

"The Role of the United States and the Soviet Union in the Economic Development
of the Emerging Nations," by W. W. Rostow, 1960

or

364

MC 188

THE ROLE OF THE UNITED STATES AND THE SOVIET UNION
IN THE ECONOMIC DEVELOPMENT OF THE EMERGING NATIONS

This is the second time that I have had the privilege of opening a discussion between Russians and Americans on the possibilities of a cooperative relationship in the underdeveloped areas of the Free World. The first occasion was on May 25, 1959, at the Institute of World Economics and International Relations in Moscow--a generous invitation for which I remain grateful.

The purpose of this discussion paper is to summarize certain of the propositions I then laid before my Soviet colleagues and to go a little beyond.

* * * * *

Let us begin by abstracting from the reality of the Cold War and consider what Americans and Russians might do in the underdeveloped areas if there were no arms race and if there were no struggle of ideology and political power.

Under such utopian circumstances, our only major interests in the underdeveloped areas would be, essentially, common interests. We would share an interest that these areas modernize their societies in ways which did not disturb the peace and which created for Russians and Americans a world environment conducive to constructive economic and cultural life on the planet. We might conflict here and there on narrow grounds of economic competition. But the economies of both our nations are so large and technologically resilient, that these conflicts would be trivial. Our major national interests would be as I described them.

More technically, if the only objective of the Soviet Union and the United States were to assist these new nations into sustained growth, what we should do is to execute a joint program in three parts.

First, we would offer the underdeveloped areas increased supplies of capital. Many of them require external capital at their present state of evolution just as the United States required external capital in the 1830's and 1850's and Russia, in the two decades just before the First World War. This external capital is needed in the first instance to build the basic foundations of a modern society: its educational institutions, its transport system, its power supply--all the things we call social overhead capital. The need is particularly great at a period in history where the first and most powerful impact of modern technology takes the form of a radical decline in the death-rate and a high rate of population increase.

If the only objectives of our two nations were those initially described, it would be our common interest to help the underdeveloped areas through the transition into sustained growth with sufficient capital to permit a regular increase in output per head, despite a higher rate of population increase than that which characterized most nations at a similar stage in the last century.

Second, we would offer these nations special assistance to achieve prompt and radical increases in agricultural output. There are enormous possibilities for increasing agricultural output in these areas with known technology, notably through the use of chemical fertilizers, better seeds, and insecticides, and through irrigation. The increase in agricultural output takes on a special meaning and urgency given the contemporary rate of population increase in these areas.

Third, we would jointly conduct towards these nations political and diplomatic policies ^{designed} /to concentrate their hopes and energies on the task of economic development at home rather than on the other less constructive expressions which the new nationalism may take.

It is an old story to an historian that, since 1815, nationalism rather than the profit motive has been the most important single driving force behind the economic modernization of societies. It was so during the nineteenth century in Germany, in Japan, and in the Russia of Count Witte and his pre-1914 successors. And I may add it lay behind Alexander Hamilton's initial statement of the case for industrialization in the United States at the end of the eighteenth century. It is evidently the predominant motive force in the southern half of the contemporary world.

This young nationalism may, as we all well know, assume many forms other than a concentration on the concrete tasks of domestic modernization. There is a great temptation to right old wrongs and to thrust out boldly onto the world scene. This tendency is evident in the history of Bismarck's Germany and in Japan of the period 1890-1914. As Lenin pointed out, this form of imperialism was present in Russia during the same years. At a somewhat similar stage my own country tried to steal Canada out of the British Empire when Britain was distracted by the Napoleonic Wars; and we have never quite gotten over feeling hurt that the Canadians weren't anxious to join us.

On my initial utopian assumption, then, Russia and the United States would use their joint influence in the underdeveloped areas to discourage

such external adventures and distractions; and we would systematically encourage the local politicians to get on with the hard homely tasks of modernization on behalf of their poor peoples.

* * * *

But it is perfectly evident that we do not now live in such a utopian world.

Because of the Korean War and the North Korean violation of the 38th parallel, the United States has developed military pacts and military assistance programs which would so strengthen the nations on the periphery of the Communist Bloc that another violation of the frontiers of the Free World would not be judged attractive. And down to the present, a substantial proportion of American aid is direct military aid and military support. The proportion is decreasing; but it is still high. Similarly, a high proportion of Soviet assistance outside the Communist Bloc has been evidently designed to advance Soviet strategic interests and to disrupt the strategic cohesion of the Free World. This has been the case, for example, in the U. A. R., Iraq, and Afghanistan, which account for a high proportion of total Soviet credits outside the Communist Bloc.

