achieved. Of course, advanced countries are called upon to liberalise their trade policies, but is it very realistic to hope much from such pathetic pleas?

There is an interesting reference to a proposal — mode by an expert group appointed by the Secretary General — for the establishment of a Development Insurance Fund which would compensate countries for Recline in export proceeds and ensure an element of stability in their foreign exchange positions. But the idea is still in the formative stage, for it is said that the Economic and Social Council and the General Assembly will first have to come to a decision "regarding the possible establishment of a system of compensatory financing."

For increasing the quantum of international assistance, the expansion of the International Development Association is favoured most. The IDA enjoys a greater degree of flexibility than other international aid-giving institutions and it is to be hoped that this advantage will be actually reflected in its operations. The possibility of providing bi-lateral aid under multi-lateral auspices is attractive and the Report makes much of the one example of the Mekong River Project.

The "Proposals for Action" are most complete in regard to technical assistance and education programmes. This is an area in which the UN has already accomplished something and it is likely that the Development Decade would have its finest hour here. But here too there are problems — of co-ordination and more effective functioning. Even so, if the "instruments of effective action" are increased and strengthened, UN's initiative in proclaiming the Development Decade would not have been in vain.

Mussoorie Seminar on Labour Economics

Inter-Disciplinary Approach

S D Punekar

Labour Economics is a comparatively new field of study in India; but it has been growing fast. An understanding of Labour Economics and allied disciplines is essential for the success of industrial democracy, trade unionism, workers' participation in management, and the productivity movement. There is thus an urgent need, first, to define the nature and scope of Labour Economics and, second, to determine its relationship with allied disciplines like Industrial Sociology, Personnel Psychology, Labour Legislation and Statistics.

The Lucknow University convened a seminar at Mussoorie from June 9 to 18 which discussed in detail the nature and scope of Labour Economics, the sociological, psychological, legal and quantitative elements in Labour Economics and the feasibility and desirability of having an integrated, inter-disciplinary approach to labour problems.

The failure to define precisely the scope and nature of Labour Economics, however, made the discussion at the Seminar inconclusive. Often the discussion was only remotely relevant to the subject matter. Yet the Seminar made a first attempt to survey an almost untrodden field. Its contribution consisted of our recognition of the fast-developing character of labour economics and its desire to seek the co-operation of other disciplines.

IN his inaugural paper on 'inter-disciplinary Perspective of Labour Economics' Dr Baljit Singh pointed out that teaching and research in Labour Economics in India is already carried on under a number of disciplines like Economics, Sociology, Psychology, Social Work, Political Science and Public Administration, Business Administration, Jurisprudence and Law and Statistics. Such multi-disciplinary teaching and research makes for an integrated, interdisciplinary approach to Labour Economics. The definition, nature and scope of Labour Economics were thoroughly discussed at the seminar. This discussion raised a number of interesting questions, such as:

(i) Is it necessary to distinguish between Labour Economics in backward and advanced countries or are the differences not sharp enough to warrant such a distinction?

(ii) Should Labour Economics be treated as a branch of the science of Economics, or is it a separate, independent science, with its own methods?

(iii) Should Labour Economics be treated as a value-free science or, alternatively, should it have some built-in system of values, enabling it to combine scientific study with policy formulation?

(iv) Is it necessary to have an analytic definition of Labour Economics or will it suffice to enumerate the problem areas and indicate the broad scope of the discipline?

(v) Should labour be treated only as a factor of production or as the creator and measure of value?

Attempts at Definition Fail

Divergent opinions were expressed on these issues. Professor C N Vakil suggested the following definition: "Labour Economics studies the conditions of the effective utilisation of human resources in relation to other sources in a growing economy, with due regard to human welfare". The seminar could not, however, formulate any precise definition. The nature and scope of Labour Economics was discussed by Dr G P Sinha (Patna) and Dr K C Seth (Lucknow) in their papers.

The relationship between Labour Economics and Psychology was
spelt out by Dr H C Ganguli (Delhi) and Dr (Miss) J D Daboo (Jamshedpur). Psychology is helpful to Labour Economists in clarifying some concepts and in providing empirical tools. Labour problems in modern industries can be solved only through an understanding of Industrial Psychology and Labour Economics. In an industrial society, the worker should be understood as a whole — with his physical, economic, social and psychological characteristics. Various labour problems, such as recruitment, placement, training, fatigue and morale have psychological overtones and hence the importance of Psychology in Labour Economics.

