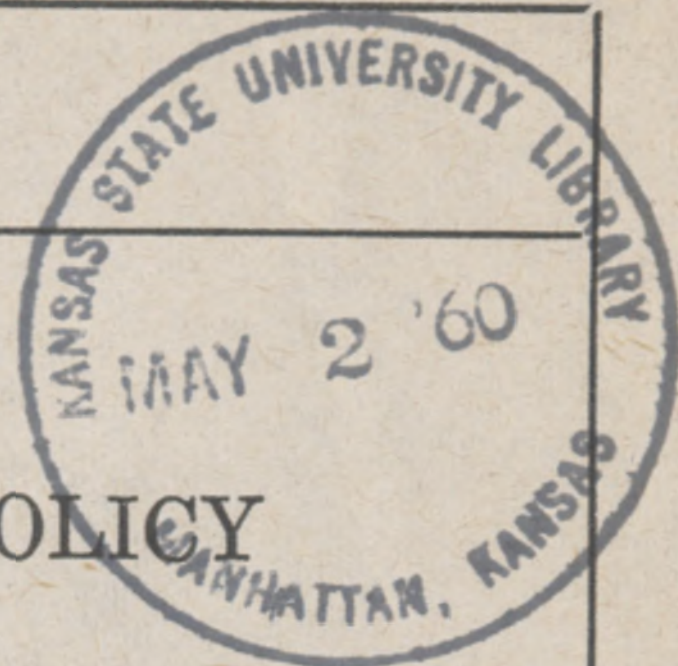


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ECONOMIC, SOCIAL, AND POLITICAL CHANGE
IN THE UNDERDEVELOPED COUNTRIES
AND ITS IMPLICATIONS FOR
UNITED STATES POLICY

A STUDY

PREPARED AT THE REQUEST OF THE
COMMITTEE ON FOREIGN RELATIONS
U.S. Congress UNITED STATES SENATE

BY

CENTER FOR INTERNATIONAL STUDIES
MASSACHUSETTS INSTITUTE OF TECHNOLOGY

(Pursuant to S. Res. 336, 85th Cong., and
S. Res. 31, 86th Cong.)

Study No. 12



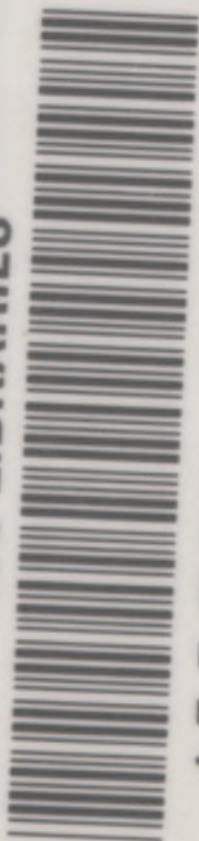
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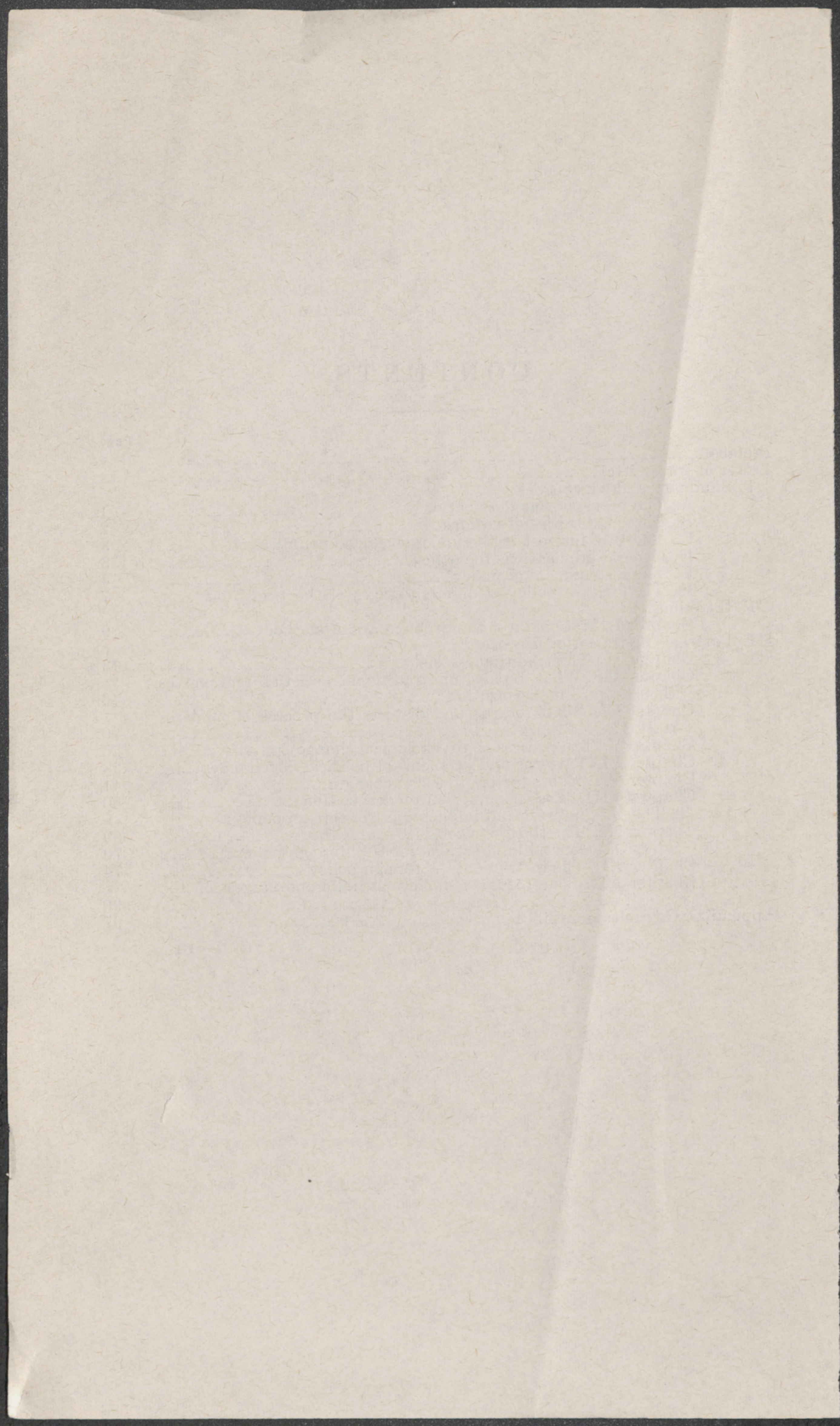
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PREFACE

**By Senator J. W. Fulbright, Chairman
Committee on Foreign Relations**

In January of 1958 the Committee on Foreign Relations decided to undertake a review of conditions and trends in the world and of the policies and programs of the United States with respect thereto. That review grew, in part at least, out of the concern of the committee over the impact which Soviet scientific achievements might have upon our relations with the rest of the world.

From time to time throughout the spring of 1958, the committee held public hearings on U.S. policies respecting the Far East, the Near East, South Asia, Africa, Europe, Latin America, and Canada. Those hearings were limited in nature and served primarily to focus attention on the principal policies and problems of the United States in its relations with the rest of the world. For the most part, the hearings were limited to receiving testimony from the principal officers of the Department of State concerned with various geographic parts of the world. The committee also sought the testimony of selected nongovernmental witnesses with special knowledge of the areas under examination.

The hearings during the spring of 1958, the focus given to our relations with Latin America as a result of Vice President Nixon's visit there, and, lastly, the then critical situation in the Middle East, all contributed to the committee's belief that the time had come for an exploration in depth of U.S. foreign policies throughout the world.

As a consequence of these factors, the Committee on Foreign Relations, in an executive session on May 20, 1958, authorized its Subcommittee on American Republics Affairs to undertake a study of United States-Latin American relations. At the same time, the committee established a special subcommittee consisting of Senators Green, Fulbright, Wiley, and Hickenlooper, and directed it to explore the feasibility and desirability of a broad study of U.S. foreign policy throughout the world.

Subsequently, this subcommittee reported to the full Committee on Foreign Relations that it was feasible and desirable that the committee undertake such a study of foreign policy. It was felt a study of this nature might serve to develop fresh ideas and approaches to the foreign policy of the Nation and lead to a better national understanding of international problems and to more efficient and effective administration of our international operations.

On July 15, 1958, the Committee on Foreign Relations voted to report to the Senate a resolution authorizing the study. The Senate adopted this resolution (S. Res. 336, 85th Cong., 2d sess.) on July 31, 1958. The resolution authorized the Committee on Foreign Relations to "make a full and complete study of U.S. foreign policy." Without

limiting the scope of the study authorized, the committee was instructed to direct its attention to the following subjects:

1. The concepts which govern the relations of the United States with the principal nations and geographic areas of the world, and the policies by which these concepts are pursued;

2. The present state of the relations of the United States with the principal nations and geographic areas of the world;

3. The administration and coordination of policies and programs by the Department of State and such other departments and agencies of the executive branch which engage in substantial activities abroad; and

4. The relationship of other policies and activities of the Government and private activity which exert a significant influence on the relations of the United States with the rest of the world.

In the conduct of its study, the committee was authorized to "use the experience, knowledge, and advice of private organizations, schools, institutions, and individuals * * *" and to "enter into contracts for this purpose." It was directed to complete its study by June 1960, and not to exceed \$300,000 was made available to meet the expenses of the committee. The committee was authorized to continue this study by the terms of Senate Resolution 31 (86th Cong., 1st sess.).

Shortly after Senate Resolution 336 was adopted by the Senate, Senator Green, then chairman of the Committee on Foreign Relations, designated me to serve as chairman of an executive committee, consisting of Senators Sparkman, Hickenlooper, and Aiken, which was given the responsibility for directing and coordinating the study.

On September 16 and 17, 1958, the executive committee discussed with a group of distinguished private citizens the general problems involved and the most advantageous approaches to them. Taking part in these discussions, besides the members of the executive committee, were Robert Bowie of Harvard University, former Ambassador William G. Bullitt, Robert Calkins of the Brookings Institution, John Cowles of the Minneapolis Star & Tribune, William Diebold of the Council on Foreign Relations, Henry Luce of Time-Life, Inc., Walter Millis of the Fund for the Republic, and Dean Rusk of the Rockefeller Foundation.

Following these meetings the executive committee developed its plans and announced on October 15 that it was prepared to invite private research organizations and institutions to submit proposals on a series of 15 studies which the committee expected to have undertaken in connection with its examination of foreign policy. As a result of this announcement, the committee received over 50 proposals from organizations and institutions interested in undertaking one or more of these studies.

On January 5, 1959, the executive committee met again to consider the proposals which had been received and decided which organizations and institutions should be asked to undertake studies for the committee. Set forth below are the titles of the studies being undertaken and the names of the organizations and institutions responsible for these studies.

STUDIES

- The Nature of Foreign Policy and the Role of the United States in the World. Council on Foreign Relations, Inc., 58 East 68th Street, New York, N.Y. (Published as Study No. 7 on November 25, 1959.)
- The Operational Aspects of U.S. Foreign Policy. Maxwell Graduate School of Citizenship and Public Affairs, Syracuse University, Syracuse, N.Y. (Published as Study No. 6 on November 11, 1959.)
- The Principal Ideological Conflicts, Variations Thereon, Their Manifestations, and Their Present and Potential Impact on the Foreign Policy of the United States. Center for International Affairs, Harvard University, 6 Divinity Avenue, Cambridge, Mass. (Published as Study No. 10 on January 17, 1960.)
- Worldwide and Domestic Economic Problems and Their Impact on the Foreign Policy of the United States. Corporation for Economic and Industrial Research, Inc., 1200 Jefferson Davis Highway, Arlington, Va. (Published as Study No. 1 in August 1959.)
- Foreign Policy Implications for the United States of Economic and Social Conditions in Lesser Developed and Uncommitted Countries. Center for International Studies, Massachusetts Institute of Technology, Cambridge, Mass.
- Possible Developments in Military Technology, Their Influence on Strategic Doctrine, and the Impact of Such Developments on U.S. Foreign Policy. Washington Center of Foreign Policy Research, the Johns Hopkins University, 1906 Florida Avenue NW., Washington, D.C. (Published as Study No. 8 on December 6, 1959.)
- Possible Nonmilitary Scientific Developments and Their Potential Impact on Foreign Policy Problems of the United States. Stanford Research Institute, Menlo Park, Calif. (Published as Study No. 2 in September 1959.)
- The Role of Multilateral Organizations in the Formulation and Conduct of U.S. Foreign Policy. The Brookings Institution, 722 Jackson Place NW., Washington, D.C. (Published as Study No. 9 on January 13, 1960.)
- Formulation and Administration of U.S. Foreign Policy. The Brookings Institution, 722 Jackson Place NW., Washington, D.C. (Published in Study No. 9 on January 13, 1960.)
- U.S. Foreign Policy in Western Europe. Foreign Policy Research Institute, University of Pennsylvania, Philadelphia, Pa. (Published as Study No. 3 on October 15, 1959.)
- U.S. Foreign Policy in the U.S.S.R. and Eastern Europe. The Russian Institute, Columbia University, New York, N.Y. (Published as Study No. 11 on February 14, 1960.)
- U.S. Foreign Policy in the Near East. Institute for Mediterranean Affairs, Inc., 27 East 62d Street, New York, N.Y.
- U.S. Foreign Policy in South Asia. Conlon Associates, Ltd., 310 Clay Street, San Francisco, Calif. (Published in Study No. 5 on November 1, 1959.)
- U.S. Foreign Policy in Africa. Program of African Studies, Northwestern University, Evanston, Ill. (Published as Study No. 4 on October 23, 1959.)
- U.S. Foreign Policy in the Far East and Southeast Asia. Conlon Associates, Ltd., 310 Clay Street, San Francisco, Calif. (Published in Study No. 5 on November 1, 1959.)

Each of these organizations and institutions has submitted a study to the committee.

Broadly speaking, I hope these studies will supply essential background to enable the Committee on Foreign Relations to accomplish the following basic purposes:

1. Provide the Senate and the American people with a simple, understandable, and forthright statement of the basic foreign policy aims of the United States which reflects the motivations and aspirations of the American people;
2. Identify those forces, domestic as well as foreign, which now or in the future may tend to frustrate or to promote the basic foreign policy aims of the United States;
3. Suggest, and if possible, determine, feasible ways to deal with such forces so that they may promote the basic foreign policy aims of the United States;

4. Examine the impact of those forces and trends, foreign and domestic, upon the conduct of American foreign policy in the various geographic areas of the world;

5. Examine the foreign policy decisionmaking machinery to determine whether it is of the maximum efficiency consistent with our democratic processes.

At the January 5 meeting the executive committee also decided to send a letter to some 50 retired Foreign Service officers "to endeavor to obtain for the use of the committee the personal views of men of practical experience with respect to the foreign policy of the United States." Each of these retired Foreign Service officers was asked to give the committee his "general commentary on what is right with our policies, what is wrong with our policies, and what action (or inaction) might in your opinion best serve our interest in the future."

On June 15, 1959, the committee made public, in a summarized form and without personal attribution, the substance of the views of former members of the Foreign Service who responded to the letter. The views and attitudes expressed in that committee publication deserve the most careful consideration by officials in the executive branch of the Government, by my colleagues in the Senate, and by all citizens interested in the conduct of our foreign policy.

The study printed in this volume, "Economic, Social, and Political Change in the Underdeveloped Countries and Its Implications for United States Policy," is the 14th of the 15 principal studies the committee expects to publish. It was designed to help the committee find answers to subjects covered in an outline developed in consultation between representatives of the committee and representatives of the Center for International Studies of the Massachusetts Institute of Technology. A copy of the outline appears in the appendix. (See pp. 97-98.)

I take this occasion to emphasize that the studies which are received will supply the committee with background material for consideration in preparing a final report to the Senate. The committee is, of course, free to accept or to reject the findings and recommendations of the organizations and institutions submitting studies. It is the function of the committee to evaluate the studies which are submitted. Prior to the preparation of a final report, the committee will hold public hearings to receive testimony from all interested parties. In that way it will be possible for the committee to test the soundness of the findings and recommendations in these studies before reaching its own conclusions and submitting its final report to the Senate.

In addition, I wish to emphasize that the committee is approaching this assignment in a nonpartisan manner, endeavoring to avoid transitory issues and to concentrate on the fundamental forces at work within and without the United States which must be understood if our foreign policy is to serve the Nation.

LETTER OF TRANSMITTAL

MASSACHUSETTS INSTITUTE OF TECHNOLOGY
CENTER FOR INTERNATIONAL STUDIES,
Cambridge, Mass., January 31, 1960.

The Honorable J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR SENATOR FULBRIGHT: I take pleasure in transmitting herewith 25 copies of a report on "Economic, Social, and Political Change in the Underdeveloped Countries and Its Implications for United States Policy" prepared at the Center for International Studies, MIT, in fulfillment of the contract between the Center and the committee dated February 16, 1959.

We understood our assignment to be to provide, in the light of an analysis of the process of change in these countries, a broad rationale for U.S. policy rather than detailed recommendations on its implementation. This report is intended to serve the policymaker and the public behind him rather than the operator or administrator. Accordingly, our conclusions concern primarily what we see as the appropriate objectives of policy. Operational recommendations on how to use our policy instruments effectively to achieve these objectives in particular situations would have required a quite different and much more detailed study than our time or resources permitted.

This report is a genuinely collective effort in more than the usual degree. Its substance was developed in a working seminar which continued over several months at the Center for International Studies, and every section of the report bears the imprint of the interaction of a number of minds. As with any such effort, not every contributor would subscribe to every statement made herein; and the undersigned takes final responsibility for the report. Nonetheless, it reflects a fairly broad consensus among the group.

Those participating in its preparation were:

Francis M. Bator
Donald L. M. Blackmer
Richard S. Eckaus
Everett E. Hagen
Daniel Lerner
Max F. Millikan
Ithiel de Sola Pool
Lucian Pye
Paul N. Rosenstein-Rodan
W. W. Rostow

Research assistance was provided by Marshall R. Singer, T. David Williams, and Lawrence W. Barss, and the final report has benefited from careful editing by Richard W. Hatch.

Sincerely yours,

MAX F. MILLIKAN, *Director.*

ECONOMIC, SOCIAL, AND POLITICAL CHANGE IN THE UNDERDEVELOPED COUNTRIES AND ITS IMPLICATIONS FOR UNITED STATES POLICY

I. SUMMARY AND CONCLUSIONS

A. THE PROCESS OF MODERNIZATION

This report attempts to outline the complex process of change shaping the lives of millions of people in the underdeveloped countries of the world as their nations seek the way toward modernity. In a real sense our subject is revolution, for the entire fabric of these societies with which we are concerned is being torn apart, the old and time-honored being replaced by totally new economic, political, and social forms. Precisely what these new forms will be in one country or another we cannot yet be sure: but we can be sure that what they turn out to be will greatly matter to the United States. And we can be certain that, in different ways in different countries, the outcome of the current revolutionary process of change can be significantly affected by what the United States does or fails to do. These are the major premises of this report.

The complexity of the process about which we are attempting to generalize can hardly be exaggerated. For one thing, the evolution of societies occurs through the interaction of a myriad of factors, conveniently summed up under such labels as economics, politics, sociology, psychology. Social scientists have not yet learned how best to analyze processes which combine all these factors, and efforts to do so can at this stage only be first approximations. Secondly, the transition to modernity is occurring simultaneously in many countries, each with its own particular history, resource endowment, class structure, political system. And so to attempt to generalize about "the process of economic, social, and political change in the underdeveloped countries" might appear a risky exercise.

And yet generalization is essential if we wish to understand and to cope with the problems which the revolution of modernization presents. Events cannot be understood if they are taken one by one, at their face value alone; they must be regarded in the full context in which they occur and compared with similar events occurring elsewhere. Nor can intelligent policies be made without a general framework of analysis which makes it possible to relate each separate decision to others and to an overall set of objectives.

This report seeks to provide such a general framework for an understanding of the modernization process in relation to the foreign policy interests of the United States.

Part 1 first examines the characteristics of traditional societies, the Western impact which disrupted them and set them on the road

toward modernization, and the powerful forces which inhibit and retard change in the direction of modern life. It then discusses in some detail each of the four central aspects of the process of change, the psychological, the political, the social, and the economic. The central emphasis here is on probing into possible alternative patterns of development described from each of these perspectives and on identifying the particular problems which are likely to become critical at different points along the road.

B. THREE CATEGORIES OF NATIONS

By grouping the underdeveloped areas according to the strategic problems which must be solved before they can move forward into the next phase of the modernization process, we can identify three rough and necessarily somewhat arbitrary categories.

Societies in category A are still close to the traditional stage. While a new political awareness is apparent, especially in societies with a colonial past, only small numbers of the elite have any clear perception of what is required for progress toward modernization. Literacy and popular participation in the national life are low, and the economy has been modernized only to a limited degree. The basic problems to be overcome if modernization is to proceed include the training of men capable of conducting modern economic and political activity; the development of modern institutions; the creation of an agricultural framework capable of generating increases in agricultural productivity; the buildup of a modern transport network, sources of power, and other minimum social overhead capital requirements; and the development of natural resources so as to earn necessary foreign exchange. These are the characteristic problems to be solved in most of Africa south of the Sahara, in the more backward parts of the Middle East, and in certain Latin American countries.

The nations in category B have already gone some distance toward creating a minimum quantum of modern men and of social overhead capital. Institutions of centralized government exist. The men in power are committed in principle to modernization, and isolated parts of a modernization program have been begun but are not yet effectively related to each other. The leaders of these countries usually have not sufficiently articulated the complex of goals toward which the nation should be striving and lack a sufficiently realistic understanding of the effort and energy required to make progress toward them. The problem is in part to focus the energy and talents of the leadership on the tasks of modernization, in part to provide constructive opportunities for men throughout the society to participate effectively in programs relating to their interests and welfare. It is at this stage that systematic programing becomes important, not only to insure some degree of balance among increasingly interrelated efforts, but also to provide a symbolic national framework within which each man and group can find the relation of his own special effort to a common national purpose. Egypt, Iran, Iraq, Pakistan, Burma, and Indonesia are representative countries in this group.

The nations in category C are committed to attempt a takeoff into self-sustained growth and have developed the necessary human resources and social "overhead" to make this possible. They have well-considered programs for simultaneous advance on many related fronts,

but they require capital from abroad in substantial amounts to supplement their domestic resources. They have not yet accumulated all the basic physical, human, and institutional resources required for modernization; and there persists the dual problem of maintaining operational unity around modernization in a national program and decentralizing participation in the program to wider and wider groups. But there is already enough momentum in these processes to carry forward if the whole effort is not hobbled and brought to a halt by an inability to mobilize the necessary resources from abroad. India is the prime example of a country at this stage of its evolution.

C. THE U.S. INTEREST IN THE UNDERDEVELOPED COUNTRIES

Part 2 discusses the implications for the United States of the process of modernization. First, what stake do we have in the evolution of the underdeveloped countries? The U.S. interest is here taken to be the emergence of nation states which:

1. Maintain their independence of powers hostile or potentially hostile to the United States.
2. Maintain a peaceful relationship with their neighbors.
3. Progressively meet the aspirations of a majority of their people without resort to totalitarian controls.
4. Cooperate in international undertakings of an economic, political, and social nature.
5. Move toward increasingly wide and responsible participation by all groups in political, social, and economic processes under stable rules of law, that is, toward their own version of working democracy.

The capacity of the United States to influence directly the evolution of transitional societies is limited. We are able, however, to affect significantly the range of choice perceived by the governments and peoples of these nations as they confront the succession of inevitable problems that lie along the path to modernization.

From this conception of the American interest and of an American policy which aims to affect the choices available to transitional societies derives a broad strategy which we have called the strategy of the third choice. The strategy of the third choice suggests that the United States use its resources and margin of influence on transitional societies in such a way as to minimize the likelihood of either of two undesirable outcomes: on the one hand, a repressive frustration of modernization by those whose vested interests and traditional outlooks may lead them to oppose this trend; on the other hand, the pursuit of modernization by dictatorial and revolutionary means, particularly of a Communist variety. The objective of this strategy is to help make it possible for peoples caught up in transition to choose a third alternative—that is, to find an evolutionary path which can give constructive and progressive expression to modernizing impulses without removing by violence the obstacles which the traditional heritage may place in their path.

D. GENERAL IMPLICATIONS FOR POLICY

Several broad implications for American policy can be drawn from our analysis of the character of the transitional process.

1. Despite a considerable degree of uniformity in the course which different societies follow toward modernization, each country has important unique characteristics. American programs must therefore reflect a full awareness of the unique problems that each nation confronts, the special features of each nation's history, culture, social structure, and resource endowment, and the particular impact which the modern world has had upon it.

2. Since the process of modernization inevitably involves every area and level of the life of a society, American efforts designed to have the maximum constructive influence on this process must coordinate all the instruments of policy: diplomatic, economic, military, and informational. In our view the coordination of these instruments too often has been wholly inadequate, both in Washington and abroad. Ambassadors should be selected who appreciate the direction and implications of the transitional process and who can administer effectively a wide range of action programs. They should be given ample discretion to adapt policy directives to the particular circumstances of the countries to which they are assigned. Steps should also be taken in Washington to insure that the various operational programs are adequately fused into a coherent design for each country.

3. The complexity of the modernization process requires that policy-makers take account of the indirect as well as the immediate consequences of action initiated by any single policy instrument. Those who plan military assistance, for example, must take into consideration not merely the military consequences of American action but the consequences for economic, social, and political development as well. Economic and technical assistance has become a particularly important instrument of policy not because the course of modernization is more deeply affected by economic than by other factors but because close cooperation in economic matters is an acceptable relationship between nations and because economic development does deeply though indirectly affect many other aspects of life in the modernizing societies.

4. The transitional process in each society will take many years, for the basic changes in human attitudes, political and economic institutions, and social structure can be accomplished only gradually. It follows that American policy must be set in a realistic time perspective; it must be characterized by a patience and persistence which have not always been its trademark. The failure thus far to put American aid programs on a genuine long-term basis is perhaps the most serious weakness in our economic assistance effort. And that failure affects more than our economic programs; it colors the entire American relationship with the underdeveloped countries. We have in fact been engaged in aid programs for over a decade, and there is now a fairly firm consensus that we shall be so engaged for some years to come. Continuing to legislate for and to operate aid programs on a year-to-year basis not only involves considerable waste of money and human energies but also significantly lessens the effectiveness of our assistance.

E. THE INSTRUMENTS OF POLICY

1. *Diplomacy*

The nature of the American interest in the modernization process implies national relationships not envisaged in classical diplomacy,

which was mainly concerned with external problems of power and of alliances as between sovereign nation states at roughly similar stages of development. American diplomacy in the modern world must embrace relationships between nations at radically different levels of technology and power and treat with much more than external national concerns. Broadly, such relationships must be grounded both in the American interest in furthering a process of modernization which will enable the transitional societies to develop their own versions of responsible government and to play a useful cooperative role in the world and in shared efforts to those ends. Thus the American diplomat must steadily project a vision of what the domestic society to which he is assigned may become; of what its place in an orderly world system might be; and of what the United States is prepared to do to bring common objectives to life.

2. Information policy

It follows from the basic American relationship to the transitional nations that the purpose of our communications with them should not be to increase admiration for the United States or its standard of living but to provide information helpful in the modernization process and to project an image of authentically shared national and human objectives.

3. Military policy

The men, equipment, and organizational structure of military establishments have a constructive potential now inadequately used. In our view, it is a major and as yet unfulfilled American responsibility to help guide the transitional countries to employ their military establishments creatively in the tradition pioneered in the United States by the American Corps of Engineers during the first half of the 19th century. The military establishments might, for example, participate in both large- and small-scale construction projects and organize vocational training and other educational programs for their recruits. The United States should develop further educational and training programs in this country for junior and middle-level officers from underdeveloped countries.

4. Economic policy

Economic policy is peculiarly important, not so much because the economic dimension of modernization will determine its outcome but because American economic aid is a possible and mutually accepted way of affecting the alternatives open to transitional societies and of affecting the contours of a society as a whole. Observations on four aspects of American economic foreign policy follow.

