

THE STRATEGY OF SELECTIVE GROWTH AND THE ROLE OF COMMUNICATIONS

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I. BALANCED AND UNBALANCED STRATEGIES OF DEVELOPMENT

Development strategies currently prescribed by economists may be divided into two groups. One group advocates the growth of all sectors of the economy in some balanced fashion. The predominant view in this group stresses the necessity of all sectors advancing in accordance with the demand of consumers and of businesses. Output of agriculture, manufacturing, transport and communications, trade and services, etc., must keep in balance with the requirements of business and the final demand of households so that bottlenecks will not occur. The early protagonists of this strategy (especially Ragnar Nurkse) thought that a balanced, all-around development could also produce rapid growth in underdeveloped economies because of the vast source of untapped savings in the form of disguised-unemployed workers in agriculture. These are persons who are actually working on the farm (because they cannot find other work) but are not adding to the production of the farm. It is held that these workers could be shifted to capital projects such as construction without any significant increase in consumption since they are already being fed on the farm. These workers could supply the manpower for the various projects needed for all-around, balanced and rapid development.

Recent research on the subject has not turned up conclusive evidence that such large reservoirs of disguised-unemployed workers exist in any country (Schultz, 1964). More and more economists are conceding this search to be hopeless either because such sources do not exist or, if they do, the cost to society of freeing and transferring such workers would be by no means negligible (Nurkse, 1953).

Without these hidden sources of finance, balanced growth cannot be rapid, for the resources normally available to underdeveloped countries—private savings, government revenues, and foreign aid—are too

meagre to adequately develop all economic sectors simultaneously. They would have to be spread so thinly that little can be expected of them. Education, social and community services, political and administrative as well as other services cannot be ignored and must be supplied in some degree and in various forms if both the preconditions and the conditions of economic development are to be satisfied.

In an attempt to solve this dilemma, another set of development strategies was introduced. The distinguishing characteristic of these proposals was the recognition of the need to concentrate resources in one sector or to place priorities on the development of various economic sectors. For convenience, these plans may be grouped and referred to as the strategy of unbalanced growth. Proponents of this view argued, in general, that for rapid growth, resources must be concentrated in the promotion of industrialization, especially heavy industries. Due to the problems of reaching vast numbers of illiterate and tradition-bound peasants, the growth of agriculture is at best a slow process, so if priorities are to be given, industries must be developed first, and among industries, the large-scale modern types, and among the latter, heavy industries. This group felt that as long as countries could sell the products of their industrialization to other countries, bottlenecks and shortages could be avoided by importing the scarce commodities (Hirschman, 1959 and Domar, 1957).

Recent experience in the Communist countries and in India suggests that, though the rapid establishment of these heavy industries is not difficult, it is entirely another matter to operate them efficiently so that part of their output can be exported. And if their production cannot be sold abroad, will there be enough foreign exchange to import the necessary commodities to avoid crippling bottlenecks? Clearly not, especially since the development of heavy industries required large amounts of foreign exchange to import the necessary machinery. Moreover, it was soon found that the establishment of heavy industries was a costly affair, requiring the extensive internal development of transport, power, and other facilities generating external economies whose services could not be imported, and the training of a skilled and professional labour force.

Recent experience in Communist countries (all of which subscribe to the strategy of unbalanced growth) and elsewhere indicates that agricultural development cannot be neglected. Without a rise in agricultural productivity, industrialization cannot take place unless the nation is to import food (and/or receive immigrant workers from abroad). For

food consumed by workers in capital-producing industries is as essential as the coal and iron ore consumed by the blast furnaces insofar as the process of capital formation is concerned.¹

Further, even economists in the Soviet countries are now finding that a one-sided emphasis on heavy industrialization does not permit a proper balance between the production of capital and consumer goods. Without an adequate supply of the latter, which includes agricultural and light-industrial products, incentives to work are blunted and productivity and efficiency lowered.