The legal elements in Labour Economics were outlined by Dr Anandjee (Banaras) and Dr Aggarwal (Delhi). Labour-management relations in India are largely influenced by labour laws and their interpretation by Tribunals and Adjudicators. There has been thus a deep impact of labour legislation on Indian labour; Labour Economists have to take this fact into consideration. An important defect of the labour judiciary in India is that the presiding officers invariably have no training or firsthand knowledge of industry or labour.

The role of statistics in Labour Economics was explained by Professor A D Singh (Jamshedpur) and Dr S G Tiwari (Delhi). The application of quantitative analysis in Labour Economics gives rise to three sets of problems:

(a) identification of significant phenomena to be measured;
(b) standardisation of the conditions of observation and proper recording of all relevant data; and
(c) standardisation of the symbols and terminology used to describe, classify and correlate the observed data.

Care should be taken to measure the various quantitative items in the most appropriate manner and for this purpose the internationally standardised concepts and definitions, after suitable modifications, should be applied. If standard concepts do not exist, they should be evolved. The discussion in this session brought out a number of limitations and deficiencies of Indian labour statistics — their inadequacy, lack of standard concepts, in-comparability over time, defects in collection and presentation and their evolution as a by-product of administration. However, statistics provide tools for Labour Economists and in turn Labour Economists provide material for the refinement and adequacy of these tools.

Unesco Project

Discussion revealed the feasibility and desirability of an inter-disciplinary approach to Labour Economics. As a model of this approach, Professor C N Vakil outlined the scope and methodology of the research project entitled "Social and Cultural Factors Affecting Productivity of Industrial Workers in India" at the UNESCO Social Research Centre, Calcutta. The very nature of this project demanded an approach covering various disciplines, such as Economics, Sociology, Psychology and Statistics. The research personnel also had to be recruited from various disciplines. As factors affecting productivity are numerous and complex, research in the various disciplines became necessary and the report cannot but be an interesting and pioneering one embodying the inter-disciplinary approach.

Professor Vakil's paper evoked lively discussion. One of the basic questions raised was whether a distinction should be drawn between an inter-disciplinary approach and multidisciplinary co-operation among exports. It was asked whether the results obtained by the project would have been materially different had its approach been uni-disciplinary. The inter-disciplinary approach at various research steps, such as definition and standardisation of concepts, formulation of the problem, construction of research design, pilot study, collection of data particularly through the schedule-interview method, analysis and processing of data and lastly the report writing was discussed and the various difficulties experienced were pointed out. It was asked whether it was really possible to separate the economic, social, psychological and cultural factors affecting productivity. The emphasis might be on some particular discipline; but while dealing with the problem, allied disciplines cannot be neglected. In fact, integration should be the essence of the interdisciplinary approach.

Problem-Oriented or Theoretical?

Lastly, the seminar discussed the extent and scope of the inter-disciplinary approach in the teaching of Labour Economics. In this field, the main difficulty experienced is that in India the Labour Economics course is taught at various levels for diverse objectives. At post-graduate level, there is teaching and research for M.A., M.Com, or Ph.D. An inadequate but illustrative chart, showing the position of the Labour Economics course in the curricula of M.A., M.Com, and M.B.A. of various Universities, Indian and Foreign, was presented by Dr H G P Sriyas-tava (Lucknow). It showed such a wide variation in scope, content and terminology, that no definite conclusions could be drawn. It was, therefore, suggested that a more intensive review with a wider coverage should be made, so that some standardised course in Labour Economics could be recommended to the Universities. At present Labour Economics is being taught not only as a part of the Economics and Commerce courses in Indian Universities, but it is also included in the courses at Business Management Schools, Engineering and Technology Institutes and Law Colleges. Emphasis naturally differs according to the objective of training, but some common core could be evolved.

The discussion of the Seminar on teaching of Labour Economics in the Schools of Social Work brought out similar apprehensions. For example, labour courses in Social Work Schools have been influenced by three factors: (a) nature of "labour" specialisation in the Schools; (b) changing nature of "labour" and "social work fields"; and (c) emphasis of the social work
content in the labour courses taught. Labour courses in Schools of Social Work have thus become very much practical and problem-oriented, in contrast to University (M A or M Com) courses, which are theory-dominated.