Technical assistance.—Although technical assistance programs will not require budget allocations as large as those for capital expenditure and loan programs, their potential influence in shaping the evolution of transitional societies, especially societies in the early stages of transition, may well be decisive. The central tasks of technical assistance programs are to bring the knowledge and skills available in developed countries to bear on the problems of modernization and to develop to the fullest the human resources of the recipient country. They should offer opportunities for as many groups in the society as possible to participate in the modernization process and lead whenever possible to the building of permanent institutions performing the func-

tions for which assistance was initially given. If properly administered and staffed, these programs can convey an image of American purposes and modes of operation which will encourage continuing future cooperation.

Allocation of capital.—If American capital assistance is to have maximum leverage in encouraging the underdeveloped countries to follow a course consistent with American interests, it must have the following characteristics:

1. The economic criteria which determine U.S. capital assistance must be clear and unambiguous; and we must be firmer than we have frequently been in the past in the application of those criteria.

2. The offer of capital on terms requiring the recipient to meet conditions for its productive use must be held out consistently over long enough periods of time to permit the incentive effects to work. Such a result cannot be expected from programs which are assured no more than 1 or 2 years of life.

3. The amounts offered must be large enough and the terms flexible enough to persuade the recipient that the game is worth the candle. This means that we must invest substantially larger resources in our economic development programs than we have done in the past. Our rough estimates suggest that a reasonable American share of an effective world development effort might involve from \$1.5 to \$2 billion more U.S. public investment in development annually than we have been making.

4. The kinds of capital we offer and the purposes for which we encourage it to be used must be sufficiently varied so that the lack of capital will not inhibit the growth of any important sector of the economy dependent on foreign exchange. If, for example, the use of foreign assistance is limited to social overhead or big industrial projects, there may well develop in other sectors bottlenecks which will lead first to economic stagnation and then to political and psychological frustration.

5. For political as well as economic reasons the leadership in underdeveloped countries should be encouraged to formulate their development goals in national terms. At an appropriate stage in the transition they should be urged to work out and discuss widely in their countries coordinated programs or plans which will underline the relationship of individual and local effort in particular sectors to national purposes and objectives.

6. In order that recipients of aid may free themselves from dependence on extraordinary external assistance as rapidly as possible, they should be encouraged to relate their own economic development to the growth of the international economy.

Assistance to land reform.—The critical role which changes in the organization of agriculture are likely to play in the modernization of the transitional societies has implications for American policy. The United States should strongly support land reform programs. It should assist governments engaged in such programs by offering to provide capital and technical assistance and food surpluses to cushion any temporary decline in food deliveries resulting from agricultural reorganization.

International organization of aid.—To coordinate the efforts of the increasing number of national and international agencies offering economic assistance is an urgent task. In our view, however, to

attempt to lump the existing agencies together in a single international organization to administer aid would be neither a feasible nor a desirable solution. The resources granted to such an international pool of capital would in all likelihood not be sufficient to make a serious dent on the development problem. Each donor nation, moreover, will have a strong tendency to retain control over the administration of its assistance funds through its own national agencies. The problem of coordination can best be solved not by creating a new aid-administering organization but by developing appropriate means of coordinating the operations of the various national and international agencies now in existence. Such coordination could be furthered by enlarging regional programs of cooperation; by creating an effective organization of lenders within the free world as well as a forum where lenders and borrowers can get together periodically; and by developing the consortium technique as a method for bringing the maximum resources of the international community to bear on the development problems of each country.

F. THE FOCUS OF POLICY AT DIFFERENT STAGES OF THE TRANSITION

We have placed in category A most of the new nations in Africa south of the Sahara and north of the Union as well as some of the less developed countries in the Middle East and Latin America. A dominant concern of American policy toward these countries should be to design our diplomacy, our information programs, and our economic assistance efforts so as to communicate our deep concern with the modernization of their societies. Our programs should be directed specifically toward such objectives as helping to carry out systematic surveys of needs and available resources; developing programs of technical and administrative training and of basic education, particularly in the rural areas; helping to create the schools, technical institutes, financial agencies, agricultural extension services, and other institutions necessary for modernization; and supplying capital for essential utilities such as transport, communication, power, and irrigation. Serious thought should be given to the possibility of taking steps to discourage large-scale militarization in Africa and thus create a unique opportunity for the new African countries to pass through the modernization process without incurring the costs of large military establishments. The United States might take the initiative for an international convention, possibly under United Nations auspices, guaranteeing African states against aggression and prohibiting deliveries to them of any arms except those needed to maintain internal order.

In the nations considered under category B—such as Egypt, Iran, Iraq, Pakistan, Burma, and Indonesia—a good many of the separate preconditions for growth are being established but the relationship between individual effort and national development goals is not sufficiently or widely enough understood to provide the motive force for takeoff. In these areas American programs should continue to include the elements listed for category A nations, but the main purpose of American policy should be to help focus the attention and energies of the existing leadership groups and of all the diverse rural and urban elements of the society on the constructive tasks of modernization. The major bottlenecks to progress are a lack

of unified purpose among those in power and a failure on their part to agree on what is required if local resources, human and material, are to be mobilized to achieve the goals of modernization already symbolically accepted. The role that the United States can play in helping to crystallize a consensus on development priorities is necessarily limited, but if we are clear what we are trying to do we can utilize our diplomatic posture, our technical assistance, our criteria for supplying capital, our policies with respect to land reform, and our military assistance in ways which will encourage the necessary attitudes.

The nations in category C have achieved many of the technical conditions for takeoff and they are more or less firmly committed to an accelerated drive to modernization. The essential American and free world task in such countries—India, Brazil, the Philippines, Taiwan—is to assure that foreign exchange is not a bottleneck during the takeoff period.

Since India is not only the largest free world nation, containing some 40 percent of the total population of the underdeveloped areas, but is also the foremost example of a non-Communist state engaged in the takeoff process, Indian needs will bulk large in American lending policy. First, the free world nations must provide sufficient aid for India so that a shortage of foreign exchange does not prevent further growth; over the third 5-year-plan period, something above \$1 billion a year in loans and grants must be provided from all sources. Second, American food and fiber surpluses should be used on a large scale both to cover the possibility of bad harvests and to give the Indian Government confidence to increase employment and domestic purchasing power without excessive worry about the inflationary consequences of such a program. Third, the United States should use its influence to the maximum to assist the Indians in mounting an accelerated program designed to diffuse high productivity agricultural techniques to the peasantry. Fourth, the free world assistance program to India during its takeoff should be designed so as to encourage India to take advantage of the energies latent in the private sector while fully supporting essential public enterprises. Lastly, ways must be found to meet the foreign exchange requirements of small-scale enterprise, which has exhibited surprisingly vigorous growth in recent years.

In the coming decade India may experience either a decisive breakthrough into modernization under democratic auspices and in association with the West or a critical failure which would damage, perhaps irretrievably, the prestige of democracy in India, if not in all of Asia. Given the relatively modest sums involved for both the United States and Western Europe and the enormous common costs of failure, this is an occasion for boldness and generosity.

II. INTRODUCTION

CHAPTER I

STATEMENT OF THE PROBLEM AND A METHOD

A. THE PROBLEM

The United States confronts a world in which more than a billion human beings living under non-Communist rule are passing through the complex and lengthy transition from life in the setting of a traditional society to life in a modern setting. Within the Communist bloc nearly another billion are passing through a special version of this transition. Three things about this transition make it especially significant for the United States.

First, while the transition to modernity is inevitable in some form, the precise form it takes will be critically influenced by what America is and what it does. This is both because of the powerful position of the United States in the second half of the 20th century and because of the greatly increased interdependence of peoples everywhere on each other. While we represent only about 6 percent of the world's people, we produce about 38 percent of its goods, we wield a major fraction of its military power, our technology penetrates its most remote areas, our political philosophy is studied everywhere, and our culture and values are carried by modern communications into every society. This happens whether we will it or not. However determinedly Americans practice nonintervention, the character and actions of the United States influence all societies in transition. Our policies can help to determine the direction of that influence, but they cannot remove it.

Second, the form which the transition to modernity takes will affect in critical ways our most vital domestic interests. The American military position in the world, our political influence, the health of our economy, and even the character of our future life within the United States depend in part on how these transitions proceed and on what their outcome proves to be. If, as has happened before and may well happen again, whole societies become frustrated at the failure of efforts to modernize through persuasion and consent, they may be weakened to the point of takeover by outside powers hostile to us, they may accept extremist leadership which diverts frustration into attempted external violence and internal compulsion, or they may react by a self-defeating rejection of Western contact and influence, trying to isolate themselves from forces they cannot control. On the other hand, if they succeed in making progress toward meeting the aspirations for modernization of major groups of their peoples, if they evolve indigenous institutions for transferring power democratically from one generation to another, if they provide constructive outlets for the newly released energies of their major social classes, they may evolve

into self-confident, independent democracies willing and able to play their cooperative roles in an economically, politically, and culturally interdependent world community.

Finally, whatever form it takes, the transition will alter the economic, political, and social environment in which American society must operate more profoundly and more rapidly than it has ever been altered before. The rate of social change has accelerated so much that there is no longer time for generations of statesmen to learn its characteristics by patient trial and error. Unless we make an extraordinary and explicit effort to understand what is happening to the complex world we live in, we are in danger of losing control of our own destiny.

A gradual consensus appears to be developing in this country as to the American interest in the course taken by the transitional societies. It is in our interest to see emerge out of the transition processes nation states which—

1. Maintain effective independence, especially of powers hostile or potentially hostile to the United States.

2. Do not resort to violence in their relations with other states. The development of modern weapons has made the outbreak of violence anywhere in the world exceedingly dangerous for all nations, especially because of the opportunities it opens for intervention by Communist or other extremist powers.

3. Maintain effective and orderly government internally without resort to totalitarian controls. The effort to impose rigid controls is likely to produce tensions within a society which cannot indefinitely be contained. If internal conflict erupts, intervention by an outside power and the consequent spread of violence become a serious threat. Our interest therefore lies in the emergence of institutions for the wielding and transfer of power by consent of major groups; this is essentially what we mean by the creation of "democratic" forms of government.

4. Are capable of progressively meeting the aspirations of all major classes of their people. This is a condition which must be met if the first three objectives are to have much chance of realization.

5. Are willing to cooperate in those measures of international economic, political, and social control necessary to the functioning of an interdependent world community.

6. Accept the principles of an open society whose members are encouraged to exchange ideas, goods, values, and experience with the rest of the world.

We believe that nothing in this set of American interests need be in any way inconsistent with the legitimate interests of the people of any independent nation, and that these shared interests can be advanced only by mutual understanding and effort.

B. THE METHOD

The objectives of this paper are: to throw some light on the nature of the transitional process; to define the American interest in its course and its outcome; and to suggest some lines of action which would maximize the chance that it will yield results consonant with the American interest and with the cause of human freedom everywhere.

In the light of these objectives, our paper is divided into two parts. Part 1 examines the nature and dynamics of the transition from a traditional to a modern society. On the one hand, it emphasizes the many-sided nature of the transition and the wide range of differences that inevitably characterize the modernization experience of societies with different histories, different cultures, different resource endowments, and different geographical positions. On the other hand, part 1 attempts, within this range, to isolate certain general features of the transition and certain strategic factors which are not merely susceptible to influence from outside the transitional society but which also will inevitably be affected by what the United States does or fails to do in relation to them.

Part 2 first seeks to define in light of the analysis in part 1 the nature of the American interest in the course and outcome of the transitional process, and, second, presents some concrete proposals for American action designed to influence the transitional process in ways which conform to the American interest.

Part 1 of this analysis is long and rather detailed, a circumstance for which we offer no apology. There is little instinctive knowledge of the transitional process to be derived from American history. Our Nation developed in a virtually empty continent mainly from British social and political foundations; and the British who came here in the 17th century came from a society which had already gone far along the road to modernization from a traditional and medieval base. If we Americans had turned our minds to the matter, there were, it is true, parts of our national experience which could and should have thrown light on this transitional process. At home we have watched the painful experience of the American Indian, for example, who was subjected to modernization mainly by force, and the experience of parts of the American South which fell under a version of the traditional society in the period of slavery. And we have had our attention drawn over the past century and a half to the experience of many of our Latin American neighbors, who have slowly and sporadically made their way toward modernization, each in terms of its own historical and cultural setting. On the whole, however, American minds have focused on the problems of our own society—a society which was lucky enough to be “born free”; a society which did not have to struggle against the weight of the attitudes, values, and the social, political, and economic structures that go with the traditional society.

Our basic view, then, is that we Americans must enter more deeply, if vicariously, into the experience of transition if we are to understand a large part of the environment which surrounds us and if we are to develop policies with the insight, patience, staying power, and lack of illusion required to advance our interests and the cause of freedom.

On the other hand, we present the analysis in part 1 with some diffidence. The social sciences have been developed as specialized and rather narrow disciplines. Some of them have a built-in bias toward static, cross-sectional analysis which ill suits them for use in considering a world scene undergoing rapid change. The transitional process, of its nature, involves interaction among political, social, economic, psychological, and cultural elements. No social science discipline is yet very skilled in dealing with these processes of complex interaction as they proceed through time. We are quite confident

that such a dynamic and interrelated analysis of the transitional process must, in the end, underlie a sensible and effective American policy toward Asia, the Middle East, Africa, and Latin America; but we are also clear that the analysis presented here is neither final nor definitive. We present it in the conviction that whatever the weaknesses of social science and social scientists, governments must act; and in the belief that they will act better rather than worse if social scientists accept the responsibility of linking their perceptions to the concrete choices governments confront.

III. PART 1: THE TRANSITIONAL PROCESS

CHAPTER II

THE TRADITIONAL SOCIETY

A. THE RANGE OF CASES

The nature of the transitional process which we are considering here—and which American policy confronts in many parts of the world—takes its start from the character of the traditional societies which are in the process of being superseded. We begin, therefore, with an effort to sketch briefly the major features of the traditional society.

History offers us a wide range of such societies. Some were relatively primitive tribes living within a narrow region, on a self-sufficient base, with tribal rather than territorial political and economic organization, and tenuously connected if at all with other tribes and regions. In parts of Africa and in small areas elsewhere we can still find such isolated and primitive forms of social, political, and economic organization.

Other traditional societies have been made up of loosely organized regions, with fairly elaborate structures of political and social organization and quite sophisticated agricultural techniques, but weak or nonexistent central governments. Medieval Europe, for example, could be described in some such terms, as well as India before the arrival of the European colonial powers.

But some traditional societies were very substantial empires with quite powerful centralized governments, manipulating a corps of civil servants and a military establishment, capable of collecting taxes and maintaining public works over large areas, capable of conquering and administering other regions and of generating a framework for elaborate patterns of trade and even significant industrial development. The Roman and Mayan Empires were such elaborate traditional organizations, as were certain of the Chinese dynasties at the peak of their effectiveness and some of the Middle Eastern empires at various stages of history.

B. BASIC FEATURES OF THE TRADITIONAL SOCIETY

What did these traditional societies have in common? One essential fact about them was that they developed within a limited technology. They sometimes exhibited high proficiency in certain directions, but they were incapable of generating a regular flow of inventions and innovations and of moving into a sustained growth process. It followed directly from this limitation that the bulk of their economic activity was taken up with acquiring food. Typically, some 75 per cent or more of the working force was in agriculture.

However, the history of traditional societies—notably those which had reasonably strong centralized governments—was not static. In times of peace, acreage would be expanded, trade would increase, the population would rise; the government would collect taxes efficiently, maintain the irrigation works, and expand the opportunities for commerce. But the traditional society could not break through into sustained economic growth.

The periodic breakdowns in traditional societies were brought on by various immediate causes: population pressure, wars, the disintegration of central rule, etc. But behind these lay more fundamental facts. Basically, these societies lacked the adaptability to adjust their behavior to new circumstances. In the absence of a modern scientific attitude and a corps of inventors and technological innovators, for example, they could not produce the flow of new technology necessary to overcome the pressure of population and the natural limitation of arable land.

It followed from the preponderant role of agriculture that the ownership and control of land was a decisive factor in social prestige and, usually, in political influence. In some, the bulk of the land was owned by a relatively small number of nobles and the king, and it was worked by peasants who stood in a feudal, hierarchical relationship to these owners. This condition still exists, for example, in parts of the Middle East. In other cases landownership was quite widely spread, as it was in China, resulting in an endless struggle by the peasants to acquire more land, to establish an economic position relatively independent of the luck of the harvests, and thus to rise in the society. In many of the African tribes, land was owned communally, with no concept of individual tenure and thus little incentive for systematic investment in improvements.

In traditional societies, face-to-face relationships were extremely important, as were the ties to family and clan. Men tended to be bound together and be valued by one another in terms of such intimate connections rather than because of their ability to perform specific functional tasks.

Although traditional societies sometimes provided a channel for able men of the lower economic classes to rise in power and prestige (often through the civil service and the military establishment), there was a tendency for people to assume that the status of their children and grandchildren would be similar to that of their parents and grandparents. A kind of longrun fatalism pervaded traditional societies despite the ebb and flow of family fortunes and despite the slow evolution of the society as a whole.

The cultural and religious life of traditional societies, and the values they elevated, varied widely. Generally, however, they formed a coherent pattern, giving men a reasonably orderly rationale for the relatively stable round of life they faced, at whatever level in the society they found themselves. They provided a set of relationships of men to one another and to the world about them which gave them a degree of security in facing their appointed destiny within the traditional structure.

C. DISEQUILIBRIUM IN TRADITIONAL SOCIETIES

Well before some traditional societies moved into an active phase of modernization, they began to develop men, institutions, and

attitudes which helped prepare the way for modernization. The requirements of conducting war, for example, led the central government to enlarge the military caste, which in some cases proved to be more willing to face the consequences of modernization of the society than the traditional landowners. This was true, for example, of Prussia before 1793, Japan before 1868; China in the second half of the 19th century, and Turkey before 1914. War also increased the requirements for credit and trade, tending to elevate somewhat the status of moneylenders and those who managed domestic and foreign commerce—men whose formal place in the traditional hierarchy was usually low. And in those traditional societies which assumed imperial responsibility, the management of empire itself strengthened the role and status of the civil servant and the technician.

Thus some traditional societies had undergone substantial changes toward modernization, out of their internal dynamics, before they were actually confronted with the shock of full-scale intrusion by more advanced societies. In other cases, however, more advanced nations moved in on traditional societies which were extremely primitive, with virtually no elements initially prepared to deal with the values and methods of modern life.

CHAPTER III

WHAT BREAKS UP TRADITIONAL SOCIETIES AND MOVES THEM TOWARD MODERNIZATION?

Leaving aside the gradual evolutions of Great Britain, Western Europe, and the United States, what forces have in the past broken up traditional societies? The broad answer is that they have been disrupted, their cohesion and prestige shattered by contact with societies which were more advanced economically and as social and political units.

The impact of more advanced societies took at least three distinguishable forms: physical intrusion, including in many instances colonial rule; economic example; and the communication of skills and ideas. We shall examine briefly the role of each in unhinging traditional societies and launching the modernization process.

A. INTRUSION

Intrusion by a more advanced society most commonly was accompanied or followed by occupation and the setting up of colonial administrations, actions which had revolutionary effects on the traditional society in two ways.

First, in pursuit of its own interests (and often, too, in response to an impulse to spread the values and advantages of modern civilization) the colonial power executed specific policies which directly affected the economic, social, political, and cultural life of the traditional society. Ports, docks, roads, and, in some places, railroads were built. These were usually designed primarily for the economic or military advantage of the colonial power, but they had wider effects in creating national markets, commercializing agriculture, helping cities to grow, and bringing to backward areas contact with elements of modern life. Forms of central administration and centralized tax systems were usually set up, providing in some instances the initial framework for a modern government. Some colonials were drawn into the modern economic and administrative activities necessary to execute the purposes of the colonial power. Some modern goods and services were diffused, altering the conception of the level of life which men could regard as attainable. To at least a few colonials the opportunity for a Western education was opened. Perhaps most important, the colonial power usually brought to the traditional society some version of the Western tradition of law, a version of those rules and procedures for the dispensation of justice which transcend and limit the powers of the individuals who exercise political authority.

In short, it was of the nature of the colonial experience that at every level of life it brought to the traditional society contact with some degree of modernization.

The character and extent of modernization varied with the concept of colonial rule that each power brought to its various colonies. In

India, for example, the British made special efforts to train men for both the civil service and the army: the Moslems on the whole opted for military training, the Hindus for the civil service, reflecting in that choice underlying differences in the culture of the two groups in the Indian peninsula. In Burma, on the other hand, the British did relatively little to train either soldiers or civil servants. The French, in their empire, made great efforts to bring a thin top layer of the indigenous leaders as fully as possible into French cultural, intellectual, and political life. The Belgians in the Congo concentrated, for economic reasons, on literacy and vocational training for the lower levels of the labor force and did nothing to prepare an elite for leadership. The Dutch in Indonesia and the Portuguese in East Africa by and large adopted policies designed to limit the extent and the pace of modernization.

But however colonial policy might vary, colonialism nevertheless had one first and universal direct effect. It set the static traditional societies in motion, so to speak, moving them into transitional status. That is, they lost the cohesion and integrity of the traditional system, but by no means did they attain the full status of modern societies.

The second effect of colonialism was indirect but perhaps even more profound than the direct infusion of modern elements. As time passed, and an increasing number of men in the colonial society became acquainted with the methods and ideas of the West, they reacted against the human and collective humiliation that inevitably accompanied colonial rule, and they sought independence. Many, it is true, were drawn imitatively toward the manners and mores of the colonial power (for example, colonials who were educated abroad or who had positions of privilege within colonial rule), and others found their positions strengthened by colonial rule (for example, African tribal chiefs and the Indian princes). But in the end a reactive nationalism emerged, spreading through elements in the colonial elite, catching up the urban populations, and reaching back even into the countryside. Of all the forces which have helped bring about the modernization of traditional societies, this reactive nationalism has probably been the most powerful.

Colonial rule was not the only form of intrusion that helped unhinge traditional societies. The defeat of the traditional society in war against a more advanced power often played an important role. This was so, for example, in Germany after the Napoleonic occupation; in Russia after the Crimean War; in Japan after its imposed opening to trade by the West in the shadow of modern naval cannon; in Turkey after the First World War; in China after the defeats by the British in the 1840's and by the Japanese in the 1890's. The demonstration that the traditional form of organization was incapable of maintaining the physical integrity of the nation tended to lower the prestige of the traditional rulers, their values, and their institutions. And it tended to strengthen the hand of those groups in the traditional society—soldiers, intellectuals, men of commerce, civil servants, lesser nobility—who for various, often differing reasons were already interested in moving toward some form of modernization.

B. ECONOMIC EXAMPLE

Quite aside from the multiple impacts of colonialism and superior military power, contact with more advanced societies sometimes led

to a spreading awareness of what modernization could do in terms of human welfare. Such contact demonstrated, for example, that public health could be improved; that food output could be increased; and that cheaper textiles could be provided to the peasant and the worker. In the 20th century the intimacy of communications, including the fact that modern armies have been based in many of these transitional societies, has peculiarly heightened an awareness of the gap between modern and traditional standards of life. Any awareness of this kind, creating as it does an increasing pressure for a rapid rise in popular welfare, undermines the traditional society.

The contrast between the traditional and the modern economy was not solely, or perhaps even most significantly, a contrast in standards of living and levels of consumption. The employment opportunities and the modes of life available in the new cities gave people new images of the roles they could play in society. In traditional societies the normal thing was to accept one's status and frequently one's occupation as determined by inheritance and custom. Modern economic activity, whether colonial or indigenous, has taken people out of their conventional roles and put them in new situations both of work and of life which have greatly broadened their perception of the range of alternative activities in which they might engage. This increased mobility and widened perception of alternatives has markedly weakened the most stabilizing elements in traditional society.

C. THE COMMUNICATION OF SKILLS AND IDEAS

Contact with the more modern societies brought about, for some, a training in new skills. Those trained usually formed part of the transitional society's elite, with some access to instruments of political power. But until the local society was transformed in quite fundamental ways, these trained men found it difficult to exercise effectively their skills as, for example, doctors, engineers, economists, and soldiers. The problem of unemployed intellectuals troubles many parts of contemporary Asia and the Middle East. A part of the force which has tended to disrupt the transitional societies has been the frustration of those with modern training who found that they lacked adequate scope for the exercise of their newly developed talents and opportunities to play newly perceived roles.

Moreover, the more advanced societies of the West communicated not only skills but also ideas. Among these ideas were the quite revolutionary Western notions that all men stood equal before the law, that they should have equal opportunity to develop their talents, and that policies should be determined and political leadership selected on a one-man, one-vote basis. It is easy to forget how powerful and disruptive these long-accepted foundations of modern Western life still are in traditional or only partly modernized societies.

In addition to these democratic ideas, many of the new intellectuals from the transitional societies have been exposed during their formative years in the West to Marxist and other socialist notions. These have often had a great appeal because they purport to explain the forces at work in transitional societies. The theory of the class struggle, Lenin's theory of imperialism, and Communist doctrine on the organization of revolutionary movements have gained considerable currency and influence, and have helped generate dissatisfaction with traditional attitudes and values.

Although the traditional societies or those early in the transitional process were not technically prepared to install modern democratic processes, the disruption of the traditional society and the infusion of these new ideas sometimes led to strong movements toward increased popular participation in the political process. Among the peasants the spread of these ideas encouraged powerful movements for land reform, in which the peasant's ageless hunger for his own plot of land at last expressed itself. The modernization of Mexico, for example, took its start with just such a primitive agrarian drive.

The new ideas have not by any means been uniquely responsible for the pressure of the peasantry for land reform, for peasant revolts have been a periodic feature of the history of traditional societies. But from the French Revolution, through the Taiping Rebellion in China and the Russian revolution, down to the pressure for land reform in contemporary Egypt and Iran, the spread of egalitarian ideas has played a catalytic role of some importance. The impact of new ideas, moreover, is vastly heightened today by the existence of the mass media and the instrumentalities of mass organization. Revolutionary ideas can be diffused with extraordinary rapidity, reaching groups throughout the society.

D. THE DYNAMICS OF MODERNIZATION

Contact with more advanced societies has been, then, the principal force which has eroded the structure and values of traditional societies. Through physical intrusion, economic example, and the communication of skills and ideas, this contact has pushed the traditional societies into a transitional process. After a certain point, the energies of those colonial people who had acquired some modern skills have tended to focus around the goal of independence; and this objective has helped to unify elements in the society which in fact held quite differing views of the modernization process. Where the colonial problem did not exist, the transitional process has been furthered in different degrees by a sense of military inferiority and national danger; by the pressure of the peasants for their own land; by the pressure of the educated elite for a chance to exercise their new skills; by the spreading perception that higher standards of welfare were attainable.

But the process has also been advanced by the fact that the breakup of the traditional society opened the way for men who enjoyed the exercise of power to contend for the vacated or weakened places of authority. Transitional societies which did not experience colonial rule, or newly independent ex-colonial states, have generally experienced a period of unstable rule in which various individuals and groups have sought to seize and consolidate power. These struggles for power have often been just that: the contention of men for positions of prestige and authority, quite unrelated to movements toward or away from modernization. But over substantial periods of time these struggles for power have reflected and become suffused with the views and objectives of various specific groups in the society who wished to achieve, or forestall, various aspects of the modernization process. The raw struggle for power in succession to the traditional leaders or the colonial power, or both in combination, has thus been in itself an active element in the transitional process.

CHAPTER IV

WHAT RETARDS AND DISTORTS THE PROCESS OF MODERNIZATION?

A. THE SCOPE OF CHANGE

It is one thing for a traditional society to experience the intrusion of modern elements which set in motion new dynamic trends. It is quite a different matter for such a society to achieve a working modern system which moves toward peaceful objectives by increasingly democratic means. Before a modern society can be achieved—before the modern elements within a traditional society can become not only dominant but constructive—a succession of profound changes must take place at every level; for any established society has deeply rooted characteristics which yield only reluctantly, with pain and the passage of time, and only to strong and persistent pressure for change. And along the way there are many possibilities for distortion, frustration, and situations disruptive to world order and the American interest.

Historical experience indicates that modernization does not require the destruction of a traditional culture. On the contrary, the old culture almost always leaves permanent and significant marks of continuity on the fully modernized society. Nevertheless, the traditional culture must undergo drastic alteration.

