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From Kuznets to Daly: Growth, Social Justice and the State in the Age of Climate Crisis

This article re-examines growth-based conceptualizations of social justice, first by revisiting Simon Kuznets's postwar claim that economic growth would ultimately generate greater equality, a perspective that subsequent evidence has steadily weakened, and then by considering the argument that growth might still advance justice by improving the absolute conditions of the least advantaged, leading to social justice in a Rawlsian sense – an argument likewise undermined by cross-national data showing that such gains result from political choices around taxation, redistribution and social transfers rather than from growth itself. The article argues that when this already fragile defense of growth as a vehicle for justice is weighed against the historical link between growth, carbon emissions and ecological degradation, the growth-as-justice paradigm becomes untenable. Finally, the article contends that realizing justice within planetary boundaries requires three commitments: abandoning growth as the overriding policy objective, accelerating decarbonization through regulation, taxation, market mechanisms and public investment, and expanding the welfare state to meet the demands of adaptation and a just transition.

Economic growth has long been the principal benchmark of national advancement and prosperity, and has consistently been the highest policy priority, with other objectives pursued only insofar as their trade-offs with growth were judged acceptable or negligible. Economic growth has also been championed as a means of reducing inequality and lifting people out of poverty – a path to social justice. Lane Kenworthy (2011, p. 5) notes in *Progress for the Poor* that “growth is good for the poor,” and that it should be “at the center of any poverty-reduction strategy.” Echoing this position, Dani Rodrik (2007) argued in *One Economics, Many Recipes* that “economic growth is the most powerful instrument for reducing poverty... Historically nothing has worked better than economic growth in enabling societies to improve the life chances of their members, including those at the very

bottom.” These statements, as Kenworthy observes, reflect a widely shared belief among economists that economic growth is essential to improving the lives of the least well-off.

In this paper, I argue that the view of economic growth as a means of achieving social justice has now run its course. Empirical evidence shows that growth has neither reduced inequality nor reliably improved the conditions of the least well-off; instead, it has historically driven greenhouse gas emissions and, more generally, contributed to the erosion of planetary boundaries, leaving everyone, especially the least-well off and future generations, worse off. Even if the transition to clean energy succeeds in limiting its adverse impact on the environment, it is still necessary to move beyond frameworks that too readily equate growth with improvements in social justice.

My argument unfolds in four steps. First, I examine the idea, popularized by Kuznets and others in the postwar period, that growth will eventually foster greater equality. Next, I consider the claim that even if growth does not yield a more egalitarian distribution, it still serves as a vehicle for improving the conditions of the least advantaged, offering, so to speak, a path to Rawlsian justice. Subsequently, I explore how growth-based justice ideas now face justified scrutiny in light of historical data show-

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Open Access funding provided by ZBW – Leibniz Information Centre for Economics.

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ing the empirical link between growth and emissions, an association that has exacerbated the climate crisis and worsened living conditions for all. I conclude by arguing that our pursuit of justice must rest not on growth but on deliberate, state-led policy, where it has always belonged.

Relative improvement: Growth as a Kuznetsian path to equality?

In 1954, Simon Kuznets presented his presidential address, “Economic Growth and Income Inequality” to the American Economic Association. Published a year later under the same title, the address introduced what is now widely known as the Kuznets curve: the idea that income distribution becomes more unequal at early stages of income growth but as economic growth continues, it eventually moves toward greater equality (Kuznets, 1955). This news was of considerable importance for several reasons. For one, as Piketty observes, economists had been talking about inequalities since the onset of industrial capitalism. Whether of Ricardian or Marxian bent, they largely saw inequality between classes as baked into the dough of industrial capitalism. Kuznets’s thesis was striking because it ran counter to the nineteenth century forecasts about the relationship between capitalist growth and inequality (Piketty, 2014). Moreover, Kuznets’s theory seemed to embody good news: capitalism already contained its own cure for distributional ills – economic growth itself – without the need for political interventions such as working-class mobilization, progressive government policy or full-scale socialism. As Schmelzer (2016, p. 13) argues, this framing transformed “social conflicts into non-ideological and technical questions of output and efficiency and by providing a social adhesive weakened societal tensions and class-based politics,” effectively depoliticizing income and wealth inequality. The political implications, of course, were paramount. It is no secret, as Piketty notes, that Kuznets’s optimistic outlook was very much welcome amidst the ideological battle that the Cold War entailed and aimed at “keeping the underdeveloped countries within the orbit of the free world” (Kuznets, 1955, as cited in Piketty, 2014, p. 14).

