

CHAPTER 2

THE FIVE STAGES-OF-GROWTH— A SUMMARY

It is possible to identify all societies, in their economic dimensions, as lying within one of five categories: the traditional society, the preconditions for take-off, the take-off, the drive to maturity, and the age of high mass-consumption.

THE TRADITIONAL SOCIETY

First, the traditional society. A traditional society is one whose structure is developed within limited production functions, based on pre-Newtonian science and technology, and on pre-Newtonian attitudes towards the physical world. Newton is here used as a symbol for that watershed in history when men came widely to believe that the external world was subject to a few knowable laws, and was systematically capable of productive manipulation.

The conception of the traditional society is, however, in no sense static; and it would not exclude increases in output. Acreage could be expanded; some *ad hoc* technical innovations, often highly productive innovations, could be introduced in trade, industry and agriculture; productivity could rise with, for example, the improvement of irrigation works or the discovery and diffusion of a new crop. But the central fact about the traditional society was that a ceiling existed on the level of attainable output per head. This ceiling resulted from the fact that the potentialities which flow from modern science and technology were either not available or not regularly and systematically applied.

Both in the longer past and in recent times the story of traditional societies was thus a story of endless change. The area and volume of trade within them and between them fluctuated, for example, with the degree of political and social turbulence, the efficiency of central rule, the upkeep of the roads. Population—and, within limits, the level of life—rose and fell not only with the sequence

of the harvests, but with the incidence of war and of plague. Varying degrees of manufacture developed; but, as in agriculture, the level of productivity was limited by the inaccessibility of modern science, its applications, and its frame of mind.

Generally speaking, these societies, because of the limitation on productivity, had to devote a very high proportion of their resources to agriculture; and flowing from the agricultural system there was an hierarchical social structure, with relatively narrow scope—but some scope—for vertical mobility. Family and clan connexions played a large role in social organization. The value system of these societies was generally geared to what might be called a long-run fatalism; that is, the assumption that the range of possibilities open to one's grandchildren would be just about what it had been for one's grandparents. But this long-run fatalism by no means excluded the short-run option that, within a considerable range, it was possible and legitimate for the individual to strive to improve his lot, within his lifetime. In Chinese villages, for example, there was an endless struggle to acquire or to avoid losing land, yielding a situation where land rarely remained within the same family for a century.

Although central political rule—in one form or another—often existed in traditional societies, transcending the relatively self-sufficient regions, the centre of gravity of political power generally lay in the regions, in the hands of those who owned or controlled the land. The landowner maintained fluctuating but usually profound influence over such central political power as existed, backed by its entourage of civil servants and soldiers, imbued with attitudes and controlled by interests transcending the regions.

In terms of history then, with the phrase 'traditional society' we are grouping the whole pre-Newtonian world: the dynasties in China; the civilization of the Middle East and the Mediterranean; the world of medieval Europe. And to them we add the post-Newtonian societies which, for a time, remained untouched or unmoved by man's new capability for regularly manipulating his environment to his economic advantage.

To place these infinitely various, changing societies in a single category, on the ground that they all shared a ceiling on the productivity of their economic techniques, is to say very little indeed. But

we are, after all, merely clearing the way in order to get at the subject of this book; that is, the post-traditional societies, in which each of the major characteristics of the traditional society was altered in such ways as to permit regular growth: its politics, social structure, and (to a degree) its values, as well as its economy.

THE PRECONDITIONS FOR TAKE-OFF

The second stage of growth embraces societies in the process of transition; that is, the period when the preconditions for take-off are developed; for it takes time to transform a traditional society in the ways necessary for it to exploit the fruits of modern science, to fend off diminishing returns, and thus to enjoy the blessings and choices opened up by the march of compound interest.

The preconditions for take-off were initially developed, in a clearly marked way, in Western Europe of the late seventeenth and early eighteenth centuries as the insights of modern science began to be translated into new production functions in both agriculture and industry, in a setting given dynamism by the lateral expansion of world markets and the international competition for them. But all that lies behind the break-up of the Middle Ages is relevant to the creation of the preconditions for take-off in Western Europe. Among the Western European states, Britain, favoured by geography, natural resources, trading possibilities, social and political structure, was the first to develop fully the preconditions for take-off.

The more general case in modern history, however, saw the stage of preconditions arise not endogenously but from some external intrusion by more advanced societies. These invasions—literal or figurative—shocked the traditional society and began or hastened its undoing; but they also set in motion ideas and sentiments which initiated the process by which a modern alternative to the traditional society was constructed out of the old culture.

The idea spreads not merely that economic progress is possible, but that economic progress is a necessary condition for some other purpose, judged to be good: be it national dignity, private profit, the general welfare, or a better life for the children. Education, for some at least, broadens and changes to suit the needs of modern economic activity. New types of enterprising men come forward—

in the private economy, in government, or both—willing to mobilize savings and to take risks in pursuit of profit or modernization. Banks and other institutions for mobilizing capital appear. Investment increases, notably in transport, communications, and in raw materials in which other nations may have an economic interest. The scope of commerce, internal and external, widens. And, here and there, modern manufacturing enterprise appears, using the new methods. But all this activity proceeds at a limited pace within an economy and a society still mainly characterized by traditional low-productivity methods, by the old social structure and values, and by the regionally based political institutions that developed in conjunction with them.

In many recent cases, for example, the traditional society persisted side by side with modern economic activities, conducted for limited economic purposes by a colonial or quasi-colonial power.

Although the period of transition—between the traditional society and the take-off—saw major changes in both the economy itself and in the balance of social values, a decisive feature was often political. Politically, the building of an effective centralized national state—on the basis of coalitions touched with a new nationalism, in opposition to the traditional landed regional interests, the colonial power, or both, was a decisive aspect of the preconditions period; and it was, almost universally, a necessary condition for take-off.

There is a great deal more that needs to be said about the preconditions period, but we shall leave it for chapter 3, where the anatomy of the transition from a traditional to a modern society is examined.

THE TAKE-OFF

We come now to the great watershed in the life of modern societies: the third stage in this sequence, the take-off. The take-off is the interval when the old blocks and resistances to steady growth are finally overcome. The forces making for economic progress, which yielded limited bursts and enclaves of modern activity, expand and come to dominate the society. Growth becomes its normal condition. Compound interest becomes built, as it were, into its habits and institutional structure.

In Britain and the well-endowed parts of the world populated substantially from Britain (the United States, Canada etc.) the proximate stimulus for take-off was mainly (but not wholly) technological. In the more general case, the take-off awaited not only the build-up of social overhead capital and a surge of technological development in industry and agriculture, but also the emergence to political power of a group prepared to regard the modernization of the economy as serious, high-order political business.

During the take-off, the rate of effective investment and savings may rise from, say, 5 % of the national income to 10 % or more; although where heavy social overhead capital investment was required to create the technical preconditions for take-off the investment rate in the preconditions period could be higher than 5 %, as, for example, in Canada before the 1890's and Argentina before 1914. In such cases capital imports usually formed a high proportion of total investment in the preconditions period and sometimes even during the take-off itself, as in Russia and Canada during their pre-1914 railway booms.

During the take-off new industries expand rapidly, yielding profits a large proportion of which are reinvested in new plant; and these new industries, in turn, stimulate, through their rapidly expanding requirement for factory workers, the services to support them, and for other manufactured goods, a further expansion in urban areas and in other modern industrial plants. The whole process of expansion in the modern sector yields an increase of income in the hands of those who not only save at high rates but place their savings at the disposal of those engaged in modern sector activities. The new class of entrepreneurs expands; and it directs the enlarging flows of investment in the private sector. The economy exploits hitherto unused natural resources and methods of production.

