UNITED NATIONS INTELLECTUAL HISTORY PROJECT
The Graduate School and University Center, City University of New York
365 Fifth Avenue
New York, NY 10016

TRANSCRIPT OF INTERVIEW OF

PAUL STREETEN

BY

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Spencertown, New York, 28-29 May 2001

Transcribed by Ron Nerio

RICHARD JOLLY: This is Paul Streeten being interviewed by Richard Jolly in Spencertown on May 28, 2001. Paul, hello. You have an absolutely wonderful account of the many intellectual influences on your life, in what you have written in *Aerial Roots*, and indeed the many distinguished intellectuals that you've known and interacted with over your career. Perhaps we could go back to the beginning, to Vienna, and ask what was the influence of those early experiences on your later concerns with development, concerns with poverty, and indeed concerns with internationalism.

PAUL STREETEN: In interwar Vienna, it wasn't very difficult to be concerned with the poor. It was a terribly mismanaged situation, as we all know. I have felt, since my primary school days, quite strongly that great inequality and great poverty should be eradicated. They are not tolerable. I joined, at the age of perhaps ten, eleven, or twelve, a socialist youth movement. There again, we discussed and talked about national and global issues of poverty, inequality, and policies of how to remove or reduce them. Initially, that was very much more action-oriented, than just thought. We really wanted to do things rather than think or write about these problems. But my own interests turned, perhaps at the age of fifteen or sixteen, towards thinking about these issues, as well as doing things about them. It started with action and then eventually got onto thinking.

Then, I was more interested in social psychology than in economics or sociology. But later on, again, that changed. When we wrote essays, for instance, in our equivalent of high school, the gymnasium, I tended to deal with themes of social interest, even with some of what we would now call "development problems."

My main influences were partly my uncle, by whom I was brought up and partly a socialist sociologist who was very idealistic—he wanted to combine Karl Marx with Immanuel

Kant—called Max Adler. Even when I was still in school, I attended some of his lectures at the university—also some of the lectures given by Moritz Schlick, for instance. He was a philosopher, not a sociologist. He was anti-Kantian. He didn't think that the main purpose in life was to fulfill our duties, but to achieve happiness. That again is easily related, on a national and global scale, to a social concern for all human beings. It is what we would nowadays call human development.

RJ: When you referred to action, even when you were eleven or twelve, what sort of action? Do you remember?

PS: The actions were partly of the groups themselves. We had weekly meetings, camps, and excursions where we discussed political problems. But we also assisted, for instance, in the organization of trade union meetings, when the trade unions were still allowed, before 1934, in Austria. These meetings produced some very odd conflicts because the youth movement itself was against smoking and alcohol consumption, whereas the workers, of course, for whom we wanted to work, all smoked cigarettes and were quite keen on their pint of beer. But we resolved these issues.

These were the realistic actions. There were some more unrealistic actions, like working for the revolution. The situation was so hopeless in those days that many of us thought that the only answer was revolution. That meant, when the movement was repressed—it became illegal after 1934 under the Austro-fascist regime—that we began printing illegal newspapers, distributing them to certain addresses that we were given, and learning how to conduct the coming revolution.

RJ: How formally was this linked to the Communist Party?

PS: Well, the Communist Party was only one of the organizations. There was a youth movement, of course, the young communists. I was never a member of either the Communist Party or the communist youth movement. But there were many other socialist movements, and I was in something we called the *Wanderbund,* officially a hiking group. There wasn't a very close link to the Communist Party, although there were some of us who were very close to communism. When I was a student we had much closer links with Communists. There were meetings at which we were told we had to shed all moral inhibitions if we wanted to further the good cause.

RJ: The other influence early on—I was surprised reading *Aerial Roots*—were the number of Blue Pilgrims that somehow played a role, perhaps by the time you reached England.

PS: The Blue Pilgrims only came on the scene later when I left Austria for England. But my sympathy had changed by that time. I was, in a sense, prepared for them, because at one stage, I began to see quite clearly, I think at the age of sixteen or seventeen, that the ends do not always justify the means, which was the creed of the more revolutionary colleagues of our group. I turned more towards individual values and the view that the means should not be sacrificed to the ends. That was a preparation for a group that was also connected with the Quakers. They were the people who, when the time came to leave Austria, when the Nazis had marched in, in March 1938, influenced my thinking and my actions very much. It was in a more conservative direction, or away from the violent revolutionary attitude that we had adopted in our extreme youth.

RJ: But the formal religious ideas, in spite of these contacts that you had—I thought many of them were evangelical people—they never influenced your early life?

PS: Not my early life, no. They influenced me, of course, to some extent after I had come to England, but not at all in Austria. That was a fairly—I wouldn't say atheistic, but an agnostic period. I don't think religion or God or any of these transcendental issues played a very important part in my early life. My grandparents observed the great Jewish holidays. I participated in them as a child. But there was no question of faith.

RJ: And later on, there was no question of Christian faith when you got involved with the Blue Pilgrims, impressed by their way of life.

PS: Oh yes, there was. I had a period when I became quite close to the Christian faith as a result of my contact with the Blue Pilgrims.

RJ: In a serious personal way and a serious theological way?

PS: Yes.

RJ: For how long?

PS: It's hard to say when the deeper faith petered out, when I changed again towards a more agnostic view, although I still have some kind of faith. But how long? I think that would have been five or six years.

RJ: So this was more in your years from eighteen to twenty-three?

PS: Let us say from twenty to twenty-five.

RJ: Very interesting. Coming back to Vienna, did the Great Depression influence your family and your experiences?

PS: Clearly it did, because there was unemployment, and there were soup kitchens, et cetera. We were not unduly affected. Our living standards were, of course, much more modest than the ones we are used to nowadays. But certainly the Great Depression, and the memories of the First World War, and the inflationary period preceding the Depression—they had wrought

havoc with much of the social cohesion of Austrian society. I think there was a sense, in those days, that capitalism was doomed and that we should work for a new order, a new type of society, which would overcome these horrible conditions.

RJ: And the early events, or even the later events, of the League of Nations? Did the international dimension of either socialist ideas or the reality of the League of Nations, and its failure—did that affect your conscious thinking at that time?

PS: I didn't even begin reading the newspaper until the age of fifteen or sixteen and to take an interest in politics. The League of Nations in those days seemed to me an organization that was pretty futile. There were these great world economic conferences which didn't produce any results. Although we had the notion that some form of international organization was needed, the League of Nations was not an organization on which one would have built very great hopes.

RJ: Then your education was interrupted several times. You came to Aberdeen. But actually before that, if I'm right, you came to Cambridge for a short period, in Ridley Hall. That is when you started getting involved with the Blue Pilgrims. I certainly detected, in your account, both sympathy and a certain fascination with the younger ladies of the families that were nice and hospitable to you.

PS: That's right. There were actually quite different types of people. The ones who gave me shelter and welcomed me to Cambridge—Paul and Catherine Gibson—they were very evangelical. But they presented to me the opposite point of view. The means were almost everything. The end is important too, but you should never take violent action to achieve however well-intentioned ends. And the value of the human being in himself or herself—those were the things that I began to become aware of. A greater emphasis on the individual against

the collective: a shift from [Arthur] Koestler's Commissar towards the Yogi. I had, of course, become aware of these matters before I had met the Blue Pilgrims, or the Knighthood as they were also called. But they were very influential in moving me in a more individualistic and humane direction. My views on the role of violence changed.

RJ: Then you go to Aberdeen, and you are there for—

PS: In Aberdeen, it was between September or October 1938 and Whit Sunday 1940, when I was picked up by two policemen who very gently knocked on my door and asked me politely to accompany them and bring a few things to the internment camp. I never returned as a student, though I did return to Aberdeen—the town and the university, but not to study. When I went to Aberdeen University, I wanted to study sociology because I wanted to improve the society in which we live. But there was no sociology department at Aberdeen. There was only an economics department—one professor, one lecturer, and one economic historian. It was very small. The classes were very small. But again, I happened to fall into the right hands because Lindley Fraser, the professor of economics, was a kind of social democrat. He was a very lively and interesting man, who later on worked for the BBC. Again, I found an echo to my ideas and my approach to things in his approach. We understood each other, and I did quite well, up to the point when I was arrested by the police as an enemy alien and put into an internment camp in 1940.

RJ: I didn't quite get from the account when you went to the internment camp in the UK, to the internment camp in Canada, and how and why you were shifted in war, when after all, shipping was in scarce supply.

PS: I was in several different UK camps. First I was near Aberdeen, then I was moved to a place near Liverpool, to Huyton, and then to the Isle of Man. You see, the whole internment

procedure was slightly crazy because it was a panic measure in response to the invasion of Holland and Belgium. They thought that fifth columnists, who may or may not have played some part in helping the Nazis, are dangerous. They thought that people between the ages of twenty and twenty-five, young males, are particularly dangerous. They selected those between the ages of twenty and twenty-five in the camp on the Isle of Man—that must have been in the summer of 1940—to be taken out of the country and shipped to Canada.

You are quite right, shipping was scarce. We went out unescorted, without convoy (presumably because we were expendable) and in very, very crowded conditions and with some German prisoners of war—not completely mixed up with us, but on a different deck. It was all a terrible mess. If you really wanted to stay behind you could—I think one or two or my friends did not follow the order that young men between the ages of twenty and twenty-five should line up to be shipped to Canada. But most of us did and were shipped.

RJ: And none of your friends in Cambridge or Aberdeen tried to persuade the authorities that they were making a big mistake in your case?

PS: Oh Richard, very much so. They did so, up to the House of Commons. There were questions asked about me and others in the House of Commons by Labour MPs (Members of Parliament) who were lobbied by my friends. Dick Crossman was one of them. And Lord Lytton in the House of Lords. And there was a general attack on the internment of "friendly enemy" aliens. There was quite a lot of opposition. But it didn't seem to do much good until several months later, an ex-prison commissioner, Alex Patterson, was sent out to Canada in order to separate the sheep from the goats—the good people from the bad people. There were no bad people, actually, in these camps. Everybody was passionately on the side of the Allies. All the bad ones had been caught before the internment.

RJ: There were some very distinguished people. You quote some of their comments on the ironies of being locked up at this moment. Do you ever think back to this period of internment when issues of human rights or issues of imprisonment have arisen in the course of looking at development or visiting countries?

PS: I don't really link it up. I do remember some things, selectively, quite well, but I don't dwell on past experiences. I try to live in the present. There were no reunions of internees, though some of us remained life-long friends. But later on, when I was in the army, there were quite a few reunions. But I don't really go to them. I don't feel particularly involved. That was an episode that was rather a waste of time and talent, both from the British point of view and from the internees' point of view.

I don't connect it with the present emphasis on human rights. No, I think it's just a chapter that is admitted to have been a great mistake by everybody, though my Aberdeen psychology professor, a colorful man called Rex Knight, wrote to me saying that though he regretted my misfortune, he agreed with the government's decision. They eventually tried to correct their mistake by getting some of us back from Canada to England, by Christmas 1940. They eventually permitted us to join the army, which I had wanted to do in any case, even before internment. One of the great ironies was when I got my calling up notice sent into the internment camp.

RJ: So you were in Canada three or four months?

PS: Five months. Some of the people who were in the same camps stayed on. They liked to be out of it, out of the war, because Canada was a safer place than Great Britain. In 1940, the blitz had started, and we arrived back in Liverpool during the heavy bombardment of

the town. From one point of view, it was returning to a much more dangerous life. But from the point of view of what we wanted to do, it was a privilege to be allowed to return.

RJ: And you recall Heinz Arndt was there in the camp. Is that right?

PS: Heinz Arndt was the deputy camp leader in Canada. Actually, I remember first of all coming across Heinz Arndt in what must have been a railway station where we had all been parked, when we were still in England. He gave a lecture, when we were all casually squatting together, to while the time away. He was a brilliant lecturer on political theory, on John Locke, or something like that. I was very impressed by him. In the camp itself—I didn't get to know him then too well, although I got to know him much better later. He was very efficient and very good in the capacity of deputy leader. Count Lingen, the grandson of the German Kaiser, was camp leader. These were offices to which people were elected. When some sycophant went up to Lingen on the Isle of Man and said, "Sir, I am a great admirer of your family," he replied, "I am not."

RJ: Oh, elected? I missed that. You are casting new light on participation in the early phases. I don't think I've got any point particularly about the war period. I read that you were in Sicily and were wounded there. But do the wartime experiences of the actual fighting stick in mind?

PS: Very much so. I have some very vivid memories of the landing in Sicily, all very confused, and some of the actual fighting and several landings behind the German lines. We were trained in Aberdovey, in Wales. About one or two years ago, our Commando troop had a meeting, when a monument to the troop was unveiled—this was the X Troop which consisted of technically enemy aliens because we were not yet British citizens. So we were called either Number 3, or X Troop. It was part of the Inter-Allied No. 10 Commando. There

was a French troop, a Norwegian troop, a Polish troop in different parts of Wales. At the reunion they unveiled a monument in a park in Aberdovey. Of course, I was invited to it, but it clashed with a World Bank meeting in Dubrovnik. I would have gone otherwise. Many of my colleagues couldn't understand it—such a memorable event and such an important occasion—how I would bear to miss it.

I have a colleague who was with me in the troop, whose whole life ever since is absorbed in recounting and reliving the moments of his wartime experience. I am not like that. I feel that that has gone by and I must move on. I have many friends still, people who I met in internment and during the war, and some of them have been among my best friends, but not because one relives those moments.

RJ: If I may ask, you have had a period of at least mild disability. Does that go back to your wounds then?

PS: I was wounded in Sicily, in Scaletta, near Taormina. I was quite severely wounded, actually. People thought that I would not survive. I was, for nearly a year, in hospital. I got a 100 percent disability pension. Before that I was 100 percent fit. At one time I thought I might become an athlete. I did not think I would become an intellectual or an academic.

RJ: But it is precisely that. I wanted to ask you whether the fact of this disability has affected your thinking, your attitude toward development, your feeling in development that one must be concerned with people in all their situations, including people with disabilities.

PS: Inevitably, one's range of sympathies and understandings widens with one's experiences, whether they are good or bad. But I think, I hope, I would have had that concern even if I hadn't been disabled. I think you are right. All of your questions are very much to the point, but I would say my disabilities have not affected me in any very deep or profound sense. I

think the concern would have been the same. I don't think of my disabilities as a great handicap. Clearly, I can't do things like climb mountains or ski anymore, which I liked doing before. I can still swim. It doesn't really, in any very deep sense, affect my views. Obviously, one has better understanding of some problems.

RJ: Speaking as someone who has known you for thirty-five years, you have always worn it very lightly, if that is an appropriate phrase. But it is on occasions like this that one feels one should perhaps ask.

PS: That's it. There's the problem with age. You don't know which disabilities are due to growing old and which are due to the war injuries. And the combination is not very nice. But in some cases, I suppose disabilities turn people inwards, towards themselves. But I don't think it has affected me in that way. This is an interesting point that I would like to think about more.

RJ: I want to take you back to Lindley Fraser, because you had this wonderful quote about him. I have forgotten which of your friends you were talking with who said, "The troubles of the world never look very grim when Fraser is about, spreading his rosy glow." I thought that was a wonderful quote. We've all known people like that. And in a way, it made me think a bit of Jim Grant as a positive person. No matter how grim the situation was, Jim turned from them. He always turned them into a positive challenge: "What are we going to do about it?" Was that the attitude of Lindley Fraser?

PS: You are absolutely right. I haven't written much about it, but you have got it entirely right. He was actually a classical scholar at Queen's College, Oxford. And then he became an economist. He wrote a book, called *Economic Thought and Language.* It isn't read today, but it really is a very interesting book. It was entirely conceptual and definitional. But he

was at heart, I think, a man of action. When the war broke out, he grinned and rubbed his hands and said, "Ah, practical action again." He went to work for the BBC.

Now that you mention it, he had some of the characteristics that Jim Grant had. Jim, of course, was like Fraser, also very intelligent. But he was not primarily an intellectual, would you say? He was a man of action, a doer.

RJ: I agree with you. He wasn't that much interested in the intellectual points, except as they gave guidance to what should be done.

PS: I quite agree. And in that sense, Fraser was a bit like Jim Grant. Unfortunately, I think he drank too much, left his wife, or took up with another woman—and he died relatively young.

RJ: The other person that fascinated me, that you had several paragraphs quoting his ideas, was Bill Davis.

PS: Oh, yes. Those words about Lindley Fraser come from Bill Davis. He was a very wonderful person. I agree with you.

RJ: Yes, and who by then was still a communist, and still much more concerned with the world of action.

