekura, *The Mismeasure of Progress. Economic Growth and its Critics*, Chicago, Chicago University Press, 2020; D. Philipsen, *The Little Big Number. How GDP Came to Rule the World and What We Can Do About It*, Princeton, Princeton University Press, 2015; D. Pilling, *The Growth Delusion. The Wealth and Well-Being of Nations*, London, Penguin, 2018.

[22]Nordhaus and Tobin, 'Is growth obsolete?', p. 512.

The political career of growth

Having made its promise on growth, Labour's failure to achieve its target of 4 per cent was unsurprisingly a centrepiece of the Conservatives' critique of Labour's performance in the 1970 general election. In the manifesto for that year, they argued that: 'Our economy expanded more slowly than that of any other comparable country in the world. Almost everywhere in Western Europe and North America the standard of living grows faster than in Britain'. Stressing the contrast, they suggested that the standard of living grew three times faster under the previous Conservative government than it had under Labour.

But for most of the 1970s, growth lost its prominence in political debate in the face of the crises of inflation, public sector deficits and the exchange rate which followed the Conservative 'dash for growth' after 1972 and the OPEC oil price increase at the end of 1973. For Margaret Thatcher, the framing of policy was by no means dismissive of growth, but focussed on the underlying issues allegedly inhibiting faster expansion, rather than the more technocratic emphasis on growth targets. In the Thatcherite view, the immediate problem of rapid inflation indicated the deep-seated, anti-enterprise culture which was at the heart of Britain's growth malaise.

Under New Labour growth was once more placed in the centre of the policy agenda (though without GDP targets), one striking continuity with the 'Old Labour' governments of the 1940s and 1960s being the emphasis on improving productivity as the key to faster expansion. While Gordon Brown is perhaps best known for his attempts to 're-invent' Keynesianism, his much-mocked allusion to 'post neoclassical endogenous growth theory' was indicative of the other major strand to his economic thinking. That theory, developed in the 1980s, suggested that faster growth could be secured by government activism on increasing research and development and workers' skills, an agenda enthusiastically embraced after 1997.

But the financial crash of 2007/8 brought an end to the benign post-Cold War circumstances which had encouraged the 'great complacency' of the previous decade, and which had allowed UK growth to reach levels in line with the Golden Age, albeit for a short period.

The austerity policies after 2010 inaugurated a 'wasted decade' of poor economic performance, compounded by Brexit and then Covid. By the early 2020s the growth performance of the preceding period was clearly inferior to anything experienced for generations, and growth was firmly back on the agenda.

It was the Truss government which focussed attention hard on growth. Though the short-run results of this were disastrous for the macro economy, both Conservatives and Labour accepted her view that growth should now be central to the political agenda. Labour showed no reluctance to make this a key electoral battleground.

The electoral wisdom of growthmanship

In addressing these issues, we must acknowledge the appeal of 'growth'. Many of the arguments first made in the 1950s retain their appeal. Logically, if the national 'cake' is bigger, then struggles over allocation can be muted, whether between investment or consumption, guns or butter, public or private consumption, tax cuts or public expenditure increases. For the left, growth makes possible redistribution without anyone having to face an absolute reduction in income. Such arguments help to explain why growthmanship became so entrenched from the 1950s. As one senior civil servant put it in 1962, 'the positive idea of "growth" is a valuable means of presenting many political difficult decisions, emphasizing that such decisions are a means to enrich people and not to impoverish them.'[23]

So, why not promise 'highest rate of sustainable growth in the G7 by the end of the first parliament'? One set of arguments relates to the likelihood of achieving the goal, or facing the possibility of being damned for failure, as Labour was in 1970. Why might growth targets be even more of a hostage to fortune than in the 1960s? Compared with that decade, the world is much more unstable and, therefore, the capacity of governments to deliver targets within a specified time-frame much less. In a quite different register, we may ask whether significantly faster sustained growth is possible. In terms of broad trends, two features seem clear. First, much of what happens to comparative growth rates can be explained by catch-up and convergence, with fast growth amongst lower income countries slowing down as they exhaust the possibilities of easy mimicking of the organisation and structures of rich countries. Second, there is the long-run tendency for the rising dominance of the service sector, or deindustrialisation, to slow aggregate growth down. This was pointed out long ago by William Baumol, and the extent to which labour has moved out of manufacturing, with its capacity for fast productivity increase, into sectors where that increase is inherently less possible, has accelerated since he wrote. While plainly some services are subject to rapid, labour-saving technological change, such as finance, others are inherently labour intensive. Perhaps most striking are 'care services', broadly defined, where employment increase has been most dramatic in recent years.[24]

