

# The Rich and the Poor

**The Stages of Economic Growth** by W. W. Rostow. Cambridge University Press. 179 pp. \$3.75.

**Beyond the Welfare State** by Gunnar Myrdal. Yale University Press. 287 pp. \$4.50.

by **Robert Lekachman**

In North America, Western Europe and Australia live the six per cent of the globe's population who can fairly be labeled affluent. Increasingly, for reasons selfish and unselfish, these wealthy of the earth have found themselves concerned with the vast masses of humanity in South America, Africa and Asia who are now no longer content to be poor. For what is new in the twentieth century is not the age-old poverty of human existence but the sudden stirrings of aspiration and the growing determination on the part of peoples and governments to industrialize, arm, and achieve equality with the rich West.

Thus it is that at the grossest levels of *realpolitik*, the underdeveloped nations have become prizes eagerly sought by those heavyweights of the international power competition, Russia and the United States. At a somewhat more enlightened level of self-interest, the underdeveloped countries present themselves as commercial opportunities, sources of industrial raw materials and outlets for manufactures and farm surpluses. The new interest in the poor nations is not entirely selfish, for the underdeveloped peoples appeal to some of the deepest ethical traditions of the West, which enjoin the rich to help the poor and make the well-fed uncomfortable at the thought of the empty plates of fellow-humans.

Although sentiment and self-interest converge to promote aid

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to the underdeveloped lands, agreement abruptly halts at the frontiers of such practical issues as the size, manner and geography of assistance. There are still those who would leave the problem essentially to the play of free market forces. This view bases itself on nineteenth century history and contemporary value judgment. The economic development of the United States in the nineteenth century, this argument runs, was rapid because the American economy extended maximum liberty to enterprising businessmen and lured capital from abroad with the prospect of large profit.

The moral for contemporary nations is obvious: let them make thrifty use of their own resources in an atmosphere of freedom and foreign capital will of its own accord soon flow into their industries. Implicit in the prescription is the value judgment that private enterprise is ethically preferable to public planning.

Neither Gunnar Myrdal nor W. W. Rostow can be accused of attachment to the traditional receipt for economic growth. It is the merit of these stimulating volumes that they endeavor to rethink the problem of international poverty in creative new ways.

Take first Myrdal's *Beyond the Welfare State*. A distinguished Swedish economist and international civil servant, Gunnar Myrdal is best known to many Americans as the author of a classic study of the racial tension between Negro and white in the United States, *An American Dilemma*. Dr. Myrdal organized that volume around a crucial discrepancy between the American ideal of equality for everybody and the reality of white discrimination against Negroes. This latest book plays a contemporary variation upon the earlier theme, only this time the crucial discrep-

ancy is between the rich nations and the remainder of the world.

The fortunate citizens of the Western world are not only rich, they have also discovered the mechanism of economic growth which enables them to become still richer. Moreover, in the welfare state they have constructed a protection against individual misfortune, a way to diminish inequalities of income and wealth, and, best of all, a means of strengthening the bonds of solidarity which join citizens of a rich country to each other.

But for the underdeveloped nations, this pleasing advance to security and wealth on the part of their wealthy neighbors has an unpleasing corollary—the enlargement of the economic nationalism of the developed lands. Why should the successful become more nationalistic? The reason is not hard to perceive. As each country plans its own affairs more closely in the interests of its own citizens, it tends to seek shelter against disturbance from the rest of the world by restrictive trade policies and reluctance to participate in international schemes for development and trade. This nationalism impinges disastrously upon the underdeveloped countries which desperately need economic aid and easy access to the markets of the richer nations.

Therefore, if countries like the United States are genuinely to help, they must fight against their own nationalistic temptations. The natural instrument of a really determined attack upon the problems of development is the international agencies. The best commercial policy the advanced nations can follow is a double standard: protection for the poor countries and free trade for the rich ones. The goal of these policies is the creation of stable, progressive societies—a world which will benefit rich and poor alike.

Dr. Myrdal's vision is a noble one. If the rich countries can combine in this intelligent aim, then ultimately we shall pass beyond the welfare state to the welfare world in which the bonds of sympathy between human beings will not halt at national boundaries, and the ideal of equality will become truly international. There is nothing automatic about this prospect. In the absence of this effort by the advanced nations, the prospects for the poorer societies are decidedly dim.

W. W. Rostow, an M.I.T. professor of economic history, has subtitled his provocative book *A Non-Communist Manifesto*. In fact it is a daring example of economic speculation in the grand manner. Rostow postulates an identifiable pattern of economic and social growth which describes the reality of the past and, perhaps, predicts much of the future.

By now the five stages of the pattern are famous: the traditional society not yet attuned to the possibility of economic growth; the preconditions for takeoff in which the attitudes and the techniques of growth accumulate; the breakthrough to sustained growth, periods often called industrial revolutions in older terminology; the drive to maturity which is reached when a nation's resources are fully used according to the precepts of up-to-date technology; and the age of high mass-consumption. First to reach this stage, in the mid-twenties, we have been followed by Canada, England, and most recently France and West Germany.

