

# THE ROLE OF MANPOWER DEVELOPMENT IN POSTWAR ASIAN DIFFERENTIAL GROWTH

By

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## Introduction

In this paper, I speculate about certain aspects of manpower development which seem to be largely neglected in manpower discussions in Southeast Asia but which may be relevant in the long-term growth and distribution of income. They relate to work habits and attitudes toward work and learning (often referred to as work ethics and motivation) as distinct from the problems of skill formation *per se* in formal institutions. Manpower development, in this broader view, encompassing work, learning habits and attitudes, is as important as skill formation for developing countries in South and Southeast Asia.

East Asian countries like Japan, Taiwan, South Korea, Hongkong and Singapore, grew at a rate of about 6 per cent per capita Gross National Product (GNP) between 1950 and 1975. In contrast, South Asian countries grew at a rate of only 1 to 2 per cent and Southeast Asian countries at 2½ to 3 per cent. Singapore is classified with East Asia, Burma with South Asia. China, Vietnam, Cambodia and Laos are excluded since their GNP statistics are not available. In terms of natural resources (including arable land) per capita, East Asia is the poorest among the three regions. Capital in the form of factories and machines was largely destroyed during World War II by the U.S. air force in most of Japan and Taiwan, and South Korea during the Korean war. Thus, these countries had to build anew their technology and capital by importations from abroad.

Further afield into the Middle East, there are the oil countries which, despite their wealth seem unable to grow in a sustained fashion. The most recent example is Iran. Despite its vast amounts

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of modern technology from abroad it is plagued by an internal crisis with little prospects of resuming growth. There are several countries in Africa and Latin America where abundance of natural resources and capital has not resulted in economic development.

To be genuine, economic growth must be sustained over long periods of time. Real development signifies a more or less permanent improvement in the capability of countries to produce goods and services. India, for instance was proclaimed by some economists to have "taken off" in the 1950s when the GNP growth rates reached 4 or 5 per cent largely because of unusually favorable weather conditions — when the weather became unpleasant in the 1960s, India "crashed". From then, its prospect of making substantial progress in the foreseeable future seems dim.

Unlike the historical leaders of modern development (United Kingdom in the 19th century and United States in the 20th century) today's developing countries which can somehow generate rapid growth can borrow sufficient funds for financing capital formation. If rapid growth continues, these economies can generate internal savings. The latter then becomes a function of growth, which seems to be the case with Japan and West Germany. Technological needs can be met by importing (and adapting) foreign technologies. Raw materials can also be imported cheaply with the revolution in marine transport, as the experience of East Asia demonstrates. Manpower is then left as the main factor in the growth of developing countries since the importation of large numbers of required manpower raises difficulties as in the case of Iran and other Middle East countries. It is, of course, not the quantitative aspects of manpower that is important. Southeast and South Asia are amply supplied with labor.

Good manpower is particularly important for Asia with its great population densities and scarce natural resources and wealth. Manpower must substitute for the scarce resources, i.e., growth in the early states must be relatively labor intensive. But labor intensive growth can be efficient and rapid only if good quality manpower is available. The benefits of rapid growth can be distributed widely if manpower is efficient in the lower income groups, as is the case with East Asia. The higher productivity of the unskilled and other lower income workers contributed to greater equality, without the need for extensive and direct redistributive social policies as were applied in Sri Lanka.

For the present discussion, the stages of growth are divided into three broad technological stages:<sup>1</sup> in the first, the great majority of the labor force must work with hand tools; in the second, most of the labor force work with small-scale, mechanized equipment; and in the final stage, with large-scale mechanized equipment. These three stages can be identified and differentiated by the shape of the average cost curve of the typical firm. The cost curve (output represented on the horizontal axis and the cost per unit of output on the vertical axis) for the first stage is horizontal, somewhat tilting down with increasing output due largely to specialized economies. The average cost curve takes the shape of a shallow bowl in the second stage. In the third, the cost curve falls sharply as output increases and remains low at full capacity, due to large-scale economies.

In the tool stage of technology, the work of the economy is performed largely by unskilled and semi-skilled workers. Good working habits are vital because it is the worker who determines the intensity of work and controls the quality of the product. Much of the energy required by the work is supplied by the worker through muscular action. Motivation to work then must be high. In the second stage, good work habits are still important, as the operation of the small-scale machines (instead of tools) is still partially under the control of the worker though the quality of the product is partly determined by the quality of the machines. Here, the manual skills required are considerable but the energy is mainly supplied by machines. In the large-scale technological stage, production is carried out through a system of large machines operated centrally. Intensity and quality of work are beyond the control of the worker, making habits of work less important.