These developments then bring us right back to the concept of balanced growth. W. B. Reddaway of Cambridge, after reviewing the experience of India, concludes that to a large degree and in a number of forms there must be balance in economic development if very costly bottlenecks are to be avoided, since the power to expand exports (and therefore to earn foreign exchange to import goods in short supply) is limited (Ranis and Fei, 1964). But though we are back to balanced growth, the basic difficulty mentioned earlier is not overcome; that is, when public resources are spread thinly and more or less evenly for balanced growth, it is not likely to produce much growth in underdeveloped countries. For this problem is rooted in another: that in underdeveloped countries where governments must undertake so much, there are scanty resources available to the governments. It is doubtful that these governments (both central and local) in non-totalitarian countries can normally extract more than 12% of the total national income as tax revenues, since so many family incomes are no higher than subsistence level.

II. A STRATEGY OF SELECTIVE GROWTH

To break through this seeming impasse, a strategy of selective growth is needed which can combine the advantages of both balanced and unbalanced growth, i. e., the selection of policies, and methods of focussing and concentrating public expenditures within a framework of balanced development. This attempt is analogous to procedures used

¹ The details of the arguments in this section are discussed in my "A strategy for Asian Development," *Economic Development and Cultural Change*, Vol. 10, No. 3, April, 1962, pp. 295-316. In this paper, I came out for a strategy of "agriculture-first" but I now realize that this was an extreme reaction to the then all-too prevalent "industrialization-first" programmes. Now I believe that whether agriculture or industry should be developed first is a subsidiary problem and that other issues are more pertinent to the determination of strategy.

in stratified sampling in statistics. In order to avoid the prohibitive costs of censuses, the population universe is divided into subgroups or strata. Strata are selected so that there is a balance in the various characteristics of the population and within this framework, items for sampling are selected on a random basis for intensive investigation. Selectivity operates on many levels or strata, selecting between regions, areas, villages, and cities; between sub-branches of major industries, between institutions, enterprises, families and individuals; between short- and long-run periods, etc. Within given budget constraints, the criteria for selection are twofold: to achieve rapid growth in per capita incomes within a sustained period and to ensure that the resulting growth is a balanced one, taking into account the foreign exchange available for importing goods to solve inevitable and unforeseen imbalances. A comprehensive outline specifying all the policies to be selected is, of course, out of the question, and in any case impossible since needs will differ from nation to nation. Perhaps it may be possible to set forth general principles of selection. Such an effort is premature. In the following section, policies involving major expenditures on the part of Asian governments and in which the role of communication appears to be crucial are presented as illustrations.

1. Industrial Development

The principle of selectivity calls for the concentration of industrialization in a few appropriate areas or regions, in order to minimize heavy expenditures on transportation, communication, power, other ancillary facilities and the various expenses of urbanization (police, health, housing, sanitation). It is not adequately recognized that these comprise some of the largest chunks of state expenditures, and are responsible for the greatest increases in government expenditures in the course of development (Fabricant, 1952; Abramovitz and Eliasberg, 1957). Underdeveloped countries cannot afford many industrial centres where most of the facilities yielding external economies must be concentrated. Yet these are the conditions for efficient industrial production, and without efficiency the output of manufacturing will not be marketable abroad. To further minimize costs of industrialization and urbanization, underdeveloped countries in Asia should, at the outset, locate industries in a few already existing centres of industrialization and build these up as efficient locales of production.

