

A Synthetical Study of Economic Development and
Social Change in the Underdeveloped Countries—
An Essay Based on Two Collections of Papers
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- [A] Bert F. Hoselitz and Wilbert E. Moore eds., *Industrialisation and Society: Proceedings of the Chicago Conference on Social Implications of Industrialisation and Technical Change, 15-22 September, 1960*, UNESCO, Mouton, 1963, 437 p.
- [B] UNESCO, *Social Change and Economic Development: Reprinted from the International Social Science Bulletin*, Edited by Jean Meynaud, Leiden, 1963, 210 p.

I. It has become more deeply recognized that, in speeding the economic development of the underdeveloped countries, attention must be paid to those social conditions in these countries which differ from the social conditions obtaining in the advanced countries. It is, however, very difficult to grasp the relation between economic development and social change wholly and exactly, for the social conditions in question cover a very broad range and differ from region to region. The two collections of papers whose titles are printed above aim at overcoming these difficulties and producing a synthesis in this field.

Let us give a short account of the contents of these books. The first comprises 19 papers selected from those presented at the North American Conference in September, 1960, at which the subject of "The Social Implications of Industrialization and Technological Change" was discussed. The second contains 19 papers dealing with the social significance of technological and economic development which were originally published in the *International Social Science Bulletin*. To these J. Meynaud has added a general introductory essay. The two books thus share the characteristic of examining technological and economic change from the social point of view.

We can nevertheless discern differences in intention on the part of the compilers of these two collections. As a special feature of the first of these collections, we may mention the fact that the papers have been set out in a number of sections devoted to different topics, the intention being to give an overall picture of the social conditions under which industrialization is carried out. A second feature of this collection is referred to by B.F. Hoselitz in his introduction when he states that the authors have avoided the dualistic methodology based on the concepts of traditional society and rational society (the "rationalism-tradition dichotomy"), and have employed the concept of "pattern variables" as a means of grasping the reality of underdeveloped

societies as parts of continuing processes.¹ A third feature of this collection is the fact that the authors reject that form of determinism which holds that economic development unilaterally determines the state of society.²

The second collection consists of published papers, each dealing with a particular region, and we cannot expect them to be arranged in a manner similar to those of the other work. However, the intentions of the compilers can be inferred from J. Meynaud's introduction and the three papers which follow it. That is to say, the authors seek to arrive at an understanding of the relation between economic development and social change within a framework constituted by the concepts of "economic behaviour—attitude (motivation)—situation."

"The attitude is the intermediate variable which explains the transition from the latter [a situation] to the former [behaviour]."³ ".....a problem of this kind [economic motivations] cannot be considered apart from the situation....."⁴ ".....cultural behaviour can best be understood if studied in its social framework;....."⁵ For these reasons it is not sufficient merely to regard social change as "the social consequences of technical change," and consideration should rather be given to "technical change as a social consequence."⁶ One of the special features of this collection is that the authors adopt this basic attitude in their attempts to arrive at an understanding of the relation between economic development and social change, and try to determine which elements resist change and which situations are favourable to development.

II. In his conclusion, W.E. Moore puts forward "the utility—and indeed the necessity—of an interdisciplinary approach to the phenomena of economic development" as the most important item in "research strategy."⁷

The present essay has been written as such a piece of strategic research. In it the author proposes to use the material presented in the papers contained in these two books in an attempt to approach a synthesis, employing the conceptual framework described above, "economic behaviour—motivation—situation."

My approach to a synthesis will proceed along the following course.

(1) What sorts of economic *behaviours* must be undertaken in order to produce industrialization? When such economic activities are not pursued in underdeveloped countries, how do the *motivations* of the people of the under-

1 B.F. Hoselitz, "Main Concepts in the Analysis of the Social Implications of Technical Change." (A. p. 16)

2 W.E. Moore, "Industrialization and Social Change." (A. p. 301)

3 J. Meynaud, "Introduction." (B. p. 12)

4 G. Balandier, "Comparative Study of Economic Motivations and Incentives in a Traditional and in a Modern Environment." (B. p. 28)

5 M.J. Herskovits, "Motivation and Culture-Pattern in Technological Change." (B. p. 44)

6 S.H. Frankel, "Some Conceptual Aspects of Technical Change." (B. p. 53)

7 W.E. Moore (A. p. 364)

developed countries differ from those of the people of the advanced countries?