Of course, these are stylized stages, and most economies in Asia are combinations of all three stages. But it can be said that Japan is rapidly moving into the third stage with perhaps one-fifth to one-fourth of its labor force working in firms using large-scale technology. Taiwan, South Korea, Hongkong and Singapore are still almost entirely in the second stage while in all other countries in Asia the greater portion of the labor force (perhaps 80 to 90 per cent) work with non-mechanized tools (including draft animals). The United

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<sup>1</sup>These technological stages are discussed more extensively in my paper "Technological Stages and Balanced Development" in the *Philippine Economic Journal* (forthcoming).

States is the best example of the third stage with two-thirds of its labor force in firms using large-scale technology. Its agriculture is mainly large-scale using planes and combines. That of Japan is almost entirely small-scale. The same can be said with the service sector.

Moreover, the demarcation between the stages is not clear. Degrees of large-scale technologies exist with varying degrees of automation. For some industries, there is a variety of average cost curves between the shallow U-shaped and L-shaped extremes. Similarly, between tool and small-scale technologies, the horizontal cost and the bowl shaped curves define the extremes with variations in between. Nevertheless, these stylized stages are useful in roughly delineating the degree of labor- and capital-intensity of the equipment used in work and therefore, the demands made on manpower. The proportion of the labor force needed in the United States for high-level occupations (professional, administrative, managerial) and clerical jobs is nearly 40 per cent of the total labor force, compared to less than 10 per cent for the less developed countries in Asia and 25 per cent for Japan. If clerical jobs are left out, the highest occupations (generally requiring education beyond the high school level) comprise one-fifth of the labor force in the United States, one-tenth in Japan, and only about 3 or 4 per cent for the less developed countries (LDCs). The difference in these occupational patterns reflects to a large extent the difference in the technological stages of growth of the United States and Asian countries. It likewise indicates the types of occupations required for the various stages.

Good working and learning habits in the early stage of growth contribute substantially to efficiency resulting in greater output per worker and better quality of product. This, in turn, signifies higher propensity to save, if work ethics includes frugality and rationality in living habits and consumption patterns. They perhaps account for the substantially higher growth rate of East Asian economies in the 1950s compared to those of South and Southeast Asia at a time when capital and natural resource per capita in all these regions did not differ too widely.

Finally, for the requirements of sustained growth, a better developed manpower is likely to understand the necessity to harmoniously work (and live) together, to reach social and political consensus. Any structural changes brought about by disruption must be remedied quickly if social and political consensus necessary for

continued growth is to be maintained. As Simon Kuznets has emphasized, smooth institutional changes are necessary in growth. The wonder of East Asia is the success with which those changes were accomplished amidst the unusual rapidity of postwar growth. The postwar experience is littered with examples of growth stalled with the loss of consensus: Pakistan, Iran, Chile, Argentina, Uruguay, Nicaragua, Lebanon, to mention a few cases. Thus, part of the work ethics must include the concept of working together not only for one's own welfare but for national and community development.

### Identifying Work Ethics in Economic Development

Manpower development is used here to refer to something broader than formal education. Several countries in the postwar decades achieved high rates of schooling and levels of formal education. In 1970, the Philippines, Ceylon, and Burma, with the highest levels of adult literacy in South and Southeast Asia, and Argentina, Uruguay, Chile, Peru, Paraguay, Ecuador, Colombia, Panama, etc., with the highest levels in South America, had low rates of GNP growth in the postwar decades (World Bank, 1976, pp. 522-23).

If the concept is given an institutional content, emphasis should be on ways of thinking about work and learning. More broadly, good manpower development is a way of developing good working and living habits including attitudes toward the acquisition of skills, learning and self-improvement. Thus defined, it is wider in scope than Gunnar Myrdal's emphasis on discipline and the Confucian focus on hard work. It encompasses not only manual workers but white-collar, professional, and managerial personnel. Good manpower development embraces such characteristics as serious and responsible attitudes toward work, dedication to and integrity in work, a deep and abiding interest in good workmanship, ability to enjoy and thrive in work, desire to get along and cooperate with peers, eagerness in learning skills and developing them, and propensities to innovate and improve one's abilities. Individual economic incentives are not to be neglected. But emphasis should be laid on the material incentives and on noneconomic incentives such as loyalty to group and enterprise (whether private or public) and to co-workers, national goals, etc. Briefly, these may be summed up as strong and good work ethics and motivations. The ultimate purpose of developing good manpower is to promote national development and well-being. And the tie-up between manpower development and national development is essential in the emergence of a strong social consensus.

Casual observations of various Asian countries suggest that people's ways of thinking about work vary substantially from country to country. It varies all the way from Japan - where people take work too seriously, and authorities find it difficult to retire old farmers from work and force laborers to reduce weekly hours of work, and where street signs exhort pedestrians to move more slowly. Other countries, on the other hand, look down upon manual labor and make efforts to avoid it. Even the exhortation to work hard and honestly is thought of as somewhat improper. Attitudes toward work in the latter seem to have been influenced by long periods of colonization by more hedonistic cultures such as the Spanish, Portuguese, and French, with life styles emphasizing pleasure and leisure (*le vie joie*) more than work. In contrast, East Asia is strongly influenced by Confucian ethics. In still another group of countries influenced by Hinduism, Islam and Theravada Buddhism (all of which are affected in varying degrees with indigenous animism), the emphasis is stronger on religious than on work activities. These religions take a serious view of the afterlife even to the point of playing down the importance of life on earth, thereby downgrading both work and pleasure.