New techniques spread in agriculture as well as industry, as agriculture is commercialized, and increasing numbers of farmers are prepared to accept the new methods and the deep changes they bring to ways of life. The revolutionary changes in agricultural productivity are an essential condition for successful take-off: for modernization of a society increases radically its bill for agricultural products. In a decade or two both the basic structure of the economy and the social and political structure of the society are transformed

in such a way that a steady rate of growth can be, thereafter, regularly sustained.

As indicated in chapter 4, one can approximately allocate the take-off of Britain to the two decades after 1783; France and the United States to the several decades preceding 1860; Germany, the third quarter of the nineteenth century; Japan, the fourth quarter of the nineteenth century; Russia and Canada the quarter-century or so preceding 1914; while during the 1950's India and China have, in quite different ways, launched their respective take-offs.

THE DRIVE TO MATURITY

After take-off there follows a long interval of sustained if fluctuating progress, as the now regularly growing economy drives to extend modern technology over the whole front of its economic activity. Some 10-20 % of the national income is steadily invested, permitting output regularly to outstrip the increase in population. The make-up of the economy changes unceasingly as technique improves, new industries accelerate, older industries level off. The economy finds its place in the international economy: goods formerly imported are produced at home; new import requirements develop, and new export commodities to match them. The society makes such terms as it will with the requirements of modern efficient production, balancing off the new against the older values and institutions, or revising the latter in such ways as to support rather than to retard the growth process.

Some sixty years after take-off begins (say, forty years after the end of take-off) what may be called maturity is generally attained. The economy, focused during the take-off around a relatively narrow complex of industry and technology, has extended its range into more refined and technologically often more complex processes; for example, there may be a shift in focus from the coal, iron, and heavy engineering industries of the railway phase to machine-tools, chemicals, and electrical equipment. This, for example, was the transition through which Germany, Britain, France, and the United States had passed by the end of the nineteenth century or shortly thereafter. But there are other sectoral patterns which have been followed in the sequence from take-off to maturity, which are considered in chapter 5.

Formally, we can define maturity as the stage in which an economy demonstrates the capacity to move beyond the original industries which powered its take-off and to absorb and to apply efficiently over a very wide range of its resources—if not the whole range—the most advanced fruits of (then) modern technology. This is the stage in which an economy demonstrates that it has the technological and entrepreneurial skills to produce not everything, but anything that it chooses to produce. It may lack (like contemporary Sweden and Switzerland, for example) the raw materials or other supply conditions required to produce a given type of output economically; but its dependence is a matter of economic choice or political priority rather than a technological or institutional necessity.

Historically, it would appear that something like sixty years was required to move a society from the beginning of take-off to maturity. Analytically the explanation for some such interval may lie in the powerful arithmetic of compound interest applied to the capital stock, combined with the broader consequences for a society's ability to absorb modern technology of three successive generations living under a regime where growth is the normal condition. But, clearly, no dogmatism is justified about the exact length of the interval from take-off to maturity.

THE AGE OF HIGH MASS-CONSUMPTION

We come now to the age of high mass-consumption, where, in time, the leading sectors shift towards durable consumers' goods and services: a phase from which Americans are beginning to emerge; whose not unequivocal joys Western Europe and Japan are beginning energetically to probe; and with which Soviet society is engaged in an uneasy flirtation.

As societies achieved maturity in the twentieth century two things happened: real income per head rose to a point where a large number of persons gained a command over consumption which transcended basic food, shelter, and clothing; and the structure of the working force changed in ways which increased not only the proportion of urban to total population, but also the proportion of the population working in offices or in skilled factory jobs—aware of and anxious to acquire the consumption fruits of a mature economy.

In addition to these economic changes, the society ceased to accept the further extension of modern technology as an overriding objective. It is in this post-maturity stage, for example, that, through the political process, Western societies have chosen to allocate increased resources to social welfare and security. The emergence of the welfare state is one manifestation of a society's moving beyond technical maturity; but it is also at this stage that resources tend increasingly to be directed to the production of consumers' durables and to the diffusion of services on a mass basis if consumers' sovereignty reigns. The sewing-machine, the bicycle, and then the various electric-powered household gadgets were gradually diffused. Historically, however, the decisive element has been the cheap mass automobile with its quite revolutionary effects—social as well as economic—on the life and expectations of society.

For the United States, the turning point was, perhaps, Henry Ford's moving assembly line of 1913-14; but it was in the 1920's, and again in the post-war decade, 1946-56, that this stage of growth was pressed to, virtually, its logical conclusion. In the 1950's Western Europe and Japan appear to have fully entered this phase, accounting substantially for a momentum in their economies quite unexpected in the immediate post-war years. The Soviet Union is technically ready for this stage, and, by every sign, its citizens hunger for it; but Communist leaders face difficult political and social problems of adjustment if this stage is launched.

BEYOND CONSUMPTION

Beyond, it is impossible to predict, except perhaps to observe that Americans, at least, have behaved in the past decade as if diminishing relative marginal utility sets in, after a point, for durable consumers' goods; and they have chosen, at the margin, larger families—behaviour in the pattern of Buddenbrooks dynamics.* Americans have behaved as if, having been born into a system that provided economic security and high mass-consumption, they placed a lower

* In Thomas Mann's novel of three generations, the first sought money; the second, born to money, sought social and civic position; the third, born to comfort and family prestige, looked to the life of music. The phrase is designed to suggest, then, the changing aspirations of generations, as they place a low value on what they take for granted and seek new forms of satisfaction.

valuation on acquiring additional increments of real income in the conventional form as opposed to the advantages and values of an enlarged family. But even in this 'adventure in generalization' it is a shade too soon to create—on the basis of one case—a new stage-of-growth, based on babies, in succession to the age of consumers' durables: as economists might say, the income-elasticity of demand for babies may well vary from society to society. But it is true that the implications of the baby boom along with the not wholly unrelated deficit in social overhead capital are likely to dominate the American economy over the next decade rather than the further diffusion of consumers' durables.

Here then, in an impressionistic rather than an analytic way, are the stages-of-growth which can be distinguished once a traditional society begins its modernization: the transitional period when the preconditions for take-off are created generally in response to the intrusion of a foreign power, converging with certain domestic forces making for modernization; the take-off itself; the sweep into maturity generally taking up the life of about two further generations; and then, finally, if the rise of income has matched the spread of technological virtuosity (which, as we shall see, it need not immediately do) the diversion of the fully mature economy to the provision of durable consumers' goods and services (as well as the welfare state) for its increasingly urban—and then suburban—population. Beyond lies the question of whether or not secular spiritual stagnation will arise, and, if it does, how man might fend it off: a matter considered in chapter 6.

In the four chapters that follow we shall take a harder, and more rigorous look at the preconditions, the take-off, the drive to maturity, and the processes which have led to the age of high mass-consumption. But even in this introductory chapter one characteristic of this system should be made clear.

A DYNAMIC THEORY OF PRODUCTION

These stages are not merely descriptive. They are not merely a way of generalizing certain factual observations about the sequence of development of modern societies. They have an inner logic and

continuity. They have an analytic bone-structure, rooted in a dynamic theory of production.

The classical theory of production is formulated under essentially static assumptions which freeze—or permit only once-over change—in the variables most relevant to the process of economic growth. As modern economists have sought to merge classical production theory with Keynesian income analysis they have introduced the dynamic variables: population, technology, entrepreneurship etc. But they have tended to do so in forms so rigid and general that their models cannot grip the essential phenomena of growth, as they appear to an economic historian. We require a dynamic theory of production which isolates not only the distribution of income between consumption, saving, and investment (and the balance of production between consumers and capital goods) but which focuses directly and in some detail on the composition of investment and on developments within particular sectors of the economy. The argument that follows is based on such a flexible, disaggregated theory of production.