Psychologically, men must transform the old culture in ways which make it compatible with modern activities and institutions. The face-to-face relations and warm, powerful family ties of a traditional society must give way to more impersonal systems of evaluation in which men are judged by the way they perform specialized functions in the society. In their links to the nation, to their professional colleagues, to their political parties, men must find a partial alternative for the powerful, long-tested ties and symbols of the traditional life centered on family, clan, and region. And new hierarchies, based on function, must come to replace those rooted in land ownership and tradition.

Politically, the people must come to accept new forms for the organization of political power. The balance of social and political power must shift from the village to the city, from the tasks and virtues of agricultural life to those of commerce, industry, and modern administration. And they must come to accept new forms for the transfer of political power. They must begin—in a process with many difficult stages—to judge politics and politicians in terms of policies rather than merely inherited status or even personality; and they must develop forms for transferring power by registering consent.

Economically, they must achieve a situation where the society regularly saves and productively invests a sufficient volume of its resources, and incorporates regularly new ways of doing things, so that the growth of the national economy outpaces population increase and continuing economic growth becomes the normal condition of the

society—a process which, in itself, involves every dimension of the society and many sectors of the economy.

To achieve these conditions requires the passage of time: time for the social structure to be altered; time for new political attitudes and institutions to be created and consolidated; time for the creation of the skills and habits and institutions on which capital formation depends. Above all, time must pass for new generations to succeed one another, each finding the environment, techniques, and goals of modernization a bit more familiar and acceptable.

Moreover, there is nothing which decrees that the forces of modernization will win eventual or automatic victory. It is of the very nature of the transitional process that at every step of the way the impulses making for modernization live in active contention with powerful forces tending to retard and to frustrate the transformation of the traditional society into full constructive modernity.

The interplay between the new hopes and the old ways may yield bloody civil conflict susceptible to exploitation by external powers; there may be efforts to channel the modernization process into disruptive foreign adventures; there may be a seizure of the society's politics by dictators who exploit popular frustrations and the inevitable looseness of the transitional period for their own or for other purposes.

There are four principal areas in which elements of resistance must be overcome if the modernization of a traditional society is to be carried through successfully: human attitudes, politics, economics, social structure. This chapter outlines examples of each, and subsequent chapters will spell out the relevant problems and objectives in greater detail.

B. THE PULL OF THE PAST

The modernization process requires that fundamental human attitudes must change in such ways as to make the efficient operation of a modern society not only possible but also psychologically congenial; and it may well be that, especially in the first generations of the transition, the commitment of men to the goal of modernization is more apparent than real.

Modern man is psychically mobile, his distinctive characteristic being the ability to imagine himself performing all manner of tasks and roles. Traditional man was so inhibited by the barriers of status that he believed it wrong and dangerous even to move mentally out of his place in the social order. Transitional man can imagine and hope for change, but in his mind the exciting possibilities are balanced against old doubts and fears. And so the literate elite in transitional societies may be quite skilled, and they may talk the language of modernization with fluency and apparent conviction; but latent within them is a conflict between the modes of action and the values which modernization requires and the ingrained habits and attachments of the traditional society.

The latent power of the traditional society—the pull of the past—may take many forms. It may lead men to gather around them in authority not the most competent colleagues but those most personally loyal, often members of their family. It may lead them to talk of industrialization while in fact harboring a profound reluctance to engage in the homely pursuits of production and the marketplace, which in the traditional society enjoyed so low a status. It may pre-

vent them—as in contemporary India—from treating cattle as part of the material stock of agricultural capital rather than as religious symbols. It may lead them to continue to concentrate their attention and emotions on old familiar issues and feuds—sanctioned by the values and history of the traditional society—rather than on the new issues and tasks of modernization.

No matter how passionately in one part of their beings men may want to see their societies and themselves enjoy the benefits of modernization, they are capable of sustaining in tolerable psychological order only a limited rate of change; and they may cling more tenaciously than they are aware to elements in the traditional society as a source of security in a transitional situation where much else about them is changing.

C. POLITICAL RESISTANCE

A society freed from colonial rule or one which has overthrown a traditional government must create a minimally effective national government, a task which confronts such problems as these:

It is almost certain to be the case that much energy and attention must be devoted to overcoming the residues of political authority derived from the traditional society which cannot be harnessed constructively to the purposes of the new modern national government. Examples are the sects in southern Vietnam, the Indian princes, the Chinese war lords, the African tribal leaders.

The new government must also develop a minimum core of technically trained men capable of maintaining order, collecting taxes, and organizing the staff work required for the inevitably substantial role of the government in the economy and in the educational process.

Modernization develops aspirations in the minds of various groups of citizens for progress toward many new goals, economic, educational, and cultural, which are not regarded by traditional governments as within their responsibilities. The new government must demonstrate effective leadership in establishing programs to promote these new objectives if it is to survive. Means of communication must be developed between the government and its citizens to convey to them a sense that the national goals being pursued are ones which they would sanction.

Political development thus must contend with vested power derived from the traditional society; the lack of trained men; the low literacy rate and the lack of other facilities permitting persuasive mass communication; and the absence of a widespread popular conviction that the new national government is an appropriate vehicle for furthering popular goals.

In the process of contention there are many occasions for frustration and backsliding, many ways in which political life may be diverted to sterile or disruptive goals. The Communist appeal to the underdeveloped areas is designed to exploit precisely these possibilities.

D. LACK OF BASIC CAPITAL

The resistance to modernization also takes the form of certain basic initial economic weaknesses. A very considerable expansion must take place in the number of modern men and institutions, as well as in physical capital, before sustained growth is possible at rates which substantially outstrip population increase.

Regular growth requires that men learn to apply systematically and progressively to the production of goods and services what modern science and technology have created. It is this ability to absorb and to apply modern technology (to agriculture and raw materials as well as industry) which distinguishes a modern growing economy from a traditional economy.

In one sense, the most basic economic change required is, therefore, psychological. Men must cease to regard the physical world as fixed. They must learn that it is capable of being understood and manipulated in terms of stable and logical rules which men can master. But such a change in attitude is not enough. Before a society's economic capabilities can grow regularly at a rate higher than its population increase, large numbers of men must be trained in specialized techniques; and the economic institutions of the society, public and private, must be effectively geared to the process of regular innovation. The society must learn to mobilize and to use its surplus above minimum consumption not for high living for a few nor for war nor for traditional monuments but for productive investments. Moreover, the industrial process itself requires that important nonindustrial sectors be developed: notably, social overhead capital, agriculture, and foreign exchange earning sectors.

It will already be evident from this analysis that such wide-ranging economic change cannot occur unless there is prior or concurrent change in the social, political, and psychological dimensions of the society. But even on narrow economic grounds it is clear that a time interval will be required before the transitional society can acquire sufficient basic capital in human, institutional, and material forms to gather momentum. This multidimensional process and the takeoff into self-sustained growth which may then follow are considered in chapter VIII.

E. SOCIAL CONFLICT

The small elite groups who dominate the political process in a transitional society will at first be united in motives and purpose only in opposition to some external power or threat. By their very nature they will be of many minds as to the evolution of their own society.

Some, in fact, may be primarily concerned not with modernization but with the maintenance of their own economic and social prerogatives, granted by the traditional society, the colonial powers, or both. Some may seek to divert the national sentiment and the energies of the new national government into external adventure in hope of redressing old humiliations or exploiting newly perceived opportunities for national aggrandizement. Still other groups may strive primarily to consolidate the power of the new central government as against contending regional authorities. Others may be interested primarily in seeing quickly installed the political and legal forms of modern democracy; and still others—initially usually a minority of the elite—may be anxious to get on with the concrete tasks of economic and technical modernization of the economy.

The confusions and cross-purposes which result from this diffusion of objectives inevitably retard the process of modernization. They may tempt men to seek escape from the frustrations of internal differences and to unite in aggressive attitudes or action toward the outside world. Or they may tempt men to accept in desperation

the unity and discipline which Communist or other totalitarian forms hold out to them.

Although the small westernized and literate elites play a disproportionately powerful role in the early stages of the modernization process, in the end the mass of citizens must be brought into the mainstream of change. Each person must begin to assume new functions and new relations to the economic and political process.

The transition to modernization usually begins with more than 75 percent of the population in the countryside and less than 10 percent literate. The round of life is tied to the rhythm of the harvests and to the narrow local scene; to a traditional system of land tenure and the assumption that life for the children and grandchildren is likely to be much as it is and has been in living memory. Social life is built around a close family; traditional political and social relations, long sanctioned by custom, tend to be passively accepted. The government—and the nation itself—is likely to seem a remote and distant entity, associated with the extraction of taxes and the arbitrary recruitment of sons for military service.

In the end all this must alter. There must be a radical shift in balance to urban life; literacy must increase; agricultural methods must change; and the markets must widen and become increasingly commercial. Land tenure arrangements are likely to require alteration. The idea must spread that the physical environment can be understood and controlled in ways which permit higher standards of welfare. The government must come to be identified with activities and objectives which conform to popular interests. And in the end, if democracy is to emerge, the citizen must come to accept the responsibilities as well as the power to determine who shall rule and in what direction public policy shall go.

Merely to list this array of fundamental changes is to suggest the massiveness of what is involved in modernization for the many hundreds of millions of human beings whose lives now are caught up at various intermediate points between the traditional society and one version or another of modern society. The scale and profundity of change suggest also why time must pass and the generations succeed each other. Even more important for an understanding of the policy problems we confront, this array suggests why we must expect inner conflict, frustration, and outbursts of violent popular feeling as modernization proceeds.

As the traditional society loses its authority and sanctions, men are made both insecure and at the same time more hopeful that their lot may be improved. The rapid spread of modern communications, including international communications, begins to make vivid what the fruits of successful modernization might be in material, social, and political terms. But the process of modernization intrinsically requires a long time, even if the society's leaders give to its constructive dimensions all their energy and attention. It is not surprising, therefore, that popular moods may at times turn backward, in an effort to recapture some of the lost security and order of the traditional society. In Burma, for example, U Nu recently waged a successful campaign to return to power on the basis of an appeal to Buddhism. It is not surprising that men and women caught up in the process of modernization can easily be led to turn their frustrations against foreigners. And it is not difficult to understand why, if frustration and chaos

persist, communism may be accepted, in apathy or with eagerness, as a promised resolution of these conflicts and dilemmas.

But there is also evidence from the distant and recent past that if the processes of modernization are steadily extended, if the loss of elements from traditional life is balanced by evident, even if limited, progress, these multiple changes can take place without irreversible damage to the society and without its seizure by totalitarian dictatorship.

F. STRATEGIC DIMENSIONS OF MODERNIZATION

It follows directly from the concept of modernization as a process of contention between modernizing and retarding elements, with many possibilities of frustration, diversion, and even regression, that the societies we call underdeveloped stand at various stages along the way from traditional to modern status.

It is, moreover, central to this analysis that every dimension of these societies is involved in the modernization process; that the progression cannot be defined simply in terms of psychological change or politics or social structure or popular attitudes or economics.

Nor do these elements in the process of modernization all move by some common law. In some societies the modernizing influence was initially felt in the realm of government and administration through colonial rule. In other societies the commercial, the educational, or the religious spheres were the first to be changed. There is thus no uniform pattern of development for all transitional societies.

Our knowledge about the uneven character of social change also suggests that not all changes will contribute equally to a general advance toward a more modern system. On the contrary, some innovations can create situations which make it more rather than less difficult for subsequent changes to occur in a smooth fashion. Improvements in public health standards, for example, can readily alter the death rate and produce a rapid growth in population, which will subsequently become a drain on all efforts to raise per capita incomes. Similarly, the expansion of educational facilities at a grossly faster rate than the opening of new career opportunities can produce well-recognized tensions and frustrations.

We can at this point reach certain broad conclusions: powerful and persistent forces are pressing all the transitional societies in the direction of modernization. Among these forces are the challenge of population pressure; the spread of literacy and modern skills; and the intensity of modern national and international communications. But while the direction of change is toward modernization in all these societies, the pace of movement will vary greatly, and so will their vulnerability to dangerous diversions—notably, aggressive behavior or acceptance of totalitarian government.

Such broad conclusions are of course an insufficient basis for the formulation of policy. Despite the inevitable elements of uniqueness in each case, we must seek to understand the rough sequence of change and its stages; for we are dealing in the contemporary world with nations at very different points along the spectrum from, say, Yemen to Mexico. We turn now, therefore, to examine separately four strategic dimensions of modernization, in each case seeking to suggest the patterns of change which the transitional societies, past and present, reveal.

CHAPTER V

THE PROCESS OF PSYCHOLOGICAL CHANGE

A. THE INITIAL PSYCHOLOGICAL GAP

In the effort to examine the character of the psychological changes that must occur before a traditional society can become a modern organism, we are dealing with one of the most complex and least understood human phenomena. The social sciences still have much to learn about the forces which shape the attitudes of individuals toward modern economic activity, technology, democracy, and, indeed, toward modernization in general. Hence our judgments must be relatively impressionistic, and our method evocative rather than rigorous.

Nevertheless, judgment must be made, because in dealing with transitional societies we Americans must take into account the way their people look at the situations in which they find themselves and how they are likely to react to what we do or fail to do.

No national leader can achieve modernization merely by obtaining laws and regulations intended to promote it. Even in the smallest country modernization requires the efforts of many thousands of devoted and capable persons in high and low positions, in public and private life; and it requires the development of new modern institutions which demonstrate their worth and gradually earn the loyalty and confidence of citizens.

From our point of view it would seem inevitable that all individuals, or at least all educated individuals, in a society close to the traditional stage would spontaneously share the goals of modernization and work with undivided energies toward them. And of course virtually all individuals everywhere do want some of the fruits of modernization—more income for themselves; more power, dignity, respect, and recognition for their countries. Nevertheless, a typical initial characteristic of a transitional society is the existence of a psychological gap: the society is overtly committed to modernization, but its people lack the psychological attitudes required to make modernization a reality.

Why does this gap exist?

B. SOME SPECIFIC DIMENSIONS OF THE PSYCHOLOGICAL GAP

One of the fundamental reasons for this gap is that the adoption of the new ways of life required for modernization may involve losses as well as gains, the losses being sometimes so clear, and their emotional impact so great, that they outweigh the attraction of the more distant and sometimes uncertain gains.

One of the writers of this report remembers vividly the fear expressed by the fine old mother of a Burmese boy for whom a fellowship to study in the United States had been obtained—the fear that in the midst of new experiences in the West he would lose his Buddhist

piety. It was difficult to reply to her, because her fear was justified. The case could be multiplied thousands, even millions, of times; it symbolizes the underlying loyalty to old values which makes modernization difficult.

The importance of industry to modernization may be recognized and accepted, but members of the middle or upper class in a traditional society, who are the first natural source of managerial ability, feel that a career in industry means a loss of social position and prestige. For centuries it has been important to the more elevated classes—the landowners, professional men, teachers, politicians, bureaucrats, and perhaps also the army officers—to think of themselves as different from the menial classes. One main mark of the menial classes is that they work with their hands at manual labor, and with tools. Accordingly, the economically more favored man feels like a menial if he works with tools or machines, or even if he directs work with tools or machines; and it is difficult for him to overcome such inherited attitudes, even if he is aware of them and tries to overcome them. This distaste for industry is heightened by the fact that the business and commercial groups in such societies (e.g., the Chinese in southeast Asia) are often groups who historically come from other countries and are still looked upon as outsiders.

Thus an old society in the early stages of transition may be in a position where almost all of the best qualified men, while praising modern industry, choose academic or political or bureaucratic or professional work.

Another attitude which discourages economic advance is the high respect for traditional learning in many old societies, where every educated man is expected to know the ancient literature and philosophy of his country. As a result, few of the ablest students in a traditional society choose technical or scientific education, a condition which carries over into the transitional period and is an obvious obstacle to modernization.

One of the most pervasive carryover effects of the traditional society is its persistent tendency to inhibit individual initiative, its cultivation of attitudes which discourage innovation in any form. In most traditional societies it is not proper for a younger person to have an independent opinion or challenge older judgments even within his own mind. In many societies, especially where income is low, wealth has been accumulated by a family only by exceptional skill and luck or because of the family's position. Great store is placed on preserving the patrimony in the ways that have proved successful in the past. Taking any risks with the family wealth in new kinds of undertakings is regarded as a disservice to the family. Also, where life is economically precarious, it is common for all members of a group of relatives to share their income; indeed it is a high family duty to do so. The individual who gains extra income is obligated to share it with relatives who have less. For an individual to save his own income and plow it back into a business enterprise is thus extremely difficult.

All such moral obligations and values serve useful purposes when life is traditional, but carried over into a transitional society they constitute barriers to modernization. They make the individual fearful or reluctant to change his way of life in the very ways that effective modern action may require.

The overall effect of traditional attitudes—that is, of the psychological gap—is that the transitional society may formulate adequate general plans for economic progress but take little effective action. Planning is professional and attractive; but even the national leaders shy away from the problems of managing the enterprises which will bring progress because the practical problems of management are felt to be menial activities. Individuals may undertake the management of public enterprises only because they see them as means of benefiting their relatives and friends. What may seem like graft to us is the fulfillment of traditional family loyalties and moral obligations. Other individuals are earnest but lack initiative because they have proper respect for the opinions and ways of their elders. Or the individual wants progress but not at the cost of changing his relations with his relatives. He is immobilized by the conflict of purpose in his mind and his emotions.

This division of heart and purpose, which frustrates action, is especially great in some ex-colonial societies, where the people as a whole may be diverted from constructive effort by emotions surviving from the past. The colonial administrators were conquerors who often violated ancient family rights in land and other property, showed contempt for the indigenous religion, and treated the colonial people as an inferior race. For people who have emerged from such experiences with foreign rule the questions of status, respect, and dignity, important values in all societies, can easily become central to their existence. Consequently they may favor projects that give the appearances of modern development, and reject policies that are less conspicuous but fundamentally more important for the development of the society.

Moreover, colonialism often created in the indigenous population an ambivalent attitude toward the West—the symbol of modernization. They respected the power of the westerner and imitated his manner of living, but at the same time they resented his presence, hated his behavior, and determined to eject him and what he stood for, including his business enterprises. And so today in the transitional societies many people want and at the same time hate what the Westerner stands for.

In the ex-colonial countries, then, even after independence has been achieved, there may be for some time no national consensus or sense of purpose, but rather a splintering of the country into groups with conflicting purposes and programs; and an ambivalence of emotion toward the new and the old which makes progress in any direction almost impossible. Indonesia and Burma provide conspicuous examples of this condition, and it is evident in varying form and degree in many other ex-colonial societies. It creates difficulties not only for Westerners but also for leaders of the society itself—difficulties which American economic and technical aid and foreign policy must recognize and allow for.

The psychological gap, whatever its special causes or manifestations, dramatizes the fact that modernization requires not only capital and the learning of new knowledge and techniques, but also that the old values, loyalties, and moral obligations shall give way to new ones so that the people of the society can work effectively in new ways.

C. SOME INITIAL AGENTS OF MODERNIZATION

What are the forces which bring about the painful but necessary shift in values and in attitudes toward modernizing activities?

Initially, at least, an important impulse toward modernization arises from certain groups who in the traditional society were denied its highest status or rewards. Such groups bring to modernization less ambivalence and more eager acceptance than those who held power in the old structure. Put another way, the traditional society, despite its surface of coherence and stability, was often marked by inner conflicts; and one of the effects of external intrusion was to permit those conflicts to take forms which contributed significantly to modernization.

It may have happened, for example, that one traditional class has gained power at the expense of another, and that a sense of grievance has led the displaced class to question the values, the morals, and the way of life of the leading group. In ancient times such social grievances led to armed rebellion, or to migration to a new country, or to a new religious movement, or sometimes to a relapse into apathy if nothing could be done about the trouble. In modern times, if the country has had contact with the West and with advanced technology, and the possibility exists of economic achievement through acquiring new technology, the restless group may strike off in the new ways of life and lead the nation in economic progress.

A few historical examples may make this process clearer.

In England far more leaders of the world's first industrial revolution came from the religious nonconformists than from any other one group even though the nonconformists formed only 7 or 8 percent of the population of England; and many other leaders came from the lowland Scots, who had come under the political and social domination of the English.

In Japan disaffected social groups led the way in modernization. In about 1600 one group of clans, the Tokugawa, gained dominance over the entire country and subjected other clans, the "outer clans," to political and social subordination. Under the Tokugawa a national peace was imposed; the warrior class, the Samurai, lost their traditional social position and also steadily declined in wealth. The move toward modernization which led to the overthrow of the Tokugawa in 1868, and thereafter proceeded rapidly, was led by Samurai and individuals from the outer clans.

In Colombia the Spanish conquerors inhabited three high valleys, which are the sites of the four main present cities of Colombia. In two of these valleys they developed landed estates and became landed gentry or cattlemen. In the third, Antioquia, because the land was less suitable and because other activities were more attractive, they did not. During the 18th and 19th centuries, as the historical literature of the time shows, the gentry of the other two valleys looked down on the Antioqueños because they had not become gentry too, and the Antioqueños resented this attitude. Today it is the Antioqueños who are spearheading economic and political modernization throughout Colombia.

In India successive waves of migration over several millennia have resulted in the existence of a number of social groups who even today are very conscious of their historical differences from each other.

It is probably significant that much of the effective modern business activity to date in India has been initiated by several of the minority social groups—the Parsis, the Marwari, and others.

Thus social tensions lead to the rejection of traditional attitudes by some groups—who turn to new activities which may restore their prestige and sense of achievement when modernization becomes a realistic alternative. Indeed, it is virtually never the social group in control of a traditional society which leads the way to modernization. That group, which finds the traditional social order satisfactory, virtually always resists change, even if the society is threatened from without and change is necessary to resist that threat. Thus in Japan even after Perry opened Japan to trade by force in 1853, the Tokugawa policy was to preserve the traditional feudal order; and only after the Tokugawa were displaced by opposing groups did Japan move to strengthen herself to repel incursion by the West.

By such historic circumstances a drive toward modernization began in some countries before others. The circumstances which determined events in each country were of course far more complex than indicated here; in this chapter and others we have selected only a few of the main strands for discussion.

Neither the leaders of transitional countries nor we in the West who wish to aid them can reproduce historic conditions and thus speed modernization. We can, however, recognize the importance of differences in historic trends in different countries so that our economic and technical aid and other policies will be responsive to differences in national needs, including psychological needs.

D. SOME POLITICAL IMPLICATIONS OF THE GAP

Although the political sequence of modernization is examined in chapter VI, a few observations on its connection with the problems posed by the psychological gap may be helpful.

It is a characteristic of all human beings that when their lives become rootless and insecure they cling to old values associated with “good old days” of emotional security and less anxiety. The greater the present turmoil and insecurity, the stronger the impulse to hark back. It is also characteristically human in such a situation to seek a strong leader on whom to lean.

In societies whose traditional order has been disrupted by intrusion from without, these two tendencies converge toward the same effect. The good old days were days of hierarchical or patriarchal leadership; and so we see many newly independent nations turning to autocratic leaders, particularly after a short period of experiment with the democratic forms and after discovering that democratic institutions require a host of preconditions which do not yet exist. In the chaos of premature democratic politics, only autocracy appears capable of allaying their anxieties.

In African societies we find traditional relationships still existing under the surface of colonial rule or freshly won independence. The traditional tribal chieftains still exist and promptly take over, with only a thin veneer of modern forms covering the old arbitrary personal rule. The thin veneer is important; many of the desires of the people are new, and the old economic and educational conditions will not return; but the essence of political behavior may for a time be as of old.

The first modern leader in a transitional society is apt to be the man who led the independence movement. If he is half motivated by Western standards and half motivated by traditional values, he may be immobilized in some degree. However, his leadership may be a rallying point and preserve social order for a time; and if during this period there are strong forces for modernization at work, the society may gain sufficient momentum to save it from relapse. This happened under Ataturk, and it is to be hoped that it will prove true of India.

But if the forces for modernization are not strong, then, as the charisma of the independence leader wears off, people will seek some substitute for the traditional leadership which has been destroyed in the process of social disruption. At this stage the military is apt to take control. But the military leadership may not provide the emotional appeal and sense of communal unity needed. They may be too Western in their values or in their techniques, or too narrowly representative of the various forces at work in the society.

Psychologically, these are the circumstances when communism makes its strongest appeal. It appears to provide the needed leadership for unity and security. It offers an outlet for the resentments which have built up against the forces that have brought insecurity and anxiety. It ostensibly stands for modernity.

E. CLOSING THE PSYCHOLOGICAL GAP

Thus far we have outlined the nature of the underlying psychological problem of modernization, the character of some of the initial modernizing impulses, and certain links between the psychology of modernization and the political sequence of modernization. We turn now to consider what happens as a society moves decisively forward psychologically from the attitudes of the early transitional period to those of relatively mature modern status.

As modernization moves forward, the politics of the society, the balance of social power, the relationships of the individual to the community, and the economy itself all change. When these changes are satisfying and productive, they have a cumulative psychological effect; that is, they create substitutes for the comforting relationships of the older way of life. They offer the individual an alternative setting of psychological security, and they thus make progressively more easy the acceptance of the values as well as the objectives of modern life.

For the peasant, higher incomes may justify the disruption and uncertainty of changing his methods. For the industrial worker, higher wages and fraternal ties to those who work and live beside him in the cities may compensate for the lost satisfactions of the close but impoverished family life in the village. The sons of the old landowners may find a satisfaction in applying the techniques of modern business in their new job and reflect only occasionally on the lost prerogatives of the traditional life. The new politicians may come to enjoy the game of modern democratic politics with all its constraints and diffusion of authority and hanker only occasionally for the less inhibited power of traditional rulers.

Especially after some socially rebellious group has turned to new economic activities, as suggested above, and has gained greater income

and higher economic status, other groups who used to be equal with this one find themselves in an economically inferior position. Further, they have before them evidence that a new way of living seems to be satisfactory for some of their fellows. Both driven by their new sense of inferior position and drawn by the example of innovation by another group which was no more capable or elevated than they, they may progressively turn to the new ways of life themselves. And thus the psychological gap may gradually narrow for each group in the society as modern activities, yielding real, even though limited results, permit men to express their personalities in new ways.

What we would emphasize here is that in the first stages of this dynamic forward movement, even when the real advantages of modernization are accessible, those advantages are relative. A family may send its son abroad for study if a scholarship is available; but it will feel a real sense of loss. Men will drift from the villages to the cities if jobs are available at higher pay; but they and their families will have a feeling of being uprooted and of loneliness. Men will gradually shift their careers to business and industry if such opportunities are expanding; but they (or their families) may have to overcome a sense of degradation in doing so.

The lesson of history and the contemporary scene is that, despite the psychological costs, human beings opt for modern life if the activities and institutions of modern life develop at a sufficient pace to absorb them in productive and stable activities.

But it is equally true that if the old is destroyed and the new does not grow up fast enough to absorb men's lives and justify the psychological costs of disruption, if there is no satisfying alternative to the traditional life but only the slogans of modernization and the enticing advantages of modernization enjoyed somewhere else—then men turn to disruptive or desperate or regressive courses of action.

It does not lie in American hands wholly to prevent such outcomes; we cannot create from the outside all of the modern alternatives in all their dimensions. But we can help and encourage their creation; and to this extent American policy toward the underdeveloped areas can be a constructive force aimed at preventing the crises which may arise when to the inevitable psychological costs of modernization are added the frustrations of chaos or stagnation.

Since the clash between old and new values, the cause of some of the deepest problems of modernization, is psychological, there is little we can do directly to ease that clash beyond a display of human understanding and compassion. We can, however, affect significantly the consequences of that clash by making modernization as real and attractive an alternative as our capabilities and the will of the local people to work with us permit.

CHAPTER VI

PATTERNS AND PROBLEMS OF POLITICAL DEVELOPMENT

A. NATIONAL UNITY

It is a truism that nationalism has become the dominating political force in the non-Western world. The creation or maintenance of national independence is a goal articulated by political leaders in all the newly emergent countries. But nationalism itself, while it creates a verbal commitment to the nation among at least an elite group, does not automatically guarantee the degree of real national unity essential to the functioning of a modern nation-state. The task of creating that unity, of achieving nationhood in terms of modern political organization, is therefore basic to the political life of all transitional societies.

