

*References*

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**Claudia Goldin and Lawrence F. Katz:**  
*The Race between Education and Technology*

Cambridge, MA, 2009: Harvard University Press, 488 pp.

The United Nations Millennium Development Goals, an international effort to combat poverty, ranks the universal education of the world population as one of its top priorities. Many important aspects of societal and individual health and wealth are strongly correlated with education levels. Various studies have shown that higher levels of education are correlated with longer life expectancy or the better health of offspring on the individual level, and on the societal level with higher levels of democracy and a better quality of democracy, stronger economic growth, a greater capacity for innovation and a better ability to accommodate global challenges of all kinds. Empirical studies show clearly that the prosperity of a nation benefits when access to education and higher education achievement is shared as widely as possible by all members of society rather than held by an elite group. A prominent example of the crucial role of education in the growth of national wealth and prosperity is the United States of America. This book by Goldin and Katz guides us through the milestones in the evolution of the American education system and shows us how it made America the richest nation in the world. Goldin and Katz explain that the American education system had six outstanding virtues: (1) decentralisation with many fiscally independ-

ent districts, (2) public provision, (3) public funding, (4) separation of church and state, (5) gender neutrality, and (6) the open and forgiving nature of an education system that does not test and select students at early ages and is open to giving pupils who fail a second chance. These virtues applied to all levels of education, from basic through secondary to college education, until the 1960s, and they were in contrast with the rather selective and elite education systems in most European nations. Goldin and Katz's main argument in the book is that the democratic, non-elitist and egalitarian nature of America's education system was a precondition for the nation's upward swing in technology and innovation. They argue that the steady rise of America towards becoming the top world economic power and the richest nation was possible because the supply of a skilled and educated population increased faster than the demand for it. So the supply of workers was able to respond immediately and flexibly to the skill demands driven by skill-biased technological change. As a result, the gains from economic growth became more equally distributed and shared by most Americans. If the number of better-educated and well-skilled individuals had not grown as fast as it did, the benefits of the technological innovations would have remained in fewer hands and inequality would have grown very high. For much of the 20th century the education system in the United States led in the technology race.

The book's second major contribution is that it reveals the causality between changes in educational attainment, technology and social inequality. Goldin and Katz tell two tales of increasing and growing inequality that occurred in the US during the 20th century. The first tale starts with the boom in public high school education at the beginning of the 20th century. At that time inequality and the pecuniary returns to education were both exceptionally high so that white-collar workers and

others with a higher education degree earned dramatically higher incomes than lower-educated workers in blue-collar professions. But due to the rapid establishment of more and more high schools throughout the country, graduation rates grew from about 10% in 1910 to about 47% in 1940. The massive rise of a high school-educated population diminished both the inequality and the pecuniary returns to education until the 1960s (Chapters 2 and 8). By that time America was growing rapidly and the fruits of economic growth were shared fairly equally across the income scale. But then the second tale began—that of growing inequalities and growing returns to education, and of a slowdown of productivity growth. How did that shift occur? What were its causes? Goldin and Katz analyse the determinants of the relative premium to skill changes on both the supply and the demand side of the economy. They conclude that between 1915 and 1980 education raced far ahead of technology, thereby reducing the skill premiums and lessening the economic power of the highest-skilled and expert groups. The reversal of these tendencies around the year 1980 was caused by a stagnation and relative decrease in the number of college-educated graduates since the 1970s, which reduced the elasticity of supply of higher-educated workers. As a result, the college premium rose sharply, as did inequality. Late in the 20th century, education finally lost the race with technology.