PS: He was a communist, but he didn't approve of the Hitler-Stalin pact. And he immediately, on the outbreak of war, volunteered for the navy. I don't know if he was a member of the party, or at what time he left the party, if he was a party member.

RJ: They wouldn't have accepted him? Well, they would have accepted him in the navy.

PS: Oh, they accepted him. Yes.

RJ: I didn't quite get your point that if he hadn't had left the party by then, would he have been accepted into the navy?

PS: I wouldn't know. But I think he must have left, because he disagreed increasingly with some of their views. What was your question?

RJ: I was coming to the fascination, to me, of the very earnest debates that you had, and Bill Davis reported, in which you were pressing the "speculative approach," was his phrase.

PS: And even the Christian approach. Bill Davis was the son of the dean of Worcester Cathedral. The dean of Worcester's wife, Bill's mother, was a Blue Pilgrim, and she became, after Bill's death in action, a godmother of my daughter. But Bill obviously reacted against the religion of his parents very strongly. He was a philosopher by profession; he became very anti-religious, and anti-Christian. He would say, mockingly, "Vicarious suffering is the law of the universe." I had moved in the opposite direction, and we had interesting talks on these questions.

RJ: But they come over as wonderfully exciting, serious discussions, in an intellectual sense, of people wrestling with ideas.

PS: He was a bit older than I. He was born in 1914. I was born in 1917. And he was—and I didn't quite realize this perhaps at the time—clearly a homosexual.

RJ: I don't think you say that.

PS: We never had any kind of physical attachment to each other. At least I didn't. We went on holidays and camped together and did all sorts of things together. But, he made no advances or anything like that towards me. His picture hangs in the All Souls common room. He was killed in the war in 1942. His end was really characteristic of Bill, because his destroyer, the Electra, was bombed. They were on a little raft, and the raft couldn't hold more than two or three people. There were more, and he just swam away to make room for the others. He drowned. I sometimes think this is a good test for a human being.

RJ: He comes over in a very moving way. I suppose this is then bringing us to the time when you then came back, in this case, to Oxford and to Balliol for your studies. As you said, it was a very exciting period. You were part of the almost aristocracy of Oxford—those who had been in the war and had been wounded out.

PS: Oxford in those days was a very odd place, because there were those people, on the one hand, who were so disabled that they wouldn't have been accepted in the army at all. They were younger than we were. And there were those who had been disabled as a result of the war. They were quite different, of course, in their attitude. It was a very small place. There were still very few people in Oxford in 1944. Eventually, of course, after the war was over, there was a great influx of ex-warriors who weren't disabled. But before the end of the war, there was an interesting mixture of people, as I said—those who were unfit to be in the army and those who were no longer fit. And the scientists—medicals, chemists, et cetera, we mixed quite well together: the ailing artists and the hearty scientists.

Many of the dons, or the fellows, had temporarily left. It was a depleted college. But some people like Tommy Balogh and Donald Mackinnon were there. Tommy was a lecturer. He was not yet elected to a fellowship.

RJ: What was his background that had brought him there and kept him there during the early war years?

PS: To Oxford?

RJ: Yes, because in principle he must have been of an age to be in the army. Is that right?

PS: He was a British subject, I suppose, at the time. I think he must have been. I don't really know the answer to that one. He was a lecturer at University College London. Then he

became a lecturer at Balliol. I really don't know why he wasn't called up. He was born in 1905. That would have made him—

RJ: Forty. Or thirty-nine.

PS: I don't know, Richard. Perhaps too old. But he was certainly a lecturer, and later on became a fellow, over the opposition of many people, but with the approval of Lindsay, the master of the college. The opponents said they would not trust their wives in Tommy's company, which did not speak well of their wives. And there were other refugees. I was sent out for philosophy to a philosopher called David Falk. He was a German refugee. Either age or nationality or disability prevented these people from being called up.

RJ: But given the vote in the Oxford Union, that "this house will never fight for king and country," there must have been extra sensitivity against the pacifist, unless an individual was a very strong pacifist. There must have been an ultra-sensitivity for anyone at Oxford to make clear that they were not taking a pacifist position unless they very explicitly had been pacifists.

PS: I think you are right. Remember that most of the pacifists had to do other kinds of service, like the land army or the coal mines or other noncombatant service. I had never, myself, been tempted to pacifism, although I have always respected people who were. I have always thought that there are some evils that have to be met by force.

RJ: There you are in Oxford in 1944 and 1945, at the end of the war, and the founding of the UN. I have been fascinated in reading the apparent excitement in San Francisco, the creativity, of course, of [John Maynard] Keynes, but also the creativity of Dumbarton Oaks, about internationalism at the time. Did you sense this excitement? Did you follow what was going on in the UN, as you recall? You were twenty-eight or twenty-nine.

PS: Yes, I did. I think we were all, those of us who talked to each other about these things in Oxford, very excited. But I didn't, in any sense, actively participate, of course. It was certainly a very hopeful period. At that time, I remember, we were still concerned with the great discussion of "war aims." We should lay down war aims before the enemy, and if the enemy subscribed to them, end the war. Those who were against this were for "unconditional surrender."

RJ: I don't even remember about war aims.

PS: You're too young for that.

RJ: What they were, I should know. But I don't.

PS: But I think they must have related to some of the issues that have come up in San Francisco at the foundation of the United Nations.

RJ: And then you start moving into the world of Oxford in a teaching position. Initially, I have here, you were a fellow.

PS: One year as a lecturer and then as a fellow.

RJ: And over a very interesting postwar period, indeed.

PS: Very. You see, Tommy Balogh, who was first my tutor and teacher and then my colleague and friend, and then we worked together on a number of things—he, in many ways, was quite sympathetic to what is called "Austro-Marxism," which is my background from my youth. Austro-Marxism, as propounded by Otto Bauer, and to some extent Karl Kautsky, is a very much more moderate and more accommodating form of Marxism than the revolutionary Marxism of Lenin or Stalin. Therefore, modern Keynesianism, as indeed Joan Robinson saw, was more compatible with that kind of background. But we didn't, of course, teach this. We

taught conventional, ordinary economic theory and applied economics. The field was divided between Tommy and myself. He did the applied, and I did the theoretical side in those days.

My concern with development, and the United Nations, I think, would date probably from the late 1950s—around 1958—when I began to write and think about development issues. Now UNCTAD (UN Conference on Trade and Development) was founded in 1964. I remember that very distinctly. Raúl Prebisch appeared on the cover of *The Economist*. It may have been the first picture on the cover. By that time, I was already quite deeply into development and UN issues. But the initial stimulus came partly from having worked with Gunnar Myrdal on translating and writing a postscript to *The Political Element in the Development of Economic Theory* and partly from Thomas Balogh, who was also very interested in the underdeveloped countries, having come from Hungary. My first, intellectual contribution to the debate on development was on balanced versus unbalanced growth. Having translated *The Political Element*, I got to know Gunnar Myrdal, who was one of the great early brains of the United Nations, like Hans Singer, Arthur Lewis, and Sidney Dell. These were the great minds that had contributed to the early days of the UN ideas. I was once going to supervise Sidney Dell's thesis when he intended to return to Oxford—it was on economic integration—but nothing came of it. He decided not to return.

Gunnar Myrdal then asked me to collaborate with him on *Asian Drama*. But even before that I read and criticized some of his books on development, like the Cairo lectures. That, I think, was my way into the development field.

RJ: Let me ask you a few questions about Gunnar Myrdal, because having been the first executive-secretary for the Economic Commission for Europe (ECE), he was both heavily involved in Europe, but at the same time writing books on development. He was well ahead of

his time with *Asian Drama*. Let me ask you what sort of person you found him to be. He could be strong and blustering, if I understand it, and quite domineering. Is that correct?

PS: You didn't know him?

RJ: I never met him. Well, that's not true. I met him shortly before he died. I went to a conference in Stockholm, a conference of the International Institute for Development Economics. But by then, he was fairly mild, although he was quite strong and outspoken even then.

PS: I was astonished to see not only his son Jan's reminiscences of his father, but also his daughter's (Sissela Bok) book. They were both very, very critical.

RJ: Incredibly critical.

PS: She is perhaps less so than her brother, but also very critical. They make him out to be a monster. I have never seen that side of him. Someone said that when he and [Prasanta Chandra] Mahalanobis were talking, each one talked 75 percent of the time. I think it's quite true. But he was always extremely stimulating. When he interrupted you and didn't let you finish, it was because he knew what you were going to say before you had said it. He anticipated one's thoughts. And I didn't find him at all overbearing, and certainly not the self-centered monster that his daughter makes him out to be. There was some mush in the endless stream of words—but occasionally there were real gems: truly astonishing insights.

He was quite egocentric, I would say, although he had an interesting ego to be centric about. And he was absorbed by his work. That perhaps left little time for the family. His work was his life, or his life was his work. The two were identical. He would often say, "I was not meant to work—I was meant to sit under trees and make love to girls—" but it was not true. I have also heard from some of the women that he did not treat them very well. But as a

colleague, as a mentor, and as a teacher, I thought he was splendid and wonderful, although, of course, he made mistakes. Certainly he was an ideal person to work and to collaborate with.

RJ: One of the concepts that surely he was well into by then was cumulative causation. Do you feel, to be honest, as I do, that that has been considerably under-emphasized in development studies, in general?

PS: Yes, yes. I think so. It originates in [Knut] Wicksell's analysis of price movements. Myrdal applied it in *American Dilemma*, when he talks about the interaction and the cumulative causation between the conditions of the blacks and the prejudices against them—how these two reinforce each other. But equally, of course, once we improve it, how there can be a cumulative movement upwards, a cumulative causation towards improvement. I think it is a very interesting idea, particularly in view of the dominance of stable equilibrium theory. Although—well, this is not the place or the time, but I have had one small criticism. Cumulative or circular causation doesn't necessarily mean—an indefinite movement away from the initial equilibrium. He didn't go into these refinements that he would have called "filigree work" and that he would have condemned. It depends on certain formal characteristics of the model.

RJ: Yes, that was something he made reference to: "filigree work."

PS: Yes, filigree he called it. When we worked on *Asian Drama* and talked about the capital output ratio, on which I wrote an appendix, he said, "That is not necessary. We know that it is all nonsense. Therefore why go into all these details?" And the same with my critique of cumulative causation. He didn't want to go into the fine details.

I agree with you, Richard, that cumulative or circular causation has been under-emphasized. Trevor Swan once took it up. But again, there has been no follow-up in development theory. But in practice, of course, it's very important.

RJ: Then he wrote, perhaps more clearly than most others at that time, being explicit about values in social science and the way values in social science affect so much. Again that seems to me an issue which perhaps the UN has suffered from too little emphasis on.

PS: I thought that one of the differences between the World Bank and the UN is that the World Bank tried to be excessively technocratic, which Myrdal hated. The Bank approaches most problems from a technical, "scientific" point of view. I would have thought, in contrast to that, that the UN has emphasized values. Certainly there is UNRISD (UN Research Institute for Social Development).

RJ: We would certainly include their work within it.

PS: So UNRISD has always emphasized values. Myrdal was on the governing body of UNRISD for some time. I would have thought that, if you apply it in practice, taking account of values, that the anti-technocratic bias that Gunnar Myrdal always had, means that you try to understand the local people with whom you are working. The Bank has always been very centralized, but the United Nations has been more decentralized. It paid more attention to the views, needs, and problems in the local arena. That again would have been a powerful correction to the Bank's centralized and technocratic approach, compared with the UN's more decentralized, and much less technocratic, and therefore, more value-oriented one.

RJ: I think that was the point, that the UN might have been more conscious in drawing on Myrdal's own analysis of the importance of values in fighting for the causes they believed in.

PS: I agree.

RJ: Any other thoughts about Myrdal as a person and Myrdal as a UN official for ten years?

PS: We had, of course, our differences. Myrdal tended to write people up at first as geniuses and then drop them like a disillusioned lover. He was very fluctuating in his affection and his estimate of people. When people disagreed with him, he didn't feel that he could back them anymore. Ester and Mogens Boserup who were with him in the ECE are another example. He had something to do with FAO (Food and Agriculture Organization), didn't he?

RJ: I was not aware of that.

PS: He pushed his candidates very hard and often he didn't succeed, like Hernan Santa Cruz. Do you remember Santa Cruz?

RJ: Of course I remember him.

PS: He was a great favorite of Gunnar's. His daughter, I believe, is the wife of the present head of the ILO (International Labour Organization).

RJ: Juan Somavía, yes.

PS: Is he still around?

RJ: No.

PS: Yes, he died.

RJ: Not all that long ago. Two or three years ago.

PS: But even going further back, Lord John Boyd Orr—I think Gunnar was very much concerned with him and the FAO. And UNRISD, as I told you, he was on the governing body, and took a very intensive interest in its work. Alva, his wife, was in New York with the UN for a while.

RJ: And also, I think, in UNESCO (UN Educational, Scientific and Cultural Organization).

PS: So I think he certainly was one of the early thinkers, particularly on development. His thoughts contributed to quite a few of the notions that we were to follow up on later. But if you like, I could give you some essays I have written on Gunnar.

RJ: We would very much like that. Now, can you say a bit about Alva? I tend to think about Alva also under the heading of peace and disarmament, for which she did a lot.

PS: Right. That is what she got the Nobel Peace Prize for. But she had also, of course, worked with him on many other issues. She was a demographer and did quite a lot of work on population and health for *Asian Drama*. And on women's issues. She was an early feminist. So her interests were much, much broader than just peace and disarmament. In fact, when they both went to see [Robert] McNamara—that was after my time at the Bank—McNamara said, "Oh, I have a very high opinion of Alva. I don't think all that much of Gunnar." Alva was much more tactful and diplomatic in her human relations than Gunnar. She was a very impressive person in her own right. The marriage, itself, as you probably know or read somewhere, went through very tricky phases. They thought at one time of splitting up, but they decided not to. Gunnar would say: "Oh, it was late at night and we sat on our bed and talked about all the horrors in the world and held hands."

RJ: One other person of that period that you knew was [Michal] Kalecki, but less in the UN than when he was at Oxford. Am I right?

PS: Yes, right. When I think of the great originators, I should have mentioned Kalecki. He was certainly in line with Arthur Lewis and Gunnar Myrdal and those great minds who laid the intellectual seeds of the United Nations. Don't you think?

RJ: Definitely. But I've read much less about Kalecki. I suppose he wasn't as long in New York.

PS: No, he wasn't. And he also quarreled with some of the people. He also, being from Poland, and being a communist, was not regarded—

RJ: He was under great suspicion.

PS: He was always under suspicion, both in the UN and in Poland.

RJ: Tell me about him, both as a person and as an intellectual.

PS: He was a wonderful person. He was at the Institute of Statistics, as it was then called. It is now the Oxford University Institute of Economics and Statistics.

He again was, in a different way from Myrdal, a person who was not easy to get on with at the personal level. He was a very strong personality. He made no bones about his views. There are many, many funny stories told about him, but let me just tell one that wouldn't have made him very popular in the United Nations, which is about what nowadays would be called political correctness. On one occasion, a black man from some African country had been making a very long and very boring speech. Everybody applauded and said it was wonderful. Then they asked Kalecki what he thought of the man and the speech. He said, "I think the man is an ass, but I can say so because I have no racial prejudices." It was typical Kalecki. He did not suffer fools gladly. He didn't get on with his colleagues. He worked under [Jacob] Mosak didn't he?

RJ: Surely it was the economic division, and he worked on the *World Economic Survey* for many years.

PS: He was a very impressive man. He had incredible integrity. I learned a lot from him in the lectures. After his time in Oxford, we kept up a little bit. Whenever he came back to Oxford from Poland, I saw him. Then he organized a conference in Poland. It must have been in the early 1960s. Oscar Lange and Kalecki appeared. Joan Robinson and Maurice Dobb were

there, and Gunnar Myrdal was there. Everybody from the left was there. Alice and Daniel Thorner were there. I remember eating salmon with Gunnar in a restaurant and talking to peasants with Daniel Thorner.

Then there was, one or two years ago, a conference about Kalecki in Warsaw, which produced some reminiscences. There will be a volume forthcoming about that. So he was clearly influential in some of the great ideas that germinated then. But as you say, he didn't stay too long and he didn't have a powerful influence, perhaps partly because of his prickly personality.

RJ: If you think of specific contributions he made—

PS: To development?

RJ: To development, in the arena of the UN.

PS: What seems to me—his most important contribution is the notion of the intermediate regimes. Have you come across that?

RJ: No.

