

THE AMERICAN ECONOMIC REVIEW

VOLUME XLV

May, 1955

NUMBER 2

REPRINT

The Journal of
THE AMERICAN ECONOMIC ASSOCIATION

THE AMERICAN
ECONOMIC VIEW

URBANIZATION AND INDUSTRIALIZATION
OF THE LABOR FORCE IN A
DEVELOPING ECONOMY

LABOR ATTITUDES TOWARD INDUSTRIALIZATION
IN UNDERDEVELOPED COUNTRIES

By WILBERT E. MOORE
Princeton University

In the literature on economic development a certain notable division between optimists and pessimists is apparent. This division is highly predictive of disciplinary origin. Economists—representatives of the "dismal science"—are customarily optimistic about economic growth and its social consequences. Anthropologists and sociologists are customarily pessimistic about the possibilities of economic growth and particularly about its consequences. Although possibly these fields attract different personality types—the manic and the depressed—it seems more likely that conventional theory and habits of thought explain the differences.

I. *Some Contrasting Theory*

Theory of Motives and Consequences. Traditional economic theory has not been strongly concerned with attitudes and motives. Human attitudes and motives are simply assumed to be appropriate to rational choice of means effective for maximizing satisfactions as economically defined and measured. Human wants are thought to be essentially unlimited and human nature pretty much the same wherever encountered. A monetary market system co-ordinates the factors of production and allocates rewards, and financial incentives are assumed to be effective in allocating labor. The movement of labor between sectors of the economy is regarded as a function of its differential marginal productivity, which is principally determined by relative states of capitalization, technique, and, possibly, enterprise.

Given these assumptions, such hints of pessimism that economists have about economic growth in undeveloped areas could be expected to center on questions of capital, market organization, and entrepreneurial activity, but not on the willingness of potential workers to work. And since the economist has a normal prejudice toward the view that improvements in levels of production and consumption are consistent with universal human aspirations, he is certainly inclined to optimism about the consequences of economic growth.

Anthropological and sociological theory stands in sharp contrast to this set of views. Attitudes and motives are of more central concern as variables, related to differential positions within any social system. The person is viewed as having been socialized in ways appropriate to differential social roles, to hold values appropriate to group activity and its survival, and to behave in ways that are "irrational" and "non-rational" as judged on economic grounds. Wants are thus viewed as limited and relative to social position. The social system is viewed as strongly resistant to change, in part because of secondary and tertiary consequences of changes in a complex functional network. If these considerations are important within societies, they are even more marked between them. To contrast with the economist's "similarity of human nature" assumption, the anthropologist or sociologist offers "cultural relativity." He is likely to emphasize differences in values and aspirations in space and time, and to be extremely reluctant to assume that Western experience can be used as a guide to behavior in Dahomey, Nepal, or even Peru.

Given these assumptions, such hints of optimism that anthropologists or sociologists have about economic growth in undeveloped areas could be expected to center on the adaptability of economic incentives and organization to traditional attitudes and patterns, and especially on the willingness of potential workers to work. And since the anthropologist-sociologist has a normal prejudice toward the view that bread or all purchasable goods and services are not enough to satisfy human values, he is certainly inclined to pessimism about the consequences of economic change.

These contrasts are, of course, moderately unfair to both professional groups. Many economists, and especially those who have studied labor mobility, the operation of labor markets, and worker behavior, have expressed strong misgivings about the assumptions of traditional theory. Many anthropologists and sociologists, and especially those who have studied the actual impact of modern economic forms in undeveloped areas, have noted the stresses and tensions in traditional systems and the considerable success of the new employment alternatives in recruiting labor.

Theory of Organized Co-operation. The literature on economic development has included very little material on another aspect of theory, on which our two professional groups tend to disagree. There are differing views on the nature of business and industrial organization as related to the attitudes or motives of participants.