In the industrialization of Japan, the area of industrial concentration was the Kantō and Kansai areas, at the outset, Tokyo in the Kantō

area with Yokohama as its port and Ōsaka in the Kansai area with Kōbe as its port. Public funds were concentrated on the build-up of these two areas as efficient centres for manufacturing. Other towns and cities also grew, but their output was mainly intended for domestic consumption. Only now that the Japanese economy has pushed beyond the underdeveloped stage is the government prepared to build industrial centres dispersed through other parts of Japan. In contrast, in countries like India where equalitarian values are strong, the government is under heavy pressure from the various states to establish many centres of industrialization, dispersing transport facilities, power plants, public utilities, etc., throughout India. John P. Lewis suggests that Indian development be based on towns of the size 20,000 to 30,000 in population, since these will be congenial physical setting for synthesizing traditional-rural values with Western-urban values. In the long-term future this may be a good idea, but for the present and some time to come the costs are likely to be prohibitive. It is interesting to note that the Soviet bloc countries vigorously discourage the duplication of industrial centres in the Comecon countries and attempt to promote specialization and inter-country trading.

Within the few centres of industrialization, the industries to be developed should be selected with care, taking into account existing and potential comparative advantages, traditional skills, domestic and external demand, etc., ensuring that these industries will soon be large-scale and efficient enough to find markets abroad. It seems that some degree of efficient industrialization is necessary but, since it is costly, especially in terms of foreign exchange, these industries initiated should begin to earn foreign exchange in the near future, so that the next step in industrialization can be carried out without balance of payments difficulties. For one cannot expect the export of agricultural products to expand continuously to finance the purchase of increasing amounts of imports.

2. Agricultural Development

Not only in financial resources, but also in manpower capabilities, underdeveloped countries are not in a position now, and will not be in the near future, to undertake a comprehensive programme of improving agriculture via construction of dams and other agricultural structures, credit facilities, fertilizer manufacture, improved equipment, agricultural extension, community development, etc. Geographical selection entails that, in each province a few strategically located villages be singled out

as model villages for the introduction of improved methods and techniques. Even within the selected villages, some of the measures to be tried should be available only to farmers who are willing and, in some cases, able to meet the full requirements of the experiments.

The crops selected for improvement should meet the criterion of balance, i. e., food and raw material requirements of the city, foreign-exchange-earning capacity, etc.

3. *Sectors other than Industry or Agriculture*

In the underdeveloped state, trade, finance and various service sectors will have to be neglected as far as government assistance is concerned, with the exception of businesses connected with foreign-exchange-earning activities such as tourism.

4. *Education*

Free compulsory universal education, however desirable, is beyond the reach of most underdeveloped countries in Asia. And we must face this fact. Japan's system of compulsory universal education in the Meiji period (1868-1912) was not free in any sense of the word until the last decade of the Meiji period. The tuition was extremely high and the cost of school construction was borne directly by the peasants, which is why in many areas of Japan they resisted the sending of their children to school during most of the Meiji era. Many who finished their schooling relapsed into illiteracy due to the lack of reading materials in the villages and the inutility of their learned skills in village work and life which continued to be almost entirely traditional in most of the rural areas before the last war.

The only practical alternative to universal public education is for the state to supply free education to one child (or if finances permit, two) in every family. Families can choose to educate the other members of the family by paying a tuition commensurate with the operating costs of education. In order to encourage families to send their most capable child to school, tuition-free scholarships in generous amounts should be provided so that the better students can continue their education beyond the elementary level.

III. THE ROLE OF COMMUNICATIONS IN SELECTIVE GROWTH

Though my knowledge of the communications field is limited, I will nevertheless brashly suggest the ways in which I feel communica-

tions can complement the strategy of selective growth. The superiority of selective growth over balanced or unbalanced growth will depend largely on communications, both mass and person to person.

Since in selective growth only a comparatively small number of regions, villages, families, projects, etc., will be chosen in the government's programmes, the selectees must serve as models, as demonstrators, or as teachers, i. e., as transmitters of the innovation they have learned or acquired. If the transmission is successful, the impact of the small number will ripple outward in increasing waves and will have effects far beyond mere economics. Since the specific role of communications will vary with the particular project under discussion, a description of the role of communications in selective industrial, agricultural, and educational growth is attempted.