Political implications aside, the theory seemed to make sense at the outset. As Milanovic (2016) notes, when Kuznets’s ideas became popular, Western countries such as the US and UK were experiencing “the most significant decrease of income inequality ever registered in history, coupled with fast growth” mostly driven by high levels of defense spending. Over the years, however, a growing body of data has accumulated that seemed to undermine Kuznets’s predictions. As Acemoglu and Robinson (2002) note, the historical evidence seemed mixed, at best: While data from certain geographies, particularly

Western Europe, generally support the inverted-U pattern, data from other countries do not necessarily align with it. Meanwhile, more contemporary data show that since the 1980s, rather than delivering a fairer share of material resources, periods of growth have been marked by increasing inequality. As the World Economic Forum recently noted, since 2020, “the top 1% have managed to seize nearly two-thirds of the \$42 trillion in newly-created wealth. This is nearly twice as much money as gained over the same period by the remaining 99% of humanity” (Bucher, 2023). This is because, as economists like Piketty, Acemoglu and Robinson – and many sociologists and stratification scholars before them – have repeatedly emphasized, inequality is not inherently tied to economic growth in one direction or another, but is rather shaped by policies concerning how earnings are distributed, how taxes are collected (both in terms of rates and structure), and the extent of cash and non-cash transfers available in a country, all of which are matters of policy and politics, not economic growth per se.

Absolute improvement: Growth as a Rawlsian path to justice?

While the trend toward equality that Kuznets associated with rising economic growth has not quite materialized, the “hegemony of growth,” as Schmelzer calls it, has endured. Economic growth has been upheld, if not necessarily as a guarantor of equality, then as a means of improving overall well-being, including that of the least advantaged, “a rising tide that lifts all boats,” – a formulation that, at least rhetorically, echoes aspects of Rawlsian justice (see Kus, 2024). According to Rawls (1972, p. 83), “justice as fairness” requires that “social and economic inequalities are to be arranged so that they are to the greatest benefit of the least advantaged.” In other words, if a system is moving toward “absolute improvement” – that is, toward the absolute betterment in the conditions of the least well-off, it can count as a just transition, even amid widening inequality. It was precisely this promise that growth could deliver benefits to everyone, however unequally, that sustained its normative appeal. When economic historian Deirdre McCloskey (2014) argues that “equality lacks relevance if the poor are growing richer,” she is speaking from this standpoint.

How does this view stack up against the evidence?

Kenworthy’s analysis of data from OECD nations shows that while “the real income level of low-end households is positively associated with GDP per capita over time.... the degree to which economic growth boosts the incomes of low-end households has varied significantly across these

countries” (2011, p. 9). In some nations, economic growth improved the conditions of the poor; in others, it has not. Kenworthy also finds that although economic growth is often assumed to lift people out of poverty by creating more jobs and better wages, this has not in fact been the case.¹ In many nations, the earnings of poor households either increased little or have not changed at all. What ultimately made the difference, Kenworthy shows, was the rise of government transfers – a deliberate policy choice to “pass on the fruits of economic growth” to low-income households (Kenworthy, 2011). To be clear, this does not make Rawls’s moral emphasis on absolute improvement obsolete. What it does is simply show that economic growth has not necessarily been a path to Rawlsian justice.

Even if growth consistently generated material improvements and delivered absolute gains for the least well-off – which it has not – can it truly be called a just transition when it simultaneously drives environmental degradation that disproportionately harms vulnerable communities and future generations?

