

SEARCHING FOR A MORE EQUITABLE WORLD

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The fact that chance and genetics combined for my birth as a Jew in Darmstadt, Germany in October, 1929 – indeed on the day the stock market crashed in the U.S. – though I bear no culpability – has consistently influenced both my life and my Weltanschauung. In 1935, at the age of six, I was no longer permitted to attend public school but assigned to a Jewish school serving the state of Hessen. Matters deteriorated a lot further after Kristallnacht in 1938 which put my father, president of a Reform synagogue, into Buchenwald and found my school demolished, along with the adjoining synagogue. It also made it convenient for members of the Hitler Youth to beat some of us up as we left at the end of the day. We subsequently put all our energy into my father's emigration – obtaining his permit to England in early '39. Sparing you all the details of intervening close calls and bitter disappointments, including not obtaining our U.S. visas because Breckenridge convinced Cordell Hull not to fill the refugee quota, and our inability to use our Trans-Siberian Railway tickets because Germany attacked Russia, I was ultimately extremely lucky to be able to leave Germany – in the company of my mother, younger brother and grand-father – as late as October 1941 (!) – going West from Berlin through occupied France, Spain and Cuba, at the very time when Berlin Jews were already being sent East to their death. After spending 1 ½ years in Cuba as a post-Pearl Harbor “enemy alien,” I arrived in the U.S. in February 1943. I attended middle school, including my third time in 6th grade, and high school in Danbury, CT, where my father had settled, was valedictorian of my 414 member high school class and then, taking a larger gamble than I realized at the time, enrolled as part of Brandeis University's first class in 1948. At Brandeis, a school with initially 13 faculty, two buildings, and lots of mud and prayers, I vacillated between pre-med, psychology and natural resources majors until finally accumulating just enough credits to shift into economics. I was clearly looking for something between the hard and soft sciences and I found it. I became summa cum laude and valedictorian of an admittedly small 106 member class, and my commencement address, lamenting the Korean War so soon after WWII, led to a highly valued friendship with Eleanor Roosevelt who was the guest speaker, abandoned her prepared speech, addressed mine and subsequently repeatedly invited me to Hyde Park and her New York apartment, as well as introducing me to Adlai Stevenson.

Really critical to my career choice was the fact that I took a course in my junior year at Brandeis from an anthropologist named Bernard Mishkin who dealt imaginatively with what were then called “backward areas,” a course which sent me on my way emotionally as well as intellectually. It was this first exposure to development that led to my senior essay at Brandeis focused on the successful transition experience of Japan, 1878-1930, a subject I later returned to in much greater detail and erudition for my Ph.D. thesis at Yale.

I always knew that I wanted to get involved in the “real world” and, in particular, the real third world, and development became my passion. After a year on a dissertation-related SSRC grant in Japan, spent at Hitotsubashi and Keio Universities, I sent in my thesis, obtaining my degree in absentia. After a year as an instructor at Yale on my return, I left in order to work on India at the Ford Foundation in New York, got married to a Yale ABD sociologist – a mixed marriage – and went off to Pakistan, subsequently spending 2 ½ years as the first director of a new research center (the Pakistan Institute of Development Economics) in Karachi, Pakistan. That formative period proved another real turning point in my life. It is during these years, based on my earlier analysis of the Japanese historical success story, that I began to develop a general theoretical model focused on the labor surplus type of developing economy. Together with Professor John Fei, who joined me as a research advisor in Pakistan, we developed a model which took off from Arthur Lewis’ initial work but focused more on inter-sectoral relations between the agricultural and non-agricultural sectors, which turned out to be my big professional break-through. It led to my being hired back by Yale as an Assistant Professor in 1961 and, partly because the Fei/Ranis book *Development of the Labor Surplus Economy* had turned out to be a big hit, and partly because I became heavily involved as the Associate Director of a new institution, the Yale Economic Growth Center, I was tenured as a 32 year old full professor, only six months later. Except for two years on leave in the government and several normal sabbaticals I have remained at Yale ever since. Two of these sabbaticals took me and my family to Mexico and Colombia, permitting me to do quite a bit of professional work comparing the East Asian experiences of Taiwan and S. Korea to Latin American development patterns. But, perhaps the most memorable year abroad personally was as a Fellow at the Institute for Advanced Study in Berlin in ’93-’94. To be back in Germany for a prolonged stay was a very special and understandably somewhat mixed experience. When I saw “Schindler’s List” (in Berlin) there was no one in the audience above 50 and I generally much preferred contacts with folks which could not have been watching behind the curtains as Berlin Jews were being marched to our Grunewald S-Bahn station for “resettlement” in the East.