1. Industrial Development

The large-scale modern industries in the few centres of industrialization, owned or subsidized by the state, may be used as models for the training of skilled labour, professional talent, and entrepreneurship. As such they should be open to the public view and the technical, financial and other aspects of their operation should be widely publicized so that much can be learned from their operation, especially by those connected with small businesses. It was in this spirit that the Japanese Government in the Meiji period decided to establish a number of industrial plants as demonstration models to convince entrepreneurs of the superiority of modern industries. The Japanese in the latter decades of the 19th Century were a special case in this respect, since they had just emerged from a long period of relative isolation and the State had to cope with the fears, superstitions, and antagonisms relating to machines, electricity, railroads, telegraph, etc. Keizō Shibusawa reports that in the 1870's when the telegraph system was initiated in Japan, "many people regarded the telegraph as just one more wicked device developed by Christians. The use of black magic was implied, and one theory held that the wires were coated with the blood of unmarried women." There were anti-telegraph riots in several prefectures, and poles and wires were torn down in Hiroshima in 1871. "People in some districts believed that messages were rolled up very tightly and sent through the wires, and a number of persons were disappointed to find that letters or packages hung from the wires did not move off in the direction of their destination." In parts of Japan, at the time of the inauguration of railroads, people opposed the construction of railway

stations in their towns for fear that "the railway would simply carry off their wealth to the city" (Shibusawa, 1958). Most underdeveloped countries do not have this problem, as their colonial period was not one of isolation from the West and things Western. Nevertheless, there is much to be learned by the public about modern machine production, the discipline it enforces on the labour force, the high level of scientific training demanded of the professional staff, the complex nature of management and investment. Since the development of underdeveloped countries will be centred on machine production, the publicity given to these large-scale producing units (whether manufacturing, transport, communications, construction, or mining) will be an important part of adult education. Particularly important from the point of view of capital formation is the effect it may have on saving and investment decisions of the public, especially of entrepreneurs, who in underdeveloped countries show a strong preference for short-term gains in the form of commercial and financial profits and real estate dealings (Shibusawa, 1958).

As for the development of small and medium industries, which will comprise the major segment of industrial production in the few industrialized enclaves, governments are not likely to do very much for them, the Japanese Government not excepted. But these units are absolutely essential to the growth of economies in the underdeveloped and semi-developed stage and will not only persist but expand for another generation or two, if the Japanese experience can be relied upon. For these are the industries which produce indigenous products for which mass production technology does not exist, and these are also the industries owned by entrepreneurs without the capital to undertake large-scale production. We now know from the experience of Japan that capital shortage can persist for many generations, even in an economy which has developed rapidly. So something should be done to raise the productivity of small and medium industries within the availability of technology and capital, especially in the manufacture of basic food, clothing, and housing materials.

It may be possible to do something for these small units of production, along lines familiar in agriculture, namely agricultural experimental stations and extension systems. In the few enclaves of industrialization, the government should establish centres of technological research which would attempt systematically to discover ways of raising the efficiency of small industries by the use of simple innovations and especially the modification and application of tools and simple machines to the process

of handicraft and small industry production. (E. g., in Japan the application of simple motors to pound rice in the making of rice cake.) Such a research centre is needed for the small entrepreneur who, like the peasant, may know nothing about machines and machine production and may not have the funds to experiment. (Lucian Pye suggests that for the same reason, the government should assist with the marketing of products by advertising through its radio network.)

The technological centre should be more than a research institute. It should frequently bring together technologists, machine-tool manufacturers, and small entrepreneurs in conferences and exhibitions and discussions. It should issue bulletins and circulars describing new methods and techniques. Demonstrations and explanations over TV and radio should be regularly undertaken. (In Japan, with the spread of TV to the countryside, talks and demonstrations of new farm methods, techniques, machines and implements are regularly broadcast.) A corps of extension agents to assist the small units may be necessary. And where large units of producers are reluctant to manufacture new tools and machines the centre may have to subsidize or undertake the task. For some equipment, it may even have to extend loans.

