Fear and Envy as Motives for the Pursuit of Economic Growth: Do Ideological Frameworks Matter?

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Abstract: The pursuit of economic growth has come to be taken for granted as a policy goal with the motive commonly presumed to be improvement of human welfare. However, a historical perspective points to ulterior motives such as military upheaval threats as motives for governments to pursue economic expansion. .In societies as diverse as Qin and Han dynasty China, early modern Europe, Meiji era Japan, the Soviet Union in the early Stalinist years, and post-war U.S. and OEEC Europe, the desire to provide resources to support military activity was a central motive in setting economic expansion as an important policy goal. Nevertheless, it can hardly be claimed that militarization has always been the dominant motive for the pursuit of economic expansion. In the cases both post-independence India and post-war South Korea, the pursuit of industrial self-sufficiency for security purposes was balanced by populist motives of poverty alleviation. The cases of India and South Korea as well as that of early modern Europe illustrate Jacob Viner’s claim of a long-run harmony between the pursuit of wealth and power as ultimate ends of national policy. While civil wars and domestic violence were endemic in Latin America and sub-Saharan Africa during the twentieth century, the combination of a lack of interstate competition and of weak state legitimacy implied no attempt to pursue growth as a means of military mobilization. Instead growth as a policy goal was pursued in both regions from a perspective of backwardness and catch-up. In sum, this study suggests that there was been a substantive economic discourse over the centuries on bellocentric motives for the pursuit of economic growth and this has influenced the more general, systematic theorizing in the history of economic thought on economic growth.

The pursuit of economic growth is currently commonly regarded as a self-evident policy goal. In 2012 in the aftermath of the world financial crisis, Kenneth Rogoff who had been chief economist at the IMF claimed that economic growth has been “the be-all and end-all of policy.”

And John McNeill, a pre-eminent environmental historian has claimed that the “over-arching priority of economic growth was easily the most important idea of the twentieth century.” (cited in Schmelzer 2016).[[1]](#footnote-1)

Societies that have achieved affluence have experienced ongoing improvements in living standards and presumably tend to take it for granted that such improvements can and should continue. Economic policy makers in such societies see slowing economic growth as grounds for pessimism (Gordon 2016). Societies with living standards substantially below the maximum, and a fortiori below the median or average, presumably seek economic growth to catch-up and attain living standards to which they think their populations should be entitled.

However, the literature on economic growth in the history of economic thought suggests that interest in economic growth and allowance for its possibility has varied considerably over time. A number of surveys of the literature on economic growth suggest active interest by the so-called classical economists from Adam Smith to John Stuart Mill. Subsequent marginal school writers and Alfred Marshall up through the mid-twentieth century displayed in retrospect a notable lack of attention to the issue of economic growth. But from about 1960 onwards, economists have displayed a resurgence on interest though even this with periods of ups and downs. (see Abramovitz 1989 Arndt 1978; Hicks 1966).

Evidence on trends in usage of the term “economic growth” in various types of publications supports the view of a surge upward in interest in the term economic growth from the mid-twentieth century. Thus Schmelzer (2016, p.3) examining usage of the term “economic growth” in Economics publications listed in the JSTOR data base finds negligible usage prior to the mid-1940s followed by a pronounced surge in the 1950s, peaking in the mid-1960s. Schmelzer reports similar trends using google n-gram measures including French and German translations of the term as well as the English for “Economic Growth.”

Ambivalence about economic growth as a central societal policy priority is evident in the Frank Knight’s classic exposition written in the 1930s of the tasks of an economic system in his *The Economic Organization* and as subsequently articulated in Knight’s student George Stigler’s exposition in various editions in the mid-twentieth century of the *The Theory of* Price and in Paul Samuelson’s Economics textbook. In Knight’s original exposition in his 1933 *The Economic Organization*, one of the five basic economic functions of any social organization “ is really a group of functions having to do with maintaining and improving the social structure, or promoting social progress” (Knight 1951, p.8), a rather muted allusion to economic growth.

 Stigler retains this function in the first two editions of his Theory of competitive price (1942) and then Theory of Price (1946). In the third edition (1966), Stigler explicitly lists providing for economic growth as one of four tasks of the economic system (p.12). However, he also observes (p. 19):

 “We who live in an age when the idea of economic progress has reached the economically most primitive and rigid economies must therefore be reminded that the task of providing for growth does not really belong in our list of functions intrinsic to economic life, and that most societies known to history have had economically unprogressive economies.”

In Stigler’s fourth edition (1987) economic growth or progress is no longer mentioned as a central task of economic system; only Knight’s first three tasks are still mentioned (p.11). Interestingly Paul Samuelson in the various editions of his *Economics* textbook published in the mid to late twentieth century only lists Knight’s first three functions as central to an economic system, making no mention of growth or progress or long-run historical change.

Admittedly, looking for usage of the phrase economic growth, especially in the sense of percentage increases in aggregate national income prior to the twentieth century is anachronistic. A number of studies of economic expertise and economic growth policies in the twentieth century have observed that setting growth of national income as a policy goal has been intertwined with developing both the concept of the economy as a unit of analysis at the nation state level and conceptual and operational methods for national income accounting (see Tooze 1998; Tooze 2001, 1-11; Collins 2000, 32-36; Schmelzer 2016, 85-116; Mitchell 2011, 136-139; Shenk 2016). However, economists and writers on economic policy in earlier times did refer to episodes of economic expansion and to cross-country comparisons of levels of prosperity. Smith (1976, Vol. I, 99, 10-11) refers to the “progressive state” in contrast with “stationary” and “declining” states of society as well as to the contrast between “savage nations of hunters and fishers” versus “civilized and thriving nations”. The early modern mercantilist literature refers to plenty and the increase of prosperity through international trade (Viner 1948). And in tracts associated with the fourth century B.C.E. Qin dynasty reference is made to “enriching the country” through land settlement and improvements in agricultural productivity. Thus making due allowance for differences in terminology, conceptual frameworks, and historical context, interest in some form of economic expansion seems to have recurred in economic discourse throughout history.

 Surveys of economic growth as a policy goal suggest that the mix of societal objectives behind why economic growth is valued has varied according to historical context. Nor is it evident that improvement of mass living standards has always been the primary motive for promoting economic growth as a policy objective in modern times. These objectives have often centered on keeping political regimes in power but more specifically as a way of avoiding tradeoffs between high priority policy goals competing for attention including the proverbial guns and butter tradeoff.

Political regimes seeking to remain in power have frequently pursued economic expansion as a means of mobilizing resources for military activity whether for defensive or offensive purposes. Sentiments of fear have quite likely accompanied such activity whether stemming from self-defense from external invasion or whether inflicted on others in the pursuit of conquest.

One pithy, oft-cited statement of the connection between economic expansion and military activity is the phrase, “enrich the country, strengthen the army.” Historians have frequently attributed this phrase to Shang Yang, the Qin dynasty of China political leader though historians of the Meiji restoration in Japan have also invoked the phrase for that regime’s motives for the pursuing Japanese industrial development. More recently the state capacity literature, originating in the work of Charles Tilly (1999) and continuing through work by Dincecco (2018) and Gennaioli and Voth (2015) have argued that “war makes states,” that is that early modern states developed fiscal capacity to meet the demands of warfare with any ensuing economic growth and urbanization an unintended consequence. It will be contended here that there has been a long tradition of economic discourse regarding the relationship between economic expansion and military activity.

These considerations suggest that policy makers could give more attention to economic growth during periods of economic, social, and political crisis as a way of mobilizing resources for survival than during periods of rising prosperity. Indeed, one implication of the view that military competition spurs the development of state capacity and potentially economic growth is that the lack of military competition may actually lower the potential of economic growth by lowering the development of state capacity. Herbst (2000, 42-43) and Dincecco and Onorato (2018, 102-107) have argued that such lack of military competition has been an impediment to economic growth in sub-Saharan Africa.

The question arises within this framework as to circumstances under which military competition or potential for dominance will foster interest in developing resources for military activity and in turn the relative importance of the development of fiscal capacity versus promotion of economic growth as a means of garnering these resources. The issue also arises as to what influences whether any additional resources a polity acquires due to military dominance are used to enhance economic productivity or whether instead these resources are employed to pursue predatory activities.

Military competition thus provides one motive for the pursuit of economic expansion.

Economic growth could also emerge as a policy goal due to disadvantageous comparisons or in other words, due to envy. Relatively low income per capita could simply reflect lags in the diffusion of the most advanced technologies and this could represent a ready opportunity for improvement. However, a range of factors could impede such catch-up and convergence including lack of important natural resources and the presence of interest groups whose well-being could be threatened by adopting advanced technologies. Countries regarded as relatively backward are perhaps more likely to ponder growth-promoting policies than those that are economically advanced. This can be seen as consistent with a convergence hypothesis.