(2) In what ways are the underdeveloped countries in a different *situation* from that of the advanced countries?

(3) In what ways do these differences of situation exert *influence on the motivations* of the inhabitants?

(4) An attempt to grasp the totality of the economic, political, and social aspects of the underdeveloped countries within the framework of "situation—motivation—behaviour."

1. Patterns of Economic Behaviour—Motivation Required for Industrialization, and the Patterns of that of the Underdeveloped Countries

In order to advance the process of industrialization it is necessary for the various activities of enterprise, management, saving, investment, labour and consumption to be carried out on the basis of modern motivations. Modern enterprise requires the behaviour of entrepreneurs who aim at the rational maximization of profit, and specialized forms of management organization. Certain motives are required in order to stimulate the creative decision-making activity of the entrepreneur. "Chief among these motives was what we termed 'the need for Achievement'—a desire to do well."¹ The introduction and the taking of decisions in connection with them must be carried out on the basis of this motive.

However, in the underdeveloped countries more interest is shown in attaining positions of power than in making a profit, and this conservative tendency impedes the introduction of new forms of technology and new methods of production. Further, not only is there a scarcity of talent for employment in a managerial capacity, but the entrepreneurs do not recognize the existence of an independent value in the specialization of management. As a result, the entrepreneurs do not delegate departmental managerial responsibility but carry out managerial duties themselves, and in this way their attention is distracted from their all-important entrepreneurial activities.²

Saving and investment are indispensable in industrialization, but the attitude to wealth which prevails in the underdeveloped countries differs markedly from that of Western Europe in regard to the question of "how it is made and how it is spent." It is thought that wealth should be acquired by means of agriculture and not by commerce or money-lending, and it is thought that wealth should be consumed in a manner designed to bring about security of livelihood and the raising and maintenance of one's social position. Thus, although a fair amount of saving does occur in the underdeveloped countries, investment for profit-maximization makes little headway, and wealth remains locked up within the family in the form of land, cattle, or jewellery.³

¹ D.C. McClelland, "The Achievement Motive in Economic Growth." (A. pp. 75-76)

² C.N. Vakil & P.R. Brahmanand, "Technical Knowledge and Managerial Capacity as Limiting Factors on Industrial Expansion in Underdeveloped Countries." (B. p. 167)

³ R.D. Lambert, "The Social and Psychological Determinants of Savings and Investments in Developing Societies." (A. pp. 125-128)

Another factor which impedes the development of enterprise in the underdeveloped countries is the fact that native labour will not adopt the behaviour and motivations characteristic of modern wage labour. Wage labour must be employed under a contract, and must operate under the provisions of certain managerial rules. Labour must accommodate itself to a fixed form of activity in order to keep pace with the machinery used in production. Lastly, the modern form of wage labour requires that the main source of income supporting the consumption economy of the worker should be his wages. However, in the underdeveloped regions, in spite of local differences in situation, this type of wage labour is not in full operation. Labour in these regions prefers working in agriculture or in other traditional occupations to working under the discipline enforced in factories and other such places of work, and further, such labour will not habituate itself to long-term contracts. As we see in the case of African absenteeism,¹ persons who are employed as wage earners are in the habit of returning to their native villages from time to time in order to engage in agricultural or miscellaneous work on behalf of their families or clans, or in order to go hunting to obtain food, or for other purposes of a like nature. This is a great obstacle to the management of production along the lines of a modern enterprise. And, the worker's interest in wages is not geared to a healthy consumption economy, but to polygamy, or the necessity of earning money in order to pay a bride-price, or for other reasons of the same kind.² In general the expenditure on consumption goods is limited to the provision of the foodstuffs required by the labour he employs, and very little is spent on the provision of medical services, the encouragement of efficiency, and the provision of educational or cultural facilities. We cannot expect this type of expenditure to develop along the lines of increasing expenditure on consumption goods in order to produce a higher income.³