Some new states—Pakistan and Indonesia are notable examples—are split into widely separated parts, and even those which are physically in one piece usually suffer from poorly developed communication and transportation systems, making it difficult for them to perform as integrated national units. Most of the new countries, moreover, are uncertain about the extent of their territory. Their boundaries often follow the arbitrary administrative divisions imposed by European colonial powers in Africa, the Middle East, and southern Asia, which tended to ignore tribal and cultural differences. Especially in Africa conflicts seem inevitable as peoples and their new governments assert “legitimate” claims to territory which finds itself under another flag.

Disruptive as are the problems of physical unification, they are perhaps more susceptible to solution than a deeper set of problems involving the attitudes and loyalties of people within a given state. The spirit of nationalism and the struggle for independence create in many of the new countries an illusory sense of national unity. Once independence is achieved, however, the old ethnic, linguistic, religious, or tribal loyalties reassert themselves with renewed strength. This has been particularly true wherever the new national leadership has been recruited largely from a single region or ethnic group, or where it is a conspicuously westernized elite trying to impose alien values on their society. The tensions created by such communal divisions appear in most dramatic and dangerous form wherever there exist large racial minorities performing key economic roles; in southeast Asia there are the Chinese and Indian populations, in Africa the Asians and above all the white settlers. In many transitional societies the multiracial problem dominates politics and until it is resolved little constructive is likely to be done.

Behind the more apparent problems of national unity lie the divisions in outlook common among transitional peoples. There may be extremely few commonly shared values in a society composed of

highly westernized intellectuals at the one extreme and of peasants or tribal members at the other. Indeed, the barriers among different linguistic groups are usually more easily bridged than those which separate the modernized from the more traditional people. Such barriers frustrate the development of a workable political consensus.

In sum, the issues of national unity represent basic constitutional problems; and only as these problems are resolved can a society develop its polity and create the means for grappling with the social and economic problems of modernization.

B. PATTERNS OF POLITICAL DEVELOPMENT

The political development of the transitional societies is clearly a critical factor shaping the world environment in which our own Nation must function. The American national interest will be directly affected by the courses taken by the transitional societies as they move to create national unity. Some may lead in promising directions, others may pose a threat to our national security. In this context certain general considerations apply to the overall process of political development in the newly emergent countries.

Our biggest problems are likely to stem from weak and divided societies. Our goal should be to encourage the growth of states which are strong and effective but in which power comes to be increasingly widely shared among groups throughout the society. Dictatorships can be strong and effective in the short run—and may indeed be a necessary stage through which some of the transitional societies will have to pass—but they are no permanent solution to the problem of national unity in the underdeveloped countries. Governments which cannot muster the support of the major groups in a society and begin to satisfy their physical and psychological needs by setting them to work on constructive tasks will in the long run be insecure and liable to violent overthrow. The heart of the problem of achieving national unity is that the people themselves, not merely their governments, must acquire a sense of responsibility for and sharing in the process of political as well as social modernization.

It is in the light of these broad considerations that this chapter examines some of the possible patterns and courses of political development in the new countries as they confront the problems of change and the task of creating national unity.

There is obviously neither a single inevitable course which all countries must follow nor any set of political conditions applying identically to any two countries. Nevertheless, there are transitional societies which appear to share several common problems and to have at the present time similar political characteristics; and it is possible both to group such states and to envisage some common patterns of political development which may apply to each group.

Thus we have found it useful in thinking about the problems of American policy to classify the transitional countries into three groups, which we shall term "traditionalist oligarchies," "modernizing oligarchies," and "potentially democratic societies." Like any classification this one is arbitrary in many respects, but it may help to illustrate certain central differences in existing political systems and to focus attention on their potentialities for evolution.

C. THE TRADITIONALIST OLIGARCHIES

These are nations which have already felt the impact of the modernized world and have incorporated certain modern elements into their life but have not developed very far beyond their traditional forms.

Most of these countries are monarchies based upon an authoritarian structure of society, and the degree of their national unity may be relatively high as compared to that of countries more deeply affected by the modern world. The national leaders may feel it necessary to incorporate some modern elements into their political forms, and they may even accept democratic symbols; but the test of participation in politics generally hinges upon questions of loyalty and allegiance rather than upon capability to perform modern tasks. The typical examples of such countries are Ethiopia, Saudi Arabia, Jordan, Yemen, and Iran, in the Middle East and Africa, and Cambodia and Laos in Asia.

The obstacles to developing more modernized structures of authority to replace the traditional ones are reflected in the basic indexes of development for these societies. The average literacy rate of the Asian and African societies we would classify as traditionalist oligarchies is slightly less than 10 percent of the population; and in three-fourths of these countries the rate is somewhat under 5 percent. The per capita gross national product is less than \$100 in all but the two countries in which oil production gives a distorted figure. The limited effects of the modern impact on these countries are to be seen in the fact that, on the average, they have only 1 radio for every 750 people and 1 doctor for every 42,000 people. The process of urbanization has hardly begun, for only about 5 percent of the population lives in cities of over 100,000 people. The rate at which people are being prepared with new skills is extremely low: only about 15 percent of the primary school age students are attending school, and there is only a handful of men with a university education.

The central political fact about these societies is that traditional landowning elements normally retain their hold on power. Although landowners from the traditional society have sometimes played a constructive role in the modernization process—as in 18th century Britain and 19th century Germany—it is the large landowner, still exercising rights and powers derived from the traditional society, who has generally slowed the pace of modernization at this stage and frustrated those who would more basically and urgently transform the traditional society.

Looking ahead, all that we can confidently assert about the prospects of these societies is that they will not remain for very long as they are today; change is certain, and it will be prompted by a desire to move forward into the modern world. The central question is whether the pattern of political development will be one of relatively gradual, peaceful change or of violent revolution.

Historically, peaceful transition from a traditional political structure has been the exception rather than the rule. The traditional oligarchy tends to suppress the forces of change, knowing that it is unlikely to be able to survive their onslaught; and the gap between the old ways and the new demands grows steadily greater and more dangerous. The threat of explosive and undemocratic developments is heightened today by the presence of the Communists, waiting in the wings to encourage and exploit any drift toward mob rule.

But we need not resign ourselves to an explosive outcome. It is possible for the pace of modernization to increase under the aegis of one of the groups of the traditional elite so that substantial changes can take place without disrupting traditional symbols and a sense of common destiny. Japan is the outstanding example of a country which followed such a pattern in modernizing.

Whether the gradual or the violent pattern emerges will initially depend in large measure upon the skills and resources which the current leadership can bring to the immediate task of keeping pace with the emerging demands of the society. But over time the fate of these societies will be determined by the rate at which a broadly based social structure is created and assumes the political responsibility and authority now vested in the traditional oligarchy.

In most of these countries this problem takes the concrete form of tension between the rural landed interests and the emerging urban-based power structure. If the landed interests resist change, dissatisfactions in the rural areas are likely to erupt in the form of restless immigration into cities which cannot absorb such increases in the supply of labor. On the other hand, a premature breaking up of the landed gentry's power base before an alternative power structure has become effective can easily lead to mob rule, a situation which non-democratic elements are certain to exploit.

In summary, then, the course of political development in what we have termed "the traditionalist oligarchies" depends centrally on the process by which power is transferred from the countryside to the city. Land-reform programs and agricultural development programs are fully as important politically as they are socially and economically. They must, however, be carefully timed, lest the foundations of the landed gentry's authority be destroyed before a new structure of authority has emerged in the city. If political change is to proceed without violence, the new urban elite must concern itself effectively with rural problems so as to begin to throw up political bridges between the cities and the countryside.

D. THE MODERNIZING OLIGARCHIES

In this second group we would include all the former colonial countries and a large number of the remaining transitional societies. For the most part, these countries have formally adopted westernized institutions of government. At the one extreme are countries like many in Africa which have only a thin layer of modernized leadership and extremely fragile Western structures of government. At the other extreme are countries like Pakistan, Burma, Thailand, or Vietnam in which the dominant elite element is in full command of national power but faces tremendous problems in changing the rest of the society. Thus this group includes both newly emergent African countries with disturbingly few trained leaders and Asian countries in which there has been an overproduction of westernized intellectuals.

These countries share a common goal—in a sense, a common mood. The leadership in each one of them seeks to develop a strong, prosperous state along modern lines and at the same time to preserve the unique qualities of the traditional society. Thus the basic issue is the adaptation of institutions of Western origin to local conditions. Moreover, they present a common picture of social tension. They

have made an early commitment to representative institutions of government, but, in spite of apparent widespread support of nationalistic symbols, they have not yet created a genuinely national political process. Beneath the westernized leadership, parochial and sectional loyalties remain extremely strong. As a result, they tend to be extremely unstable societies in which the uneven process of change and disruption is dominant and where peoples' ambitions for a new life run far ahead of their ability to perform effectively in a modern world.

Politically, these are countries in which there is no effective system of changing leadership. Party development has not reached the point at which the people as a whole feel that they have an effective means for participating in making national decisions. In most cases, political life is dominated by a strong leader who rules through the force of his personality.

When we try to visualize the pattern of their future political development, we should be aware of two related conditions which have dominated the pattern of change in nearly all the modernizing oligarchies during the last decade. First, the demand for the fruits of modern life, whether expressed by a few leaders or by growing numbers of the people, has persistently remained far ahead of the supply. Second, there has been a steady but accelerating drift toward authoritarian practices, partly because of general dissatisfaction with the slow rate of change, and partly because of the absence or weakness of institutions, interest groups, and political parties capable of resisting the organized power of the army and the state.

In various combinations, these two conditions have caused political life in most of these countries to become increasingly characterized by frustration, disillusionment, impatience, fear of failure, and uncertainty. With only a few notable exceptions such as India, the first 10 years of independence among the Asian countries have seen a decline in bold planning and belief in heroic deeds. A rising sense of realism has brought an increasing awareness of self-limitations. In Africa the newest countries are not moving to independence with the self-confidence which was characteristic a decade ago, and among the south and southeast Asian countries there has been an articulation of expected failure which was previously unknown.

The critical fact which emerges, then, is that in these societies there are potentially dangerous trends toward disintegration. If they are to be halted, and gradual progress begun toward stabilization and the establishment of effective democratic procedures, certain crucial problems will have to be tackled with skill and energy.

In what follows we shall discuss a few of these central tasks which apply in some degree to all the modernizing oligarchies.

One of the most essential requirements is to raise drastically the number and quality of people capable of administering the society's business. It is obvious that programs of economic development can hardly be carried through effectively without a sufficient number of skilled administrators no matter how much outside aid is secured. Moreover, the weakness of the civil bureaucracies may cause leaders to rely more and more on oratory to maintain their grip and less and less on performance. Or, despairing of their ability to introduce reforms under the existing system, they may come to hope that authoritarian methods may be more effective. Here, too, they are likely to be frustrated: without the machinery to implement their construc-

tive policies, they will be able to do little more than repress the forces working for change.

A second major need is to greatly expand popular participation in political life and so narrow the inordinately wide political gap between the highly westernized urban leaders and the rural-based and tradition-oriented masses of the people. People out of touch with their leaders may feel compelled to look for new channels through which to express their political needs, and, in their frustration, may become susceptible to the appeals of extremist groups, including in particular the Communists. Programs for improving health and education, programs to promote land reform and raise agricultural productivity—fostered and planned in the city but carried out in the countryside—can help bring the urban elite and rural masses into a meaningful political relationship.

A third and closely related need is to create a political process which provides the means for the peaceful transfer of power. The unity inspired by a single dominant leader whose personality has been a powerful unifying force for the entire nation, or by a single party which has dominated the scene for many years, important as it is, does not constitute the whole foundation for stable political life. When the leader dies or the ruling oligarchy is split, anarchy and civil war may result unless alternative interest groups have coalesced and discovered means of expressing themselves on the political scene. Besides unity, the other prime ingredient in a stable and effective political system is its very opposite—diversity. The test of political maturity in these countries will be their capacity to accept the emergence of genuine democratic opposition which expresses the interests of different groups in the society, not merely the urge for power by different factions of the elite.

Lastly, the rationale and purpose of local welfare and improvement programs should not only be to bring the urban elite and rural masses into meaningful political relationship but also to give citizens some sense of the role of their own initiative and individual participation in promoting the development of the nation as a whole. Where there is ignorance of the limits of government in affecting social and economic conditions, people tend to see those with political power as omnipotent and therefore wholly responsible for progress. The population may not even see itself as the necessary partner in developing the society, and hence the very spirit of public life may be one of rejecting the need for sacrifice and sustained effort in creating the nation. In such circumstances the combination of unrealistic expectations and sense of frustration may undermine the initial commitment to democratic institutions.

The tasks facing the modernizing oligarchies are thus formidable and complex. But the problems they imply are not insoluble. Nor are they necessarily beyond the capabilities of the existing and potential leaders if encouragement and the necessary resources, both tangible and intangible, are made available.

E. THE POTENTIALLY DEMOCRATIC SOCIETIES

These are the more advanced of the underdeveloped societies, where there may still be considerable numbers of traditionally oriented people but where the main focus is on maintaining and operating modern

institutions. In these countries there is a broad enough leadership to provide some sense of stability and continuity, and in some of them elections have brought a transfer of power without undue violence.

Such countries as Turkey, Brazil, and Mexico seem to be well on their way to becoming modern societies. Others, such as Malaya, India, the Philippines, and Colombia are, so to speak, poised on the brink of sustained commitment to modern practices.

The central task in these countries is to maintain and accelerate the pace of economic and social development; to encourage the existing favorable trends and insure that physical limitations and resource shortages do not so impede development as to drastically disrupt the progress already under way toward modernization.

Although many of these societies present considerable ground for hope and even optimism, it should be recognized that the present pattern of their social and political development does not guarantee an inevitable march toward the acceptance of democratic institutions. Severe strain could lead to a reversal of present trends and even to the acceptance of openly authoritarian systems. The alternative between communism and democracy may be even more sharply posed in these societies than in societies in a more traditional stage of politics. Traditional values and institutions have already been deeply eroded, and the success of the modern sector is therefore even more crucial to stability.

What is required for these societies to move from potential political democracy to the achievement of a viable national system of democratic political procedure?

The broad underlying requirement is that they generate a high degree of consensus not only that the modernization process should be pursued but also as to the appropriate ends and legitimate means of political activity as a whole. With such a consensus, although controversies over the relative roles of public and private enterprise, for example, may well persist, they would arise within an accepted framework of political practice. With such a consensus, the issues of modernization would rest on questions of degree: by what specific methods modernization should be pursued; at what pace; how its costs and its fruits should be distributed.

The key to the political process at this stage is the relationship between economic progress and political change. Modernization of the economy is likely to have consequences for politics as well.

Economic progress increases the pace of urbanization, bringing an increased proportion of the population into the essentially modern set of relationships which characterize city life. In the first instance, urbanization brings with it many problems for those drawn from the more secure and still traditional structure of village life; but over a period of time they tend to accept their new functional role in the society, they enter groupings which diminish the loneliness of urban life, and they begin to organize and to seek to make their interests felt in the political process.

Modernization also tends to strengthen certain elements in the political elite. It increases the number and strengthens the confidence and influence of men of commerce and industry, of civil servants, and of technical and professional groups engaged in modern activities. These groups acquire a vested interest in the enlargement of the modern sectors of the society and a vested interest, as well, in forms of

political organization which are stable and which give them an increased voice in the society's political process.

With the steady progress of modernization, the elite becomes highly westernized, and its various elements develop relations of sufficient mutual confidence among themselves to permit the balance of political power to shift without the defeated groups regarding the defeat as a surrender of their place in the society. Moreover, relations of mutual respect and confidence are generated between the modern and residual traditional elements in the society.

Against this background there may be a shift from loyalty to democratic symbols to the creation of viable democratic institutions. The various private interests within the society are organized, and they compete through the intermediary of political parties which seek power on some version of a one-man, one-vote basis. Participation in the political process becomes widespread throughout the society; men are loyal not merely to the particular political party faction to which they belong but to the political system as a whole. Such a pattern of evolution presupposes the emergence and acceptance of rules of law which have a stability transcending shifts in the balance of power.

As emphasized earlier, it is by no means foreordained that the modernization process will yield a fully fledged modern democratic system, even after the society has achieved sustained economic growth. Germany, between 1871 and 1914, for example, developed virtually all the prerequisites of a democracy; but the power of the autocratic monarchy remained. Russia began to develop before 1914 some of the prerequisites for a modern democracy, and there were increasing pressures to alter the tsarist political structure in democratic directions. But political power was seized by a self-perpetuating dictatorship in November 1917; and although the modernization of Russian society under communism has evidently developed many further prerequisites for political democracy, Russia remains governed by a one-party system backed by secret police control.

On the other hand, in systems where the modernizing oligarchy was less deeply rooted (e.g., Argentina) or where it actually included among its objectives the gradual democratization of the political process (e.g., Mexico and Turkey) we can observe how the modernization of the society lends itself to the emergence of increasingly democratic political practices by a process not unlike that described above.

To see more clearly the range of problems that must be dealt with to insure that the developing process will not become dangerously disruptive, we must turn next to an examination of the social and economic dimensions of modernization.

CHAPTER VII

SOME FACTORS IN SOCIAL CHANGE

A. SOCIAL EVOLUTION IN TRANSITIONAL SOCIETIES

In the early period of transition, when a society begins to break out of its traditional structure, the most powerful social class generally consists of the men who own or control the land, a group likely to be deeply conservative in every respect. Feeling a deep attachment to the old ways of life, and sensing that social and technological change threatens their hegemony, they tend to resist all efforts to modernize.

Where their strategy has been to resist by partial incorporation of the new, the landowners often have survived as individuals while their power as a class waned. Where they have resisted all efforts at modernization, the landed class and its members have gone down together. The basic shift to urban and industrial life, which is the core process of modernization, must spell the end of hegemony by landowners as a class.

The traditional society is characterized by the absence of any indigenous middle class large enough or strong enough to challenge the landowners' power. In the early stages of transition, therefore, the decisive challenge to the landlords' supremacy generally comes not from any one social class but from a coalition, a group which varies considerably in specific composition from one country to another but whose leadership is almost invariably made up of men deeply affected by Western ways of thought and action.

In colonial countries those at the forefront of independence movements have often received a university education in the West, sometimes being trained for one of the professions like law or medicine, or they have been introduced to Western patterns of thought and organization through military corps, administration, and industrial and trade union organizations. In countries without colonial histories, such as Turkey, leadership has often been assumed by military officers whose sense of power combined with a strong sense of national pride created in them a desire to lead the way to modernity.

Whatever their particular background, those who lead the fight for independence, or in noncolonial societies the struggle to displace the landowning class, are likely to be more skilled in the political and military tasks of achieving power than in the arts of governing and modernizing a traditional society. Depending on the circumstances and problems of achieving independence, they may become skilled in communicating with and organizing peasants and workers for disruptive activity, in writing revolutionary tracts and editing revolutionary journals, or in conducting guerrilla warfare. Once independence or power is achieved, they often find it difficult to turn their minds and convert their skills to the tasks of modernization. As a result, the first generation of new leaders is often inadequately

prepared by experience and training to deal with the problems confronting them when responsibility is attained. Thus progress toward modernization is inevitably slow in the early transitional period. Groups within the governing elite are likely to contend in an erratic and unstable manner, with frequent shifts of power from one to another. Moreover, the elite groups tend to rally around individuals, the substance of whose programs may be ambiguous and unclear even to themselves. Political activity revolves around issues of power and personality rather than around alternate national policies.

Nevertheless, during this period certain dynamic forces are at work in the society which tend to move the social structure and the political debate into a new phase. First, contacts with more modern societies are likely to increase the number of persons trained in the West or otherwise introduced to modern ideas and skills. Second, the very responsibility of managing a national government, even if conducted without great skill and purpose, tends to enlarge the number of men with modern attitudes and commitments. Third, even if sustained economic growth is unlikely at this early stage, commercial activity is apt to increase, cities to grow, and some experiments in industrialization to be undertaken. Finally, because progress is slow and the high hopes and optimistic slogans that accompanied the arrival of independence (or the proclamation of a modern-style government) remain still largely unfulfilled, there is a dynamic created by the sense of frustration on the part of members of the younger generation of the westernized elite.

This combination of forces may bring into being a new coalition determined to push forward with a more purposeful program of modernization. The balance of the social elements in such a coalition varies widely according to the initial structure of the traditional society and its experience during transition. In some instances the coalition has contained a large percentage of men from the military; in others (e.g., the Congress Party in India) the military has played no significant role. At some stage in the process, though not necessarily at the beginning, intellectuals and professionally trained men have been influential; occasionally men of commerce and industry have been in the forefront; and in a few cases landowners, drawn for one reason or another into a commitment to modernization, have played a constructive role. We can, then, make the general observation that the social basis for the modernizing coalition lies in the city and in the essentially urban skills of the elite, both military and intellectual, who have adopted Western attitudes.

We shall deal particularly with two of the groups which often join in the modernizing coalition. The first is the military, which is playing a decisive role in many transitional societies today. The second is the intelligentsia, the manipulators of symbols who shape the slogans and doctrines by which the new ways of life are rationalized and justified.

B. THE SPECIAL POTENTIAL OF THE MILITARY

The likely social origins of the military group in a transitiona¹ society, the nature of their profession, and the context in which they operate contribute important elements to their potential for leadership toward modernization.

The top officer group was traditionally from the landowning class and committed to the preservation of old privileges and social relationships. But lower officers sometimes came from other classes; their social status was not high, and they were not so firmly committed to defend the old social order. Moreover, in recent times, because the military has had to be expanded and thus officers have had to be recruited more widely, in many armies officers have increasingly come from less elite classes—even from craftsmen or peasant groups—and sometimes reflect dissatisfaction with the old order.

Moreover, a contemporary military organization is by its nature a modern rather than a traditional structure. In concept at least, men are arrayed according to function and advanced according to skill and reliability in the execution of their function. They are judged by individual performance rather than by their connection with other persons, family group, or clan. While these objective norms have not been fully and promptly recognized in all the armies that have emerged in transitional societies, they have exercised a powerful modernizing influence.

This influence has been strengthened by the care and resources often devoted by professionals from Western societies to the training of the military, and by traditional pride in military prowess, which has made it easy for restless individuals to find satisfaction in a military career. It is no accident that competent and distinguished military units have emerged in transitional societies well before modern institutions in the civil service, politics, or the economy; for example, the Indian Army, the Malay Regiments, the Philippine Scouts, the Arab Legion, the Gurkha Regiments, and the King's Own African Rifles. As long as these forces were controlled by foreign powers they were naturally conservative—or at least their feelings of rebellion at colonial policies were suppressed. But once independence was achieved, the military could acquire only through the national government the equipment and the professional stature they sought. It is of the nature of the military profession that something like patriotism in modern terms be accepted.

Finally, the officer corps is likely to face an easier set of problems in the transitional period than their civilian counterparts within the new leadership. They may have to undertake military operations, either against the colonial power or against residual traditional elements; but where successful, these exercises arouse confidence in their strength. Aside from combat itself, their tasks are to acquire new equipment, to train men in their use, and to maintain in tolerable order the peacetime round of military life—inherently an easier job than to get political, social, and economic programs organized on a wider basis in the society. Thus it is possible for the army to develop a group of confident officers with modern attitudes and modern skills, operating within a reasonably orderly modern institution administered on relatively modern lines.

Supplementing these broad influences on the officer corps is the fact that those who are recruited into the army are given with their training a certain minimum technical education for modern life. Historically, armies in transitional societies have been a vehicle for expanding literacy; and the handling of motor transport, guns, and other military equipment has spread—and usually quickly spread—elements of basic training in industrial skills. The Burmese Army,

for example, in addition to the standard engineer corps and signal corps, has special chemical warfare and psychological warfare sections and even a historical and archeological section. In all the new armies attempts have been made to introduce specialized training schools and advanced techniques of personnel and procurement. Inevitably, then, a certain number of officers and men are being trained in industrial skills more advanced than those common to the civilian economy.

It is by no means foreordained—as the history of the military in Latin America amply demonstrates—that their potentials for modernization will automatically and constructively harness the military to the modernization process. The military leadership may for long periods build and maintain their modern units in a vacuum, drawing important resources from the society but keeping aloof from its civilian problems and making little contribution to their solution. The officer corps may develop a hypernationalism and throw its inevitably substantial political weight toward external adventure, diverting the society from modernizing tasks. It may exploit its unity and high degree of organization to seize power but bring to power little insight and sympathy for the complex civil tasks of modernization. In some instances its political weight has been used to preserve the status of groups rooted in the traditional society who conceived it to be in their interest to forestall the course of modernization.

But history has also demonstrated in numerous instances from the Samurai and the Prussian Army of the 19th century down through Ataturk and Magsaysay that the military can play a thoroughly constructive part in modernization.

A striking example is the unbroken maintenance of civilian supremacy in the Turkish Republic over the past 35 years despite the important role which the military played in founding that Republic. A major condition in this case was Ataturk's establishment and effective maintenance of a clear division between military and civilian leadership. The corps of officers who with him made the revolution and founded its republican institutions were obliged, like Ataturk himself, to resign their commissions when they took up posts of political authority; as a corollary, no officer who remained in uniform was permitted to be active in political life. An important consequence, once the principle and practice of civilian supremacy was firmly established, was that the Turkish Army could perform major functions in the modernization of Turkish society without compromising the civil authority.

At present, the Turkish Army recruits some 200,000 young civilians into its training program each year. These young men (and women) are often illiterate villagers, whose induction into the Army represents their first sustained exposure to other Turks in other areas of Turkey. They are taught to read and write, to handle tools and equipment; they are taught the fundamentals of personal hygiene and public health; they are taught the symbols and institutions of modern political life in a republic. As they complete their training and return to their villages, these young people become a permanent asset in the modernization of Turkey. They put their new knowledge to work; they teach other villagers at home some of what they have themselves learned; they remain a "relay point" for information and opinion emanating from the modernized section of Turkish

society. Thus they speed the process of modernization while helping to stabilize it.

In summary, then, the military—the one traditional social order likely to survive the process of social change—may be able to play a key role in promoting mobility while maintaining stability, in facilitating change while preventing chaos. Upon the efficiency with which the military sector can be made to perform this role may hinge the successful outcome of the transition in many societies.

C. THE SECULAR INTELLIGENTSIA

While the military are strong in their capacity to manage violence, in their commitment to rational institutions based on functional criteria and efficient performance, in their sense of nationhood as a supreme value, they are often weak in other skills and attitudes needed in a modernizing society. Consider, for example, the basic process of economic growth. Military men are not generally trained economists, and their economic programs are likely to be inspirational rather than productive. In the Middle East, where military takeover has been virtually continuous over the past few decades, instances have multiplied in which new military regimes rapidly foundered on their own well-meant land reform programs. Virtually every new regime made some more or less serious gesture in the direction of land reform which won it popular plaudits for a time but which failed to solve the basic problem of raising agricultural productivity.

Military elites are liable to make dangerous errors in framing and administering laws, instituting and operating schools, devising and sustaining a communication network, unless they are guided by people with professional knowledge and experience in these activities. These people are the “secular intelligentsia”—the economists and engineers and agronomists, the lawyers and administrators, the doctors and public health officers, the deans and professors, the “communicators” who manage the flow of public news and views that no modernizing polity can do without. They are an “intelligentsia” because it is they who acquire and apply modern knowledge to the manifold tasks of running an urban, industrial, participant society efficiently. They are “secular” because their public roles and social functions are independent of, and usually hostile to, the sacred symbols and institutions of the traditional society.

Their first task as a class is to win preeminence over the sacred intelligentsia, who traditionally performed most of the legal and judicial, teaching and counseling, healing and helping, soothsaying and certifying functions that the secular intelligentsia now seeks to perform. In societies moving toward a modern division of labor—with increasing urbanization, industrialization, participation—the new men of knowledge steadily gain strength. But there are continuous frustrations. The doctor is unhappy when people go to the *shaman* for medical therapy, the lawyer when people go to the *shariya* for adjudication, the teacher when people go to the *imam* for learning, the agronomist when people go to their neighbor for weather forecasts, the communicator when people go to the village elder for guidance on moral judgment of public issues.