Of course, these trends affect all the G7 countries, so by putting forward this grouping as the benchmark, allegations of *relative* failure may perhaps be avoided. But this strategy may not work. In the 1950s and 1960s the focus was largely on Britain's poor growth performance compared with western Europe, yet comparison with the USA would have shown a much more favourable picture. We are already seeing in Britain unfavourable comparisons being made with non-G7 countries like Poland who, like western European countries in the 'fifties and 'sixties, had the ability to grow faster as it converges on western European income levels. The historical evidence suggests that the idea that everyone will agree about the relevant comparator seems ill-founded, and this is perhaps especially so when it is unlikely that most of the population know what the G7 is.

Such arguments about the economic future are necessarily speculative. But there is another highly important argument about the growth promise that relates back to Crosland's point about the comprehensibility of the language of economic growth to the public. There is a long tradition of survey work showing the public's

[23]Frank Lee Economic Steering (Development) Committee, 'Economic growth', note by Chairman, National Archives, CAB134/1696, 5 June 1962.

[24]W. J. Baumol, 'Macroeconomics of unbalanced growth: the anatomy of urban crisis', *American Economic Review*, vol. 57, no. 3, 1967, pp. 415–426.

'ignorance' of economic terms. In 2020 one such piece of work found that 'less than half the British public are able to correctly identify the definition of GDP from a list of options, and the vast majority of focus group participants demonstrated little or no understanding of GDP.' Furthermore, 'Focus group participants also demonstrated little knowledge about the size of GDP growth rates and did not typically understand what was meant when economic indicators were reported as a percentage of GDP. In fact, GDP was seen as economic jargon, contributing to the feeling that economics was largely inaccessible to them'.[25] The last sentence hints at something more than 'ignorance' is at work here, which may be characterised as a problem of distrust of this kind of language to describe the economy. Andy Haldane of the Bank of England diagnosed a 'twin deficit' of both public understanding and public trust in economics. The lack of trust is brought out clearly in Anna Killick's empirical work on public economic understanding.[26]

This problem of the alien, abstract character of GDP growth is compounded by the fact that the definition of GDP is not a fixed thing, but something which is subject to periodic and sometimes radical change. Partly in response to some of the criticisms noted above, the internationally recognised System of National Accounts (SNA) has undergone periodic revisions in 1968, 1993 and 2008, since its foundation in 1953. This may appear an arcane matter, but in fact some of these changes have mattered a great deal politically, notably the treatment of finance. Other important revisions relate to household work and public sector outputs.[27]

If we say: 'the public don't understand GDP', we should also recognise that most politicians, but also most economists (and economic historians) only have a limited grasp of what it means and would be hard pressed to explain some of its key features. As Brett Christophers rightly emphasises, 'For such a powerful statistical metric, that is so frequently and materially invoked, there is, however, a remarkable lack of knowledge in political, academic and popular circles what GDP actually is and how, where and when it came into being'.[28]

Of course, debate about growth is not all about its precise meaning. Enthusiasm for a higher GDP has come to connote a whole world-view, countered by those who advocate 'de-growth'.[29] The points made above suggest this kind of over-determined binary distinction is unhelpful.

Alternatives to growth.

The preference of many in the 1950s to abjure talk of GDP in favour of trends in industrial production, reflected not only the much longer history of data on this latter quantity compared with its new-fangled alternative. It also reflected a deeply embedded cultural sense of industry as the real core of the economy. This culture has not disappeared, hence the cries of 'we don't make anything anymore' when people are confronted with the fact that around 80 per cent of the economy is no longer based on making 'things', but providing services, the consequence of seventy years of de-industrialisation. But, this culture is a problem if it leads to suggestions that economic policy should aim at substantial *reindustrialisation*. Plainly there are opportunities for industrial growth in some 'green' products, in part linked to 'on-shoring'. But the idea that we could ever

[25] J. Runge and N. Hudson, *Public Understanding of Economics and Economic Statistics*, London, National Institute of Economic and Social Research, 2020, p. 9.

[26] A. Haldane, 'Everyday economics', Bank of England, speech, November 2017; https://www.bankofengland.co.uk/speech/2017/andy-haldane-speech-during-regional-visit, p.2; A. Killick, *Rigged. Understanding "the Economy" in Brexit Britain*, Manchester, Manchester University Press, 2020; see also A. Killick, 'Do people really lack knowledge about the economy? A reply to Facchini', *The Political Quarterly*, vol. 88, no. 2, 2017, pp. 265–272.