As we have already stated, it is recognized that the forms of economic activity which are found in the underdeveloped countries are of a much more static nature than those which promoted the industrialization of the advanced countries of Western Europe, but the difference between the advanced and the underdeveloped countries is not merely due to the difference between the forms of economic activity carried on, but is due to great differences in behaviour—motivation patterns. In order to determine the causes of these great differences we must direct our attention to an earlier stage in the process, to the situation which prescribes the motivations of the people

¹ A. Doucy, "The Unsettled Attitude of Negro Workers in the Belgian Congo." (B. pp. 183-186)

G. Balandier, "The Problems of the African Worker in the Gaboon and the Congo." (B. pp. 193-194)

² R. Firth, "Money, Work and Social Change in Indo-Pacific Economic Systems." (B. p. 84)

³ S. Kuznets, "Consumption, Industrialization, and Urbanization." (A. pp. 110-113)

in question.

2. The Situations which Prescribe Economic Behaviour and Motivation in the Underdeveloped Countries

All aspects of the underdeveloped countries are at present in process of transition, but we may consider that the state of these countries formerly under colonial rule has been complicated by the addition of new elements subsequent to their attainment of independence. In these circumstances we may consider it appropriate to pursue our examination of our subject by analyzing these situations.

(i) Situations in Underdeveloped Countries under Colonial Rule

Many of the underdeveloped countries are areas which were long subject to economic, political, and social oppression under the colonial rule of the advanced countries. The concrete situations existing in these areas were diverse in character, but in these areas the right to speak in political matters was hardly ever recognized, and the inhabitants earned their livelihood by a low level of agriculture and artisan-industry, while in the social sphere the traditional way of life was preserved within the framework of the strong sanctions of village communities composed of small groups such as tribes, clans, or families. "In many underdeveloped countries, these particularistic groups still exist, and in some instances they have considerable strength."¹ This fact demonstrates the existence of vestiges of colonial rule.

(ii) Situations in Underdeveloped Countries after Independence

About the time of World War II these areas attained independence one after the other, and were thus liberated from colonial rule. At the same time these areas became subject to the influences of industrialization and the advance of technology, and their societies also changed in some respects. Among these changes, the changes which have taken place in political situations have been particularly marked, and these areas now have their own governments and administrative organizations. Economic progress has taken place in both the internal and external spheres, and the social changes which have come about in response to these developments have produced new situations.

However, the situations which existed under colonial rule have not been directly transformed by these new factors, and old and new situations exist alongside each other, thus producing a condition peculiar to the underdeveloped countries.

(a) The Appearance of Governments and Bureaucratic Apparatuses

In the underdeveloped countries which have attained independence from colonial rule, each country now has its own government and administrative apparatus, the central constituent being the *élite* comprising the traditional ruling stratum of society, the intelligentsia, etc. However, these groups have had hardly any political experience, and organizations capable of assuming leadership in industry on a nation-wide scale have not yet developed, while

¹ B.F. Hoselitz (A. p. 13)

“citizens” in the modern sense of the term hardly exist in these countries. It is therefore extremely difficult to bring Western democracy into being in these countries all at once. In these circumstances, when the new government attempts to reach the goal of developing economy of the country, it adopts a “mobilization system”¹ which leads the masses forward under the control of strong compulsory powers, and when the Government aims at maintaining political stability as their first consideration, it assumes the form of modernizing oligarchy, and presses forward with economic development while maintaining political stability.

These new countries must have powerful bureaucratic organizations if they are to establish their new institutions and carry out their policies in practice among the masses. The bureaucracies of the new countries, unlike those of the colonial period and those operating under democracy in the advanced countries, do not remain in a politically neutral position, but themselves possess ruling power, and they are subjectively responsible for nationalistic movements aiming at the social welfare of the masses.² The appearance of such governments and bureaucratic organizations produces situations peculiar to the underdeveloped countries.