These frustrations mount as the number of modern specialists expands in an environment that remains highly traditionalized. The

men of the secular intelligentsia become individually impatient and as a group extremist in their views of what must be done. They may form alliances of various sorts—with each other, with foreign agents, even with “deviants” among the traditionalist sectors of landowners and sacred intelligentsia. But ultimately, if they are to make more than a short splash, the secular intelligentsia ally themselves with the military sector.

The historical logic is clear. The military possess the coercive power needed to maintain stability; the secular intelligentsia have the knowledge needed to effect change. Military leadership alone usually has foundered because its perspective is too narrow to cope with the variety of problems that arise in modernizing societies; the secular intelligentsia alone usually has failed because its ideas outrun its capacity to develop institutions that are operational. Neither can manage the transition without the other, and so forms the “unholy alliance,” which Western social scientists have described (and decried) since Pareto, Mosca, Michels, Lasswell.

D. SOCIAL CHANGE UNDER A MODERNIZING COALITION

If the modernizing coalition we have described meets with some success, and modernization actually begins to make a dent upon the society, the pace of social change steps up rapidly. New people begin to take over the shaping of public policy—people with the attitudes and technical skills needed to perform the manifold tasks of urbanization, industrialization, and monetization as well as the complex tasks produced by the rationalization of work and the secularization of beliefs.

In general, and with deference to the variety of specific forms which modernization has taken historically and in the contemporary scene, the central tendency of sociological change appears to be the multiplication of key social roles, in part new roles, in part adaptations of old ones. As life becomes more technically oriented, power and prestige shift away from the few dominant men in the traditional structure—the wealthy pasha, the wise priest, the village elder—toward men equipped to perform more specific functions in the modern division of labor. Professional and technical skills are required for the roles associated with the growth of cities and the spread of industries, the technical advances and modernization of agriculture, the growing dependence of public policy upon an informed and participant citizenry. The banker and the economist tend to replace the landowner and moneylender as sources of cash and managers of credit; the industrialist and manager replace the merchant and trader; the civil servant, the engineer, the agronomist, and others take over special functions that earlier were concentrated in village elders and other men of hereditary wealth or wisdom.

Significant for the long run is the replacement of the sacred intelligentsia by the new secular intelligentsia; as the importance of traditional religious outlook diminishes, attention shifts to new professions skilled in the secular learning demanded by people caught up in modernization. Especially important among these are the teachers, since every society undergoing modernization exhibits a great increase in the numbers of people who go through formal public education as a way of learning their new careers. Another important group are

those who manage the mass media of communication. Through these channels the bulk of the population, including the illiterate elders as well as the younger people destined for new lives, are brought into contact with the new ways and the new words by which these ways are rationalized. Involved here is the important process of increasing popular participation in a modernizing society.

E. THE PEASANTS AND URBAN WORKERS

Our analysis thus far has focused on narrow elites—on men who acquire certain Western skills and are in a position to contend for power and to direct the course of events within their nation. We turn now to the evolution of attitudes and skills among the people as a whole, and to their slow change from a passive to an active role in the modernization process.

Here again the course of events depends substantially on the kind of traditional structure that existed; on whether the society underwent a period of colonial tutelage and on the kind of colonial policy that was pursued; on the particular setting and impulses that led to the overthrow of the traditional society, colonial rule, or both. Without excessive distortion, however, we can draw a general picture of the changing horizons of the peasant and the urban worker as modernization proceeds.

In the traditional society and in the early stages of transition something like 75 percent of the population lives in rural areas and up to 90 percent of the population may be illiterate. Mass media, if they exist at all, reach only a small number of people. There are no institutions which permit genuine popular participation in the political process. The peasants are likely to appear apathetic, accepting their traditional lot, but their apathy may well conceal extremely complex feelings. They may harbor, for example, a deep hunger to own their own land, or to see their children healthy, educated, and advanced, aspirations which find expression only when a realistic opportunity for change presents itself. On the other hand, as we have previously noted, they may simultaneously feel great reluctance to abandon the familiar way of life, which offers psychic security as well as a familiar protection from some of the crushing burdens of poverty.

In the early period of transition, as urban activity increases, the attractions of the city draw men away from the countryside, even though urban life itself is often impoverished and demands an almost revolutionary shift in social and cultural adjustments. In the cities the unskilled worker is generally left on his own, but in the trades of higher skill unions are organized at a relatively early stage of the modernization process. Literacy and technical training begin to spread. And so fairly early in the transitional stage the cities often develop a quite modern way of life, standing as advanced enclaves in a society still predominantly rural and primitive.

The coming to power of the modernizing coalition has direct effects on both the urban worker and the peasant. Their political role begins to change, for the new leadership feels impelled to make a direct appeal to the mass of citizens. The legitimacy of the new leadership, which has often won out by revolution against the colonial power or the old order, rests in large measure on a real or pretended commitment to advance the interests of the people as a whole and to achieve

for all the citizens of the nation the fruits of modernization. At a minimum, the modernizing coalition is likely to take steps to establish means of communication between the government and the people as a whole. This is the stage at which politicians are likely to take to the airwaves and a popular press is apt to be created.

Whatever the substantive accomplishments of the modernizing coalition in its early period of power, and however deep or shallow its commitment to furthering popular interests, its very existence will probably increase the demand for modernization and for an increasing degree of participation in the society's decisions.

This is a point of maximum danger for the developing society. The mass media, bringing news and views of the world to illiterates in their urban slums and remote villages, introduce a new element into the process of modernization. People learn for the first time about the world outside their immediate environs, and their sense of life's possibilities begins to expand. We recall Nasser's statement:

Radio has changed everything. * * * Leaders cannot govern as they once did. We live in a new world.

One danger is that people will learn the fashions of popular participation long before the institutions of representative government are properly functioning. Then "pseudoparticipation" takes command, i.e., plebiscites that offer the form of public election without its substance, mob politics of the street in which "popular will" can destroy people and property without constructing better public policy. When exposure to the mass media overstimulates a people to this point, the leadership is pressed to give radio propaganda primacy over political economy. While oratory resonates, development is likely to be shunted to the side and growth impeded. The result, for people led to impose demands which their transitional society cannot yet supply, may be a potentially explosive and spreading sense of frustration.

Whereas the West achieved a participant society as an outcome of the slow growth of physical, social, and psychic mobility over many centuries (the centuries our history textbooks now summarize as age of exploration, renaissance, reformation and counterreformation, industrial revolution, rise of democracy), the new societies seek to accomplish this sequence in decades. In this desire for rapid progress lies the danger that the effect of mass media will be to increase popular desires and demands faster than they can be satisfied by economic and social growth. Mossadegh in Iran fell victim to this imbalance, as did Shishakli in Syria.

To analyze such dangers is easier than to prescribe ways of overcoming them. What the new governments must do is to create institutions through which individual citizens can begin to take part in the decisions of the community. Fully as important as plebiscites, representative assemblies, and other instruments of participation on the national scale—indeed probably a vital prerequisite for the successful operation of national institutions—are local organizations of many sorts which can engage people actively in matters of immediate concern to them.

In the villages, community development and other programs for agricultural cooperation and reform; in the towns, trade unions and other organizations; in both town and country, institutions of local government which engage the interest and support of the people—

such activities as these help to bridge the gap between government and people, help to introduce content into the forms of democracy which most of the underdeveloped societies have eagerly accepted.

In terms of social change the problems confronting the transitional societies which are led by modernizing coalitions are those posed by the very nature of democracy. Democracy is not adequately summed up in the formula of universal suffrage; the individual requires something more than a vote to guarantee that his interests will be taken into account in the society's decisions. A sound democracy depends heavily on the strength and number of the institutions which stand between the individual and the national government, defending his individual rights in the process of defending institutional interests. And, while the process of modernization creates some of the preconditions for democracy, its emergence is by no means foreordained. Democracy is a purposeful human achievement, not an automatic reflex of modernization.

CHAPTER VIII

THE ECONOMICS OF MODERNIZATION

The last aspect of the modernization process to be discussed—an aspect which often seems to overshadow all the others—is the achievement of sustained economic growth. As the previous chapters have indicated, the psychological, social, and political dimensions of change are fully as important—indeed, are essential conditions for economic growth. But they are somewhat less tangible, harder to measure, less explicitly in men's aspirations than the economic aspects of modernization, and they may also appear less easy to grapple with. It may seem far simpler to lay out a 5-year plan of economic development designed to reach certain specified objectives than to devise techniques for achieving a stable system of parliamentary government or for creating the new skills and attitudes which modern life demands. Moreover, economic growth is readily seen to be a necessary condition for attaining the central goals of the society—raising the living standards of the people, becoming genuinely independent of foreign domination, asserting a nation's pride in its ability to stand as an equal among the nations of the world.

For such reasons as these, then, economic development has tended to become the most obvious and best recognized dimension of modernization. To transform a relatively stagnant "traditional" economy into an economy of steady self-sustaining growth is one of the central objectives of all the modernizing societies.

The pattern of growth and the degree of difficulty involved will of course vary markedly from one country to another. The variation can be attributed in part to differences in what may be called "initial conditions." One of the most important of these is the nature of the culture itself. Although we know relatively little about these matters, certain traditional cultures appear to adapt more easily to modern economic activity than do others; for example, modernization appears to have come more easily to Japan than to China, to Germany than to Italy.

Another and much more tangible factor is the balance between population and natural resources. In some societies modernization is favored by a relatively ample supply of good land and natural resources in relation to population (parts of Latin America, Burma, Thailand). Such countries will have an easier time of it than areas such as the Indian peninsula, where the population-resources balance is most unfavorable. It should be noted, however, that some highly developed countries, notably Japan, have definitely been in the latter category and yet have managed to modernize.

Such factors as the adaptability of culture and the population-resource balance are particular to each country and are given—they must be taken into account, but not much can be done about them. Other factors, however, must be created if takeoff into sustained

growth is to occur. These constitute the preconditions for growth discussed below.

A. PRECONDITIONS FOR ACHIEVING CUMULATIVE ECONOMIC GROWTH

Development has generally required radical and early changes in two nonindustrial sectors—public utilities and agriculture. These changes constitute the economic preconditions for initiating sustained growth.

A buildup of public utilities (social overhead capital) such as communications, power, water, and transport is required both for new industrial activity and for a modernizing agriculture; to enlarge markets and lower costs; to permit more efficient exploitation of natural resources; and to provide the means whereby the national government can communicate with the countryside and thus influence the course of agricultural development. An insufficient expansion in public utility services—services which by their nature cannot be imported—is likely to slow down and perhaps frustrate expansion in other sectors by giving rise to bottlenecks and blunting incentives for private profit-motivated industrial expansion.

Second, a rapid expansion in agricultural output is necessary—and at an early stage in the process of growth—because people who are drawn off the land to build roads and canals and factories, and who are moving to fast-growing cities, must be fed. Moreover, the population is likely to grow faster as economic change gets under way. It may be that some of the increased demand for food can be satisfied by increased imports, paid for by new exports and by aid from abroad. But most countries are unlikely to succeed in maintaining growth unless they can produce more of their own food.

To produce more food where there is a plentiful supply of good underused land is relatively easy. In most contemporary low-income countries, however, where good land is scarce, nothing short of a revolutionary change in agricultural techniques will do. Without such a change, the increased demand for food—a consequence of rising income generated by increased activity in other sectors—will outrun the supply and food prices will rise. If accelerating inflation and severe shortages are to be avoided, scarce foreign exchange will have to be used to import food. Less foreign exchange will be available to pay for lathes, generators, and steel—things that in the early stages cannot be produced domestically at any cost and yet are needed if investment and growth are to be maintained.

The above seems to suggest that foreign exchange is likely to be the critical bottleneck. If only enough foreign aid is obtained, it would seem, the necessary food, equipment, and materials can be purchased, consumption can be maintained, roads and dams and power stations can be built. This is true as far as it goes; capital resources from outside can promote significant improvements in agricultural productivity, can lead to aggressive building of social overhead capital. But the use of foreign aid to these ends, as opposed merely to keeping an essentially stagnant economy going, is sharply limited by another crucial factor: the availability of modern men and institutions.

To develop the kinds of men and organizations which modern economic activity requires is the third major precondition for initi-

ating takeoff. No matter how much external aid in the form of foreign exchange may be available to a transitional society, there must be men on the spot in sufficient numbers to supply managerial, technical, and mechanical skills. And organizational forms must be created in which such men can effectively perform the many tasks without which development cannot occur. Absorptive capacity—the ability to use capital effectively by some reasonable standard (that of Turkey or Mexico, say, rather than the United States)—is limited in the early stages of growth by the shortage of the people and organizations needed if modern economic activity is to flourish.

It should be emphasized that the effectiveness of men and organizations is critical both in the private sphere and within government. History and contemporary experience reveal many patterns in the relation between public and private enterprise in transitional societies. It is probable, however, that a wide variety of functions—such as the building of roads and schools and of large multipurpose installations to provide irrigation and power—can and will be undertaken only by government. Certainly the government must assume a leading role in the organization of agricultural extension services and community development programs. And the government must also organize and operate the whole legal, fiscal, and monetary framework, which provides the context and helps determine the incentives and sanctions for private activity.

On the other hand, private activity will play a major role even in highly socialist-oriented countries; modernization is virtually impossible without extensive decentralization of decision. In agriculture, especially, the necessary improvement of techniques requires that millions of individual cultivators engage in a kind of innovation for which they are wholly unprepared by their experience in a traditional society. Radical changes are required not only in the knowledge of these numerous producers but in their values, their perception of alternatives, and their motivation. These individual changes in turn usually require a major alteration in the institutional organization of the agricultural sector. Even in industry, while much of the capital may go into a few large centrally operated installations, a large part of the new activity must be carried on by a great many relatively small new economic units.

Transitional societies need both first-rate civil servants and first-rate private managers, that is, effective entrepreneurs in both the public and the private spheres.

A word of caution may be useful in summarizing the role of these preconditions to takeoff. To emphasize the critical importance of skills and organization, of agriculture, and of public utilities during the early stages of growth is not to imply that the initiation of growth calls for a rigid and invariable sequence in time: first the creation of skills and organization, then the development of utilities and modern agriculture, and only then industrial expansion. The emergence of institutions is apt to be as much a consequence as a cause of economic expansion; so are the emergence of skilled people and the provision of a steady supply of electricity. The particular sequence will vary according to the particular characteristics of each country.

Nonetheless, in the early stages of the transition from stagnation, investment and economic activity generally are likely to be inhibited by lack of organizational ability, skills, and motivation; priority will

have to be given to the development of capacity efficiently to use resources; and much of investment will have to go into public-utility-type facilities. The process of change will be slow, and the capacity to make effective use of outside resources limited.

B. THE TAKEOFF

There arrives a time, however, when the groundwork has been laid for agricultural change, when considerable social overhead capital has been built, and when human resources and organization in many sectors of the economy are adequate to the tasks of modernization. The tempo of change can quicken at this point, as it began to quicken in India a few years ago, and the country may gather its forces for the critical attempt to break the vicious circle of poverty: lack of capital . . . low productivity . . . low income . . . little saving . . . lack of capital. Takeoff becomes possible.

For takeoff to occur the preconditions should have been established in enough different sectors of the economy so that simultaneous advance is possible on a number of interacting fronts. Growth in each part of the economy then supports and encourages growth in each other part. Many efforts, each of which by itself would probably be abortive, so mutually reinforce each other that the economy as a whole rapidly gains momentum. At this point, precisely because many things must be done at once if each is to succeed, resources become the critical bottleneck—both resources in general and, in particular, command over foreign exchange.

With substantial external resource help, the economy can yield more output and income; this permits an increase in saving and investment, which leads to still more output. If all goes well, the economy picks up speed on a broad front until it becomes possible to divert enough domestic resources from consumption to capital formation (in part indirectly, via exports) to assure continued growth without substantial external help beyond the inflow of profit-seeking private funds. The economy crosses the threshold to self-sustaining growth; and expansion, though perhaps irregular expansion, becomes the norm.

It must not be thought, however, that an economy which has the capacity for initiating takeoff will necessarily do so. The process is not at all automatic. In most cases a considerable amount of central guidance and initiative is initially necessary to give the process its impetus and direction. At the same time the governmental environment must be such that individual producers, farmers, administrators, and lenders will respond well to the new opportunities with which they are confronted. Irresponsible or inefficient politics can swamp even promising economics no matter how much external help may be available. And even as regards economic performance, the very acceleration involved in takeoff will pose severe difficulties which must be overcome.

In particular, institutional devices for tapping potentially available savings for purposes of investment must keep pace with the growth, diversity, and geographic spread of activity, and must channel savings into the most productive lines of investment. There must be a sufficient degree of coordination and synchronization of the rapidly increasing number and variety of interdependent activities—coordination that must become progressively more elaborate if the process of

increasing specialization and diversion of function (which is central to expansion) is not to result in gross confusion, in plants standing idle for want of essential inputs, in the wrong goods being shipped to the wrong place, in machines falling apart for lack of skilled operators and maintenance, and the like. One cannot assume, even in the most capitalist-oriented countries, that price-market institutions will do an adequate job if only they are left alone. Competitive markets are not self-maintaining, and in any case operate with a set of incentives and sanctions which are highly sensitive to the legal, fiscal, and monetary system. Moreover, there are wide areas of activity—notably in public utilities and, during the early stages of growth, in heavy industry—where decentralization of decisions on investment and production to profit-seeking producers will, for technical reasons, do badly; where central coordination is essential. To cite only one reason: the success of many enterprises depends not only upon how the enterprise itself is managed but also upon the rate of growth of the economy as a whole; and where growth has not characterized the economy in the past, the individual profit seeker will regard the risks of failure as too far outside his control. Yet central planning likewise is ineffective without effective execution at all levels.

Indeed, from the point of view of organizational strategy, the central problem of a country attempting takeoff is to achieve an effective balance between centralization and decentralization of decisions as regards the allocation of resources—a balance which will assure that centralization of decisions about the gross scale of various complementary activities does not frustrate the creation and operation of particular enterprises on a decentralized basis and the enlisting of private energies to achieve operating efficiency and imaginative innovation.

Clearly, none of these conditions, all necessary if takeoff is to be achieved, can be taken for granted. Nonetheless—and despite all the difficulties—it is a defining feature of an economy on the threshold of takeoff that a large variety of previously vicious circles have become potentially “virtuous”; that the pervasive interactions between various facets of the economy and the polity which had previously reinforced stagnation tend, as the economy picks up speed, to reinforce expansion. It is at this point that there is a good chance for the process of growth to become cumulative. Economically, more output yields more capital which yields more output. Expansion of economic opportunities aids in the recruitment and development of people with organizational skills who in turn are instrumental in creating further opportunities. Workers learn by practice and then can teach their skills to still other workers. The increased availability of public utility services stimulates demand for their services which permits high-volume, low-cost, low-price operation and hence stimulates still further demand. In men’s minds, success breeds confidence which breeds more success; people will be increasingly willing to gamble on long-range expansion and hence will undertake long-range activities which will help promote such expansion. Stimulated by the goal of profit and excellence, and by evidence that improvement is possible, producers start looking for new and better ways of doing things. Technical change in industry and agriculture begins to spread from factory to factory and from farm to farm, increasing productivity, releasing resources for new uses, creating demand for other resources. The result is cumulative growth.

The political and social climate will also change under the impact of rapid economic expansion. Successful takeoff will reinforce the social, political, and cultural power and prestige of those committed to modernizing the economy, relative to others who would either cling to the traditional society or seek other goals. Yet the victory of the modernizers need not lead to the destruction of the traditional groups. Takeoff can create opportunities for the traditional elite to find new functions and thus can facilitate mutual accommodation, as it did in the case of the Junkers in nascent industrial Germany and in the Japan of the 1880's. Successful economic expansion can act as a social lubricant and facilitate political accommodation and increasing acceptance of requisite economic institutions; barriers of culture and class tend to break down under the impact of social and economic mobility. And the very maintenance of momentum tends to persuade the society to persist in concentrating its efforts to extend modern technology and modern organization to the bulk of its economic activities.

The role of external capital will at this stage usually be critical. It is not impossible, of course, that a country which has arrived at a point of potential takeoff will be able to generate sufficient internal saving and investment to pick up steam virtually on its own. This has occurred in the past, as for instance in the case of Japan. But very unusual conditions must obtain. In most underdeveloped countries today the prospects of generating from a very low level of income the internal savings necessary for takeoff are very poor, especially if coercive totalitarian procedures are to be avoided. It is not an accident that the only known current attempt at unaided (or only skimpily aided) takeoff from low-income levels is that by Communist China. And as yet it is far from certain that China will make the grade without substantially more help from the Soviet Union. The fact is that it is not easy to squeeze much saving and investment out of \$60 annual income per head.

Moreover, general poverty is not the only difficulty. Industrial growth, and, indeed, modernization of agriculture, require growing imports of equipment and material that literally cannot be produced domestically; it takes machines to build machines and steel to produce steel. Without aid, underdeveloped countries, with the exception of those few which possess a large endowment of a commodity with an unusually strong and steady export market, oil, for instance, are not likely to be able to pay for these things. Export markets are limited, and diversion of resources to produce more exports will reduce what is left over for capital formation and hence reduce also the pace of advance (perhaps, though not necessarily, below the takeoff minimum). One need not belabor the point: initiating and sustaining growth in the early stages from very low levels of income is exceedingly difficult without substantial outside sources of foreign exchange even where governments are willing and able to use totalitarian coercion to repress consumption and push exports.

What if takeoff does not occur? In the short run the alternative is continued stagnation. But in the longer run, stagnation is not a real alternative. Under modern conditions, continued economic failure will almost certainly lead to radical politics and an attempt to follow something like the Chinese pattern. The timing of this cannot

be predicted with accuracy. Extremists may take over quite soon, or there may be several decades of continued stagnation and "muddling through." But ultimately the pent-up frustrations in a society which fails to modernize its economy will destroy its chances for peaceful democratic growth.

C. THE NEW ENVIRONMENT

Many of the problems of achieving takeoff in the mid-20th century are similar to those which countries faced in the past. The early economic tasks still center around social overhead capital and around technological change in agriculture and in the export industries. The necessary social and psychological transformations, too, are in many ways similar to those of the past. But in three critical respects—population pressure, technology, and politics—the current environment is quite unlike that in which the industrialized Western countries undertook takeoff. In fact, the importance of outside help and the need for a "big push" rather than gradual and piecemeal change are in part consequences of the differences.

Except in the United States and Russia, the rate of population increase in the early stages of growth in the past was typically less than 1.5 percent—often around 1 percent. In most though not all underdeveloped areas of the world today population is growing at rates of from 2 to 3 percent—due, in part, to the early impact of modern medical techniques on death rates. This would not pose serious difficulties if the countries in question possessed substantial reserves of good land. But in most parts of the world reserves of land such as those which the United States and Russia possessed during their periods of rapid growth do not exist. And to achieve takeoff without such reserves in the face of the rapid growth of population is likely to require substantially higher rates of investment and a substantially more elaborate organizational effort in agricultural production than has been the case in the past.

The second major difference has to do with the "pool" of available technological knowledge. By whatever measure, this is far greater than what was available to countries industrializing during the 19th and even the early 20th century. To some degree, of course, other latecomers have enjoyed an advantage of this sort (e.g., Germany, Russia, Japan). But there has been a change, in degree if not in kind, even during the past 50 years. This circumstance on balance favors growth, though it is not an unmitigated blessing. It certainly offers the possibility of accelerating development; there is no waiting for the invention of the steam engine or the automatic loom. But it also complicates the problem of growth. Technological change which has decreased the dependence of some countries on foreign raw material supplies has also reduced the ability of other countries to earn foreign exchange. Technological change which has increased the advantages of large-scale operation has also compounded the problem of organization and capital scarcity. Nowadays, first steps in many branches of industry and in utilities must be giant steps.

A third major change in the environment has to do with political structure and political and social attitudes. To cite the example of Japan as an instance of takeoff without substantial outside help in a context where natural resources were scarce and population plentiful

is to ignore the fact that nowadays the attempt at takeoff in many countries is taking place in a context of general suffrage. A small elite cannot readily impose sacrifices and privation when it must rely on popular support to maintain itself in office. All this is compounded by the fact that people's aspirations and expectations are qualitatively different from those of people a century or more ago. Modern communications, like modern medicine, substantially complicate the problem of takeoff.

D. PRIVATE ENTERPRISE AND ECONOMIC DEVELOPMENT

It was suggested earlier that the capacity to operate the political process by democratic means is one possible result of the modernization process. This does not mean that modernization is a sufficient condition for democratic politics, for it clearly is not. But it is more than just a necessary condition; in some ways it can help to promote democratic politics. Something of the same may be said of the relation between modernization and private enterprise.

The role of private enterprise is likely to be more limited during the early stages of transition than in most Western industrialized countries. One reason is that a society close to the traditional stage is unlikely to contain a large number of men with the attitudes toward their tasks and toward society which are required for modern industrial entrepreneurship. To the extent that flourishing private enterprise exists outside of agriculture, it is likely to be concentrated in commercial and speculative activity. Private enterprise in agriculture, in turn, is likely to be associated with traditional rather than modern methods and organization.

The second reason concerns an inherent limitation of private market institutions. During the early stages of transition a high proportion of total investment must go into roads, irrigation works, and the like, the profitability of which, in terms of private cost-benefit calculations, does not properly reflect the net social benefits involved. Profit prospects are an inadequate gage of the economic worth of these activities both because such investment pays off only over long periods and because benefits tend to be distributed widely over the economy and do not accrue directly to the investor. Private industrial investment by both domestic and foreign investors in long-lived facilities is also likely to be inhibited by concern about the availability, in time and at a reasonable price, of necessary inputs and by worry about whatever overall growth (and hence demand) will really be sustained.

The third reason for the weakness of private enterprise during the early stages of development has to do with foreign private enterprise. Foreign activity could help make up for the shortage of indigenous managers and entrepreneurs. Why is it then in so many cases discouraged by the underdeveloped countries themselves? In good part, no doubt, because of the acute reactive nationalism which often colors the political process of a transitional society. Foreign private enterprise is a convenient symbol of the external domination from which such a society seeks to liberate itself. Thus, especially immediately following the achievement of independence, the new governments are likely to be unfriendly to foreign private investment and to behave in ways which inhibit foreign capital from assuming what they see as serious political risks on top of the very real economic ones which are in any case present.

At any rate, for these converging sociological, economic, and political reasons private enterprise often appears weak and uncertain in transitional societies. As development proceeds, however, the potential role of private enterprise increases. As a new generation emerges concerned less with symbols and more with the pragmatic problems of growth, it is likely to shift its attention increasingly to industrial activity, and away from the political and military activities which were central to the earlier phases of modernization. Second, as the necessary social overhead capital facilities are created and industry begins to play a larger and larger role, the scope for the use of private enterprise as an effective instrument for the allocation of resources substantially increases. Even where there is an original inclination to limit the role of private enterprise on ideological grounds it will be increasingly realized that all available reserves of energy, public and private, must be tapped and that the roles of government and private enterprise are complementary. Moreover, as nationalist movements become more secure in their achievement, foreign enterprise will cease to appear exclusively as a threat and symbol of foreign domination and will begin to be regarded as a limited tool to accelerate growth.

The rise of private capitalism is no more inevitable than the triumph of democratic politics. What is important to emphasize is that abstract arguments on the level of slogans, whether socialist or laissez faire, are almost irrelevant to the real choices confronting these countries. Their problem is to devise a blend of institutions and procedures which, while generally consistent with their ideological inclinations regarding equity, opportunity, and the like, will meet their requirements for growth without resort to totalitarian techniques.

Last, it is important to keep in mind that even where the role of the government in the economy is now increasing, it is simply not true that the trend must continue. The histories of modern Japan, Turkey, Mexico, and India are better guides to the future than Hayek's "Road to Serfdom."

IV. PART 2: THE U.S. INTEREST AND IMPLICATIONS FOR FOREIGN POLICY

CHAPTER IX

THE THIRD CHOICE

We have tried to emphasize in part 1 the great complexity of the transition from traditional to modern status through which all the societies we refer to as underdeveloped are passing. The complexity results partly from the fact that modernization is the net result of interaction among psychological, political, social, economic, and cultural factors and partly from the fact that the histories, traditions, resources, and values of the various countries of the underdeveloped world are very different. A process of continuous interaction among so many variables in so many different circumstances would be impossible to trace and to describe with precision, even if all the variables could be gripped by mathematical relations and each assigned a firm statistical weight. In dealing with men and societies we know that neither the qualitative relations nor the quantities can be firmly and unambiguously established.