NATO
before

Be clear: I am not asserting that Communist Bloc economic aid has not been technically competent and constructive in its effects, where it has not consisted of military supplies. Certainly, the Soviet steel mill in India and the Soviet assistance in the building of the Aswan Dam are straightforward contributions to the development of those two countries. What I am asserting is that the pattern of Soviet aid--like the pattern of American aid--is distorted away from my utopian

model by the fact that a tremendous strategic struggle is occurring in the underdeveloped areas; and so far as the United States is concerned, the roots of that struggle lie in the fact of the invasion of South Korea in June 1950.

CSR?
Berlin?

As I said in Moscow last year, it is a hard fact of history that the truce lines which emerged in the Second World War run through various of the underdeveloped regions imparting to them a strategic character. It is a fixed purpose of the United States to defend those truce lines by whatever means may be necessary. It appears to be a fixed purpose of Soviet policy to extend Soviet power beyond those lines. And this fact not only affects the allocation of our aid among countries; it not only leads us to offer military aid where economic assistance is what the people need; but it leads us to divert the nationalist impulses in the political life of these countries away from the domestic tasks to problems of external security or external ambition. I still believe--as I believed a year ago--that while we may be able to move some distance forward toward common actions that will make life easier for the peoples of the underdeveloped countries, the greatest thing that the United States and the Soviet Union could do for these peoples is to bring the arms race to an end by creating an effective international system of arms control with adequate provisions for inspection.

This extremely complex and decisive problem is reserved for other discussion papers and for other sessions of this conference. I shall turn, therefore, to consider now the non-military dimensions of conflict in the underdeveloped areas and the possibilities of moving towards

a more harmonious Soviet-American relationship on the political and ideological level.

* * * * *

It is the general theme of much Communist thought in the under-developed areas that only a Communist dictatorship is capable of overcoming the social and psychological resistances to modernization and pressing forward into sustained economic growth. We in the West believe this is not the case. We believe--as a matter of history and of faith--that the problems of the preconditions and of the take-off can be overcome without the surrender of human liberty which the Communist formula requires. ju 2

I would not wish to enter into the discussion going forward in Communist countries as to whether there is one or there are many roads to socialism. But, as an historian and a social scientist, I would assert categorically that there are many roads to economic growth.

Whether my view and the western view is correct, this much we can say objectively about the conditions for peaceful coexistence in the underdeveloped areas: these nations must be left to decide for themselves. Serious coexistence demands that we leave the outcome of the ideological debate for the processes of history within each of these societies; and if we are serious in our concern for their fate, that they proceed to solve their problems in a setting where capital and technical assistance is made available to them, without strings concerning their political and military orientation.

You may recall the famous phrase of Mao Tse-Tung, shortly after the Communist victory in China in 1949. He announced his intention to

pursue a Lean-To-One-Side Policy. The condition of peaceful coexistence in the underdeveloped areas is that we both pursue policies--both the United States and the Soviet Union--which encourage Stand-Up-Straight policies.

Now I realize that to tell Communists that they should not strive actively to create Communist regimes in other parts of the world is to challenge a fundamental element of faith. Lenin's concept of Communism was not that the course of history should be let to work itself out over its predetermined path without purposeful intervention. He regarded the Communist Party as an instrument for making history assume its inevitable course. What I should ask you to consider, however, is whether at present and in the foreseeable future this is a realistic concept, and one conducive to the Russian interest.

What are the facts? The facts are that these new emerging nations are deeply committed to independence and to fashioning their own versions of modern societies. Whether we look at Tito's Yugoslavia and Mao's China or whether we look at modern Mexico, India, the Philippines, and Egypt, it is clear that as these nations modernize, whatever forms their politics may assume, they will cling jealously to national control over the instruments of power within their countries: control over their armies, their police, their courts.

If Americans should believe that the nations which will emerge in the next several generations are likely to be either simple projections of American life and institutions, or if Americans should believe that these new nations will come under our direct military and political

control--Americans would be grossly misreading the lessons of contemporary history. If Russians should believe that these new nations--whether nominally Communist or not--are going to reflect a simple projection of Soviet patterns of life and organization or if they should believe that this world of new states is going to remain under Soviet control, I believe Russians are equally misreading the lessons of contemporary history.

We live in a world where power is being rapidly diffused away from both Moscow and Washington. This is the central fact of our times, missiles or no missiles.

