CHAPTER III
"Underemployment is a complex phenomenon. The factors which give rise to it and the forms it takes vary in different countries and under different economic and social conditions. An empirical investigation into this phenomenon is still only in its early stages and certain methodological issues still remain to be settled."

Concepts and Definitions:

The analysis of the nature of underemployment in its different forms is necessary for evolving a suitable technique of measuring it. Any accurate and useful measurement of this phenomenon requires clearly stated concepts and definitions. Without these, it would be difficult to evolve statistical methods which could be relied upon to produce results that covered all aspects of the phenomenon.

The study of underemployment is relatively a new field of analysis in economics. Prior to the Great Depression of 1930's the distinguished economists of the world paid attention to the theoretical analysis of the nature of employment problems in advanced countries. The analysis of the unemployment problems faced by the underdeveloped countries remained almost neglected. Attention was given to this problem in the years before the Second World War. The concept of underemployment has been employed by economists and demographers, sometimes in connection with the problems involved in planning investment in agricultural areas with a high population density and sometimes in a more general way in connection with the framing of a national policy of full employment. In 1930's, studies originated in several countries of Asia, the Mediterranean basin, Eastern Europe and
Latin America, for measuring the extent of surplus population in the agriculture. The methods used in these studies were rough and ready and unscientific in character and estimates drawn were indirect and round about. Despite the conceptual, definitional and methodological limitations of these estimates, the studies of these countries pointed out the existence of a substantial proportion of surplus population in agriculture, usually described as 'Overpopulation'. It is revealed in by these studies that a large percentage of population could be removed from the land without the slightest decrease in the total output. It is very recently, since the start of planned economic development in under-developed countries, the qualified economists diverted their attention from the analysis of advanced countries to the study of economic problems of underdeveloped countries. They have concentrated their minds towards the theoretical frame work and empirical studies of employment problems of underdeveloped countries and have recognised the importance of analysis of under-employment in agriculture in these countries. The contributions made by economists like Joan Robinson, Ragnar Nurkse, Arthur Lewis, N.V. Sovani and others provide thoughtful material on the subject. The work done by the United Nations and its I.L.O. and F.A.O. agencies on the nature, extent and methodological aspects of this phenomenon is not less important. Initial attempts have been undertaken in Italy, Puerto Rico and Japan and special surveys conducted in recent years in India,
Ceylon, Indonesia, Philippines and Pakistan on unemployment and underemployment. The definitions and research methods adopted as well as the degree of accuracy achieved in the field work of these surveys vary greatly and the influence of national differences in survey methodology is less sharp for urban than for rural sector. The expressions and terminology used in the literature on the nature of employment in underdeveloped countries are often confusing which is evidence of a certain vagueness in the concept itself.

Before the Second World War, economists and demographers usually spoke of overpopulation. More recently the practice has grown up, in referring to certain aspects of underemployment, of coupling the word 'Unemployment' or 'Employment' with an adjective describing the phenomenon, e.g. 'Partial' unemployment, 'Latent' unemployment, 'Partial' employment, 'Part time employment', 'insufficient' employment, 'Abnormal' employment, etc. The very recent practice in pointing out the situation of employment, in agriculture in underdeveloped countries is expressed as disguised unemployment, agrarian excess, surplus agricultural population and underemployment in agriculture. A rapid survey is made below of the earlier concepts and definitions put forward by certain writers in this field for getting a broader and more specific interpretation of the problem.
Underemployment and Overpopulation:

The concept of overpopulation has had a certain success since the publication of the works of Malthus. Recently it has often been taken to be synonymous with 'Underemployment'; despite the very general and somewhat subjective nature of its underlying concept. One somewhat simplified definition is that 'Overpopulation' as generally understood may be defined as the condition in which the existing size of the population causes the real income per head to be lower than it would be if the population was smaller.¹

To establish that a country or an area is overpopulated requires convincing empirical evidence to prove that a smaller population would by itself bring about a higher real income per head. Theoretically, given the state of knowledge and the supply of resources (land and capital), there can be conceived an optimum size of population at which the output and income produced per head will be at a maximum. When the actual size of population exceeds this optimum there is overpopulation and output and income per head will be smaller. It is to be noted that the degree of overpopulation can be measured only after the techniques of production appropriate to the availability

of land and capital in a particular country have been decided.

It should be noted, however, that even when presented in such a rigid form the concept of a population surplus or over population is still eminently subjective and relative and does not lend itself to measurement at the national and still less at the international level. Unless it is defined in terms of a given level of income under certain clearly specified conditions of employment the concept of an acceptable, desireable or minimum living standard depends largely on individual standards which are incapable of objective definition. The size of the population surplus depends mainly on the level which has been fixed or estimated as the "optimim population". Many authorities on this subject have shown how this optimum is apt to fluctuate under the impact of technical changes, investment, general economic policy, etc. To sum up, it has been generally admitted that the concept of relative over-population is defined ambiguously and the procedure for its measurement is debatable.

**Disguised Unemployment:**

It has now become usual to refer to the situation of underemployment in agriculture in an underdeveloped economy as disguised unemployment. The term has been used so frequently in connection with the analysis of economic problems of under-developed countries that it may be appropriate to give
a brief idea of the concept and its implications. Many writers, in an attempt to take Keynes's theory of employment a stage further in order to explain certain widespread phenomenon in the economically underdeveloped countries, have also used the concept "disguised unemployment".

Sometimes the term disguised unemployment has been used interchangeably with underemployment. But these two concepts refer to two different phenomena. Disguised unemployment arises when the dismissed or retrenched worker or workers unable to find work suited to their ability and skill adopt an inferior and less productive occupation while underemployment results due to non-availability of as much work as a worker is capable of doing. The distinction between disguised unemployment and underemployment is that in the former case workers have enough work but their productivity is lower than what it was before while in the latter case the workers are not only employed in a less productive way due to special structure of the economy, but also do not have as much work as they are capable of doing, with the result that it is quite possible to release a part of the labour force, without changing the capital intensity and institutional framework and shift them to other productive works so that the remaining workers may find full time work.

The term "disguised unemployment" became quite popular in academic circles following the publication of Joan Robinson's
"Essays in the Theory of Employment"¹, published in 1937. She reviewed and analysed Keynes' employment theory, particularly his contention that full employment can only be a passing and somewhat exceptional phase in the development of a monetary economy occurring during periods of abnormally large scale, rapid expansion. She also noted, however, that total unemployment in its most familiar modern form is a relatively recent, uncommon and local phenomenon and she accounted for this apparent contradiction by the existence of "disguised unemployment". She used the concept "disguised unemployment" in connection with the description of low income categories of occupations under conditions of depression in an industrial economy. Mrs. Joan Robinson, therefore, thought of disguised employment in relation to industries only. The term was used by her to describe the situation where wage workers take to less productive work on account of less of their regular employment due to cyclical ebb in economic activity. She confined the use of this phase to a situation arising out of a decline in effective demand, which does not lead to unemployment in the sense of complete idleness, but will rather drive workers into a number of occupations - selling match boxes in the stand, cutting brushwood in the jungles, digging potatoes on the allotments - which are still open to them.

