

## PROBLEMS OF INTERNAL TRANSFORMATION

By P. C. MAHALANOBIS

*Introduction :* The problem of improving the material and cultural conditions of the poorer countries of the world has been engaging serious attention during the post-war period. The desire for political independence is rapidly increasing and will continue to grow in the countries still under colonial rule. Also, more and more countries are becoming and will become politically independent. With the gaining of independence, it is being increasingly realized that political freedom is necessary, but is not enough. In most or all the underdeveloped areas, attention is being given increasingly to economic development, to improve the level of living, by increasing the flow of goods and services and by expanding facilities for cultural amenities. It is also being increasingly appreciated that rapid economic growth can be brought about only by an increasing accumulation of capital to supply modern tools and machinery for new productive activities which would, in time, solve problems of unemployment or under-employment, and would also continually improve the level of living. Such accumulation of capital would call for increasing domestic savings, and the utilization of such savings for productive purposes. The choice of productive activities (i.e. of investments) must also be such as to secure the best possible rate of growth over a time horizon of a generation or more.

2. How to bring this about? This is where the question of social transformation becomes relevant. Some broad general principles may perhaps be stated with confidence.

### The Social Transformation

3. It is necessary to give opportunities for participation in productive activities to the largest number of people, and as soon as possible, to all such people as are capable of undertaking such work, and also to utilize available resources in the most effective way for the benefit of the nation as a whole. To create fullest opportunities for rapid growth, it is necessary to remove all barriers to the effective utilization of productive forces, by the people, for the benefit of all the people of the country.

4. There are many facets to the problem, some of which are general and some peculiar to particular countries. It is not possible to arrange them in any clear order of priority. In fact the heart of the problem is to make changes in all necessary directions at the same time, in a balanced way, so as to bring about the social transformation as quickly as possible.

5. The transformation of the social structure cannot be an entirely internal process. Outside influences have been and will continue to be at work. Colonial rule and economic exploitation of the underdeveloped countries have themselves given rise to reactions promoting the desire for political independence and for improvement in the level of living in the underdeveloped areas.

6. A new factor, of conscious international cooperation in improving the social, political, and economic conditions of the underdeveloped countries, has also emerged during the last ten or fifteen years through a quickening of the world conscience on humanitarian grounds and also in the enlightened self-interest of the more advanced countries. Isolation is no longer possible, physically, psychologically or organizationally. The influence of information, ideas, advice and aid from outside would be an increasingly important factor.

7. A structural transformation of the whole society is, however, indispensable to make conditions fit for rapid economic growth. Without such transformation, any amount of help from outside would be ineffective. The experience of many countries during the post-war period would corroborate this.

8. *The Scientific Revolution* : It is also necessary to develop the outlook of science and the experimental attitude of mind in order to acquire knowledge of natural and social forces and to invent new techniques for initiating material and social changes. This is the only way in which decisions can be made increasingly in a rational manner, in accordance with considerations of objective or scientific validity based on relevant data and correct reasoning, instead of on the sanction of authority based on status and power or customs or conventional or revealed rules and laws. This may be called the scientific revolution.

9. The need of what I have called "the scientific revolution" is fully recognized, but it has not received as much attention as "the social transformation." I have considered some aspects of this problem in a separate note on "The Scientific Base of Economic Development."

10. *Modernization of Society* : The social transformation and the scientific revolution are both necessary. These are but two aspects of modernization which can be distinguished but not separated. The social transformation and the scientific revolution in combination leads to modernization.

11. The task of international cooperation is to promote and help, in every possible way and in a peaceful manner, the modernization of the underdeveloped countries.

12. *Urgency of the Task* : The scientific and industrial revolution took place in West Europe and North America roughly over a period of three or four hundred years. It is not possible to wait for such a long time for the underdeveloped countries to attain a reasonable level of living. The historical process of transformation must proceed five or ten times faster. This has always been the trend of evolution, and can be achieved.

13. *Different Phases of the Transformation* : Some of the newly independent countries are large, some are of medium size, and some are extremely small in area, or in natural resources or in population. They would have widely differing needs. The particular form and contents and components of each step of modernization would depend on the special conditions of each country and the stage of development reached by it, and would therefore, vary from one country to another and also, over a period of time, in the same country.

14. *International Cooperation* : The most significant fact of the present age is the rapidly expanding contacts between different countries of the world. This tendency is bound to become stronger in future, increasing the scope of international affairs in every direction. At the same time, what George Washington had said about "no country being able to go beyond its own self-interest in international affairs," would continue to remain valid. The real need is, therefore, to discover new areas of mutual self-interest, and to expand spheres of common interest on both bi-lateral and multi-lateral basis to the fullest extent.

15. It is also clear that even the most advanced countries still have unlimited scope for both social and scientific progress. For all countries, large or small, advanced or underdeveloped, international cooperation is necessary and beneficial. The smaller and the less-developed a country, the greater however will be the need and importance of such cooperation.