Perceptions of relative economic backwardness can also provide an incentive to pursue economic growth as a way of vindicating alternative systems of economic organization and of pointing to systemic global features impeding a country’s or region’s economic development. Rivalry could also be a factor at work; even if not currently backward, the prospect of being overtaken and falling could behind could motivate the pursuit of economic growth; in other words the country or countries involved see themselves as participating in a race.

Fear and envy need not be exclusive. Countries could pursue economic growth both to vindicate an alternative method of economic organization and to mobilize resources for exhibiting potential for military dominance. Stalin stated such a combination of motives in statements justifying the early five-year plans of the Soviet Union in the late 1920s and early 1930s

Due to both its apparent enduring influence over many centuries and precisely because of the possible fundamentally different political, social, and economic context from more recent times, it is of interest to consider how the power and plenty or alternatively rich nation strong army relationship has been conceived in various time periods and social and economic contexts including conceptions of the nature of economic expansion.

Many of the authors and policy makers that will be considered below would not normally be considered economists. And many of them were not necessarily working with a unified view as to how the economic system of their time operated. However, they can be viewed as engaging in an economic discourse on the power plenty/ rich nation strong army relationship (See Magnusson 2015, pp.7-9). Moreover, it will be noted that such linguistic discourse on economic policy was on more than one occasion both influenced by and subject to influence by those who could be classified as economists in the sense that the latter did work with a unified vision of an economic system. Although by no means the only motive, it will be suggested in what follows that the desire to secure resources for military mobilization has more frequently than sometimes recognized been an important and even dominant motive for the pursuit of economic expansion throughout human history in a wide range of circumstances. It will also be argued that this has led in these situations to a substantive economic discourse on the power and plenty relationship.

The motive of military mobilization has been reconciled in various circumstances with the arguably more benevolent motive of pursuing economic growth to improve the general welfare of a country’s population. In pursuing the expansion of resources in order to facilitate military activity, have policy makers treated human welfare as no more than a means for remaining in power or has the potential of economic growth to enhance human welfare been regarded as an end in its own right?

 The discussion that follows takes up an admittedly disparate range of cases in a roughly chronologically order. Though these cases range widely over time and space, their choice as a group is motivated by the extent to which they illustrate the questions, issues, and themes just outlined. The first section takes up the case of Ancient Qin China as illustrating the pursuit of economic expansion in a primarily agrarian context in order to mobilize military resources and because it features a prominent early statement of the “rich nation, strong army” principle. Section II jumps to early modern Europe noting both similarities with Qin China but also contrasts due to the rising importance of commerce and international trade. Both contemporary policy makers and economists and subsequent historians of economics debated whether power should be or was balanced with human welfare as policy objectives for the state in early modern Europe. Moreover, a number of comparative scholars have noted the comparisons and contrasts between Qin China and early modern Europe. Section III takes up Meiji restoration Japan in which rapid adoption of Western methods was pursued to enhance access to advanced military technology. Historians of Meiji Japan have also frequently featured statements of the “rich nation, strong army principle” but with an emphasis on the incentives this provided for Japan to modernize and industrialize rather than to just quantitatively build up its military. Section IV considers the contrasting route with Japan that late imperial China took in resisting adoption of western technology. Section V considers the extent to which industrialization was pursued in the Soviet Union under Stalin because of the threat of foreign invasion. Arguably, Stalin was the first political leader in history who featured rapid economic growth as a policy goal for his country. What was perceived to be at stake was not simply resisting external threats but also of manifesting the superiority of the new command and collectivist economic system that emerged in the Soviet Union. Section VI considers the extent to which the Cold War and rivalry with the Soviet Union provided the impetus to adopt economic growth as policy goal in the both the U.S. and the OECD. Section VII takes up the cases of India and South Korea where there seems to have been a clear balancing between military power and human welfare. Section VIII takes up the cases of Latin America and sub-Saharan Africa in which the lack of interstate competition and consequent lack of incentives for military mobilization appears to have limited the impetus to pursue economic growth. Section IX considers indications that the power plenty relationship has influenced the economic thought on economic growth rather than economic thought influencing growth or the nature of the power and plenty relationship.

 One prominent episode in economic history not taken up in what follows is that of the British industrial revolution. The extent to which the proliferation of “useful knowledge” often associated which this landmark development had connections with military applications is an important topic for further consideration (see Mokyr 2016 for further discussion). This study will suggest that over the centuries there have been substantive economic discourses on bellocentric motives for the pursuit of economic growth and that this has influenced the more general, systematic theorizing about economic growth in the history of economic thought.

**I. Qin China and Lord Shang: Making a country prosperous by agriculture and war.**

The motto “enrich the country, strengthen the army” is frequently associated with Meiji era japan, but has been traced back to Qin dynasty political leader, Shang Yang (d. 338 B.C.) [ see Samuels, 1994, p.35). This makes the phrase a quite early formulation of the bellocentric motivation for pursuing economic expansion. It thus precedes Cicero’s oft-cited aphorism of first century B.C. with which it has resonance:

“Nervi belli, pecunia infinita--The sinews of war are limitless money”  ~Cicero, Philippics, V, ii, 5

Samuels (ibid. p.35) notes four Chinese characters in the phrase *fukoku kyohei*: fu (rich) nation (koku) strong (kyo) army (hei). However, there would seem ambiguity in the Chinese phrase regarding both who is to be enriched and the direction of causation and more generally the relationship between the two activities of enriching the country and strengthening the nation. Translations of this include “enrich the state” and “enrich the people.” Is the aim to provide resources for the government, to enrich the population generally or to enrich the overall economy?

One interpretation of the phrase is that the nation is to be enriched to provide the resources for a strong military. However, it could be argued that a strong military is to be desired to enrich the nation. Or the view may be that the two policies are to be pursued simultaneously.

Holcombe (2001, p. 16) uses the phrase Fuguo Qiangbing as the ancient Qin equivalent of fukoku kyohei, quoting Intrigues of the Warring States, and translates it as:

“Those who desire a rich state must extend their territory; those who desire a strong army must enrich their people.” But Holcombe goes on to observe:

”Despite the benevolent intentions of enriching the people, Qin objectives were resolutely statist. Wealth and power were to serve state goals; by Qin law, citizens who did not devote themselves to agricultural production were to be conscripted into the army.”

The policies of Shang Wang himself are commonly seen as emerging in a context under the Qin dynasty in which the role of feudal elites in preceding warring states societies were suppressed and the Qin emperor was to exert more direct rule over the farmers and soldiers serving him. Thus Rosenstein 2009, pp.24-26 describes the larger political context for Lord Shang’s reform as a shift from rule by a Zhou aristocracy based on feudal loyalty to a system based on centralized control. Abandoning the aristocratic monopoly on warfare allowed increasing the size of a state’s army and a shift from an administration based on aristocratic hereditary tenure to one based on merit and skill

And Chang (2007, p.62) argues that this shift in power balance was a landmark change in the ideology and purpose of the Chinese state towards promoting the welfare of the common people. However, most historians describe Shang Yang as pursuing a so-called legalist approach in which the fundamental aim is the realist one of keeping a political regime in power rather than promoting popular welfare for its own sake.

 Some historians have argued that Shang Yang’s theories about agriculture were based on the work of an earlier Wei minister who worked sometime after 445 B.C. named Li Kui (Lewis 1999, 605; von Glahn 2016, 55) Li Kui is sometimes viewed as a founder of the legalist school. (Lewis ibid., 605). Li Kui viewed a small-scale farm worked by a single peasant family as providing the foundation for successful agriculture in China. He argued for standardized sizes of landholding. He recommended policies for maximizing agricultural production in order to generate the highest tax revenue for the government while still preserving well-being of peasant families. (Lewis ibid., 605; von Glahn ibid., 55). Li Kui’s policies included cultivation of multiple crops to diversify risk from harvest failure, employing more labor intensive cultivation techniques, and cultivation of mulberries and other non-food crops as a way of putting marginal land under cultivation (van Glahn ibid., 55).

 Von Glahn sees Li Kui as one of the originators of Legalism and as “progenitor of the doctrine of ‘enriching the state and strengthening the army.” The degree to which a treatise by Li Kui formed the basis for the code formulated by Shang Yang has been disputed but has been defended by some (Von Glahn,ibid. p. 56, note34) Since Li viewed farmers and their families as the underlying source of the state’s economic resources, he viewed impoverishing that population as the greatest risk to the state Von Glahn (ibid, p. 55). For this reason, Li favored modest taxes on farmers and restrictions on merchant exploitation of farm families. (von Glahn ibid., p. 55).