Further she compared the relative marginal productivities not of the present occupation with the future occupations but with the occupations they have just left. This implied that opportunities do exist for them to be employed in the higher productivity sectors where the demand revives. The important point about this phenomenon is that the shift in employment is from a higher (more industrial) to a lower (less industrial or commercial) occupation and this involves a lower productivity, on the part of these workers. She applied the term not only for the conditions of advance industrial capitalist countries but also to the pre-capitalist conditions as well. The term has a cyclical and a qualitative connotation and refers to wage workers. At first sight it may appear that unemployment has not occurred at all but that there has taken place a shift in occupation. According to the inflationary criterion of full employment the adoption of inferior occupations is nothing but disguised unemployment. Broadly speaking, the phenomenon of disguised unemployment is indicative of two things, viz., full time employment and low productivity which is capable of being increased within the given framework of capital equipment and skill pattern. This phenomenon also exists on land. Mrs. Joan Robinson wrote, referring this aspect of the phenomenon

"An economy consisting of self-supporting families each working on their own land must always enjoy full employment, since each individual is free to work as long as he considers the real reward he obtains, a sufficient inducement for his efforts."

It is obvious that the analysis of Mrs. Robinson is not vague. The meaning implied in her use is the cyclical transfer of men from the more productive to the less productive jobs during depression. She visualised the situation where this form of unemployment occurred when, owing to the absence of employment opportunities in a society where there is no regular system of unemployment relief and where the labour market is still unorganised, workers are driven into inferior or less productive occupations from some normal occupations due to deficiency of effective demand.

In underdeveloped economies the real problem of employment is not of the displaced workers but basically the problem is one of the enormous size of total population and the rising pressure of population on agriculture and also the lack of expansion of other sectors of the economy for creating employment opportunities in increasing numbers. In these countries not only the problem is of expanding volume of employment as a quantitative aspect, but also the qualitative
problem of improving the income content of employment. In underdeveloped countries much more important is the prevalence of this phenomenon in agriculture and allied sectors of the economies and is not only applied to wage labour. Agriculture in these countries is a normal occupation and displacement of workers does not arise from less productive to more productive occupations due to the nature of agriculture where workers find employment on a unchanged pattern and particular productivity level. It is a well known fact that in underdeveloped countries where industrialization just started on the sound footing or the opportunities of industrialization have not been exploited and there is pressure of population, there tends to be disguised unemployment in agriculture in the sense that although all members of the labour force are employed, some of them could be transferred to other occupations without reducing total output in agriculture. Therefore disguised unemployment in agriculture is not due to reduction of employment in the general run of industries, consequent on a decline in effective demand but it is due to lack of complementary resources and lack of development or a sort of stagnation in the economy. Though there is an apparent similarity between the use of Mrs. Robinson's term disguised unemployment and its use in the conditions of underdeveloped countries, because in both the situations the basic problem is that of comparatively unproductive work.
Mrs. Robinson's approach is cyclical and so she assumed skill structure and technological and equipment structure as given. Thus the meaning implied in her concept is that such unemployment is a "temporary underemployment or enforced diversion to relatively less remunerative work." But in underdeveloped countries the problem of underemployment is a long term problem and completely different and much more difficult than this as visualised by Mrs. Robinson in advanced countries.

Dr. B. Datta's Extension of the Use of Term:

Dr. B. Datta has made an attempt to use the term disguised unemployment in a broader sense to convey the idea of low-productivity employment - a phase which is comprehensive enough to include "both Mrs. Robinson's case of a downward diversion from a realised high level, and the case of a permanent stasis of labourers in low productivity occupations from which an upward diversion would be desirable."¹ He further distinguished four cases within this broad definition and reference made to "the substantial volume of disguised unemployment - in the sense that may workers are engaged in less productive work than they are capable of, because they would otherwise be unemployed."²

1. B. Datta, op. cit., p. 58.
There is, of course, an apparent similarity between both the cases is that of unproductive work. But the difference between this use (Dr. B. Datta's connection) and that of Mrs. Robinson is widely in contents and contexts. Mrs. Robinson used the term mainly in a cyclical sense and concerned chiefly with a situation in which people are employed in a way in which their productivity is lower than what it was. In other words workers are "engaged in less productive work than they are capable of doing". In underdeveloped countries the term is used in the sense of the number of workers being larger that what is "justified by the size and requirements of the farms" and people being employed in a less productive way than they could or might have been because the capital and skill resources of the community have not been fully developed. Thus, in his analysis, Mr. Datta included both the cases within his broad definition of disguised unemployment consisting of four cases\(^1\) of such type of unemployment.

Prof. Ragnar Nurkse on Disguised Unemployment:

While dealing with problems of capital formation in underdeveloped countries, Ragnar Nurkse had diagnosed the problem of underemployment in a detailed and penetrating manner and considered underemployment or "disguised

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unemployment" to be a characteristic phenomenon of these countries. According to him, disguised unemployment denoted a condition of family employment in present communities and did not apply to wage labour. He called the people employed disguisely by various names, e.g. unproductive surplus on land, useless peoples, people who contribute nothing to output. He distinguished the high population density areas and less thickly populated regions and examined the concept in the latter context, particularly the Latin American countries, had led him for generalization and widening.

Nurkse pointed out that disguised unemployment differed from open industrial unemployment in many ways. It is a fundamental distinction that disguised unemployment is always hidden or concealed. The removal of the disguised unemployment from an agricultural rural economy is not possible by way of the expansion of monetary demand, because its use has been ineffective due to inelasticity of agricultural production in the short period, resulted in inflation of prices, not in increase of agricultural production.

Some economists included seasonal unemployment in disguised unemployment.¹ "Disguised unemployment on the land is only a seasonal phenomenon, and that at the peak of the

harvest season all the available labour is needed and is actively at work". Nurkse argued that although unemployment on the land is a seasonal phenomenon and smaller work force can manage the peak and busy load of the agricultural activities like sowing and harvesting with some organisational changes. But the basic question is still to be faced, even when it is a phenomenon which is seasonal in nature, to make the productive use of people on the land during the slack season or the off-seasons.

Ragnar Nurkse in an article on the developmental plan of India\(^1\) noted that the term disguised unemployment is commonly used to denote three types of agricultural underemployment, viz. (i) seasonal idleness of peasant, cultivators, (ii) underemployment of cultivators due to the small size of farms, (iii) unemployment disguised through fragmentation of the individual holding. The distinction between these three types of agricultural unemployment is necessary for a correct policy measures and to provide a clear cut, precise and adequate picture of the unemployment problem in peasant economies.

United Nations Reports on "Disguised Unemployment":-

Prior to 1951\(^2\) we find only a passing commentary in the


United Nations studies dealing with employment and unemployment, and population problems generally on disguised unemployment and underemployment. In the questionnaire circulated in 1948 to members of the United Nations and to the specialized Agencies, none of the 14 questions relating to employment and economic stability showed a sign of due appreciation of the problem of underemployment. In their replies, many underdeveloped countries showed much awareness of this gap and felt that the questionnaire did not contain much relevance to their case.

The first group of experts on the problems of maintaining full employment, appointed by the United Nations, have studied the concept of disguised unemployment. A report published in 1949 on national and international action to promote full employment emphasised that "in the underdeveloped countries the lack of capital equipment is a crucial factor in large scale. Underemployment, which, although it may not emerge in the form of urban unemployment, is nevertheless reflected in the fact that a large part of the population could be diverted from agricultural occupation without any decrease in agricultural output."¹ The report classified unemployment into three kinds, viz. that resulting from a lack of the complementary


resources necessary to keep wage earners at work, that arising from certain structural factors in the economy, and that engendered by the insufficiency and instability of effective demand. According to this classification, the first category is visible unemployment, the second can be called seasonal unemployment, and the last can be called disguised unemployment or underemployment which results from a lack of capital equipment or other complementary resources and constituted the major economic problem of the world.