Since the time of Max Weber, the subject of religion and development has not been studied extensively. But recent events in the Islamic world have shown that the topic should not be neglected. One study by (Bellah 1959) indicates the importance of Confucian-Zen Buddhism in the shaping of Japanese work ethics even before the Meiji period. He argues that the ethics of diligence, hard work, frugality, primary loyalty to enterprise rather than family, and obedience spread to all classes during the Tokugawa period (1600 to 1880). Max Weber's interest on the subject was confined to the extent and ways the religions of Asia, particularly those of India and China, obstructed the rise of capitalism in Asia. The interest here is not on the origin of capitalism but the extent to which the ethics of work and living in the various regions of Asia helps us understand the differential growth of Asian countries. This problem is not as demanding and difficult as Weber's.

On the whole, Weber's views on Chinese and Indian religions (Hinduism, Buddhism, Islam and Confucianism), support our argument that the work ethics of East Asian countries, (Japan, Taiwan, Korea, Hongkong and Singapore) strongly influenced by Confucianism and Buddhism of the northern type, was more conducive to modern economic growth than the Hinduism of India, the Buddhism of the Southern type in Sri Lanka, Burma, Thailand, Nepal, Islam in Pakistan, Bangladesh, Indonesia, and Malaysia, and

Spanish Catholicism in the Philippines. Even though Weber thought that Confucian traditionalism was unfavorable to the origin of capitalism, he pointed out that it was more rational and utilitarian than the economic ethics of other religions, particularly Catholicism, Islam, Hinduism and Buddhism.<sup>2</sup>

More studies are needed on the effect of work and life ethics in the different pace at which countries in Asia have grown during the postwar decades. For this, the first step is to examine the religions of Asians, for it is in religion that work ethics and life views are crystallized and handed down from one generation to the next. Even though work and life ethics are formed not only by the religion of a country but also by a host of other forces—economic, social, climatic, geographic, historic—it is a convenient way to begin understanding the role of economic ethics in the development of postwar Asia and in devising steps to modify ways of changing these attitudes. Asian social scientists mostly trained in Western social sciences must not discount the fact that in the early stages of development, the influence of religion on work and life patterns is far greater than in modernized, industrialized societies. Japanese leaders travelling for two years (1871 to 1873) in the United States and Europe tried to learn from the Western countries the changes Japan must make to transform their feudalistic society into a modernized nation. Searching for the major forces accounting for the dynamism of the West, the mission's report found vast differences in the central values and temperament between the West and the East. These were largely

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<sup>2</sup> Weber (1958) notes that even though Confucianism could not promote the origin of capitalism, it was quite capable of "assimilating" capitalism. In contrast, Weber (in the *Religion of India*) described how incompatible Hinduism was with the requirements of capitalism, especially the caste system with all the barriers, taboos, and prescriptions regarding occupations, the schisms between castes, and the view of life as a cycle of birth, death, transmigration of soul, rebirth, and ultimate salvation. The strong solidarity of each caste and the sharp segregation between them make for incessant conflict and bad feelings among the castes. The hierarchical ordering of the castes leaves little opportunities for the lower castes to improve their lot, especially the "untouchable" Harijans and other underprivileged castes. These making up half of the working population of India have to be brought into the stream of development if India is to make sustained progress. But efforts on their part to voice their grievances are met with reprisals by the upper castes, frequently taking brutal and savage forms, justified on traditional grounds by upper castes. But India will never be able to move out of underdevelopment when such a large portion of its population is downtrodden, so that the 1980s and 1990s are likely to witness widespread turmoil. (See also Bellah 1959).

attributed to the great importance and influence religion played in Western society.<sup>3</sup>

In West Europe, too, it is often remarked that work habits in the northern tier of countries are better than those in the south with the historically slower economic growth for Italy, Spain, Portugal, Greece, etc.

In many countries of Asia, loyalty to family, kins, clans, castes and tribes are stronger than to public and economic enterprises, whether government agencies, schools, hospitals, cooperatives, firms, etc. Attempts to utilize the latter for the benefit of the former take the form of pilferage, graft, moonlighting, absenteeism, poor work motivation, resulting in low work productivity.

