Book Reviews

OUT OF WORK GRADUATES

The Causes of Graduate Unemployment in India

By Mark Blaug, Richard Layard and Maureen Woodhall. (LSE Studies on Education, from the Higher Education Research Unit of the London School of Economics and Political Science.) Pp. xvii+312. (Allen Lane (The Penguin Press): London, December 1969.) 105s.

This study seeks, first, to establish the extent to which educated people are unemployed in India. This is not as easy as it seems, because the machinery for registering the unemployed is far less sophisticated than in Britain or in the United States, and the definition of "employment" in a developing country is hazy. Indeed, the notion of "unemployment" in India is very vague. The authors conclude that about one in fifteen of post-primary "graduates" is unemployed, in the sense that he is looking for a job and cannot find one.

Why is this? If, as some people hold, education "causes" economic growth, why is so much of it apparently lying idle? Some people say it is because India needs engineers and yet it educates lawyers. But it seems the engineers are out of work as well as the lawyers. Other people say that it is because the labour market is not functioning properly. This is the explanation, with some qualification, that the authors plump for, in addition to their view that education is "over-supplied".

One problem is this. A boy or girl, able to get some education, gambles that he will pass his exams. (Even the most gifted—Newman, for example—fail unexpectedly.) If he gets the coveted "first class hon.", he may get the scholarship to go abroad. If he gets that and, gambling once more, does the right thing, and gets another first class hon., he may get a job and eventually retire loaded with honours and a huge "rate of return" on his initial efforts. It's all a gamble for the individual. So, if he's lucky, or wise, or if his astrologer is correct, he will be able to say his education "paid off". But, of course, he might be one of the failures, and one of the unemployed, in which case his education will seem to be a total loss. For some people it is bound to be, so long as there is unemployment. But, even if some graduates are unemployed, it is quite rational to hope to be a graduate and hope to be lucky enough to get a good job.

That is the point. If there is general unemployment, what is it caused by? The answer to that is well known. It is the scarcity of capital goods. As people flock off the land, they become part of the urban proletariat, whose unemployment is endemic, because there are no machines to work with and no circulating capital to work on. Eventually, if they are lucky, they might survive till the capital structure is built up and they get a regular job. As Sir John Hicks points out, that takes at least two generations (*A Theory of Economic History*, O.U.P., 1969, page 159). This condition of general unemployment was endemic in the West until quite recently; "Keynesian" unemployment (or a general insufficiency of demand) was superimposed on it and then succeeded it. In either type of unemployment, there is no general reason why the educated, *qua* educated, should always be employed, and that all unemployment should be borne by the uneducated. The educated will have better connexions, more money, more nous, more push, and will get jobs more easily, but in this game of musical chairs everybody runs the risk of sitting on the floor when the music stops, whether they are clutching a degree certificate at the time

or not. Before 1940, in England, some graduates were unemployed for long periods, or were forced, like Evelyn Waugh, to work in prep. schools.

The authors, therefore, are wrong when they say, "In view of the uncontrolled expansion of secondary and higher education in India, it is clear that the causes of educated unemployment lie in the nature of the supply of educated people", unless they are arguing the dubious proposition that education should not be supplied until unemployment has ceased. Their view is that if the wage system operated "properly" (and in their view it cannot easily do so, because so many of the educated work for the government—"not as bureaucrats", they carefully add, but as teachers, doctors, scientists and the like), then wages would fall till all the unemployed were working, and many of the students were discouraged from seeking education, by the falling rate of return.

These propositions cannot be true for the system as a whole, though they could be for parts of it, because the accumulation of capital in India—which is the only cure for general unemployment—is only indirectly related to the money wage-level. The capital goods, and the circulating capital especially (as Sir John Hicks argues, *op. cit.*, pp. 151-154), cannot be created only by a general reduction in the level of real wages, as the present authors seem to imply (page 7). In any case, the obvious cause of graduate unemployment is the relative slowing-down in the growth of the public sector, which lagged behind the output of graduates in the 1960s, but not in the 1950s (page 123). Is it very helpful to suggest that a major solution to the problem is to reduce the number of educated people (a sort of Procrustean solution) when extra long beds could be built by expanding the public sector? Yet the economic welfare model apparently accepted by the authors (page 164) might preclude any non-individualistic actions.

Yet a problem remains. Should the present structure of education remain unaltered? It is explained how it has come about—India is a shambling giant of a country with a decentralized education system that grows virtually out of control. To "control" it would imply, surely, much else—as Myrdal, in his great book, very properly argues. It would imply a radical shift of attitudes throughout Indian life.

Blaug, Layard and Woodhall envisage such a shift. The Indian student, familiar surely to all university teachers, is to become a rational calculating animal. In his free enterprise world, with no sacred cows, unemployment will vanish like Kashmiri snows in summer.

The economics on which the analysis rests is of the marginalist type. This does not necessarily invalidate it. But when, as they generally do, the authors assume full employment (for instance, they impute a positive value to the earnings foregone by students) and regard unemployment as due to frictions and imperfections, it is unhelpful. The inapplicability of this type of analysis to Indian conditions has been shown by Little, Myrdal (contemptuously dismissed by a footnote in their work) and other scholars; a book on the Indian employment situation that ignores caste, that ignores the general causes of unemployment, that believes the solution to India's problems to be competition in the labour market, is remote from the world.

JOHN VAIZEY

RESEARCH ETHICS

Politics of Social Research

An Inquiry into the Ethics and Responsibilities of Social Scientists. By Ralph L. Beals. Pp. vii+228. (Aldine: Chicago, November 1969.) \$6.95.

RALPH BEALS, a prominent American anthropologist, has constructed this book out of a report on research ethics for the American Anthropological Association. Although