In all underdeveloped countries, these small units of production exist not only in the big cities, but also in the small commercial cities, towns, and villages. From time to time, some effort should be made to reach the producers in these outlying areas, by exhibitions, by circulars and bulletins, even by conferences.

On the basis of Japan's experience, I feel that government efforts along the indicated lines would have yielded enormous returns to the economy. For even a small innovation reducing the cost of manufacturing a basic staple in the diet, would mean a large reduction in the cost of living throughout the nation, as the example of hybrid corn in the United States shows (Griliches, 1958). Even more important is the stimulation of the innovating and entrepreneurial spirit among small producers.

2. Agricultural Development

Communications can play an even greater role in the countryside under a strategy of selective growth. The villages selected as models where the latest results of the experimental station are to be tested by peasants willing to use them should be conveniently located in each province so that interested peasants in the surrounding areas can visit these model farms periodically to see for themselves. The resistance to

the use of new seeds, fertilizers, methods, etc., by peasants in underdeveloped countries is not as irrational as some Western observers may think. For most peasants are too poor to risk the failure of a crop using new seeds or to risk the purchase of new fertilizers or implements whose productivity is undemonstrated. They must be fairly certain of the results before they are willing to take risks. Under these circumstances, exhortations or circulars are likely to be resisted, especially if the exhorters are from the city, unknown to the peasants and probably ignorant of actual agricultural conditions in each individual farm. On the other hand, attempts to force peasants to accept new methods are likely to do more harm than good, in the long run, as Japanese experience in the prewar period indicates (Ministry of Agriculture and Forestry, 1959). The peasants with experience in the use of the new methods in the model villages should be asked by the extension service to travel to neighbouring villages during the slack season to discuss their experiences and answer questions. These should be supplemented by radio talks by extension agents and model farmers and by exhibitions of produce, fairs, etc. In the selection of peasants for the introduction of the new methods, only those who are well respected and are willing to share their experience should be included. Probably each year there should be a change in the village selected as a model, so that in due time all the major sections of the province will be covered.

Similar procedures may be followed for community development schemes. Villages selected for these schemes should be those willing and able to put the schemes into operation. Villages which are hesitant or where resistance is strong should be passed over. (E. g., in villages dominated by a few landlords, all kinds of obstructions may be raised and the tenants may not be united in their desire to improve their community.) Of course, every effort should be made to publicize the results of the community development projects of the model villages in the hesitant villages. An effort to include villages not ready for these projects is likely not only to be a waste of valuable effort and funds, but may backfire, setting back the whole village improvement movement, as the experience of India and other countries shows. After the improvements of villages selected for the projects are seen by hesitant villagers, their attitudes may change, especially since they will be missing the subsidies and assistance that go with selection. In the construction of dams and other rural structures, the government should favour areas in a province which are progressing. This will serve as incentive to the more backward villages.

In all this, if the transmission of new methods and know-how is successfully carried out, new ways of application and adjustment, important modifications, and even better methods may be discovered in the process. It has been found that the methods of the most successful peasant in Thailand were "ahead of the government experimental agencies" (Sitton, 1962). In Japan, before the results of experiment stations were available, the Government used extensively the successful farmers as the source of better methods, seed, etc. and agents of dissemination of knowledge. Of course, these farmers were rewarded for their effort. Prizes can be given to those most successful with the new techniques, or villages making the best showing on certain projects can be rewarded with roads, dams, community halls, etc., inducing individual farmers and villagers to compete voluntarily. But it will be a mistake to expect quick results even under the best of circumstances. It will take many seasons of demonstration to get a substantial movement to adopt the new methods. The important thing is to get the process of change from one technique to another, from one crop to another, started. As other processes are introduced in later years, the cumulative effect of many processes of change, however slow, will become large and will have an accelerating impact on the growth rate.

3. Other Economic Sectors

Although direct government assistance should go only to agriculture and industry, this does not mean that communications have no role to play in other areas of economic life. Indeed, some of the most important contributions by communications can be made to the development of trade and services.