PS: For the notion of the intermediate regime, he and Ignacy Sachs are responsible. I had the great fortune of attending as an undergraduate in Oxford the lectures of Michal Kalecki on the British economy and on trade cycle theory. The clarity, simplicity, and penetration of his delivery were astonishing. After he had left Oxford and New York and had returned to Poland in 1955, there were a few occasions when we met again. I was always struck by the independence and lucidity of his thought, often lightened and enlightened by humor and spiced with wit. He also possessed great moral courage. In the early days of the "electronic brain," [Vasili Sergeevich] Nemchinov gave a lecture in Warsaw, in which he explained that if you put a self-contradictory question to the apparatus it stops and hoots. "Ah," said Kalecki, "I see, a man may

still be more intelligent than a machine, but he has not so much character." On another occasion he remarked: "Only if your ideas are confused do you have influence. Mine are clear."

At the retirement of a colleague, speeches were made about his many honors, glorious achievements, and remarkable successes. Kalecki muttered to his neighbor, "What makes it so remarkable is that he is a very stupid man."

An essay on Mexico, published in 1953, presents the seeds of structuralism. He presented four case studies on Israel, India, Cuba, and Bolivia.

"Intermediate regimes" are societies in which the feudal class has almost disappeared, while big business and capitalism have not yet developed, so that power lies with assorted strata of a lower middle class and rich peasants. This emphasis on the political economy of semi-industrialized economies adds a useful category to the usual classification of developed and developing and socialist and capitalist economies. Kalecki's view grew out of a study by Ignacy Sachs, a collaborator of Kalecki's in many other studies, on social and economic changes in Egypt from 1952 to the early 1960s, published in 1965. This study contained the germs of the theory of intermediate regimes. The analysis presented an intelligent application of Marxist method, but was critical of the Marxist view that the petty bourgeoisie cannot maintain its rule for long.

An important function of the state is to provide a sufficient volume of investment, because private investment is not likely to be adequate or stable. "The tragedy of investment is that it causes crises because it is useful … many people will consider this theory paradoxical. But it is not the theory which is paradoxical, but its subject—the capitalist economy."[1]

[1] Jerzy Osiaty_ski, ed., *Collected Works of Michal Kalecki- Volume I: Business Cycles and Full Employment* (Oxford: Clarendon Press, 1990), 318.

Since the basic investment has to be carried out by the state, the interests of the lower-middle class are amalgamated with state capitalism.

The antagonists of the ruling lower-middle class are, on the one hand, the upper-middle class allied with foreign capital and the feudal landlords and, on the other, the small landholders, the landless peasants, the poor home-workers, and the urban poor. White-collar workers—workers in large firms and public enterprises—are allies of the lower-middle class. Land reforms instituted by these regimes benefit the rich peasants but do not do anything for the rural poor. While working in India on fiscal policy to raise savings for accelerated investment, Kalecki once said: "The trouble with India is that there are too many exploited and too few exploiters." Internationally, the lower-middle class regimes took a stance of "nonalignment" with either of the two blocs and gave them a measure of independence from big foreign capital.

Many others have elaborated the concept of "intermediate regimes," particularly K.N. Raj.[2] He showed how these regimes hamper development, how public enterprises sell their goods and services at low prices to benefit the small businesses, how taxation of large landlords is almost absent and is evaded by the urban sector, and how this makes adequate savings and investment difficult.

In a review of Mihail Manoilescu's famous argument for protection, reprinted as an annex, Kalecki agrees, but has some qualifications. He adds that free trade is not the only nor the main obstacle to economic progress in low-income countries. In fact, it can divert attention from more important economic, social, and political problems such as land reform and an increase in food production to generate a marketable agricultural surplus to feed the workers

[2] In the *Economic and Political Weekly* (Bombay), vol. 8, 7 July 1973.

engaged in industrialization and capital formation. The emphasis on the need to change ownership relations in agriculture and to invest in the rural sector in order to get non-inflationary development under way went against orthodox thinking at the time. His analysis of the need to balance industry and agriculture in order to avoid inflation (which would lower real wages) and to accelerate growth also places him into the structuralist school of economists, which gained adherents in Latin America. Unlike Keynes, who, according to [Gerald] Shove, never spared the half hour to learn microeconomics, Kalecki built his macroeconomic analysis on the microeconomic understanding of sectoral behavior. One of his best-known simplifying assumptions was that workers spend what they get; capitalists get what they spend. (It has been found since, however, that small farmers save at least as high a proportion of their incomes as large ones). While the *amount* of profit therefore depends on the expenditures of capitalists, the *share* of gross profit in value added depends on the degree of monopoly. His view of conventional, orthodox, mainstream economic theory is summed up in his reply when he was questioned, "What was it like to teach economic theory to American students?" "It's like casting false pearls before real swine."

In his analysis of unemployment and underemployment in the developing countries Kalecki points out that it is not effective demand, but capital equipment and wage goods (above all food) that set a limit to employment. To these Myrdal has added levels of living (e.g., being too ill-nourished to work efficiently), attitudes (such as caste attitudes), institutions (such as absence of labor exchanges or unequal land distribution or absence of credit banks), and policies (such as excessive wages or too low interest rates or an overvalued exchange rate)—as factors limiting labor utilization. Kalecki rightly rules out not only a fall in real wages resulting from inflation but also higher taxation of the poor as a way of limiting the demand for food. Growing

productivity per worker through heavy mechanization in agriculture produces more food, but does not lead to more employment. Increased agricultural output per acre can be achieved by small-scale irrigation, proper use of manure, double cropping, application of fertilizers, improved seeds, more efficient sowing, et cetera. But land ownership and tenure arrangements militate against such measures. The prerequisites for rapid development are: strengthening the smallholders, particularly relieving them of dependence on merchants and money lenders, and granting security of tenure to the cultivators. Kalecki's analysis always integrates political, social, and economic factors.

A chapter in his book entitled "The Difference between Crucial Economic Problems of Developed and Underdeveloped Non-Socialist Economies" may be summarized by saying that in developed countries existing resources have to be fully utilized and modern capitalism had learned the trick (Kalecki thought) of doing it, if only by creating the means of destruction in the welfare state. In developing countries resources have to be built up and this requires far-reaching reforms accounting to radical changes.

Kalecki had set his face against inflation. Unlike those who tolerate or advocate inflation as "forced savings" for development, he believed that it would lead to hoarding of inventories, capital flight, currency speculation, disturbances in investment and, above all, a reduction in real wages. In this last respect he differed from the World Bank and the [International Monetary] Fund (IMF), who regarded a freezing of money wages and a consequential lowering of real wages as the condition for increasing labor productivity and international competitiveness, and limiting domestic demand in order to stabilize prices. If, moreover, the benefits of higher food prices accrue to landlords, merchants, and moneylenders instead of to peasants, there will be no mass market for industrial consumption goods and development will be aborted.

Kalecki's emphasis on the inelasticity of supply of agricultural products and particularly food in the face of rising demand from the industrial workers and the need to attack this by institutional measures such as land reform and by public action brought him into the camp of the Latin American structuralists. His insistence on the need to expand agricultural output was prescient in the 1950s, when industrialization was considered the top priority and a concern with agriculture was considered a reactionary way of sabotaging modernization, condemning the poor to remain hewers of wood and drawers of water.

The structuralist approach is also evident in his views on foreign aid, jointly developed with Ignacy Sachs. The two authors emphasize the foreign exchange gap as the binding one, and distinguish between aid increasing, directly or indirectly, the production of luxuries and of aid for necessities. Though published in 1966, the essay discussed many criticisms of aid that are still valid. There are case studies of Israel, Cuba, and Bolivia, which show how Kalecki's theories have direct relevance when applied. The advice he gave to these countries was rarely implemented. This was so in spite of the fact that Kalecki's advice always stayed within the political and institutional framework of the country asking for it. A high-ranking Indian official expressed surprise that Kalecki had not recommended more radical institutional changes. "If a country wants to change its entire system, it makes a revolution and does not bring in foreign advisers," replied Kalecki.

RJ: You knew Kalecki when he was lecturing at Oxford. Was this after he had been in the UN?

PS: No, it was before. He then went to the UN and then went back to Poland.

RJ: Now all this aspect that he had essentially invented the elements of the Keynesian system before Keynes—he must have been very conscious of that at the time, even if his work in Polish was not known. Did he ever talk about that?

PS: No, never. He would have been much too proud to have shown any grudges. On the contrary, in his lectures he discussed trade cycles. He had his own theory of trade cycles, which was very interesting. The lectures were not about development. But I remember Joan Robinson trying to convince Keynes that Kalecki had done it before him. But he never mentioned it. He had no proprietary interest in ideas.

RJ: That's very nice, because the picture I get from Hans of [Joseph] Schumpeter is that Schumpeter, when he went to Harvard, felt bitter of Keynes, that Keynes was on everyone's—

PS: Interesting. I never met Schumpeter. You probably didn't either.

RJ: No.

PS: I met his wife on one occasion, dining with Gottfried Haberler. But Kalecki was a very generous person. He was very intense. He smoked a lot. He drank a lot of coffee. And he was obsessed with any given subject at any given moment. But he was not at all petty and not at all proprietary about his ideas.

His development work came after his Oxford days, when he worked in India. Therefore I got to know it only through his writings.

RJ: While we are concentrating on this period in the late 1950s and early 1960s, you went to India and worked in India planning with Pitambar Pant and Mahalanobis?

PS: Exactly. I worked with a team on *Asian Drama*—and that was mainly about India, in the early 1960s. Apart from Gunnar, nobody who worked on *Asian Drama* had actually been in the region.

RJ: Those were the days when things like that were possible.

PS: Therefore, I felt the time had come, after I had done my contribution to *Asian Drama* to go to India. The book did not appear until 1968, but I went to India in1963. The book took a long time in getting published. But I got an invitation from Mahalonobis, at the Indian Statistical Institute, to go to India. I came from the east, and not from the west, because I had been to Burma. I stayed with Mahalanobis in Calcutta for a while. The Indian Statistical Institute was there, but I did not really work with him because he had quite different interests in those days.

Pitambar Pant, in Delhi, who is generally regarded as his so-called adopted son—some people mean by "adopted" literally adopted, but he was never literally adopted.

RJ: I never knew that. They had completely different personalities.

PS: Completely different. You knew Pitambar, of course.

RJ: I didn't know either of them well, but I just met Mahalanobis once, when I was at Yale, when he came through. I did meet Pitambar several times. Pitambar was very quiet and, dare I say, very Indian in some sense. But he was very clever and very wonderfully self-effacing. But he was totally different from Mahalanobis.

PS: Mahalanobis was very dominant and talked all the time. In fact, on one occasion I remember, when he was at Oxford and he stayed with Robert Maxwell, Mahalanobis and his wife came to see us. He smashed her finger in our car door. He had shut the door on her finger. His wife was a very sweet and very quiet, self-effacing, wonderful woman. I immediately drove them to the hospital where we had to wait for a while in the emergency room. He held up her hand like that but continued to go on talking about buffer stocks and agriculture in India. He was bombarding me with words from the moment he had shut the car door, and I couldn't concentrate on what he was saying because I was worried about her. It was a typical

Mahalanobis act. But I didn't really know Mahalanobis all that well. He was very generous to me.

Pitambar I got to know well. I worked in the Delhi branch of the Indian Statistical Institute, which Pitambar had made a part of the prospective planning division of the Planning Commission. We worked mainly on the Moraji Desai budget in 1963.

Since my period in India, whenever he came to Oxford or Cambridge to a conference, he would stay with me. When I was in the Ministry of Overseas Development, and I had a tiny little flat in London, he stayed with me there. In the morning he quietly made his bed and left the room in an immaculate condition. We kept in touch. I had enormous admiration for him, as a man and as a mind and as a human being. He had charisma. He died comparatively young.

In India, I got my first practical experience—the first developing country, I visited, for any length of time, unless you call prewar Austria a developing country. Do you know Jack Gallaghar? Was he at your college?

RJ: No, but I did know him.

PS: He was there in India at the same time as I. Also invited by Mahalanobis.

RJ: I think of him more, though, in an African context.

PS: I know—an African historian. You may not think of him, but do you know Dharma Kumar?

RJ: Of course.

PS: I am told by some people—never by him, of course—that he basically wrote her Indian economic history articles. He certainly influenced her. We saw quite a bit of each other, and then he became my colleague at Balliol, until he returned to Trinity, Cambridge. Jagdish Bhagwati was working with Pitambar in Delhi, then, and T.N. Srinivasan. We were all young,

working with Pitambar and being influenced by him. And Vaidianathan, do you know him? He was in that group of people who worked and continued to work on Indian poverty.

RJ: One of the issues that I associate with Pitambar is minimum human needs. Indeed, it's put to me—and I can't remember by whom—in the India context, that really that was the essence of basic human needs. And there was Pitambar onto it about fifteen years before anyone else.

PS: I would say the following. I would like to give all the credit one can to Pitambar, but I don't think he needs it. There are two important qualifications to the basic needs approach. One was that Pitambar thought that the poorest 10 or 15 percent are the unemployables—the disabled, the lame ducks—chronically sick, the permanently ill, the mentally defective, the old. He thought that they had to be written off. He wasn't very interested in social services; he was interested in employment creation and growth. Therefore, he didn't really consider how to meet the needs of those who cannot contribute to raising productivity. The second thing is that he was very much a growth man. He thought that basic needs and employment can be achieved only through economic growth. He believed income distribution was fixed.

RJ: That was Mahalanobis' point.

PS: Exactly. And he didn't go into great detail—how is the growth composed? Who benefits? That did not interest him. So with these two exceptions, I think he had the idea of minimum needs. But he thought that the way to meet them would be to get the whole ladder up, and then the minimum needs would be met.

RJ: It was essentially a trickle-down growth model that focused on the working poor but not on the totally disabled folks. Well, those are two enormous implications.

PS: He coined the phrase "minimum needs," but he wasn't—

RJ: And you were saying that your next phase after being involved in India was—

PS: That was 1963. The Ministry of Overseas Development was the next development step for me. The ministry was founded in 1964, and Dudley Seers recruited me to be his second in command, the deputy-director-general of economic planning at the ministry in late 1964, early 1965.

RJ: Where and how did you meet Dudley?

PS: Dudley, of course, was at Oxford, if you remember.

RJ: Yes, at the Institute of Statistics. But that was much earlier, wasn't it?

PS: It was earlier. But we met in Oxford through Tommy. Tommy and Dudley did a lot of work on Malta at one time. I took over, as it were, Tommy's job. For a time, we worked together in Malta. Dudley didn't like Oxford for some good and some bad reasons. Like Barbara Castle who didn't like Oxford, and Andrew Cohen—each one for different reasons. That is one of the reasons why the Institute of Development Studies (IDS) was located in Sussex and not in Oxford, although the Maude committee, if you remember, recommended unanimously that it be at Oxford.

RJ: I wanted to check that with you, but you confirmed that.

PS: And Dudley and Barbara Castle hated Oxford. And they, I think, quite liked Sussex, a new progressive forward-looking university, with John Fulton, a man of the left, vice chancellor. They wanted to locate the IDS there. Then after India, in 1963—

RJ: You came to what was then the Ministry of Overseas Development—

PS: In late 1964 or 1965, yes.

RJ: Tell me a bit about that. I think that's a very interesting phase and surely a very positive one.

PS: In the context of development and the UN? The Labour government and Harold Wilson's victory in 1964 produced, after awhile, an efflux of academics towards government jobs. Previous administrations had occasionally called on academics—during the war, of course, there were many academics in government. But after the war, they returned to their places in Oxford, Cambridge, and other universities. Other administrations, other governments, didn't really draw on academics for advisors or civil servants. But it was clear that that was part of the Labour party's selection process, that the ministry would be established and that it would have economists and outsiders, or experts. There was a mix of people, as you know. One group was people who were sympathetic to the aims of the governments. The other one was experts who were well-trained specialists in their fields. The person who had hoped to become director general of economic planning at the Ministry of Overseas Development—and he has now written his memoirs—was Ian Little.

RJ: I never knew that.

PS: He thought he had established his claim to become the chief economist in the ministry. According to Ann, who met him at an Oxford party at that time, while I was in London, he was moved to tears. He literally cried because he didn't get that job.

RJ: How long ago was this moving to tears? Was it way back?

PS: Yes, it was during the period. That was while it was going on. I think he has now got over it. I haven't seen them, but somebody has sent me some excerpts from his memoirs. He says that he was extremely disappointed, and he thought that Tommy Balogh basically ditched him, which was true. Tommy influenced Barbara Castle, and Tommy recommended Dudley. Then Peter Ady, Robin Marris, and all sorts of other people whom Ian Little did not approve of were recruited.

RJ: But Ian Little—was he particularly sympathetic to the Labour Party position?

PS: In those days, yes. He had written and published a critique of neoclassical welfare economics and had written a little book on aid to Africa.