When the conventional limits on the theory of production are widened, it is possible to define theoretical equilibrium positions not only for output, investment, and consumption as a whole, but for each sector of the economy.*

Within the framework set by forces determining the total level of output, sectoral optimum positions are determined on the side of demand, by the levels of income and of population, and by the character of tastes; on the side of supply, by the state of technology and the quality of entrepreneurship, as the latter determines the proportion of technically available and potentially profitable innovations actually incorporated in the capital stock.†

In addition, one must introduce an extremely significant empirical hypothesis: namely, that deceleration is the normal optimum path of a sector, due to a variety of factors operating on it, from the side of both supply and demand.‡

* W. W. Rostow, *The Process of Economic Growth* (Oxford, 1953), especially chapter IV. Also 'Trends in the Allocation of Resources in Secular Growth', chapter 15 of *Economic Progress*, ed. Leon H. Dupriez, with the assistance of Douglas C. Hague (Louvain, 1955).

† In a closed model, a dynamic theory of production must account for changing stocks of basic and applied science, as sectoral aspects of investment, which is done in *The Process of Economic Growth*, especially pp. 22-5.

‡ *Process of Economic Growth*, pp. 96-103.

The equilibria which emerge from the application of these criteria are a set of sectoral paths, from which flows, as first derivatives, are a sequence of optimum patterns of investment.

Historical patterns of investment did not, of course, exactly follow these optimum patterns. They were distorted by imperfections in the private investment process, by the policies of governments, and by the impact of wars. Wars temporarily altered the profitable directions of investment by setting up arbitrary demands and by changing the conditions of supply; they destroyed capital; and, occasionally, they accelerated the development of new technology relevant to the peacetime economy and shifted the political and social framework in ways conducive to peacetime growth.* The historical sequence of business-cycles and trend-periods results from these deviations of actual from optimal patterns; and such fluctuations, along with the impact of wars, yield historical paths of growth which differ from those which the optima, calculated before the event, would have yielded.

Nevertheless, the economic history of growing societies takes a part of its rude shape from the effort of societies to approximate the optimum sectoral paths.

At any period of time, the rate of growth in the sectors will vary greatly; and it is possible to isolate empirically certain leading sectors, at early stages of their evolution, whose rapid rate of expansion plays an essential direct and indirect role in maintaining the overall momentum of the economy.† For some purposes it is useful to characterize an economy in terms of its leading sectors; and a part of the technical basis for the stages of growth lies in the changing sequence of leading sectors. In essence it is the fact that sectors tend to have a rapid growth-phase, early in their life, that makes it possible and useful to regard economic history as a sequence of stages rather than merely as a continuum, within which nature never makes a jump.

The stages-of-growth also require, however, that elasticities of demand be taken into account, and that this familiar concept be

* *Process of Economic Growth*, chapter vii, especially pp. 164-7.

† For a discussion of the leading sectors, their direct and indirect consequences, and the diverse routes of their impact, see 'Trends in the Allocation of Resources in Secular Growth', *loc. cit.*

widened; for these rapid growth phases in the sectors derive not merely from the discontinuity of production functions but also from high price- or income-elasticities of demand. Leading sectors are determined not merely by the changing flow of technology and the changing willingness of entrepreneurs to accept available innovations: they are also partially determined by those types of demand which have exhibited high elasticity with respect to price, income, or both.

The demand for resources has resulted, however, not merely from demands set up by private taste and choice, but also from social decisions and from the policies of governments—whether democratically responsive or not. It is necessary, therefore, to look at the choices made by societies in the disposition of their resources in terms which transcend conventional market processes. It is necessary to look at their welfare functions, in the widest sense, including the non-economic processes which determined them.

The course of birth-rates, for example, represents one form of welfare choice made by societies, as income has changed; and population curves reflect (in addition to changing death-rates) how the calculus about family size was made in the various stages; from the usual (but not universal) decline in birth-rates, during or soon after the take-off, as urbanization took hold and progress became a palpable possibility, to the recent rise, as Americans (and others in societies marked by high mass-consumption) have appeared to seek in larger families values beyond those afforded by economic security and by an ample supply of durable consumers' goods and services.

And there are other decisions as well that societies have made as the choices open to them have been altered by the unfolding process of economic growth; and these broad collective decisions, determined by many factors—deep in history, culture, and the active political process—outside the market-place, have interplayed with the dynamics of market demand, risk-taking, technology and entrepreneurship, to determine the specific content of the stages of growth for each society.

How, for example, should the traditional society react to the intrusion of a more advanced power: with cohesion, promptness, and vigour, like the Japanese; by making a virtue of fecklessness,

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like the oppressed Irish of the eighteenth century; by slowly and reluctantly altering the traditional society, like the Chinese?

When independent modern nationhood is achieved, how should the national energies be disposed: in external aggression, to right old wrongs or to exploit newly created or perceived possibilities for enlarged national power; in completing and refining the political victory of the new national government over old regional interests; or in modernizing the economy?

Once growth is under way, with the take-off, to what extent should the requirements of diffusing modern technology and maximizing the rate of growth be moderated by the desire to increase consumption *per capita* and to increase welfare?

When technological maturity is reached, and the nation has at its command a modernized and differentiated industrial machine, to what ends should it be put, and in what proportions: to increase social security, through the welfare state; to expand mass-consumption into the range of durable consumers' goods and services; to increase the nation's stature and power on the world scene; or to increase leisure?

And then the question beyond, where history offers us only fragments: what to do when the increase in real income itself loses its charm? Babies, boredom, three-day week-ends, the moon, or the creation of new inner, human frontiers in substitution for the imperatives of scarcity?

In surveying now the broad contours of each stage-of-growth, we are examining, then, not merely the sectoral structure of economies, as they transformed themselves for growth, and grew; we are also examining a succession of strategic choices made by various societies concerning the disposition of their resources, which include but transcend the income- and price-elasticities of demand.

MARXISM, COMMUNISM, AND THE
STAGES-OF-GROWTH

This final chapter considers how the stages-of-growth analysis compares with Marxism; for, in its essence, Marxism is also a theory of how traditional societies came to build compound interest into their structures by learning the tricks of modern industrial technology; and of the stages that will follow until they reach that ultimate stage of affluence which, in Marx's view, was not Socialism, under the dictatorship of the proletariat, but true Communism. As against our stages—the traditional society; the preconditions; take-off; maturity; and high mass-consumption—we are setting, then, Marx's feudalism; bourgeois capitalism; Socialism; and Communism.

We shall proceed by first summarizing the essence of Marx's propositions. We shall then note the similarities between his analysis and the stages-of-growth; and the differences between the two systems of thought, stage by stage. This will provide a way of defining the status and meaning of Marxism, as seen from the perspective of the stages-of-growth sequence. Finally, we shall look briefly at the evolution of Marxist thought and Communist policy, from Lenin forward; and draw some conclusions.

THE SEVEN MARXIST PROPOSITIONS

Marxist thought can be summarized in seven propositions, as follows.

First, the political, social and cultural characteristics of societies are a function of how the economic process is conducted. And, basically, the political, social and cultural behaviour of men is a function of their economic interests. All that follows in Marx derives from this proposition until the stage of Communism is reached, when the burden of scarcity is to be lifted from men and their other more humane motives and aspirations come to dominance.*

* The exact form of the function relating economic interest to non-economic behaviour varies in Marx's writings and in the subsequent Marxist literature. Much in the original texts—and virtually all the operational conclusions derived from them—depend

Second, history moves forward by a series of class struggles, in which men assert their inevitably conflicting economic interests in a setting of scarcity.

