

ing patterns of culture. In the meantime the members of these changing societies are subjected to many strains. Old ways of doing things no longer work; that which was familiar and predictable now appears capricious. New ways of doing things are still in experimental stages, and not always satisfying. This is easily seen in societies developing a middle class for the first time. The old social structure supplies no set of values or status symbols, or patterns of relationships for these middle level, socially mobile groups. These groups

are faced with the task of adopting and learning to live with a completely new pattern of social relationships, values, work activities, etc. There is much at stake in this process, for experience shows that economic development rests heavily on this element of the society. Some analysts point out that one of the great advantages which the United States enjoyed in its economic development process was the fact that it was essentially a middle class society from the beginning of its development period.

Some Notes on the Process of Economic Development

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Meaningful analysis of the process of economic development is made easier by differentiating *economic development* from *economic change*. Economic development, can be defined in terms of fundamental structural changes in both the means and the ends of purposeful economic activities in a society. Invariably, it involves changes in a society's incentive-reward mechanism, shifts in the bases and distribution of power in a community, and the emergence of new organizational forms for economic, social and political action. Economic change, on the other hand, can be defined to include superficial change that is largely the result of the passage of time. This limits the term to the constant change of individuals, goods or services, playing a role in a society and economy — changes that take place without a major impact on the basic structure of the society and economy. Economic development invariably involves change; econo-

mic change, however does not necessarily have any direct relationship to development within our definition of the terms.

Economic development is usually defined in terms and values that are external to cultures undergoing development. It is, therefore, essential to recognize that economic development, *per se*, does not necessarily cause increased happiness or an improvement in the general welfare as traditionally measured within a given society. As a matter of fact, both the means and the ends of economic development frequently appear irrational when judged in terms of values associated with many underdeveloped countries. Thus, the large scale manufacture of exercise machines in the Philippines by a labor force which must accept rigorous time and work discipline involves disvalues in the traditional cultural value matrix, despite the "added value" it might represent in a modern

national income accounting sense. Only when cultural values in a larger society shift — as it appears they usually do as a result of a feed back effect — does “development” tend to find appropriate measurement within a developing society.

Despite the irrationality of economic development objectives — in existing cultural value terms — in many traditionalized underdeveloped areas, it can be argued that no viable alternatives for such societies exist. “Development”, it can be argued, is a non-willed alternative to increasing anarchy because socially unwilled changes in population-land resource ratios make it impossible to continue existing structural relationships in the economy, the society, and the polity.

In the Philippines the lack of alternatives to economic development along industrial lines is particularly clear. The incapacity of the Philippines land resource base to support a continuation of a mitotic expansion in traditionalized agriculture is the critical factor involved. In the past one found a continuing reduplication of patterned relationships within a social cell that was kincentric in orientation and kith and kin limited in range. Such cells were the only significant units for inter-social and inter-economic activities, and functioned almost wholly around land, its use and its income flows. However, the rapid and dramatic expansion of the Philippine population necessitates growing organic changes in the nature of the whole society and economy, and a new set of organizational forms cutting across and existing above such land-centered cells have come into existence. In the emerging industrial productive complex, for example, there is need for increasing mobility and mobilizationability of labor and capital factors external to such land-based cells. The base of econ-

omic and social power and status has to shift toward specific roles and functions in a larger social and economic context. Such shifts, plus the increasing importance of the technical expert, are eroding the old basis of social and economic organizational forms and leading to the need for new ones.

The shift away from the kincentric nature of organizational forms of purposeful economic activity is one of the most interesting aspects of the development process. Kincentric organizational forms have been the only important means of providing the necessary area of trust — or at least controllability — in traditional agricultural society. Kincentricism makes a great deal of sense in an economy with a low level of economic specialization, restricted money income flows and limited desire or need for organizational flexibility. However, economic development in the Philippines moves, increasingly, in areas external to the traditional agricultural land resource base. It also requires increasing technical specialization, larger and more flexible means of organizing labor and capital resources, a primary dependence on money income flows and market value indicators. The limited viability of kincentric organizational forms in the economic development process are obvious; increasingly, the *gesellschaft* ordering of economic activities is a concomitant of Philippine economic development.

The Lynch alliance system, which is particularistic in orientation, but recruits from a wider universe than the kindred circle, serves as a transitional stage in moving from the kincentric toward a *gesellschaft* ordering of the economy and society. In this alliance system, Lynch has described the role of kin in his famous remark that “relatives are important — but their importance is rela-

tive";¹ he argues that Filipinos frequently bridge out of the kincentric cell for the purpose of social, political and economic activities and that spatial proximity, religion, political party affiliation, and a number of other criteria offer alliance possibilities that are frequently exploited.

Despite its advantages over organizational forms that are almost exclusively limited to kindred, the extension of the basic cell unit to kith by alliances still does not provide an adequate organizational base for activities and processes required by a developing industrialized society. The alliance system is still heavily dependent on long term face-to-face interaction; and emotional ties remain more important than functional expertise. The alliance system's potential for expansion and for technological absorption, therefore, is severely limited. It is obvious that Filipino business corporations with large scale operations and specialized technology cannot rely on the alliance system to any substantially greater extent than they can rely on a kincentric organizational form if they are to survive the economic competition of the free market place.

Economic development, as we have mentioned, is intertwined with structural changes in the society and with changes in cultural values. Because the process of development is so complex, it is not easily measured — despite the courage (or ignorance) of

economists who minutely quantify incomplete data extracted from the market place and suggest "take offs" on the basis of meaningless analysis of meaningful (but woefully incomplete) data.

One can argue, for example, that rapid "development" can take place in situations where the Gross National Product of the country decreases, but the actual structure of production undergoes change; and conversely that "development" is not necessarily concomitant to situations where the Gross National Product rises rapidly (as a result, for example, of fluctuation in world market prices for domestically produced export goods.)

Perhaps the most significant manifestation of economic development in the Philippines has been the emergence of the Filipino industrial entrepreneur and the large scale Filipino public corporation in the last decade. The importance of this phenomenon with all its implications in the realm of changing values, shifting loci of power and new organization forms for purposeful activity far outweighs any year-to-year shift in national income accounts. Both the ultimate speed and direction of the development process are largely dependent on successes or failures in this realm.

The sociologist rather than the economist, it should be noted, has the most useful analytical tools when it comes to the developmental process; and the Philippine experience is pregnant with possibilities for wide ranging studies in this realm.

¹ Frank Lynch, S.J., "A Philippine Village: Report From the Field," *Anthropology Tomorrow*. Vol. 6, No. 2 (University of Chicago Department of Anthropology, 1958), p. 16.