

For managers, the figure is 47 percent.

The hidden economy can no longer be ignored or dismissed, Williams says. It creates unfair competition for businesses that follow the law, and also impedes fuller employment and the creation of better jobs. But scholars are barking up the wrong tree when they focus on work that is completely off the books. The more common practice is the envelope of cash slipped to an officially low-wage employee. Up to now, European economic policymakers have been able to dismiss the envelope economy as anecdotal and exaggerated. No more. In Eastern and Central Europe, it's a way of life for eight million people.

OTHER NATIONS

The Graduate Fixer

THE SOURCE: "Fixing Futures: Educated Unemployment Through a North Indian Lens" by Craig Jeffrey, in *Comparative Studies in Society and History*, Jan. 2009.

BEHIND THE IMAGE OF A NEW India populated by a rising middle class of tech-savvy computer specialists and well-educated entrepreneurs lies a grim reality common throughout Asia, Africa, and Latin America: legions of educated unemployed young people.

Thousands of youths for whom higher education once would have been out of reach are finding, when they graduate, that professional jobs have not increased remotely in proportion to the number of candidates for them. The economic changes

that opened up manufacturing and services have typically failed to generate permanent white-collar jobs, creating a "vast problem," writes Craig Jeffrey, a geographer at the University of Washington. Uttar Pradesh, whose 190 million people make it India's most populous state, is awash in young men (and women, whose entry into the work force is also blocked by other factors) unable to get the jobs, often with the government, that they and their parents expected. So they study and wait.

The plight of the Jats, a traditionally lower-middle-class farming caste, is a case study in stifled upward mobility. The Jats have amassed land and wealth since the 1960s by taking advantage of the green revolution's high-yield seeds, the greater availability of subsidized fertilizers and pesticides, and improved irrigation. Many are able to finance extensive college training for their children. But with high-status Hindus winning most of the salaried jobs and increasingly well-organized Dalits (formerly known as "untouchables") winning government positions under India's exten-

sive affirmative action system, the Jats are being squeezed out.

Some studies of India and other countries have raised hopes that unemployed young men would use their skills and free time to advocate on behalf of the poor, acting almost as professional mediators. Jeffrey offers a counter-vision: lower-middle-class unemployed men, sometimes in cahoots with government officials, using their education and leisure to aggressively defend their privileges against even poorer unemployed people.

Enter the fixer. As India's economic reforms have cut back on agricultural and educational subsidies, a vast gulf has opened up in Uttar Pradesh between those who receive degrees from a minuscule upper stratum of internationally acclaimed educational institutions and graduates of poorly funded colleges catering to the majority of students, including the Jats.

After getting a degree from an institution characterized by infrequent and disorganized classes, few facilities, and almost no extracurricular activities, Jats who can't find



At a Hyderabad employment fair in February, job seekers tussle over application forms.

government jobs often became self-styled fixers. At Chaudhry Charan Singh University, a hub institution in the city of Meerut for roughly 242,600 students, Jeffrey found that a handful of student leaders became social reformers and crusaded against the “corruption” of university officials who got rich by offering private tutorials and selling expensive textbooks to students. But more common were those who used their elected positions in the student union to take a cut of university officials’ illegal side incomes. Some sold positions in newly organized private universities, extracted bribes for ignoring corruption, or steered contracts to favored businessmen.

These activities were called *jugar*, and while many Jat leaders spoke of the importance of going “straight,” there was shared elation in inventing new forms of political opportunism, according to Jeffrey. There was pride in being bold and showing individual initiative. Of 20 top student union leaders whose later careers Jeffrey traced, 10 became political fixers; four, lawyers; three, teachers; two, farmers; the remaining young man was in jail.

OTHER NATIONS

Saving Africa

THE SOURCE: “Can the West Save Africa?” by William Easterly, in *Journal of Economic Literature*, June 2009.

ABOUT HALF OF ALL AFRICANS subsist on \$1.25 a day or less, while the average American’s daily consumption requires \$131.50. Life expectancy in Africa is 51 years, a full 33 years less than in the East Asian

Between 1960 and 2006, the developed world gave \$714 billion in aid to Africa.

gambling haven of Macao. Per capita incomes have declined or stagnated since 1973. One economist suggests that life satisfaction is so low that the average Togolese man would be hospitalized for depression if he lived in Denmark.

The crusade to “save Africa” has a long and disappointing history, writes William Easterly, an economist at New York University. Between 1960 and 2006, the developed world contributed \$714 billion in aid, and still the majority of the “bottom billion” of the world lives in Africa. With so much spent to so little effect, it is particularly important to study what has worked, and why.

The two most heavily trodden paths toward saving Africa are the “transformational” and the “marginal.” Transformers want to make comprehensive changes to advance economic growth or improve social conditions. Marginalists believe in one-step-at-a-time efforts such as administering deworming drugs to schoolchildren or offering merit scholarships to high school girls in Kenya. The ambition and costs of a transformational plan would seem to require a strong base in research, Easterly says, but existing studies are woefully inadequate. It is almost always impossible to figure out what goes awry in transformational projects, in part because so many policy

interventions take place at the same time that none can be surely identified as the culprit.

Development ideas cycle through Africa with the regularity of the ocean currents of El Niño. Britain’s Lord William Malcolm Hailey issued a report in 1938 making the case for malaria control, better nutrition, improved soil fertility and erosion control, better land tenure rights, and clean drinking water. Each objective was repeated in the United Nations Millennium Project of 2005. In fact, Easterly says, as each transformational effort seemed to flop, the response was to launch an even more ambitious undertaking, or to try the same thing again once enough time had elapsed to forget the lack of results.

Over time, development specialists have blamed Africa’s poverty on a lack of saving and investment, poor infrastructure, weak agricultural technology, poor education, bad policies, corrupt institutions, violent conflict, military coups, natural resource dependence, failed states, and even a uniquely bad disease environment. So far, no comprehensive remedy has been found. But research on small, marginal development projects has also been flawed. It has led to overpromising and dogmatism from proponents, and “heroic extrapolation” from small samples to general conclusions, Easterly says.

Yet African development is not a hopeless cause, he believes. It may be that the potential of outside Good Samaritan nations and agencies to “save Africa” has been trumpeted too much. Perhaps those most likely to save the continent may be the Africans themselves.