Japanese scholars point out that, unlike the Chinese, the Japanese early distinguished enterprises from family and recognized the importance of the enterprise over families when economic activities were concerned. The family though still serve as the basic social institution. The practice of primogeniture (whereby only the eldest son inherits all the family wealth) reduced the importance of the family as an economic institution for the other siblings. For the eldest son, however, the welfare of the family was merged into and made secondary to the family enterprise. If the eldest son is incapable of adequately running the enterprise, the younger or an adopted son or an outside manager takes his place. Corpuz (1965) points out that the corrupt and predatory nature of the Spanish colonial government forced the Filipinos to seek security and assistance from the family. This strengthened the family as an economic as well as social institution with more or less equal division of property among the siblings. (Corpuz 1965, p. 82) In parts of Southeast Asia where the Chinese feared discriminatory acts, the clan became a powerful economic institution.

The strength of the family as an economic institution, the influences of religion regarding life hereafter or hedonistic attitudes fostered by colonial powers spawn poor work habits.

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<sup>3</sup> The mission, in fact, found that religion "can wield too much power over the people", and this can obstruct development, as in the case of Spain. "The government is crushed by the power of the clergy and is incapable of escaping from his oppressive control. Hundreds of reforms have been destroyed by the clergy . . . the people are all misguided and bewildered by the clergy, who perpetuate the indolence of the nation." (Shively, (ed.) 1971, p. 29)



Accordingly, in manpower development, the importance of work habits, ethics, and motivations of employees, employers, managers, administrators, and proprietors are stressed. The great differentials in the postwar growth rates of East as against South and Southeast Asia may be due to variations in work habits and attitudes which also explain the differentials in levels and changes in per worker productivity. If this is so, the matter is most serious, because differential work habits are not transitional forces. This implies that by the end of the 1990s, East Asia will be comprised of economies which are highly industrialized, South Asia of underdeveloped economies and Southeast Asia with economies somewhere in between.

### Manpower Development in Various Countries

Attitudes and habits of working and learning are formed in the homes, churches, schools, enterprises and through mass media. The Western countries had about a couple of centuries to develop manpower suitable for modern technology through these institutions. Before the middle of the 19th century, technology was relatively simple, mainly tools. Habits of work were then more important than skills and learning. As Max Weber argues, religious institutions were important in inculcating motivation to work hard during the period. Moses Abramovitz found that the major source of GNP growth was the increase of capital during the first half of the 19th century in the United States. Formal education only began to loom large as a source of economic growth towards the last quarter of the 19th century (Abramovitz 1973, Abramovitz and David 1973).

In the United States, the main brunt of manpower development after the middle of the 19th century was not only borne by the formal education system but paid for by the individual after the completion of public schooling. In-service training sponsored by enterprises played a relatively insignificant role. This was because U.S. growth based on abundant natural resources was spurred by the social values of rugged individualism, extensive mobility and competition, self-reliance, and independence. The labor market was free, characterized by a high degree of mobility of workers, and a system of promotion and remuneration based more on merit than seniority. Under the circumstances, manpower development through in-service training was costly for the firm because the trained worker can just move to a rival firm offering a better pay.

Protestant ethics taught in churches and homes was the source of appropriate working and living habits in the West during the 19th century and early 20th century. The economy was then still operating on small-scale technologies. Considering the length of time (about two centuries) the United States spent in developing skills and work habits, these methods were adequate to supply the type of workers needed for growth at that time. Considering likewise the availability of vast physical resources, it was the quantitative limitations of manpower which tended to constrain growth. To meet these problems, large numbers of migrants came across the Atlantic facilitating progress in capital accumulation and the spread of labor-saving innovations (Habakkuk 1962, Abramovitz and David 1973). The American experience illustrates the influence of abundant natural resources and ample time to develop their system of industrial management (characterized by extensive labor mobility and individualism, merit promotion and remuneration, high labor turnover, and minimal in-service training), education and skill formation (Lebergott 1964).

With the increasing sophistication of large-scale technology in the 20th century, manpower development also became more sophisticated. Increasingly the formation of skills and knowledge had to depend on institutions of higher learning, such as high schools and universities, graduate schools, institutes of technologies, commercial schools, etc. To provide this need, the United States developed an extensive system of education which is unmatched today in the world, both in size and quality.<sup>4</sup> In addition to specialized skills, the frequency of technological shifts called for a background of general knowledge to enable flexibility so the worker can shift from one type of skill to another. These are attributes and requirements attached more to the third technological stage, namely large-scale mechanized technologies and frequency of technological shifts.