Traditional economic theory has little to say on this subject, since labor is viewed as allocated by market mechanisms and the relation between employer and employee the same in principle as any other

economic contract. The productive efficiency of the division of labor has received consistent attention, but the problems associated with the authoritative co-ordination of labor implicit in factory organization remain relatively unexplored. Only in Marxist economic theory and, more recently, in attempts to construct alternative theories of the labor movement and management-union relations have variables such as power and group loyalties been considered.

Traditional anthropological and sociological theory also has little to say on business or industrial organization, partly because of a concentration on the structure of society generally, partly because economic organization was thought to be the proper province of economists. Only in Weberian sociological theory and, more recently, in attempts to treat "the factory as a social system" have variables such as the authority of office, communication systems, and "informal organization" been considered.

Despite the recent and still somewhat peripheral attention given industrial organization in the disciplines we have been comparing, some differences between the disciplines can be detected. There is a notable tendency for the economist to emphasize—and exaggerate—individual, competitive aspirations, and an equally notable tendency for the anthropologist or sociologist to emphasize—and exaggerate—group, co-operative aspirations. If the economist's model of behavior tends to be the prize fight, the sociologist's model tends to be the quilting bee.

II. *Some Empirical Evidence*

Faced with such contrasting views of economic behavior and its motivational sources, the analyst may be forgiven some confusion and permitted to seek refuge in the data. Unfortunately, evidence has not been collected or analyzed in ways that permit a clear resolution of theoretical disputes. It is possible, however, to get some leverage on the issues by reference to the reported experience in the recruitment and utilization of labor in undeveloped areas.¹

Apathy and Opposition. A considerable body of evidence runs contrary to the notions that human wants are unlimited, that financial incentives will transfer labor from nonindustrial to industrial pursuits, and thus that the potential worker may be viewed as welcoming release from traditional restraints. Some of this evidence can be interpreted in terms of "rational conduct," but not in terms of economic maximization. The potential worker in undeveloped areas is typically required to give up traditional forms of organization and reciprocal obligations

¹ This section represents a selective summary of a rather extensive discussion, with citations to the literature, in Wilbert E. Moore, *Industrialization and Labor* (Cornell University Press, 1951).

that have combined to afford him security—both material and affective. The kinship system in any nonindustrial society is likely to provide a major barrier to individual mobility, because it is a social security system, because it is the focus of positive values and advantages, and because extended kin obligations are likely to reduce the effective appeal of individual rewards. With an extended kinship system, if the individual faces adversity, his kinsmen are obliged to come to his aid. If he prospers, he is obliged to share his good fortune with great uncles and second cousins once removed. Industrialization breaks up such units, by geographical separation and more importantly by social separation.

The other side of the coin (an inappropriate metaphor in its connotations) is the lack of appreciation of the new status system. This may take the form of a relatively low and highly particular appeal of wages, often commented on with reference to "native" laborers, but also commented on by preclassical writers in economic theory with reference to workers in the early stages of the Industrial Revolution. The principle bears extension, however. New occupations simply do not fit traditional standards of prestige, or are valued negatively because they involve manual labor and merit placement irrespective of age, kinship position, caste, or other forms of "ascribed" status. To the extent that the potential worker operates as an independent producer, the change to wage labor involves some loss of "freedom," even if it offers higher rewards. To the extent that the potential worker operates as the equivalent of a craftsman, the change to factory employment is likely to involve a loss of socially recognized skills, of "workmanship," in the division of labor and its subordination to machine processes.

It would be hard to deny that a considerable part of this apathy and opposition is "reasonable," but equally hard to deny that its explanation lies partly in social standards and values that are badly served by wage incentives and by industrial forms of labor allocation.

The Force of Circumstances. If wages have a limited appeal to non-industrial populations and new employments are negatively valued, it is not surprising that workers are more commonly "pushed" than "pulled" into modern forms of economic activity. Much of the "push" is in fact the largely unintentional consequence of external intervention. The successful attempt to reduce mortality has the effect of deteriorating man-land ratios, thus increasing agricultural underemployment and causing the landless and impoverished rural dweller to seek and accept other means of livelihood. The introduction of cheap manufactured goods may well displace the handicraft worker and make available an additional pool of workers, either directly or through increased dependency on agriculture. Even the trader may be displaced by large-

scale distribution, or simply by more efficient organization of established markets.