Third, feudal societies—in our phrase, traditional societies*—were destroyed because they permitted to grow up within their framework a middle class, whose economic interests depended on the expansion of trade and modern manufactures; for this middle class successfully contended against the traditional society and succeeded in imposing a new political, social, and cultural superstructure, conducive to the pursuit of profit by those who commanded the new modern means of production.

Fourth, similarly, capitalist industrial societies would, Marx predicted, create the conditions for their destruction because of two inherent characteristics: because they created a mainly unskilled working force, to which they continued to allocate only a minimum survival real wage; and because the pursuit of profit would lead to a progressive enlargement of industrial capacity, leading to a competitive struggle for markets, since the purchasing power of labour would be an inadequate source of demand for potential output.

Fifth, this innate contradiction of capitalism—relatively stagnant real wages for labour and the build-up of pressure to find markets for expanding capacity—would produce the following specific mechanism

on a simple and direct function relating economic interest to social and political behaviour. In some parts of the Marxist literature, however, the function is developed in a more sophisticated form. Non-economic behaviour is seen as related not immediately and directly to economic self-interest but to the ideology and loyalties of class. Since, however, class interests and ideologies are presented as, essentially, a function of the techniques of production and the social relationships arising from them, this indirect formulation yields much the same results as the more primitive statement of connexion. In the main stream of Marxist literature, from beginning to end, it is only in seeking, protecting and enlarging property and income that men are really serious. Finally, there are a few passages in Marx—and more in Engels—which reveal a perception that human behaviour is affected by motives which need not be related to or converge with economic self-interest. This perception, if systematically elaborated, would have altered radically the whole flow of the Marxist argument and its conclusions. Marx, Engels, and their successors have turned their backs on this perception, in ideological formulations; although, as suggested later in this chapter, Lenin and his successors in Communist politics have acted vigorously on this perception.

* Marx's concept of feudalism is too restrictive to cover all the traditional societies, a number of which did not develop a class of nobility, linked to the Crown, owning large tracts of land. Marxist analyses of traditional China, for example, have been strained on this point.

of self-destruction: an increasingly self-conscious and assertive proletariat goaded, at last, to seize the means of production in the face of increasingly severe crises of unemployment. The seizure would be made easier because, as the competition for markets mounted, in the most mature stage of capitalism, monopolies would be formed; and the setting for transfer of ownership to the State would be created.

Sixth—this is a Leninist extension of Marxism—the mechanism of capitalism's downfall would consist not only in successive crises of increasingly severe unemployment, but also in imperialist wars, as the competition for trade and outlets for capital, induced by markets inadequate to capacity, led on not only to monopolies but also to a world-wide colonial struggle among the national monopolies of the capitalist world. The working class would thus seize power and install socialism not only in a setting of chronic, severe unemployment but also of disruption caused by imperialist wars, to which the capitalist world would be driven in order to avoid unemployment and to evade and divert the growing assertiveness of an increasingly mobilized and class-conscious proletariat, led and educated by the Communists within its ranks.

Seventh, once power is seized by the Socialist state, acting on behalf of the industrial proletariat—in the phase called 'the dictatorship of the proletariat'—production would be driven steadily forward, without crises; and real income would expand to the point where true Communism would become possible. This would happen because Socialism would remove the inner contradictions of capitalism. Let me quote Marx's vision of the end of the process: 'In a higher phase of Communist society, after the enslaving subordination of individuals under the division of labour, and therefore also the antithesis between mental and physical labour has vanished; after labour, from a mere means of life has of itself become the prime necessity of life; after the productive resources have also increased with the all-round development of the individual and all the springs of co-operative wealth flow more abundantly—only then can the narrow horizon of the bourgeois law be fully left behind and society inscribe on its banners: from each according to his ability, to each according to his needs.'*

* Quoted from 'Critique of the Gotha Programme', in J. Eaton, *Political Economy, a Marxist Textbook* (London, 1958), p. 187.

SIMILARITIES WITH STAGES-OF-GROWTH ANALYSIS

Now let us identify the broad similarities between Marx's historical sequence and the stages-of-growth analysis.

First, they are both views of how whole societies evolve, seen from an economic perspective; both are explorations of the problems and consequences for whole societies of building compound interest into their habits and institutions.

Second, both accept the fact that economic change has social, political, and cultural consequences; although the stages-of-growth rejects the notion that the economy as a sector of society—and economic advantage as a human motive—are necessarily dominant.

Third, both would accept the reality of group and class interests in the political and social process, linked to interests of economic advantage; although the stages-of-growth would deny that they have been the unique determining force in the progression from traditional societies to the stage of high mass-consumption.

Fourth, both would accept the reality of economic interests in helping determine the setting out of which certain wars arose; although the stages-of-growth would deny the primacy of economic interests and motives as an ultimate cause of war-making; and it would relate economic factors and war in ways quite different from those of Marx and Lenin.

Fifth, both would pose, in the end, the goal or the problem of true affluence—of the time when, in Marx's good phrase—labour 'has of itself become the prime necessity of life'; although the stages-of-growth has something more to say about the nature of the choices available.

Sixth, in terms of economic technique, both are based on sectoral analyses of the growth process; although Marx confined himself to consumption goods and capital goods sectors, while the stages-of-growth are rooted in a more disaggregated analysis of leading sectors which flows from a dynamic theory of production.

CENTRAL THEMES OF STAGES-OF-GROWTH

With these two catalogues as background we can now isolate more precisely and more positively how the stages-of-growth analysis attempts, stage by stage, to deal with and to solve the problems with which Marx wrestled, and to avoid what appear to be Marx's basic errors.

The first and most fundamental difference between the two analyses lies in the view taken of human motivation. Marx's system is, like classical economics, a set of more or less sophisticated logical deductions from the notion of profit maximization, if profit maximization is extended to cover, loosely, economic advantage. The most important analytic assertion in Marx's writings is the assertion in the Communist Manifesto that capitalism 'left no other nexus between man and man than naked self-interest, than callous "cash payment"'. In the stages-of-growth sequence man is viewed as a more complex unit. He seeks, not merely economic advantage, but also power, leisure, adventure, continuity of experience and security; he is concerned with his family, the familiar values of his regional and national culture, and a bit of fun down at the local. And beyond these diverse homely attachments, man is also capable of being moved by a sense of connexion with human beings everywhere, who, he recognizes, share his essentially paradoxical condition. In short, net human behaviour is seen not as an act of maximization, but as an act of balancing alternative and often conflicting human objectives in the face of the range of choices men perceive to be open to them.

This notion of balance among alternatives perceived to be open is, of course, more complex and difficult than a simple maximization proposition; and it does not lead to a series of rigid, inevitable stages of history. It leads to patterns of choice made within the framework permitted by the changing setting of society: a setting itself the product both of objective real conditions and of the prior choices made by men which help determine the current setting which men confront.*

* In the stages-of-growth some of the characteristics which have a persistent effect on the whole sequence of growth are rooted in the traditional society and its culture. They constitute an initial condition for the growth process with consequences for a time-period which transcends the sweep from the preconditions forward. See the author's *British Economy of the Nineteenth Century* (Oxford, 1948), chapter vi, especially pp. 128 n. and 140.

We shall not explore here the formal properties of such a dynamic system; but it follows directly from this view of how individuals act that the behaviour of societies is not uniquely determined by economic considerations. The sectors of a society interact: cultural, social, and political forces, reflecting different facets of human beings, have their own authentic, independent impact on the performance of societies, including their economic performance. Thus, the policy of nations and the total performance of societies—like the behaviour of individuals—represent acts of balance rather than a simple maximization procedure.