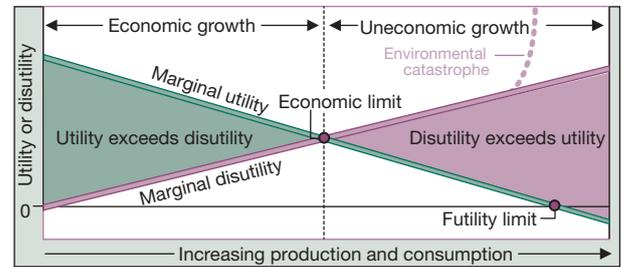
Planetary boundaries and Daly’s warning of uneconomic growth

Herman Daly (2005), a pioneering figure in ecological economics, termed “uneconomic growth” a pattern in which “increases in production come at an expense of resources and well-being that is worth more than the items made.” In such cases, the utility of growth – simply put, the extent to which it meets the population’s needs and wants – is outweighed by “the sacrifices made necessary by increasing production and consumption,” which may include “use of labor, loss of leisure, depletion of resources, exposure to pollution, and congestion” (Daly, 2005). In other words, uneconomic growth results in net harm (see Figure 1).

For Daly, the problem originates in the misalignment between economic activity and ecological reality: the human economy functions as an open system, continuously using resources to produce and consume, whereas the planet Earth is a finite, materially closed system. Speaking to this point, the “planetary boundaries” framework introduced by the Stockholm Resilience Centre in 2009, identifies nine critical processes concerning the Earth’s system (climate change, biosphere integrity, land-system change, freshwater use, biogeochemical flows, ocean

1 Kenworthy articulates that the assumption is that when the economy grows, low-income households get more job opportunities, can work more hours and receive higher wages. However, this has not necessarily been the case.

Figure 1
Uneconomic growth



Source: Daly (2005).

acidification, atmospheric aerosol loading, stratospheric ozone depletion and novel entities) and establishes thresholds for the extent of anthropogenic disruption the planet can absorb.² Recent data from 2025 by the Potsdam Institute for Climate Impact Research indicate that seven of the nine planetary boundaries have already been exceeded by human activity (Sakschewski et al., 2025). Atmospheric CO₂ concentration is one of those seven boundaries that exceeded the safe limits by a wide margin, and fossil-fuel based economic growth is one of the driving forces behind it.

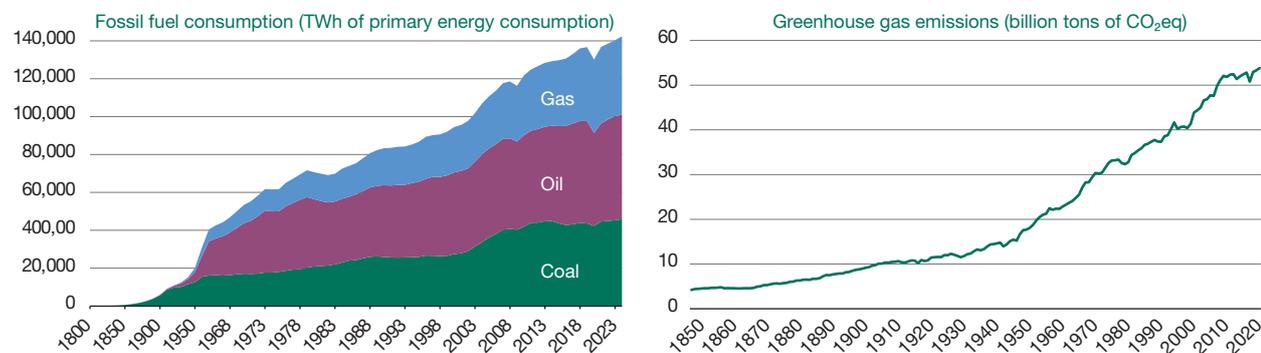
Since its beginnings, industrial capitalism has been reliant on the extraction and use of fossil fuels (Figure 2). While these nonrenewable energy sources have fueled economic growth, they have also driven a sharp rise in global carbon emissions. This is also true for the more recent growth observed in emerging economies which has been associated with higher energy use and carbon emissions.³

The reality of uneconomic growth is essentially what drives the calls for a post-growth mindset. This takes various forms. For many scholars and policymakers, rising CO₂ concentrations, alongside the broader transgression of planetary boundaries, signal the need to move beyond the growth-focused paradigm toward degrowth, broadly defined as a “planned reduction of energy and resource use designed to bring the economy back into balance with the living world” (Hickel, 2021). Proponents of degrowth

2 See <https://www.stockholmresilience.org/research/planetary-boundaries.html>.

3 As the International Energy Agency (2016) notes, over the past four decades that the Agency has been tracking CO₂ emissions, “there have been only four periods in which emissions stood still or fell compared to the previous year and three of those were the early 1980s, 1992 and 2009” – all times of economic slowdowns “the recent stall in emissions comes amid economic expansion: according to the International Monetary Fund, global GDP grew by 3.4% in 2014 and 3.1% in 2015.”