Over time I became more and more interested in the policy implications of my theoretical work, and these inclinations opened up a new world to me, including examining the role of foreign assistance in development, for better or worse, relative to what a developing country can and must do for itself. Those initial interesting and highly productive two and a half years in Pakistan – and these were the years of Ayub Khan, a benevolent dictator who liberalized the economy and led it to its best years since Partition – gave me an invaluable worm’s eye view of development. The Yale years that followed were exhilarating for the profession as a whole, for development in particular, and for me personally. Economics as a field was booming and the sub-field of development economics was outpacing it. With the advice and guidance of Nobel Laureate Simon Kuznets, who became a close friend, we at the Economic Growth

Center initiated a Country Analysis Program hiring several waves of Assistant Professors to examine the post-war performance of some 25 major developing countries, using a standard quantitative framework. What we were trying to achieve was the evolution of a typological approach to development, moving from labor surplus (e.g. historical Japan and contemporary East Asia) to land surplus (e.g. Nigeria) to natural resources rich (e.g. Mexico) and natural resources poor (e.g. Egypt) country cases.

What happened next was a presidential appointment in 1965 as Assistant Administrator for Program and Policy at U.S.A.I.D. during Lyndon Johnson's administration. Those two years in Washington provided me with a lesson in statecraft as well as with a different bird's eye view of development, impossible to get from books or scholarly articles. As Assistant Administrator for Programs and Policy, my 300 souls unit was asked to function like an internal budget bureau, allocating resources as well as generating and transmitting development policies for application by AID's regional bureaus and country missions.

I soon came to realize that being able to spend even 30% of my time on these substantive tasks took a lot of effort and called on most of my intellectual capital as well as waking hours. The other 70% had to be spent, by necessity, on working through the bureaucracy, the Department of State, the Budget Bureau, Treasury, occasionally the White House, mostly to defend turf and to keep the 35 economists who were working for me from being shanghaied to work on "Vietnam Reconstruction." I was indeed a front-seat spectator at the White House's mounting efforts to shift human resources, P.L.480 rice and, most critically, attention, away from the rest of the developing world. I was able to resist because I was an academic on leave. It was my experience as a participant in this tug of war between rational choice and politics that gradually got me more and more interested in political economy and critiquing mainstream economic theory. My work on the labor surplus model, of course, had already focused on the dual economy, with one sector behaving neo-classically but the other (peasant agriculture and informal urban non-agriculture) behaving classically, i.e. with a bargaining or sharing, not a competitive wage. And I have in recent years shifted further away from believing in the unrealistic full employment equilibrium assumptions most economists currently abide by religiously.

Given my experience in Washington, my interest in policy became even more pronounced on my return to Yale and I advised, over the following decades, governments in Taiwan, Korea, Ghana, Panama and Indonesia and consulted for the World Bank, the ADB and the IDB. Consequently, I spent a lot of time and energy writing about development policy in different types of developing countries, on structural adjustment, and on the role of the international financial institutions, which were becoming increasingly controversial in terms of their impact on country performance. My research also came to focus increasingly on basic needs, on poverty alleviation and especially on the relationship between growth and the distribution of income, with the help of an innovative Gini decomposition technique. I increasingly came to view

income as a necessary instrument for satisfying people's basic needs and improving their human development level as the bottom line of economic activity.