On this view it matters greatly how societies go about making their choices and balances. Specifically, it follows that the central phenomenon of the world of post-traditional societies is not the economy—and whether it is capitalist or not—it is the total procedure by which choices are made. The stages-of-growth would reject as inaccurate Marx's powerful but over-simplified assumption that a society's decisions are simply a function of who owns property. For example, what Marx regards as capitalist societies at no stage, even in their purest form, ever made all their major decisions simply in terms of the free-market mechanism and private advantage. In Britain, for example, even at the height of the drive to maturity—in let us say the 1815-50 period, when the power of the industrial capitalist was least dilute—in these years factory legislation was set in motion; and after the vote was extended in the Second and Third Reform Bills, the policy of the society was determined by a balance between interests of profit and relative utility maximization on the one hand, and, on the other, interests of welfare as made effective on a 'one man one vote' basis through the political process. Capitalism, which is the centre of Marx's account of the post-feudal phase, is thus an inadequate analytic basis to account for the performance of Western societies. One must look directly at the full mechanism of choice among alternative policies, including the political process—and, indeed, the social and religious processes—as independent arenas for making decisions and choices.

To be more concrete, nothing in Marx's analysis can explain how and why the landed interests in the end accepted the Reform Bill of 1832, or why the capitalists accepted the progressive income tax,

or the welfare state; for it is absolutely essential to Marxism that it is over property that men fight and die. In fact one must explain such phenomena with reference to a sense of commitment to the national community and to the principles of the individualist-utilitarian creed that transcended mere profit advantage. Similarly, nothing in Marx's analysis explains the patient acceptance of the framework of private capitalism by the working class, when joined to the democratic political process, despite continued disparities in income.

Marx—and Hegel—were correct in asserting that history moves forward by the clash of conflicting interests and outlooks; but the outcome of conflict in a regularly growing society is likely to be governed by ultimate considerations of communal continuity which a Boston lawyer, Charles Curtis—old in the ways of advocacy and compromise—recently put as follows:

I suggest [he said] that things get done gradually only between opposing forces. There is no such thing as self-restraint in people. What looks like it is indecision.... It may be that truth is best sought in the market of free speech, but the best decisions are neither bought nor sold. They are the result of disagreement, where the last word is not 'I admit you're right', but 'I've got to live with the son of a bitch, haven't I'.*

This ultimate human solvent, Karl Marx—a lonely man, profoundly isolated from his fellows—never understood. He regarded it, in fact, as cowardice and betrayal, not the minimum condition for organized social life, any time, anywhere.

And, as developed in chapter 8, a simple analysis of war, in terms of economic advantage, breaks down in the face of a consideration of the different types of armed conflict and how they actually came about. Nationalism—and all that goes with it in terms of human sentiment and public policy—is a hangover from the world of traditional societies.†

* C. Curtis, *A Commonplace Book* (New York, 1957), pp. 112-13.

† This theme is developed by Schumpeter in his writings about Marx and in his essay on Imperialism (*J. Schumpeter, Imperialism* (ed. B. Hoselitz, Meridian Books, New York, 1955), especially pp. 64 ff.; and *Ten Great Economists* (London, 1952), especially pp. 20 and 61 ff.). Whereas Schumpeter emphasized the persistence of irrational and romantic nationalist attitudes, the present analysis would underline two other factors. First, the role of certain groups and attitudes derived from the traditional society, in the growth process itself. Second, the structural fact that, once national sovereignty was accepted as a rule of the world arena, nations found themselves gripped in an almost inescapable oligopolistic struggle for power which did have elements of rationality.

One need look no farther than the primacy colonial peoples give to independence over economic development, or the hot emotions Arab politicians can generate in the street crowds, to know that economic advantage is an insufficient basis for explaining political behaviour; and all of modern history sustains the view that what we now see about us in Asia, the Middle East, and Africa is typical of human experience, when confronted with the choices faced in transitional societies.

Thus, the account of the break-up of traditional societies offered here is based on the convergence of motives of private profit in the modern sectors with a new sense of affronted nationhood. And other forces play their part as well, for example the simple perception that children need not die so young or live their lives in illiteracy: a sense of enlarged human horizons, independence of both profit and national dignity. And when independence or modern nationhood are at last attained, there is no simple, automatic switch to a dominance of the profit motive and economic and social progress. On the contrary there is a searching choice and problem of balance among the three directions policy might go: external assertion; the further concentration of power in the centre as opposed to the regions; and economic growth.

Then, indeed, when these choices are at last sorted out, and progress has gripped the society, history has decreed generally a long phase when economic growth is the dominant but not exclusive activity: the take-off and the sixty years or so of extending modern techniques. It is in the drive to maturity that societies have behaved in the most Marxist way, but each in terms of its own culture, social structure and political process; for growing societies, even growing capitalist societies, have differed radically in these respects. There has been no uniform 'superstructure' in growing societies. On the contrary, the differing nature of the 'superstructures' has strongly affected the patterns which economic growth assumed. And even in the drive to maturity we must be careful not to identify what was done—the energetic extension of modern technique—with a too-simple hypothesis about human motivation. We know that during take-offs and during the drive to maturity societies did, in fact, tend substantially to set aside other objectives and clear

the way for activities which would, within human and resource and other societal restraints, maximize the rate of growth. But this is not to say that the profit motive itself was dominant. It certainly played a part. But in the United States after the Civil War, for example (perhaps the most materialist phase of any capitalist society, superficially examined), men did the things necessary to industrialize a great, rich continent, not merely to make money, but because power, adventure, challenge, and social prestige were all to be found in the market-place of a society where Church and State were relatively unimportant. The game of expansion and money-making was rewarding at this stage, not merely in terms of money, but in terms of the full range of human motives and aspirations. How, otherwise, can one explain the ardent striving of men long after they made more money than they or their children could conceivably use? And similar modifications in the Marxist view of human motivation would be required in an accurate account of the German, Japanese, Swedish, French, British, and—indeed—the Russian drives to maturity.

At this stage we come, of course, to Marx's familiar technical errors: his implicit Malthusian theory of population, and his theory of stagnant real wages.

It is an old game to point out that, in fact, population did not so move as to maintain a reserve army of unemployed, and that the workings of competitive capitalism yielded not stagnant real wages but rising real wages. Robinson and Kaldor have recently, for example, emphasized these deep flaws in Marx's economics.* And indeed they are, in formal terms, quite technical errors in judging how the economic process would operate. But they are more. They directly reflect Marx's basic proposition about societies; for neither political power, social power, nor, even, economic power neatly followed the fact that property was privately owned. Competition did not give way to monopoly; and competition, even imperfect, permitted wages to approximate net marginal value product; and this technical aspect of the market mechanism was buttressed by an acceptance of trade unions by the society and by a growing set

* Joan Robinson, *Marx, Marshall, and Keynes* (Delhi, 1955); and N. Kaldor, 'A Model of Economic Growth', *Economic Journal*, December 1957, especially pp. 618-21.

of political interventions allowed and encouraged by the democratic political process. Moreover, the fact of mass progress itself, ruled out in Marx's analysis, made men rethink the calculus of having children; and it yielded a non-Malthusian check on the birth-rate: a check based not on poverty and disease but on progress itself. Think here not only of the older cases of declining birth-rates in history but of the radical fall in the birth-rate in resurgent Japan and Italy of the 1950's.

And so, when compound interest took hold, progress was shared between capital and labour; the struggle between classes was softened; and when maturity was reached they did not face a cataclysmic impasse. They faced, merely, a new set of choices; that is, the balance between the welfare state; high mass-consumption; and a surge of assertiveness on the world scene.

