

'India must turn around its unskilled workforce'

Austria-based expert talks about ways to cure secular stagnation

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Heinz D. Kurz, professor of economics at the University of Graz, and director of the Graz Schumpeter Centre (GSC), was in the city, on Thursday, to speak on "Secular Stagnation" Observations on a Recurrent Spectre, at the Gokhale Institute of Politics and Economics (GIPE). Kurz has authored several books, including *Classical Economics and Modern Theory: Studies in Long-Period Analysis, Theory of Production and Revisiting Classical Economics*. He has also published several papers, including the Australian Economic Papers, Bulletin of Economic Research, Cambridge Journal of Economics, *Economica* and Economic Systems Research. He is also the co-founder and managing editor of *The European Journal of the History of Economic Thought* since its foundation in 1993. He has won several awards and honours, including the President of the European Society for the History of Economic Thought (2006-2008).

Below are excerpts from the conversation with Kurz:
How do you think the ongoing secular stagnation in the developed world is going to affect economies such as ours?

If social products in large economies such as US and Japan are stagnated or there is a decline in their growth rates, then there is less demand of Indian

products in these countries. The exports go down. Similarly, when there is a decline in the growth rate in China, it will affect the Indian economy. Therefore, it is safe to say that any change in the global economy directly affects all the countries in some way or the other.

How secular stagnation is different from slow long-term growth?

There is no absolute difference between the two. The difference depends in which context we are using both the terms. In fact, many a time, the two terms have the same meaning. For example, there has been a rapid economic growth in India in the past one decade. But if you take the example of China, the growth rate has been declining over the past few years.

How long do you think India can remain insulated from secular stagnation?

A. India is an integral part of the world economy so any change in the global economy will impact its growth. However, India has a large uneducated population. It has a huge potential to convert this population into skilled workforce that can turn things around.

How do you see the migration issue affecting the present stagnation in Europe?

One can answer this question in an abstract way. It's quite subjective and depends on how

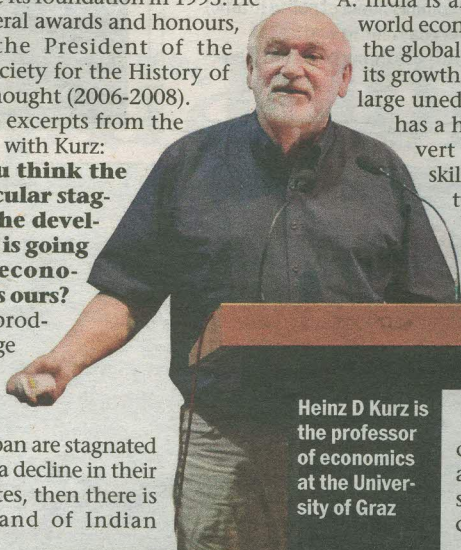
Europe is going to integrate the migrated population. If this migrated population is skilled and can be employed, then it becomes a huge potential. But on the other hand, if the same population is unemployed for two years, it is going to be a huge challenge for Europe. It really depends on policymakers on how they are going to integrate the migrated population.

Your thoughts on the current US elections and how the outcome may tell on the global economy?

I think Hillary Clinton will win in the end. I am not a fan of Donald Trump. The statements he issues are inflammatory. His election as the President will be a disaster for US. Also, lack of unemployment and decline of minimum wages are two major issues in the US. Doling out strict policies on the immigration law or banning people to migrate to the US will not solve the problems. And, the current political debate in USA is not addressing any of these issues. However, any decline in the growth rate of US will have a major impact on all economies of the world.

You were one of the 133 professors (signatories) from across the world to have written a letter condemning the arrest of Jawaharlal Nehru University Students Union (JNUSU) president Kanhaiya Kumar. What are your thoughts on the entire controversy? What can be the consequences of the event for India in the future?

I came to know about the issue from my friends at JNU. Any control of free intellectual debate is discouraging for any country. I don't support terrorist activities, but forceful control of free speech anywhere is not right.



Heinz D Kurz is the professor of economics at the University of Graz