

WALT WHITMAN ROSTOW (1916–2003)

0000-0002-3172-1455

Abstract

Rostow's most famous book, *The Stages of Economic Growth*, is subtitled *A Non-Communist Manifesto* – an appropriate motto for both his academic and political works. Among the 'pioneers in development' of the 1950s with his theory of economic 'take-off', Rostow was by far the most influential because he saw his academic work as a political mission and under Presidents Kennedy and Johnson he held high government posts. That gave him direct influence on US policy towards the Third World and also led him to become one of the most controversial political figures of the 1960s.

Rostow was born in New York on 7 October 1916 to a Russian immigrant father. He graduated from high school in New Haven, Connecticut in 1932, aged fifteen, and was awarded a scholarship to study economics and history at Yale. In 1936 the highly gifted Rostow won a Rhodes Scholarship and experienced his first stay in Europe at Oxford from 1936 to 1938. Following his return, he wrote his PhD thesis on 'British Trade Fluctuations, 1868–1896', graduating from Yale in 1940. Having worked briefly as an economics instructor at Columbia University, Rostow was called up for military service when the USA entered the Second World War, serving from 1941 to 1945 in the Office of Strategic Services (the forerunner of the CIA) in London, analysing aerial photographs for the planning of strategic bombing. In 1945/6, he became the Harmsworth Professor of American History at Oxford, but decided to return to political work in 1947. He became Assistant to **Gunnar Myrdal**, head of the UN Economic Commission for Europe, based in Geneva. Yet not even the highly prestigious UN job could hold him for long. He resigned in 1949 and became Visiting Pitt Professor of American History

at Cambridge (England). It was not until 1950, aged only thirty-three, when he was appointed to the chair of economic history at the Massachusetts Institute of Technology (MIT), a position which he held until 1961, that he more or less settled down.

For Rostow, these were the decisive academic years, marked by the founding of the Center of International Studies (CENIS) at MIT in 1951. Its head was Max Millikan, whom he knew from his Yale days. With the Korean War raging, CENIS was to develop strategies against the spread of Communism. The circle of colleagues in Cambridge and Boston, where the MIT and Harvard University are separated only by the Charles River, included such highly acclaimed people as Paul Samuelson, Robert Solow, Paul Rosenstein-Rodan, Everett Hagen, **Charles Kindleberger**, Benjamin Higgins, Wilfred Malenbaum, Lucian Pye, Robert Baldwin, Richard Eckaus and Daniel Lerner. They constituted an illustrious collection of the pioneers in development – economists, sociologists and political scientists, all of whom would deserve inclusion in a Who's Who of development theory. At CENIS, he collaborated in two projects on the Soviet Union and China, which he summed up in 1955 in the essay, 'Marx Was a City Boy, or Why Communism May Fail'. Even more important was *A Proposal* (Rostow and Millikan 1957), which presented the perception that development policy can be a political instrument in the East–West conflict. From 1956 to 1958, Rostow did the groundwork for *The Stages of Economic Growth* (1960), which is based on a series of lectures he gave in Cambridge in late 1958.

The third stage of Rostow's life began in 1960 with his appointment to John F. Kennedy's election campaign team. He took leave of absence from MIT, and after Kennedy's election was named as Deputy Special Assistant to the President for National Security Affairs in January 1961. The following autumn he became Chairman of the Policy Planning Council at the State Department. Together with Paul Schlesinger, John K. Galbraith and his brother Eugene, Rostow formed the Charles River clique, Kennedy's liberal brains trust. During this time,

Rostow wrote many memoranda in which development policy was conceived as a new field of US foreign policy. After Kennedy's assassination in November 1963, Rostow continued to work for Lyndon B. Johnson. In May 1964 he became the US member of the Inter-American Committee on the Alliance for Progress with the rank of ambassador. At the beginning of 1966, Rostow returned to the White House as National Security Adviser, and held this office until January 1969, i.e. at the height of the Vietnam War. Nixon's election as President ended Rostow's political career, which had brought him increasing criticism from the liberal public because he was seen as one of the Administration officials mainly responsible for the escalation of the war. Rostow's old faculty at MIT refused to let him return to his chair, and an attempt to win an appointment at Harvard also failed. But in February 1969, he was appointed to the specially created chair of Jr. Professor Emeritus for Political Economy at the Lyndon B. Johnson School of Public Affairs at the University of Texas, in Austin, where he ended the fourth and now purely academic stage of his life. He dropped out of the public eye and wrote many academic books. He died in Austin on 13 February 2003, aged eighty-six.

