

## **Book Reviews**

*Employment in Developing Nations.* By Edgar O. Edwards (ed.). New York and London: Columbia University Press, 1974. x+418 pp. (Report on Ford Foundation Study)

In recognition of the gravity of the unemployment situation in the Third World the Ford Foundation sponsored three international seminars to identify the major issues of the problem. The focus of these seminars was on inter-relationship between employment and development strategy, technological change, rural development and political constraints on choice. Some of the papers presented in these seminars are collected in the book under review.

Edgar O. Edwards did a commendable job of writing a summary of the papers, which he has presented in the first paper of the book. The competing demands of brevity and full coverage restricted the summary to an identification of principal issues and major recommendations for policy makers and donor agencies. The first paper is followed by Part I of the book consisting of three subject papers on: (1) Economic Development and Labour Use, (2) Technology and Employment in LDCs and (3) Economics, Institutions and Employment Generation in Rural Areas. A selection of seven papers on Generic Issues is presented in Part II of the book. Part III consists of five papers on some sectoral considerations. The last four papers, constituting Part IV of the book, describe the experiences of different countries in employment promotion and economic development.

The analysis of the growth of unemployment over time and under-utilisation of labour, termed 'a sleeping giant', is in terms of sequences or development stages of a country. In the pre-modernization era it is a self-perpetuating phenomenon in the form of the coexistence of "obvious poverty and apparent leisure". The factors like little work ensuring subsistence living, little capital to work with, and little monetisation in the economy explain this phenomenon. However the giant is sleeping at this stage. It starts making its presence felt when development efforts are initiated. The injection of capital, in the form of advanced technology with its attendant labour-saving bias and large-scale operation, tends to be concentrated in urban areas, due to the desire to assimilate the scarce local talents. The donor's preference for large projects and the local elite's desire to consolidate their power accentuate the trend of concentration. The Western patterns and practices also creep in along with the imported

technology. The adoption of work week and high wages in the modern sector tend to replace the work-sharing arrangements of the traditional society. High wages and subsidized capital further fortify the position of the local elites and foreign investors, and "the stage is set for our giant to stir himself".

The variety of factors, stemming from rapid population growth and development policies pursued, converge and produce a dilemma. The agglomeration of industries in urban areas, coupled with modern comforts of urban life, attracts the rural migrants, who eventually add to the unemployed lot. The high skill requirement of advanced technology emits a signal to the education system which expands beyond the proportion of the absorptive capacity of the economy. The better educated flock to urban areas for employment and, instead, raise the number of the educated unemployed. The dilemma is that "efforts to deal with visibly unemployed in the cities may stir the giant further". The open unemployment, being the most visible dimension of the problem, is only the "tip of an iceberg resting on a stratum of underemployed outside the modern sector". The phenomenon is all-pervasive and emerges layer after layer.

The remedial measures generally entail a modification of the existing development strategies. The choice of any strategy is, however, contingent on socio-political constraints. A perfect diagnosis of the problem needs their assessment.

The constraints identified are rate of population growth, physical and technological characteristics of production, the technical form and location of resources, the behavioural and cultural characteristics of households and communities, the organisation and capacity to plan and implement, the international setting, the ownership and management of resources and the internal structure of political and economic power. The constraints are loosely classified as technical and political. The latter account for the ownership of resources and internal power structure. These constraints pose a limit to feasibility.

The development strategies comprise two intertwined strands, one being the environmental change which is to work on technical and political constraints limiting choice and the other is the framing of policies for easing the employment situation within given constraints. The former are generally less well understood, and for latter "the dicta are often clear—reduce population growth, develop appropriate technology, reduce constraints on trade etc. but the underlying process which should be understood if effective policies are to be defined and implemented, are for the most part simply not well known".