Japanese methods differed from those of the United States, reflecting in part the extreme meagerness of natural resources, especially arable land, and the short span of time available to achieve modernization. Japan underwent the modern growth process two

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<sup>4</sup> But the boom in the higher education seems to be over, in the view of M. Abramovitz.

centuries later than the United States. Accordingly, Japan modernized work habits by requiring each grade in the schools to teach good working and living habits in courses on moral education and relating these teachings to the need for rapid national development. The extensive teachings of work and life ethics in all school grades was in line with the practice of Confucian education, fortified and modified by Zen Buddhism (Bellah 1959). Since the early decade of the Meiji Restoration (1868), the system of work and life ethics was modified to meet the needs of the economic and social conditions as modernization and industrialization spread. With the need to quickly develop manpower skills for the phenomenal growth of small-scale and large-scale mechanization in the 50s and 60s, the Japanese adopted an industrial relations scheme capitalizing on Asian social values, when the education system was insufficiently developed. This was obviously not the situation in postwar America. Japan had the system of seniority rather than merit, promotion and remuneration, lifetime employment, large bonus payments (close to profit sharing), accelerated retirement pensions, and participatory, consensus decision-making, and intensive supervision and management.

In this system, the laborers were hired very young—during graduation from the middle, high or technical schools, or universities. The work force was committed to the firm, highly motivated, with large doses of in-service training freely given by the firm, especially to the permanent staff.<sup>5</sup>

The young graduates employed by the firms had been taught the work ethics of loyalty to the enterprise and national goals, responsible and disciplined behavior, harmonious, cooperative and

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<sup>5</sup> A large body of literature in English has grown on this subject. See J. Abegglen, *The Japanese Factory*, Glencoe: Free Press, 1958); R. Ballon, *The Japanese Employee*. (Tokyo: Tuttle, 1969); R.E. Cole, *The Japanese Blue Collar* (University of California Press, Berkeley, 1973); M. Yoshino, *Japanese Managerial System*, (Mass., 1968) and his *Japanese Marketing System*, Cambridge Massachusetts, 1971); B. Karsch and K. Okochi, *Workers and Employers in Japan* (Tokyo, 1974), E. Vogel, *The Japanese Middle Class: I. Nakayama, Industrialization and Labor Management Relations in Japan* (Japan Institute of Labor, Tokyo, 1975); Ruth Benedict, *The Chrysanthemum and the Sword* (Tuttle: Tokyo, 1954), Chap. 11 and 12, see also Appendix 2 below for comparison of Japanese and Filipino industrial relations.

collective work patterns, value of high quality work, proper attitudes to self-improvement, learning and innovation—besides science mathematics, history, art and culture, and other basic subjects. After schooling, a very extensive system of mass media built the formal education as a lifetime process.<sup>6</sup> The work habits, unusual motivation, and skills of the Japanese work force were not ingrained, inherited traits. From birth to death, the Japanese were deliberately trained in the home, school, enterprise, and through mass media. This formidable array of manpower development institutions was based on traditional social values of cooperation consensus, hierarchical ordering, non-material group incentives, etc. (Nakane 1971, 1967). The nature of the work ethics shifted from emphasis on hard work and discipline to emphasis on innovation and quality as the economy moved from the tool stage to small-scale machine technology. Now as it begins to enter fully into the large-scale stage, changes in industrial relations are beginning to appear. These, however, are not necessarily unidirectional to the U.S. model of extensive mobility, merit pay, etc. Moreover, the development of an extensive higher vocational system of private and public education in the post-war decades now makes possible the formation of specialized skills outside of the enterprise.<sup>7</sup>

Appendix I presents excerpts from Japan's Ministry of Education volumes describing the goals of courses in moral education in the elementary and secondary schools, as they are now taught in Japan. These goals have changed substantially from the prewar moral education courses emphasizing loyalty to the Imperial system and austerity of Zen Buddhism, to democracy, humanism, innovation, and welfare. But the courses still do not neglect good working habits, self-discipline, collective and cooperative endeavor, and striving for group community, national and international goals rather than individual or family welfare.

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<sup>6</sup> Japanese educational TV after learning from BBC in London during the early 1950s has surpassed the latter in size and effectiveness. Although the quality of higher education is below that of the United States, the quality of elementary and high school education is high or higher.

<sup>7</sup> Industrial relations experts in the U.S. are showing interest in some aspects of the Japanese system, especially in the teaching of work ethics and the origin of strong work motivation.

Ways of developing manpower in other East Asian countries appear to be closer to those of Japan than the United States, as these countries share Japan's central social values embodied in Confucian ethics. The schools in Hongkong and Singapore stress moral education in which hard work, frugality, diligence, responsibility, integrity, etc. are included. One major difference is the emphasis on the importance of the family and filial piety. The Japanese deviated from Confucianism during the Tokugawa period (1600-1868) and made loyalty to one's lord and fief more important than to the family and kin. In the later decades of the Tokugawa Shogunate, the priority was shifted again from loyalty to lord and fief to the emperor and nation. Later, in the postwar period, there was a shift to democracy and national and international development.<sup>8</sup>

In Korea and Taiwan, manpower development in the traditional occupations was done through the system of apprenticeship. But in the larger, modern firms, instead of extensive mobility as in the West, there was a tendency toward long-term commitment, especially for the technical and professional personnel. There was more mobility in the smaller firms and among the unskilled and those with lower skills and without skills. This is particularly so since the influence of the U.S. began to affect Japan during the postwar decades. Recently, the success of Japanese economic development appears to be swinging the pendulum back to the Japanese model.