In the past, governments have done very little for sectors such as the retail trade and service industries. Yet, these are the sectors containing the greatest number of entrepreneurs and the smallest units of business in the urban areas. The efficiency with which these units are operated is of great significance to the cost of living in the urban areas. If simple machinery and techniques can significantly raise productivity, research and extension of the kind suggested for agriculture and small industry would be helpful. But for some time to come the mechanization of trade and services in underdeveloped economies will not be feasible.

But perhaps for the most important branches of retail trade (say food stores, clothing stores, etc.) and services (restaurants, hotels, barber-shops, etc.), the government can publish regular bulletins or journals

publicizing innovations, labour-saving methods, improved ways of conducting businesses, etc. The information would be collected by government agents and reporters who will travel around the major cities, talking to owners and employees of the shops and stores. Prizes may be offered for the best innovations, and even perhaps occasional fairs, exhibitions, conferences could be held bringing together the nation's most successful entrepreneurs and innovators in the respective fields.

For the economy as a whole, the dissemination of information on prices, wages, employment opportunities in the major sectors of the economy for various cities in different regions of the country is a valuable service that communications can perform for the functioning of a predominantly private enterprise system. The basic theoretical structure central to economics, handed down from Adam Smith on and elaborated and refined by the leading economists of the past, is the theory of long-run competitive equilibrium. Briefly stated, the economic system tends towards an equilibrium in which prices of products in each industry fall towards minimum average costs where profits to most entrepreneurs are normal and workers tend to receive the value of their contribution. In this system, the inefficient firms are forced out of business and the more efficient firms are required to keep up their efficiency by innovation and other cost-reducing efforts, lest they too become marginal. The incentive to innovate and to keep efficient is built into the system and makes it highly dynamic. But the whole system works only under certain competitive conditions, amongst which is that a great deal of information about prices of goods bought and sold, and about the conditions under which these are produced, including the techniques of production, is fairly widely possessed by competing entrepreneurs over a wide locality and that information about occupations, employment opportunities, and wage rates is known by workers. Without a certain amount of information on these matters, this system of long-run equilibrium works sluggishly at best, and at worst may bog down into some form of stagnation. The essence of competition is rivalry among producers. But the rivals cannot seek to excel the others if they do not know what the other is doing. If growth is ever to be anything like self-sustaining (at some minimum rates, say 3 or 4% per annum), information on prices, wages, employment opportunities and conditions must be widely disseminated by the government, in the same manner as oceanic weather conditions are reported over the radio for fishermen. Perhaps the state should set up one radio station exclusively concerned with the reporting of economic intelligence.

4. *Educational Development*

The free public education of one or two persons in each family in selective educational growth is intended to ensure that each family will have at least one literate person able to read and write for the family. But this person can serve as more than a medium of communication; he can act as a teacher in helping to educate at home the other members of the family who did not attend schools. Appropriate textbooks and materials for this purpose or radio programmes may complement and facilitate his efforts. Night schools during slack work seasons, run co-operatively by the educated, may be of additional assistance in trying to educate those who did not have schooling.

These activities will help to prevent regression in learning for the educated individuals, especially in the villages. But since the latter's education is no longer for himself only but for his whole family as well, it should not stop with the grade completed but should continue, in one form or another. The state could supply at very low costs attractive textbooks and other materials, radio programmes, night courses during slack seasons of the year, etc. Examinations for these students could be given by the state and certificates awarded to those passing. Prizes and cash awards may also prove to be useful inducements.

One aspect of investment in man (represented by formal education) which marks it as superior to investment in equipment (represented by capital formation) is what I have elsewhere termed its "leavening" effect.¹ A person educated to read can expand his knowledge and ability in the years after schooling and he can teach others to do so. Machines cannot do either one of these things. The function of communications here is to make it possible for society to take full advantage of the leavening quality of education. Just as in the case of agriculture and small industries, via demonstration and extension work, the new knowledge can be transmitted to a much larger group by appropriate means of communication.