RJ: I was in Uganda, and they came through and presented it.

PS: Yes, he was deeply disappointed. I don't know who Ian had assumed would be the minister. Anyway, he and Tommy Balogh had many other problems with each other. They began to dislike each other. Tommy was a great gossip, and there was some rumor that Ian's wife was involved in, that Tommy spread. I won't go into that. I always personally liked Ian, since we were undergraduates together and later students at Nuffield College. At one time we were quite close. Did you know Ian Little at all?

RJ: Not well. And I tend to see Ian as someone who has both moved somewhat to the right and has become rather somewhat bitter. Perhaps I am wrong on that.

PS: Yes, there is an element of bitterness in his political and other views. I think you're right.

RJ: But I was unaware of this. Of course, it makes you wonder how much disappointment of this sort plays in the formation of views and a shift in position. Of course, I see a continuity, which I want to get you to comment on, between the sort of Dudley Seers's somewhat left, structuralist analysis, very questioning of neoclassical positions, right the way through to Amartya Sen. They are very different people with very different ways. And to Ian Little, perhaps moving ever more toward the neoclassical, having in his very first little book on welfare economics—

PS: A brilliant book, his best book.

RJ: Yes, a brilliant book. It raised so many questions about why general equilibrium could not be taken as all the things that form the neoclassical—

PS: He has ever since then regressed. He may have become reconciled when he was appointed to the job at the Development Centre of the OECD (Organisation for Economic Co-operation and Development).

RJ: And at the same time, if I may bring it back to you, that you have always been someone much more than Dudley—I wouldn't say much more than Amartya, but much more than Dudley—always keeping links—

PS: With the neoclassical. But you must remember that Amartya was condemned by Joan Robinson as excessively neoclassical.

RJ: I had forgotten that, yes.

PS: But he has moved in the other direction, I think.

RJ: But you were commenting on the early days in the newfound ministry. Of course, I remember the piece that you wrote, I think with Dudley, on the new ministry.

PS: In late 1964, Dudley rang me at Oxford and said, "Would you like to join me?" Then, of course, I had to get leave from college, which I did promptly. They lost two economics tutors—Tommy Balogh to 10 Downing Street and me to the Ministry of Overseas Development. But they made up for it. Ever since, I have become primarily interested in development. Before that, I had been interested in many things but not exclusively international development. International trade has always been an interest of mine, taxation, the theory of the firm, et cetera. But since then I had been well marked as a development economist.

The problem in the ministry was the dilemma that I already indicated: whether we were primarily political appointees, who were to keep the policy on the Labour line, or whether we

were primarily experts who knew about development theory, development practice, et cetera. There was a senior civil servant in our ministry. Later he became Sir Richard King. He was later in charge of the development committee in Washington. He said, "I admit that when you first came, I thought, 'What are these outsiders doing here? They know nothing about the subject. They are just making trouble.' But when you left, I asked myself, 'How could we ever have done without you?'" It was a great compliment. He was not a particularly professional man; he was a civil servant. But he thought that the contribution we made was essential. It was not primarily political, though we had our political fights with some senior civil servants.

Then, when Dudley and I—I could go on for a long time about the ministry experience—but basically it was trying to build up a staff, a good, professional staff of well-trained people, who knew something about the subject. There was a continuing battle going on, of whether we are advisors or operational people. Or there were two battles going on. One was advisors versus operational. The other one was whether the best way is to oppose them or to work with them. Tommy Balogh's line was the former. But I think that was less effective. On the evening before I went to the ministry, from Oxford, I had dinner in Balliol sitting next to Bill Williams (Sir Edgar Williams). He, of course, had been in the army, had been Montgomery's intelligence officer. He had been in the UN, at one stage, during the early days in New York. He said to me, "The most important advice I can give you is to work with them and not against them." It was the opposite advice from Tommy's. And by and large, I tried to follow Bill Williams's advice. I don't know whether I would have had more impact if I had worked against them, but I always tried to understand their point of view, to make some accommodation. I believe Tommy had little influence—except on North Sea Gas—because he was too negative.

RJ: To be a mammal, with a backbone. Do you think Dudley was more or less the same?

PS: I think he also realized it, very soon. He claimed to be a Tommy Balogh type—but he wasn't, in fact. I think he was very good at meetings. He was excellent, and I didn't know that he could be such a good negotiator. When, on one occasion, I attended my first meeting in Geneva with the Group of 77 (G-77) at UNCTAD, the question again came up of who should lead this group. My position formally was above assistant-secretary, just under under-secretary. The question was whether I should lead that group, or whether a man who was assistant-secretary should lead it. In fact, the assistant-secretary led it because it was thought that we were only advisors. But I don't think it made much difference. The speeches were made, including mine; the points were made. The outcome was much the same. I don't think that the fact that he led the mission made any difference to the impact of our attending that UNCTAD meeting.

Anyway, there were a lot of struggles in the early days, quite a few fights. But, in order to establish that we are not just advisors, we created the role of administrative advisor to the (operational) economists—which was occupied by a man called Rex Browning. Did you know him?

RJ: Yes, I remember him.

PS: A delightful man. He was entirely on our side. His heart was in the right place. And he was very helpful, actually, in giving good administrative advice. You know—because you and I met for the first time in the halls of the ministry, didn't we? I remember meeting you in Eland House, Stag Place.

RJ: I, of course, was in Zambia at the time, from 1964 to 1966. Then I came back from Zambia to Cambridge. I then was the economist on a mission to Abu Dhabi.

PS: Oh yes, that's probably when we met. I remember.

RJ: But let me stick with your own involvements. There were two points that I remember, and they seem very relevant to the UN. One was your effort with Dudley to say that the analysis of the new ministry must be concerned with development and not just with aid. Secondly, as you say, you had involvements with UNCTAD, but you must have been advising, if not having the direct role on UK involvements with the UN. It's that which I find very interesting from the point of view of our history.

PS: It would be very interesting, as I remember it. But Dudley and I split our tasks—first of all, geographically. Dudley took over Latin America and Africa, and I took on Asia, which is quite a big part of the world. Relations with the World Bank and the Fund were left to the Treasury. There was a lot of fighting as to whether FAO should go to our ministry or the Ministry of Agriculture, UNCTAD, to us or to the Board of Trade, and so on. I remember battles with the Treasury about the link between SDRs (special drawing rights) and aid. It was more of an IMF issue and hence a Treasury issue. And I was involved in that.

RJ: You did a lot of early work on the link, didn't you?

PS: Yes. But Dudley, because of his greater UN experience, kept the main UN relationships to himself. Although I think we discussed our respective responsibilities occasionally.

I was involved in the replenishments of IDA (International Development Association, the soft-loan window of the World Bank). We the economists had made out the case that since Britain's contribution to IDA is a relatively small part of the total contributions by all countries and IDA funds are untied, Britain would get more business orders out of IDA funds than it contributes. In view of the then great scarcity of foreign exchange, this was an important point

in favor. Yet it was an uphill struggle. I remember the extraordinary chameleon-like appearance of senior civil servants. At one time Sir Geoffrey Wilson was World Bank vice president who had come to London to negotiate the UK's replenishment of IDA. On the British side the negotiator was a very senior Treasury official, Sir Denis Rickett. He pleaded with Geoffrey Wilson the foreign exchange scarcity and how Britain could not afford to contribute much, while Geoffrey Wilson produced the arguments about Britain's foreign exchange gains. A few years later, their roles had been reversed. Wilson had become permanent secretary at the Ministry of Overseas Development, while Rickett had become vice president of the World Bank. I was present at the negotiations about another replenishment of IDA. I could not believe my ears when I heard Rickett produce exactly the same arguments that Wilson had used earlier and vice versa, both with completely straight faces. Tweedledum and Tweedledee.

I do remember going to Washington and meeting Gus Ranis who was at USAID (U.S. Agency for International Development) in those days. He had taken over from Hollis Chenery, whom I had met earlier in London. But that was U.S. bilateral aid.

RJ: You were involved in the World Food Programme (WFP)?

PS: No. I was involved in setting up the Asian Development Bank (ADB), and I thought those were the kind of issues that came up. My involvement in the Asian Development Bank, however, produced a reflection later on that has a bearing on bilateral versus multilateral aid. Some years after the Asian Development Bank had been founded, its American executive director was Bernard Zagorin. Some issues came up, I forget what they were, that were of great interest to the American administration. But the bank wanted to keep them secret. Zagorin was submitted to humiliating questioning by some American committee. He insisted that, though appointed by America, his loyalties were to the bank and that he could not reveal the evidence.

But the administration won and he had to tell. Lesson: If multilateral aid becomes sufficiently important, the bilateral pressures will reassert themselves and the virtues of multilateral aid last only as long as it is negligible.

RJ: Did the First Development Decade enter into your thinking? It was the first time that the UN system, responding of course to [John F.] Kennedy's call—

PS: I would say it entered, but it entered slightly peripherally, not centrally, as a concern in the 1960s. I do remember the discussions and some of the writings around it.

RJ: And the creation of UNCTAD?

PS: Yes, that is very vivid, partly because of Raúl Prebisch, who was a very much admired character. I already told you that I remember *The Economist* coming out with the picture of Raúl Prebisch on the cover. Again, I think it was the first cover picture—and the Group of 77 and the committees.

RJ: Now people like Gamani Corea, Lal Jayawardena, and even Bernard Chidzero were behind the scenes or more openly playing a role for Prebisch in developing some of the ideas that went to UNCTAD. Were you, at that time, relating intellectually to these?

PS: Not really, no. You mean they were working with Raúl Prebisch?

RJ: I think they worked on preparatory papers in 1963.

PS: I see. I didn't see them. I knew Gamani Corea before he became secretary-general in 1969, but more as a colleague. And Lal Jayawardena I only got to know much later. But no, I did not see those papers on the foundation of UNCTAD.

RJ: Now coming to the ideas, it seems to me that if you had a particular interest in international trade, then here was an international initiative unlike anything one had seen before, trying to look at the whole range of issues related to international trade, and say institutionally

how they could be put on a different basis in a way that would benefit the poorer countries. That, to me, surely was a very exciting initiative.

PS: I agree. I wish I could remember more clearly what the kinds of issues were that we discussed in the UNCTAD context. I have still got some of the minutes in a filing cabinet in my basement.

RJ: Which is surprising in a way, because I remember in Cambridge seeing this five-volume set of background papers prepared for UNCTAD, with the [Nicholas] Kaldor, [Albert G.] Hart, and [Jan] Tinbergen commodity scheme, and a whole range of other proposals. There must have been a big intellectual ferment of people in and around the UN, and in some way outside of it.

PS: Yes, that's true. You're quite right. Those were great discussions. But again, I don't know whether that was part of the ministry, the report in which Arthur Lewis and others designed early development strategies. That must have been the end of the 1960s, in Sussex or even back at Oxford. I remember one by Hans Singer and Arthur Lewis and others.

RJ: Well, there is one called *Measures for the Development of Under-Developed Countries*. That was very much earlier. That was 1951. That was Arthur Lewis and [Theodore W.] Schultz. The reason it's all very clear in my mind is that we have written about it in *Ahead of the Curve?*. Schultz was on it, not Hans. Hans was on the committee relating to SUNFED (Special UN Fund for Economic Development). But all of that was really the 1950s, rather than the 1960s.

PS: But I do remember the early UNCTAD days, and committees and the people and also, of course, the DAC (Development Assistance Committee of the OECD) meetings in Paris, which I attended. I couldn't immediately put my hand on any important substantive issue that

was discussed there. I made one little speech in Geneva, and I remember being congratulated by [David] Morawetz, the Israeli delegate and later governor of the central bank. He wrote some good books. He said mine was a very good, typical "Group B" (the rich countries) speech. I don't think it was meant to be, but that was a compliment. We became good friends after that. He was a very interesting and nice man. Did you know him?

RJ: Yes, he wrote this *Twenty-five Years*—

PS: No, not that Morawetz. You mean *The Emperor's Clothes*. Not the younger—he was an old man, now dead.

RJ: At the time, then there was Tinbergen, of course, setting up the Committee on Development Planning (CDP) in the UN.

PS: I never was a member of that.

RJ: Really?

PS: No. And I remember—who was a member, in the Labour days? It was a government appointment.

RJ: Well, I became a member—

PS: Robert Cassen was.

RJ: [Brian] Reddaway was a member. Frances Stewart, of course, was a recent one.

PS: She's still a member?

RJ: No. But Tinbergen you must have interacted with a bit?

PS: Hardly at all, funnily enough.

RJ: Really?

PS: Again, I remember Gunnar Myrdal talked incredibly contemptuously of him and said, "That little schoolmaster, Tinbergen." I don't know why he used the word "schoolmaster."

But in his vocabulary, "schoolmaster" was a derogatory word. I met Tinbergen once, at the World Food Conference or Congress in The Hague, at a meeting that I had to chair. And he spoke. And then funnily enough, I think it must have been in relation to *Aerial Roots* that he somehow picked up somewhere, and he wrote to me a very sweet letter—actually, about Otto Bauer—saying how in some ways similar, his experiences and mine had been. It was a very nice letter, hand-written, and of course I replied. But I never had very much to do with him. Both Tommy Balogh and Gunnar were very anti-Tinbergen's econometric models.

RJ: Tommy must have—

PS: Tommy was terrible. He quoted that famous Keynes review in *The Economic Journal*. You must remember that.

RJ: No.

PS: You must read that. Keynes was, of course, on the same anti-Tinbergen wavelength. He wrote—

RJ: Keynes wrote a very anti—

PS: —anti-Tinbergen review of one of Tinbergen's books on trade cycles. It became quite famous. It really was almost cruelly antagonistic to Tinbergen. He wrote, "Professor Tinbergen is obviously anxious not to claim too much. If only he is allowed to carry on, he is quite ready and happy at the end of it to go a long way towards admitting, with an engaging modesty, that the results probably have no value. The worst of him is that he is much more interested in getting on with the job than in deciding whether the job is worth getting on with." So wrote Keynes on "Professor Tinbergen's Methods" in *The Economic Journal* in September 1939. I think some of the criticisms still are valid today. So for that reason perhaps, I never tried to take him up. Although, of course, I read his *Design of Development* and some other of his

writings. I am told that he was a saint, that he lived and behaved and acted very simply and modestly. He brought his sandwich to work which he ate in solitude. Then, Mahbub ul Haq was much more pro-Tinbergen. They wrote and edited a book together. It was *R.I.O.—Rethinking the International Order.*

RJ: We have a box in *Ahead of the Curve?* about Tinbergen who, when he won the Nobel Prize in economics, commented that his only sadness had been that he wished that it had been the Nobel Peace Prize, rather than economics.

PS: Really? Very interesting.

RJ: And he came into economics and development as a pacifist, because until then had been a physicist and part of his alternative work obligations, and somewhere—I think at the end of the First World War—was to work in statistics, as an alternative to military service. And that got him involved with statistics and the statistics of poverty. And he never moved back to statistics.

PS: Very interesting. Did you know him personally?

RJ: A little. At the very end, I met him.

PS: Was he, apart from his sanctity—saints can be quite difficult people sometimes—but was he easy to get on with?

RJ: I didn't know him that well. In fact, I didn't know him then at all. But at supper, I'll tell you some light-hearted stories that very significantly show an honesty and a care of students. He was extraordinary.

PS: He was obviously a wonderful person. I wish I had seen more of him. He had also some very good Indian students, like Shukamoi Chakravarti. You would have liked him.

RJ: There is one quite basic intellectual point which you might comment on, which actually Colin Leys developed in very strong criticism of Tinbergen's *Design of Development*. That was that Tinbergen presented an essentially logical, mathematical process of getting all the balances right in development. And in contrast, as Colin Leys has argued, what development needed to draw on was the tradition of fighting battles, in which you needed much more a sense of core strategy, and then taking advantage, coping with this problem as it arose, and others—a much more political-economic view of the process of development, and much more policymaking, that design and development needed to be all about.

PS: When did Colin do that? Recently?

RJ: Oh no, no, no. It was a long time ago, in the early 1970s.

PS: Somebody said that Colin had recently written from England.

RJ: Colin is back in England.

PS: Is he now? Where?

RJ: I don't know. But he's writing in a journal called *Red Pepper*, which is an attempt to recreate a socialist strategy.

PS: Very good. Do you know what job he has?

RJ: No.

PS: We can talk about that later. I think he had the thought that Tinbergen was, in some ways, the supreme technocrat. We have talked about the faults of technocracy before, in the context of Gunnar Myrdal. Maybe that is one reason why he and Tommy and perhaps Keynes opposed him so much. He had his econometric models, and he thought that they were enough. The technocrats are very important, but you must go beyond them. You must understand and be sensitive to the things that interfere with the variables and parameters in your model. From that

point of view I do have some sympathy. For instance, take this whole question which you rightly raised earlier about Myrdal—values and facts. Tinbergen had a very clear separation, whereas Myrdal's and my approach is that a clear separation isn't always possible.