The great advantage of East Asia over Southeast and South Asia was the tradition of Confucian ethics. Under Japanese colonialism in the first half of the 20th century, work was widely taught in the schools in Taiwan and Korea. To increase rice production for export to Japan, a system of agricultural extension to teach peasants the rudiments of scientific agriculture was established. These countries emerged in the early postwar years with productivity per hectare about twice as high as that in South and Southeast Asian countries. In contrast, Western colonial powers in South and Southeast Asia were not interested in the import of rice. Hence, they

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<sup>8</sup> *Japanese Religion*, A Survey by the Agency for Cultural Affairs (Tokyo, 1972) chapter on Confucianism, especially pp. 112-116. Also Bellah 1957. For a discussion of difficulties with Westernized models of education in early Meiji and the shift to Japanization in the 1880s see M. Nagai, "Westernization and Japanization: The Early Meiji Transformation of Education", (Shively, ed. 1971).

made only a token effort to improve skills in rice growing and in the education of peasants. Since the prewar period, rice production was the major occupation of most workers. The most important source of in-service training to develop manpower then had to be in the rice farms of Asia. With land reform and further extension of agricultural and rural development after the war, the manpower skills of Taiwanese and South Koreans rose. By the mid-1970s, the gap between the productivity of East Asian and other peasants widened even more. The East Asian countries produced three times more rice per hectare. The Koreans and Taiwanese were beginning to modernize the teaching of moral education, and increasingly use the mass media for manpower development rather than almost entirely for entertainment.

Information on South and Southeast Asia is difficult to collect. The impression is that generally, most of these countries' formal educational system were heavily influenced by the West: the United States on the Philippine system, the United Kingdom on Sri Lanka, Hongkong, Singapore's English stream, Malaysia, and Thailand, Netherlands on Indonesia, and the French on Indo-China. Industrial management practices also appear to be influenced by the West, emphasizing labor mobility, merit payments, individualism and management practices. Mixed with these Western practices were the practices based on traditional needs as these societies evolved several centuries before World War II. In Ceylon, formal schooling was British where students developed a disdain for manual work. Together with the extensive system of welfare and handouts, these graduates preferred white-collar jobs, thus raising the unemployment rate to 10 per cent of the labor force. Nevertheless, work habits were heavily influenced by indigenous religions, especially the Southern type of Buddhism (Hinayana) which emphasizes life thereafter. Skills taught were appropriate for a highly industrialized economy and generating most jobs in the service sector, not in agriculture and industry. Buddhist work ethics were largely traditional and unsuited for scientific agriculture and industry.<sup>9</sup>

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<sup>9</sup> See my paper "Differential Growth and Structural Changes in Postwar Asia," *Philippine Economic Journal* (forthcoming) where it is shown that three large-scale economies have only 5 per cent of the labor force in agriculture and 60 per cent in the service sectors.

Philippine manpower development seems to have similar problems. Educational practices in the U.S. were appropriate for an advanced economy. Said skills are not relevant for the vast majority of the youth coming into the Philippine labor force (perhaps 90 per cent). The only hope to utilize the skills would be to migrate to the advanced countries. Character and religious education in the Philippines basically emphasized the importance of loyalty to the family, filial piety, and good manners. The interest of public and private enterprises, communities, and nation, were subordinated to those of the church, family and kin.<sup>10</sup>

Industrial relations were basically Western, emphasizing labor mobility, individualism, Western-type management, etc. In-service training was inadequately provided hence, the working habits and skills of the labor force were poorly developed. Management preferred to delegate power to lower management, as customary with Western practices with insufficient supervision. In Southeast Asia where middle management is weak and production is small-scale, management and supervision must be intensive to train subordinates and develop their skills. Top management complained that the inefficiencies were due to poor middle management. But the unwillingness of top management to spend enough time training middle management and the latter training lower management and so on down the line can't account for inefficiency. Management practices were too much oriented to Western ways not appropriate in underdeveloped South and Southeast Asia.<sup>11</sup> Unlike in East Asia, the extension services in agriculture were poorly and insufficiently developed.

Much training and education can neither be expected from mass media. Television, and radio in the West were almost entirely devoted to entertainment and newscasts. The churches and temples on the other hand, unlike in the West during the 19th century, were

<sup>10</sup> In P. Manalang, *A Philippine Rural School*, (Quezon City: University of the Philippines Press, 1977), it is pointed out that "Character Education" was nothing more than constant exhortation "to be honest, truthful, respectful and obedient to parents and elders."

<sup>11</sup> See Appendix 2 below for comparison of Philippine and Japanese management practices as they relate to manpower development.

entirely for worship, unrelated to economic ethics. Under these circumstances, manpower development proceeds only at a snail's pace.