Nonetheless, sufficient common elements can be discerned in the transitional process to allow some generalizations about the American interest in the forms taken by the transition and to permit the identification of some broad guidelines for American policy toward the underdeveloped areas. As with any simplification of highly complex phenomena, these generalizations will do violence to some of the characteristics of each case. In designing concrete policies toward each country, it is essential that its unique features be taken fully into account, a conclusion whose implications are developed in the subsequent chapter. We have elaborated the forces governing the transition in considerable detail in part 1 precisely so as to underline our conviction that any rough sketch intended to highlight the major features of the terrain must be supplemented, before the journey begins, by many small-scale detail maps of its component areas. But there is need for an overview to guide the philosophy and general direction of our effort. To provide such an overview is the purpose of this chapter.

A. THREE CHOICES

Perhaps the most pervasive element in the transition process is the profound and progressive widening of men's perceptions of the realistic alternatives open to them. This is sometimes referred to as the revolution of rising expectations. Too frequently the term has been used as if it referred exclusively to expectations in the economic sense, to newly perceived possibilities of consumption and standards of living which in traditional societies men would have regarded as wholly fanciful and unattainable. These new perceptions do indeed exist, but men's views of the world and of its possibilities for the

individual are also altered in more profound and far-reaching ways. Men begin seriously to contemplate new values, new forms of political organization, new kinds of careers, new access to knowledge, new relations with those who have traditionally been their superiors, their inferiors, and their peers. They perceive new patterns of social organization, new possibilities of movement, new kinds of leisure.

The pace varies, but this widening of perceived alternatives is universal and inevitable. Three forces tend to start it and keep it moving: widened contact and communication with more modern societies, the rise of trade and of cities, and the emergence of new generations less committed than their elders to the old ways, born into a world where modern activity is increasingly a fact of life rather than a perceived break with the past. This widening of perceptions occurs first among a limited element of the elite of the society, especially among those exposed through education, government, or commerce to life outside the traditional society. But it gradually spreads to wider segments of the population until it becomes a popular rather than an elite phenomenon. Today there is almost no backward segment of the most traditional society which has not been to some degree touched by this process, though its more massive consequences still lie ahead of us. For the widening perception of alternatives leads to growing pressures for modernization which cannot indefinitely be resisted.

The resulting slide toward modernization creates two kinds of opposing pressures which together pose potential dangers for the United States.

On the one hand, the process is profoundly disturbing, especially to all those deeply committed to the traditional society. They may fear it will deprive them of the power, respect, affection, income, or security which the traditional way of life afforded them. Moreover, the traditional leadership may see these new aspirations as imposing on them responsibility for new kinds of activity which they have neither the resources nor the skills to carry out successfully. They are likely to pay lip service to modernization in recognition of its attractions to others, but, especially if they feel they cannot effectively promote it without danger to their own position and interests, they are likely to attempt to divert attention from it by stirring up other issues and to repress its advocates by increasingly forceful means.

On the other hand, those growing groups to whom modernization is attractive will be seeking with mounting insistence for ways to promote it. The forms their pressure for modernization takes will depend on how rapidly and how effectively the sectors of their society with which they are most intimately concerned appear to be moving in the right directions. If existing institutions appear to be pliable enough, if change is being fostered with some competence, and especially if those with new aspirations are being given opportunities to participate actively in the modernization process themselves, they may accept gradual evolution as a tolerable path toward their new goals. But if their aspirations are being frustrated, if the leadership is rigidly traditional or incompetent or opposed to change, or especially if the new aspirants are being given no role to play in building a new society, they may well conclude that their aims can be advanced only by violent overthrow of the whole existing structure. In these circumstances extremist philosophies like communism, arguing that violent revolu-

tion followed by authoritarian control is the only route to modernization, will have great appeal.

Thus the course that the transitional societies take will depend on the realistic options which various influential members of those societies see as open to them.

One option is likely to be seen as the preservation of many features of traditional society, the maintenance of the existing hierarchy by repression if necessary, the destruction of forces promoting change, and perhaps the diversion of dissatisfaction with internal conditions through external adventure. Another option will certainly be perceived by some as the radical destruction by extremist measures, probably involving violence, of the whole political, social, and economic fabric of the traditional society and its replacement by something entirely different.

If both traditionalists and modernizers view these two options as the only ones open to them, extreme tension and conflict are almost inevitable and the prospects for modernization under democratic forms of consent are exceedingly poor. Those in power, having everything to lose by revolution, become increasingly obsessed with devices to retain and solidify their power in the face of the mounting pressures for change. They are unable to devote consistent attention to modernization even when they accept its desirability because the sheer maintenance of authority absorbs their energies. In the long run they are doomed because time steadily swells the ranks of the opposition. Those who are discontented, with a decreasing stake in the existing order and nothing to lose from its overthrow, focus increasingly on the revolutionary discipline necessary for an attempt to seize power and decreasingly on how to use it constructively once they have it. If they do acquire power they take over a society which is demanding modernization but which has few of the institutions, skills, or resources to make it a success. In these circumstances the dispersion of decisionmaking and initiative so essential to democratic modernization is too dangerous to the new leadership, and they either retain power by the same techniques by which they acquired it or are forced to yield to yet another revolutionary group.

But these two options, fortunately, are not the only ones which men perceive. There are almost always some traditionalists and some modernizers who perceive, with varying degrees of clarity and hope, a third option. This is the gradual modification of the institutions, practices, and structure of the traditional society in the direction of modernization while retaining some of its traditional cohesive features.

If progress is too slow, if opportunities to participate in promoting it are too limited, if existing institutions cannot adapt in time, there will be widespread frustration and disenchantment with this third choice. Or if the forms of modernization are adopted more rapidly than they can be made to function effectively, then traditional values, institutions, and gratifications will be destroyed before modern substitutes have been developed, and again the third choice will be discredited. The extent to which this evolutionary option continues to be regarded as attractive and realistic by major segments of the society depends upon the rate at which effective modernization occurs in each segment as compared to the rate at which aspirations there are changing.

B. DIMENSIONS OF THE THIRD CHOICE

Against this background we can now state more clearly the U.S. interest in the evolution of the newly emerging states. Put in its briefest form, it is the American interest to use such influence as we have to maximize the attractiveness and feasibility of the third choice: to help make the evolutionary transition to modernization successful enough so that no major group will opt either for regressive efforts to repress social, political, and economic change or for extremist measures to promote it.

We can express this interest in terms of each of the interacting dimensions of the modernization process that we have identified in part 1: psychological, political, economic, and social.

Psychologically it is in the American interest that the peoples of the underdeveloped countries perceive constructive alternatives both to the regressive clinging to old values and to the radical overthrow of those values and an ill-considered and desperate rush to totally new ones. The danger is that the old gratifications will lose their stabilizing appeal before new ones have been developed to take their place. As the old ties weaken, men must be offered opportunities to shape a new identity and a new image of a meaningful life in the performance of new and constructive functions. Psychologically the third choice requires the development throughout the society of opportunities for individuals to find political, economic, and social roles in aspects of modernization which give them a stake in its continued success.

Politically it is in our interest that chaos, tension, and failure do not lead people to accept a repressive concentration of power in the hands either of a traditional elite or of a revolutionary dictatorship. This means that as increasing numbers of people become politically conscious they must see opportunities to exert some influence on the political process and on the decisions which affect their lives. This cannot be assured merely by the imposition of democratic forms. Indeed, in societies with little experience of decentralized authority and little consensus on national goals, too rapid a delegation of power is a sure route back to repressive authoritarianism. Where traditionally the individual has had little opportunity to shape his own destiny, the third choice requires the development of a wide range of activities which bring home to each group a sense of its responsibility for building its own future in the context of a wider loyalty to the society as a whole. And for a smooth political evolution to occur, these new activities must touch all aspects of life, not only politics.

We can also look at the third choice problem from the standpoint of social structure. In the early stages of the transition the perception of both the possibilities and the dangers of modernization are likely to be found mainly in small elite groups—the traditional feudal or tribal leaders, the military, the initially small but growing urban commercial and business class, the landowners, and the intelligentsia. As the transition proceeds and the perception of new alternatives spreads through the society new groups become important—the peasantry, urban labor, the new student class. It is in the American interest that each of these groups should perceive the practicality and attractiveness of the third choice.

Finally, there is the economic dimension of the third choice. If the economy does not move forward in an evolutionary fashion, gradual

evolution in other directions is not likely to be persuasive. This is the central reason for the U.S. interest in the economic growth of the underdeveloped countries. Economic growth is particularly important to us, moreover, because the principal instruments available to the United States for influencing the transition are economic instruments.

Economic progress must be regarded not only as a result of movement toward modernization in other dimensions, but also as a force making for further change. Economic progress needs, for example, a minimum group of modern men in the society before it can begin; the expansion of modern economic activities itself trains more such essential men. Similarly, a certain degree of effective central direction is required before economic progress can get well under way; but a central government gains in efficiency, authority, and stability by the very act of taking effective leadership in economic development. Economic progress requires a dispersion of initiative and decision-making to a growing number of groups throughout the society; but economic progress itself creates new kinds of professionals, new urban technicians, new initiatives among the peasantry, new attitudes in the working force. Economic progress requires new attitudes toward saving and a new mobilization of capital resources for productive purposes; but economic progress itself generates both the new attitudes and the new resources which permit such progress to continue. Finally, the phase of takeoff, if successful, not only consolidates the capacity of the society regularly to grow but also tends to consolidate the political, social, and psychological dimensions of modernization.

It should by now be apparent that the problem of making the evolutionary alternative seem both real and attractive is one with many facets. It is useful to look at it from the varied perspectives of the psychologist, the political scientist, the sociologist, and the economist; but it is one problem, not four. If American action is to influence the choice, those wielding the various instruments of American policy must see the problem in these terms and see it whole, since each instrument affects all facets of a society's evolution.

C. THE AMERICAN INTEREST IN THE THIRD CHOICE

It may be useful to review rapidly the ways in which the third choice strategy relates to the set of American interests identified in chapter I. We defined our first interest as encouraging the emergence of states which maintain their effective independence, especially of powers hostile or potentially hostile to the United States. We have noted that if the third choice appears unlikely to effect progress toward the goals of important groups, conflict is almost certain to result between regressive forces of tradition and groups which see their only hope in the violent overthrow of those forces. The former may triumph for a time, but cannot do so indefinitely. The latter will not hesitate to seek support where they can find it, notably from powerful countries which themselves have an interest in instability and in the overthrow of "bourgeois" regimes. In this period of history the Communist powers are more than eager to assist revolutionary movements, at the price of subservience to their own broader international goals.

Our second interest was in the emergence of states which do not resort to violence in their external relations. Traditionalist leaders,

unwilling or unable to contain disaffection by promoting internal change, have historically tended to engage in external adventure as a distraction. New revolutionary dictatorships likewise, unable to cope effectively with the popular demands which they have helped to stimulate, have a similar motive for aggression. Although effective modernization does not, of course, eliminate the possibility of an aggressive external policy, it does lower the probability of erratic and irresponsible adventurism in foreign affairs.

Third, we would like to see the emerging states maintain effective and orderly governments without resort to totalitarian controls. Regimes, whether traditional or revolutionary, which cannot cope effectively with the rising demands for modernization of all important groups can maintain order, if at all, only by increasingly repressive police measures. Thus our fourth objective, to see societies emerge which are capable of progressively meeting the aspirations of all major classes of their people, is a necessary condition for the others.

Fifth, we would like to see regimes emerge which are willing to cooperate in international economic, political, and social control measures; and, sixth, we would like to see the widest possible acceptance of the principles of the open society. Neither of these conditions is likely to be met by a dictatorship, regressive or revolutionary, which has confidence neither in the loyalty of its own people nor in its own capacity to deal with either external or internal forces. Evolutionary and balanced progress toward modernization will not assure behavior in the American interest, but it is a necessary condition for such behavior.

We have not explicitly listed the defeat of communism in the transitional states as a fundamental objective of U.S. policy because this is covered by the positive, constructive, and more fundamental objectives we have outlined. Communism is only one of the alternatives to the third choice; there are other dangers we should not overlook. Nonetheless, at the present moment in history the Communist alternative is so important that its place in our analysis deserves a special word.

D. THE APPEAL OF COMMUNISM

It is now widely understood that the essential appeal of communism is not, as Marx believed, to advanced, modernized societies. As growth has become built into capitalist, democratic societies, it has proved possible to distribute the fruits of modernization so as to avoid the bloody class conflicts on which Marx counted and to avert the progressively more acute crises of unemployment which he believed would inevitably lead advanced societies into communism.

Both historically and at present the appeal of communism has been strongest in societies caught up in the crosscurrents of the transition from traditional to modern status. What communism has to offer such societies is a political and social method which promises these things: first, a tight, unified organization of some of the elements of the elite who wish to modernize the society; second, a domestic base of power capable of defeating those elements from the traditional society who would maintain regional authority or otherwise oppose the modernization process; third, a technique for mobilizing the human and physical resources required to produce rapid industrial growth; fourth, a psychological setting which gives a framework of security,

discipline, and order to men cut adrift from the moorings of the traditional society.

In short, communism provides one kind of urban-based, modernizing elite which can lay claim to the task of carrying modernization through its decisive phase. It appears as one form of political organization capable of launching and sustaining the growth process in societies where there has not developed an adequate political consensus among the leaders of the society or an effective program of modernization. It is not strange, then, that communism as a technique for organizing men and resources should appear attractive in the face of the confusions and distractions of the transitional process.

It must not be overlooked, however, that the image of communism also has strongly negative aspects which have caused men to resist its adoption in the underdeveloped countries. First, communism has been unable to free itself, despite mammoth efforts, from its direct connection to Moscow, and, now, Peking; and, therefore, it encounters resistance from the spirit of nationalism and nationhood. Second, Communist parties are built on a relatively narrow segment of the modernizing elite and are therefore forced not only to struggle against elements from the traditional society but also to compete against those who would press toward modernization by other methods, under other banners. Third, there are deeper resistances than some Western observers would credit to the definitive violation of democratic hopes and commitments which the acceptance of communism involves. Put another way, the democratic vision is often more influential in transitional societies than a casual view of the low estate of democratic practice would suggest.

Nevertheless, two things remain true in contemporary underdeveloped areas. First, communism is an active, competing alternative to other methods of organizing the society for modernization—an alternative not only alive as a political party but also alive in the minds of non-Communists as they weigh the possibilities of progress against their frustrations. Second, a portion of the modernizing elite in most underdeveloped areas is committed to the Communist course and must be counted on to frustrate and complicate the efforts of others to move toward modernization by methods that hold open the possibility of a democratic evolution for their society.

E. A ROUGH CLASSIFICATION OF COUNTRIES

If it is accepted that the dominant U.S. interest in the transitional societies is that they should evolve toward effective modernization under institutions based on consent, that, in short, they should opt for the third choice, what can we say about the policies which will promote this result?

An answer requires that we identify for each society at each stage of its history the key obstacles that make the third choice appear unfeasible or unattractive to each group in the society whose perception of alternatives has widened, and that we then examine what influence, if any, we can exert to overcome those obstacles. Here the differences among the underdeveloped countries make generalization peculiarly difficult and risky. Some societies enter the transition with a long national history, a considerable sense of nationhood, and relatively strong central institutions of government; others virtually

emerge from tribal status. Some societies enter the transition with the elite strongly committed to democratic political symbols and seriously intent on creating viable democratic institutions; in others the democratic commitment is shallow or nonexistent. Some enter the transition with land widely distributed and with firm foundations for an independent peasantry; others must disengage from or radically alter a rigid feudal structure in agriculture. Some enter the transition with long histories of successful commerce, and with cultures easily adjustable to modern economic activity; others must develop such activity virtually from scratch, overcoming deep cultural inhibitions. And this array is, of course, not exhaustive.

Nevertheless, to a degree, a rough classification for policy purposes is possible. By grouping the underdeveloped areas according to the strategic problems that must be solved before they can move forward into the next phase of the modernization process, we can identify three categories of transitional societies.

F. CATEGORY A

These are societies still close to the traditional stage. Politically, socially, and psychologically, important influences are still present from the traditional society. While a new political awareness is apparent, especially in societies with a colonial past, very limited numbers of the elite have any clear perception of what is required for progress toward modernization. Literacy and popular participation in the national life are low; and the economy has been modernized only to a limited degree. The basic problems to be overcome if modernization is to proceed are usually these:

1. The training of men capable of conducting modern economic and political activity.

2. The development of modern institutions, both economic and political, e.g., civil service.

3. The creation of an agricultural framework within which increases in agricultural productivity may become possible.

4. The buildup of a modern transport network, sources of power, and other minimum social overhead capital necessary both for commercial and political unification of the nation and to provide a foundation for the further modernization of the economy.

5. The accelerated application of modern techniques to some natural resources in order to earn the increased foreign exchange necessary for the further modernization of the economy.

Something like this array of crucial problems must be solved in most of Africa south of the desert, in the more backward portions of the Middle East, and in certain of the less advanced areas of Latin America.

These societies are not ready for comprehensive development programming. They particularly require from outside sources assistance in education, social overhead facilities, help in the exploitation of salable natural resources as a source of further foreign exchange. Although the dollar volume of foreign aid which they can utilize productively at this stage is likely to be low, this is a crucial time in the relations between these countries and the United States.

Basic attitudes of the key elements in the elite toward the outside world are being shaped, and images are being formed in their minds of

American purposes, intentions, and reliability. This is our opportunity to build relations of confidence, especially with elements of the society which are just emerging but which will play an important role later. Programs relatively small in size, if skillfully and sensitively administered, can exert at this stage great influence on the way in which such elements see the future alternatives open to them. It is especially important that in these countries our contacts not be narrowly limited to the traditional hierarchy.

G. CATEGORY B

This category of underdeveloped nations has already gone some distance in creating a minimum quantum of modern men and of social overhead capital. Institutions of centralized government exist. The men in power are committed in principle to modernization. But an effective modernization program is not yet under way. Isolated pieces of such a program have been launched, but they are not yet related to each other in a meaningful pattern of mutually reinforcing tasks.

There is likely to be serious imbalance in the attention paid to different sectors of the society. In particular the society is likely to be characterized by having a fairly modernized urban sector and a relatively untouched rural sector in very poor communication with each other. While the five items on the agenda of category A countries still form a legitimate part of the agenda for the category B countries, some additional problems are now more crucial. If economic takeoff is to occur there must be simultaneous and related action by government on a number of fronts.

There is usually lacking in these countries a sufficiently detailed elaboration of the complex of goals toward which the nation should be striving and a sufficiently realistic understanding of the effort and energy required to make progress toward them. In part the problem is to focus the energy and talents of the leadership on sustained efforts directed at the tasks of modernization; in part the problem is to provide constructive opportunities for the rapidly growing groups of modern men throughout the society to participate effectively in programs relating to their interests and welfare. It is at this stage that systematic programing becomes important—not only to insure some degree of balance among increasingly interrelated efforts but also to provide a symbolic national framework within which each man and group can find the relation of his own special effort to a common national purpose.

At this stage, while the country is preparing for takeoff, the resources required from outside, while larger than for category A countries, may still not be major. But planners, governmental and private, can begin to see large capital requirements looming ahead and must, if they are not to be disheartened, see a prospect for financing the effort at takeoff which justifies their efforts to prepare for it.

Broadly speaking, Egypt, Iran, Pakistan, and Indonesia fall within this group and typify its problems.

Apart from continued technical assistance and some larger supplies of capital there is not a great deal that the United States can do directly to overcome the crucial problems at this stage. But the indirect effect of a skillfully designed aid program on effort and

incentives can be substantial here. This is a time when men must be encouraged to look much farther ahead. If our programs are long term, holding out the prospect that over the years as the absorptive capacity of the country is increased major additional help will be forthcoming, we can have an important influence. If we can consistently and clearly establish conditions which must be adequately met if large-scale capital assistance is to be provided, we can be of help. At this stage the crucial criteria must be in terms of programs rather than projects. And U.S. development efforts will, of course, have influence only if we have established in the minds of all reasonable men our central interest in effective modernization.

H. CATEGORY C

This category embraces societies which are committed to attempt a takeoff into self-sustained growth, which have developed the necessary human and social overhead capital to make this possible, which have well-considered and well-thought-out programs for simultaneous advance on many related fronts, but which require capital from abroad in substantial amounts to supplement their domestic resources. India is the prime example of an underdeveloped area at this stage of its evolution.

Again, the agendas of categories A and B remain relevant. All the basic capital required for modernization—physical, human, and institutional—is not yet built; and there persists the dual problem of maintaining operational unity around modernization in a national program and decentralizing participation in the program to wider and wider groups. But there is already enough momentum in these processes to carry forward if the whole effort is not hobbled and brought to a halt by an inability to mobilize the necessary resources from abroad.

Each takeoff will have its special problems. India needs both capital goods for industrialization and foreign reserves of food on which it can call to prevent inflation if there are bad monsoons or delays in its agricultural programs. Other countries with major export resources may need less. But at this stage the central problem is the mobilization of a vastly increased volume of economic resources.

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Once takeoff has been achieved, a point not always easy to identify, the problems of modernization are by no means fully solved. Modern industrial techniques will have been brought to bear in a limited group of sectors, but many areas in the economy and the society as a whole remain to be modernized.

In principle, when a country has passed through takeoff, economic growth has considerable momentum; the volume of savings generated can be sufficient to assure continuing growth if it is skillfully allocated and there is a sufficient group of entrepreneurs prepared to press modernization forward in new sectors. Capital imports may still be required, but it should no longer be necessary to rely on soft loans and grants. Normal private lending or hard intergovernmental loans should be supportable. Nevertheless, there continue to be pitfalls. Periodic recession, inflation, and balance of payment difficulties and structural imbalance in investment may occur, causing economic

performance to fall short of what available human and material resources would permit.

Similarly, in the later stages of modernization there are many possibilities of failure and interruption in the strengthening of democratic political institutions, as the history of modern Russia, Germany, and Italy, for instance, makes clear. The attitudes, the skills, and the social groups on which stable democratic processes depend are likely to have been strengthened during the takeoff; but the consolidation of democracy is not automatic.

In the more advanced stages of modernization, as earlier, there will be important interconnections between economic and political evolution which must be carefully considered in the design of economic policy. The tasks of formulating an American policy to promote the third choice do not stop with takeoff, nor do the economic costs of implementing such a policy. On the contemporary scene, for example, we can observe countries like Turkey and Argentina, caught up in situations marked by political and economic dangers as well as great promise, where American policy may well tip the balance in favor of democracy and continued regular growth.

Detailed consideration of these later phases of modernization would take us beyond the terms of reference of the present study, which is focused on countries which have not achieved self-sustaining economic growth. For the countries with which we are concerned here the strategic economic tasks form a sequence in which, successively, the crucial jobs are the building of the human, institutional, and physical foundations of modernization; the effective focusing of these resources on the goals of modernization and the enlistment of all sectors in the growth process; and the mobilization of a quantity of resources adequate for the takeoff.

CHAPTER X

GENERAL IMPLICATIONS FOR U.S. FOREIGN POLICY

In the remaining chapters we draw some implications for national policy from the analysis of the transitional process developed in part 1 and from the statement of American interests and objectives presented in chapter IX. A discussion of certain general implications for policy will be followed by an examination of the role of the major instruments of policy. The last chapter will offer recommendations for American action with respect to the three general categories of underdeveloped countries suggested earlier in the report.

We would note at the outset that although certain of our recommendations bear on the military dimensions of policy, we shall not examine in detail U.S. military policy toward the underdeveloped areas. Maintaining the independence of the new nations is in part a task which must be shared by American military forces, but we shall here simply assume that the necessary military measures will be taken to protect the newly independent countries from the threat of aggression, especially from Communist forces.

The recommendations which follow in these chapters are, then, addressed primarily to the nonmilitary dimensions of the American task in the underdeveloped areas. Within that limit they outline a policy designed to support the efforts of the new nations to remain independent and to give them maximal encouragement and assistance in making their transitions in ways which hold open the possibility of a democratic evolution.

* * * * *

There can be no easy optimism about the consequences of American action. We must face the fact that our influence is limited. Our relationship with the newly emerging countries is not that of a 19th century European power toward its colonies, nor that of a modern Communist power toward its satellites. We exercise no direct control and can influence the course of events only marginally, largely by helping to provide some of the resources—skills, education, public utilities, capital—which countries must have for successful and stable modernization.

We must recognize, too, that everything we do involves risk. As we have repeatedly emphasized, the evolutionary process with which we are concerned is an extraordinarily complex one, compounded of psychological, political, social, and economic elements, many of which we can observe and understand but not directly affect. Our influence will often make itself felt only indirectly and at some future time. Influencing people's attitudes by helping to train them in modern techniques is a gradual process at best; so is any attempt to affect the perceptions of politicians about the destiny of their country by assuring them of long-term support toward the realization of their economic objectives.

Since we are engaged in what is inherently a risk enterprise, we should be prepared for setbacks. Our assistance may at times appear

to have had no effect at all, or to have had other effects than those intended. In some of these cases, aid may genuinely have been wasted or misapplied, but it is also possible that the effects may simply be slow in emerging. We must continually and boldly experiment, learning from our failures, recognizing and applying our successes.

But the difficulties and the risks can be overemphasized. It is irresponsible to point them out, as some have done, to justify a policy of inaction, for the risks of doing nothing are greater yet. Under the best of circumstances, the achievement of the kind of societies we wish to see emerge in the world will be difficult enough, demanding all the help and encouragement we can provide. If we do nothing, or not enough, the hope of maintaining a world environment in which our society can prosper will grow dim.

Several broad implications for American policy can be drawn from our analysis of the character of the transitional process.

Our analysis has stressed the fact that, despite a considerable degree of uniformity in the course which various societies follow toward modernization, each country has important unique characteristics.

It follows that American programs must take into consideration the special features of each nation's history, culture, social structure, and resource endowment, as well as the particular impact which the modern world has had upon it. We do regard the three categories of countries suggested in this paper as a useful way to group the underdeveloped nations, to emphasize the most crucial problems to be faced at different points in the transitional process, and to suggest broad guidelines for policy. But effective American action must reflect a high sensitivity to the particular problems that each nation confronts.

This is hardly a controversial proposition; few would argue that our programs should not try to meet each country's special needs. But it is worth briefly belaboring the obvious if only because our efforts to generalize may have tended to obscure the uniqueness of each case. Moreover, although the proposition may indeed be self-evident, American policies have not always adequately reflected the fact.

Another central proposition of this study is that modernization is a dynamic process which takes place through the interaction of the economic, political, social, and psychological aspects of a society. Several important implications for policy follow from this proposition.

First, an American policy designed to have the maximum constructive influence on the course of modernization must bring together in a coordinated way all the instruments of policy—diplomatic, economic, military, and informational. In our view, the coordination of these instruments is often wholly inadequate, both in Washington and abroad. Although the administration of foreign policy is not within the proper scope of this study, some specific comments should be made on this point.

The effectiveness of American policy in the underdeveloped countries could be greatly enhanced by strengthening the hand of the ambassador. He should bear responsibility not only for the traditional diplomatic functions but also for the entire range of American activities in the country to which he is assigned. He should be given wide discretion to interpret policy directives so as to adapt them to

the particular needs and circumstances of the country concerned. It is necessary, therefore, that men be selected as ambassadors who are capable both of appreciating the direction and implications of social, economic, and political change and of administering the varied American programs intended to influence the course of modernization. A recommendation along these lines has been persuasively set forth in a recent study prepared for the Committee on Foreign Relations by a group at the Maxwell Graduate School of Citizenship and Public Affairs, Syracuse University; we fully endorse the conclusions of that study on the role of the ambassador.¹

More effective policy coordination is necessary in Washington as well. Steps should be taken to insure that the various operational programs—military, economic, informational—are adequately fused into a coherent overall design for each country. Reorganization of the formal mechanism for policy coordination is probably not what is most needed to improve American performance in this respect. Far more important is a heightened awareness by everyone concerned of what we are trying to accomplish in the transitional societies and the ways in which the separate arms of policy can contribute to achieving our aims. It is a central responsibility of the Secretary of State, as the President's deputy in foreign affairs, to insure that the total national interest not be subordinated to the limited viewpoint of those responsible for any single instrument of policy.