The experts concentrated their attention upon employment arising from insufficiency and instability of effective demand, mainly in developed free enterprise economies and chiefly in relation to its cyclical aspect. It had stated that for the underdeveloped countries, the solution (of disguised unemployment) could be found only in rapid economic development. The experts did not consider this problem as it was more one of the economic development than of full employment, a matter beyond the scope of their report. It was recognised by this group that rapid economic development of the underdeveloped areas was a necessary pre-condition even for the success of policies of maintenance of full employment in the industrially advanced countries.

One of the many merits of the experts' report was that it provoked varied and detailed discussion in the academic
circle and the criticism of the report was constructively related to methods and details rather than the principles. The experts had clearly left the discussion of the employment problem in less-developed countries.

Second Group of Experts On "Measures For the Economic Development of Under Developed Countries":

The first group of experts ("on full employment") had left out of their purview the problem of unemployment associated with a state of underdevelopment because it was beyond the terms of reference of this committee. The economic and social council, in the year 1950 in its Resolution on Full Employment (290/XI) called for a group of experts "to prepare in the light of the current world economic situation and of the requirements of economic development, a report on unemployment and underemployment in underdeveloped countries, and the national and international measures required to reduce such unemployment and underemployment."

They classified unemployment functionally in such countries into four categories: cyclical, seasonal, technological and disguised unemployment and pointed out that the last is the characteristic feature of underdeveloped countries and constituted the core of its employment problem.
The committee felt, however, that the use of the word "unemployment" in this connection is somewhat misleading, since it is more often confined to wage labourers whose status is recorded in unemployment statistics; they preferred, therefore, to use the less precise but more familiar term "underemployment to describe the situation in underdeveloped countries. They agreed with the previous UN Experts' view expressed in their report entitled "The National and International Measures of Full Employment" that underemployment was due to a deficiency of the complementary resources necessary to employ productively available supply of labour.

The concept of disguised unemployment was applied by the experts to those persons "who work on their own account and who are so numerous relatively to the resources with which they work that, if a number of them were withdrawn for work in other sectors of the economy, the total output of the sector from which they were withdrawn would not be diminished, even though no significant reorganisation occurred in this sector and no significant substitution of capital." 1

As workers will usually not be employed for wages unless their labour adds to the total product the definition was framed in such a way as to exclude wage labour. Use of the

term "unemployment" in connection with self-employed
to describe this phenomenon was, therefore, considered
somewhat misleading by the experts as it is more often
confined to wage-labourers whose status is recorded in
the usual employment statistics. They preferred
accordingly to use the less precise but more familiar term
"underemployment" for the concept of "disguised unemployment".

The Committee analysed briefly the causes of under-
employment and pointed out that underemployment is often
due to a deficiency of available resources other than
labour which are necessary to employ productively the
available supply of labour. In agriculture, it arises
mainly out of the limited supply of land, in domestic
handicrafts, however, it may arise out of growing compe-
tition from the products of modern industry.

The main remedy for technological unemployment
and for underemployment is to create new employment
opportunities rapidly, both in agriculture and in new
industries. This is the task of economic development, and
it is for this reason that the experts concentrated on
measures for economic development rather than on
measures to reduce unemployment. Their treatment of the
subject and the recommendations submitted at the end of
their report are divided into three parts: (i) national
action required from the underdeveloped countries, falls
into five groups, dealing with the preconditions of
economic development - technology, population growth, the
principles of development planning, and domestic capital
formation; (ii) measures fall into two parts: terms of
trade and provision of foreign capital, requiring national
action on the part of the developed countries, and (iii) action
to be taken by the United Nations and other international
agencies.

The report regarding the analysis of the problem is
more comprehensive and detailed than the previous report.
In dealing and exposition of the problem of underemployment,
it does mark a clear advance over the earlier one. The
experts' report is regarded as a helpful analysis of the
problems of economic development and many agreed that, while
the authors had been asked to study the problem of unemploy-
ment and underemployment, useful recommendations could only
be presented after an analysis of measures required for
the economic development of the countries concerned.

The comment of Mr. Hervert Frankel regarding this
report is worth quoting. According to him: "Unfortunately
it (report) contains only a vague, and, I feel, unhelpful
account of four categories of unemployment - "cyclical",
"seasonal", "technological" and "disguised". It contains
no new material and no specific theoretical analysis of
either the extent, or of the nature, of unemployment or underemployment in underdeveloped countries.\footnote{S. Hervert Frankel: "United Nations Primer For Development", The Quarterly Journal of Economics, Vol. LXVI, No. 3, August, 1952, p. 306.} According to Frankel agricultural output and agricultural net income are not synonymous terms, and the removal of people from the land does not necessarily raise either national productivity or net national income. He contended that it would have been valuable to have had a theoretical analysis of the nature of this process of "removing" persons from the land, and an assessment or consideration of the great direct and indirect social costs (such as those of urbanization) involved therein. Instead of dealing adequately with this matter, and notwithstanding the fact that the real nature and extent of "underemployment" has not been established the report comes to the purely tautologous conclusion that "the main remedy for underemployment - is to create new employment opportunities. He is of the view that it was intended that the experts' report will analyse the problem of unemployment and underemployment of under-developed countries with a more vigorous and detailed manner as was the expectation of it. But the title of the report and the report itself makes it clear and provide explanation for the sketchy treatment of the problem of underemployment. Indeed, the creative criticism and comments on the report of Mr. Frankel are quite suggestive for the future work and a detailed study of the problem.
The general criticism of the report was that the experts had devoted sufficient attention to the specific measures required for the reduction of unemployment and underemployment, or the measures of social security designed to prevent loss of income by workers temporarily unemployed as a result of mechanisation or other forms of technical progress. The objection has been raised that the experts had treated the subject on the implicit assumption that underdeveloped countries form a homogeneous group.

The definition of disguised unemployment, given by Ragnar Nurkse, is almost an "identical definition as advanced by U.N. Committee and the differences are subtle. The United Nations" definition of disguised unemployment goes to say that no organisational changes and no significant substitution of capital take place in the sector from which the people are withdrawn; whereas the Nurkse's definition makes allowance for organisational changes. Any concept which is based on the interpretation of the term "organisational changes" will remain vague, indefinite and incomplete unless the implied meaning of such qualified words are made clear and specified.

The I.L.O. Work:—1 "Report on Action Against Unemployment"

There had been an increase in unemployment in the years

1948-49 in a number of countries, made active to the I.L.O. for preparing an exploratory study of the nature of the employment problem in underdeveloped countries and of the type of action needed for its elimination.

According to this report, unemployment may be distinguished into three major types according to their causes:

(i) Unemployment arising from deficiency in aggregate demand.

(ii) Unemployment arising from shortage of capital equipment or other complementary resources: and

(iii) Frictional unemployment, arising from lack of correspondence between the demand for labour in particular jobs and the number of workers who are qualified and available for these jobs.

The first category of unemployment, arises due to chronic inadequacy of demand for goods and services, and often cyclical in character, has been the main concern in the industrially developed countries. In the underdeveloped countries, the second type of unemployment exists and it takes the form of chronic underemployment as against the problem of stability in advanced countries. The report defined this concept as "A basic characteristic of the employment
situation in the less developed countries is that although most of the working population are engaged in productive pursuits, the total amount of work done, measured in man-hours, is far below what the population is potentially capable of doing."  