(b) Situations in the Underdeveloped Countries which have been

Influenced by Technological and Economic Development.

Since the Second World War period, technology and industry have been introduced into the underdeveloped countries, and although they have encountered some resistance they are bringing about changes in economic and social situations. Social unrest has occurred because the appearance of capitalistic products has put the artisans out of work,³ the development of a money economy has caused the producers to be dependent on money-lenders to a greater degree,⁴ and wage labour has taken away work from women and non-able-bodied persons.⁵ And, the application of science and medicine has caused a decline in the death-rate in the underdeveloped regions, and has stimulated population increase. But since there has not yet been a decline in the birth-rate, the proportion of the population occupied by persons of unproductive ages has increased. As a result, there has appeared the unprofitable phenomenon that a small increase in wealth threatens to prevent the increase of income per head.⁶

Many people are pushed out of the villages and go to the towns, accelerating the phenomenon of urbanization. Granting that urbanization and

1 D.E. Apter, “System, Process and Politics of Economic Development.” (A. pp. 139-140)

2 S.N. Eisenstadt, “Problems of Emerging Bureaucracies in Developing Areas and New States.” (A. pp. 161-165)

3 B.K. Madan, “The Economics of the Indian Village and Its Implications in Social Structure.” (B. p. 115)

4 K. Motwani, “The Impact of Modern Technology on the Social Structures of South Asia.” (B. p. 101)

5 R. Firth (B. p. 83)

6 N. Keyfitz, “The Impact of Technological Change on Demographic Patterns.” (A. p. 220)

industrialization are phenomena which are independent of each other,¹ we may say that poor village-dwellers moved to the towns in the belief that they would enjoy the benefits of industrialization. War damage, the concentration of refugees in the towns, and the attraction exerted by entertainment and cultural facilities also promoted urbanization.

However, in the underdeveloped countries the process of urbanization has not been accompanied by industrialization, and it has not been found possible to give full employment to the increasing population of the towns. Nor is this all, for the problems of a shortage of housing, unhygienic living conditions, crime, slums, etc., have arisen in succession.

"The problems of rapid urbanization are quite different in the economically advanced and the economically underdeveloped areas of the world respectively. In the economically advanced nations, urbanization is both an antecedent and a consequence of high levels of living." However, "There [in the economically underdeveloped areas]...they [large concentrations of population] represent more the transfer of underemployment and poverty from an overpopulated rural countryside to an urban setting."² For these reasons the concentration of population in the towns gives rise to special situations in the underdeveloped countries.

Finally, let us touch upon the subject of changes in the patterns of the family. We cannot state conclusively that the modernization of the pattern of the family by a transition from the large family to the conjugal family is always brought about by industrialization, but it cannot be denied that the small family is the more convenient pattern from the point of view of extending wage labour.³ It is a general rule throughout the underdeveloped areas that the strong sanctions of the large family are an obstacle in the way of the employment of wage labour, and it is also the case that an extension of wage labour produces tensions within the large family.

As above stated, the present situations in the underdeveloped countries comprise many diverse elements, and there is a lack of harmony among these elements of the situation. For example, industrialization is not getting under way although there is a great concentration of population in the towns, and the restrictions imposed by the large family still exist in large measure although wage labour is being employed on an increased scale and a money economy is developing. Because there is a high degree of unbalance between elements such as these, it is necessary for us to understand wholly the situations which exist in these countries.

3. Situation-Motivation Patterns in the Underdeveloped Countries

The patterns of economic behaviour which exist in the underdeveloped countries differ from those required by the process of industrialization. Further,

¹ W.E. Moore (A. p. 334)

² P.M. Hauser, "The Social, Economic, and Technological Problems of Rapid Urbanization." (A. p. 201)

³ W.J. Goode, "Industrialization and Family Change." (A. pp. 239-247)

as we have already stated, these patterns are derived from motivations which are peculiar to the inhabitants of the underdeveloped countries. How, then, were these distinctive motivations evolved? Let us examine this question from the point of view of the situations existing in the underdeveloped countries which we have been discussing in the above paragraphs.

