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## [Review of the book *Studies of Urban Labour Market Behaviour in Developing Areas*]

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## [Review of the book *Studies of Urban Labour Market Behaviour in Developing Areas*]

### Abstract

[Excerpt] In the 1970s social scientists from all disciplines became aware that an understanding of how labor markets function is central to determining who benefits from economic growth. Only a few researchers concerned with the economic development of Asia, Africa, and Latin America, however, have examined labor markets in any serious way. Hence, a compendium entitled *Studies of Urban Labour Market Behavior in Developing Areas* is particularly welcome.

### Keywords

labor market, development, urban labor, economic growth

### Disciplines

Labor Relations

### Comments

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*Studies of Urban Labour Market Behaviour in Developing Areas*. Edited by Subbiah Kannappan. Geneva: International Institute for Labour Studies, 1977. 234 pp. N.p.

In the 1970s social scientists from all disciplines became aware that an understanding of how labor markets function is central to determining who benefits from economic growth. Only a few researchers concerned with the economic development of Asia, Africa, and Latin America, however, have examined labor markets in any serious way. Hence, a compendium entitled *Studies of Urban Labour Market Behavior in Developing Areas* is particularly welcome.

The editor, Subbiah Kannappan of Michigan State University, claims: "There is little doubt that conventional labour market constructs of modern economics have widespread applicability—and utility . . ." in studies of developing countries. I concur with this as well as with his assessment of this book's contribution: "While there is no pretension that this volume encompasses all of the interesting research currently taking place, the omissions represent largely the under-developed state of the arts of labor market analyses in development studies. In fact, a major purpose of this volume is to draw attention to this lacuna and to stimulate further studies in this tradition."

The main contribution of the essays in this volume is that they offer empirical data in an area marked by much impressionism. Readers can find documented descriptions of employment and wage patterns in less-developed countries' labor markets and informed judgments as to why these patterns are as they are. Many of the analytical interpretations offered differ substantially from textbook accounts of labor market functioning. At the forefront is the search for an appropriate paradigm, with neoclassical labor market models, segmentation theory, and institutional analysis (among others) all receiving due attention.

One noteworthy feature of these essays is their attempt to address the role of labor markets in the development effort. Taira, for example, looks at the efficiency of internal labor markets; Kan-

nappan analyzes the optimality of job search; Pastore et al. study the relation between personal and industry determinants of labor incomes; and Lubell examines the role of urban development in an overall development strategy. Although the authors do not resolve these questions, even for the particular countries in which their studies were conducted, they move beyond mere reporting of census or survey results. These new analytical efforts are commendable forays into labor market behavior.

The main problem in these essays as a group is the lack of refinement of many labor market concepts and measurement procedures. As instances I cite the failure of users of "labor market segmentation" notions to clarify what that term means; the lack of distinction in mobility analysis between upward and downward mobility or between the amount of mobility that actually took place and the amount that might have been possible; the continued concern with open unemployment despite the editor's admonition that "the major problem in developing nations is not unemployment but wage poverty"; and the often inadequate specification of econometric tests of the phenomena in question. Perhaps the most serious weakness of the volume is that while it reflects the state of the art in *development economics*, it is years behind the frontiers of *labor economics*.

Two other aspects of this volume bear mention. First, the authors have posed many specific questions that remain to be answered and, second, a comprehensive bibliography has been compiled. The volume thus offers to the interested reader a guide to what has come before, a set of new findings, and many suggestions on research needs for the future. As such, it serves as a useful reference point for work on labor markets in developing economies, informing readers both as to what is known and to what is not.

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