The coercion of hunger does not exhaust the available pressures. Direct political coercion also has an extensive record, ranging from forced labor to the indirect coercion of taxation—a system which has been widely used as a device in colonial Africa.

Not all of the sources of pressure on the potential worker are so clearly external in origin. Any society exhibits some degree of tension and strain, some evidence of dissatisfaction. The presence of new alternatives may allow the deviant who seeks to evade the sanctions of the traditional order to escape from unwanted and oppressive controls.

Again it would be hard to deny that the attitudes implicit in these types of behavior are reasonable and again equally hard to deny that they do not correspond to notions of high sensitivity to slight differences in incentives and opportunity.

The Efficacy of Positive Inducements. Not all of the empirical evidence involves such negative attitudes toward industrial labor. Wages do have an appeal, particularly if they can be used for goods and services that form part of traditional patterns of consumption and traditional modes of relationship. The transitional forms are many, and often oddly at variance with Western conceptions of market operation. The African from the native reserve who works long enough in the mines to pay his hut tax is presumably not highly integrated into a market system. He becomes slightly more integrated when he uses wages to buy cattle for use as a bride price, but this still has a distinctly exotic flavor. His behavior fits our standard conceptions better when he proves interested in all sorts of commercialized goods and services, but of course by then he is likely to have little in common with the values of the preindustrial community.

In some places other inducements to work seem to have operated, although not necessarily in the absence of financial incentives or contrary to their economically expected effect. Patriotic motives and other collective goals have formed the basis of appeals to workers in most industrial societies, with what effect it is difficult to say precisely. Certainly it is likely that a sense of voluntary participation in a worthwhile common enterprise offers some source of satisfaction to workers, although the standard forms of productive organization are not well adapted to making the use of such appeals very convincing. Here, it may be noted, is a possible positive role for union-type organization. Certainly the communists have attempted to involve workers in undeveloped areas in the organized building of the new as well as the destroying of the old forms of social allegiance and power.

III. *Toward a Tenable Theory*

The discussion to this point implies the rejection of two extreme theoretical positions, both of which constitute alternatives available in the literature. The one extreme may be attributed to economics, although by no means all economists would subscribe. To traditional economists, labor attitudes are simply unproblematical, as they are adequately subsumed under the assumptions of maximizing want satisfactions. The other extreme may be attributed to anthropology, in the same unrepresentative sense. To the anthropologist labor attitudes are so problematical, because they are so conditioned by variable cultures, that no other general statement about them is possible.

The attempt to formulate here the elements of a low-order theory rests upon the assumption that it is possible to give a general characterization to the undeveloped areas, to specify some of the crucial characteristics of modern economic organization, and to indicate some of the labor attitudes which are significant for transition from one to the other.

The Nature of Undeveloped Areas. Although it is true that cultures differ, and in many ways, it is possible at a higher level of generalization to detect common and essential functions in the organization of society. Every society has provisions and rules for reproduction, socialization of the young, production and allocation of goods and services, adjustment to the nonhuman environment, maintenance of order. It is also possible to detect some common bases in cognitive orientations and values. All societies encourage some material aspirations (although not necessarily expanding and competitive), some rational, technical orientation to the use of the environment (although not necessarily innovative), and some positive value on health and length of life.

There are internal sources of tension and strain in all societies. The model of the perfectly integrated society is a useful analytical fiction for many purposes but ought not to be confused with primitive or agrarian societies. The sources of strain include, at least, uncertainties in socialization from generation to generation, chance innovations, and competing role demands given scarcities of time, treasure, and energy (or affective loyalty).

All undeveloped areas have already been disrupted in some form and degree by the "external" influence of Western patterns. The consequences of this interference may or may not be favorable to continuous economic development, but this will depend in some measure on the strategy adopted in view of the situation, as well as on the probable effects of influences so far.