 Absent clear texts attributable to Li Kui and with even the Book of Shang apparently consisting of fragments with direct attribution to Shang unclear, it is problematic to say how much Shang Yang truly developed Li Kui’s policies further. However, the emphasis Shang Yang puts on agricultural expansion in the form of land clearance and cultivation of previous waste land as well as discouragement of commerce or government office at expense of agriculture are notable. Furthermore, passages in Shang emphasizing the role of fear and threat of punishment as the route to virtuous behavior seem consistent with the legalist perspective of Li Kui:

“When punishments are heavy, people dare not transgress, and therefore there will be no punishments; because none of the people will dare to do wrong, everyone in the whole country will be virtuous, so that without rewarding the virtuous, the people will be virtuous. That the rewarding of the virtuous is not permissible is because it is like giving rewards for not stealing.”

Yang (1928, 288)

Shang’s policies have notably been subject to contrasting interpretations regarding whether they provided a solid social foundation for subsequent Chinese dynasties or alternatively implied an unstable ruthlessness. Hui (2005; 2017) argues that Shang’s policies were “self-strengthening in providing a solid institutional foundation for state development. She claims that these policies set in place effective rewards and punishments that incentivized “peasant-soldiers” to both be productive in agriculture and to be active fighters in war. And she suggests that this system of incentives both offset tendencies to corruption by political office-holders and generated popular support for territorial expansion (Hui 2005. p. 227).

In contrast Zhao (2015) argues that Shang’s policies were self-defeating and required a synthesis with Confucian concepts lending legitimacy and focus on commonwealth interests to provide the ideological foundation for subsequent Chinese dynasties.

In The Book of Shang, consisting of writings loosely attributed to Shang Yang, the policy focus is on agriculture and warfare. More specifically, the policies articulated in this text clearly focus on bringing unsettled land under cultivation, avoiding policies that would discourage productive effort in agriculture and ensuring the availability of population to be conscripted for military service:

“If the whole population is registered at birth and erased at death, there would be no people who would escape agriculture and in the fields there would be no fallow land. Thus the country would be rich, and being rich it would be strong.” (Yang ibid., 203)

 “but nowadays, although the rulers of the world have territory of several thousand square li, the produce is not sufficient to support the soldiers and to fill the granaries, and the army is equaled by the neighbours. I regret this state of affairs, therefore, on behalf of the ruler. Indeed, having a large territory and not cultivating it, is like having no territory; having a numerous population, but not employing it, is like having no population.” (Yang ibid., 216)

Admittedly, these policy aims do not explicitly entail the pursuit of economic growth; however they could be seen as similar in spirit to a policy of resource expansion with a view to facilitating military activity. (Lewis ibid., 633, Zhou ibid., 215, 216).

Shang supports these policy aims by asserting that farming and military service are the only productive activities in society and that alternative occupations in either commerce or holding government office were to be discouraged as unproductive and indeed even corrupting and corrosive in diverting efforts away from farming and military service (Yang ibid., 185, 189). Shang’s argument regarding circumstances in ancient China can be seen as resonating with the trans-historical argument made much more recently by Baumol (1990) and Murphy et al. (1991) regarding how whether productive, destructive, or redistributive activities are pursued by the most talented in a given society depends on the relative rewards to each type of actively. On these grounds Shang argues against providing incentives for pursuing and holding office in order to discourage the most talented form pursuing activities he views as unproductive (Shang ibid. 194, 195, 211, 212). And Shang viewed policies that rewarded productive activity and more importantly punished unproductive pursuits as crucial to the well-functioning of the society and state.

 Perhaps most notable for comparison with the early modern period is that as will be seen by Jacob Viner’s analysis below, the Book of Shang suggests simultaneous, interactive relationship between agriculture and army with both institutions essential to sustaining both the well-being of the country and the longevity of the ruler:

 “if he who administers a country, is able to develop the capacity of the soil to the full and to cause the people to fight to the death, then fame and profit will jointly accrue.” Yang (ibid., 217)

Thus in contrast with Hui’s (ibid.) claims of Qin superiority to early modern Europe, The Book of Shang can be interpreted as pursuing a similar harmonious balance between power and plenty as Viner perceived for early modern European mercantilists as described further below. The Book of Shang is not explicit on the reinforcing incentives a strong military provides to encouraging agriculture through protection from external invasion but it does assert that a prosperous agriculture contributes to a strong military supplying both food and soldiers (Yang ibid., 214-225). The important caveat should be add that an important dimension of difference was the priority placed on agriculture and disdain for commerce in the case of Lord Shang in contrast with the priority placed on commerce and the role of the merchant as well as maritime and naval activity in early modern Europe.

**II. Early Modern Europe: Power over Plenty or Power and Plenty?**

The legalist interpretation of Lord Shang emphasizes that his aims were realist, focused on keeping the ruling regime in power. The people’s welfare was not to be promoted for its own sake but to generate resources for the military and to keep the regime in power. Zhao (2015) has argued that only well after the Qin era did a Confucian-Legalist synthesis emerge in China aimed at balancing popular welfare with regime stability. He argues that, counter to Hui (ibid.), during the warring states era in China, there was not a conception of the nation as a political unit in contrast to what emerged in early modern Europe. Historians of economic policy in early modern Europe have also argued over whether states ultimate aim was pursuit of military power for its own sake or whether balancing between power and plenty occurred. And contrasting comparisons between ancient China and early modern Europe have been made. Hoffman (2015, p.19) has cited sources noting that in comparison with Chinese emperors, European rulers were far more obsessed with fighting wars. Hui in contrast argues that in Ancient China, dominant military strategies were effectively pursued because of self-strengthening institutions.

There seems widespread agreement that establishing military power was a dominant and arguably the predominant aim of early modern European rulers. The obvious explanation for this aim would be the rise of inter-state competition for military dominance given the rise of the nation state and the growing complexity and costs of military technologies both for armies and navies. In such a survival of the fittest, law of the jungle setting, it is hardly surprising if the accumulation of resources for military activity was paramount for nations during this era.

Although Adam Smith was hardly a mercantilist, he did articulate mercantilist arguments for the importance of defence and military activity for a society and it is useful to consider his statements as a fully reasoned and articulated perspective on this.

Smith asserted that “defence… is of much more importance than opulence” (Smith 1976, 464-5) and that “protecting the society from the violence and invasion of other independent societies” was “the first duty of the sovereign.” (Smith ibid. 689). Furthermore, Smith proceeds in the opening section of Chapter I of Book V of *Wealth of Nations* to elaborate a stage theory of how military defense is provided as societies develop with the most primitive societies of hunters and gatherers capable of providing defense without requiring a specialized military. However, the cost of defense from external invasion in Smith’s view “grows gradually more and more expensive, as the society advances in civilization.” (Smith ibid.707).

And he notes that the invention of gunpowder and fire arms has considerably further increased the expense of maintaining an army in both war and peace (Smith ibid. p.708).

 In this historical setting in early modern Europe of a)increasing size and complexity of political units b)extensive interstate competition and warfare and c)technological advance and rising cost of warfare, it is to be expected that Smith and his mercantilist predecessors would devote attention to the financing and support more generally of military endeavors. And indeed chapter II, “Of the sources of the general or publick Revenue of the Society” and Chapter III, “Of publick Debts” of Book V of *The Wealth of Nations* can be viewed as devoted to this issue (Winch 1978, Chaps. 5 and 6). While “the Expence of Defence” is just one of a number of expences of the sovereign or commonwealth that Smith considers in Book V as making claims on the revenue of the sovereign or commonwealth, Smith does list it as noted above as “the first duty of the sovereign.” Moreover, in considering the burdens of taxation and public debt on the state, in chapters II and III of Book V, Smith frequently alludes to the burdens of debt accumulated from recurring wars. Smith in T*he Wealth of Nations* did go well beyond the minimalist formula for government sometimes attributed to him in an unpublished 1755 essay. [[2]](#footnote-2) It has been noted that Smith made exceptions to his general free trade principles on grounds of support for national defence. On these grounds, Smith justifies Navigation acts and bounties for fisheries as means of enhancing the numbers of a country’s sailors and ships. And Smith justifies bounties on exports of strategic materials such as gunpowder on grounds of encouraging their domestic manufacture. (Smith ibid. 463, 518, 522-23). Neal (1974; 1976) notes that often Smith’s passages justifying such restrictions on free trade have been cited by scholars without taking into account the specific military context in which he makes these arguments. One can also note that similar arguments to Smith’s were made by Alexander Hamilton in his influential Report on Manufactures published a few decades after *Wealth of Nations* (Hamilton 1790 284).

 Smith as well as some of his mercantilist predecessors recognized that excessive tariffs or excise taxes by suppressing economic activity would lower government revenues which would in turn lower the resources available to support military and defence activities (Smith ibid.881-2, 884-5; also see Furuya 2019, p. 16). Smith along with Hume and other contemporaries perceived that levels of public borrowing in England were generating a debt that was highly unlikely to be paid off. But the unsustainability of borrowing to pay for war, provided further justification for establishing increased sources of tax revenues to support a military establishment and one route to this acknowledged by some mercantilist authors was to enhance the overall revenues or income of the country, that is to promote economic growth (See Heckscher 1955, p. 31).

