

16/VI/73 ✓

Economic "Takeoff" and Sustained Growth

W.W. Rostow, "The Takeoff into Self-Sustained Growth," Econ. Journal, LXVI (1956), 25-48, condensed in Etzioni, Social Change, 275-290, gives tables of when certain nations went through the ~~two~~ two-to-three decade takeoff period, when "rate of investment increases in such a way that real output per capita rises". This might be critical in determining the moment of arrival at affluence. It does fit what I have thought:

Great Britain 1783-1802

France 1830-1860

U.S.A. 1843-1860

"per capita output" means welfare, in Rostow's scheme. In the period leading up to takeoff, the growth in productive investment must be around 5%; at takeoff it must rise above 10%. There must be new manufacturing sectors with a very high rate of growth, and the political and social framework must exploit the economic impulses. Traditional societies like England have greater problems in overcoming institutional restraints than ones like the USA; the use of foreign capital is a critical factor in some cases (like USA). Other variables are considered, too.

Keyne's dictum quoted on p. 286: "If human nature felt no temptation to take a chance, no satisfaction (profit apart) in constructing a factory, a railway, a mine or a farm, there might not be much investment merely as a result of cold calculation." (Gen'l Theory Empl. 1936, p. 150). As for the tendency of economic historians to pay respects to John Calvin for economic growth: "In a world where Samu'el, Parsees, Jews, North Italians, Turks, Russian and Chinese civil servants (as well as Huguenots, Scotsmen and British Northcountrymen) have played the role of a leading elite in economic growth, John Calvin should not be made to bear quite this weight." Bully Rostow. He goes on to say that whatever value system does play a role, the further conditions are "the new elite must feel itself denied the conventional routes to prestige and power by the tradi-[287]tional less acquisitive society of which it is a part", and that old society be flexible enough, or weak, to allow the upward mobility of the new people in an essentially non-conformist way.