One negative generalization is also negative in its implications for

labor attitudes toward industrialization. Mobility on the basis of individual performance is generally not markedly present in undeveloped areas and does not generally form a part of the positive value system. Whether for the individual or for the system as a whole, continuity and not change is likely to be the major value.

The Nature of Modern Economic Organization. It is now commonly recognized that modern economic enterprise depends upon a complex institutional structure. For purposes of simplification this may be partially summarized as a monetary-market mechanism for allocation of the factors of production and for achieving distribution of goods and services. For the nonhuman factors of production this involves at least transferable property rights and rational cost accounting. For the human factors of production this involves a wage system for putting into the hands of the specialized worker a medium for commanding the necessary and appropriate goods and services for himself and his dependents.

Although part of the division of labor will be co-ordinated by impersonal market mechanisms, the fixed capital and economies of scale in the productive unit characteristic of industrial organization imply also administrative co-ordination and the development of scales of authority.

If labor is to be rationally allocated and optimally utilized, it appears essential to select on the basis of technical competence, to co-ordinate on the basis of relationships specific to the interdependent tasks, and to tie rewards to types of activities. These rewards need not be exclusively financial and indeed rarely will be. All of the rewards imply a system of social ranking closely related to position in the productive system.

The Nature of the Transition. Whether one looks at undeveloped areas or the most highly industrialized ones, a fundamental theoretical point is evident. That point is the great complexity of human motivation. Men will work for as many reasons as there are values to be served by such activity and will refuse to work where that serves his values. The fact that industrial systems emphasize values that are commanded in a market and incentives that provide monetary claims on a market should not blind us to the diversity of ends or the diversity of means for their satisfaction.

The effectiveness of wage incentives is relative to the availability of goods and services in the market that form part of the effective wants of workers. This is essentially a common-sense static principle. But it is quite limiting, and failure to recognize it accounts for some of the exasperation of observers of "irrational" natives. The worker in an undeveloped area is typically not accustomed to expect, or even to aspire to, any considerable raising of ceilings on his consumption and

social position. And there are many wants typically not satisfiable by market mechanisms. So we have both limited demand and limited supply.

To translate this principle into dynamic terms, the available evidence indicates that we should expect an increase in demand through knowledge, education, and the development of new values, and in supply through the addition of goods newly available because of industrialization and the movement of services into the market.

This view of market-oriented attitudes can be broadened, with considerable benefit to its theoretical importance.

The effectiveness of the appeal of new employment alternatives is relative to the availability of need-satisfying rewards. This principle will still apply if material or even financial well-being is held constant. The potential rewards include prestige and esteem within an acceptable system of social valuation. This also is a common-sense static principle and is also limiting. The traditional system of social valuation will not typically include the new activities, and the latter compete or conflict with the former. Both change and choice tend to be devalued. If some relationship between wages and markets has been established, higher wage levels can be used as a principal lever on conservative traditions, and this has been their historic role. The private employer is unlikely to act "correctly" in this matter, and this may be a major area for governmental policy in economic development.

Over time, we should expect an increase in aspiration and the addition of values associated with status mobility, merit evaluation, and a realistic sense of choice and initiative. We should also expect new systems of social organization and stratification to which these aspirations and values are appropriate.

Economic growth, insofar as it is affected by labor attitudes, is likely to be radically retarded or contained by any one of several vicious circles. There is considerable evidence of a reciprocal relationship between low wages and low productivity, whether the connection works through mere physical energy or through more subtle frustration and apathy. The failure to detect and utilize convertible craft skills, the assumption that initially unskilled local labor is incapable of training, and the adoption of the "color bar" as an extreme and open manifestation of these practices constitute waste in the short run and possible failure of continued development in the long run.

It appears evident that neither the available skills nor the appropriate attitudes can be assumed to be adequate among the potential workers in undeveloped areas. Growth seems to have been most rapid and most probably continuous in the future where considerable resources have been devoted to formal education and where education and in-service

training have been most closely geared to the skill demands of an industrial economy. Now, clearly, education in many colonial areas has encouraged anything but the development of mechanical and technical skills, and the opportunities for use of any such skills have not been made available to natives. That the new native leaders tend to be political agitators rather than economic administrators is scarcely surprising in view of colonial political and economic policies.