Smith was aware that Great Britain was in a historical stage that came after “the extension of commerce and the improvement of manufactures” (Smith ibid., 907). As Hont 2005, 77-80) observes, Smith went beyond a physiocratic policy of just pursuing productivity of agriculture as the source of wealth. He realized that expansion of trade, commerce, and manufactures were key to generating the revenues requisite for governments to tax in order to maintain an adequate military force for reliable defence.

Generalizing beyond Smith, Heckscher (ibid. 31-32) notes that in the pursuit of power, mercantilist authors did not just advocate a direct movement of economic activity towards ends required for political and more particularly economic power, such as providing incentives to supply timber for weapons or ships or divert population to staff armies and navies. He also notes the strategy of creating a “reservoir of resources generally, from which the policy of power could draw what it required” and that as a result “considerations of power became a motive for stimulating the general economic prosperity of the country, for this was considered the best guarantee for ensuing a powerful state.” Although Heckscher distinguished mercantilism from laissez faire, he argued that many mercantilists advocated “industrial liberty” and perceived “the blessings of trade” (Heckscher ibid. 273-285). However, Heckscher thought that mercantilist writers did perceive the revenues of the system as a whole as “an unchangeable total” (p.285). In contrast, Viner (1948, 15) emphasizes that “power and plenty….are … harmonious ends, each reinforcing and promoting the other. The idea is expressed in the maxim attributed to Hobbes: ‘Wealth is power and power is wealth.’”

Viner’s challenge is supported by the famous passage in Machiavelli’s (1532/ 2016, Chapter 20) *The Prince* that “the best possible fortress is not to be hated by the people.”

Viner (ibid.15-16) provides a number of specific citations from the mercantilist literature

which “spelled out somewhat more fully” the harmonious inter-relationship between power and plenty. One particularly lucid statement comes from Josiah Child’s (1681) *Treatise concerning the East India Trade*:

“Foreign trade produces riches, riches power, power preserves our trade and religion.”

Child (1690) provides a further elaboration of this inter-relationship:

“It is evident that this kingdom is wonderfully fitted by the bounty of God almighty, for a great progression in wealth and power; and the only means to arrive at both or either of them, is to improve and advance trade…”

Viner (ibid, p.16) notes that one historian of English early modern colonial trade offered the summary assessment that:

“The men of the day argued in a circle of sea power, commerce and colonies. Sea power enabled England to expand and to protect her foreign trade, while this increased commerce, in turn augmented her naval strength.” [Viner ibid. citing George L Beer, *The Old Colonial System, 1600-1754.*]

Viner (ibid., pp.16-17) adds the important observation:

“Circular reasoning this may have been, but it was not, logically at least, a ‘vicious circle,’ since under the circumstances of the time it was perfectly reasonable to maintain that wealth and power mutually supported each other, that they were or could be made, each a means to the augmentation of the other.”

Magnusson’s more recent survey acknowledges the dispute between Heckscher and Viner. On net, he seems to side more with Viner’s position as to early modern policy makers perceiving a harmonious balance between the pursuit of power and plenty. However, Magnusson, usefully notes substantial variation among early modern policy writers, even within a given geographical region. He notes that some writers adopted a more zero-sum perspective on trade between nations in which gains in trade for one nation would come at the expense of others. However, he also notes that policy makers frequently considered prospects for economic expansion whether by trade or by improvements in productivity both in manufactures and in agriculture (See Magnusson 2015, 23-31, 54-59, 59-63, 92-93).

 There are some elements of continuity with the arguments of Lord Shang from Qin China in a mercantilist emphasis on population as a resource for enhancing power both narrowly in providing staffing for armies and navies and more generally as a factor of production that can generate more output whether as food for domestic consumption or as exportable goods. (See Heckscher ibid, 44-46 on the military aspect of population and 152-172 on population as a factor of production).

 However, an important contrast underscored by Viner’s interpretation and missed by zero-sum interpretations such as those of Heckscher and Hui is that mercantilist writers could be attuned to expansive possibilities of trade and commerce and the virtuous circle between power and plenty these could enable. Thus in sharp contrast to Lord Shang who viewed commerce as a parasitical activity, Smith and many mercantilist writers viewed the expansion of taxable revenues that “the extension of commerce and the improvement of manufactures” was making possible as critical to financing the rising expenditures on defence that early modern European states found necessary due to interstate competition and advances in military technology

**III. Meiji Japan: Industrialize to adopt advanced military technology**

In moving forward from early modern Europe, this survey will skip over the industrial revolution in Western Europe. Mokyr (2016) provides a rich survey of the progress of useful knowledge in Europe between 1500 and 1700 for civilian rather than military purposes. While military motives may have been present in some efforts at technological advance and industrialization in Western Europe in the late eighteenth and early nineteenth centuries, they are not commonly featured prominently in most economic histories of the era. However, military motives did feature quite prominently in industrial policy efforts in Japan during its Meiji restoration. This episode features the importance of technological know-how and advance. While this issue was not absent from early modern European military policies, it played a far more prominent role in deliberations in Meiji Japan. Samuels (ibid.) account explicitly invokes defense issues along with the Qin era slogan in its title, *“Rich Nation, Strong Army” National Security and Technological Transformation of Japan.*

A further important element that enters in the case of Meiji era Japan is a perception by many Japanese intellectuals of the economic backwardness of Japan compared with Western economic powers. This can account for the interest among Japanese intellectuals and the incipient Japanese economics profession in stage theory approaches to the process of economic growth with the central issue being the pertinent stage for Japan in its current situation. This in turn resulted in strong interest by Japanese intellectuals and economists more specifically in the work of Friedrich List and Karl Marx and in developing stage theory and Marxian economic frameworks for interpreting Japan’s current economic situation.

Historians have suggested that from the Meiji restoration through the twentieth century, Japanese political economy and technology processes have been driven by fear or insecurity or pervasive anxiety. However, in contrast with the Qin Chinese strategy of focusing fear into brute force effort either in agriculture or the military infantry, Japanese policy makers have focused on mastery of technology including relative to the West both oitsuki (catching up) and oikose (surpassing) (Samuels ibid., ix).

The concept of fukoku kyohei featured prominently in Tokugawa policy discussions by the mid-eighteenth century, well before the arrival of Commodore Perry in 1855. Dazai Shundai (1680-1747) asserted that “National wealth (fukoku) is the basis of national strength (kyohei) but that national welfare (literally ‘food and money’, shokka) is the basis of national wealth” (Samuels ibid, 36).

As the shogunate was declining and with the advent of encounters with Western powers, a number Japanese intellectuals argued for acquiring the resources to gain access to Western technology. There seem to have been some differences in the degree of emphasis on trade versus agriculture as the source of wealth and resources for gaining access to western military technology. (Samuels ibid. 36-37). However, a program of Shokusan kogyo ( production promotion) emerged centered on fostering and protecting domestic Japanese manufacturing. industry.” This can be viewed as an import substitution policy having resonance with Friedrich List’s infant industry argument.

The goal of gaining access to Western technology for military reasons in Japan led to more far-reaching changes in Japanese society and in particular to the dismantling of the Tokugawa political structure based on loyalty of feudal lords and replacing this with a centralized state organization. This can be seen as having resonance with the centralization of power away from feudal sources that occurred in Qin China as context for the Book of Shang. A few insider bureaucrats were able to establish a modern state in Japan. These bureaucrats focused on developing Japan’s military capabilities in the face of threats of foreign aggression and they were able to obtain the resources for this from the agricultural community (Norman 1940, 91-102).

Military and defense objectives were central as motivations for the Japanese state to promote the industrialization of its economy. Meiji leaders identified industries such as engineering, mining, shipbuilding and heavy industries in general as strategic based on whether they were for the creation and maintenance of a modern army and navy. The Meiji leaders also took care to suppress any internal disturbances potentially generated by excessive tax burdens of paying for industrial modernization (Norman ibid., 118, 123).

Okubo Toshimichi was an especially influential samurai bureaucrat and his thought is worth exploring in more detail. Okubo during a trip by Japanese officials to the United States and Europe during 1871-72 was especially impressed by the machinery he observed in the industrial cities of Britain and led him to attribute British wealth and power to its mechanized industries. During the delegation’s visit to Germany, Bismarck informed them that Germany had built up its military strength independently and he advised them that great military powers could be unreliable as a source of technical assistance since they pursued their own national interests in dealings with other countries. Moreover, he warned the delegation about the territorial and colonial ambitions of England and France (Iwata 1964, 157-159).