Thus, compound interest and the choices it progressively opened up by raising the average level of real income becomes a major independent variable in the stages-of-growth; whereas, in Marx's theory, compound interest appears in the perverse form of mounting profits, capable only of being distributed in high capitalist living, unusable capacity, and war. Put another way, the income-elasticity of demand is a living force in the stages-of-growth analysis; whereas it is virtually ruled out in Marx's powerful simplifications.

Now the Leninist question: whether capitalism, having an alleged built-in tendency for profits to decline, causes monopolies to rise, and crises to become progressively more severe, and leads to a desperate competitive international struggle for markets, and to wars.

First, the question of industrial concentration. Here we would merely assert that the evidence in the United States, at least, in no way suggests that the degree of concentration has increased significantly in, say, the last fifty years. And where it has increased it has done so more on the basis of the economies of large-scale research and development than because the market environment has been too weak to sustain small firms. And I doubt that the story would be very different in other mature societies of the West. Moreover, where concentrations of economic power have persisted, they have been forced to operate increasingly on terms set by the political

process rather than merely the maximization procedures of the market-place itself.

Second, the question of increasingly severe crises. Down to 1914 there is no evidence whatsoever that the amplitude of cycles in unemployment increased. On the contrary, the evidence is of a remarkable uniformity in the cycles of the nineteenth century, whether viewed in terms of such statistics of unemployment as we have, or in terms of years of increasing and decreasing economic activity. There was, of course, the unique depression of the 1930's. But, if the view developed in chapter 6 is correct, the relative inter-war stagnation in Western Europe was due not to long-run diminishing returns but to the failure of Western Europe to create a setting in which its national societies moved promptly into the age of high mass-consumption, yielding new leading sectors. And this failure, in turn, was due mainly to a failure to create initial full employment in the post-1920 setting of the terms of trade. Similarly the protracted depression of the United States in the 1930's was due not to long-run diminishing returns, but to a failure to create an initial renewed setting of full employment, through public policy, which would have permitted the new leading sectors of suburban housing, the diffusion of automobiles, durable consumers' goods and services to roll forward beyond 1929.

There is every reason to believe, looking at the sensitivity of the political process to even small pockets of unemployment in modern democratic societies, that the sluggish and timid policies of the 1920's and 1930's with respect to the level of employment will no longer be tolerated in Western societies. And now the technical tricks of that trade—due to the Keynesian revolution—are widely understood. It should not be forgotten that Keynes set himself the task of defeating Marx's prognosis about the course of unemployment under capitalism; and he largely succeeded.

As for that old classical devil 'diminishing returns'—which Marx took over in the form of his assumption of the declining level of profits—we cannot be dogmatic over the very long run; but the scale and pace of scientific enterprise in the modern world (which, as a sector, is at a rapid growth-stage) make it unlikely that we will lack things to do productively if people prefer productive activity

to leisure. Besides, societies have it open to them, if they wish to continue the strenuous life, to follow the American lead and re-impose a Malthusian surge of population, when they get bored with gadgets.

Finally, the question of mature capitalism's dependence on colonies. Here we need only note that, while colonialism is virtually dead, capitalism in the Western Hemisphere, Western Europe and Japan is enjoying an extraordinary surge of growth. It is perfectly evident that, whatever the economic troubles of the capitalist societies, they do not stem primarily from a dependence on imperialism. If anything, their vulnerability now derives from an unwillingness to concern themselves sufficiently with—and to allocate adequate resources to—the world of underdeveloped nations. Domestic demand is not so inadequate as to force attention outward: it is too strong to make it possible for governments to mobilize adequate resources for external affairs. The current hope of Communism lies not in the exploitation of confusion and crises brought on by a compulsive struggle to unload exports, but from an excessive absorption of the capitalist world with the attractions of domestic markets.

This brings us to a comparison between Marx's view of Communism and the stage beyond mass consumption in the stages-of-growth. On this issue Marx was a nineteenth-century romantic. He looked to men, having overcome scarcity, permitting their better natures to flower; to work for the joy of personal expression in a setting where affluence had removed the need and temptation for avarice. This is indeed a decent and legitimate hope; an aspiration; and, even, a possibility. But, as suggested towards the end of chapter 6, it is not the only alternative. There are babies and boredom, the development of new inner human frontiers, outer space and trivial pleasures—or, maybe, destruction, if the devil makes work for idle hands. But while this is man's ultimate economic problem, if all goes well, it is a problem that we of this generation can set aside, to a degree, given the agenda that faces us in a world of nuclear weapons and in the face of the task of making a peaceful world community that will embrace the older and newer nations which have learned the tricks of growth.

MARX IN PERSPECTIVE

What can we say about Marx, then, in the light of the stages-of-growth analysis? Where does he fit?

Intellectually he brought together two sets of tools: an Hegelian view of the dynamics of history, and a generalized version of profit maximization (as well as various substantive propositions) from the world of the classical economists.

He applied this kit-bag to what he could perceive of one historical case: the case of the British take-off and drive to maturity; and he generalized and projected his result. His whole system was fully formed by 1848, when he and Engels wrote the *Communist Manifesto*; that is, it was formed before any other society except Britain had experienced the take-off. And although Marx commented *ad hoc* over the years on various short-run aspects of the French, German, and American cases—and was personally involved in the political events of France and Germany—it was the British Industrial Revolution and what followed the take-off in Britain that shaped his categories. Nothing really important in Marx post-dates 1848.

Now, as we have seen, the British case of transition was unique in the sense that it appeared to have been brought about by the internal dynamics of a single society, without external intervention; that is, there grew up within an agricultural and trading society an industrial middle class, which progressively transformed the politics, social structure, and values of the society, notably in the three decades after Waterloo. The French, German and American cases were not distinctive enough, at least in Marx's time, and within his understanding, to force him to revise his categories; Japan he did not study or incorporate in his system; Russia made him shudder, at least until late in life, when the Russian intellectuals began to take him seriously; and, like the parochial intellectual of Western Europe he was, the prospects in Asia and Africa were mainly beyond his ken, dealt with almost wholly in the context of British policy rather than in terms of their own problems of modernization.*

* I. Berlin, *Karl Marx* (London, 1956 edition), pp. 254-8. Marx did, however, make some interesting *ad hoc* observations on India and China, in writing as a journalist about British policy in the Opium Wars and the Indian Mutiny.

A concentration on the British case permitted a much simpler concept of the transition period and of the take-off than our contemporary range of historical knowledge would allow. Marx, generalizing his insights about Britain, could stick with the middle class and the profit motive. The role of reactive nationalism in transforming a traditional society and the problem of choice faced when a modern independent state was created could be ignored.

In short, Marx belongs among the whole range of men of the West, who, in different ways, reacted against the social and human costs of the drive to maturity and sought a better and more humane balance in society. Driven on—in his father's phrase—by a 'demonic egoism',* by an identification with the underdog and a hatred of those who were top-dog, but also disciplined to a degree by a passion to be 'scientific' rather than sentimental, Marx created his remarkable system: a system full of flaws but full also of legitimate partial insights, a great formal contribution to social science, a monstrous guide to public policy.

One failure of Marx's system began to be revealed before he died; and he did not know how to cope with it. Some believe that his inner recognition of this failure is responsible for the fact that *Das Kapital* is an unfinished book. The failure took the form of the rise in industrial real wages in Western Europe and the perfectly apparent fact that the British and Western European working classes were inclined to accept ameliorative improvements; accept the terms of democratic capitalism rather than concentrate their efforts on the ultimate bloody show-down, the seizure of property and its turn-over to a State which somehow, in Marx's view, the workers might then control. The First International which he formed and led disintegrated in the early 1870's, the union leaders turning their backs on Marx and seeking gradual reform within their own societies.