The report further analysed the phenomenon of underemployment in less developed countries. It consists of two major elements. The first and the most obvious is the long period of seasonal unemployment peculiar to agricultural production in these countries. The second element is the redundancy of labour on the land - redundancy in the sense that the present supply of agricultural labour exceeds the supply required to produce the existing volume of agricultural output with the existing methods of production and organisation.

Besides this problem of underemployment, some of the less developed countries have experienced cyclical unemployment. This problem has arisen in countries which depend to a considerable extent on the export of primary products, agricultural or mineral, and particularly where estate or plantation farming predominates.

According to this report-chronic underemployment is not confined to the agricultural population alone, it is

equally noticeable among the non-agricultural population, particularly in the urban centres. The Report wrote that chronic underemployment increases in scale with every increase in population and represents a challenge to the underdeveloped countries. The report also described different types of measures that can be adopted for the elimination of seasonal unemployment and for the eradication of chronic underemployment in agriculture.

The report provides only a general picture of the unemployment situation in less developed countries at an international level. It is not comprehensive enough and the problem of under-employment is not dealt in it in a detailed and analytical manner. The report created confusion between chronic underemployment and disguised unemployment.

Group of Experts on "Employment Objectives in Economic Development":

An Expert team was set up by the International Labour Office in accordance with a decision of the Governing Body of the I.L.O. at its 142nd session (May-June 1959) "to make a thorough analysis of the problems of employment creation in the context of economic development ...... and to suggest appropriate measures for the expansion of employment opportunities." The experts submitted their


The experts in their report, besides examining the nature and causes of employment problems in developing countries, analysed the problems of employment promotion with special reference to the place of employment objectives in current development plans in these countries and the manner in which employment problems are dealt with in these plans, the relationship between employment objectives and other objectives in development planning and appropriate measures which could be taken, both at the national and international level, to expand employment opportunities. In the appendices, case studies on employment problems and policies of India, Italy, Brazil, Ghana, Japan, Philippines, Poland and (The Egyptian Region) U.A.R. and on employment objectives in development plans of Ceylon, Greece and Pakistan are included in this report.

The experts found that in certain countries even at present, in the development plans and programmes for economic development which had been formulated so far - rather little attention has been paid to the need for increasing employment, which has been looked on as a residual element in economic planning or as a by product of general economic development, rather than as an objective of development. The experts suggested that employment objectives are frequently
not given the attention which their importance warrants in current development plans and policies in newly industrialising countries. The creation of adequate additional employment opportunities to absorb the expected increase in the size of the labour force and also to bring down as quickly as possible the numbers of those who were unemployed and underemployed should not be left to chance.

The experts, while recognising the possibility of conflict between the objectives of more employment and of more rapid economic growth, accepted as a basic premise "that there are opportunities for exploiting more energetically the possibilities of a mutually reinforcing increasing of both employment and the rate of economic growth" and that "as a rule the employment of more labour will increase total output" and given appropriate measures to raise the level and improve the pattern of investment, more employment could also lead to a higher rate of economic growth. They believed, therefore, that an expansion of employment can be compatible with economic growth and further, that an increase of employment is an urgent need in itself. They accepted the notion that, in effect, if properly used, abundant labour may be regarded as an asset rather than as a liability, in the sense that it presents opportunities for increased production which countries without abundant labour donot have the conflicts between expansion of employment and economic growth
are not always or everywhere operative. Moreover, where they exist, they can often be eased by appropriate policies and can eventually be eliminated once the level of investment becomes adequate for the maintenance of full employment.

In many countries, however, the achievement of full employment must of necessity take sometime. The experts take the view that in these countries the immediate and continuing aim should be at least the creation of enough new employment opportunities to keep pace with the increase in work force and to provide for unemployed and underemployed workers in the worst distress. The factors working in the economy which hinder the achievement of full employment in less well developed countries are scarcity of capital and other productive resources complementary to labour, limitations on the choice of techniques and products, immobility of resources, investment time lags and the need to seek a balanced regional development.

The experts distinguished between the static and the dynamic aspects of the employment problem. The static aspect relates to job seekers in the existing labour force within the existing institutional structure, including the wholly unemployed as well as those currently underemployed or partially unemployed because their occupation is part time,
seasonal, casual or of very low productivity. The
dynamic aspect concerns the expansion of employment to
meet the expected increase in the demand for new jobs
as a result of demographic, technological, economic and
social changes.

According to this report, underemployment is the
dominant feature of underdeveloped countries affecting
particularly owners or cultivators of small farms and
landless agricultural labourers. It is caused mainly
by the smallness of most farms and by seasonal fluctua-
tions of activity. It is also prevalent in handicrafts
and cottage and small-scale industries.

The experts stressed that in a process of rapid
development the demand for new jobs is likely to increase
more rapidly than the population of working age. The
experts also examined how employment problems are dealt with
in the development policies of less developed countries.

In view of the magnitude of the employment problem
facing many of the less developed countries, the report
stressed the need for raising employment targets in
development planning or programming for achieving the
employment objectives, the experts suggested the following
major policy requirements. First and foremost is the
need to raise the level of investment. They emphasised that
countries now in process of development are likely to need higher investment rates probably of the order of 20 percent or more of national income and higher rate of increase of national product than did countries which developed in the 18th and 19th centuries. This requires measures for restraining consumers' demand. A second policy is to explore all opportunities for raising the level of employment associated with a given level of investment by securing a more labour intensive pattern of investment with respect both to the composition of output and to the choice of techniques. Thirdly, the experts considered that within the framework of policies aiming at a higher level and appropriate pattern of investment there is scope and need for local or nationwide programmes to ensure fuller utilisation of underemployed labour in productive activities with a minimum requirement for scarce equipment, material and skills. Fourthly, the experts attached great importance to raising the productivity of existing scarce resources by methods, requiring relatively little additional capital outlay, in order to increase the supply of capital and consumer goods needed to support a higher level of employment.

As there are no adequate data on underemployment in most less developed countries, the experts recommended an international efforts, sponsored by the I.L.O. : (a) to
encourage governments to collect information as to the extent and causes of underemployment, and (b) to assemble and analyse data by country so as to obtain a deeper understanding of this phenomenon as a basis for the formulation of practical measures to deal with it under different conditions.

It is pointed out by the critics that report did not differentiate sufficiently between the problems of the overpopulated and the underpopulated countries. In the overpopulated countries, there is a quantitative disequilibrium between economic growth and population growth, whereas in the underpopulated less developed countries there is also a problem of unemployment because of shortage of skill and of trained workers.

Analysis By Chiang Hsieh:

The contribution of Mr. Chiang Hsieh in this field is no less important. He dealt with the problem with reference to Asia, particularly the densely populated countries. In the beginning he stressed on the fact that "the major employment problem in Asia is essentially one of underemployment rather than of unemployment," and "underemployment as a working concept has yet to be clearly defined, and the complex nature of this phenomenon remains to be analysed."

He distinguished between three forms of underemployment: visible, disguised and potential:

1. Visible:

Visible underemployment which is visible and accordingly measurable with a certain accuracy, which he defined as the difference between the actual amount of labour time worked by the labour force and the time it is capable of working.

He elucidated the definition further and gave a working formula for measuring its degree. If 'A' represents the actual amount of labour time worked by the labour force, 'W' the amount of labour time which the labour force is able to supply and 'U' the degree of visible underemployment, then $U = 1 = A/W$.

$U$, thus covers (a) workers who are wholly out of work, and (b) workers who are working only part time.