Conclusion

This sketchy account of the nature of selective growth was limited

¹ *Economic Development and Cultural Change*, April, 1963, p. 313. In this paper the application of the "leavening" concept was in relation to agricultural knowledge: "leavening" occurs when a farmer who has been taught better farm management and husbandry passes them on to other farmers in the village and to the members of his own family, especially to his sons. He himself attempts to expand his own store of knowledge and know-how by experimentation and self-education. This rising level of husbandry in the village will, in turn, lead to a new spirit of innovation and progress.

to economic and educational policies. But it may be possible to extend it to various social, political, and other policies. For example, on the matter of birth control clinics, public health facilities, administrative reforms, etc., I would guess that the strategy of selective growth would apply. For purposes of application to other fields, it may be helpful to summarize what appears to be two general principles of selectivity underlying the examples cited above.

First, that the activity selected for concentrated effort should produce results which are readily communicable in one form or another. This is to ensure that the benefits from the selected project are multiplicative, in the sense that other groups could benefit from the project. Second, in order to ensure that the impact of the project is not transitional but continues on into the future, some kind of institutional or organizational arrangement must be established as an integral and permanent part of the projects. (E.g., the competitive equilibrium system for industries, or co-operatives for demonstration farms.) Without these institutional arrangements into which can be built a more or less automatic process for the creation and transmission of innovation, the selected projects can be merely a "one-shot" affair, and their impact on the long-term growth will then be negligible.

In comparison with the exciting prospects promised by advocates of the strategies of balanced growth and unbalanced growth, the results of selective growth do not appear to be dramatic. But I do not think that it is possible to develop predominantly traditional societies at the spectacular rates implied by such phrases as Big Push, Take-off, Great Leap, etc. I do not believe that it is possible to develop underdeveloped countries at rates of 7, 8, or 9% per year over a sustained period of time. This conclusion is derived not only from the experience of the Chinese Communists and the recent sobering performance of the Soviet-bloc countries in Europe, but comes also from recent studies of prewar Japanese growth. We are no longer sure that the rates of growth of national income estimated by K. Ohkawa in his book, *The Growth Rate of the Japanese Economy*, for the Meiji period (1868-1912; Japan's underdeveloped stage) are reliable and true rates may be closer to 2%.¹

¹ For a discussion of Ohkawa's rates, see a study to be published soon, *The State and Private Enterprise in Japanese Development*, edited by William Lockwood of Princeton. Japan's postwar growth rates of about 7 or 8% during the past decade are, of course, not under question. But these rates pertain to a semi-developed economy. Due to many factors, e.g., the adjustment of values and behaviour patterns conducive to growth, the greater supply of savings generated by the economy, the lesser importance of agriculture, always the slow-moving sector, etc., semi-developed economies are

If this is so, the rates of growth of many Asian countries in the past decade are not low. India, Malaya, Philippines, Thailand, and Taiwan have been averaging about 3 or 4%, which is about what the Chinese Communist economy is expected to average in the coming years. Underdeveloped countries will probably have to live with these rates for some time to come, for the expectations of rates as high as 7 or 8% in the past were unrealistic.

My guess is that the strategy of selective growth will not raise the present rates of 3 or 4% very much; perhaps an increase to 4 to 5% can be expected. With luck, especially if military expenditures can be greatly reduced, growth rates may be raised another 1 or 2%. But whatever the levels of the rates, the important thing, it seems to me, is that these rates are maintainable over a number of years and that there is a slow but steady rise. In selective growth, through the extensive use of the process of communication as a multiplicative, leavening media, rates of growth can be reasonably expected gradually to accelerate.

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capable of much more rapid rates of growth than underdeveloped ones. There is no reason to suppose that rates of growth of economies in different stages of development need to be the same.

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