And so Marx—and Engels too—ended with a somewhat disabused view of the industrial worker on whom they counted so much to make their dialectic come true: the worker was content with a bit of fairly regular progress; a sense that things were getting better for himself and his children; a sense that, by and large, he was getting a fair share from the lay-out of society as a whole; a willingness

* C. J. S. Sprigge, *Karl Marx* (London, 1938), p. 27.

to fight for what he wanted within the rules of political democracy, under a regime of private property ownership; a tendency to identify himself with his national society rather than with the abstract world of allegedly down-trodden industrial workers everywhere; a willingness, despite conflict and inequity, to live with his fellow-men rather than to conspire to kill them. And that is where the story of Lenin and modern Communism begins.

THE EVOLUTION OF MODERN COMMUNISM

For modern Communism has been built directly on an effort to deal with the problems which Marx did not solve or solved incorrectly, both as a theorist and as a practising revolutionary politician. Modern Communism is shaped, in a quite concrete way, by Marx's errors and failures. Lenin had to deal with a world of workers as they were; and of peasants, whom Marx regarded as cloddish, and set aside in a few perfunctory phrases; a world where competitive nationalism was a powerful force; and a world at war. Marx disbanded the First International rather than wrestle with reality; Lenin stayed in the game of politics and power as he found it.

How did Lenin proceed? His first and most fundamental decision was to pursue political power despite the fact that the majority of the Russian industrial working class was unwilling to support a revolutionary attempt to seize power. Lenin's pamphlet, *What is to be Done?* published in 1902, is the true origin of modern Communism. He asserted there that if the Russian workers were unprepared to fulfil their historic Marxist destiny—as they evidently were—the Communist Party would make them fulfil that destiny. The Communist Party would not work as a fraction of the Socialist movement, as the Communist Manifesto counselled. It would form itself as a separate party, a conspiratorial élite, and seek power on a minority basis, in the name of the proletariat, 'swimming against the stream of history'.

Lenin decided, in short, to fulfil Marx's prophecy despite the failure of Marx's prediction. From the beginning to the present—from the pre-1914 split of the Socialist movement in Russia to the stand in 1956 of the Budapest workers and Moscow's continued unwillingness to contemplate free elections even in societies where

the capitalist and large landowner are fully liquidated—this is the dead rat at the bottom of Communist thought and practice: the industrial worker has not thought and behaved as, in theory, he should.

Lenin's second decision followed directly from the first; and that was to seize power in Russia, in the confusion following the March 1917 revolution, even though by Marxist standards backward Russia was historically 'unripe' for Socialism. For a little while, the truer Marxists in Lenin's camp comforted themselves with the hope that Germany—an historically 'ripe' society—would also go Communist, after the First World War, and thus create a whole Communist area within which Russian historical backwardness could be subsumed. But that hope was lost; and Lenin proceeded on the basis of Communism in one country well before Stalin created the phrase.

Third, in the Kronstadt Revolt of March 1921, Lenin confirmed the pattern of 1902 and November 1917 by using force to repress the revolt of a probable majority within the Communist Party, a majority which opposed the rapid emergence of a dictatorial state apparatus. Lenin decided, after some soul-searching, to continue to rule on the basis of a police-state dictatorship.

Fourth, in the 1930's, Stalin, having cheerfully accepted the police-state dictatorship as the basis for rule, radically altered the tone of the society by introducing powerful material incentives for those willing to work effectively within the orbit of the Communist state and by supplementing Communist ideology with strong elements of Great Russian nationalism, yielding revisions in everything from soldier's uniform to the content of history books, primary education, and the approved pattern of family life.

Fifth, in the 19th Party Congress of October 1952, but more clearly after Stalin's death, the direction of Communist expansion was turned away from the advanced countries to the underdeveloped areas, following Lenin's prescription and, indeed, his practice. In effect, Marx's judgment about the sequence of history, and the inevitable passage of mature capitalist societies to Socialism, was abandoned in favour of the Leninist formula, which remains Khrushchev's guide in theory and in fact.

What has emerged, then, is a system of modern state organization

based not on economic determinism, but on political or power determinism. It is not the ownership of the means of production that decides everything, it is the control of the army, the police, the courts, and the means of communication. Lenin and his successors have, in effect, turned Hegel back on his feet; and they have inverted Marx. Economic determinism did not work well for them; but power determinism has, quite well, filled the gap. They have operated on the perception that, under certain circumstances, a purposeful well-disciplined minority can seize political power in a confused ill-organized society; once power is seized, it can be held with economy of force, if the Communist élite maintains its unity; and with power held, the resources of a society may be organized in such a way as to make the economy grow along lines which consolidate and enlarge the power of the Communist élite.

The irony in this story even extends to the nature of political economy under Communism. In the history of modern Russia, and in post-1945 Eastern Europe and Communist China as well, one can find a quite good approximation to Marx's inaccurate description of how the capitalist economy would work: wages are held as near the iron minimum as the need for incentives permits; profits are ploughed back into investment and military outlays on a large scale; and the system is so structured that it would be fundamentally endangered if the vast capacity that results were to be turned wholeheartedly to the task of raising real wages. The difference between Marx's image of capitalism and Communist political economy is, of course, that the motive in the one case was to have been private profit; in the other it is the maintenance and extension of the élite's power.

Similarly, the political dictatorship of the élite over the majority, operating in terms of its own interests, is a fair approximation of what Marx believed to be the political conformation of capitalism, where those with property ruled; but Marx's automatic linking of property-ownership and political power left a certain gap in the mechanism of how power was exercised.* And this gap the Com-

* As Berlin points out (*op. cit.* p. 108), Bakunin perceived that, at bottom, Marx was 'a fanatical state-worshipper'; and his whole performance as a revolutionary politician, with its compulsion to exercise power personally or not at all, suggests that, in similar circumstances, he would have bridged this theoretical gap, much as Lenin did; although Marx clearly lacked Lenin's tactical gifts.

munists had to fill with the secret police, and the whole system of constraints and incentives which permit them to rule and to get the performance they want from those whom they control.

But this inversion of Marx in Marx's name also has its problems and dilemmas. While power can be held with economy of force, nationalism in Eastern Europe cannot be defeated; and, within Russia, Stalin's tactical evocation of nationalism in the 1930's and 1940's, steadily gathering force, has set up important cross-strains.

Similarly, while output can be increased by Communist techniques, the movement to technological maturity creates aspirations and levels of intellectual sophistication which also set up important cross-strains.

Moreover, the Buddenbrooks' dynamics moves on, generation by generation; those who seized power and used it to build an industrial machine of great resource may be succeeded by men who, if that machine cannot produce a decisive international result, decide that there are other and better objectives to be sought, both at home and abroad.

In short, while Lenin and Stalin—and now Mao—have succeeded in overcoming the weaknesses in Marx's analysis of the historical process, it does not follow that their techniques will prove to have long-run viability. Both Marxism and modern Communism are conceptions which set transcendent goals, independent of the techniques used to achieve them; but the long lesson of history is that the ends actually achieved are largely a function of the means used to pursue them.

COMMUNISM: A DISEASE OF THE TRANSITION

On the other hand, Communism as it is—a great fact of history—cannot be disposed of merely by revealing its nature, its deceptions, and its dilemmas. To identify the errors in Marxism and to demonstrate the un-Marxist character of Communism is not a very important achievement. The fact is that Communism as a technique of power is a formidable force. Although it was an un-Marxist insight, it was a correct insight of Lenin's that power could, under certain circumstances, be seized and held by a purposeful minority prepared to use a secret police. Although it was an un-Marxist insight, it was

a correct insight that societies in the transition from traditional to modern status are peculiarly vulnerable to such a seizure of power.