But I would say one needs the technocrats, particularly people with such a good heart as Tinbergen, as opposed to the technocrats without a heart, who have only brains. But I would have thought that he is open to that criticism. How did he come into the UN? He was the chairman of the development committee.

RJ: Yes, he created the development committee, strictly the Committee on Development Planning, in the mid-1960s, initially to monitor the progress being made in the First Development Decade. Then the committee became the planning body for the Second Development Decade and so forth.

PS: Yes. My best friend now on the development committee is a German called Udo Simonis. Do you know Udo? You might want to interview him. He has very strong and interesting views, more about the future of the UN than about its past.

RJ: I know who you mean. I met him once.

PS: He was at a lunch with Mahbub in New York at a Chinese restaurant. He is a very interesting man. But the British member now on the committee?

RJ: I don't know. This tape is nearly finished, so let us just think—

PS: How many tapes do you have, because we haven't really started to talk about the UN ideas?

RJ: Yes, I thought we would start on that with the next tape.

PS: Good.

RJ: And I was wondering whether, in relation to early experiences, your time with the Ministry of Overseas Development, and our Oxford days, whether there was anything else that—

PS: Is relevant to—

RJ: —to the UN thinking on development.

PS: As I said, India was my first development experience. Another country that I have worked in intensely is Malta. That was an interesting experience because I did quite a lot of work on and for Malta. I guess that must have been in the—

RJ: Late 1960s.

PS: Late 1960s and the early 1970s. Yes. So it is one small country like Malta, and one large country, like India. And comparing the size of the country, one of the issues that I have written about quite recently is the problems of small countries. That links up with another work that I have recently done on social capital, and why some small countries do so well when we would have predicted that they'd do badly. So that is Malta versus India.

Otherwise, I have gone to Africa for brief periods—never for very long—and Latin America, again for brief periods. Much of the work there I had done under the auspices of the UNDP (UN Development Programme), about which I didn't really know very much in those days. I didn't know it as an agency that generates ideas, which it has since then become.

RJ: I had one question here which I found. You founded *World Development* out of *The Commonwealth Journal*.

PS: Yes.

RJ: And through your friendship with the infamous Robert Maxwell. I thought I would just, in a gossipy way, ask you for your reflections on Robert Maxwell. Do you feel deceived that—he was always a swashbuckling entrepreneur? Is that right?

PS: I must say, I don't say "deceived" because he has always been incredibly loyal, generous, and supportive to me and some of the people I know. He has never let me down in any way. And I think he had, in some curious and odd way, a touch of genius in managing and organizing things. I know all the things that have come out since his death, including the book by his widow, Elizabeth, her revelations—and we have got to know her quite well, in some ways better since then. She has some much more serious complaints about him than I have. He was a person larger than life, for good or for bad. Perhaps it has turned out mostly for bad. But from my point of view, ever since I got to know him in Oxford—and that was quite a long time before the establishment of *World Development*, the journal—I have had absolutely no complaints about him at all. I have visited his grand house, Headington Hall, in Oxford. We have swum in his pool. We have sat together on deckchairs and solved crossword puzzles, played chess and ping pong. I found him completely convincing as an ingenious man.

Now I know that what he has done is appalling and horrible. His children also I am in touch with. In fact, at several times during the trials of his two sons—I don't know quite why and how, and because I would have thought that they had enough money—we had to help them out with money for the defense and so on. And his daughters—one of them was an assistant of mine at Queen Elizabeth House for a while. But I found it all very surprising and puzzling. But the journal which we established in 1972—

RJ: Utterly brilliant.

PS: It's a good journal. It was a good idea.

RJ: It's been the best journal to come out—

PS: You see, he also had the right instincts. I remember very distinctly, we sat in my study in St. Giles in Oxford. He said, "Let's start out by making it a monthly." I said, "I don't

think there's enough good material coming out. We should make it a quarterly." He said, "If you turn out to be right, we can reduce the numbers. But let's begin with it being a monthly." It turned out to be a great advantage that it was a monthly because we can publish more quickly. There's plenty of very good material being submitted. And he was absolutely right about it.

Similarly, I don't know if you know this—he established a fellowship at Balliol, which is still called the Maxwell Fellowship. He endowed it. He wanted it to be devoted to questions of incomes policy.

RJ: Really?

PS: My colleagues said it was too narrow a subject. They said it should be sociology in general to which he eventually and reluctantly yielded. But I think now it would have been more interesting, in some ways, to have a fellowship on incomes policy. It's a very important and under-researched subject.

He had some very good instincts and some bright insights. The last thing I saw of him, just a few months before he either killed himself, or was killed, or was the victim of an accident, he called a meeting in New York, at one of the posh clubs—of his editors in America, a very distinguished group of people, mostly of quite obscure, scientific subjects. He basically wanted to reconcile us to the fact that he was selling the Pergamon Press to Elsevier. Of course, everybody was very disappointed in those days. But, it turned out to save our lives. Had we been still with Maxwell Publications, we would have gone under. The fact that we were sold to Elsevier was our salvation. But neither he nor I could have foreseen that.

RJ: Well, thank you for that intensive first two hours.

PS: Thank you, Richard.

RJ: This is Paul Streeten being interviewed by Richard Jolly on May 28. And this is tape two. Paul, you were just telling me about Larry Klein being given refuge in Oxford, I suppose in the early 1950s.

PS: It must have been in the early 1950s. I remember him very clearly. He and his wife, Sonia, came to Oxford. I don't remember exactly what happened in America, but he would have been imprisoned or in some way discriminated against. I was a fellow of Balliol, and so was Tommy and he knew what his work was. Though again, it was a bit like Tinbergen: Tommy was very much against his econometric modeling, which he had started in those days. But I thought he did very good work in Oxford. That was the first time I came across him, and eventually he returned to America when the McCarthy persecution was over.

RJ: He hadn't been working with the UN at that time, though.

PS: I don't think so, no. What was his work? It had been on arms?

RJ: He certainly did econometric work on modeling what would be the impact on employment and growth and income if there was a major measure of disarmament. But I think that work was done in the late 1970s.

Paul, on this new tape, let me ask you to stand back for a moment and focus on the intellectual contributions of the UN system to ideas on development, to the promotion of ideas on development, and ask you, if you look at the UN, what do you associate with the UN as being the new ideas which the UN itself gave rise to, or played a critical part in helping to promote?

PS: Well, let me begin by making some general reflections on the whole subject of the UN, in reply to your question. First, I wonder whether you would agree that great and good ideas don't come from collective organizations, they come from individuals. There were, of course, in the early days many great individuals connected with the UN. That has perhaps

somewhat declined, but there were people like Arthur Lewis and Gunnar Myrdal, and Ted Schultz and Michal Kalecki. They contributed many ideas, and the institution then takes them over, and spreads them, disseminates them, perhaps simplifies them, and if you are lucky and have the ideas, whose time has come, acts on them.

Secondly, the role of the World Bank reminds me of that story I'm sure you know, about that Frenchman. During the 1848 revolution in France, Alexandre Ledru-Rolin attended a grand party, and in the middle of the party, he heard a rumpus outside the window and he said to his hostess, "Madame, excuse me. There go my people. I must follow them for I'm their leader." That is what the Bank does with good ideas. It picks up ideas from other people. It practices followership—not leadership.

I don't think the UN has done that. But I was not involved but observed it from outside.

RJ: That's precisely why your perspectives are interesting. You had more chance to evaluate how much there really were ideas from within the system, or whether the UN, as you say, was picking them up from the outside.

PS: But the UN has not claimed in the past, as far as I know, to be a great originator of ideas. If you take the point I made before about decentralization, they have tried to listen in their regional offices in the developing countries to what the people want and need, and then to respond to them, and to feed these ideas back to headquarters. Nonetheless, take the latest one. We don't have to go much further back than the Human Development Reports. They changed the whole image of the UNDP from a low-profile agency that responds to local needs, to a generator of ideas. Clearly the Human Development Reports, and the Human Development Index (HDI)**,** have caused quite a lot of discussion. So I think they have been very important.

Let's take the ideas—we are not now talking about peacekeeping. That's outside of your terms or references, isn't it? We're talking about social and economic ideas.

RJ: Mostly social and economic.

PS: We are talking specifically about poverty, equality, and inequality reduction, the environment, women's issues, participation, governance, corruption and policies directed at that general area. Let's first of all get a picture of who generated them and who took them up. I think it's an evolution. Some people claim that it's just one fad following another. Some critics say that it's just one fashion after another. But I don't think it is. I think that there has been a very genuine evolution of ideas. And the way it has sometimes been caricatured is that in the early days, people were only keen on economic growth, and growth was the overriding objective until we saw the light later. Nobody ever held up economic growth as the objective of the United Nations or of development. It was always thought to be either a performance test, and that there were many other things involved, or that growth would, eventually, sooner or later, contribute to reduce poverty through trickle down, or in other ways—increased demand for labor, upgrading of labor, creation of employment, lowering the prices of consumer goods, et cetera. Or, secondly, if this is not the case, people thought that growth must be accompanied by corrective government action—taxation, social services, redistribution of income, safety nets.

Thirdly, there were some people who thought that one shouldn't worry, in the early days, about poverty. Growth is a slow, lengthy progress, and you shouldn't be concerned while you accumulate capital over much about equality and distribution and poverty reduction. You have to suffer for a time in order to provide future generations with more means and resources.

Each of these three assumptions, which went together with growth as the performance list, were shown to be wrong or inadequate. None of the assumptions underlying these three

justifications turned out to be universally true. Except for a very few countries, with special initial conditions, such as a radical land reform and special policies, such as heavy emphasis on mass education and health measures, there was no automatic tendency for increasing incomes to be spread widely. Nor did governments often take corrective action to reduce poverty. Governments were themselves often formed by people who had close psychological, social, economic, and political links with the beneficiaries of the process of concentrated growth, even though their motives were often mixed. And it certainly was not true that a period of enduring mass poverty was needed to accumulate savings and investment and to raise productivity. It was found that small farmers saved at least as high a proportion of their incomes as big landowners; that they were more productive, in terms of yield per acre; that entrepreneurial talent was widespread and not confined to large firms; and that many forms of consumption by the poor made them more productive. Prolonged mass poverty was therefore not needed to accumulate capital and to stimulate entrepreneurship.

To judge by the growth of the gross national product (GNP), the development process since World War II has been a spectacular, unprecedented, and unexpected success. But at the same time there was increasing diversity of growth between different developing countries and increasing dualism within many of them. Despite high rates of growth of industrial production and continued general economic growth, not enough employment was created for the rapidly growing labor force. Nor were the benefits of growth always widely spread, and the lower income groups often did not benefit.

I remember the time when people were so disappointed in growth—including Dudley Seers—that everybody was concentrating on employment creation. There was an SID (Society

for International Development) conference in Ottawa on jobs and justice. In fact, Dudley was one of the great engineers. Did he not talk about dethroning GNP?

RJ: Yes.

PS: As I say, there was a genuine evolution. When we worked with Gunnar Myrdal, he put the point that employment was not really the issue, because if you are really poor, you cannot afford to be unemployed. There are many aspects, or many dimensions, of what we called "labor utilization" other than just employment, job creation, the way we understand it in the North, where you have, on the whole, well-trained labor forces and labor exchanges. If people first lose their jobs and then are given a job, they know how to carry it out. In many developing countries, this is not the case. They have to be trained and educated first, they have to be nourished first. They have to be put into good, healthy conditions. They live in different places from where the labor shortages are. In fact, it isn't just ordinary employment where an employer goes out and announces a vacancy and employs a person. In many cases it is self-employment. We call them "livelihoods." The first person who drew my attention to the fact that we shouldn't talk about employment but about livelihoods was Guy Hunter. He was an honorary fellow of the Institute of Development Studies.

RJ: I didn't remember that.

PS: The Myrdal team spent perhaps too much time on criticizing the concept of employment. After "redistribution with growth" came "basic needs," with the ILO and the World Bank taking them on as the main focus. As you know, you and I contributed to this. The Bank took it over from the ILO, and I happened to be joining the Bank at that stage, in 1976. I had written on basic needs sometime before joining the Bank. It was in a volume in honor of Hans Singer. But as basic needs had its day, it was also dethroned, like GNP earlier, for good

and for bad reasons. There were some quite good reasons, and there were some pretty bad reasons why people didn't like basic needs any more.

RJ: Was it a dethroning, though, mostly because of debts and adjustment, and even the earlier Berg report (*Accelerated Development in Sub-Saharan Africa*)?

PS: Exactly. But the intellectual arguments had nothing to do with the politically motivated objections raised by the Third World or rather by their governing parties. The developing countries objected, partly because they considered it a diversionary maneuver from the New International Economic Order (NIEO) so dear to their hearts. In fact, the two are complementary. Partly they considered basic needs an excuse for reducing aid. This was especially true of the less poor countries who thought that basic needs will lead to confining aid to the poorest countries. Partly they objected to the call for confining themselves to small-scale activities that they thought was implied in basic needs. They said, "In order to export, we have to have high-tech industries." They also objected to what they regarded as interfering with their national sovereignty and that it was unacceptably intrusive; that it lends itself to smuggling in irrelevant political performance criteria. I answer these objections in our book on basic needs. But one criticism made in the book on the World Bank by Devesh Kapur, John Lewis, and Richard Webb is entirely invalid. They claimed that we did not even mention non-material basic needs. A glance at the index would have told them otherwise. We were fully aware and discussed non-material needs.

I must give you credit, Richard, because I remember that we had a discussion in the Bank when you visited us. You said quite rightly that we should emphasize non-material needs: dignity, freedom, self-respect, cultural identity, et cetera.

RJ: Well, on music I remember very strongly arguing in 1975, in Zambia, with the head of the ILO, "Let's have a chapter on music as a basic need," and he was totally lost. It was Shyam Nigam. We were co-leaders of the ILO mission. And Shyam could never see that. It was great because music is so obviously a basic need in African society, not only individually, but even more collectively.

PS: Did you get it in? It brings in culture, about which I will talk more later.

RJ: We didn't have a chapter because I couldn't find someone to write it. But if I could have found someone to write it, I would have gone ahead.

PS: That would have been very good. But you see, Richard Webb actually wrote that part in the book on the Bank, and he apologized in personal correspondence. But the point Webb makes, although it completely misrepresents the book, had a kernel of truth. Like you in Zambia, I in the World Bank had to fight for the inclusion of non-material needs at every step. The organizations, the institutions are against it. All their tendencies are in the direction of the cash principle: count the number of poor, estimate how much it will cost to provide the goods that will meet their needs, and deliver them to the needy. Count, cost, and carry! Richard Webb, when he wrote that part, had a point. It's again the technocratic bias of the Bank that I tried to fight all the time. There are many non-measurable things that are more important than what can be measured.

I remember meeting later, [Narpat S.] Jodha, who made this point, too. Do you remember Jodha, the Indian economist—I think Robert Chambers knows and likes his work, too. He said that in some parts of India, when people were asked if they felt better or worse off, they felt better off, even though their nominal earned incomes had declined. The reasons, of course,

were that they were freed from landlords' ownership of their bodies and conditions of near-slavery.

So much for basic needs. It had been not dethroned—I don't think anybody used that word—but had its day. And then all sorts of other issues came in to the concept of poverty. I'm not just talking about human development, because that replaced the concept of basic needs when Mahbub ul Haq took over the *Human Development Report* in 1989. Women's rights, gender issues, the physical environment, participation, and empowerment, governance, culture were issues which I always wanted to have included.

My granddaughter has just spent one year at Skidmore. She had to write an essay on basic needs because her economics teacher knew that she was my granddaughter. I said to her that the shorthand definition of basic needs is incomes—primary incomes, as Frances Stewart calls them—plus social services, (health, education) plus participation. Now participation is a non-measurable, non-material basic need. But participation became more important, somehow, on the canvas of development objectives in those days, don't you think? It is the topic of the *Human Development Report 2002* and features in earlier reports. Then, of course, governance with the UN Commission on Global Governance became an important issue. Then all these very important aspects of development were included in the objectives of development. From women's rights to be free, and to choose, or gender issues, voice, accountability, to governance, participation, human rights, cultural diversity, civil society, decentralization and these were all included in the concept of human development.