In underdeveloped countries, where agriculture predominates and where most of the producing units are organised on a family basis, there is no distinction clearly between these two groups of workers. Therefore, in the present concept emphasis is placed on labour time rather than on the individual worker. The quantitative assessment of visible underemployment involved separate estimate of the potential
aggregate labour time and the aggregate amount of labour time actually worked. According to him potential amount of labour time available in community can be measured accurately in terms of hours per year. But the factors determining the amount of labour time actually spent in agricultural production are complicated and can not be measurable by any method which is accepted by all due to its accuracy scientifically.

Visible underemployment in an agrarian community takes two forms: Seasonal or Chronic. Roughly speaking, visible underemployment is chronic if even during peak periods in a given sector particularly in agriculture, "the potential amount of labour time still exceeds the amount of labour time actually utilised."

2. Disguised Underemployment:

Chiang visualised that even where visible underemployment is absent in Asian agriculture, there might be disguised unemployment. He defined the term disguised underemployment as the quantity of labour which could be released from the land by improving the organisation of work and the division of labour, while maintaining a given level of output with no addition to capital outlay and without affecting the size of land holding or the institutional framework.
Where there are possibilities in farming operations at the seasonal peak of reorganising the work done without any change in capital equipment and of replacing existing capital equipment by new types of equipment of similar value which are more labour saving than the ones previously used, there is disguised underemployment.

3. Potential Underemployment:-

The concept of potential underemployment is a logical extension of the idea, visualised above and implied in disguised underemployment. The term 'potential underemployment' can be defined as the quantity of labour which might be released from the land without reducing total output by fundamental changes in methods of production, i.e. in the case of agriculture, by change in the method of cultivation, mechanization - substituting capital for labour and by enlarging the size of holdings.

Speaking purely from the standpoint of economic development, the author concluded: "the three different forms of underemployment - visible, disguised and potential represent, in fact, three different stages in which labour may be released from a given economic sector without reducing output." In the first stage, no change in the method of production is visualised, while releasing surplus labour; while in the second stage, simple changes in the methods of production,
involving practically no capital investment are envisaged. In the third and the last stage, fundamental changes in the methods of production requiring substantial capital investment are implied.

He argued further that underemployment in less developed countries is a phenomenon of great complexity and is not only found among rural populations but also in other sectors of the economy. The importance of ascertaining the extent of underemployment quantitatively in different sectors of an economy is obvious for the purpose of employment planning. But there are great difficulties - some of them are almost insurmountable - in the way of measurement, particularly the potential underemployment is difficult to assess.

According to Hsieh exposition of visible underemployment formula, it is constituted by total unemployed and partially unemployed. But in underdeveloped countries, the peculiar characteristic to be borne in mind, is that of people remain wholly out of work and usually remain in family enterprise and continue to receive a share in the family income. In addition, it is quite impossible in an essentially agrarian economy to get the precise magnitude of "A" which means in the formula, the actual amount of labour time worked by the labour force. Therefore the formula of visible
underemployment is inapplicable in an agricultural under-developed countries and can not be practicable for measuring the phenomenon. Though Chiang Hsieh was well aware of the conditions prevalent in these economies and placed emphasis on labour time than on the individual workers. But the assessment of the actual amount of labour time worked by the labour force is not an easy task. He failed to make distinction between unemployment and under-employment and included in visible underemployment both unemployment and partially unemployment. The fact is that underemployment is relevant only to employed people and the first step in the measurement of underemployment is the separation of the employed and the unemployed.

So far as disguised underemployment is concerned, it is based on the fulfilment of some conditions which are not clear in themselves. It is essential for a clear perception to specify the terms "raising the intensity of work per hour", "simple labour saving devices requiring little or no net addition to capital outlay", "improving the organisation of work and division of labour". Therefore the utility of "disguised underemployment" as a working concept depends on the interpretation of these vague and imprecise conditions. The definition given by U.N. Committee appears to be more clear, simple and better suited to conditions of an under developed country. It is qualified by only
two conditions, not by four conditions as the definition of Mr. Hsieh's definition is.

Potential underemployment related to surplus labour which can be released from land by carrying out more fundamental changes in methods of production. As the meaning implied in the definition makes it obvious that this form of underemployment is common to all countries at all stages of development because it is always possible to release some labour from the land without reducing output if structural changes and developed techniques are applied in agriculture, even in the most developed countries what to say of underdeveloped agricultural countries. Therefore, it does not bring into light any aspect of underemployment, prevailing in underdeveloped countries especially. But in the analysis of dynamic factors in the long run, the conceptual value of this type of underemployment is bound to increase. But the existing conditions are static in nature and the analysis related to these conditions are more meaningful and relevant than visualised in dynamic and changing conditions.

The significance of Mr. Chiang Hsieh analysis is that he attached the three different forms of underemployment with the three distinct stages of economic development of an economy. His approach is helpful in analysing an aspect of the
employment problem in underdeveloped countries that there is functional relationship of changes in methods of production in maintaining a continuous balance between availability of manpower and new employment opportunities.

The Work Of Alfredo Navarrete Jr. And Ifigenia M. Navarrete: 1

In the foregoing analysis of the concept of under-employment Mr. Chiang Hsieh has relied largely on the experience of the densely populated countries of Asia. The theoretical analysis of Mr. A. and I. M. Navarrete is based largely on their experience of the position in the relatively thinly-populated countries of Latin America. They tried to define not only the general concept but also the various forms of underemployment.

They stated that underemployment in less developed countries arises as a consequences of insufficiencies in the supply of means of production whereas the cyclical unemployment in advanced countries is due to lack of effective demand.

They defined underemployment as: "with a given labour force, underemployment can be defined as a situation in which the transfer of a number of individuals to other work would

not appreciably reduce the total product of the activity from which they have been removed. In other words, the marginal productivity of these individuals in their former jobs is either nil or very close to zero.

They also distinguished between three forms of underemployment.

1. Cyclical or disguised underemployment which they identified with the concept of disguised unemployment formulated by Joan Robinson.

It also occurred in countries exporting primary products and its magnitude is a direct function of the importance of foreign trade in any particular country as well as of the relation between foreign trade and the country's domestic economy. The magnitude of disguised underemployment depends on the size of and importance of the subsistence sector in an economy which absorbed the excess of labour and served as shock-absorber for the cyclical fluctuations of external demand.

2. Structural or hidden underemployment: It is due to lack of productive equipment and is a chronic feature in the primary producing sectors of underdeveloped economics. The severity of such type of underemployment increases with the introduction of new techniques in primary production and when the
expansion of other sectors of the economy is uneven. It is reflected in a desire to work, at existing wage rates, on the part of thousands of mostly agricultural workers and of housewives, who lack regular employment during the greater part of the year's normal working time.

3. The third type of underemployment which is termed as developmental underemployment or underemployment of expansion occurs in primary economies in process of development during periods of large-scale economic development and no in times of depression, in certain areas of countries in which traditional economic patterns are still prevalent. It is due to the failure of capital and of most complementary means of production and accentuated by deficit financing of development programmes.

They also mention visible unemployment - which arises from structural changes in taste and technology and lesser the importance of subsistence sector in an economy, the greater will be the degree of such type of unemployment - and also frictional unemployment which is found in highly advanced countries and smaller its degree where the effective demand is high.

The theoretical analysis of Mr. A. and M. Navarrete is confusing and vague. Their distinction between three
forms of underemployment are not clear cut and precisely applicable to different systems of economies. Though their emphasis on developmental underemployment is now recognised better than before in employment planning in underdeveloped countries but it is not a cause of economic growth but a consequence of development planning process.