Figure 2
Global fossil fuel consumption and greenhouse gas emissions



Notes: Greenhouse gas emissions include carbon dioxide, methane and nitrous oxide from all sources, including land-use change.

Sources: Fossil fuel consumption: Ritchie et al. (2023); greenhouse gas emissions: Ritchie et al. (2020).

stress that the deliberate downscaling they advocate for – in particular, reducing energy-intensive and socially less-necessary forms of production and consumption such as SUVs, fast fashion, industrial meat, private jets – can be compatible with enhanced well-being, so long as the economy is restructured around principles of equity and sufficiency, together with greater access to low-carbon public goods such as public transit, renewable energy, healthcare and education (Hickel & Sullivan, 2024).

Others, such as van den Bergh and Kallis (2012), propose an alternative known as “a-growth” – a stance that focuses on strong environmental and social policies regardless of their effect on GDP. In this view, GDP growth is neither an objective nor a problem: if equity and greening oriented policies happen to produce growth, that is welcome; if they lead to stagnation or even contraction, that, too, is acceptable. The point is to move beyond GDP as a measure of societal success.

Still, others see shrinking the economy politically untenable – a recipe that cannot be sold to the electorate⁴ and is unnecessary in the face of technological advanced and cheapening alternative energy prices – and propose “green growth” as a more feasible, and even more desirable, alternative. Green growth advocates argue that it is possible to decouple economic growth from environmental impact through technological innovation, increased efficiency and strict climate policies without shrinking GDP. Subscribing to what may be called Green Keynesianism, most green growth advocates put emphasis on using fiscal policy – especially large-scale public investment in

4 Piper (2022) bluntly calls degrowth “political poison,” arguing that “it’s hard to come up with anything that polls worse than a steadily shrinking economy and the end of the conveniences of modern life.”

green infrastructure and industry – to create jobs, reduce carbon emissions and shift the economy toward sustainability (see Harris, 2013).

The record on decoupling is somewhat mixed. It is true that even fast-growing economies like China and India have reduced their emissions intensity over time, achieving “relative decoupling.”⁵ It is also true, however, that this is not sufficient if total emissions continue to rise. Meanwhile, “absolute decoupling,” where emissions decline in absolute terms even as the economy grows, has been observed only in some advanced economies, but not at rates rapid enough to meet the scale and urgency of the planetary crisis, as growth-critical scholars have repeatedly argued. Moreover, some of the absolute decoupling observed in rich nations is due to offshoring heavy industry, which cut domestic emissions but increase those abroad.

The primary goal here is not to adjudicate between the various strands of post-growth thinking. What must be stressed is that, regardless of where we stand on how to address the emissions crisis, we have reached the point where we can no longer treat economic growth as a Rawlsian path to justice in which the absolute improvement of the least well-off is assured, given that it is linked to the emissions crisis we are facing. To reiterate an earlier point, even if the empirical record showed consistent poverty alleviation as a result of growth – which it does not – this would still represent a short-sighted and narrowly economic conception of improvement, one that overlooks how privileging growth above all else pushes the planet beyond critical thresholds, generating long-term harms

5 In other words, they reduced emissions per unit of GDP.

for all. As Kus (2024) puts it, in this scenario, “no one is better off.”