Now what is the latest one? I'm sure there's been a later one. But I've probably left out many concepts or objectives that were incorporated in later stages of the evolution of our thinking. I think it's a genuine evolution because the old insights were not forgotten. The World

Bank and many others still think that growth should be in the forefront—I'm, as you know, a bit more skeptical about this because I don't think economic growth should be an objective at all. As you remember, in Dudley Seer's Colombia ILO report, he prided himself on not mentioning the word "growth." You were in that group. You worked on that issue.

RJ: Yes. I was, and I well remember your point that Dudley prided himself on not having any calculations about the implied growth rate. Someone calculated what it was, and it was 8 percent.

PS: In a way, he has a point because growth should be not the objective but the result, the consequence of a rational economic policy that specifies its aims: the amount of goods now and later, their composition and distribution.

RJ: Yes. I think Dudley underlined this for the record. It seems to me that the conventional debate is that growth should not be the objective; it is a means. But to clarify, you are making a point that is even beyond that. It's a derivative, derived statistic. The means to the end should be what you are doing in all the different sectors. Is it feasible? Is it in the right direction? Is it contributing to the end objective of improving human lives? Then, when you have done, you calculate what the statistic of economic growth is. That is a different thing than growth.

PS: But I don't think we'll ever win that battle. It's too deeply ingrained to have a simple measure. But I can see Dudley's point. He had a very good point in not calculating it.

RJ: But I want to press you now on several different points on the overview story you've told. Let's just accept the story as the frame of reference for the next few minutes of interview. First, what was the UN's contribution in that story? And even what do you see as the importance of the UN's contribution?

PS: I can't answer the question. You have old and faulty ideas running up against contradictory reality, against some of the facts. It is one of the endless discussions I had with Gunnar Myrdal. He always claimed that you can't maintain wrong models against facts. He said facts kick: they kick against the crust of false models of ideas. I always thought that facts don't kick enough, because you will still adhere to the old model in spite of contrary evidence. Remember the mass unemployment during the Great Depression when economists continued to uphold Say's law. Mainstream economists still said that supply inevitably creates its own demand. Only an alternative model will kick out the old one. That, in a sense, is a great justification of models, even if quite unrealistic.

This was one of my differences with Tommy Balogh, because Tommy Balogh didn't like models at all. But I said that you need a model in order to see the limits of the other one.

RJ: Yes, the Thomas Kuhn theory of scientific revolutions.

PS: Exactly. So it is partly the coming up against reality, in response to which some people try to formulate alternative models. It's like Einsteinian versus Newtonian physics. It's not rejecting the old one, but saying that the old school of thought applies to a certain more limited field, perhaps to the rich countries, perhaps to certain periods of time. This is not so much about objectives, but about the means of reaching these objectives. I think that one can trace some of the old insights. You see, when Arthur Lewis wrote his great book, *The Theory of Economic Growth*—you find that he has many of the insights that were gained in later days. Development as widening choices. We talked earlier about Pitambar Pant's minimum needs. Many of these ideas were there, but they were not worked out in the same detail or at the same length.

If you begin with say human development. If you take that as a recent idea, I suspect that it was Mahbub's. Or was it Amartya's? I think it was Mahbub's idea, as special advisor to—

RJ: Bill Draper, yes, the administrator of UNDP.

PS: But take the UNDP, which I know more about than some of the other members of the UN family. They hadn't really tried to generate ideas until recently. They have tried to respond to needs. Now, of course you must know what needs, and what path to follow in order to respond to needs. But there wasn't a great competition in terms of generating great ideas. If I had to attach names to them, they were first individuals. But doesn't working in the UN, certainly working in the Bank, reduce your ability to generate ideas? First of all, there are hierarchies. If you draft a paper that has to be approved by some superior person who may have thought less about it, or may be less able than you to generate ideas, you still have to accommodate him because he's your superior. In order to get the draft accepted, you have to get his acceptance. Now this is all very important for action. If you want action, you have to mobilize people behind it. It's no good sitting in your quiet study and generating great ideas if you can't get people to act on them. But for the generation itself, the UN would have picked up other people's ideas. People would have generated ideas from outside.

There were some people, even in the World Bank, who had cut out their own little niche and who were generating, not perhaps any great ideas, but quite good ideas. One person I'm thinking of is Shlomo Reutlinger. He was very interesting, on food issues and agriculture, but for some reason his papers did not have to be approved by committees. He was his own man.

RJ: Yes, I'm aware of that. But let's stick to this for a moment. Even as you talk, it stirs certain thoughts in my mind. First, our needs, as the people who are writing this history, we need to form as honest, but also as convincing a view as we can, as to what was the contribution

of the UN to intellectual ideas. Now, relating this to what you have said, I hear that, in part, it's individuals who come up with new ideas. But another point is how do those ideas get disseminated. Of course, the normal way one thinks in the intellectual world is in journals, or possibly to students in a school of thought that then the students carry forward, and it has its extending influence. In the UN, perhaps, ideas get spread by reports, by being brought into debate. It may be being used as the basis for a shift in aid policy, or adjustment policy, and perhaps in the development arena, this international institution role is particularly important. One other question occurs to me. Could you comment on the ideas you have been mentioning, from basic needs to the shift from growth, to human development? If there had been no UN, would these ideas have had the impact they had?

PS: That's a very good question. I would have thought not. I think that the UN did a lot. Not so much that the wider public reads UN documents, but they do filter through the actions of the UN. They would not have got the spread, and the reception and the translation into action that they did have. By the way, one other thing I wanted to say earlier on is that you could argue that an organization like the UN contributes to interdisciplinary ideas. After all, you are trained in one discipline. But you get ideas from people in different fields together in a department or in a commission. I once served on the Royal Commission on Environmental Pollution, and I could see how the contribution of people trained in different disciplines contributed to interdisciplinary work, which is very important for action. Myrdal always said: "There are no economic problems, no political problems, no psychological problems: there are only problems."

But, I would say that there are different kinds of interdisciplinary work. There is a type of interdisciplinary work that is carried out in the UN by different committees responsible for different things, or by royal or presidential commissions, which is practice-and-action-oriented.

Every expert brings his or her own expertise to the table. That is very important. But there is another sense of interdisciplinary work, which means that you are actually incorporating the variables of one discipline into the theories or models of another one, which is interdisciplinary work at a deep level. That can best take place under one skull. That is not done by committees and royal commissions. But apart from that, the first kind of interdisciplinary work like that of royal commissions, could have contributed much. Think of, say, the work of UNICEF (UN Children's Fund) that would be one very good example, where you get economists and nutritionists and medical doctors and demographers. Again, that could not be translated into action, if it hadn't been for the UN. In some ways you may even have to admit that the UN and its specialized agencies set the clock back. Think of the stand of the ILO on trade unions, on collective bargaining along western lines, minimum wages for developing countries and uniform labor standards, which was a protectionist device for U.S. workers, going back to the president of the American Federation of Labor, Samuel Gompers, the founder of the ILO; or of the centralized, sometimes unimaginative technocratic advice of the FAO to fisherman that did not take into account different local habits. At UNESCO, the emphasis on universal standards of excellence at large, expensive, arts-biased, residential universities have alienated students from their societies and encouraged elitist ambitions quite inappropriate and very costly for poor countries. For a long time the WHO (World Health Organization) was against birth control. The whole UN development system was over-centralized and top-heavy. Recruitment has been by country-quotas, often by patronage. Sir Robert Jackson, some time ago, recommended that the dinosaur should acquire a more powerful brain.

I worked for FAO. There was, in that organization, one person who had good ideas. That was Gerda Blau. She was a wonderful woman, but terribly isolated and not appreciated by

FAO. But she conducted a great study of coffee, the role of coffee in development: how could you use coffee receipts for development purposes. I contributed to that, and in fact wrote a book on it with Diane Elson.

So I think you are right. I don't think of the UN as the generator of ideas but as their disseminator—not so much through journals, as through other publications, policies, actions. It is responsible for the application, rather than the generation of ideas. But give me an example. Would you like to maintain that some ideas were actually generated by UN officials because many of the great minds at one time or another worked in the UN? In some ways you may even have to admit that the UN, or its specialized agencies, impeded development.

RJ: Yes. I was going to say Richard Stone's work on national accounting. Perhaps again, you might say, "But surely, that work was originally done in relation to the British economy in response to the need for certain national accounts to judge wartime balances and claims and resources." All Richard Stone did was to take these ideas after the war and turn them into the standard system of national accounts. But for better or worse, it seems to me, the UN—perhaps it was more dissemination, perhaps more refinement of ideas, than strictly originating. But again, it raises the question that it was Richard Stone, when he was employed by the UN, who did that. Was Richard Stone a part of the UN, or was Richard Stone a distinguished academic at Cambridge University doing a consultancy for the UN? I think our view in this history is that the UN, as an institution, sometimes employing the Gunnar Myrdal as a full-time staff member; sometimes employing the Richard Stone as a short-time consultant; sometimes organizing a conference to discuss the ideas of someone in the UN, or outside—

PS: In terms of dissemination, Richard, all these great conferences in the last ten years also enormously contributed to the dissemination of certain ideas. The conference on the environment, to begin with, in Stockholm, with Maurice Strong, and the conference on women, and—

RJ: Population.

PS: Population. You name it. Richard Falk of Princeton distinguishes between globalization from above, and globalization from below. It's a useful distinction. I think he would call the off-site meetings of the NGOs (nongovernmental organizations)—at these UN conferences "from below." These conferences contributed a lot to the spread of ideas, that certain ideas not only became known but were also put into the forefront of peoples' minds, that something should be done about the issues. We had these off-site meetings in Cairo. I don't think they were in Stockholm, at the environment conference.

RJ: Actually, there was one in Stockholm.

PS: Yes, you were in Stockholm.

RJ: Yes. But Maurice Strong prides himself, I think correctly, in pressing for some outside NGO participation and claims that he was very strong in emphasizing the need for that. And there was a lot of opposition from various governments and so forth.

I had a sort of next stage of questions. We talked about the role of the UN in promoting and providing a forum for these ideas and sometimes employing the people generating these ideas. I see a considerable contrast in the way neoclassical economic ideas have been generated and pursued, and even neoclassical ideas of development. Now, as someone who is much closer to the academic world—

PS: Maybe for a while.

RJ: I'm thinking of your whole career, so to speak. I'm not quite sure how to frame the question, but my question is that it seems to me the hothouse of development for neoclassical theory, in general, and neoclassical theory in development, has been much more the universities. And perhaps the hothouse of ideas for multidisciplinary development, and the sort of ideas you've been talking about in the last half an hour, has been the UN and the development system. Now that, surely, is very significant. Why is that?

PS: That's a very interesting question. First of all, remember that what I think you call neoclassical—the spread of it in development is of fairly recent origin, even in academia. The neoclassical resurgence is recent. In the early days, structural explanations of inflation, of capitalism in the development field were also taught in universities. Dudley Seers, Hans Singer, Arthur Lewis, Hollis Chenery, Paul Rosenstein-Rodan, Albert Hirschman, Thomas Balogh, and many others were in the mainstream of ideas. The classical resurgence started in the 1980s. It's hard to locate exactly, but it had something to do with the disappointment, the futility of central planning that called for the return to the market. It had something to do with the growth of the public choice school, with the Nobel Prize being given to James Buchanan and George Stigler.

The fact that you can't trust politicians and public servants, that everything the state does is wrong is fairly recent. Take James Meade, who is fairly neoclassical in his analysis, but not neoclassical in his policy recommendations. He believed in the Platonic guardians, in government that is good. If there are market failures, the government must step in. By the way, he was also responsible for the national income accounts with Richard Stone. I don't know if he worked for the UN.

RJ: He did. He worked with Myrdal in ECE for two years in the 1950s.

PS: James Meade? I had forgotten that, yes. Anyway, it was the role of the government that changed completely. When I was a student, most of the textbooks—implied that government can do no wrong. Tommy Balogh was prescient; he was ambivalent about the role of government. He had his contradictions. He wanted economic planning, or if not central planning, government guidance, or government regulation. On the other hand, he thought that all government actors were not so much fools as crooks and corrupt.

RJ: Yes, and in the pocket of business interests.

PS: So there was some contradiction there, which he has never resolved. But certainly the more moderate people in this field thought that the government would solve our problems if there are difficulties. And the reaction against that, I think, is of fairly recent origin. It was quite strong in the World Bank. But I think there was a big contrast between the UN and the Bank. The Bank was, on the whole, stuck in its neoclassical grooves for quite a while.

When I joined the Bank in 1976, I discovered three gaps. One of the gaps was between what the research people in the Bank did and what the operational people did. I don't know whether there is a corresponding gap in the United Nations. The research people under Hollis Chenery—and Hollis Chenery was a very bright economist with very good ideas—didn't take the operational people in the Bank as their reference group. Hollis took the academic community as his audience. He wrote basically for the academic journals. And I thought, at that time, that that was a mistake, that you should do that at a university. I thought that the research results of the Bank were less than the sum of the parts, what the individual contributions would have been capable of. Hollis was a very bright man, but less came out of his shop than one could have expected.

You were very involved in *Redistribution with Growth*, the joint effort between the IDS and the Bank. That was another stage, by the way, which I should have specifically isolated in the history of ideas that came after employment: that you can have growth and use the growth and its composition for redistributive purposes. I'm sorry I left that out. It's a very important stage in the development of ideas.

But coming back to Hollis's reference group and the gap between the research side and the operational people, I felt that there should be a closer link. A committee was appointed by the Bank under the chairmanship of Simon Kuznets, which reported that there should be a closer link between ideas and operations. But then when I saw what this means in practice—when you get someone like Anne Krueger in charge of research—it changed my mind completely. Not that the operational people ever really followed Anne Krueger, but if you have the wrong kind of biased ideas, and you impose them on the operational people, you just produce a crisis in morale, as we have seen.

RJ: But I'm also wanting you to contrast the neoclassical view, which you were saying that I shouldn't go back too early—the neoclassical was really a resurgence in the 1980s. I don't think I'd quite agree with that. But the point I am trying to get at is that over the years the UN has tended to have operated in its development thinking away from mainstream neoclassical forms of analysis; not totally away, but it is more multidisciplinary, more eclectic. This has led, of course, to criticism from both the university world of neoclassical economics and the Bank's pure neoclassical world. They have said that the UN is too casual in its empiricism, not really serious.

PS: Propaganda.

RJ: Propaganda. Or, as Hans Singer likes to recall, he was called one of the "wild men" of the UN by Eugene Black.

PS: Really?

RJ: This has been going on from the early days. Peter Bauer criticized one of the first big World Bank reports, which Arthur Lewis and Ted Schultz had had a hand in, the *Measures for Economic Development*. Jumping ahead two decades, you had Little and [James] Mirrlees presenting their version of cost-benefit analysis, as opposed to Sen, [Stephen] Marglin and [Partha] Dasgupta's guidelines. In the 1970s, when there was the UN development school saying, "We need more attention on employment, more attention on distribution, on poverty," there was the neoclassical critique then. You are someone who has been much more sensitive to the academic critiques and analyses from both sides. How do you react to these?

PS: Some of the things that have come out of the UN I thought made themselves vulnerable to some of the criticisms—the early UNCTAD papers and some of the less carefully argued structuralist views. Talking of Peter Bauer, by the way, I think Peter Bauer, who represents a forerunner of the neoclassical resurgence (except that he paid more attention to institutions) was very much an odd voice before the 1980s. This is just to make the same point that the broader view, the structuralist view, or planning, and government guidance tended to be the prevalent view, even in universities, until then. But you said you didn't agree.

RJ: But you are talking of the British university world. Would you say that that was true of the American university world?

PS: Yes. Who were the early academic development people here? There was Paul Rosenstein-Rodan and Albert Hirschman. There were people like Harvey Leibenstein, who was not a neoclassical economist. I can't really think of any early Americans—even Schultz, who

was a Chicago economist, had really quite unorthodox views on many of these issues on human capital. On the surplus labor view, he disagreed with Arthur Lewis.

Let's now think of who produced these non-neoclassical views in the United Nations. Partly, it was a leftover of the pre-resurgence stage. These were still harking back to the structuralist and non-neoclassical views of the earlier days. Insofar as there were new ones, I thought they came from minority positions in the universities, from people who had these unconventional views. The attack on the concept of employment by Myrdal has never taken root. They still talk about and think about employment as if it were a northern phenomenon. But the notion that the employment concept has to be refined considerably before we can take effective action is due to Mydral, and I thought he made an impact in that way.

One could try and trace other ideas, like Amartya Sen's, who is a many-colored personality and thinker. He has had some influence—a very powerful influence—on human development ideas. People like Meghnad Desai—he's not a neoclassical economist and he had some influence. There were many others. Going back to the pioneers, I thought that the pioneers, whose views had been overtaken and been proved to be only of limited significance—not wrong, but they contributed only part of the story. But they were certainly quite respected and even dominant academic economists. It would have been difficult to align an opposition of similar stature in the academic world in the early days.