Mr. P.N. Rosenstein Rodan On Disguised Unemployment
And Underemployment: 1

Mr. P.N. Rosenstein Rodan in his article or memorandum has clarified the confusion around the definition of disguised unemployment and suggested the methods by which static disguised unemployment can be estimated or measured. Basing his viewpoint on the experience of Southern Italy, he refuted the belief gaining familiarity in academic circles that there is hardly surplus population in agriculture under static conditions in any underdeveloped country of the world. But his analysis confirms that disguised unemployment of more than 5 percent, exists in many – though not all – underdeveloped countries and particularly in Southern Italy the active labour force is more than 10 percent surplus of its population.

He used three expressions - "agrarian surplus," "disguised unemployment in agriculture" and "surplus population synonymously and visualised the static and dynamic conditions in which this term has distinct meaning separately: The first is a static concept referring to that amount of population in agriculture which can be removed from it without any change in the method of cultivation, without leading to any reduction in output. The marginal productivity of labour, in other words, is zero. The second and quite different concept is the dynamic one, which refers to that amount of population ("potential surplus") which can be removed from agriculture without its output falling, assuming change in method of cultivation." The magnitude of the potential surplus as visualised under dynamic conditions depends on the degree of change in the method of cultivation and the length of time assumed to be necessary for it. There are two situations in which potential surplus will be larger or smaller. The first one is if the minor change in method of cultivation is introduced merely through a rearrangement of work with but small additions of circulating capital, and secondly, the thorough change in method of capital is obtained by additional use of both fixed and variable capital, including a far pushed mechanization.

Further, he advanced two methods - direct method and indirect method for estimating disguised unemployment under
static and dynamic conditions and described them in detail with the assumptions to be made in each method. According to him the indirect method can be used for measuring surplus population under both the conditions but results will be highly imprecise and too far from reality and not relevant to any operational decisions on development programming or economic policy whereas the direct method is used to measure agricultural underemployment satisfactorily and is the most reliable method to provide the precise estimates of different components of agricultural underemployment.

The static concept of disguised unemployment (refers to that part of the farm population which could be removed from the land with no fall in output even if there were no improvements in methods of farming) which is dealt with in his article thoroughly, has been distinguished in to two parts and three components: (a) disguised removable underemployment; (b) disguised fractional underemployment i.e. labour hours not used throughout the whole year which do not add up to an entire labour unit. Persons in fractional disguised unemployment can not be moved out of agriculture though they could be provided with more part time work in handicrafts, community development, etc. (c) seasonal underemployment due to climatic factors: He also distinguishes seasonal underemployment into two kinds:-
(i) "Seasonal underemployment of the productive cycle" which has been also called the biological or technical seasonal underemployment, meaning implied that "the growth of crops in a given type of cultivation requires varying amounts of labour input over different months of the year which do not necessarily correspond to the supply of labour (ii) The second concept of seasonal underemployment is called the "seasonal underemployment proper", takes account also of that amount of labour which is not available for climatic as well as institutional reasons. According to him, the first type of underemployment (a) is a true disguised unemployment which is removable.

The distinction between two concepts - static and dynamic disguised unemployment is perhaps more theoretical than real, for even in the most static economies there is usually some improvement in methods of farming. But it brings out two elements of the problem which is always expressed confusingly in academic discussions.

His differentiation of disguised unemployment into removable disguised unemployment and unremovable fractional disguised unemployment is really a distinct conceptual improvement. Therefore this is his original and basic approach which narrowed down the definition of disguised unemployment and is indeed his own contribution in analysis of disguised unemployment and an improvement over the previous exposition of concepts
and definitions of this term. Now, his analysis has contributed not only theoretically but also empirically.

His estimate of the surplus population in Southern Italy assumed that labour could be hired to meet peak loads for up two months of the year. This appears to have left out of account the normal seasonality of work in underdeveloped countries's agriculture and presuppose a pool of unemployed which can be drawn on at busy periods. But this is not the case in these countries.

The direct method suggested by him is not an easy method to be employed in a whole economy and has limited significance unless it is modified and related to the circumstances of a particular country. It is time consuming method and can be used correctly only in a village or two representing a region of the country but not extensively throughout the country for the survey purpose.

Prof. N.V. Sovani on Unemployment and Underemployment:

Prof. N.V. Sovani is perhaps the first Indian economist who had written articles on Nurkse thesis and pointed out its flaws and limitations in the Indian conditions. In his first article he discussed the micro and macro definitions of under employment, the problem of its measurement and

its significance for economic development. In another
article, he considered the problem of measurement of the
invisible or disguised underemployment, the extent of
underemployment in terms of removable persons, its potential
role in economic development and lastly its significance
for economic analysis and policy.

Prof. Sovani distinguished underemployment in the
short period and underemployment in the long period from
the micro and macro points of view. The former is due to
the insufficiency of effective demand and is not of much
importance in less developed countries. The long run
underemployment arises out of the deficiency of capital-
equipment to labour. The more crucial phenomenon is the
presence of chronic underemployment in underdeveloped
countries.

According to him: employment has two dimensions: one
of time and the other of productivity which is related to
wages or earnings.

He defined chronic underemployment in macro terms as
"The labour force in underdeveloped countries is so numerous
relatively to the resources with which they work that if a
number of them were withdrawn for work in other sectors of
the economy, the total output of the sector from which they

1. N.V. Sovani: "Underemployment, Removable Surplus And the
Saving Fund Artha Vijnana Vol. I, No.1, March, 1959,
pp. 17-29."
were withdrawn would not be diminished, even though no significant reorganisation occurred in this sector and no significant substitution of capital. In other words, the marginal productivity of a part of the labour-force approaches or is zero and this can be released without significantly affecting organisation and technique of production and without reducing output."

He makes distinction between what he calls micro and macro definitions of chronic underemployment. According to him: "The macro definition of underemployment is formal and abstract. It indicates potentialities and not actualities that can be readily acted upon." Macro concept is necessarily aggregative, abstract and logical, so that when we define underemployment in that way it is in terms of man hours unemployed and not in terms of individual labourer underemployed.

According to Prof. Sovani: visible underemployment is mainly in time dimension and refers to self-employed as well as to wage labour. It is measured in terms of hours, days, weeks, months etc. During the unit period of time the persons concerned are completely idle and this idle time can be more or less precisely measured. In their case productivity or the earnings dimension is not significant and implies in time dimension because their productivity or earnings will be normal during the employed period. Though
it is visible in micro terms but can be measured in macro terms as so many idle man-days or man-hours but not as so many idle or completely unemployed workers, When we try to measure underemployment in term of individuals, or in micro terms, we find that it almost completely disappears; for if the mere reporting of the underemployment situation in the country side is taken into account, we find that very few people report complete unemployment and only a few underemployment. The identification of productive and unproductive workers in agriculture is impossible in macro terms because the definition of chronic underemployment in macro terms considers not individual workers but abstract labour units and the extent of underemployment indicated by it that of so many man hours.

Invisible underemployment is characteristic of persons who are apparently working full time. It is mainly to be found among the self-employed in family production units. Time aspect is not significant but productivity or earnings is more important "they may be said to be performing the service of availability throughout the period...... can not be neatly divided into those who are idle and unproductive and those who are employed and productive because available work is shared by all and the average productivity of labour is positive though the marginal productivity may be zero or even negative."
Invisible underemployment can be measured under static and dynamic conditions in terms of productivity or efficiency labour units such as man hours or other labour efficiency units. The invisible underemployed from the production unit can be removed without reducing its current output because superfluous persons can not be directly converted into surplus worker in the production unit concerned.