In the last chapter of the book Goldin and Katz address what it takes to start winning the race for shared prosperity again. They insist that it has to be done through investment in education. The six initial virtues of the American education system have lost their glow due to rising inequalities in society and the spatial segregation of rich and poor. The decentralised schooling system, dependent on local tax benefits, is no longer working well in many places with poorer populations. The Amer-

ican education system is lagging behind many other OECD countries in terms of its quality and relative number of graduates. Goldin and Katz show that it is caused by the flaws inherent in contemporary American capitalism and not by the greater weight of immigrants or by other structural characteristics of the population. Due to increasing inequalities more and more American families are finding themselves in relative poverty, which in itself decreases the chances of their children getting a good education and a better life. This makes state intervention crucial. The only possible way out of the vicious cycle for marginalised and poor workers is to strengthen state financing and institutional programmes, such as pre-school and school support, subsidised free time activities for children, and a well-functioning system of life-long education. Only such measures can sustainably and successfully combat social inequality and stagnating human capital in America today. Investment in education takes a long time to bear fruit; in the meantime income inequalities can be diminished through higher taxation at the very top end of income distribution. The progressivity of the US tax system has greatly diminished since the early 1980s and this is certainly a part of the story of growing inequalities in America.

*The Race between Education and Technology* is a unique book and a great scientific contribution. It analyses the race towards national wealth and excellence in a complex and sophisticated manner. The authors use a great collection of historical data and documents and they provide a rigorous analysis of both to underpin their arguments. The scope of the book is very wide in terms of the period and topics covered. Understandably, therefore, some relevant aspects of the topic are left untreated. For example, a discussion of minority groups such as blacks and aboriginal Americans, and their chances in the education system and the labour market, would have been worthwhile.

Their race to prosperity and equality could have been an inspiration for today's efforts to fight with inequality. Another aspect which is generally left aside in the book is the context of economic globalisation and changing types of technology. The timing of globalisation and the rapid growth of information technologies lies also in the 1980s—the turning point in the race between education and technology in America. The two stories of globalisation and the declining power of nation states on the one hand and rising inequality within American society on the other are most likely interconnected.

This book is an excellent guide to the importance of human capital investment. It can be useful to a wide range of researchers and students in fields as diverse as social and economic history, sociology, social policy, and political economy. The main argument of the book, that technological change, education, and inequality have been involved in a kind of race, is inspirational as well as applicable well beyond the frontiers of the United States.

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**Stein Ringen, Huck-ju Kwon, Ilcheong Yi, Taekyoon Kim and Jooha Lee:**  
*The Korean State and Social Policy: How South Korea Lifted Itself from Poverty and Dictatorship to Affluence and Democracy*

Oxford 2011: Oxford University Press,  
146 pp.

This book by four Korean authors and their erstwhile Oxford supervisor aims to address two main puzzles touching the process and end results of the South Korean (henceforth Korean) transition. First, how could a devastated country become a so-

phisticated and affluent economy in next to no time? Second, how could a ruthlessly authoritarian regime metamorphose into a stable democratic polity with relative ease? In unravelling these puzzles, the authors explored the political process through the prism of Korean social policy from 1945 onwards. In doing so, they put the hitherto rather unfamiliar concept of 'mixed-governance' at the centre of the book with consistency.

The overall structure of the book follows the interactions between two different narratives. The first narrative consists of a detailed account of social policy development, starting from the provision of poor relief and the influx of foreign voluntary agencies in the first years of independence; to decisive initiatives in occupational welfare and the 'Koreanisation' of the voluntary sector during the authoritarian years; and finally to milestone reforms of state provision in the wake of the 1997 East Asian financial crisis. The second narrative deals with the various shifts in macro foundations of the Korean state: it begins with the birth of the nation in 1948 as a perverted democracy, before moving on to its various stages as a failed democracy, a soft, then hard-authoritarian country, its re-democratisation, and finally its rise towards democratic consolidation.

The introduction points out several important concepts regarding state capacity and social policy governance and lays out a brief backdrop of recent Korean political history. Chapter 2 and Chapter 5 respectively provide a detailed account of the development and structure of the Korean welfare state during the authoritarian era, and the rapid expansion of inclusive welfare benefits during the years of democratic consolidation. With the specific emphasis on particular actors, Chapter 3 deals with the state-business coalition for occupational welfare, while Chapter 4 focuses on the state-civil society coalition for social service delivery.