Iwata (ibid., 236) asserts that Okubo was focused on the economic development of Japan in order to strengthen Japan’s military capabilities, that is *fukoku kyohei*. Norman (ibid., 127) notes Okubo’s obsession with Japan’s apparent backwardness compared with Western technolgoies. On visiting the Kagoshima Spinning Mill in 1869, Okubo stated

“ I went to see the Iso spinning machine; the way it operates is marvelously smooth and delicate and no words can describe it. What a difference there is between the intelligence of foreigners and ours (so that) we must sigh with shame.”

Fukuzawa Yukichi was another influential advocate for reform and modernization in Meiji era Japan who argued that indigenous mastery of science was as important as military manpower and stockpiles of munitions in safeguarding Japan’s security (Samuels (ibid., 43).

In an 1874 policy proposal, Okubo articulated the view that a nation’s military strength is founded on its productive capacity. He went on to state that while the level of a nation’s output may depend on its productivity in manufacturing, the fundamental determinant of rising productivity was government patronage and encouragement ( Iwata 1964, 236).

Okubo appears to have been influenced by Chinese policy makers from the Qin (255-206 B.C.) and Northern Sung (1021-1086 A.D.) dynasties (Iwata ibid. 236).

Despite an apparent emphasis on promoting heavy industry in order to bolster Japan’s defense capabilities, Okubo also introduced policies to improve agricultural productivity, including establishing an agricultural college, agricultural experiment stations, and model farms to train younger farmers in modern farming techniques. He also introduced policies to improve the quality of Japanese silk aimed at the export market. He also introduced measures to promote small-scale industry and it has been argued that these policies aimed at agriculture and small-scale industry were more effective in promoting Japan’s economic modernization than did those aimed at heavy industry (Iwata ibid., 239-43; Brown 1962, 194-196).

Although Okubo was committed to developing a strong military in Japan, he forcefully and successfully argued against an expedition to conquer Korea in the early 1870s. In the memorial he prepared stating the reasons for his opposition, he emphasized that the commitment of resources for a major military venture at that point would divert these resources away from the longer-term investments required to develop Japan’s economy and hence strengthen its military:

“The government’s present undertakings intended to enrich and strengthen the country must await many years for their fulfillment. These projects, in the areas of the army, navy, education, justice, industry, and colonization, are matters which cannot be expected to produce results overnight. To launch a meaningless war now and waste the government’s efforts and attention needlessly, increase annual expenditures to enormous figures, suffer the loss of countless lives, and add to the sufferings of the people so as to allow no time for other matters, will lead to the abandonment of the government’s undertakings before their completion. In order to resume these undertaking, they would have to be started anew.” (Okubo, 659)

Some historians have labelled Okubo as “Japan’s mercantilist” (Brown ibid., 190). And in his 1874 “Memorial on the Promotion of Industry,” he mentions the role of England’s navigation acts in facilitating the rise of its merchant marine and to the importance of protectionist policies in encouraging the growth of domestic industry in early stages. He did acknowledge Britain’s current laissez faire and free trade policies but argues these were only feasible for England as they would be for Japan after attaining world prominence (Brown 1962, 190).

 Some historians have suggested without direct evidence that as a result of his visit to Germany in the early 1870s, Okubo was influenced by the ideas of Friedrich List (Samuels ibid .56; Marshall 1967, p. 17). Samuels ibid., p.56 asserts that “List’s ideas suffuse Okubo’s 1874 economic program, Japan’s first formal rejection of laissez-faire principles.” Marshall (ibid.) also acknowledges that List’s work did not become well-known in Japan until the 1880s though by the 1920s List’s influence seems directly evident (see Samuels ibid. 353, n.90).

Okubo’s protégé Matsukata Masayoshi pursued putting Japan’s finances on a firm footing and he viewed development of the Bank of Japan as key to providing the foundation for financing long run development of military technology (Bailey 1983, 106-111).

 Noboru Kobayashi, a twentieth century historian of economics based in Japan and influential interpreter of List, was intrigued by the resonances in List’s policy thinking with Japan’s economic situation as a latecomer to economic development. Kobayashi appreciated List’s concern for the status of peasant farmers and for List’s engagement with the role of expansionist policies to provide new lands for the peasantry though Kobayashi himself did not favor expansionism. He also adhered to List’s view that the productive potential of an economy included such nonmaterial factors as culture, institutions, and even spiritual dimensions (Harada 2019, 168).

 In the case of Meiji era Japan, “rich nation” was interpreted most immediately as access to state of the art technology but more fully in terms of developing an economically viable manufacturing sector capable of employing state of the art technology to produce modern armaments and competing in an international market. In the early twentieth century, Japanese economists would look to the Western economists List and Marx for inspiration in locating Japan’s development potential as a latecomer economy (Harada ibid.; Itoh 1980).

**IV. China’s contrasting response in comparison with Japan to Western technological challenges**

 In contrast to Japan, China in the later Ch’ing Dynasty did not pursue a rich nation, strong army strategy. However later under communist rule it adopted elements of the Soviet strategy in this regard. Some of the factors behind this contrast in policies with Japan warrant consideration.

From the opium wars of the early 1840s onwards, there was recognition by some of China’s elites of the importance of adopting Western military technology and more specifically of the importance of being able to make rather than just import from abroad modern technologies such as steam ships and explosive shells (Eckstein 1968, 50-53). In China, in the late nineteenth and early twentieth centuries, there were those who strongly advocated adoption and adaptation of Western technologies and Western culture more generally. (See Teng and Fairbank 1979, 142-146, reprinting essays of Hsueh Fu-ch’eng with titles including “An Essay in Praise of the U.S.,”; “Science makes Europe prosperous”; “Education makes European countries Strong”; “Use machinery to promote wealth and to feed the people.” However, high provincial officials not centralized imperial ones primarily recognized the need for adopting Western technology and sponsored Chinese industrialization efforts in response. These provincial officials met with indifference and even active resistance from the imperial center in response to their efforts (Eckstein ibid., 52; Feuerwerker 1958, 174). Moreover, advocates of adopting Western technology also encountered staunch opposition from those who argued that it would lead to a deterioration of Chinese culture and spirit.

Some commentators have grouped China in a category of developing countries including India, Turkey, and Egypt in which a “tension between archaism and modernism” was present (Hirschman (1961, 301 note 49; Matossian 1958). And this may explain why China lagged behind Japan in adopting and adapting Western technology in the later nineteenth and early twentieth centuries. And Matossian (ibid., 227) suggests that although Westernized intellectuals who lacked social standing would resort to populist appeals, traditional elites which still had some influence in China would put emphasis on traditional social hierarchies and related cultural traditions (also see Shih 1940, 775). Reformer Hu Shih, who emphasized the potential for Western liberalism to advance Chinese society can be contrasted with that of the influential reformer Liang Chii-ch’ao, who put more emphasis on retaining links with traditional Chinese culture and values. Liang by the mid-1890s acknowledged the importance of reform for China but he was optimistic that China could reform while remaining true to its cultural origins (Levenson 1969, 217-18, 273-74).

These tensions regarding modernization versus regard for preserving traditional Chinese values in pre-communist China would seem to fit David Apter’s (1963) characterization of modernizing autocracies, which he defines as attempting to modernize while preserving traditional hierarchical status categories. However, interestingly, Apter cites Meiji era Japan as an example of a modernizing autocracy. One could challenge Apter on the basis that he overstates tendencies for preserving traditional authority structures in Japan during the Meiji period.

Communism emerged in China as an effective way of resolving the various tensions and conflicts. Communists in China had to oppose gentry and appeal to peasants---a populist strategy while in Japan with the Meiji restoration, one gentry group was opposing another, and it was not necessary to oppose the gentry in general. This in turn made it more feasible in Japan to accept and “embrace” Western technologies. While in China there was ongoing resistance to “westernizers” as in part reflecting gentry influences (see Levenson 1953, pp.184-188; Shih ibid.). Thus, in late Qing and Republican China, an ideology of pursuing economic growth via the adoption and adaptation of western technology as a means of establishing a strong military did not emerge.

Paradoxically China in the early 1950s readily adopted the Soviet model of big-push industrialization despite the agrarian roots of the Chinese communist revolution without the extensive debate about industrialization that occurred in the Soviet Union during the 1920s to be discussed below (Lardy 2008, 160; Naughton 2007,.64, 66). With the outbreak of the Korean War in the early 1950s, Chinese leaders surely did perceive external security threats and this motivated their pursuit of military modernization with Soviet assistance (Naughton ibid., 64; Teiwes 2008, , p.81; Li 2006). However, although China was heavily influenced by Soviet model as it pursued industrialization in the 1950s it is not evident that Chinese leaders pursued modernization and more specifically industrialization motivated by the same concerns of external invasion as was the case for Stalin in the late 1920s (see Teiwes ibid.; Lardy ibid.). Militarization emerged more clearly as a motivating factor in Chinese economic policy in the early 1970s as the military stepped in to resolve the unrest from the cultural revolution, but this does not seem to have led to a sustained emphasis on growth for this reason alone (Naughton ibid,.76-77).