Analysing further the invisible underemployment concept Prof. Sovani contended that invisible underemployment and the removable surplus, though related, are not identical but quite distinct and separate, "the removal surplus in any context is always potential and its extent is determined by the extent of change contemplated or assumed which in turn depends on the extent of complementary resources that can be brought to bear on the situation from outside, that the labour provided by the removable surplus is somewhat cheaper than it would be if there was no potential removable surplus." In short, removable surplus in a strict sense is not the same thing as invisible underemployment. The latter concept brings out the fact of the superfluity of manpower in agriculture. The removability of this surplus is entirely a function of institutional reorganisation, better the organisation, larger the surplus.

Prof. Sovani's approach is neither original nor it adds
anything in the analysis of much discussed phenomenon of underemployment. In his first paper what is positive is the suggestion that for the removal of chronic underemployment micro approach will be more useful than the macro approach and micro approach is likely to be more successful in development planning of these economies than the macro approach. This will involve comprehensive and detailed planning of all phases.

In his second article, Prof. Sovani emphasised the fact that invisible underemployment and removable surplus both are distinct phenomena. In his first article he has stated that underemployment is visible in micro terms and is measurable in macro terms and nobody can identity productive and unproductive workers in agriculture. Therefore, Nurkse thesis based on macro definition of underemployment is not consistent with the actual situation in underdeveloped countries. Later in the light of Ninth International Conference of Labour Statisticians and Prof. Rosenstein Rodan analysis Prof. Sovani discussed and examined the Nurkesian thesis: "that the state of disguised unemployment implies at least to some extent a disguised saving potential" and came to conclusion that"the hope of deriving substantial contribution from this source for capital investment, in underdeveloped areas, is quite illusory" and the saving potential concealed in the removable surplus is
very meagre because of leakages.

The Work Of Ninth International Conference Of Labour Statisticians: 1

The concepts of over population and disguised unemployment are only individual aspects of the general phenomenon of underemployment which has been explored by a number of writers using a comprehensive and more specific approach. These writers have treated the problem from a largely economic standpoint with the aim of finding a way not only of achieving the "maximum employment" sought by the workers but also, and above all, of ascertaining the nature and extent of the capital investment required to expand the opportunities of full-time employment and to allow a more efficient utilization of manpower resources, without which no substantial improvement in the living standards of the population is possible.

Underemployment is defined in relation to the concept of "full employment" in the studies discussed and analysed in the above pages. In other words, underemployment exists as soon as and as long as full employment of the labour force is not achieved.

In the economic sense, underemployment can be defined as "the difference between the actual employment of labour

resources and the full employment of such labour resources as might be made available under certain conditions."

In the social aspect of the problem, underemployment can be defined as the difference between the actual employment of labour resources and the employment of those that the available manpower is willing and able to provide. This definition is more restrictive than the first and involves an assessment of the position and attitude of each individual regarding employment, makes allowance, in determining theoretical full employment, for the willingness of the individuals concerned to seek or accept employment more closely suited to their abilities. It lends itself more readily to statistical measurement than the previous one and any assumption of full employment is not required regarding the definition. Moreover, this concept of underemployment has the advantage of fitting in with the standard classical definitions of total unemployment in which the willingness of an unemployed workers to find a job is of crucial importance.

The above two definitions of underemployment, defined according to economic and social criterion cover not only all forms of insufficient employment but also total unemployment as well. It would therefore appear preferable
to exclude total unemployment from the definitions of underemployment and to limit the scope of the expression "actual employment" to persons in employment. Broadly speaking, the underemployment may be defined as the difference between the amount of work performed by persons in employment and the amount of work they would normally be able and willing to perform, for purposes of precise statistical measurement. Ninth International Conference of Labour Statisticians held in 1957 defined underemployment as the state of employment which exists when persons in employment who are not working full time would be able and willing to do more work than they are actually performing, or when the income or productivity of persons in employment would be raised if they worked under improved conditions of production or transferred to another occupation, account being taken of their occupational skills." It categorised underemployment under two broad heads, viz.,

(a) Visible underemployment - which involves shorter than normal period of work and which is characteristic of persons involuntarily working part-time, and

(b) invisible underemployment, which is characteristic of persons whose working time is not abnormally reduced but whose earnings are abnormally low or whose jobs do not permit full use of their capacities or skills (sometimes called disguised underemployment) or who are employed in establishments or
economic units whose productivity is abnormally low (sometimes called potential under-employment).

Underemployment, according to this definition, excludes persons who are unemployed or who are not in the labour force but who are willing to take employment though they do not seek it.

The Committee On Measurement Of Underemployment stressed the fact that under-employment itself in two completely distinct forms depending on the stage of economic and social development of the different countries and on the branches of economic activity. These forms of underemployment could be more or less easily measured, depending on their "visibility". A great number of statistical studies had already been carried out in various countries concerning visible forms of underemployment, but only little had been done in order to appreciate and analyse the less apparent forms of this phenomenon. For this reason, the Conference confined itself to setting up international standards for measuring of visible underemployment.

The Conference recognised the great usefulness of statistical information concerning the various aspects of underemployment in all countries, particularly in economically less well developed countries and in countries faced with special social and economic problems such as those raised by important migratory movements within or between
countries or by marked seasonal irregularity of employment especially in agriculture.

According to the resolution, visible underemployment refers to persons who are in employment of less than normal duration and who are seeking or would accept additional work. The normal duration of work to be used as a basis for comparison may be the duration of work laid down by law or in collective agreements or the duration of work which may be otherwise determined as representative of normal employment in the occupation, branch of economic activity or region concerned. The period covered by the statistics should be of sufficient length to cover all aspects of the phenomenon such as seasonal variations in the extent of employment and facilitate distinction between chronic, seasonal and occasional (visible) underemployment. For certain purposes visible underemployment may be measured by the amount of working time lost or by the value of supplementary labour which might be contributed by the persons concerned. Persons in employment of less than normal duration should be distinguished according to whether they are or are not willing to accept additional work, and further classified according to economic activity, sex and duration of labour. Depending on the reference period, they (persons in employment) may be classified according to hours or days of work per week, days of work per month and weeks or months of work per year.
As regards invisible underemployment, the conference recommended that methods of enquiry be developed, particularly in less developed countries, to analyse disguised and potential underemployment with greater attention to the former because of its extent and susceptibility to measurement in these countries. It also suggested studies on under utilization of manpower including persons who are unemployed or those who are classified as not in the labour force but would enter the labour force under certain conditions.

It is observed that the difference between visible underemployment and total unemployment is only of degree and if visible underemployment is observed over a sufficiently long period it can be seen to consist of a succession of periods of total unemployment, partial unemployment and full time employment. Sometimes, a distinction is made between visible underemployment proper and voluntary part time employment. A worker who voluntarily takes part time employment is aware of the fact and even if he thereby earns a relatively low income, he does not seek any extra work. But partial unemployment and visible underemployment would appear to be two different names for the same thing in the sense that both correspond to "less than normal" working time. But the concept of visible underemployment is wider than that of partial unemployment, observed over a sufficiently long period, it will be seen that it generally consists of a succession of periods of total unemployment, of partial
unemployment and of full time employment particularly in agriculture. In addition, involuntary part time unemployment generally refers to employees, while visible underemployment clearly covers the whole scope of economic activity, including in particular small scale farmers and handicraftsmen.