This is an interesting assignment, and I think your book will enlighten us. Perhaps it is academics who represent minority views. There is certainly a big difference between the view of the Bank and the views of the United Nations. They are often contrasted. But I wonder whether you could say that one represents the academic world, and the other represents some kind of

independent view. I would have thought that they both reflect academic positions under different caps.

RJ: I think that is an interesting point, and perhaps when you read and come to check the transcript, one might add a little bit. The third thought that was stimulated by your earlier overview was the basic needs work in the ILO, in the World Bank, under your leadership in the Bank, working closely though with Mahbub, and then the human development ideas, in 1990 and on, in UNDP. Now to me, what Amartya claimed, and then Mahbub brought to human development, was actually a very different paradigm—if that's the right word—from basic needs, in which development is freedom in which enlarging choices and strengthening capabilities was of the essence of human development. At least at first level, this was a shying away from the prescriptive view that every person in this world has basic needs—education, health, and so forth. Do you agree with this contrast between basic needs and human development as enlarging choices, strengthening capabilities, and enhancing functioning?

PS: Not entirely, Richard. Not that I have a particularly vested interest in basic needs, but admittedly, it is true of the book on basic needs. But even there, I'm not quite sure. What you say about capabilities and freedom—suggested another word for this, which I was keen on in those days, it is "opportunities." That is my term for them. I said, "Government cannot turn on a tap and provide you with happiness, but it can provide you with the *opportunities* for happiness." And if you are including opportunities, not only material, but non-material—self-respect, identity, freedom, et cetera—then I think it becomes very similar to Amartya's point about capabilities and functionings. Of course, they were not sufficiently worked out and emphasized in *First Things First*, I would agree. But I think they were there in essence. I always tried to get away from a commodity-centered approach to basic needs.

Of course human development is widening. Human development is applied also to rich countries that have ample resources, not only to poor countries. Things that you can only achieve from within yourself are not a matter of economic policy. Economic policy cannot make you happy. Keynes once proposed to toast to the Royal Economic Society—to "Economics and economists, who are not the trustees of civilization, but of the possibility of civilization."

The same thing can be said about happiness. That, I think I tried to insist on throughout the basic needs work, that it is not just a matter of—"count, cost, and deliver": count the number of poor; cost the items, like food, health services; and deliver them to them. Participation was very much at the forefront all along. You can draw up all the items that would have to be included in a catalogue of non-material needs, and freedom of choice was included, although not worked out in detail. That is why I regard human development as a step, just as basic needs described a step after growth, employment, jobs and justice, redistribution with growth. Each step adds something and widens the range of concepts, rather than replaces them.

RJ: And finally, human rights. Where and how do you see them in the story? Then I've got a further question.

PS: Well, human rights, of course, have now become very central to the debate. We both attended a meeting in Oslo, and we had our differences. Some of our differences were perhaps slightly exaggerated. But I am much less sympathetic to the human rights approach than to a basic needs approach, partly because human rights lend themselves to being used and misused for the wrong purposes. That is not an argument against them. Indeed, I think that charge can be put to some of the UN specialized agencies. I had differences with the ILO, for instance. As I have said, Gompers was basically a leader who wanted to protect American labor. Uniform labor rights are not a very good recipe for low-income developing countries who want

to increase their exports and improve the lot of the poor. There were many other kinds of rights: to form a trade union, to a minimum wage, to collective bargaining. Similarly, the WHO—perhaps that is on the other side an argument for human rights, for the right of a woman to determine whether she should have an abortion or not and whether to practice birth control. When it comes to positive rights, I would distinguish between rights and aspirations. A low-income country can not give rights to the full paraphernalia of the welfare state as the social and economic rights would have it.

Human rights, properly interpreted, have a place in the spectrum of objectives of human development. You pointed out quite rightly that the convention on rights for the child has been very successful. It's a good way of getting certain points advanced on the agenda of action against poverty. My objections are partly against the abuses, and partly against the philosophical or academic standing of how you would justify human rights. Perhaps I am too much of a utilitarian. You remember Jeremy Bentham called natural rights "nonsense on stilts."

RJ: One of the questions we've had is why, when the UN was founded with such concern for human rights, and then within three years the Universal Declaration [of Human Rights] was passed in such a remarkable fashion, why, for twenty, thirty, or even forty years, human rights played such a negligible role in development. Do you have any sense of why the world of human rights and the UN's world of development never met?

PS: A very interesting question. From the beginning, I suppose, they distinguished between human rights in the narrow sense, civil rights, political rights, on the one hand, and social and economic rights, and cultural rights, on the other.

RJ: Less so. The [UN] Charter makes some reference to universal rights, not very explicitly. Then, of course, in 1948, you had the Universal Declaration, which makes no

distinctions. It has twenty-nine articles and everything from rights to education, rights of partners, equal rights in a marriage, to choice of partner, and to agreement on the marriage.

PS: What about the economic and social rights?

RJ: Economic rights, yes.

PS: Food, adequate food and health services? The full paraphernalia of the affluent modern welfare state? I would call these aspirations rather than rights.

RJ: Yes, and employment, health and education, and amazingly the paid holiday, which, of course, the American right wing, to this day, seems to object to, even though we point out that there is a long religious tradition that God rested on the seventh day.

PS: Brilliant.

RJ: But coming back to it, the distinction between the economic and social, and the political and civil really emerged in the mid-1950s when you had the two covenants of human rights. Then you had the Cold War, with the West tending to pass the political and civil rights, and the East, the Soviet Union, fighting back and saying, "Look how you neglect the economic and social rights."

PS: Let me try a guess. Did Hans Singer give any kind of answer?

RJ: Not a very analytical one.

PS: One guess would be that, in the early days, people were more sympathetic—partly because there was greater sympathy for the Soviet Union—that in the early stages of development, you need not pay too much attention to civil and political rights. There was support for human rights in the narrow sense, which I distinguish from civil and political rights. I think everybody agreed with the right not to be tortured, not to be imprisoned without trial—but democratic freedom is a luxury. It was part of the philosophy of the third point that I

made about economic growth as a performance test, that development is a hard and difficult process. And in the early days, you can't afford to pay too much attention to these fine rights that only a rich country can afford. Perhaps that was a view people had more sympathy for than they would nowadays.

The insistence—and I think Amartya Sen made some very good points on this—that even quite basic rights, like the absence of famine, depend on a free press. That is quite important. I am almost sure that he is right, though some people have pointed out that there were famines in countries with free presses.

That could have been contributing to emphasis on—civil rights and political rights—being somewhat neglected in the early days. The economic and social rights, that's what development was about, except that it was concentrated more on primary incomes, directly earned. The public services, the social services, health and education, were somewhat neglected. When would you say human rights came into their own? In the 1980s and the 1990s?

RJ: Yes.

PS: Yes.

RJ: Into the 1980s, and then in the mid-1980s, you had the Declaration on the Right to Development. But it seems to me the real resurgence has been in the 1990s.

PS: So you could argue that the opposite was almost the case for a period. I'm just trying to flesh out an idea, that people said that freedom of expression, and absence of torture, an independent judiciary, and a free press are so important that even some of the social and economic rights should be sacrificed to them at the early stages. But it's a very interesting question as to why it took so long.

RJ: I feel, in part, that at the time the Universal Declaration was passed in 1948, the aspiration for human rights on a strictly universal basis was truly extraordinary. But if you actually started trying to use that for development planning, or for practical policy, people would have reacted—I don't know whether they did—saying, "Look, this is just impractical." First of all, we needed to get on with decolonization, to the extent that even a decision, as opposed to a process and reaction and bloody battles. So the time began to be more ripe in the 1980s and 1990s, not so much with the fall of the Soviet Union, when you got rid of the ideological divide, but with the economic advance that large parts of the world were having in education. Living standards had risen somewhat, so that people could begin to imagine, on a global basis, the rights being implemented in a very practical sense. In the time of 1948, it was the visionaries who believed in, instated, and mobilized to declare those things.

PS: If you think of the United Nations as an organization of governments, not individuals or groups but governments, some of the explanation of the denial of human rights is to be expected. When we put forward the freedom index in the *Human Development Report*, Malaysia, India, and others objected.

RJ: Yes.

PS: And many were against the index, not only the Soviet Union, but many other countries' governments. One of the most hopeful things is that as you get improvements of living standards; as the middle class grows, their demands for their basic rights become more vocal and more audible than in the very low-income days. That may be another reason for the response to human rights in the United Nations. These governments—in the early days, they just put their signature to the declarations and didn't propose to do anything about it. But now their middle classes want to do something about this: they are claiming their rights. That's an

interesting interaction between social history and ideas. It is the clamor of the growing middle classes as countries grow richer. That would be another explanation of why human rights have come into the foreground now.

RJ: I wanted to ask you the good statistical question, so to speak, the control. We talked about what were the ideas the UN contributed to. What would you say were the ideas the World Bank contributed to?

PS: To the development debate?

RJ: Yes.

PS: The World Bank claims always to be the leader in development thinking. As I said before, I don't think that is a correct claim. But in the evolution that I traced early on in the afternoon—from growth, to employment, to redistribution with growth, to basic needs, to human development—many of these were reflected in the work of the Bank. Hollis Chenery's contribution was a structuralist view of development, much more structuralist than many of the Bank's publications—the two-gap model of aid for example. I don't know whether it was reflected in its operations; I think that is more doubtful. But it was ideas, and the popularization of ideas, the spread of ideas, the dissemination of ideas. So structuralism, I think, was quite at home in the Bank. It depends very much on who the chief economist was. It went completely out when Anne Krueger became the chief economist. Other structuralists were Raúl Prebisch, Celso Furtado, Oswaldo Sunkel, and others. Redistribution from or with growth, stimulated by your ILO Kenya report, was a very important stage in the evolution of the Bank's thinking. If you ask me about original contributions, rather than dissemination, I think I would find it quite hard to think of many ideas. The Bank has tended to follow the stream of ideas in universities, just as it had followed structuralism and growth, so it has followed the neoclassical resurgence in

the 1980s. They are now moving away from the neoclassical resurgence, as the universities are doing. Again it is following the greater emphasis on civil society and NGOs, bottom-up development, participation, governance, and empowerment. *Voices of the Poor* is now a fashionable volume. Deepa Narayan is an imaginative writer in the Bank.

RJ: But *Voices of the Poor* was also enormously helped and advised by Robert Chambers. He was heavily involved in it. But I suppose the question I am trying to ask is, in a voice self-critical of the UN, do we see this influence on the Bank of the academic ideas, and the Bank tending to claim that it was the leader, but in practice drawing on the university world? Is it different with the UN?

PS: Different in drawing from the university world?

RJ: Yes.

PS: I think it draws different ideas. First of all, the resources of the Bank are much bigger, and therefore their ability to do many things is greater. But the whole philosophy and morale is quite different. The Bank is a very large organization, and the outlook of the Bank has always been much more optimistic, in the sense that we can do things, and if you follow certain economic principles, all will be well, whereas the UN gives me the impression of being more pessimistic, more gloomy about many of these things. They are not only pessimistic about the future, but gloomy about the past and the present. When the Bank says that poverty has been reduced, the UN tends to say that poverty has increased. Of course, the verdict depends on your measurement, on your aggregation, your time horizon, your views on market structure and power. By the way, have you seen the article by Ravi Kanbur that was published in *World Development*?

RJ: Yes, I—

PS: In other words—

RJ: Yes, but it's useful.

PS: Useful categories of Group A versus Group B. And the UN is much more at home in Group B.

RJ: He is so homogeneous in Group A and Group B that—

PS: He is too homogeneous. Of course, he is.

RJ: Yes. And he doesn't recognize any real difference between developed and developing, or marginalized countries within the As and the Bs. As are all the finance ministers.

PS: Even developing countries, though?

RJ: I think so. Now, granted many of them—

PS: It might be better to talk about this later without the microphone. It's an interesting point. But I thought it was a good paper because it does bring out some of the differences in the debate, like the need for disaggregation. I think that is a very important and a very good point, although some of the disaggregation points are so obvious that I can't believe that they should have been included, like "Is it the proportion or the absolute number of poor who have increased?" But the Bank thinks that things can be done quite simply if you follow their advice; it's much more simplistic. The UN sees more the complexity.

You see, most of my experience—I should have mentioned this earlier—my practical development experience came largely from the CDC (the Commonwealth Development Corporation), for which I had a great respect, although some criticisms too. When Lord Reith took the CDC over, in the 1940s or 1950s—long before my days—he said that two things are very important. That is what Lord Baring said also when I was on the board, when he was chairman of the CDC. One is decentralization, which is another item, by the way, on the list of

things that have come into the foreground recently, perhaps excessively. But I think the UN has picked up on the idea of decentralization. In the CDC, it was very important that there were strong local and regional offices—regional preferable to national, because you avoid some of the mistakes of purely national policies, which create problems for other nations. Reith decentralized to strong local offices. The UN has done that more than the Bank. The Bank is highly centralized. It sends out short-term missions, which lack the feel, the sensitivity for local conditions.

The other one that we haven't talked about yet is that, in Africa particularly, the CDC manages projects as well as finances them. Management, of course, in many African countries is a very important bottleneck. Just lending money to construct a project isn't enough because the important issues arise once the project is on the ground and begins to operate. Then many of these projects fail, or don't do as well as they should be doing. The CDC was more like the United Nations in some respects—

RJ: That's an interesting point.

PS: —than it was like the World Bank. Some people have accused the Bank of acting like a horrible colonial governor. But I thought it was more like a Victorian governess, whereas the UN listens more carefully. It listens much better to what people need. I think it would be good if the listening could be translated into a coherent policy. It would be nice if the receptivity that decentralization produces—the sensitivity to local cultural and social and psychological factors be translated into a more coherent strategy, not a uniform strategy.

RJ: There are a few little questions, still in the same area. When we interviewed Jacques Polak, he said the IMF was able to draw better minds than the UN because of better

remuneration, freedom to publish, and a more intellectually stimulating environment. Do you think that is correct?

PS: That applies to the IMF, and I would apply it to the World Bank too.

RJ: Certainly better remuneration.

PS: The remuneration is better in the World Bank than in the UN.

RJ: Definitely. Thirty percent, or something.

PS: It sounds unpleasant, but I think it is true. I haven't worked in the IMF, although I have organized one of their conferences. But, again, the problem is that the sum total of those good minds is less than you would have expected from them individually. There were some brilliant people, very often in their research departments, but their output wasn't what it could have been or would have been in an academic environment. But I think subject to that qualification, I would say, yes, it is no doubt true about the Fund and the Bank.

On an Oxford summer school that I used to teach on, there was a brilliant young man—he became later Sir Alan Whittome. Did you know Alan Whittome?

RJ: Yes.

PS: He was in the Bank of England, for a while.

RJ: I see. But I remember he had—

PS: He joined the Fund. And I see that recently he died and they had a memorial service for him. And my old student and friend, Kit MacMahon gave a speech.

RJ: I don't know these people personally.

PS: He was there. Now, no doubt Alan Whittome and any number of people I could mention in the Bank and the Fund had come from universities, the Bank of England, and other places. But what they contributed was not pitiful—that would be going too far—but very much

less than one would have expected. The reason being that people had to go through the whole organizational hierarchy, and a lot of their ideas were lost.

RJ: The point Polak makes on freedom to publish, and a more intellectually stimulating environment, perhaps those two elements need to be more qualified.

PS: On freedom to publish—the UN doesn't allow you to publish? I don't know.

RJ: Well, I know that in UNICEF we tried to encourage people to publish, but if you followed the strict rules you had to get permission to publish.

PS: But with the intellectually stimulating atmosphere I wouldn't agree. I told you that I found these three gaps in the Bank, the gap between the worthwhile work and the morale. I joined the Bank in 1976, and lending and promoting development was widely regarded as worthwhile activity among the young. But I thought the morale of Bank staff, even then, was terrible. Maybe it was better in the Fund because the Fund was smaller. Herman Bondi, my old friend from the Vienna days, said the stupidity of an organization increases with the cube of its numbers. Because the Fund is smaller, there is more intellectual stimulation. But I found that many of the people in the Bank on the research side were disgruntled, unhappy, and frustrated. That doesn't produce the best kind of work.

RJ: Just to complete this, what was the third gap in the Bank?

PS: The third gap was between words and deeds—between what Robert McNamara said in his speeches and what operational people in the Bank were doing.

RJ: Mind you, that happens a lot in all parts of the UN. I think we should be ending up on this point. Are there any other points on this that you want to bring up?

PS: I will think about some of the points. You raised some very interesting questions.