### Concluding Remarks

In this paper, I speculate about the appropriateness of education, industrial relations, mass media policies in some countries in South and Southeast Asia whose religious, social background and colonial heritage predisposed them to inappropriate working habits and skill formation. Their inability to keep up with the rapid growth of East Asian countries during the postwar decades might be due not so much to natural resource endowments, capital accumulation, and technological advancement but to poor attitudes toward work and skill formation. If this speculation is valid, there is a need to examine the existing systems of education, industrial relations, mass media policies, and religious practices for developing manpower. Without these changes, South and Southeast Asia will remain relatively poor. Its main economic function will only be to supply primary commodities to other countries.

Instead of staying behind, Southeast Asian countries can "catch up" with East Asia by raising their efficiency with improvements in work habits and attitude. This could be done by transforming educational policies, industrial relations and mass media practices. But is it too late for some countries to swing back their institutions to be more appropriate for Asian endowments and conditions, which require more cooperative and collective practices? It was very encouraging to find that the social values embedded in the concept of Indonesia's Pancasila are still strong in Indonesia. These values, which are similar with Confucian values can be modified and adapted to develop work and life habits more suitable for modern economic development.

For the Philippines, the shift to Asian values of work ethics may be more difficult. Spain's rule for nearly four centuries penetrated not only the urban but also the rural areas. And half a century of American occupation also affecting the countryside has brought in individualistic values. These, with Spanish "le vie joie" and "sien-a" social values resulted in much confusion.<sup>12</sup> Despite these in-

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<sup>12</sup> President Marcos (1971) characterizes the political culture of the masses to be "populist, personalist and individualist," (p. 99).



fluences, Asian values of collective and cooperative effort still prevail especially in the rural areas.

I do not think one needs to be unduly pessimistic about modifying social values acquired fairly recently and are not basic, central ones. Of course, any attempt to impose a whole series of new attitudes imported from such vastly different societies as the United States is doomed to fail in Asian societies — something Japan learned during the early Meiji renovation period and the allied postwar occupator.<sup>13</sup> Others have learned that wholesale and drastic changes in social values are not possible. The widespread disturbance in Iran today is a typical example. In December 1971, an employment mission found widespread unemployment, poverty and illiteracy with great income disparities in Iran. A labor-intensive policy to reduce unemployment, develop agriculture, and manpower was recommended. The Shah, however, dismissed it to “bulldoze” his way instead into modernity with the latest technologies the vast wealth from oil can buy. Today, that effort is in shambles. The Shah and his advisors were ignorant of the revolutionary nature of modern economic growth.

With appropriate development strategies and skillful efforts at social change, it is possible to rapidly grow with low income disparities and full employment, as the postwar East Asian experience shows. In the mid-1960s, I have seen how the Singaporean political leaders (especially Lee Kuan Yew) used radio, television, and other mass media to explain the need for changing ways of doing and thinking, if Singapore is to develop into a modern nation. The system of education was reoriented to serve the nation's needs. The best examples are Japan, Taiwan, and South Korea whose traditional rural population of the 1950s adopted labor-intensive strategies, rural development and appropriate education policies. These were geared towards improving the skills and habits of work required for rapid growth, but within the context of basic Asian and social values.

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<sup>13</sup>See “The Role of Institutional Changes in the Rapid Growth of Postwar Japan,” published in a volume in honor of Professor Miyohai Shinohara of Japan. I argue in this paper that the spectacular acceleration in the growth of per capita GNP in the postwar decades over the prewar (from 2 or 3 or 8 per cent) was due in large part to the institutional reforms started during the immediate postwar years.

More important than capital, technology, natural resources, and even GNP, the development of human resources is both the means and goal of national development. With it, all others are easily within reach. Despite the lack of resources exemplified in the great population densities of Asian countries, the basic Asian social values of working harmoniously together (necessitated by the nature of paddy agriculture and the great densities), instead of individualism and hedonism, may turn out to be the key social values for the development of Asia. If so, Southeast and South Asian countries must capitalize on them, as East Asia is doing.

Despite the largely speculative nature of this paper, there are sufficient grounds for accentuating the importance of the issue discussed. It is hoped that more systematic research on varying work habits and their role in the comparative growth of nations can be made. The hypotheses and arguments in this paper may be a starting point in the attempt to construct a framework for such research.

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## APPENDIX 1

Excerpts from *Course of Study for Elementary Schools in Japan* (Ministry of Education, Tokyo 1976): Each year from the first to the sixth grade, students are required to take 35 hours of Moral Education, and participate in Special Activities. The objectives of such courses among others are "to realize one's duty as a member of a group, to participate in group activities for the development of the group, to develop the children's individuality in group activities and cooperate with other members in contributing to better living," (p. 206); "to take good care of things and use them effectively", "to use time effectively . . . punctuality be stressed. . .", ". . . to be cooperative and friendly," "to obey rules and regulations," ". . . to appreciate the value of work and cooperate actively in the service of others," "to protect public property, public morality, and the rights of others," "to love the nation and to contribute to its development," and "to understand and respect correctly all of the people of the world and cooperate with them for the welfare of mankind," (pp. 201-205).