It is here, in fact, that Communism is likely to find its place in history. Recall again the analysis of chapter 3, where the pre-conditions period is considered: a situation in which the society has acquired a considerable stock of social overhead capital and modern know-how, but is bedevilled not merely by the conflict between the residual traditional elements and those who would modernize its structure, but bedevilled as well by conflicts among those who would move forward, but who cannot decide which of the three roads to take, and who lack the coherence and organization to move decisively forward in any sustained direction.

It is in such a setting of political and social confusion, before the take-off is achieved and consolidated politically and socially as well as economically, that the seizure of power by Communist conspiracy is easiest; and it is in such a setting that a centralized dictatorship may supply an essential technical precondition for take-off and a sustained drive to maturity: an effective modern state organization.

Remember, for example, what it was in Communism that attracted the Chinese intellectuals after the First World War. It was not its Marxist strain; for the Chinese Communists were—and have remained—indifferent Marxists. It was not the Communist economic performance; for the Russian economy was in poor shape in the early 1920's. The Chinese intellectuals were drawn by Lenin's technique of organization as a means to unify and control a vast, deeply divided country. Both the Kuomintang and the Chinese Communists set themselves up on the Leninist model; and this was understandable in a transitional nation without an effective central government, dominated, in fact, by regional warlords. (Incidentally, if the First World War had not occurred—or had occurred a decade later—Russia would almost certainly have made a successful transition to modernization and rendered itself invulnerable to Communism. Communism gripped Russia very nearly at the end of the phase when it was likely to be vulnerable to the kind of crisis which confronted it in 1917.)

Communism is by no means the only form of effective state organization that can consolidate the preconditions in the transition of a traditional society, launch a take-off, and drive a society to

technological maturity. But it may be one way in which this difficult job can be done, if—and this still remains to be seen—if it can solve the problem of agricultural output in the take-off decades. Communism takes its place, then, beside the regime of the Meiji Restoration in Japan, and Atatürk's Turkey, for example, as one peculiarly inhumane form of political organization capable of launching and sustaining the growth process in societies where the preconditions period did not yield a substantial and enterprising commercial middle class and an adequate political consensus among the leaders of the society. It is a kind of disease which can befall a transitional society if it fails to organize effectively those elements within it which are prepared to get on with the job of modernization.

For those who would prefer to see the aspiring societies of the world not follow this particular road to modernization—in Asia, the Middle East, Africa, and Latin America—the Communist technique for mobilizing power and resources poses a formidable problem, almost certainly what historians will judge the central challenge of our time; that is, the challenge of creating, in association with the non-Communist politicians and peoples of the preconditions and early take-off areas, a partnership which will see them through into sustained growth on a political and social basis which keeps open the possibilities of progressive, democratic development.

A STATEMENT OF VALUES

Why is it that we want this result? What is it in our view of men and of life that reacts equally against Marx's economic determinism and Communism's Hegelian power determinism, its insistence that the correct judgment of history by the Communist élite justifies any use of power that élite judges necessary to fulfil history's laws or its own interests?

The answer lies in the nature of how we define good and evil. A colleague of mine, Professor Elting Morison of M.I.T., speaking in another context, recently said:*

My own view of evil is this: it consists of the effort to maintain a particular end—for reasons of order, logic, aesthetics, decency, for any reason at all—by means that deny men the opportunity to take into account the inevitable alternatives posed by the diversity and paradox in their own

* E. E. Morison (ed.), *The American Style*, New York, 1958, p. 321.

natures. The ends may be perverted—as to put Deutschland over all; or ideal—as to make men noble; the means may be base—as with rack, pinion, or castor oil; or benign—as to withhold from children the fact that gods got drunk and told ribald anecdotes on Olympus—it makes no difference.

This [Morison goes on] is no original view. For our civilization, we have agreed it was most memorably stated in the New Testament—with its intense concern for the relationship of a man to himself and the next man to him, with its distrust of logical system and uniform solutions, its parables radiating off their ambiguous meanings, its biting conflicting admonitions, and its insistence that wisdom is only wise if, as situations change, what is wise also changes. Such a view of things appears to have been in the minds of those who invented democracy—which is a method that in its looseness and disorder permits conflicting urges to work themselves out, and the ends of paradox to be held in tolerable but changing resolution. It does not prefigure the ends or final results. It awaits the arrival of the new occasions before supplying the new duties.

Something like Morison's statement of creed lies at the heart of all the Western societies. More than that, there is no major culture—including the Russian and Chinese—which does not, in its own way, make allowance for the uniqueness and diversity of men, and provide, in its structure and canons, for balance and for private areas of retreat and expression.

Morison's statement of the democratic creed can easily be translated into the terms of other cultures: it is, broadly speaking, what most human beings would choose, if the choice were theirs.

But societies must do more than have a creed. They must solve their problems. Democracy itself, when it works, is an extraordinary exercise in balance between imposed discipline, self-discipline, and private expression. If we and our children are to live in a setting where something like the democratic creed is the basis of organization for most societies, including our own, the problems of the transition from traditional to modern status in Asia, the Middle East, and Africa—the problems posed by the creation of the preconditions and the take-off—must be solved by means which leave open the possibility of such a humane, balanced evolution.

It is here, then, that in 1959, writing in the democratic north, the analysis of the stages-of-growth comes to an end: not with the age of affluence; not with the automobile and hire purchase; not with

the problem of secular spiritual stagnation; not even with the United States and its vast baby crop; but with the dilemmas and worries of the men in Djakarta, Rangoon, New Delhi, and Karachi; the men in Tehran, Baghdad, and Cairo; the men south of the desert too, in Accra, Lagos, and Salisbury. For the fate of those of us who now live in the stage of high mass-consumption is going to be substantially determined by the nature of the preconditions process and the take-off in distant nations, processes which our societies experienced well over a century ago, in less searching and difficult forms.

It will take an act of creative imagination to understand what is going forward in these decisive parts of the world; and to decide what it is that we can and should do to play a useful part in those distant processes. We would hope that the stages-of-growth analysis, compressing and making a kind of loose order of modern historical experience, may contribute a degree of insight into matters which must of their nature be vicarious for us. We would hope, too, that a knowledge of the many diverse societies which have, in different ways, organized themselves for growth without suppressing the possibility of human freedom, will give us heart to go forward with confidence. For in the end the lesson of all this is that the tricks of growth are not all that difficult; they may seem so, at moments of frustration and confusion in transitional societies; and they seemed so when our own societies got stuck between maturity and high mass-consumption, as they did between the wars.

But on one point Marx was right—and we share his view: the end of all this is not compound interest for ever; it is the adventure of seeing what man can and will do when the pressure of scarcity is substantially lifted from him.

We should take economics seriously—but not too seriously—recalling always Keynes's toast before the Royal Economic Society in 1945: 'I give you', he said, 'the toast of the Royal Economic Society, of economics and economists, who are the trustees not of civilization, but of the possibility of civilization.' And we should bear this admonition in mind not only as an injunction to hasten the day when all can share the choices open in the stage of high mass-consumption and beyond; but in the process of moving to that stage. Billions of human beings must live in the world, if we preserve it,

over the century or so until the age of high mass-consumption becomes universal. They have the right to live their time in civilized settings, marked by a degree of respect for their uniqueness and their dignity, marked by policies of balance in their societies, and merely a compulsive obsession with statistics of production, and with conformity to public goals defined by a co-optive élite. Man is a pluralistic being—a complex household, not a maximizing unit—and he has the right to live in a pluralistic society.

Moreover, as an hypothesis of social science and a statement of faith, the goals we achieve in history cannot be separated from the means we use to achieve them. There may not be much civilization left to save unless we of the democratic north face and deal with the challenge implicit in the stages-of-growth, as they now stand in the world, at the full stretch of our moral commitment, our energy, and our resources.