**V. Soviet Union under Stalin: Industrialize or be crushed by hostile powers.**

Economic growth in the modern sense arguably featured prominently for the first time in history as a national policy goal in the economic policies of the Soviet Union in the early years of Stalin’s rule in the late 1920s and early 1930s. Indeed Nove (1992, 127) suggests that in their focus on development and growth and in discussing issues of public policy regarding provision of investment resources to facilitate growth, economic theorists and policy makers engaged in debates in the Soviet Union in the 1920s “found themselves in the role of pioneers” since these issues had not been given consideration by Western economists and policy makers at this time. The threat of external military attack does seem to have been an important impetus for the priority set on growth with a view to self-reliance on military necessities. (Erlich 1960 .28-29, 167-68).

 As with Meiji era Japan and Qin China, the goal of building up resources to support a strong military with a view to being able to repel foreign military threats appears to have been a central motivation for Soviet leaders. However, this goal was also framed in terms of perception of current Russian backwardness and this in turn resulted in perhaps the earliest national emphasis on economic growth in the modern sense. Joseph Stalin in a 1931 speech listed a long series of military defeats that Russia had suffered as

“beatings she suffered for falling behind, for her backwardness...We are fifty or a hundred years behind the advanced countries. We must make good the distance in ten years. Either we do it or they crush us.” (cited in Berliner 1966, 161)

The last sentence implies the presence of military motives behind the Soviet pursuit of economic growth.

 Stalin in a 1928 statement articulating the case for rapid industrialization and an apparent final decision in the preceding debate between leftists who favored rapid industrialization at the expense of agriculture versus rightists who favored promoting agriculture to then sustain industrialization, argued that there were “conditions of an external and internal order that dictate a fast pace of industrial development.” (in Spulber 1964, 267). Regarding external conditions, Stalin noted both the Soviet’s technological backwardness compared with the capitalist countries and the fact that it was the sole country in the world with a dictatorship of the proletariat. The latter circumstance Stalin described as “the capitalist encirclement.” And from his he went to infer “The independence of our country cannot be upheld unless we have an adequate industrial basis for defence. And such an industrial basis cannot be created if our industry is not more highly developed technically.” (ibid; also see Erlich 1967, 269 and Berliner 1966,161).

This suggests more than just military motivations for the Soviet pursuit of rapid economic growth. The Soviet leaders also appear to have had the aim of demonstrating and affirming the superiority of the Soviet socialist system through its ability to attain faster economic growth than capitalist economies.

Thus the Soviet first five year plan asserts:

“The great task set by the five-year plan for the development of the productive forces of the Soviet Union, through rapid industrialization and steady strengthening of the socialist elements in national economy, is that of attaining and surpassing the economic level of the advanced capitalist countries in the approaching historical period, and thus of assuring the triumph of the socialist economic system.” (*The Soviet Union Looks Ahead*, New York, 1930, p. 7.; Also see Spulber ibid..79; Ofer 1987, 178-99))

It appears to have been as more of an affirmation of the superiority of the Soviet socialist system than as a direct policy goal, that Soviet leaders claimed that living standards superior to Western countries would prevail in the Soviet Union. Thus the program for the 22nd Congress of the Communist Party of the Soviet Union, (1961 512) states:

“In the current decade (1961-70) the Soviet Union, in creating the material and technical basis of communism, will surpass the strongest and richest capitalist country, the U.S.A., in production per head of population; the people’s standard of living and their cultural and technical standards will improve substantially; everyone will live in easy circumstances; all collective and state farms will become highly productive and profitable enterprises; the demand of Soviet people for well-appointed housing will, in the main, be satisfied; hard physical work will disappear; the U.S.S.R. will have the shortest working day.”

One aim of the Soviet policy of bypassing improvements in agriculture and focusing on the growth of heavy industry was to suppress residual free-enterprise elements that would constitute sources of resistance to the Soviet system. The Soviet goal of surpassing the most economically advanced countries of the world combined the spirit of a clash between economic system with the aim of suppressing any remaining reactionary forces within the Soviet Union (see Spulber ibid 23).

Although ultimately, Stalin made the “final decision” based on pragmatic considerations of maintaining power and suppressing threats to Bolshevik rule, there were extensive debates on economic principles underlying the pursuit of rapid economic growth during the 1920s. Soviet economists and policy makers did see themselves as informed by the intellectual legacy of Marx (see Boettke 1990). One issue this legacy posed was the paradox of why the first dictatorship of the proletariat had emerged in country that had not experienced a bourgeois takeover (see Goldman 1968, 14-18; Nove ibid.25-30) . Indeed the more Menshevik view was that Russia would first have to undergo a bourgeois takeover before it would be appropriate to proceed to a proletarian takeover (Nove, ibid. 25-27). However, Lenin, the emerging Bolshevik leader was more concerned with seizing power than with ideological purity and he saw revolutionary potential in the Russian peasantry and proposed an urban proletarian, rural peasant alliance (Nove ibid. 29-30). In his schemes for planning for growth and for the priority on industry over agriculture, E.A. Preobrazhenski was informed by passages from Marx’s *Capital* on investment planning (Erlich ibid.147-155).

Stalin appears initially in the mid-1920s to have sided with moderates and even rightists such as Bukharin who favored a gradualist promotion of industry and with providing middle scale peasants positive incentives to improve productivity in agriculture and provide food and non-food agricultural inputs for industrialization. However, he came to fear that such a strategy would strengthen the bargaining and political power of the upper strata of agricultural areas and lead to tensions in balancing these with the radical reformers in the cities. Stalin noted in his 1928 statement:

“we are still a small-peasant country where small-scale production predominates. And that is the fundamental thing, Lenin’s thesis remains valid that ‘as long as we live in a small-peasant country, there is a surer economic base for capitalism in Russia than for communism,’ and that, consequently, the danger of the restoration of capitalism is not an empty phrase.” (Stalin in Spulber ibid..272; also see Erlich ibid.174-5).

Thus Stalin advocated big-push industrialization in which rapid expansion of the investment oriented industrial sector was required in part to provide tractors for the mechanization of agriculture which in turn provided the technological basis for large scale collective farming which was an appropriate replacement for small-scale peasant agriculture. Thus both fear and envy seem to have been central to the prominence of economic growth as a policy goal in the early decades of the Soviet Union.

 To what extent did Soviet motivations provide a model for other countries of the world in the mid-Twentieth Century?

Germany under Hitler would seem to bear some similarities with the Soviet Union under Stalin During the 1930s and early 1940s, German leaders were able to effectively mobilize quite substantial amounts of economic resources rapidly for its military and war efforts. Hitler does appear to have had a vision of long-term economic expansion so sustain the Nazi war effort into Asia and Africa. However, it is not all evident in sharp contrast to the Soviet Union under Stalin’s leadership, that Germany’s actual mobilization of military resources reflected any cohesive plan for long-run economic growth and expansion (Overy 1994; Tooze 2001; Tooze 2006; 2007, 660, 662, 668-676).

At first glance both Mustafa Kemal Ataturk’s efforts to modernize Turkey and Mohammad Reza Shah Pahlavi’s White Revolution in Iran can be seen as following the Soviet model and also as examples of Apter’s “modernizing autocracies” (see Hodgson 1974, 266, 330). However, on further reflection it is less evident that either Ataturk or Pahlavi were attempting to stabilize tradition, a key feature of Apter’s modernizing autocrat. Indeed, Abrahamian 2008, 131 points out that Pahlavi’s White (because supposedly bloodless) Revolution featured land reform and the interests of the Iranian peasantry as a key element. And both Ataturk and Pahlavi seem half-hearted in their pursuit of economic growth and industrialization and these were accorded lower priority than in the Soviet case.

**VI. Growth as a new priority in U.S. and Western Europe post-World War II to mobilize resources for conflict and containment during the Cold War.**

As an area of recent settlement, the United States since its founding the late eighteenth century not to mention the preceding North American colonies that formed its basis was concerned with issues of economic expansion and at least implicitly with issues of economic growth. Alexander Hamilton’s famous *Report on Manufactures* arguably articulated a concern for promoting economic growth both through improving productivity and through encouraging immigration. In this regard, eighteenth and nineteenth century U.S. experience could be seen as an exception to the dominance of bellocentric motives for the promotion of economic growth. However, as already noted above, Hamilton did put forward national security motivations for promoting industrialization (see Silberner 1946, 168).