Growth and justice in a climate-constrained world and the role of the state

The discussion so far has attempted to establish the limits of economic growth as a path to equality or social justice. To reiterate: higher national income does not necessarily – and has not in practice – meant that gains are distributed in ways that reduce inequality or meaningfully improve the lives of those at the bottom of the income distribution. Such outcomes ultimately reflect political choices that governments make about taxation, housing, healthcare, education and other public policies. Rawls (1972) recognized this institutional dimension: resources, talents and social circumstances are inherently unequal, and these unequal endowments can “carry over to human arrangements,” he pointed out; what is just or unjust is not these facts of life, but rather “the way that institutions deal with these facts.” Put more explicitly, the fight against inequality, poverty and, more broadly, precarity has never been about generating growth but about the political choices surrounding how a nation distributes its resources, capital and the gains from growth. In fact, rather than being a path to justice and prosperity, embracing economic growth paradigmatically has too often stifled progressive taxation and spending, casting these policies as antagonistic to growth, and accelerated the transgression of planetary boundaries, including climate change, that leave everyone, especially the socio-economically disadvantaged, more vulnerable.

So then, how should we think about growth, prosperity and justice in a world where planetary boundaries are being undermined to the detriment of all; where climate change is already rendering entire areas uninhabitable, triggering displacement and migration, collapsing asset values, driving up insurance and healthcare costs, straining affordable housing, worsening food insecurity and disrupting global supply chains? What kind of institutions do we need? What is the role of the state?

The state’s role in providing social justice as we have come to know it – through provision of social security and redistribution – emerged in response to the precarities generated by industrial capitalism. As Kus (2024) argues, for much of the 20th century, state protection against risk, or at least its mitigation, involved correcting disparities in labor market earnings (via minimum-wage laws, transfers or taxation) and offering social insurance to cover periods when citizens could not sell their labor power (due to old age, disability or unemployment). Those interventions remain as vital as ever. At this point in time, however, the cri-

ses and vulnerabilities unleashed by climate change constitute a systemic risk that demands more from the state.

Meeting justice claims in the age of climate crisis arguably requires three fundamental transformations of the state:

Dethroning economic growth as the overriding objective. The “growth-first” thinking has clearly proven itself at odds with environmental sustainability, and it needs to be tamed. Surely, this is easier said than done. International competition for geopolitical and economic dominance on the one hand, and the fact that state capacity heavily depends on taxable economic activity on the other, remain major obstacles to abandoning growth. What is more, voters and businesses also happen to be deeply invested in growth originating in fossil-heavy sectors. And last but not least, moving toward a post-growth or “steady-state economy” requires decisions about managing capital stock, population and consumption – all of which raise politically and morally fraught questions about who decides these levels and how they should be managed. Where does this leave us? I argue that we need to separate two issues here: the state should dispense with the “hegemony of growth” (Schmelzer, 2016) and stop privileging it over other objectives such as social and ecological welfare. This does not mean we need to abandon growth, but rather that it can no longer be the overarching, singular focus.

Curbing uneconomic growth. The state should play an active role in decarbonization whether through regulatory means (emissions caps), taxation (carbon tax), emissions trading (cap and trade) or actively investing in clean-tech manufacturing and more broadly green industrial policy. China is a case in point. With its pledge to reach carbon neutrality by 2060 (World Economic Forum, 2025), and investing in clean tech globally (Xue & Larsen, 2025), China is driving the growth of new industries and energy infrastructure faster and at greater scale than any other country.

Expanding the welfare state as we know it. As noted earlier, it was the precarities produced by industrial capitalism that compelled the state to assume a role in social justice, primarily through social insurance policies aimed at decommodification and redistributive policies aimed at equalization. The state’s commitment to both is ever necessary in an increasingly unequal and volatile world. At the same time, as Hammond (2023) asks in relation to the United States – although, of course, the question applies more broadly – “As extreme weather events like wildfires and hurricanes become more frequent and more intense, these climate-fueled disasters will displace and impoverish more people. How can the United States adapt its

welfare programs to assist Americans in the face of this threat?” The welfare state as we know it will need to be re-defined in response to the necessities of adaptation and just transition that climate change involves. As Kus and Jackson (2025) put it, just as the postwar welfare state assumed responsibility for citizens’ protection against the precarities and pressures of the marketplace, a new protective state must now arise, combining traditional social insurance and redistribution with proactive decarbonization, climate adaptation, and just transition measures.

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