This suggests a second important implication of our view of modernization as a process which is determined by a combination of psychological, political, social, and economic forces. Since each one of these forces reacts on the others, policymakers must take account of the indirect as well as the immediate consequences of action initiated by any single policy instrument. For example, as will be discussed later in some detail, those who plan military assistance must take into consideration not merely the military consequences of American action but also the consequences for economic, social, and political development as well. Moreover, it is not enough simply to watch for negative effects. We must not miss the positive contributions which policies in one area may make to some apparently unrelated field.

The central consideration here is that we are dealing with whole societies, not just with certain of their parts. In the context of our analysis, this might be too obvious to deserve mention were it not for the fact that Americans are not used to thinking of foreign policy in these terms. The fact must explicitly be recognized that the relationships between states in today's world, particularly between the technologically advanced and the lesser developed countries, are qualitatively of a different order than those which prevailed until recently. In the circumstances which will exist for as far into the future as one needs to look, the foreign policy of the United States will no longer be concerned solely with the external relations of states; the evolution of their domestic life has become a direct and legitimate concern.

As was emphasized earlier, this concern can be applied only within fairly narrow limits. It does not lie in our power to influence directly some of the most important factors determining the pace and direction

¹ "The Operational Aspects of U.S. Foreign Policy" (U.S. Foreign Policy, Study No. 6), see especially pp. 56-58.

of modernization. This is all the more reason to be prepared to act vigorously in those areas where we do have the capacity to act and where our action is acceptable to the nation concerned.

Economic policy is perhaps the clearest case in point. Economic and technical assistance has become a particularly important instrument of policy not because the course of modernization is more deeply affected by economic than by other factors but because close cooperation in economic matters is an acceptable relationship between the United States and other nations, and because economic development does deeply though indirectly affect many other aspects of life in the modernizing societies.

The priority and scale of American effort must reflect an understanding both of what it is feasible for us to do in the underdeveloped countries and of what is likely to move the whole interacting process forward in constructive ways.

We have emphasized that the transitional process in each society will take a very considerable period of time.

American policies can marginally affect the pace of transition; but basically its pace depends on changes in the supply of resources and in the human attitudes, political institutions, and social structure which each society must generate. It follows that American policy toward the transitional process must have a realistically long working horizon. It must be marked by a patience and persistence which has not always been its trademark.

The failure thus far to put American aid programs on a genuine long-term basis is perhaps the most serious weakness in our economic assistance effort. That failure affects not just our economic programs; it colors the entire American relationship with the underdeveloped countries. We have in fact been engaged in aid programs for over a decade, and there is now a fairly firm consensus that we shall be so engaged for some years to come. Yet we continue to legislate for these programs—and therefore necessarily to operate them—on a year-to-year basis. This practice not only involves considerable waste of money and human energies but also denies us a good part of the effectiveness these slow-acting programs could have.

Putting economic assistance programs on a longer term basis involves all of the following:

1. Adopting at least a 5-year planning horizon for our individual country programs and giving some thought to their shape over longer time periods.

2. Offering reasonably firm support to comprehensive development plans of recipient countries stretching over periods of years.

3. Maintaining consistency in our purposes, in our criteria for assistance, and in our methods of administration so as to achieve cumulative effects from year to year.

4. Adopting methods of budgetary approval which permit us to hold open offers of major assistance until clearly defined conditions for the effective use of the funds are met by the recipient. We have by present practices deprived ourselves of the use of powerful incentives to recipients to put their economic affairs in better order. Indeed, the rush to commit funds by the end of a fiscal year has often led us to push recipients into commitments before they were ready.

5. Building a career corps of adequately trained U.S. technical assistance and aid personnel.

CHAPTER XI

THE INSTRUMENTS OF FOREIGN POLICY

We turn now to examine some of the implications of our analysis for the main functional arms of American policy: diplomacy, information and cultural exchange, military aid, and economic and technical assistance.

A. DIPLOMACY

The emergence of transitional societies on the international scene calls for a reevaluation of the uses of diplomacy for advancing American national interests.

The traditions of diplomacy grew out of the European nation-state system in which differences in culture and technology were not great. Diplomacy was premised on the assumption that most non-European societies had not developed their political systems to a point at which the formally constituted governments were capable of acting as representatives of the society as a whole; and those societies were not fully accepted into the community of nations. The societies which did belong to the community tacitly accepted certain binding principles of action, such as nonintervention in the domestic affairs of other societies in the community, the use of alliances against common dangers, and a readiness to defend the system as a whole.

The entrance of the new countries upon the international scene has brought many of these principles into question. Can relations between societies be limited primarily to the formal relations between governments? Should the new governments be expected to meet the type of commitments traditionally met by national governments? Can the basic principle of nonintervention be maintained when a primary international activity must be the transferring of talents and skills, including those of administration and policymaking? And when there is a gross difference in levels of technology, can the obligations of alliances be shared equally?

Such questions make it clear that the United States must shape its diplomatic practices to meet the present need to create a new system of international relations which can provide an acceptable basis for relationships between societies at radically different stages of development.

Such relationships must be grounded in a shared interest in furthering a process of modernization which will enable the transitional societies to develop their own versions of responsible government and to play a useful cooperative role in the international community. To the extent that such an overlap of interest and vision can be established between the United States and other societies, it must be translated into joint programs for action. In short, both parties must acknowledge that the relationship transcends that of conventional diplomacy and may, with mutual consent, involve activities

within another society which traditional diplomacy would exclude. This should not disturb the new nations excessively; for the conditions of modern life—the new weapons, means of communication, and political interactions—have made obsolete the old arms-length relationships among technologically advanced societies as well.

In its relationships with the new nations the United States must be realistically aware of the inherent possibilities for political instability. Politics are everywhere in a constant state of flux, and the governmental leaders of today may not be those of tomorrow. This is especially true in countries where the present leaders led the fight for independence and will in time give way to a new generation with new perspectives; where present leaders rule by force rather than by popular consent; and where present leaders are military officers who, though they may be popular, will yield power in time to civilian government. Because their governments will change, and sometimes radically, American policies toward the new nations should be directed primarily toward developing programs—economic, military, educational, cultural—which can survive changes in government and which benefit not just the ruling group but the people as a whole. The United States stands to lose heavily if the activities which it encourages and supports appear to large numbers of people merely to be strengthening the power of a government which does not fully reflect their own needs and aspirations.

At their best, American field operations have succeeded in effectively integrating several programs so as to create a strong positive image of the interest of the United States in furthering the objectives of a foreign society. As has been stressed above, the need for a variety of well-coordinated action programs makes it imperative that the ambassador be made responsible for the coordination of all American activities in a given country. The recipient country views all actions undertaken by an agency of our Government as representing the policy of the U.S. Government as a whole. All such actions must therefore be the concern of the senior U.S. representative, the ambassador, who should be the man on the scene most sensitive to the unique character of each particular transitional society and most capable of adapting, guiding, and coordinating programs to local realities.

It is important that the American diplomat consistently and clearly recognize that our primary interest in many parts of the world is not to develop conventional alliances or to protect conventional economic interests but to promote the evolution of societies capable of contributing to the spread of the democratic process and to an orderly world. This requires that the diplomat go far beyond conventional dealings with the foreign office and the government and that he enter deeply into the substantive objectives and problems of specific programs. He must project a steady and reliable vision of what the society to which he is assigned may become and of what might be its place in an orderly world system. He must be the leader in designing and carrying out a sustained program of action agreed on between the two countries and designed to bring this vision to life.

B. INFORMATION POLICY

We have noted that the desire for the benefits of modernization, and the spread of knowledge about them, is one aspect of the transition process which can be anticipated universally and with certainty.

This revolution in ideas and information is one of the dynamic forces of social change. It follows that the instrumentalities of information and communications may have a vital role in the execution of our foreign policy in transitional societies.

The major objective of the U.S. information effort in underdeveloped areas should not be the propagation of information about the United States but the spread of information about aspects of modernization which people find useful and important.

It need hardly be stressed to what extent American and other Western missionary and civil educators have contributed to the development of the new elites in what were once colonial and semi-colonial countries. They left a profound impact on the attitudes, manners, and values of men who now occupy the most responsible positions in their societies. The reactive, anti-Western nationalism of many of these educated elites should not lead us to underestimate their deep attachment to many aspects of modern life. Rather, it should impress on us the basic fact that programs of information and education do not cause people to abandon their natural loyalties or to develop an unmixed affection for their teachers. The legitimate role of such programs in underdeveloped countries is to help produce in people a better understanding of the modernizing process in which they are participating. They should spread the kind of knowledge which may help to ease the inevitable private anxieties and public crises and thus to improve the chances of a stable and democratic evolution.

As a byproduct of such efforts, respect may indeed be won for Americans and for American institutions which are seen to contribute to the underdeveloped country's own efforts. But this can be only a byproduct: efforts to awaken admiration for the United States which do not simultaneously contribute to the needs of the countries themselves tend only to increase the jealousy and resentment that so often result from the gulf between the modern and the less-developed world. Too often, for example, we have displayed the American standard of living and American consumer goods where they have no relation to the feasible objectives of those to whom they are shown. Of infinitely greater value are programs in which Americans work side by side with the people of underdeveloped countries in trying to meet the development goals those people formulate for themselves.

Ambivalence and sensitivity characterize the attitudes of transitional elites. They want contact with the modern world, but they also want respect for their own values and cultures. Western education, Western books, and many other things which we take for granted are craved, but not if the price is a sense of inferiority. We shall compound the difficulties of relations with the newly emergent countries if we fail to take full account of their sensitivities toward the symbols of their subordinate past or toward their new aspirations.

American policy has not always recognized the importance of the instrumentalities of communications in the transitional nations. The development of the communications industries and of communication and educational facilities should be top-priority development programs, and American informational and investment efforts should contribute to these programs. Exchanges of persons should be increased, especially in ways that result in joint effort toward achieving the goals of modernization. Above all, we must judge the results of

our efforts not primarily by the development of attitudes favorable to us but by the development of attitudes which contribute toward a stable democratic development of their societies.

C. MILITARY POLICY

This study has not concerned itself extensively with military matters. We are assuming throughout that the necessary measures will be taken to assist the underdeveloped countries to resist aggression. Specifically, we are assuming that the United States will maintain both an invulnerable strategic air capability and sufficient conventional force capability to convince the Communist powers that we have the means and the will to respond to limited aggression by limited means.

We shall here deal with American military policy only to the extent of suggesting some of the ways in which military measures may contribute significantly to furthering the constructive process of modernization which it is in the U.S. interest to promote.

The primary task of American military assistance is to help protect societies from invasion or from internal subversion by an armed minority supported by an outside power. Particularly in the early stages of the transition process, when leadership groups contend among themselves for power and central governments are apt to be weak, societies are acutely vulnerable to invasion or civil war. The postwar history of Asia has shown clearly how realistic is the threat of Communist military action against weak or divided states. But postwar experience in the Philippines, Burma, South Vietnam, and Malaya has also demonstrated that if such societies can be effectively protected from a Communist conquest during their most vulnerable stage, they may well find their feet, consolidate their nationhood, and begin to move forward toward modernization. Although each of these countries has a long way to go, its present status would have been predicted only by extreme optimists at the peak of its crisis period.

While American military aid can thus contribute materially to the preservation of independence and the encouragement of political stability, the United States should not give military assistance to a repressive or unpopular regime. Such a government may for obvious reasons be particularly eager to form an alliance with the United States and receive military aid. The short-term gains which the United States might derive from such an association should not be allowed to obscure its consequences in the long run. Ultimately, such a repressive regime will be overthrown, and if the United States has been too closely involved in its support, the ensuing government and the people as a whole may well be hostile to the United States, rejecting our help in the development of their country and forming alliances which threaten our interests.

In addition to assisting in the relatively conventional military task of defense, American military assistance properly administered can have a strong constructive influence on the evolution of the transitional societies. The potential positive contributions of military aid have been too little noted or applied, partly because of the inadequate coordination of American programs already noted. We have looked at military assistance too much from the point of view of its

military effectiveness alone; its relationship to social, economic, and political change, and to the overall policy objectives of the United States in the transitional societies has been given too little consideration.

There are two broad areas in which local military forces can make particularly valuable contributions to the course of modernization. First, they can contribute directly to major tasks of economic development, particularly the building of certain sorts of social overhead capital. Second, they can assist in training large numbers of people in the skills and attitudes demanded by a society undergoing social and economic transformations in the direction of increased urban living and industrialization. American military assistance can contribute in both these areas.

The army in an underdeveloped society often contains a high proportion of the men trained in orderly administration and in the handling of modern technology. The army also generally controls substantial amounts of transportation and earthmoving equipment. Without sacrificing military effectiveness, army units can be used on major development tasks such as road or dam construction, building of communication systems, irrigation and land reclamation, and surveying. American military missions should not only encourage local military forces to assume responsibility for such projects but should also help provide the equipment which these projects require. There is every reason to assist the military to play the kind of constructive role in their society that the Army Corps of Engineers played in the modernization of the United States, particularly in the first half of the 19th century.

Rather than develop this point in detail, we refer to a study prepared for the President's Committee To Study the U.S. Military Assistance Program. Entitled "Contributions of Military Resources to Economic and Social Progress," this study explores in some detail the ways in which the United States can raise the economic and social potential of foreign military forces and lists some of the nonmilitary activities in which foreign military groups are currently involved. We fully endorse the recommendation of this study that—

(a) U.S. military resources be further used in mutual security activities in the economic, social, and other development fields, and (b) when mutually advantageous, underdeveloped nations be encouraged to utilize their military resources to assist in such activities to the extent practicable without jeopardizing their effectiveness in their military mission.²

The second area in which the military can make a major contribution is training and education. The period of military training affords the opportunity to make the soldier literate, to teach him basic technical skills, and to inculcate in him such basic attitudes as the respect for authority and organization which are essential to modern life. The army can be a highly significant training ground for large numbers of men, preparing them for new roles in society. The United States should stand ready to help design and to provide generous financial and technical assistance to programs likely to have an important long-run impact on the level of skills and attitudes in the army and in the society as a whole.

² "Annexes," vol. II of the composite report of the President's Committee To Study the U.S. Military Assistance Program, Annex D, "Contributions of Military Resources to Economic and Social Progress," by the staff of the President's Committee To Study the U.S. Military Assistance Program, p. 121.

Officer training is another important task in which the United States could play a more useful role than it has in the past. Opportunities should be expanded for foreign officers, especially at the middle and junior levels, to travel and study in the United States. And the programs we set up for officers when they are in this country should not be exclusively devoted to technical military matters; we should encourage officers to think and talk about such broad problems as civil-military relations, the potential uses of the army in economic and social development, the economic and political evolution of their country as a whole.

The tradition of military life in the transitional countries, especially among the older generation, is to remain aloof from nonmilitary activities. Circumstances in the past few years have tended to break down this tradition, and the officer corps in many countries has become steadily more involved in economic and political life. In a number of countries it has assumed at least temporary control of the Government. Inevitably, therefore, the officers have become much more acutely aware of the problems attending modernization, and they are likely to respond positively to vigorous and sustained American efforts to raise their own capacity and that of the military as a whole to deal with these problems.

Deeper military involvement in economic and social activities may well have the further consequence of bringing the army into closer union with the entire society. Traditionally, the military tend to be a group apart, regarded by the people as a distant elite force which absorbs their taxes and recruits their sons. The sense of nationhood and of common national purpose would be vastly strengthened if the military joined in the constructive tasks of modernization. Such closer linking of the soldiers and the people can also have a military significance. In many areas the most likely form of war is internal insurrection aided from abroad and conducted along guerrilla lines. The outcome of guerrilla operations often hinges on the sympathy and support of the peasantry, who have it in their power to deny information and supplies to either side. The use of the military establishment in constructive enterprises at the village level can create close working links between the soldiers and the peasants.

D. ECONOMIC POLICY

Under this heading we shall examine four aspects of economic policy toward the underdeveloped countries: technical assistance, allocations of capital, assistance to land reform, and international organization of aid.

1. Technical assistance

The analysis developed here underlines the continuing importance of technical assistance programs in the widest sense. Although they will not require as large budget allocations as capital expenditure and loan programs, their potential influence in shaping the evolution of transitional societies, especially those in the early stages of transition, may well be decisive. Their management requires a level of administrative attention and competence quite out of proportion to their dollar cost.

The immediate function of technical assistance programs is to bring the knowledge and skills available in the developed countries to bear on the problems of modernization. Techniques and methods can be transferred in agriculture, education, health, administration, small-scale enterprise, construction, transport, and communications which will enormously increase productivity. Great care must be taken, however, to assure that the techniques to be applied are appropriate to the physical conditions, resource endowments, social environment, economic organization, and cultural pattern of the recipient country.

Technical knowledge can rarely be transferred unadapted from a developed to an underdeveloped country. Although this fact has been increasingly recognized in the research on development problems and in the many new training programs for technical assistance personnel sponsored in recent years, the scope of American research and training efforts is still far too limited and the tours of duty of technical assistance experts frequently too short.

The second major objective of technical assistance programs must be to develop to the fullest the human resources of the recipient country. This goal can be achieved partly by assisting formal educational programs, but it should permeate and color all technical assistance activities, even those having no explicit training component. Through their behavior in the foreign society technical assistance experts can not only transmit technical skills and expertise to those with whom they are working but also in subtle ways influence motivations, attitudes toward change and innovation, perceptions of alternatives, and the like.

To give this dimension of technical assistance its full effect, we should know a great deal more than we presently do about what kinds of investment in human resources are most needed in each underdeveloped country. Much more extensive and detailed studies are required of the prospective supply of and demand for men with a variety of different skills. The dangers of training men inappropriately are as great as those of not training them at all. The hasty application to underdeveloped areas of educational goals, curricula, and procedures which are based on the practices of developed societies can produce, as has happened in a number of instances, a class of educated unemployables who may be the most disruptive element in a transitional society. To be effective in developing the kinds of human capital most needed, technical assistance experts in all fields must have a deep understanding not only of the economic but also of the social and cultural needs of the people in the countries to which they are assigned.

A third goal of technical assistance programs should be to help close the gap between the small urban elites who have taken the first steps toward political independence and modernization and the large groups in the population, especially in the countryside, whose expectations are rapidly changing. One criterion for the selection of technical assistance activities should be the degree to which they offer opportunities for as many groups in the society as possible to participate in the modernization process. Agricultural extension programs, local public works, assistance to small-scale enterprise, and other such activities provide rich opportunities for the urban leadership to become involved in the daily problems of all segments of the population. The need to stimulate this kind of interaction and communication

among the different parts of a transitional society should be borne in mind in designing technical assistance programs.

A further major objective of technical assistance should be to help build permanent institutions which can eventually assume full responsibility for the functions for which outside help was initially asked. The most effective way to help build such institutions is not to provide special experts in public administration or business management, though they may have a role to play, but rather to imbue the technical expert in each professional field with a realization that institution building is at least as important a part of his mission as the transfer of special knowledge. Each should regard it as one of his primary objectives to develop an institutional situation in which the need for further technical assistance will be minimized and in which the indigenous experts trained will have the greatest chance of making their activities operationally effective. A related goal should be to build greater confidence among the emerging professional groups of the underdeveloped society that they can deal with their own problems without leaning heavily either on the overtaxed central political leadership or on continued help from abroad. These objectives require much more subtle and extensive training of technical assistants assigned to field missions than most of them now get.

Finally, it is important that technical assistance should be handled from the start in such a way as to convey an image of American purposes, intentions, and modes of operation which will lay an effective basis for future cooperation as assistance programs expand. This image will be conveyed most powerfully not by high-level speeches about American foreign policy but by the day-to-day behavior of the many kinds of technicians we dispatch for assistance activities. To accomplish this objective, like the others, technical assistance personnel must acquire a subtle and sophisticated understanding of the problems and sensitivities of the people with whom they are dealing.

2. Allocation of capital

In an earlier paper for the Senate we discussed the criteria for allocating capital to the underdeveloped countries and gave some indication of the magnitudes we believed necessary.³ It is appropriate to review the conclusions of that paper in the light of our present analysis of the characteristics of transitional societies.

We concluded in our earlier study that the essential purpose of capital assistance is to encourage the underdeveloped countries to maximize their own internal efforts toward development. This conclusion is reinforced by the discussion of the previous chapter about the central alternatives open to the leaders of the underdeveloped countries. Not only will the leadership's appraisal of the feasibility of a big development push without totalitarian repression be greatly influenced by the availability of resources from outside. The design of the development effort, and thus its effect on the evolution of the society as a whole, will also inevitably be influenced by the terms and conditions under which foreign capital is offered.

For U.S. capital assistance to have the maximum leverage in persuading the underdeveloped countries to follow a course consistent with American interests, that assistance must have certain characteristics:

³ "The Objectives of U.S. Economic Assistance Programs," a study prepared for the Special Committee to Study the Foreign Aid Program, U.S. Senate, U.S. Government Printing Office, Washington, 1957, especially sec. VI.

1. The economic criteria on which we make development capital available must be clear and unambiguous, and we must be firmer than we have frequently been in the past in the application of those criteria.

2. The offer of capital on terms requiring the recipient to meet conditions for its productive use must be held out consistently over long enough periods of time to permit the incentive effects to work. Such a result cannot be expected from programs with no more than 1 or 2 years' assured life.

3. The amounts offered must be large enough and the terms flexible enough to persuade the recipient that the game is worth the candle. This means that we must invest substantially larger resources in our economic development programs than we have done in the past.

4. The kinds of capital we offer and the purposes for which we encourage it to be used must be sufficiently varied so that the growth of no important sector of the economy dependent on foreign exchange will be inhibited by its lack. For example, if the use of foreign assistance is limited to social overhead or big industrial projects, there may well develop in other sectors bottlenecks which will lead first to economic stagnation and then to political and psychological frustration.

5. For political as well as economic reasons the leadership in underdeveloped countries should be encouraged to formulate their development goals in national terms. At an appropriate stage in the transition they should be urged to work out and discuss widely in their countries coordinated programs or plans which will underline the relationship of individual and local effort in particular sectors to national purposes and objectives.

6. In order that recipients of aid may move as rapidly as possible toward freeing themselves from dependence on extraordinary intergovernmental assistance, they should be encouraged to relate their own economic development as fully as possible to the growth of the international economy.

An expansion of the implication of each of these points for U.S. policy follows:

1. *The economic criteria for economic assistance must be unambiguous and firmly applied.*—The time is overdue for a radical shift in the criteria of American aid away from the ambiguous standards of emergency or defense support to the more rigorous standards of development lending. If, as this paper contends, our most important objective in the underdeveloped countries is to promote their modernization through evolutionary processes, clearly the resources we make available should make an economic contribution to this end.

When governments know they are likely to receive foreign exchange assistance on noneconomic grounds, the incentive for them to face up to the development of their own economy and to increase its capacity to absorb capital is reduced. Thereby the whole modernization process is slowed down. Governments then tend to accommodate themselves to situations of slow change or even stagnation, relying on American aid based on noneconomic criteria to bail them out periodically. Nothing is more corrosive of the central purpose of our assistance programs than the knowledge on the part of recipients that, if they can only generate a sufficient sense of political or military crisis, they can blackmail us into supplying financial resources without their having to take the difficult, often painful, steps required for the economically effective use of those resources.

Whether or not economic criteria are firmly applied does not depend mainly on how clearly the purposes and conditions of our assistance programs are enunciated in legislation or in high-level pronouncements, though this is important. The determining factor is the way in which those programs are administered in detail, partly in Washington, but mainly in the field. Those responsible for aid allocations must base their decisions on economic criteria rather than on considerations of short-run political advantage. In the long run our programs will be more likely to have the political consequences we seek if they are based on reasonably strict economic considerations.

2. *Capital must be made available over sufficiently long periods of time.*—We can hardly expect the recipients of assistance to take a long-run view of its purposes unless we demonstrate that we ourselves take such a view. If we want them to devote their efforts wholeheartedly for 5 or 10 years to building the resources and institutions which will make it possible for them to utilize capital, we must persuade them that such extended efforts will yield larger resources. Present budgetary procedures frequently have the reverse effect, stimulating recipient nations to seek grants and loans before the appropriation expires even though they are not yet ready to use them. It is a great step forward that Development Loan Fund appropriations do not have to be spent in the year in which they are appropriated, but the Loan Fund must have substantially larger resources covering the potential needs over a longer time period if the incentive effects of its lending criteria are to be fully realized.

3. *The amounts of capital assistance must be increased and the terms on which it is offered must be flexible.*—If the resources available to an underdeveloped country from outside appear to cover only a minor fraction of what is required to make a reasonably soundly based attempt at takeoff, the leverage which the United States can exert with its resources will be small and its objectives will not be achieved.

The Center for International Studies made in 1957 a rough estimate of the additional foreign capital which would be needed annually to raise the rate of growth of income of all the underdeveloped countries to a level in the neighborhood of 2 percent per year per capita. We estimated that to achieve this end the underdeveloped countries required \$3.5 to \$4 billion more per year than they were then getting from all sources. Rough calculations suggest that for a number of reasons, primarily a significant worsening in the terms of trade of the underdeveloped countries, the figure might now be 20 to 25 percent higher. As we then indicated, however, a good many of the underdeveloped countries will not for some time create the preconditions which would permit them to absorb this amount of capital. The present limitations of absorptive capacity would probably reduce the additional amounts for which the underdeveloped countries could qualify to a total of \$2.5 to \$3 billion per year. Assuming that it were to continue to carry a little more than half the burden of financing the transition to modernization, the United States would have to supply between \$1.5 and \$2 billion more per year than it is now doing.

If the leaders of those countries which are now able to make effective use of a substantial volume of outside resources do not see a high prospect that something like this volume of capital inflow will be available to them over a period of years, they are likely to be discouraged from taking the painful domestic measures required to develop

a vigorous and successful program of modernization. As this study has emphasized throughout, the difficulties of modernization are legion, and the pressures are powerful to turn in directions contrary to American interests. Politicians will be far more inclined to pin their political futures to a program of rapid economic development without recourse to repressive measures if they can see reasonable prospects that at least one major bottleneck, the shortage of capital resources, can be broken by assistance from the United States and other countries.

Almost as important as the total amount of capital assistance are the terms on which it is made available. The period during which a net inflow of extraordinary capital will be required is long enough so that short- or intermediate-term loans impose risks of unacceptable foreign exchange burdens. A fraction of the capital requirements can safely be met by long-term relatively low-interest loans requiring specific repayment in hard currencies. In even the most favorable cases, however, the prospects and especially the timing of takeoff will be somewhat uncertain and underdeveloped countries will be understandably hesitant to assume firm obligations which, if their luck is bad, they may not be able to meet. It is reasonable that they should expect that the developed countries will take an equity rather than a creditor's position in their further future growth. A substantial portion of the necessary capital should therefore be made available in such a way that required repayment in the currency of the lender is to some degree conditional on the degree and pace of the growth process achieved by the borrower. So-called soft currency or local currency loans are one device whereby our commitment of funds may be placed on an equity basis. The longer the term and the lower the interest rate on loans, the smaller the proportion of the total which must be of the soft loan variety.

4. *Capital must be made available for all important sectors of the economy.*—There is some danger that the project orientation which has characterized a good deal of development lending up to the present will fail to meet urgent requirements for foreign exchange in certain sectors of the transitional economy which may be vitally important both economically and politically. Project lending is well adapted to financing investment in social overhead capital such as transport, communications, power, and large irrigation works. It is now reasonably well recognized that the appropriate criterion for estimating the productivity of investments of this kind is not their self-liquidating character but is rather the increases in gross product of the recipient country which they may make possible. Project lending is also appropriate to supply the capital for larger scale industrial enterprises some of which will be included in the programs of most countries at the takeoff stage.