In the twentieth century, an emphasis on economic growth as a policy aim for the U.S. federal government perhaps first became evident in Harry Truman’s Council of Economic Advisers during the period 1946-1950. One important factor that seems to have prioritized economic growth over economic stability or lowering unemployment as policy aims during this period was the outbreak of the Korean conflict and the impact that had on generating a demand for a massive rearmament. Leon Keyserling, the head of Truman’s Council of Economic Advisers, stated in a retrospective oral interview that:

“The really great issue that arose at the balance of the Korean War was the balance between trying to finance the war out of diversion of resources, as against financing the war out of economic expansion. I think the greatest single decision made…was the decision to go for a program of very large economic expansion. This involved a very hot battle within the administration, and one which was won completely by the growth people for the first part of the Korean war.” (cited in Collins 2000,. 25).

And Schmelzer (ibid., 123-4) notes similarly that among European members of the OEEC, the so-called “European Manifesto” issued in August, 1951 setting a target rate of expansion of production in Western Europe by 25 percent was motivated to a large degree by the drive for rearmament resulting from the outbreak of the Korean War in June of 1950.

But in addition for both the United States and Western Europe in the 1960s, rivalry with the Soviet Union seems to have been central as to why economic growth became an economic policy goal that not previously been evident. As Walter Lippmann and Francis Bator (1960) stated in their Saturday Evening Post editorial on the eve of the 1960 election:

“In recent years we have been hearing more and more about the problem of economic growth: that is, whether the American economy, already the biggest and richest in history, is growing fast enough. What is causing all this talk about economic growth? It is the challenge of the Soviet Union. In the past five years or so we have come gradually to realize that with our growing population we are not producing enough wealth to 1)keep up the race of arms, 2)finance adequately those of our allies and independent neutrals who are very poor and in need of capital to develop their economies, 3)pay for our developing internal needs and 4)enjoy a continually rising standard of living. Rich as we are, we find that we are not becoming richer fast enough to support successfully all the growing demands that come from these four vital interests.”

This rivalry seems to have led to a more general growth consciousness in the 1950s and 1960s.

U.S. political leaders urged the promotion of economic growth in Western Europe, “partly because they saw an economically prosperous and politically united Western Europe as a bulwark to communism” (Arndt ibid.,.62). M.M. Postan, the prominent economic historian suggested that the U.S. served as an alternative role model than the Soviet Union to European countries in pursuing economic growth:

 “Transatlantic inspiration to European policies of growth...however, came not only from what the U.S.A. gave or preached but also from what the U.S.A. was. America’s economic strength, her output and productivity, her technological achievements and ever-mounting prosperity, provided Europeans with an object of emulation…Above all, American affluence and American levels of consumption---motor-cars, domestic gadgets and all ---were held up as a promise of rewards to come. In short, America’s very presence provided an impulse to European growth and a measure of its achievements.” (cited in Arndt ibid.,.62)

With the rapid emergence of newly independent countries from European colonialism in the 1960s, European economic policy makers perceived a responsibility to promote development of their former colonies through growth of international trade and striving to close the gap between rich and poor regions of the world. The renaming and reconstitution in 1960 of what was originally the Organization for European Economic Cooperation to the Organization for Economic Cooperation and Development can be seen as reflecting a new emphasis on growth as a policy objective (Arndt ibid.,.63; Schmelzer ibid., 187, 223-227).

Thus rivalry with the communist bloc appears to have been one factor giving new found prominence to economic growth as a policy goal in the U.S. The increased awareness of the backwardness of less-developed economies was also an important factor among more affluent countries generally. However, Collins (ibid.) and Schmelzer (ibid.) establish how the development of an ideology of growthmanship among economists in the U.S. and in the OECD directorate went well beyond mobilizing resources for military preparedness to the general facilitation of resources for social programs while minimizing tax increases. This contrasts with the cases of ancient China, Meiji Japan and the Stalinist Soviet Union considered above.

1. **Balancing Fear and Populism as Motives for Economic Growth**

There clearly have been other important motivations for pursuit of economic growth than developing resources for coping with military competition. These have included poverty alleviation to maintain regime legitimacy or more general benevolent intentions of improving general human welfare. However, in a number of prominent cases in which poverty alleviation motives for growth have been prominent, defense and security considerations have also come into play.

While the text of the five-year plans for post-independence India do not feature military motives for industrialization but instead focus on improving living standards, strategic reasons are mentioned at points in footnotes as Nayar ( 1972, 110) indicates. And in a number of policy speeches in the 1950s and 1960s, Nehru made it clear that military defense was the motive for economic independence and was as important as raising living standards as a motive for economic development.

For example in a 1963 speech, Nehru stated

“As for the development plans, they were and are meant to raise the standard of living of our people, but they are also meant essentially to strengthen the nation altogether. It is not real strength for us to get arms or aeroplanes from abroad although that becomes necessary in a crisis. The real strength comes from relying largely on our own production, on our own resources.” (cited in Nayar ibid., 122)

And in a 1956 speech, Nehru put forward prosperous nation, strong army arguments:

“The real strength of a country develops by industrial growth, which implies the capacity to make weapons of war for the army, the navy or the air force. You cannot develop an isolated industry without a general background of industrial development. You cannot have a factory producing tanks in the absence of other industrial development in the country….the Five Year plan is the defence plan of the country. What else is it? Because, defence does not consist in people going about marching up and down the road with guns and other weapons. Defence consists today in a country being industrially prepared for producing the guns and weapons of defence.” (cited in Nayar ibid., 117)

Given the record of war and prospect of continued aggression from the Democratic Republic of Korea and China, South Korea would seem to have had obvious military and defense motives for promoting the growth of its economy. Moon and Jun (2011, 118) argue that Park Chung Hee, whose authoritarian regime between 1961 and 1979 is often seen as laying the foundation for rapid South Korean economic growth, was heavily influenced by the example of the Meiji restoration in Japan and embraced the concept of “rich nation, strong army.”

Park told his minister of commerce that “power that enabled Japan to declare the Pacific War came from steel mills. Japan could produce tanks, cannons, and naval vessels because it had steel mills.” (Moon and Jun ibid. 118). This perspective seems to have led Park to pursue the construction of an integrated steel mill in S. Korea in the mid-1960s and led more generally to his promotion of heavy and chemical industries. The South Korean government in issuing policy statements on economic growth as a goal frequently alluded to the self-sufficiency that such growth would facilitate. One suspects that in turn self-sufficiency as an aim had similar militaristic overtones as it did in the case of India already considered above.

However, Korean government policy statements on economic growth also note the aim of improving mass living standards and lifting the Korean people out of poverty. Some analysts and historians of the South Korean case have seen Park Chung Hee’s growth promotion efforts as motivated by a desire to establish legitimacy for his regime given that it originated as a military coup. Lie (1998, 112) for example argues that Park pursued economic growth allegedly to promote mass welfare in order to justify authoritarian policies which were in fact hostile to labor and farmers.

Moon and Jun (ibid.138) point more generally to the diverse and conflicting influences on Park’s thinking. These included the “complementary and mutually reinforcing” “illiberal Japanese ethos of control and mobilization and of ‘rich nation, strong army’ and a “nationalist zeal” intended to “mobilize civil society through his indoctrination and top-down organization.” But his thinking was also subject to U.S. influences including technocratic encouragement of risk-taking and a liberal ideology counter to “the statist, mercantilist, and corporatist drive emerging from Park’s Japanese ethos and Korean nationalism.”

1. **Has fear provided a stronger prod to growth than envy?**

One can put forward the hypothesis that fear is a stronger impetus for the pursuit of economic growth than either envy/catch-up considerations or maintaining populist support or general benevolence. This is on the grounds that the fear motive is less subject to corruption and interference to special interest rent seeking motives than the other motivations. The cases of both Latin America and Sub-Saharan Africa can be interpreted as supporting this claim on the grounds that lack of interstate competition and hence weakness of the fear motive in each instance can be seen as having resulting in weak commitments to economic growth as a policy priority.

**VIII.A. Latin American Visions of Economic Growth with Limited Interstate Competition**

Latin American policy makers and economists in the post-second world war period developed their own distinctive perspective on economic growth and related processes of economic development (Hirschman 1961). This work can be seen as based on more general concepts transcending specific policy contexts and leading to such approaches as structuralism, core/periphery distinctions, dependency theory and developmentalism (Furtado 1985).

Hirschman ibid., 304-5 notes evolving views within Latin America regarding the causes of its economic underdevelopment focusing on such factors specific to Latin America as:

 “the supposed intrinsic defects of the Latin American character, on imperialist exploitation and on being subjected to false economic doctrines, on the lack of purposeful action by the state or alternatively on excessive and arbitrary state intervention, on the deadening rigidity of the social and economic structure inherited from the Spanish Conquest, or on a combination of these several factors.”