Rostow was a convinced liberal with a missionary-like zeal which was expressed equally in his commitment to development and his anti-communism. Economic growth and the modernisation of society, according to the CENIS theory, were to prevent the spread of communism. From his studies of China and the Soviet Union, Rostow was convinced that, because Marxist theory neglected agriculture, it could not master the problem of development. Therefore he argued that force of arms should be used to assert what he believed to be sensible: the stages of economic growth that he had outlined. Thus his work revealed many parallels with that of **Marx**, against whom he fought so bitterly. These related not only to his claim to have formulated a universally historic counter-concept to the Communist Manifesto, but also to his derivation from it of his demand for political action.

However, Rostow is distinguished from Marx by one thing: whereas Marx never possessed

personal political power, only supplying the concepts for his successors, Rostow did have power through direct access to two US Presidents. That applied both to the period of the 'Pioneers in Development' and to the Kennedy years. Rostow succumbed to the hubris of power; he believed he could not only define the world but also change it. What influenced him? Initially, it was surely the liberal minds of his parents and the anti-communism of his Russian immigrant family. In addition, there was the academic influence of Oxford and Cambridge, Keynesianism, the influence of the German Historical School, and finally the context of MIT and Harvard with their unique group of luminaries.

His 'Stages' theory was so influential because of its simplicity. Like Marx, he distinguished five stages through which all countries have to pass. These are: (1) the traditional society; (2) the preconditions for take-off; (3) the take-off; (4) the drive to maturity (self-sustained growth); and (5) the age of high mass consumption. The most important are stages 2–4, because they mark the transition from traditional to modern society (Rostow 1960). Rostow claimed that, in emphasising that economic change was the result of human will, he was not formulating merely a theory of growth but one of societal development in general.

The building blocks in Rostow's theory are the modernisation-promoting use of science and technology, the sharp increase in the savings and investment rates in order to achieve continual growth, the role of the innovative entrepreneur and the concept of key sectors. This is a crude synopsis of elements which can be found among prominent contemporaries: big push (Rosenstein-Rodan), spurt (**Gerschenkron**), linkage concept and key sectors (**Hirschman**), the role of the entrepreneur (Schumpeter), and stages theory (Fourastie).

Whether it constitutes a theory at all rather than merely a taxonomy of economic stages is one of the fundamental criticisms levelled at Rostow. It is also said that, notwithstanding his own claim, he took too little account of social and political factors. However, this objection is wrong if one looks at other works in which he emphasises the decisive role of new societal

forces, whereby nationalist sentiment *vis-à-vis* more advanced countries is recognised as a motivating force for modernisation. Rostow is also criticised for his fixation on the Anglo-Saxon path, which ignores the topdown modernisation implemented in countries such as Germany, Japan, the Soviet Union and actually China. In empirical terms, much does not tally; for instance, no take-off can be verified in France or Austria-Hungary although China seems to be a recent confirmation of the take-off thesis. Even Rostow's description of the USA as a model case is only partly right because, despite its mass consumption, it is not a welfare state. The relative decline of countries such as Britain can certainly not be explained at all, and countries such as Argentina have never emerged from their alleged take-off stage. In that respect, Rostow suffers the fate of many global theorists because there are always many objections in respect of empirical details. Like other representatives of the Historical School, neo-classical authors deny that his work has the character of theory because the theoretical stringency of deductively obtained models can never be achieved in an inductive way.

The highpoint of criticism was reached at the Constance Conference of the International Economic Association in 1960, which Rostow edited in 1963 under the title *The Economics of Take-off into Sustained Growth*. The main critics were Kuznets and Solow. The former found fault with the lack of an empirical basis and the latter questioned whether Rostow's work had the character of theory at all. It was not until 1978, in *The World Economy*, that he provided the empirical proof for his stages theory. He originally intended his *How It All Began* (1975) to be the introduction to that. Basically, his enormous final research programme was nothing other than an attempt to put straight his earlier critics.

