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Saibal Kar • Debabrata Datta

Industrial and Labor Economics

Issues in Developing and
Transition Countries

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Preface

The subjects of labor and industrial economics, as these are commonly taught and researched as subdisciplines of economics, do not engage substantially with issues critical to the developing countries. Beginning with demand for labor, substitution between capital and labor, choice between workers and hours at the workplace, and the immense literature on the supply of labor, all follow some basic characteristics closely resembling the empirical realities from the developed world. The axiomatic relations and the theoretical conjectures naturally go beyond country-types and remain applicable to a large range of cases. Many other interesting issues however, make realistic appeal in the context of country characteristics. We aimed at writing this book in order to explore the intricacies peculiar to developing countries, wherein the interactions between industry and labor in labor-surplus developing countries would receive more focus using the same tools as in the neoclassical economics. The treatment of unemployment, of industrial relations or labor unions for example, in contributions referring to developing countries have often taken discursive routes and appealed to ‘alternative’ analytical modes as if they cannot be inducted into mainstream economic analysis. While the historical developments of these subjects in the context of country experiences are certainly important, the neglect of analytical models in trying to explain the critical features has been glaring. We expect that some of the models we develop cater well to the understanding of the close encounters between industry and labor in developing countries.

We emphasized on the role of asymmetric information over a reasonable portion of this book. In this case also, we draw substantially from the well-known models of asymmetric information in labor markets and apply those to understand occupational choice among migrant workers. We have explained in detail that the results are equally capable of explaining economic outcomes under asymmetric information for both internal as well as international migrants, as long as the information flow between the employers and employees is constricted by exogenous factors. The large amount of empirical research we have surveyed in this context in an effort to buttress the analytical conjectures should be a useful reference for those interested in the area.

We acknowledge that the book still neglects several important topics, which are not only very interesting in their own rights but could have also improved upon

the insights specially for developing and transition countries. We hope to engage with these in future, provided that the graduate students and teachers of labor and industrial economics find the present contribution worthy of their time and interest. In the end, we wish to thank several people who we have interacted with from time to time, learned from them, and derived motivations and enthusiasm over sustained periods in the past. These include Abhijit Bhattacharya, Hamid Beladi, Pranab Kumar Das, Joop Hartog, Eliakim Katz, Sugata Marjit, Soumyen Sikdar, Poonam Singh, George Slotsve, Virginia Wilcox-Gok, Klaus Zimmermann, Koji Okuguchi and many others who never pondered over any help and suggestions we ever wanted. We remain duly grateful for such association. We also dedicate this book to our parents R. C. Kar and Shyamali Kar & P. K. Datta and Rama Datta, respectively, without whose continued encouragement and support, it would have been difficult for us to continue doing what we chose to do.

The editorial team of Springer (India) endured delay and sluggishness on our part and yet did not lose confidence on our sincerity. We are very indebted to them also.

Kolkata, India
March 2014

Saibal Kar
Debabrata Datta

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