Raul Prebisch in work he did for the U.N. Economic Commission for Latin America in the late1940s and early 1950s along with work by Hans Singer around the same time claimed that trends in the terms of trade between primary and industrial products disadvantaged Latin American countries in their efforts to develop. Prebisch argued that these trends reflected structural factors in turn reflecting income elasticities for products produced in the “center” of the global economy versus the “periphery,” and the presence of disguised unemployment in agriculture in periphery countries. Such analysis led to the view that it was the international trading system itself that resulted in Latin American backwardness (Hirschman ibid..283-4).

And this in turn led prominent Latin American economists such as Prebisch and Celso Furtado to aim at developing an independent Latin American vision of economic development as one of the aims of economic development (Hirschman ibid. 304). One strand of this approach based on the core/periphery distinction takes up the notion of the development of underdevelopment. The underlying idea of this approach is that as a globally integrated economic system emerges, peripheral areas become relatively underdeveloped due to their dependent position in the overall economic structure.

 In the Latin American vision of economic development and underdevelopment, military factors do not play a prominent role. But in actual policy making in Latin America, military influence has been identified. In the case of Brazil, the government identified steel as a “basic industry” due to national security interests stemming from the 1930s (Leff 1968, 48). Sikkink 1991, 168-69) argued that the Brazilian military pushed much more heavily than the Argentinian military for developing a strong heavy industry base for military preparedness. She attributes this to Brazil’s participation in World War II.

 But although civil wars and political violence has been endemic in Latin America, this implied that Latin American states remained too weak to pursue large scale international wars.

Centeno (2002, 26) observes that in comparison with Europe, “Latin America was relatively peaceful because it did not form sophisticated political institutions capable of managing wars.”

In turn this limited the extent to which Latin American states pursued the accumulation of resources for the pursuit of large scale military activity (see Holden 2017,.251-54; Centeno ibid.; but also Dominguez 2003 for a challenge to Centeno).

Thus, Economic growth as a policy goal in Latin America does not seem to have been driven by military considerations to the same degree as elsewhere in the world. However, military considerations do not seem to have been absent either. More generally, economic rivalry and the relative standing of Latin American countries in the world economy definitely do seem to have been a major factor in the formulation of distinctive Latin American approaches to both conceptualizing and policy regarding the process of economic growth. This raises the issue of whether the impact of a strong distinctive intellectual tradition of Latin American thought about economic growth was weakened by the absence of bello-centric motives for the pursuit of economic growth.

**VIII.B African visions of economic growth with limited interstate competition.**

 Military conflict has hardly been absent in post-colonial Africa. However, economic growth as a way of mobilizing resources for the military seems to have been much less prominent in Africa than elsewhere in the World. This may reflect the greater prominence of civil wars and internal instability rather than external invasion compared with elsewhere. Due to quite low population densities and the opportunity this provides for a “primacy of exit” option, that is fleeing elsewhere, states in sub-Saharan Africa may have focused more on control of population than on disputes over land and borders. Such ongoing efforts to control potentially fleeing populations could have led to an “enduring-warfare effect” (Dincecco and Onorato ibid., 102-106). Furthermore, even more than with Latin America, since sub-Saharan African countries have had weak states, they have been unable to mobilize the resources to support a strong military and thus to pursue a rich country, strong army strategy. Countries in sub-Saharan Africa have relatively small number of soldiers per thousand citizens compared with other developing countries. While the ratio of soldiers per capita quadrupled between 1963, the dawn of independence for African countries, and 1979, this ratio then decreased by about a third by the mid-1990s. Zimbabwe’s army, often thought to be one of the more competent in Africa, had only 5 percent of its vehicles that were operational. And its army had at least one brigade in which 70 percent of its troops were off duty for over a year due to forced leaves to economize on funding (Herbst ibid.19, 105). Thus, the lack of military rivalry between African states for the control of territory may have been a major factor limiting the impetus for developing effective state capacity in Africa.

The consciousness of newly emerging African states in the 1960s of their extreme poverty and backwardness compared with the developed world strongly influenced the establishment of economic growth as a policy goal. African countries set high aspirations for economic growth immediately after independence. There appear to have been differences between areas under British rule where focus of colonial planning was on individual colonies versus French areas where colonial development was seen as linked to metropolitan development (Sutton 1961, 44; Green 1965,273-276; Hailey ed. 1956, 1338).

Economic growth became less in evidence as a policy goal for African countries after the late 1970s compared with the initial post-independence period of the 1960s and early 1970s. One aspect of this was a repudiation of policies of state-led, import substitution industrialization. Instead there was increased focus on free enterprise as the source of growth and on balancing fiscal budgets, monetary stability, and reducing unproductive public sector investment (Collier et al. 2008,.437; Fosu and Ogunleye 20015, 28-32).

The experience of growth strategy formulation in Africa suggests that it was not so much informed by economic thought on the determinants of growth but rather instead has provided motivation and evidence for formulation of theories of growth by economists. This leads more generally to the question of sources of demand for formulating theories of economic growth.

1. **Demand for growth may have spurred thought on economic growth.**

In formulating the relationship between power and plenty, economic thinkers ranging from Thomas Mun, Adam Smith, Friedrich List and Karl Marx to Yevgeni Preobrazhenski, Celso Furtado, Raul Prebisch, and P.C. Mahalanobis have influenced the formulation of government economic policy. However, this survey of the history of power and plenty relationship also indicates that the reverse influence has been at least as strong with the priority placed on economic growth in turn putting priority on the formulation of economic thought to explain the process of economic growth.

For both the U.S. in the late 1940s and the OECD in the 1950s, the new emphasis on economic growth as a policy goal does not appear to have been influenced by economic theories of economic growth (Collins ibid..25-29; Schmelzer ibid..140). In an interview, Leon Keyserling, the head of the U.S. Council of Economic Advisers, who set economic growth as a policy priority in the late 1940s noted how undeveloped the theory of economic growth was in the late 1940s stating that “there had been almost no interest in American economics in economic growth.” And Moses Abramovitz in his survey of the field of economic growth in the early 1950s described it as “fragmentary” and “rudimentary” and that “the theory of growth is an underdeveloped area of economics.” (Collins ibid.,.27). Instead the prominence accorded economic growth by U.S. and OECD economic policy advisers may have been a contributing factor to sparking an interest in growth theory by the economics profession. And the emergence of newly independent third world developing states from former colonies in the 1960s along with Soviet-U.S. competition for influence over these countries during the Cold War also appears to have been a major contributing factor to the postwar surge of interest in economic growth in economic thought (Collins ibid.31-32).

1. **Conclusion:**

This survey points to the role of potential military and political upheaval threats as motives for governments to focus on economic growth as a policy goal. In societies as diverse as Qin and Han dynasty China, early modern Europe, Meiji era Japan, the Soviet Union in the early Stalinist years, and post-war U.S. and OEEC Europe, the desire to provide resources to support military activity was a central motive in setting economic growth as an important policy goal. Admittedly, these societies varied considerably in the strategies they employed to pursue economic growth. These strategies ranged from settling vacant land in Qin dynasty China, the pursuit of foreign trade in early modern Europe, adopting Western technology in Meiji Japan, and big push industrialization in the case of the Soviet Union.

While those formulating these bellocentric strategies were not economists and did not engage in any more general formulation of principles governing an economic system, their policy discourse was both influence by and influenced the writings of those who did engage in such formulations including Adam Smith, Jacob Viner, Eli Heckscher, Friedrich List, Karl Marx, and P.C. Mahalanobis.

 It can hardly be claimed that militarization has always been the dominant motive for the pursuit of economic growth. In the case of the post-war U.S. and OEEC Europe, the pursuit of resources for military expansion transitioned into a more general pursuit of expanding resources so as to pursue social welfare programs while minimizing program tradeoffs. While civil wars and domestic violence were endemic in Latin America and sub-Saharan Africa during the twentieth century, the combination of a lack of interstate competition and of weak state legitimacy implied no attempt to pursue growth as a means of mobilizing resources for military activity in these regions. Instead growth as a policy goal was pursued both regions from a perspective of backwardness and catch-up. In the cases both post-independence India and post-war South Korea, the pursuit of industrial self-sufficiency for security purposes was balanced by populist motives of poverty alleviation. These cases as well as that of early modern Europe would seem to illustrate Jacob Viner’s claim that there is a long-run harmony between the pursuit of wealth and power as ultimate ends of national policy. The cases of India and South Korea suggest that simultaneous pursuit of both wealth and power facilitates both national security and legitimacy through populist political support.

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2. “Little else is requisite to bring a state to the highest degree of opulence from the lowest barbarism, but peace, easy taxes, and tolerable administration of justice; all the rest being brought about by the natural order of things.” (Stewart 1794; 1980, 322) [↑](#footnote-ref-2)