Project lending cannot, however, supply all the kinds of capital required. One important form of capital which we now supply but the rationale for which is not always clearly understood is surplus American agricultural production. This is especially important in permitting an overpopulated country like India to utilize fully its own manpower resources, since in the absence of food and fiber imports wage payments to the unemployed for work on projects of capital formation would tend to cause local demands for food and clothing which would be inflationary. We should work out careful schemes for offering inflation insurance to underdeveloped countries as an

incentive for them to utilize their own manpower and other resources more fully. In some circumstances capital assistance in the form of agricultural surpluses can sensibly represent a substantial fraction of our total assistance. It should be used more explicitly than in the past as a specific incentive to increase employment in the recipient country.

Another important requirement which will not in general be met by project financing is the provision of sufficient foreign exchange to permit the expansion of investment in the small-scale private sector of trade and business. This sector tends to be slow in emerging in the early stages of the transition, primarily because appropriate motivations and skills are lacking. The Indian experience has shown, however, that a country approaching takeoff may well exhibit quite an extraordinary flowering of initiative in the development of large numbers of small enterprises. The importance of this phenomenon is far greater than would be suggested either by the total amounts of capital involved or by the total contribution to output of these enterprises. Substantial employment opportunities are likely to be created, especially among those groups in the population most in need of constructive outlets for newly aroused aspirations. Moreover, a large middle class of small-scale entrepreneurs engaged in commercial and industrial activities which they find rewarding and satisfying can do a great deal both to promote modernization and to inhibit the growth of extremist movements.

Care must be taken to see that enough foreign exchange is available to meet the needs of this group. These needs seldom, if ever, take the form of substantial projects which can appropriately be submitted to foreign or international agencies. They usually consist of large numbers of very small requirements for an individual machine, a critical part, a minor imported raw material, or a small amount of foreign technical help. Such requirements can sometimes be met by supplying foreign exchange to development banks or other financial institutions in the recipient country which can then make it available to qualified entrepreneurs locally.

From the discussion in chapter VIII of the relations between the public and private sector it should be apparent that we advocate great flexibility in the supply of foreign governmental capital to both sectors. Whether particular kinds of activity should be carried on by public or private enterprises in the underdeveloped country is a question which should be determined pragmatically, rather than ideologically, by the country concerned. Our own capital assistance should be available to both.

Lastly, there may be special capital assistance requirements associated with programs of land reform; these are discussed at a later point.

5. *National development programing should be encouraged.*—Development programing need have little relation to the degree of direct governmental ownership and operation in the society. In chapter VIII we made clear our reasons for believing that national coordination of the economy is necessary. Earlier chapters emphasized that one of the great problems of the newer states is to establish among the various groups of their peoples effective loyalty to the nation focused on constructive rather than destructive goals. These nations must develop an appropriate balance between the necessary decen-

tralization of decisionmaking, power, and initiative which modernization requires and the sense of common commitment to national goals which will prevent sectional or parochial interests from destroying orderly procedures of government. National programing can be an exceedingly valuable political device for bringing home to each segment of the population the relation between its own special goals and achievements and those of the larger community to which it belongs. For these political and sociological as well as economic reasons the United States should encourage the preparation of multi-year development programs as a basis for capital assistance applications.

6. *Development efforts should be related to the international economy.*—It is becoming increasingly true that the long-term viability of the economies of the newer nations depends on their finding ways of fitting their own productive resources and potential into the international economy. While their main focus of attention, especially in the earlier stages, must be on the development of their domestic institutions and market structure, they must eventually meet their growing import requirements less and less through continuing governmental capital assistance and more and more through their own export potential and their ability to attract capital inflow through normal channels.

There are four ways in which we can use our influence to these ends. The first is to demonstrate convincingly our own willingness to expose ourselves to the risks and opportunities of relatively free international trade. Measures such as the tied loan policy of the Development Loan Fund do serious damage by the example they set. Second, we must renew our efforts to palliate some of the more serious consequences of wide fluctuations in the prices of international raw materials on which many of the underdeveloped countries are dependent for their export earnings. Third, we should encourage increased consultation and cooperation among the countries of each region in their own investment programs. Particularly among groups of smaller countries great economies can be secured through the explicit tailoring of development programs to complement one another. Fourth, we can provide more effective technical assistance to underdeveloped countries in helping them to appraise the potential of the key sectors of their economies.

3. *Assistance to land reform*

The critical role which changes in the organization of agriculture are likely to play in the modernization of the politics, psychology, sociology, and economics of the transitional societies has implications for American economic assistance policy.

The path to modernization of agriculture through land reform is often blocked by the reluctance of large landowners to see steps taken which might alter their privileged status. At the same time, the peasants often exert strong pressure to acquire ownership of the land. The resulting conflicts are complicated by the fact that land reform schemes taken by themselves are unlikely to increase agricultural productivity. They may even result for a time in a decline in productivity as the number of small relatively inefficient holdings increases, and in a decline in food deliveries to urban areas as the new landowning peasantry raises its food consumption.

It is evident that the American influence on the outcome of these deep-seated problems can be only marginal. Nevertheless, American policy can attempt to ease the resolution of the conflict between the large landowner and the peasant, to encourage land reform where a strong peasant demand for it exists, and to link land reform when it is undertaken to other measures designed to increase agricultural productivity.

Four specific prescriptions are possible. First, where a government is prepared to take the leadership in land reform, American policy should strongly back that effort not merely with normal diplomatic support but also by helping to mount programs of technical and capital assistance to the peasants which will link land reform to substantial increases in agricultural productivity. Second, American food surpluses should be used to cushion any temporary decline in food deliveries to the cities which might result from land reform. Third, the United States should use whatever influence it has with the large landowning groups to interest them in the modernization process. Historically, the social conflicts inherent in modernization have been reduced when the large landowners have begun to raise the productivity of their own land or when they have shifted their interests to commerce and industry. Fourth, if governments wish to buy out the large landowning interests as part of a land reform scheme, the United States should seriously consider the possibility of providing financial assistance for the purpose.

4. The international organization of aid

It is often noted that the increasing number of aid instrumentalities in an increasing number of donor countries is posing serious problems of coordination. Each borrowing country must deal with a bewildering complex of national and international agencies offering different kinds of assistance under different terms. To coordinate the efforts of all these potential sources of assistance so that they can fit in most constructively with the development plans of each nation is a difficult but nevertheless urgent task.

In approaching the issue of coordination, discussions of international, economic, and technical assistance frequently focus around the possibility of channeling aid through a single international organization. It is our view that to lump the existing agencies together, creating a single international pool of capital, would be neither a feasible nor a desirable solution.

In the first place, we doubt that the U.S. Congress and the parliamentary bodies of the other lending countries would grant sufficient resources to such a pool to make a serious dent on the development problem. It is true that legislative bodies might be encouraged to increase their contributions for international economic assistance when they observed other nations making substantial contributions. Such a possible benefit could also result from looser forms of international coordination where each nation pledged a certain amount but retained control over the allocation of its own resources. The essential drawback is that legislative bodies are likely to resist voting large amounts of tax money to an international aid organization over which they could subsequently exercise little influence. They are likely to insist upon retaining sufficient control so as to be satisfied that the money is being efficiently administered and that reasonable criteria for its use are being maintained.

Second, it cannot be assumed that each donor country has identical objectives in supplying economic aid or that its contributions are qualitatively identical to those of other countries. Each country may have a variety of special interests which it hopes to further, depending on its geographical or strategic position, its historical ties with one or another of the newly independent countries, and its assessment of the relative potential for development of different countries. Different resource endowments or trade patterns may also make donor countries able to contribute more effectively to the development of certain countries. The aid allocations of Japan will be different from those of Canada, those of France from those of Great Britain. A delicate adjustment must be reached between the interests and potentialities of each supplier and those of each recipient.

A third consideration is the persistent tendency to create new international institutions without abolishing the old national ones. Since it is doubtful that countries will be willing to put their development activities entirely into the hands of an international agency, existing national institutions will not readily be abandoned, and the net result of creating a single international aid agency might be further confusion rather than simplification of aid channels.

The task of simplification is two-sided. The lending countries must be able to get a more accurate picture of the overall needs of the underdeveloped countries so as to arrive at some reasonable allocation of the burden among them. The borrowing countries must in turn have a more efficient means of discovering the nature and amount of the resources available to them from various sources. We would hold that what is lacking is not a single unified organization to administer all economic assistance but appropriate machinery for coordinating the various national and international agencies now operating. There are several distinct aspects of the problem which we shall briefly consider.

Most important is coordination within each national unit. Economic development is basically a job each nation must do for itself. No amount of international machinery can substitute for well-developed programs at the national level and for the weaving into these programs of all the various types of external assistance available on a reasonable basis. In the end, whatever the superstructure of international institutions, these require the method of the consortium, in which the men responsible locally sit down with responsible men from other countries and work out a program for action. The task of the consortium is to bring to bear on a national development program all the instruments available to each donor nation: food and fiber surpluses, hard loans, soft loans, technical assistance, and private capital.

The second level of coordination is regional. The possibilities for this kind of cooperation vary radically with each area. In the Middle East, for example, a number of possible joint investment projects can be conceived, perhaps utilizing oil revenues contributed on a regional basis. In Latin America possibilities exist for trade and currency agreements and for cooperative arrangements between public and private capital. In the Colombo plan, investment-trade arrangements like the Indian-Japanese pig iron deal can be made. In Africa many possibilities exist for cooperation among newly independent states and their former European metropolises. The important

thing is that if regional arrangements are to be strengthened they must be strengthened by developing a lively sense of the limited concrete issues which can be sensibly discussed in regional terms. Regional institutions have a role to play, but they are a substitute neither for national nor for international agencies.

The third kind of coordination required is among those furnishing capital and technical assistance. A revised version of the Organization for European Economic Cooperation with the addition of the United States, Canada, and perhaps Japan might well serve this purpose, since it offers the opportunity to heighten European awareness of the need and possibility of building a new structure of association with underdeveloped areas on a basis other than colonialism and of avoiding an excessive concentration of European capital in residual colonial areas. When an effective free world organization of suppliers has been established—but not before—a standing invitation to participate should be issued to each of the Soviet bloc countries.

Whatever the locus and membership of the lenders' group, its agenda should include: the examination of fair shares in international lending; appropriate criteria for lending; the apportionment of technical assistance in ways to maximize the special advantages of each potential donor; the interweaving of public and private capital; the long-term funding of short-term debts; the coordinate use of food and fiber surpluses; and preliminary arrangements for ad hoc consortia.

Fourth, there is a need to provide a forum in which donors and borrowers can get together periodically, exchange complaints, survey results, and make commitments to be worked out in detail at another time. The lender group might take the initiative for such gatherings.

Thus American policy should be prepared to move in four directions toward coordinating loans and technical assistance: toward an enlargement of the OEEC as a special forum for lenders; toward the creation of an overall forum for lenders and borrowers; toward expansion of regional programs based on concrete possibilities for regional cooperation; toward enlarged use of the consortium technique as a method for bringing to bear all that the international community can effectively provide on the development of each country.

CHAPTER XII

THE FOCUS OF POLICY AT DIFFERENT STAGES OF THE TRANSITION

We can summarize the foregoing discussion of U.S. policy toward the underdeveloped countries by relating policy priorities to the three categories of countries defined at the end of Chapter IX. In doing so, we remind the reader that these categories are to some extent arbitrary and do some violation to the richness of variation among the countries we shall be dealing with.

A. PROGRAMS FOR CATEGORY A NATIONS

It will be recalled that category A nations are those in the early stage of the transitional process where political cohesion is likely to be weak and where the fundamental capital—both human and institutional—required for the modernization process is lacking. This category includes most of Africa south of the Sahara and north of the Union as well as some of the more backward portions of the Middle East and Latin America. The main tasks of American policy in this category may be summarized as follows:

1. Effective communication of our genuine concern with the modernization of these societies. Our diplomacy, our information programs, and our economic assistance efforts should all be designed with a view to conveying the right image of our purposes. Since the current leadership is likely to be uncertain and transitory, we should project our goals to as many different segments of the emerging elite as possible, and especially to the younger groups from whom the leadership will later be drawn. Impressions created at this stage will have a powerful influence on the degree to which we can be helpful at later stages when there will be opportunities for more substantial assistance programs.

2. A key element in technical assistance at this stage is help to the local governments in surveying systematically their priority tasks and the resources available for performing them. Surveys and projections of manpower, education, health, agricultural conditions, and resource availabilities can be designed to serve a double purpose: to provide essential information to the new governments, and to put us in touch with a large number of elements of the indigenous society. Such surveys and studies should place major emphasis on training people and establishing local procedures to enable the recipient countries to continue national survey functions regularly on their own initiative. This is the time to help in the establishment of a wide variety of data collecting and statistical reporting procedures which will be crucial to more ambitious development efforts later.

3. At this stage highest priority should go to the buildup of human resources. At one level, one of the first and most widespread of the new aspirations in the rural areas of the new nations is a desire for

basic literacy. At another level, many of the newly independent areas of Africa, for instance, have a critical lack of men trained in modern skills, men capable of assuming responsibility for the administration of political processes and for the development of the economy. Thus primary education, teacher training, and vocational institutes comprise one set of urgent needs, and at the same time there must be emphasis on technical and administrative training for the elite groups who must guide the modernization process. For instance, the development of a core of men who can guide the subsequent transformation of agriculture is critical.

Our influence should be exerted not only in the establishment and initial guidance of the required training activities but also to keep educational opportunities open to individuals representative of as many groups in the transitional society as possible. The new African nations, especially, have emerged from a colonial background which largely isolated them from the rest of the world. A few political leaders have risen to the top and become familiar on the world scene, but we know little about the leadership group as a whole and virtually nothing about the younger men who will gradually rise in authority. In working with these young nations at this early stage of their evolution, we should make explicit efforts to keep in touch with groups and individuals whose training and outlook will affect the future course of events.

4. Of parallel importance with individual training is the help we can give in building the new institutions necessary for modernization. As emphasized earlier, this means not only offering assistance in the organization of schools, technical institutes, financial institutions, agricultural extension services, and civil service and business training schools, but also indoctrinating each technical expert we send to these regions in the importance of generating institutional machinery to make the transfer of knowledge and skills effective. The political and social, as well as the economic characteristics of the societies which emerge from transition, and their capacities to operate and maintain the democratic process will depend in no small degree on the institutions for which the groundwork is laid in the early stages.

5. While at this stage economic aid will of necessity generally take the form of technical assistance, especially in education and agriculture, there will be some valid needs for more expensive capital outlays, especially for items that take many years to produce. From the beginning there will be capital requirements for basic transport, communication, some power, and, in dry areas, large irrigation projects. Apart from such essential utility facilities, major industrial projects should not be undertaken until human resources have been built up to the point where a substantial fraction of the management and most of the skilled and unskilled labor force can be supplied from the indigenous population. It is the degree to which this requirement is met which determines the absorptive capacity of the underdeveloped countries for large capital imports. Where there are unusual opportunities to exploit a natural resource to supply a world market, it may be justifiable to import a substantial proportion of the managerial and operating personnel from abroad. But if the opportunity is attractive enough to justify this, it will probably attract the necessary capital from private sources.

The governments of category A nations should not be expected to carry out comprehensive and effective programing. They should be encouraged to initiate efforts and to acquire experience and competence in national planning; but at this stage their needs for individual technical assistance and social overhead projects will in general be sufficiently obvious so that detailed programing need not be a condition for aid. Moreover, since the things urgently required at this stage will generally be required whatever the future pattern of modernization, most of them can be justified on their individual merits whether or not they are parts of an integrated plan.

Lastly, a word on military policy, especially as it applies to Africa. The situation in Africa presents an opportunity to the Africans and to the rest of the world which was historically denied in other regions; namely, that they can go through the modernization process without developing large military establishments. This possibility arises because these nations are emerging to independence at roughly equivalent levels of technological development and without significant differences in military skill.

Although, as indicated in chapter VII, military men and establishments have often played a constructive role in the modernization process, there can be little doubt that both these African societies and the world at large are likely to benefit if the scarce energies, skills, and resources which in other transitional societies have been drained off to the military are in Africa channeled into the private economy and the civil service. This is an issue, of course, which does not lie wholly in the hands of the United States; but American influence should be used to discourage the large-scale militarization of Africa. Serious thought should be given to a U.S. initiative for an international convention, possibly under United Nations auspices, guaranteeing African states against external aggression and prohibiting arms deliveries to the sub-Sahara region except for those necessary to maintain internal order.

B. PROGRAMS FOR CATEGORY B NATIONS

These are the countries in Asia, the Middle East, and Latin America where the process of establishing many of the preconditions for growth is well under way but where the relationship between individual effort and national development goals has not been sufficiently clarified to provide the motive force for takeoff. Thus the major bottlenecks to progress are a lack of unified purpose among those in power and a failure on their part to understand what is required to mobilize local resources, human and material, to achieve the goals of modernization already symbolically accepted. Here the crucial task of American policy is to help the existing leadership groups reach consensus on their nation's objectives and assist them in integrating their efforts and the interests and energies of the diverse rural and urban elements in their societies on the constructive tasks of modernization.

In these areas appropriate American programs would continue to include all the separate elements listed for category A nations. The buildup of human, institutional, and physical capital and the extension of new techniques in agriculture and processing remain extremely important throughout the early phases of modernization. But nations like Iran, Iraq, Pakistan, Burma, and Indonesia are capable of a more ambitious thrust toward modernization if their leadership

could agree that modernization is their central task, and could understand that it requires enlisting the energies and coordinating the initiatives of farmers, traders, businessmen, bankers, professionals, intellectuals, publicists, and politicians. The role that the United States can play in helping to crystallize this consensus is necessarily limited and marginal, but if we are clear what we are trying to do, we can utilize our diplomatic posture, our technical assistance, our criteria for supplying capital, our policies with respect to land reform, and our military assistance in ways which will encourage the necessary attitudes.

In our formal diplomatic relations with the governments of countries at this stage the United States should consistently emphasize the view that whatever their short-term problems in maintaining their unity and independence, their long-run viability as independent societies will depend substantially on what they do to meet the aspiration of their citizens for economic progress and modernization. In the past, the American diplomatic approach has sometimes focused the attention of these governments excessively on problems of the cold war and on the believed urgency of the threat of aggression. Where such threats are judged serious, measures must of course be taken to deal with them. However, it is our view that American diplomacy in its widest sense could do more than it has done directly to influence the leaders in these areas to elevate the priority of modernization.

In our technical assistance to these countries we should place special emphasis on inducing the central governments in their relations with state and provincial governments, with rural communities, with small business groups, with schools, etc., increasingly to assume the role of adviser and guide which at an earlier stage foreign experts assumed in dealing with the central governments. We should encourage the central governments to develop their own technical assistance to communities in terms of national objectives in all fields, making certain that no important segment of the economy is neglected. And we should be underlining the interrelations between technical progress in various fields, showing how agricultural training can be introduced into education, how health affects labor productivity, how small business can benefit the rural farm community, and, above all, how progress in each field relates to national progress.

These nations will more readily accept our criteria for supplying capital if American and free world aid is available on a long-term basis and granted increasingly on economic criteria rather than criteria of military support and short-term emergency needs. Politicians in these nations are often caught up in a fundamental problem of how they should articulate the goals of the strong nationalism which is usually their popular political base. We have already noted that they are much more likely to commit their political fortunes to the goal of modernization if they are assured that adequate foreign aid is available on a reliable long-term basis but not on short-run political grounds. Politicians in underdeveloped areas are not immune from the normal tendency to postpone facing difficult problems if escape from them is offered in the short run. As also developed earlier in our analysis, we should design our loan criteria with more attention to their incentive effects. As countries approach takeoff, we should insist on being shown how particular projects for which they seek capital funds fit into an overall scheme for promoting national growth. To countries which

have no such scheme we should offer assistance in developing one and we should delay furnishing major capital funds until this has been done, making it clear that the resources will still be available when the necessary conditions have been met.

It is clear from our analysis that land reform is likely to be a pressing issue in many of the category B countries, especially in the Middle East and Latin America. We can use the instruments suggested in the previous chapter not only to promote land reform but also to underline its technical relation to the economic growth and modernization of the society. Land reform as an isolated policy is likely to be politically disruptive. As part of a larger development effort it may gain acceptance even from some of the landed interests.

Many of the nations in this category contain substantial military establishments, some of which are directly supported by American funds and guided by American military missions. It is essential that American military assistance policy exert the full measure of available influence to encourage these establishments, to the extent technically possible, to undertake constructive development tasks. Some specific possible courses of American action in this field were outlined in chapter XI.

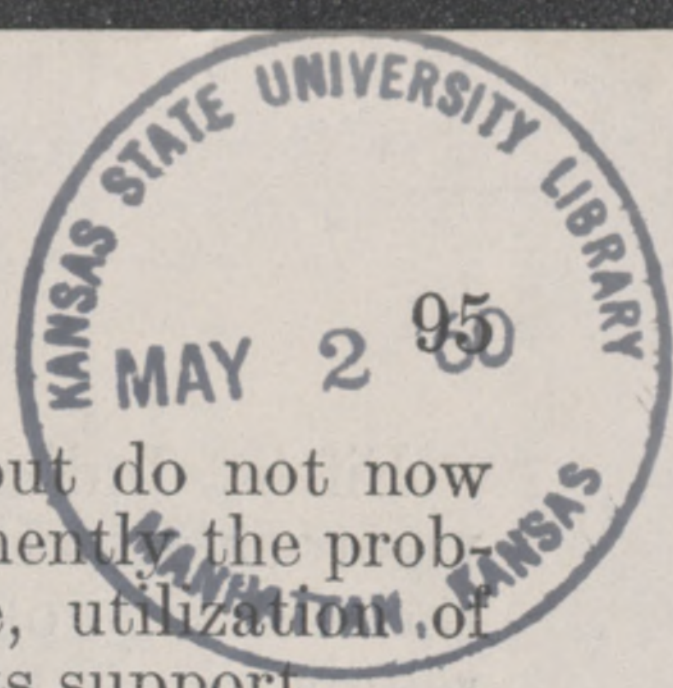
In addition to making it as attractive as possible for the leadership of nations in this category to concentrate on modernization as the principal national goal, it is proper that American diplomatic and military policy make unattractive the more disruptive expressions of nationalism. It should be made clear to these nations that they will face determined American opposition if they choose to focus their nationalism on aggressive external adventure. It must also be made clear to them that, within the free world, the United States cannot be deterred from imposing constraints on aggression by threats of Soviet or Chinese Communist intervention. The threatening posture of Moscow during the Lebanon-Jordan crisis of 1958 must never be permitted to become persuasive.

While no one of the above measures taken by itself can be expected to make a major contribution to the problems of category B countries, the cumulative effect of all of them pursued consistently over time may notably hasten the time when takeoff is possible.

C. PROGRAMS FOR CATEGORY C NATIONS

The nations in category C have achieved many of the technical preconditions for takeoff and have made considerable progress toward developing a capacity to deal realistically and simultaneously with all the major sectors of their economies. The agenda for American action is to some extent cumulative; that is, many of the policies suggested for nations in categories A and B remain relevant. But the basic American and free world task is to assure that foreign exchange is not a bottleneck during the takeoff period.

To assure takeoff will require more elaborate, longer term planning than has been called for up to this point, and this planning in turn will have to count on at least tentative commitments of foreign capital assistance over time spans of several years. The recipient countries will have to employ and combine capital imports drawn from a number of sources skillfully enough to permit domestic investment programming to go forward. The means for coordinating capital flows with



national needs and planning are urgently required but do not now exist. The category C countries also raise most pertinently the problems of effecting a balance between project finance, utilization of agricultural surpluses, and general balance of payments support.

A number of countries appear now to fall in this category, including India, Brazil, the Philippines, and Taiwan. Since India not only is the largest nation of the free world, containing some 40 percent of the total population in the underdeveloped areas, but is also the outstanding example of a non-Communist state engaged in the takeoff process, it is appropriate to take a more detailed look at what India needs. Five lines of action must be pursued.

First, aid must be organized within the free world on a scale such that the supply of foreign exchange is not a bottleneck in the takeoff process. Over the period of the third 5-year plan, this will mean that something in excess of \$1 billion a year in loans or grants must be made available to India from the whole of the free world. Consultation and agreement among the capital supplying nations and international institutions as to how this need can be met is urgently required.

Second, American food and fiber surpluses should be used on a large scale both to cover the possibility of bad harvests and to give the Indian Government confidence to increase employment and domestic purchasing power without excessive worry about the inflationary consequences of such a program. In societies as poor as India, the danger of inflation lies in food and textile prices. The existence of large American surpluses gives us an opportunity, by assuring the adequacy and the continuity of food and fiber supplies, to enable India to mount a more ambitious development program than would otherwise be possible.

Third, the United States should use all its influence to encourage the Indians to mount an accelerated program designed to diffuse high-productivity agricultural techniques among the peasantry. Although the industrial and foreign trade aspects of the Indian third 5-year plan face certain acute problems, the success or failure of the Indian modernization effort is likely to hinge on the pace at which new agricultural techniques are accepted in the Indian villages.

Fourth, the free world assistance program to India during its takeoff should be designed to permit the maximum possible expansion of the private enterprise sector. The vigor of Indian private enterprise has been one of the most heartening features of the Asian scene in recent years. Although there is some debate within India as to whether, at the margin, government enterprise has extended too far in certain sectors, the fundamental problem is not an ideological conflict between public and private enterprise but a problem of allocation between the relative claims for foreign exchange of industry (mainly private) and social overhead capital (mainly public). One fundamental reason why it is the American interest to have India receive adequate supplies of foreign exchange is that a successful takeoff, along present institutional and political lines, should see the emergence of an enlarged, vigorous, and well-balanced private enterprise sector. Paradoxically, this will require liberal support from abroad for the public sector, whose projects will supply both crucial inputs for private enterprise and the necessary level of demand to keep the private sector buoyant.

Fifth, Indian small-scale enterprise has exhibited surprisingly vigorous growth in recent years but is in danger of being inhibited by the shortage of foreign exchange. Ways must be found to meet the requirements of individual enterprises which are separately far too small to qualify for project financing but which, taken all together, represent a sizable need.

There is great drama in India's situation. The coming decade may bring a decisive breakthrough into modernization under democratic auspices and in association with the West. Or it could bring critical failure which would damage, perhaps irretrievably, the prestige of democracy in India and foreclose the acceptability of ties with the West. Far more than economic growth is involved, but economic progress has become a decisive factor for the future because the democratic politicians of India have staked their careers and their claims to leadership on a successful economic drive. Given the relatively modest sums involved for both the United States and Western Europe, and the enormous common costs of failure, this is an occasion for boldness and generosity.

APPENDIX

STUDY: FOREIGN POLICY IMPLICATIONS FOR THE UNITED STATES OF ECONOMIC AND SOCIAL CONDITIONS IN LESSER DEVELOPED AND UNCOMMITTED COUNTRIES

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Submission date: January 31, 1960

Purpose.—This study will explore the extent to which economic and social conditions and the aspirations of lesser developed countries affect the political, security, and economic interests of the United States. It will also examine the implications of alternative U.S. policies toward the economic growth and political orientation of the lesser developed countries.

- I. Summary of findings.
- II. Conclusions and recommendations.
- III. Body of the study.

A. Summary of principal factors influencing economic development and political change in the underdeveloped countries.

- 1. Economic factors.
- 2. Political factors.
- 3. Social and psychological factors.

B. The implications for U.S. foreign policy of economic, social, and political conditions in the underdeveloped countries.

1. The objectives of American foreign policy with regard to the underdeveloped countries.

2. The uses and limitations of foreign economic policy.

(a) The potential role at different stages of economic development of such instrumentalities as capital loans and grants, technical assistance, foreign trade, and private investment.

(b) The relationships between economic development and political change in non-Western societies, with particular attention to ways in which economic policies may affect the political as well as the economic evolution of these societies.

(c) The criteria which should determine the allocation of resources in different situations to various types of economic programs.

3. Noneconomic policy instruments available to the United States in furthering its objectives and their relationships to foreign economic policy.

(a) The role of military policy vis-a-vis the underdeveloped countries, with particular attention to the potential economic, social, and political effects of military assistance programs.

- (b) The overall impact of U.S. foreign policy (in its economic, military, diplomatic, informational, and other aspects) upon the attitudes and aspirations of important groups in underdeveloped countries. Ways in which the instruments of U.S. policy may be integrated and their purposes articulated so as to encourage attitudes conducive to economic and political evolution in the joint interest of these countries and the United States.