The only exceptions are the remaining colonial areas in the world, whose destiny we all can predict; and the satellite states of Eastern Europe, North Korea, and Vietnam. In my view, these states, too, in time, will resume their own history and recapture their own sovereignty; and as a matter of simple faith, I believe that Russians--of the next generation if not of this--will come to understand that this release is in the Russian interest; that it is not in the cards for this to be an American century, a Chinese century, a German century, a Japanese century, or a Russian century.

As an historian, therefore, I am of the view that a great deal of this ideological struggle in the underdeveloped areas--to the extent that it is not simply a matter of military strategic fencing--is a sterile exercise, poorly founded in history and social science. And in this connection, I have been much heartened by the tendency of American policy in recent years to understand better the significance of neutralism

and by the decline in the American effort simply to recruit military allies and nominally ideological partners. I have in mind here, for example, President Eisenhower's speeches to the United Nations on the Middle East of August 1958; on Africa at the current meeting of the U. N. Assembly; and the growing appreciation of the significance of neutralist India in American policy.

As a matter of private faith, I happen to believe that individual liberty and political democracy as we understand it in the West is the wave of the future; and there are several thousand years of history which reinforce that faith. But I am prepared to accept the sincerity of those who believe the wave of the future to be otherwise; that history will yield societies more on the Soviet than on the Western democratic pattern. I am not asking that we settle--or even debate--these articles of faith. What I am arguing objectively is that one of the major conditions for a concerted Soviet-American program in the underdeveloped areas is that we leave the outcome to history rather than to our own manipulations.

Take the case of the Congo. Here is a situation where a series of provinces with unequal resources; with profoundly differing tribal loyalties; without a national history or even the experience of common struggle against colonial rule; with only a handful of educated men --these disparate regions came to legal independence. Surely the right thing for the people of the Congo would have been for the major powers to avoid a struggle for political influence in this region, and to concert their actions. The common objective should have been--and should be--to create a federal state within which the United Nations

might supply, for a substantial transitional period, a corps of technicians who would get on with the job of helping these people make a nation which does not now exist. Instead, we have had a scramble for influence which has disrupted whatever cohesion the local politicians might have initially had; which has distracted them away from the problems of the Congolese people; frittered away their limited energies and talents in the game of international power.

Whatever course we may believe the Belgians have or have not played in this post-colonial phase, I cannot believe that the outcome thus far has been in the interests of the people of any nation, including the peoples of the Soviet Union.

* * * * *

My argument, thus far, is the following. It is idle for us here, taking time from busy lives, to discuss the role of the United States and the Soviet Union in the economic development of the emerging nations without first acknowledging frankly how difficult our task is made by the fact of the arms race and by the fact that a struggle of ideology and of political influence is proceeding in these areas. And I would add a view which some would regard as naive, but I profoundly believe to be realistic: the attempt by any outside nation to shape the contours of these new nations, to peddle an ideology, to make them satellites is a game already outmoded by history, which will fail.

Nevertheless, I am a realistic professor. And I am prepared to consider the range within which we might still work together until the day when my Soviet colleagues accept a Rostovian view of history.

The fact is that there are certain areas starting right now where, despite the clash of Soviet and American strategic and political interests, there may be room for cooperative enterprise. I was heartened, for example, when the Soviet Union decided to join in the technical assistance work of the United Nations. As nearly as I can make out, the Soviet economic effort in India has been straightforward and well done; and in the next years we might find ways of concerting our contributions to the Third Indian Five Year Plan. If, as I should hope, the contribution of the United States to the economic development of the United Arab Republic should increase in coming years we might find, in the concrete circumstances of that country, ways of making our national efforts mutually supporting and more effective.

As a veteran of the Secretariat of the Economic Commission for Europe, I have known what it is to help find narrow concrete areas for East-West collaboration and to make the most of them while not permitting the illusion that all is well and there are not great unsolved problems.

In considering, then, the role of our two countries in the economic development of the emerging nations, I am, in effect, urging two things. First, that we should reexamine reflectively the historical validity of the assumptions which have led us into an arms race and into a struggle for ideological and political power in the underdeveloped areas. I believe the assumptions underlying Soviet policy in these domains to be historically unsound in a world of diffusing power; but it is for you to decide. In any case, objectively these dimensions of struggle limit the range of fruitful collaboration between us. Second, while

awaiting a fundamental Soviet-American reconciliation of view, we should get on with the job of isolating concrete cases where, even now, we can work side by side.

W. W. Rostow

27 October 1960