### Problems of Internal Changes

16. There is complete agreement about some of the most important contents or elements or aspects of the social transformation, such as land reform; removal of social, economic and political barriers; mass education and technical training; increasing equality of opportunities; the possibility of a labourer or an initiator securing the fruits of his labour; or the need of medical and health services and social security etc. There is much in common in respect of such components or aspects of social transformation in the case of all underdeveloped countries, with, however, the need of adaptations to suit the special conditions of each individual country. Some of these components or aspects are briefly considered below :

17. *Land Reform* : Historically, land reform has been a most important factor in the economic development of all advanced or rapidly developing countries. Agriculture and industry must advance at the same time. It is, however, generally agreed that an agricultural surplus (or, the surplus from extractives) is essential for industrial development. Changes in land tenure and legislation would, therefore, be one of the requirements of the highest priority in most, if not all, underdeveloped regions.

18. The aim must be to secure the fruits of his labour to the cultivator so that he has the incentive to improve the land and to introduce more advanced technological methods. Tenancy law should protect the tenant against eviction so long as he is using the land efficiently, and to secure to him the right of fair compensation upon termination of the lease for all unexhausted improvements made by him. It is also necessary to eliminate the unproductive consumption of the surplus from land by intermediaries and landlords, who have no productive functions, by abolishing their rights.

19. The question of economy of scale of production may, admittedly, introduce difficulties. The breaking up of large farms may lead to a reduction of the surplus; however, the beneficial effects of greater equality of income and wealth may compensate for the other loss. Also, in countries where there are too many cultivators, often with scattered plots, further breaking up of the holdings may easily have adverse effects on the efficiency of production. In such a situation it may be necessary to promote consolidation of holdings either voluntarily through cooperatives, or by legislation or both. Redistribution of land has limits and is a complicated question. It is wise to recognize that steps taken at one stage may have to be reversed at a later stage. Appropriate measures must be devised to suit the needs of each country at any particular stage of development. The basic aim would always remain the same, namely, to increase the agricultural surplus and to use it for productive purposes, as effectively as possible, in speeding up the growth of the economy as a whole.

20. *Removal of Social, Economic, Legal and Political Barriers* : The underdeveloped countries have the very difficult task of achieving a far faster rate of growth than had been achieved by the most advanced countries during and after the industrial revolution. It is indispensable that every one in the working age-group should be fully utilized to increase

the national product. It is necessary, therefore, to remove all social, economic, legal and political barriers which prevent individuals, or groups and sections of individuals, to become fully productive. Conditions are worst in a country stratified by caste, colour, creed or language and where whole sections of people are sometimes deprived of opportunities by customs, law, or social and political pressures by ruling groups. Removing all such barriers is an essential condition for rapid growth.

21. *Equality of Opportunities and Vertical Mobility* : Removal of social and other barriers, in principle, is necessary but not sufficient. It is essential to help every one to make himself fit for the highest type of productive work of which he is capable. Opportunities for education and training and for productive work must be made as widely available as possible. Great inequalities of wealth and income often lead to denial of opportunities to the poorer people, and, unless removed, give rise to a sense of frustration among the under-privileged and hamper the growth of national solidarity. Sufficiently rapid economic progress would be difficult or impossible in societies in which there is lack of vertical mobility and where small sections try to preserve their privileges based on heredity, customs, or law without any relation to their productive contributions.

22. *Horizontal Mobility* : The social system may also hamper the utilization of resources because customs or caste restrictions prevent labour from moving into new occupations, or labour is tied to the soil, or land may be concentrated in the hands of small sections of the people who are unwilling to divert it for more productive use for reasons of social or political prestige. A small number of producers even in underdeveloped countries may sometimes band together to prevent the free entry of others or the introduction of new techniques. All such restrictions must be removed to increase the horizontal mobility of resources.

23. *Possibility of Securing Fruits of Labour and Enterprise* : The elimination of concentration of social, economic or political privileges in the hands of small sections of the people would promote both vertical and horizontal mobility and make it possible for every one to secure a fair share of the fruits of his labour and enterprise. This is one of the most important consequences of the social transformation and is particularly helpful in promoting rapid economic growth. Appropriate legal and institutional changes must be made to achieve this.

24. *Painful Adjustments* : A characteristic feature of underdevelopment is the segmentation of the country into innumerable regions, castes, tribes, languages, religious communities, occupational and other groups which focus attention on the welfare of small sections of the people without any awareness of the best interests of the country as a whole. It has to be recognized that rapid progress is impossible without painful adjustments and damage to sections of the people whose interests are based on special privileges or old techniques; and that old beliefs, customs, and social institutions have to be discarded and all barriers of caste, customs, creed, colour, language and sectional interests must be ruthlessly eliminated.