The distinction between visible and invisible forms of underemployment is more immediately tangible than further sub-division of the invisible form since for instance low productivity appears to be a common indicator for identification of both the disguised and potential forms of underemployment. The essential distinction between these two latter forms lies in the fact that in potential underemployment the individual's output is normal, and he is underemployed only because his activity is part of an inefficient and economically unsound production cycle, while in disguised underemployment, it is the individuals own output which is abnormally low.

Visible underemployment takes somewhat different forms according to the way in which periods of inactivity are distributed. Provided observation is spread over a sufficiently long period it is possible to detect three types of visible under employment: (i) Seasonal underemployment, in which periods of inactivity are governed by agricultural or industrial production cycles; these periods of inactivity
recur regularly every year at the same time, even though their impact may not be felt to the same extent from year to year.

(ii) Chronic underemployment, which is characterised by a fairly even distribution of periods of inactivity over the whole year. The forms it may take vary widely. Inactivity may be spread regularly over some hours of every day, some days of every week or some weeks of every month. It may also be completely irregular and sporadic according to the success of the workers in offsetting their underemployment by taking other casual or temporary work. The amount of chronic underemployment in any given activity becomes particularly apparent when a section of the labour force remains unemployed during peak periods.

(iii) Accidental underemployment, which occurs whenever inactivity is not linked with a seasonal decline in the production cycle. It may be due to external causes, which may vary widely - climatic, technical, economic or social.

Visible underemployment in agriculture consists of two components: the seasonal and the chronic. It is most widespread in the form of seasonal underemployment, particularly among the landless agricultural labourers, while chronic visible underemployment - in the sense that even at the peak of agricultural activity the potential supply of labour time still exceeds the amount of labour time actually utilised,
probably mostly in localities where the size of farms is exceedingly small in relation to the regional averages.

Critical Assessment of the Concepts Recommended By the Ninth Conference:

(i) Visible underemployment: The framework of concepts, given by the Ninth Conference, is statistically oriented since the classification is based on "observable" characteristics of individual workers who form the unit of observation. While the visible category is sharply defined, the invisible is not. There is no apparent overlap between the visible and invisible categories. It would seem that it is also intended to distinguish the two sub-categories of invisible underemployment, namely the disguised and the potential, but unless the broad and rather illustrative definitions intended for these terms are sharpened or a priority scale is introduced, it is not clear how ambiguity can be avoided. For instance, which sub-category should be assigned to workers "whose earnings are abnormally low" and at the same time "who are employed in establishments or economic units whose productivity is abnormally low"? In actual practice, overlap between even the visible and invisible categories does occur in problem oriented measurement surveys.

A cardinal feature of the definitions of underemployment adopted by the Ninth International Conference of Labour
Statisticians is that they seek to fit the "underemployed" category within the system of labour force statistics based on the identification of the employed and the unemployed. The underemployed are thus classified as a sub-group of the "employed" and are distinguished from the "unemployed". The definitions of underemployment also exclude persons outside the labour force who would have remained inside or entered the labour force, for example, if there were more ample employment opportunities. Although from the standpoint of manpower utilisation an analysis of such persons, who are sometimes referred to as "disguised unemployment would be relevant, the criteria for the identification appears to be too vague and subjective in comparison with the standards applied in labour force measurement.

A general criticism has been pointed out related to the Ninth Conference definition of underemployment is that it concerns more its form than its substance. The terms in which underemployment is defined may appear to be so sweeping as to make the phenomenon all inclusive in scope. It is hard to imagine many cases, even in industrial countries where, for instance, productivity could not be raised if conditions of production, that is organisation and techniques be improved. Therefore a definition, against which criticism is levelled with such a wide sweep would be of limited practical use even if it should serve as a tool for certain types of analysis.
Thus there are innate differences in concepts and methods of measurement of visible and invisible types of underemployment. Therefore we will consider below the general suitability and practical usefulness of these concepts in the light of the three pragmatic criteria of utility, objectivity in measurement and operational feasibility.

The two elements: "employment of less than normal duration" and "the persons so affected should be seeking or be prepared to accept additional work" constitute the definition of visible underemployment. The former element in this definition requires determination of a "normal" duration of work and the latter need not involve value judgements and may actually be based on factual observations.

A basic objection to the concept of visible underemployment as applied to self-employment and family workers appears to rest on strong grounds. It has been contended that work-time i.e. time units actually worked or time units available for extra work is usually not a meaningful concept for these categories of workers in developing countries.¹ This is largely attributed to the widespread presence of "work spread" or of working at a low intensity.

But on the balance, it is believed preferable to retain this concept as applicable to all worker categories. The concept is also reasonably valid to the activities of self-employed in a larger sphere.

Thus it is a useful concept and provides a basis for estimating the number and kind of workers available for extra work as well as the order of magnitude of the extra labour time they could furnish. Further more, this availability is of immediate and practical significance since it relates to employment opportunities within the existing framework and on prevailing terms. Since availability is taken into account only within the ceiling of "normal" work time it falls within the physical capacity of the worker concerned. In a way, it may also be held to represent a priority area of public action, "since it is conventional to assume that social policy is primarily concerned with satisfying the most urgent need, viz. the demand for more work on the part of persons presently having less than a reasonable amount. Secondly, the two elements to be observed, namely time worked and availability for extra work, can be measured with reasonable objectivity and accuracy. Thirdly, such measurement has been confirmed to be operationally feasible, for example, by adding a few relatively simple questions to the questionnaire used in labour force sample surveys. Lastly a noteworthy feature of this concept of visible underemployment is that it can provide, subject to simplifying assumptions, an
approximation to the labour surplus in, say, agriculture under static conditions, that is, with no change in production techniques and organisation.

**Invisible Underemployment:**

The Ninth Conference did not make any recommendations in regard to the measurement of invisible underemployment beyond those which ask for the development of Survey methodology through the accumulation of national experience. The definition implies comparison of (a) the earnings of the individual with those of others belonging to the same occupation/industry/region whose earnings may be regarded as normal and (b) the productivity of the establishment in which the person is employed with that of others in the same industry/region considered to be operating under satisfactory conditions at the same technological level. It exists where there is inefficiency in the use of the labour resources rather than its partial use. The definition of invisible underemployment of this conference seems rather illustrative in nature and seeks to identify phenomena by symptoms.

The notion of norms in skill utilization, income and productivity related to ineffectiveness or inadequacy of employment is indicated in the two categories of invisible underemployment, suggested and described in the Ninth Conference Resolution on the subject by which the nature and magnitude of...
the invisible under-employment may be assessed. Two factors: skill utilization and abnormally low income constitute the definition of disguised underemployment and abnormally low productivity corresponds to potential underemployment. The relative size of categories hinges upon the norm value chosen. While other conceptual and measurement problems remain, this approach is free at least from the initial objection of leading to a notion of underemployment too pervasive to be of practical value.

These three types of employment inadequacies do not necessarily exhaust the dimensions of employment inadequacy. Since underemployment is many sided, there seems to be no advantage in listing the factors of employment inadequacy exhaustively. The three factors are interrelated and overlapping. It may seem that devising mutually exclusive and additive (i.e., non-overlapping) categories of invisible underemployment would provide a more logical system of classification. But a search in this direction is likely to prove unrewarding as problems have to be encountered in the process to overcome which highly arbitrary assumptions would need to be introduced. On the other hand, the overlapping is not believed to be a handicap in problem analysis and in guiding practical action concerning the three major aspects of invisible underemployment, namely skill utilization, income and productivity.

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