The controversy over take-off marked the core of the problem. Only if the existence of take-off could be proved, did it make sense to research the preconditions, and only then was the theory correct that the automatism of self-sustaining growth followed take-off. Also, only then did the normative conclusion make sense that one could orchestrate this connection and

promote it externally. Less noticed but much more important were the political consequences of Rostow's stage theory in reformulating American foreign policy which, against the background of the Korean War, was fixated on the military dimension of the East–West conflict. Rostow believed that the USA should assume the leadership in a new international partnership programme for world economic growth. He aimed to broaden the understanding of Containment and make clear that the East–West conflict also had to be conducted in the countries of Asia, the Middle East, Africa and Latin America because they were in the second stage of the Rostowian model, where the preconditions for take-off are laid. If the preconditions were not in place, the economy would come to crisis. The communists then would have the chance to take over power, as had already happened in China and was in the offing in Vietnam and elsewhere. Therefore the process had to be supported from outside – by means of development assistance. Rostow calculated how much capital would be required to bring the investment rates of the countries involved up to the critical level.

The partners in the assistance programmes would be the new elites in the countries mentioned, whose nationalistic strivings are expressed in the wish for economic and social modernisation. At least in the initial phase, a strong state component would be essential; if necessary, the military could certainly become a suitable partner. This is very much how things were actually handled from the 1960s onwards, with support given to every autocratic regime provided that it was robustly anti-communist and promised development. The Alliance for Progress was to contribute to 'political maturity'.

Previously, Rostow had believed it necessary to convince the US foreign policy elite that development policy was definitely in their national security interest. The Republicans criticised Rostow vehemently for his programme: in fact he had to justify himself to Congress against charges that he was seeking to water down American security policy and placing too much emphasis on a planned economy. Conservative economists such as Peter Bauer and Milton

Friedman even said that they suspected him of socialism because of his budgetary approach. However, Rostow and his fellow combatants were able to assert their views and convince Kennedy. To be sure, they were helped by Khrushchev's political offensive from the Sputnik shock in 1957 to the Cuban missile crisis of 1962, which signalled a substantial growth in Soviet power.

The establishment of development policy at the beginning of the 1960s, the announcement of the first development decade, the founding of the USAID, the Alliance for Progress, the Peace Corps and the OECD's Development Assistance Committee, and the reorientation of the World Bank from post-war reconstruction aid to financing development – all of which meant putting the new foreign policy strategy on an operational basis – reflect Rostow's influence. But a small flaw was overlooked amid the hubris of power: despite all efforts, reality could not be shaped in the manner proposed in the Rostowian stages theory. That again links him with **Marx**. Vietnam, the chosen model, became a trauma. Because the Vietcong prevented the creation of the preconditions for take-off in South Vietnam, the war was driven ahead ever more, due not least to Rostow's advisory position under Johnson. It was not until the change to the Nixon administration that the conservative realist, Henry Kissinger, was able to stop the bustling activity of Rostow, the liberal missionary, by accepting the American defeat in Vietnam.

What is left of Rostow today? In the 1970s, he became a classic figure of controversy – not only because of his role in the Vietnam War, but also because he had dared to provide a counter-concept to Marx. He never mentioned the subjects of dependency, the world market, terms of trade or colonialism. He liked assistance from outside, the World Bank, direct foreign investment, multinationals and military advisors. But for Vietnam, he could have taken his place among the honoured school of the development pioneers, could have returned to the MIT without his reputation having the taint of warmonger and fanatical anti-communist. What have

remained are his concepts: take-off, preconditions of growth, self-sustained growth, the age of mass consumption. From today's viewpoint, against the background of the major disaster of failed and rogue states, we must recognise that his demand for the political preconditions for take-off is more topical than ever. He was one of the decisive theorists able not only to dream up development policy and justify its necessity, but also use his position at the levers of power to ensure its practical introduction. Whether US security policy interests and combating communism were the crucial motive, or whether he knew how to package his developmental engagement cleverly in political terms, as realistic critics ascribe to him, is an open question. Either way, the countless Vietnamese and the counted American victims of the Vietnam War are also part of his appraisal. The title of his last autobiographical book, published posthumously, is *Concept and Controversy: Sixty Years of Taking Ideas to Market*.

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Ulrich Menzel

Ulrich Menzel, born 1947 in Düsseldorf, Germany, until 2015 Chair for International Relations and Comparative Politics at the Technical University of Braunschweig and Managing Director of its Institute of Social Sciences. He has published more than thirty books and numerous articles on the subjects of International Relations, International Political Economy, Peace Studies and Development Theory. Further information about the author can be obtained at www.ulrich-menzel.de