25. *National Integration* : The removal of social and economic barriers is an indispensable condition for the emergence of the sense of national solidarity without which national development is impossible. It is not possible to isolate the scientific, or the social, or the industrial aspects of the transformation from one another. Advance must be made at the same time on all fronts. This creates difficulties but also has its advantages. Progress in one direction stimulates and promotes progress in another direction. It is the task of leadership to maintain a proper balance between the different aspects and phases

of the process of modernization in its full sense. The aim continually must be to create a society from which social, economic and political privileges have been completely eliminated. To bring about such a transformation would call for wise leadership with a clear appreciation of aims and objectives, a rational and experimental attitude of mind with confidence in the outlook of science, and willing to pay the price of much painful adjustments.

### Danger of Superficial Imitation of Advanced Countries

26. Because of the sense of urgency for economic growth which is strengthening everywhere, there is a peculiar danger of adopting, in a superficial way or at too early a stage, methods, forms and institutions which are working successfully in the advanced countries. It has to be kept in mind that existing social and political institutions or levels and standards of quality or performance were established in the advanced countries only with the gradual growth of the economy. Such institutions may not be useful at an earlier stage of development and may even hamper progress. For example, in underdeveloped countries, there is sometimes a tendency to adopt too expensive or too sophisticated schemes of education, care of health, public buildings and construction, wages or salaries of government employees or labour legislation.

27. *Education and Training*: Mass education to spread literacy both among children and adults has special urgency; here all possible help should be utilised, for example, by using the services, for a small part of the day or the week, of those who are already literate. Because the numbers involved are very large, the adoption of too high a standard for teacher qualifications, school buildings etc., at the primary level, would make the cost prohibitive. At the secondary stage, more attention would have to be given to the qualifications of teachers and other educational aids; but scales of pay or cost of buildings should still be kept in balance with the general level of living of the students and the parents themselves. At the tertiary level, still higher standards would have to be adopted for staff qualifications and there would be need of more expensive teaching aids; but the expenditure must be kept within the limits of what the country can afford. It is at the stage of advanced studies and research that standards should be really high and comparable with the advanced countries; however, as the number of advanced and research workers would be very small in the beginning, this would not involve any large expenditure.

28. The educational system should be viewed as a pyramid; the lower the stage the wider should be the base (that is, the number of persons engaged) and the lower the scales of expenditure compared to advanced countries, while at the highest stage of advanced studies and research the number would be extremely small but scales of expenditure may approximate to those of advanced countries. Adoption, at too early a stage, of standards and scales of expenditure of advanced countries would necessarily lead to severe restrictions in numbers usually coupled with admission of students on the basis of family income; this may have most undesirable social and psychological consequences. When resources in men, materials and money are inadequate, to increase the number of students in accordance with the pressure on admissions, would necessarily lead to window dressing and a dilution of standards in practice. This can seriously hamper progress; the only remedy is to adopt a system which would be in keeping with basic aims and yet within the means of the country.

29. *Medical Care and Technical Services*: A similar situation can arise even more easily in the field of medical care. Adoption of the high level of university education for

physicians in the advanced countries as the only standard at an early stage would necessarily mean that most of the people will be deprived of medical services in underdeveloped countries for a very long time. A two-tier approach with a junior cadre of medical personnel with, say, three or four years' training together with a much smaller number of physicians with university training would make it possible to spread medical services much wider and much faster. This would be equally true in many other lines of technical work. A two or even a three-tier approach with a higher, a medium, and even a third level of workers who have had a very quick and specialized training, would be not only within the means of the underdeveloped countries but may be even more effective because, in the still backward conditions of the country, the lower level workers would be much nearer to the general population and would be able to work in closer touch with them. This would be particularly true in agricultural extension and other services which would bring the technical workers into contact with large sections of the population.

30. *Government Expenditure* : Government expenditure often tends to become unduly large in underdeveloped countries owing to the adoption of the much higher standards of advanced countries. This leads to high scales of wages and salaries for government employees or costly public buildings; and may give rise to a feeling of separation between government and the people, and hamper national integration.

31. *Labour Legislation* : As production becomes modernized and factories and enterprizes grow in numbers and in size, it would be necessary to develop labour legislation and regulations to ensure that labour secures a fair share of the surplus and also to ensure working conditions being maintained reasonably safe and healthy. Legislation in imitation of the more advanced countries at too early a stage may, however, lead to increasing inefficiency of performance, especially, in countries with surplus labour, and may increase costs of production so much as to have serious adverse effects on exports. The most important thing is to establish a definite link between remuneration and output in the case of all types of work of which the volume and quality can be estimated even roughly. It is necessary to recognise that trade union movements can gain in real strength only on the basis of increasing productivity.

32. *Leadership* : The transfer of modern technology from the advanced countries also calls for much adaptation to suit the needs and local conditions of underdeveloped regions. To profit by the experience of the advanced countries and yet to introduce modern technology and modern social and political institutions in a way suitable to the particular stage of development of the country is a matter of crucial importance in the process of modernisation. Ultimately, success would depend on the growth of a rational outlook and the experimental attitude of mind, first, among the leadership at all levels and then gradually among the general mass of the people.

33. It is extremely important that the advanced countries should help and encourage the process of modernization to the fullest extent and refrain from offering technical or economic aid in any way which would hamper the social and scientific transformation.