In 1996 Yale's President asked me to become the Director of the Yale Center for International and Area Studies (YCIAS) – now the MacMillan Center – which gave me the opportunity to explore more fully some inter-disciplinary approaches to development. Area studies, born with “Chrysanthemum and the Sword,” a World War II “Know your Enemy” initiative and expanded in the post-war as part of American anti-communism and exceptionalism, are, as is well known, looked down upon by most orthodox social scientists, especially the younger generation of economists who do mostly microeconometrics and game theory these days, combined with an occasional, but declining, interest in cross-country regressions. Yet, during my 8 ½ years as Director of YCIAS I managed to encourage the “crossing of borders,” assembling inter-disciplinary teams of political scientists, historians, sociologists, anthropologists and, admittedly, only a few economists. We organized three groups, on the environment and development as seen from below, migration and the nation-state, and language and culture – groups that focused on a problem to be examined in a comparative setting, recognizing that time, place and institutions matter and that the fusion of disciplinary rigor and local knowledge can yield worthwhile and publishable results. I also established the Leitner Program on International and Comparative Political Economy, which has flourished since, cultivating the no-man's land between the two disciplines of economics and political science. Moreover, I was able to influence Yale's President to create a number of International Inter-Disciplinary professorships, requiring appointment in two or more departments. The current revival of interest in institutional economics generally and the flurry of behavioral economics in particular has provided some encouragement to those of us interested in area studies not focused, as is the case of most of today's younger generation of economists, on the search for data to implement pre-conceived, admittedly econometrically sophisticated, household micro models, but instead on the macro forest of development. One preferred example is the impact of remittances on rural Mexico in which I became involved with the help of a Hewlett Foundation grant.

As a further indication of my shift in interest, I have become heavily involved in the human development initiative over the past 20 years, contributing substantially, with my friend from Pakistan days, Mahbub Ul Haq, and Amartya Sen, from their beginning in 1990 to the UNDP's annual Human Development Reports, and have been publishing in the journals on a subject which has been increasingly well received by development practitioners around the world, if not yet by the Anglo-Saxon economics establishment. I was appointed a Carnegie Scholar 2002-2004 to help me to further pursue this subject. In collaboration with Frances Stewart I have felt comfortable in moving beyond the famous Human Development Index to examine additional indicators of human welfare but stopping short of Amartya Sen's virtually unlimited choice among functionings and capabilities. Another indication of my current mix

of interests is a heavy involvement in researching the impact of ethnic and other elements of diversity on growth and instability in Sub-Saharan Africa.

Reflecting on my overall work philosophy, it should be clear from all of the above that I have been fully committed to improving our understanding of what makes for success in development, when success is defined not simply in terms of growth but by viewing growth as a necessary but not sufficient instrument for addressing the bottom line of equity, poverty alleviation and improved levels of human development. Why did I settle on this career? I had opportunities offered to me in the corporate world, but – except for one summer when my mother was dying and we needed the money – I was never interested. Perhaps my life experiences had something to do with the choices made, given my difficult early years as a youth, first in Nazi Germany and then as a quite poor, and soon parent-less refugee in the U.S. (My father died when I was 14, my mother when I was 24). I undoubtedly became a “premature adult”: serious, hard-working, with little time or resources for fun. In fact, I didn’t go out on a date until I was into my early twenties. This, I understand, was a pattern not uncommon for refugees from the Holocaust. It also, I believe, moved me in the direction of having sympathy with and wanting to work on issues related to the world’s underdogs, whether at the macro or micro level, domestic or international. The rate of return to able social scientists working on macro development issues always appeared to me so much higher than what most economists are spending their plentiful talents on these days. Currently I am working on the aforementioned issue of diversity in Africa, two kinds of decentralization, horizontal and vertical, as well as on the within-country distribution of human development indicators. One continues to hope that the micro level research that is currently in vogue in economics, and increasingly, if with a lag, in political science, will turn to more actively build support for macro inquiries into what makes for success and failure in meaningful development outcome dimensions.