The development of positive labor attitudes toward industrialization would probably be enhanced by the fostering of a sense of social participation as well as by the expansion of individual opportunity and the provision of amenities and security at least equivalent to those available in traditional organization. A sense of social participation has been consistently neglected even in advanced industrial societies. We do not know how flexible industrial organization may be made. But if economic development entails a revolutionary change in the organization of society, as it does, there is at least some theoretical reason for supposing that workers as well as managers or government officials might welcome positive participation in partial compensation for their uprooting.

In view of the complex richness of human motivation, the idea that economic and noneconomic incentives are necessarily competitive for a limited supply is untenable. Both may be increased simultaneously and continuously within very high limits.

IV. *A Methodological Note*

The reason for our interest in attitudes toward industrialization is clear and simple: we want to predict behavior relevant to the industrial mode of production. In stable situations the best predictor of behavior is previous behavior, and attitudes become "intervening variables" in the strict sense. That is, attitudes are necessary but inferential phenomena required to explain the mechanism of action to answer the motivational "Why?"

To predict behavior in novel situations we are likely to want to attach greater significance to attitudes as prime variables. Attitudes may be defined as those psychological attributes of the individual which determine his tendencies to act in specified ways in specified situations. Such tendencies to act involve both a cognitive "definition of the situation" and an affective "evaluation of the situation." Any behavior we are likely to be interested in necessarily involves affective or evaluative components—at the very least, ends and criteria of choice.

Since attitudes are not directly observable phenomena, but some such variable is theoretically required, we are faced with some nasty methodological problems. We infer attitudes from behavior, including

verbal behavior but not excluding other behavior. It is not necessarily true that verbal statements of attitudes are more reliable predictors than are previous relevant actions, if known. The reliability of attitude measures in forecasting subsequent behavior is rather low. But since representative samples of action are often difficult to observe, considerations of convenience lead many social scientists to rely on interview data. If the behavior to be predicted is itself novel, such as reactions to new modes of employment, we are likely to want several indexes of attitudes in the hope of increasing our probabilities. Given a population with some relevant knowledge and experience, personal or vicarious, it is possible that attitudes can be uncovered by techniques ranging from direct questions to projective tests. At best, we are relying on the human characteristics of generalization, transfer of learning, and transfer of values as ways of indicating probable reactions to new situations.

Asking direct questions is, of course, not the only recourse, but it is one appropriate partial procedure. The alternatives, which underlie most of the allegations in this paper, include extrapolation from "comparable" situations at other times and places, and "pure" functional analysis for locating types and degrees of vested interests, sources of tension and strain, and opportunistic and disgruntled elements in the preindustrial situation. Any prediction from any available procedure is somewhat hazardous, for experience is still the best teacher of social scientists, as it is of men.

The improvement in the economic position of the people in many underdeveloped countries is dependent upon industrialization. There are scarcely any underdeveloped countries in which there is not a large surplus of unemployed agricultural labor. This surplus farm labor represents a tremendous waste of human resources and the obvious remedy is the transfer of these "redundant" persons into industry. But their removal from the farms may not always be sufficient and may have to be implemented by removal from the villages to urban areas.

We may conclude, therefore, that industrialization and urbanization are effective means for economic advancement. But this process is not one of unmitigated blessing. The social consequences of the growth of industrial urban centers in underdeveloped countries are well summarized by Motwani, when he describes the cities of South Asia as "huge mansuets of coal, smoke, iron and steel, of dirt and squalor, of overcrowding, of coolie-lines, and human warehouses. Long hours, low wages, bad housing, women and child labor, infant mortality, accidents, high rents, poor sanitation, prostitution, gambling, racing, dope dealing,

See for example, Karel Motwani, "The Impact of Modern Technology on the Social Structure of South Asia," *International Journal of Social Science Bulletin*, Winter, 1951.