[27] B. Christophers, 'Making finance productive', *Economy and Society*, vol. 40, no. 1, 2011, pp. 112–140; D. DeRock, 'Hidden in plain sight: unpaid household services and the politics of GDP measurement', *New Political Economy*, vol. 26, no. 1, 2021, pp. 20–35; L. Messac, 'Outside the economy: women's work and feminist critique in the construction and critique of national income accounting', *Journal of Imperial and Commonwealth History*, vol. 46, no. 3, 2018, pp. 552–578; R. Murray, 'Measuring output from the public sector', *Review of Income and Wealth*, vol. 56, no. 2, 2010, pp. 413–423; *Atkinson Review: Final Report: Measurement of Government Output and Productivity for the National Accounts*, Basingstoke, Palgrave Macmillan, 2008.

[28] Christophers, 'Making finance productive', p. 118.

[29] J. Hickel, 'What does degrowth mean? A few points of clarification', *Globalizations*, vol. 18, no. 7, 2021, pp. 1105–1111.

go back to the levels of industrial employment of the mid-twentieth century is fantastical. The shift has mainly been the consequence of rises in manufacturing productivity and changing income levels, and these presumably will not be reversed.

Discussion of this issue is not helped by the constant vagueness surrounding the meaning of 'industrial policy'. When the term was first used in the 1960s it clearly related to the industrial sector (mining and manufacturing), but today it is used promiscuously, often to describe any policy to improve the supply-side of the economy, without regard to sector. A similar point relates to 'productivity'. The Labour governments of the 1940s and 1960s put enormous emphasis on raising productivity. The New Labour government also put a lot of effort into this policy, though nothing to match that of the earlier efforts. In those previous episodes it was clear that productivity policy was overwhelmingly about *industrial* productivity, and that its pursuit was inextricably interwoven with labour relations in the industrial sector. Of course, productivity increase doesn't have to have those linkages, but that is very much the Labour heritage and, as with growth, it is important to mark the specific historical circumstances which lie behind an element of economic policy discourse.

Another aspect of productivity talk is its relation to economic growth. The postwar narrative was that raising productivity was the key to faster growth, and faster growth would make possible expenditure on desirable reforms such as better health and educational provision. Such a narrative remains strongly entrenched. But an alternative view, with potentially greater purchase on today's circumstances, is that investment in health and education should be seen as the starting point for economic improvement, by raising labour market participation as well as increasing output per head. This approach avoids the assumption that only with growth should we sensibly afford such expenditures, and undercuts the extremely unhelpful notion that health and education spending are 'social spending' to be only undertaken once economic growth has allowed such benevolence.[30]

Alongside the inherent problems of the term, a focus on GDP growth is based on the ill-founded notion that we should seek a single metric by which to judge economic performance. Much better to accept that the complexity of what is meant by 'the economy' is irreducible to one number. At different times and in varying circumstances, it may be appropriate to focus on one or a few metrics, but without giving them trans-historical status. One encouraging sign is that Labour sometimes links growth talk with a desire to provide more 'good jobs', though this is still framed by the growth pledge: 'the defining mission of the next Labour government will be to secure the highest sustained growth in the G7, with good jobs and productivity growth in every part of the country'.[31]

This is different from the traditional focus on employment levels, recognising how deindustrialisation has been accompanied by labour market polarisation and the proliferation of lousy jobs largely in the service sector. Such a focus is supported by the work of American economist, Dani Rodrik, who has suggested the expansion of 'good jobs' as one key part of an appropriate policy agenda for current conditions—good jobs meaning 'those that provide a middle-class living standard, adequate benefits, reasonable levels of personal autonomy, economic security, and career ladders.'[32] He also emphasises that most of these jobs will *not* be in the industrial sector. This is not to say 'good jobs' is the best single metric, any more than GDP could ever be. While good jobs generate many positive externalities, they plainly do not address directly the problems faced by those not in the labour market. But the aim should be to use measures that reflect the circumstances of today—not the 1950s and 1960s.

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[30]H. Cooper and S. Szreter, *After the Virus. Lessons from the Past for a Better Future*, Cambridge, Cambridge University Press, 2021.
[31]Reeves, *A New Business Model*, p. 22.
[32]D. Rodrik, *An Industrial Policy for Good Jobs*, The Hamilton Project, New York, Brookings, 2022.