The value system which forms the basis of motivations differs markedly from that of Western Europe. One of these differences is to be found in the fact that a paramount value is not attached to economic growth as is done in the advanced countries of Western Europe. This is shown in its most extreme form in the values upheld by Gandhi. This value system is not applicable to all cases, but we may note that Gandhi attached a high value to the attainment of "the highest flight of the soul" by means of the "reduction of wants and the simplification of life."¹ Machines are accepted in so far as they are useful in producing human happiness of this kind. Values of this sort form the backbone of the inhabitants of the underdeveloped countries, and they cause them to be more interested in an equal and secure livelihood than in increasing their incomes. Granted that this value system is in line with the ancient philosophical traditions of the East, we cannot but think of it as being the result of a long period of life under the oppression of colonial rule. The people of the underdeveloped countries seek to find meaning in ensuring the survival of the greatest number rather than in maximizing the per capita income, and this was derived from the desire of the inhabitants to live together in their communities during the period of colonial rule.²

The inhabitants of these countries, oppressed both economically and socially under colonial rule, had to be content with their traditional mode of life, and they were obliged to lead an agricultural life at a low level of living within such communal units as the family, the clan, or the tribe, and to make good their poverty in the economic sphere by means of relations of mutual dependence. The attitude which pursues self-interest does not develop in these circumstances. The motivations of the inhabitants are oriented towards the communal social unit.

The mode of life followed in the village community was circumscribed by traditional forms of behaviour peculiar to the family or the area, the pattern of consumption was fixed, and since the ways in which wage incomes could be spent were limited no saving was required except in preparation for marriage. No accumulation of wealth by the saving of currency takes place as a result of traditional activity highly valued in the communal social unit, and in a society in which it is thought obligatory to give help (chiefly financial) to relatives and friends, to own a comfortable home, or to buy land, organize major banquets, or purchase places of honour and thus raise one's social standing, there is no possibility of fostering motivations of the rational profit-maximization type required in industrialization, and it is also difficult

¹ D.P. Mukerji, "Mahatma Gandhi's Views on Machines and Technology." (B. pp. 65-66)

² C. Gini, "Occidental and Oriental Conceptions of Economic Progress." (B. p. 78)

to bring about an increase in interest in wage labour.¹

We have now given some account of how the situations existing in the period of colonial rule prescribed the motivations of the inhabitants of the underdeveloped countries. In addition to these, the new situations created by the attainment of independence from colonial rule and the social changes which have accompanied industrialization have also assumed the role of factors prescribing anew the motivations of the inhabitants of these countries. The bitter experiences of past days, when the people were groaning under colonial rule, have manifested themselves simultaneously with the attainment of independence. As a result, hatred of imperialism, and an emotional attachment to national independence have given an added impetus to nationalist movements. The low intellectual level of the masses in general, their poverty, and their orientation towards the communal social unit, have made them rely on the leadership of the governments and the bureaucratic apparatuses, and this produces an authoritarian tendency which holds that economic activity designed to advance the process of industrialization should be carried forward by the direct action of the Government. This stands in the way of fostering those motivations which would provide the impetus for the non-governmental economic activity needed in industrialization.²

Further, the various social changes which have taken place along with industrialization—urbanization, an increase in population, the transition to the small family, the development of a money economy, etc.—have disturbed the established mode of living of the masses, and have produced on the one hand a group whose social position has been improved, and on the other hand another group which has dropped out of the race. The latter have thrown in their lot with anti-social or anti-government movements,³ and they have retarded economic activity and caused social unrest.

4. A Unified General View of the Above

We have now processed the material contained in the paper published in the two books, describing the present state of the underdeveloped countries within the framework of the concepts of economic behaviour—motivation—situation, and comparing the state of these countries under colonial rule with their state after the attainment of independence. As a result of our treatment of the material, we would give particular emphasis to the following two points.