Some explanations of little performance of the dicta run as follows. Any reduction in the growth rate of population will have a delayed impact, thus immediate relief has to be sought through other means like addition to capital stock. The choice of product, being conditioned by available natural resources and ecological conditions not amenable to change, albeit very slowly and over a long time period, shifts the responsibility of generating more employment opportunities on technologies—physical, biological and chemical. The development of these technologies is, however, overwhelmingly concentrated in the advanced countries having factor endowments diametrically opposite to that prevailing in the developing world. This borrowed technology turns inefficient

in different settings. The centralisation of power in urban areas out of the desire to maintain national unity and constrained by limited capacity to plan and implement exacerbated the rural-urban disparity. Moreover, emphasis is placed on macro planning in the absence of any organisation for local and multi-level planning. The trade between developed and developing countries introduced biases towards capital-intensive method of production. Foreign aid appears to have substituted the domestic savings.

The major problems constituting the limits to feasibility are identified as (1) modification of ideal strategies in conformity with the settings where they are being implemented, (2) finding the means of transferring the knowledge about development strategies to policy makers in an appropriate form easy to digest and specific formulation, and (3) widening the range of development strategies which can be labelled "politically feasible" in particular national settings.

The feasible employment strategies suggested include the choice of product having higher labour input in production. This is to be effected by improved income distribution through progressive taxation, subsidized distribution of public goods, and imposition of high tariff on luxury goods. Since the choice of capital-intensive technology is facilitated by factor price distortions and ease of importing packaged technologies, this requires an elimination of factor price distortions. Moreover, the national science policy should address itself to a practical development of appropriate technology. Multilevel planning is recommended for rural-urban balance. The quantitative explosion of the education system needs to be checked and emphasis should be placed on qualitative improvement.

The suggested policy variable emanates directly from the definition of the problem which incorporates the environment or setting as parameter. In the presence of these settings the suggested measures seem to be incapable of making any significant contributions to the solution of the problem. For instance, keeping intact the existing ownership pattern, the income distribution can not be improved significantly just by fiscal measures, like progressive taxation, in societies where direct taxes are a very minor percentage of the total tax base. How far a government is allowed to proceed in a polarised society is another problem. As regards the distribution of public goods, it seems that in a society characterised by sharp inequalities, the governmental facilities gravitate towards those who already enjoy wealth and status. Similarly the high tariff walls on imports of luxury goods will induce the domestic production of the same goods if purchasing power is concentrated in few hands. The interactions between institutional constraint and suggested remedies are discussed at length. The editor and the writers of the papers contained in the book do have reservations about the degree of success of the suggested measures. The extent and magnitude of success apart, the prescriptions appear leading towards right directions.

Donor agencies are urged to focus their research activities on employment issues, like concepts and dimension and their relationship with other objectives, rural-urban balance in development, and comparative studies of different countries. More opportunities for training, especially in the field of provincial or regional planning, must be provided.

Some of the remarks and impressions contained in the individual papers are stimulating. For instance Henry J. Bruton seems to be of the view that correcting of factor prices alone will not enable a country to make choice of labour-intensive technology "if technology is imported from capital rich countries and no modifications or adaptations are made in that technology". Frances Stewart points to another dilemma in this field. The capital intensity of technology and sophistication of the products are increasing day by day. Output maximization in under-developed countries may require an import of the latest technology which is increasingly becoming inappropriate. Amir U. Khan, in his paper on technology, remarks: "The truth of the matter is that for each given set of industrial, economic, and social conditions in the developing countries, there is little choice on the technology shelf."

L.S. Jarvis in his paper questions the relevance of employment programme for income distribution. "...those interested in preserving the status quo may look to an "employment program" as a means of reducing current discontent, and thereby postponing more fundamental reforms". He thinks that employment policies are only efficiency-oriented, not equity-oriented.

Keith Griffin in his paper on rural development views the little success in this field as originating from poor policy. John Thomas correlates the success of rural works with the regime's support, but "In a system where the governing regime is maintained by a coalition of interests, as in most of these countries, can a public works program generate enough new support to offset the losses incurred through the program?". John Gurley's principal lesson out of the Chinese experience is "the necessity of breaking of all dependency relationship with advanced industrial countries and pursuing the course of self reliance, both at the national and the local level."

The book merits serious study by both policy makers and researchers.

Pakistan Institute of  
Development Economics,  
Islamabad.

Mohammad Irfan