Excerpts from *Course of Study for Lower Secondary Schools in Japan* (Ministry of Education, Tokyo 1976), p. 485. Moral education and special activities are required in each of the three years. The same emphasis is given, namely: to take responsibility and duties seriously, to act cooperatively, to respect group action, and so on but with more emphasis on "realizing the pleasure of work and cementing the foundation for proper understanding about an occupation," "to understand the significance and objectives of different groups which they belong to and cooperate with each other," "to endeavor to think much of harmony within a group and willingly play one's role," "to understand the significance of the spirit of the law and order, and keep their behaviour disciplined," "to pay regard to the law-abiding spirit and cultivate the attitude of sternly carrying out one's duties," "for the materialization of an ideal society with a sense of social solidarity," "to distinguish public life from private," "love justice and overcome egoistic (individualistic) ideas and promote group consciousness."

In the upper secondary school years, the moral education course is dropped but the following objectives are aimed at extra-curricular activities: "to have the pupils respect each other as human beings, deepen mutual friendships, and develop the habit of observing group discipline, respecting responsibility, cooperating for deve-

lopment of their life together . . . the habit of using leisure time wisely and respect for work." See *Course of Study for Upper Secondary Schools in Japan* (Ministry of Education, Tokyo), p. 485.

Japanese models of industrial relations put into operation by Japanese subsidiaries established in the U.S. are said to be welcomed by American workers. Increasingly, leading industrialized countries in West Europe are experimenting with models which include wider participation by workers in decision making and procedures to improve job satisfaction and quality of working life. (See ILO volumes on new forms of work organization tried out in Scandinavian countries, France, Germany, United Kingdom and United States). And for the first time, the American Economic Association in its December 1977 meeting scheduled a session on the "Quality of Working Life." (For a report of papers and discussion, see the *American Economic Review*, May 1978, pp. 131-148.) These efforts involving cooperative group work will be difficult to successfully implement without changing individualistic values into more group-oriented ways of thinking and working.

## APPENDIX 2

Mamoru Tsuda in his study: "Understanding Industrial Relations in the Philippines: The Perspectives of Resident Japanese Investors," *Philippine Journal of Industrial Relations*, Vol. 1, No. 1 (first Semester 1978), pp. 65-83, through interviews of Japanese managers in about 98 Filipino-Japanese joint ventures in the Philippines, attempts to bring out the vast differences in industrial relations' practices and perceptions in the two countries. First, the Japanese interviewees noted the different attitude toward corporations. Filipinos regard corporations as institutions belonging to families of the main stockholders and run according to the "rules and ethics of the family game." The interest of the family prevails in the operation of the corporation. Some executives even fail to distinguish between the company's money and his own personal money and decisions made on a personal, individualistic basis. With the Japanese, the corporation is a completely separate entity from families of the executive. Professional managers, (and not owners) regard them as a public rather than personal institution of great national importance. These are to be operated on a rational basis with long-run objectives as more paramount, than the maximization of short-run profits to be

siphoned off to wholly family owned companies, instead of being reinvested to strengthen the permanent capabilities of the corporation and its employees.

Tsuda goes on to point out the differences in the attitudes and treatment of workers by the employers in the two countries. In the Philippines, the Japanese managers were appalled by the "rather contemptuous attitude of Filipino capitalists to their workers," regarding them as servants and followers much as "feudal overlords" do, firing "workers left and right" if "dissatisfied about something," and so on. In contrast, the Japanese employers regard labor as "a crucial element in a corporation, to be trained and developed in order to ensure the success and profitability of the corporation." They have institutionalized wage increases and promotions, large bonuses varying with the profits earned, and other incentives to encourage responsible, loyal, diligent, quality work. The Japanese employers believe that the productivity of the firm is mainly the function of the work force, while the Filipino employers pay more attention to the conditions of the machine.

Some of the Japanese partners of joint ventures were pessimistic about the future of Philippine national development with the business sector (so important in the development of capitalist economies) acting mainly for the benefit of the family. But they thought that institutional changes can be done by the government, as the example of Japan in the postwar decades show. Before the war, the Japanese economy was similarly dominated by the Zaibatsu families. Through a series of reforms they were prohibited from corporate controls, which today are in the hands of professional management. (See for these and other details, "The Role of Institutional Changes in the Accelerated Growth of Postwar Japan," op. cit.) Moreover, in the same issue of the journal, a description of a completely different type of employee-management system in a paper by Marie Edralin Aganon entitled, "The Bayanihan System at Unilab: A Case Study of Workers' Participation in Management," was included (pp. 33-46)