

Review of: "General Equilibrium Effects of Investments in Education, and Changes in the Labor Force Composition"

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Potential competing interests: The author(s) declared that no potential competing interests exist.

This is a valuable contribution which throws light on the role of investment in education on the productivity and structure of labor force. The methodology adopted is scientific and appropriate for analysis of the issues raised. A few questions, however, arise in mind which need explanation.

1. The negative correlation in case of agriculture and low productivity workers shown in Figure 1 needs explanation. Though education helps in shift of agricultural workers to other more productive jobs, it also contributes to improvement in agricultural productivity. Transfer of surplus labor from agriculture to other sector will raise wages/income of the remaining agricultural workers.
2. There is a very high degree of dispersion in all the five sectors shown in Figure 1. This implies that the impact of educational investment is not uniform and varies from country to country. This issue needs further probe. Perhaps a comparison of results between countries in low income, middle income and high income can show some light on this issue.
3. The increased supply of trained workers will also exert a downward pressure on wages/salaries in these sectors. The demand supply balance for labor is also likely to affect the impact on a particular sector.
4. The author has taken investment on education as a single homogeneous variable. However, one needs to examine the impact of different types and levels of education expenditure. General education will not give same result as technical education. Comparison of different components of education investment will provide greater insight for policy making.

It is hoped that the author and other scholars would address some of these issues.

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