(i) The Methods to be Employed in Attaining a Unified Understanding of Economic Development and Social Change

We are now more deeply conscious that the question of the economic development of the underdeveloped countries cannot be considered apart

¹ R.D. Lambert (A. p. 127)

² N.J. Smelser, "Mechanisms of Change and Adjustment to Change." (A. p. 38)
D.P. Mukerji (B. p. 69)

D.C. McClelland (A. p. 94)

³ G.I. Blankstein, "Transference of Social and Political Loyalties." (A. pp. 180-190)

from the social conditions prevailing in these countries. Though these social conditions are of an extremely complicated and diverse character, consideration must not be limited to certain special conditions. This may be seen in the instance of the question of the relation between industrialization and urbanization, where urbanization is connected on the one hand with overpopulation in the agricultural villages, and on the other hand with the evils of urban living, and yet again with changes in the form of the family. Therefore, when we consider the social conditions in which industrialization takes place, we must make clear what position is occupied by the particular social condition we are discussing in the society as a whole. If our examination of a specific set of social conditions develops in an independent fashion, we will not be able to grasp the relation between the various constituents of the society. I have attempted to set out the economic, social, political, and other aspects of this question in the following diagram.

SITUATIONS		MOTIVATIONS	ECONOMIC BEHAVIOURS	
Basic Situations	Aspects			
An Impression of the Underdeveloped Countries	The legacy of tradition.	Strong bonds of tribe, clan, and family. Village community. Society centred on low-level agriculture.	Disregard of profit motive. Kept at low standard of living. Community oriented. (Mutual aid). Etc.	Livelihood centred on agriculture and artisan-industry. Traditional behaviour patterns.
	New elements after independence.	Strengthening of powers of governments and bureaucratic apparatuses. The demands of advancing industrialization and their effects. Wage labour. Money economy. Urbanization. Population increase. Social mobility. Unemployment. Etc.	Nationalism. Authoritarianism. Tendency to equality. Differentiation. Etc.	Industrialization under government direction. Suppression of the activities of entrepreneurs.

(ii) The Situation Dilemma in the Underdeveloped Countries and the Roles of Governments and the Bureaucratic Organizations

The underdeveloped countries differ markedly from the countries of Western Europe in their social structure, and even if the Western formulae of economic development were applied to these countries, it may be supposed that these would not produce results. However, we would find the essential difference between the underdeveloped countries and those of Western Europe in the following points. Firstly, since these areas were long subject to colonial rule the accumulation of indigenous capital was prevented, and no independent middle class appeared. Secondly, although the countries in these areas which

have now at last attained independence are in urgent need of industrialization, it is difficult to produce new entrepreneurs to undertake the task, and this has been one reason why industrialization has been entrusted to the governments and their bureaucratic organizations. This, in turn, has operated against the appearance of such a class of new entrepreneurs.

We therefore cannot expect that the gap left by colonial rule will be filled by the efforts of the immature non-governmental bourgeoisie. In the present circumstances, while the education of the inhabitants of these countries in the basic attitudes of democracy is still a thing of the future, we are obliged to take the second-best course and rely entirely on the efforts of the governments and their bureaucratic organizations.¹ These governments, now constituted as central authorities, must advance the processes of differentiation and integration which are necessary for economic development, must remove restrictions which hamper such development, and must devise concrete policies for adjusting unbalances, alleviating conflicts between old and new forces, and reducing the dissatisfaction of opposition elements.²

In order to carry out these important functions, these governments must take urgent steps to secure the services of able, selfless and courageous politicians,³ an elite of leaders who will penetrate into as many social strata as possible and will be capable of fostering the development of new social and political motivations and participation,⁴ and a body of officials who will not serve the interests of one particular individual but will work for the benefit of their society as a whole in a spirit of responsibility and loyalty.⁵

¹ J. Meynaud (B. p. 21)

² N.J. Smelser (A. pp. 46-47)

³ J. Meynaud (B. p. 21)

⁴ S.H. Eisenstadt (A. p. 167)

⁵ B.F. Hoselitz, "The Recruitment of White-Collar Workers in Underdeveloped Countries." (B. p. 178)