Limited Success

The Seminar had a modest objective. As was stated, "The main focus of our attention at this Seminar is not a general review of the theory and application of Labour Economics as such, but an examination of the validity and scope of an integrated approach for its study." Even this objective was only partly achieved, in the sense that only broad indications about the common frontiers of Labour Economics with other disciplines could be made. The failure to define exactly the scope and nature of Labour Economics made the discussion loose and the conclusions vague. The same lack of clarity and identification was observed in respect of the scope of other disciplines, such as psychology and sociology. Often the discussion was only remotely relevant to the subject-matter of the Seminar. For example, under "Law and Labour Economics" the main topic discussed was the implementation of certain provisions of the Industrial Disputes Act. The session on "statistics" exhausted itself in discussing the NSS study of employment and unemployment. The Seminar had a clear-cut subject for discussion: "An Inter-Disciplinary Approach to Labour Economics." Normally, the discussion on this subject should have thrown clear light on the following points: (a) nature and scope of Labour Economics; (b) definition of Labour Economics; (c) relationship of Labour Economics with other disciplines; (d) contribution of the various disciplines (such as psychology, sociology, law, statistics, etc.) to Labour Economics and vice-versa; and (e) the feasibility and desirability of having an inter-disciplinary approach for the mutual development of Labour Economics and the other disciplines. The Seminar could not adequately discuss these various points.

Nevertheless, the Seminar made a first attempt to survey an almost untrodden field. Its importance lies in its realisation of the fast-developing character of Labour Economics and its desire to seek co-operation of other disciplines. The broad review attempted by this Seminar and its general indications about the inter-disciplinary approach can provide the base for another Seminar, more intensive and more representative. The Mussoorie meeting can thus serve as a pilot seminar for an All-Disciplines' Conference on labour problems and their solution.

Some Inconsistencies in the Plan

Mahfooz Ahmad

Planning involves the optimum allocation of resources and the choice of a set of techniques* which will lead to a high rate of economic growth with balance between the different sectors. Any decision which is inconsistent with or is in conflict with this basic economic goal would lead to injurious repercussions and would constitute a barrier to the achievement of balanced growth.

Some such inconsistencies obtain in the Third Plan, especially in regard to reduction in income inequality and creation of employment opportunities as also in the bases of targets and projections. These are discussed in this note.

It appears that maximisation of the rate of economic growth concomitant with industrialisation and urbanisation is in conflict with reduction of income inequality, at least in the early stages of development.

To elaborate this we distinguish between changes in inequality of the before-tax and after-tax income distribution. A change in the former depends upon various socio-economic variables which affect income distribution only in the long run. Further, such effect is independent of any immediate control — direct or otherwise. On the other hand, change in the latter is exclusively a function of the Government's policy of income equalisation, which, in turn, is determined by short-term factors.

Greater Inequality to be Expected

A priori, a gradual rise in the degree of inequality before tax, distribution is to be expected in a developing country which is marked by serious disproportion in factor allocation as manifest in such problems as lack of capital, skill and entrepreneurship, surplus labour, insufficient urbanisation, subsistence agriculture, haphazard development of manufacturing industries etc. In such a situation, the initiation of economic growth depends upon discriminative development of the various sectors which accentuates the disproportion. Disparity of income distribution rises with the increase in this disproportion. Probably the disparity keeps on rising even after the system achieves self-sustaining growth, though at a comparatively low rate. The disparity will start diminishing only when the system achieves full employment or near-full employment. This period of widening disparity may be short or long, depending upon the particular conditions of a country.

Such developments as 'promotion of co-operation', 'elimination of functionless rent-receivers', 'control of private monopoly', 'enlargement of the public sector', 'elimination of unemployment and underemployment', 'expansion of social services' etc. would effect the income inequality only in the long-run. The immediate effect of industrialisation and urbanisation, however, would be to widen the degree of income inequality in the before-tax distribution by increasing the gap between the income of persons engaged in agricultural and non-agricultural activities, small-scale and large-scale industries, retail and wholesale trade and different transport services. Moreover, if unemployment and underemployment also increase with economic development (as is happen-