Far from an historical ignoramus, Rostow takes pains to point out many times that circumstances vary very widely according to time and place and that history, culture and geography powerfully influence developmental paths. Nevertheless, it is difficult not to infer from the weight and emphasis of the argument its author's belief that he has identified a pattern in economic affairs more

important than the deviations from it. This confidence gives his argument a more cheerful cast than Myrdal's. No doubt, he seems to say, development will be more rapid if the advanced nations give generously of their capital and talents, but it will take place anyway. Although it is never clearly stated, there is a strong touch of inevitability in Rostow's version of economic history, invoking the shade of Karl Marx in order to exorcise it.

How well has Rostow done in creating a convincing alternative to the Marxist vision of capitalist glory and ultimate capitalist disintegration? The verdict can be no better than brave try. For Rostow has either proved too little or too much. If the five-stage pattern is intended only to describe the pattern of economic growth, then there is no reason to suppose that the pattern of the past will approximate the pattern of the future. Rostow has not really identified the social, historical, and cultural regularities which convince a reader completely of the validity of his scheme.

Rostow has in a way explained too much if he conceives his manifesto to be an analysis of the causes of growth. The reason for this judgment takes some explanation. Why do societies follow this five-stage pattern of economic development? Why don't they falter, digress, or never begin? Rostow's explanation is substantially technological. Somewhat haunted by the notion of compound interest, he sees a society advancing in absolute amounts which are larger and larger even when the same percentage increase continues unaltered. Three per cent of \$500 billion (the current American Gross National Product) means much more than three per cent of a smaller GNP. Once a society gets the habit of growth, Rostow believes, growth will become automatic.

But in a strange sort of way this theory harks back to Marx

rather than answers him. Like the Marxist version, it rests upon the cumulative force of technical change and capital accumulation. It is equally determinist, it is simply less powerful as a theory because it has so little of theoretical interest to say about class, culture and politics.

At points, Rostow and Myrdal converge in their analyses. They agree that technology is easy, a proposition made famous by Sir Charles Snow in his Rede Lecture, *The Two Cultures and the Scientific Revolution*. Once a population acquires basic literacy, it can master the tricks of modern techniques in short order. Rostow and Myrdal concur in identifying a problem for the rich societies. This is the question, what lies beyond the economy of high mass-consumption? What do people do when their material wants are gratified and a margin of leisure and income remains? For Myrdal the leading feature of the good society will be increasing personal involvement of ordinary people in the economic and personal management of their lives. The details are vague. For Rostow a better society promises the traditional pleasures of the educated, the cultivation of the mind, the pursuit of interesting avocations, and the enjoyment of creative leisure.

Obviously neither of these books is the final word on the problems of either rich or poor societies. Both suffer from a certain over-optimism about the prospect of living peacefully in a world in which Russia and China are massive powers not easily enlisted in Western schemes for economic development. Nevertheless, these are excellent specimens of the kind of speculative essay which economists seldom write. Anyone interested in either rich or poor societies—and there are no others—will be stimulated to thought even when he disagrees most.

**The Soviet Image of Future War**

by Raymond L. Garthoff. Public Affairs Press. 137 pp. \$3.25.  
The author of "Soviet Strategy in the Nuclear Age" presents a further study of military thinking in the U.S.S.R. and how it reflects the image of future war as it is envisioned by Soviet strategists.

**The Future Is Ours, Comrade**

by Joseph Novak. Doubleday. 286 pp. \$3.95.  
The pseudonymous Mr. Novak presents first-hand impressions of life in the Soviet Union, as revealed through long and intimate acquaintance with Soviet citizens in all walks of life.

**My Road to Berlin: The Autobiography of Willy Brandt**

As told to Leo Lania. Doubleday. 287 pp. \$4.50.  
Linking his destiny with that of a great city, the mayor of West Berlin writes that the two stories, "mine and Berlin's, . . . cannot be separated from each other." Here he tells how he emerged from imprisonment and exile to become one of the key figures in postwar German politics.

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by Thomas Malthus, Julian Huxley, and Frederick Osborn. Mentor. 144 pp. 50 cents.  
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by Harry S. Truman. Bernard Geis Associates. 315 pp. \$5.  
Continuing his memoirs as a private person, Mr. Truman comments on the current administration, on several of his own eventful decisions as President, and on the controversial role he has come to play as the Democrats' No. 1 elder statesman.

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Edited by Robert Paul Mohan. Catholic University Press. 144 pp. \$3.95.  
Five Catholic scholars—Rudolf Allers, Thomas P. Neill, Dietrich von Hildebrand, John C. H. Wu, and Francis J. Connell—examine automation, leisure, materialism, the notion of progress, and other questions related to the effects wrought by technology on the spiritual life of society.

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