RJ: This will make a very good basis for tomorrow, when we will perhaps circle back to the ideas and also look forward to the future. But we need to look at some of the more specific areas of ideas, such as the New International Economic Order. We hardly touched on that at all. You have just brushed on sustainable development.

PS: Sustainable development. Yes, I had forgotten it on my list of items. Sustainable development, that we should talk about.

RJ: But we can go into these tomorrow. Meanwhile, thank you, Paul, very much for a second interview.

PS: Thank you, Richard, for asking so many provocative questions.

RJ: This is Richard Jolly interviewing Paul Streeten. This is the third tape, and it is now the morning, 10 o'clock, May 29, 2001. Let me turn to the roads not taken. Are there areas, over the lifetime of the UN, where you think the UN might have done more in either generating ideas, or relevant analyses, in relation to problems, in relation to issues?

PS: What one tends to forget—some of the critics of the UN forget it—is that this is an organization of governments, not even of states or nations or countries but of governments. It is not transnational or global, but an intergovernmental organization. Therefore, it cannot deliver more than what the sum of its member states and their governments stand for. An important reform would be to allow in the representation in the UN for the changing power distribution in the world. Germany and Japan have been underrepresented, and they should be given more power, more votes, and more representation in the UN. But that is perhaps more an organizational matter than a matter of the social and economic ideas, though it has a bearing on them.

I always thought that the excessive respect for national sovereignty is somewhat misplaced. Many governments begin by repressing their own minorities and dissenters, and then transgress their boundaries and invade others. We have seen this with the Soviet Union and Czechoslovakia, South Africa and Angola, and Iraq and Kuwait. Therefore, the UN should punish the violation of human rights. If you intervened earlier, rather than after the transgression of frontiers, this would avoid considerable trouble.

On the social and economic ideas, I am in sympathy with the way some of the UN organizations have worked. Some have worked much better and have produced more useful action than others. UNICEF is an organization that is always held up as a good example. There may be something in the organization and the appeal of children that accounts for its splendid record. But otherwise, I would find it hard to name any particular organization for stimulating ideas. Yesterday I said that ideas come from individuals. In taking them up and propagating them, the UN has done very well. But there were several opportunities that were missed.

RJ: I wonder whether, in the mid-1970s, at the time of the oil price increases, the UN might not have done more in proposing an institution that would help recycle the petro-dollars. And if it had, whether that might have made a big difference to subsequent history—the buildup of debt, the aftermath of adjustment, and so forth.

PS: As you may know, I have propagated such an international investment trust for the recycling, first of the oil current account surpluses, and then, later on, of the very large and enduring Japanese current account surpluses. It seemed to be a great pity that, in the 1970s, the oil surplus was wasted by the European banks, which created the debt crisis of the 1980s by greedy lenders and profligate borrowers in Latin America and other places. If there had been an international investment trust that recycled the oil surpluses in the first place, and later on the

large and still growing Japanese current account surpluses, that would have solved many problems. The recycling would have been, in the first place, on commercial terms to commercially viable Third World countries. Interest rate subsidies could then have been grafted onto it for the low-income countries. Such a trust would have saved a lot of trouble.

First of all, it is something that can be shown to be in everybody's interests, even in the ultimate interest of the United States. It brings together the current account surpluses of Japan, the surpluses of underutilized manpower in the developing countries, and the surplus capacity in the OECD countries to the benefit of all and in the interest of global growth. It would have certainly been in the interest of the capital-starved developing countries, who would have got money at considerably lower interest rates than from the European banks who recycled the funds. It would have been guaranteed by governments, but the government guarantees would not have been called into force. They would have been invested in sound projects. And it would have been in the interest of the OECD countries, whose exports would have increased and a barrier to their expansion would have been removed. It would have been in the interest of the oil sheik kingdoms in the Gulf of Arabia, and later on, of the Japanese, because they would have had secure and guaranteed investments. And it would have been in the interest of world growth, because world growth would not have suffered and been set back as it was in the 1980s.

This opportunity still exists, because the Japanese surpluses are still there, $100 billion a year. It is certainly a deficiency. One can think of a number of other institutional reforms which are needed. For instance, we don't have an international migration agency. The immigration not of professional manpower, but of unskilled manpower, will become increasingly a problem. Now we have an environment program, but there is a need to coordinate all the environmental agreements and protocols in the UN—the Montreal Protocol and several other treaties. But they

are not really properly coordinated. They should come under one, general environmental UN agency. So there are plenty of institutional innovations which one can think of. For instance, there is the question of commodity price stabilization; the World Trade Organization (WTO) should take it on. The initial idea of an International Trade Organization (ITO) was supposed to be responsible for commodity prices, but it is not part of the WTO's charter.

On institutional innovation, I have a long list of items, in addition to the investment trust that you mentioned: a global central bank, a global form of taxation, an institution that would avoid lurching from excess capacity to scarcity in steel, ship building and similar industries and so on. But I thought that you were talking more of ideas than of institutional reforms.

RJ: Well I am particularly pressing on ideas, and so I really ask whether an UNCTAD or other parts of the UN might not have written more on an international investment fund, and analyzed more particularly some of the animals that should have been part of it and so forth.

PS: Yes. I don't understand why they didn't do it. We have been advocating this for a long time, and many people of good will and good sense are in favor of it. It just hasn't come about because the inertia is very powerful. It took fifty years to get an agreement on vaccination against cholera, which was clearly in everyone's interest.

RJ: Let me take you to the broader agenda of the time, the New International Economic Order. Now how does that set of rather ill-formed ideas look to you in retrospect?

PS: There's a very interesting change of analysis, isn't there? During the New International Economic Order discussions, the problem was identified that the rich countries benefit enormously from the international order and the poor countries lose out. And one must take countervailing action in order to compensate for these losses. Now, there has been a reversal. As the opportunity to export labor-intensive goods from the developing countries is

opened up, the rich countries, and particularly their unskilled and low-skilled workers, are losing out as a result of these imports and should take compensatory action. If you were to discuss now the New International Economic Order, you would think of how to take protective action in the rich countries, rather than the other way around.

The New International Economic Order debate, which is still highly relevant to the globalization debate, was perhaps misguided. It appealed largely to the conscience and self-interest of the rich to give more aid. It didn't take enough account of the fact that reducing protection, increasing exports, and increasing world trade can—if accompanied by other measures—work for the benefit of the low-income developing countries.

There is no current discussion of the New International Economic Order. But if we are going to revise this, it would be concerned more with what compensatory action in the global field one can take in order to look after the victims of the process of globalization: to retrain workers, to improve social services, to look after the environment. We have to look after those who lose from globalization, while moving ahead with it—freedom of trade, and with important qualifications, of investment and financial flows. At the same time, not to let the market wildly run its course, but to see what kind of institutional compensatory actions for the losers in this game are needed on the global scale. That would be to bring the New International Economic Order debate up to date.

RJ: Did the Brandt Commission tackle any of these issues? They argued mutual interests. I don't think they argued compensation within any of the blocs that would be gaining to compensate either the poor or the ones likely to lose to such an extent that they might oppose the changes.

PS: The Brandt Commission report (*North-South: A Programme for Survival*) overstated the mutual or common interest case, as many of us pointed out at the time. While there are clearly mutual and common interests involved in the freeing of trade and other activities in the international field, the time has come to investigate what compensatory actions are needed in the global arena in order to (a) bring those people in—who are left out of the benefits of globalization, and (b) compensate those who have joined the globalization run, but have lost from it.

RJ: Another area where one might say the UN could have done more was at the end of the Soviet Union, with the break-up of the Soviet Union, the fall of the wall in Berlin, and the focus of international policy bent on encouraging these countries, with a big bang, to move to the market. Now we point out in *Ahead of the Curve?* that actually the Economic Commission for Europe in 1989 and 1990 did emphasize the need for institutional reform and a slower approach to transition. But still, it was a weak voice compared with the loud and well-financed shouting of the World Bank and IMF.

PS: Yes. I would agree. And the uneven performance of some of the countries under the influence of the Soviet Union, like the Eastern European countries, is testimony to the need to look more closely into what has led to success and what has led to failure. The situation in Russia itself is quite appalling now. There is reduced life expectancy, particularly among men. Amartya Sen has written about the missing women in South Asia, but nobody has written about the missing men in Russia, because there it is mostly the men who die—alcoholism, disease, crime, and misery. To have done something—to mitigate or to remove these evils would have been important for an international organization. I think the United Nations has failed on that score.

RJ: As I think of your last two answers about NIEO, and the transition in the former Soviet Union, it seems to me that one of the issues is how to get a different way—the paths not taken—taken more seriously. Now, you have written in your recent book about the usefulness of making utopian blueprints. I think one of the issues is not only in making utopian blueprints, but in selling utopian blueprints, and getting them to be taken more seriously, for people to realize that, as say with the Marshall Plan, it's possible, and that good things would follow. What's your reflection on that?

PS: I agree completely, Richard. I would say that it is not so difficult to sell them, but it is difficult to sell them to people who are prepared to take the pains to work out in detail how some of these plans are to be implemented. The young, the enthusiastic idealists, the utopians—tend to be very careless about the details of implementation. Whereas, those who know the details tend to be conservative and unreceptive to utopian changes. They know so much about the way things are now that they have acquired a vested interest in keeping them that way. There are plenty of groups and NGOs who will take them up. But to get them onto the plane where they can be actually implemented and something done with them—if we could combine those two types of qualities, the quality to think about the unthinkable, or the unrealistic, as some people would claim, with the attention to detail and to implementation, then I think we would get somewhere. But that may be itself a somewhat utopian notion.

RJ: Do you think economists are good at not only working out the details, but having the broader visions, and then being passionate enough to enthuse others about the visions?

PS: Economists, like all people, consist of various types of people, although there is a kind of professional formation or deformation that tends to cast them into a similar mold. I think some economists, but not the majority of them—

RJ: Who do you think of as in the category of enthusing others with the need to act?

PS: You mean people who are still alive?

RJ: Or people you've known, or people you've read about.

PS: I think probably Amartya Sen would be a good example to bear in mind on that score. Albert Hirschman, who has very interesting, and in some ways quite utopian ideas. I have a very high opinion of Tom Schelling's work, or Tibor Scitovsky. There are lots of younger people. Can you think of anybody?

RJ: No. I would want to ask, where does Barbara Ward stand in your categorization?

PS: She was, of course, splendid and knew exactly what we are talking about: good at analyzing situations and in enthusing people for what some would regard as utopian goals, and what others would regard as entirely within the realm of possibility.

RJ: And in a different way, of course, McNamara surely was a very strong promoter, somewhat technocratic in his analytical style, but in fact—

PS: His fault was, in so far as he had faults—of course we all have faults—not so much his role in the Vietnam War. He atoned for his mistakes, which he now admits. But it is his excessive devotion to "unreal numbers," a devotion to quantity to the neglect of quality. He may not have been responsible for the Edsel, but certainly for the body count in Vietnam neglecting the spirit of resistance. And then the poverty count—the number of poor affected directly by a Bank project. In fact, there are all sorts of indirect ways of benefiting the poor, and there are many dimensions of poverty itself not readily measured. His greatest deficiency was his great attachment to unreal numbers and to what might be called the "McNamara fallacy," the fact that what cannot be counted doesn't count, or even exist.

We are back at non-material basic needs, a battle I tried to fight in the World Bank. We insisted that needs that cannot be readily counted, that are not comprehensible in numbers, are equally and perhaps more important than those that can. But apart from that obsession with unreal quantities, he would certainly be amongst those who inspire people to action. And Willy Brandt himself, I thought, was very good on many of these issues. I don't know [James] Wolfensohn, but what one reads or hears about him—and I heard one speech in Florence about a year and a half ago, I thought was splendid.

So there are quite a few people. But I guess many are not economists. Well, Barbara Ward was an economist. McNamara is not an economist. He is more of a management expert. You asked me for economists. But there are some very good potential leaders. Even in the United Nations there are some very good people. You must know John Langmore. He's an Australian. He's still in the UN and very good. In terms of carrying out the ideas, there's a long list one could draw up of people who would be capable if the constraints on them were removed.

RJ: Let me ask you about Maurice Strong, because he's someone that has played a very clear role with the environment conferences of the UN, and then more recently with reforms in both the Bank and the IMF. In many respects, he seems to be a curious combination of someone who mostly achieves his impact by behind-the-scenes, quiet conversation and influence, and has a very uncharismatic style. Do you have any explanation of his role?

PS: Maurice Strong wanted, at one time—in the early 1970s—to spend a year or two at Queen Elizabeth House to study and think about problems. Of course, I welcomed that idea very much, but he didn't carry it out. You are quite right. I am always a bit puzzled by his fantastic record of achievement, both in the personal and financial field—he made a million dollars before the age of twenty-five, or whatever it was—and now, since he's made his packet of money, he

has devoted himself in the United Nations to problems of the environment. I have no special explanation for that. I have great admiration for Maurice Strong. He has done a great deal of very good work. When I was at Boston University, he was invited to give a lecture. As you say, it was a very good and sound lecture. It didn't set anyone on fire. He was not particularly charismatic. But he has a very interesting way of firing other people to action, making other people act, as well as acting himself and doing excellent work. I have always been puzzled by the contrast between his low profile when you meet him, and when you listen to him, and his magnificent and wonderful and quite extraordinary achievements.

RJ: We have not actually talked today about Mahbub. Was it in the Bank, and basic needs, the first time that you actually worked closely with Mahbub?

PS: Yes, it was. I have known Mahbub, of course, since I've worked in the ministry, when Mahbub and I first met in 1966. He was on the Pakistan planning commission and visited London. I always admired and liked him a lot. We all know that he has changed his line over time, and that he has been accused—and I think quite wrongly—by some people of being opportunistic. I don't subscribe to that view. He and Amartya Sen were in the same year at Cambridge—were you?

RJ: No, I was a year or two later. But they certainly were together.

PS: If he had opted to become an academic economist, rather than a politician, he would have done just as well. And he did very well. He had a very good mind. But he opted for the political side, the side of action. Therefore his virtue consisted more in implementing other peoples' ideas, in adapting them so that they can be implemented, and disseminating them and getting action on them. But Mahbub was a wonderful, splendid, and inspiring person. It's terribly sad that he died so young, and in mid-action.

His great virtue was that he could draw on peoples' abilities and use them for his own ideas, and for his own objectives, in a way that showed great political leadership qualities. The thing that people find so hard to forgive is that he worked for Zia ul Haq, who was a very horrid dictator in Pakistan. I remember my old student, friend, and colleague, Steven Lukes, giving some lectures in Pakistan, and asking Mahbub for some people—prisoners of conscience, who had been imprisoned, he thought unjustly, they certainly had not been tried—to be freed, or at least allowed to be tried. I don't think he was very successful with this request.

All of us have our weaknesses and faults, and Mahbub was not free from them. But working with Mahbub was a marvelous experience, both in the Bank, when we worked on basic needs under McNamara, and in UNDP, on the Human Development Reports. He was adaptable. He did advocate in his early work very much pure growth strategies for Pakistan and other developing countries. He didn't think that growth itself was an aim. As I said yesterday, never would anybody with the slightest intelligence say that growth was a sole objective. But he said that if you do go for growth, many other good things would follow. This was the conventional view in those days.

Then he changed direction considerably when it became known that growth in itself has been quite successful in the First and Second Development Decades, but has not done much for poverty reduction or for employment creation. He reversed course, and he became a passionate advocate of anti-poverty strategies—basic needs, human development, greater equality. Even on women's rights, initially alien to him, he spoke out. He came from a culture in which women counted for little. His wife, Bani, greatly contributed to this conversion. He had a wonderful way of communicating, perhaps more by the spoken word than the written one, although he also wrote very well. He had an incredible ability to summarize, in a meeting, people's ideas and

bringing them to a higher level. What was said in a confused way at a meeting, he summarized it and somehow managed to get much more out of it. And he could hold audiences spell-bound.

I can see that some people find it odd that his friends were so devoted to him. He had fierce enemies, particularly in Pakistan. But I thought he was a splendid leader and implementer of ideas.

RJ: I agree. Perhaps I don't find the question about why we were so devoted to him so surprising. I think his ability to write was incredible—like Barbara Ward, although perhaps somewhat more focused on policy, somewhat sharper in analysis. But both of them had a very strong ethical element. Indeed, in a certain way, a very preaching element. If anything, it was in his verbal presentations sometimes when I would find myself thinking I had heard the particular sermon before, and wish he would have just introduced a few more specifics about whatever needed to be done in order to tackle the issue he was dealing with. I think the Human Development Reports did that. They brought in the specifics of analysis, the specifics of an agenda in a way that balanced the vision and the action absolutely brilliantly. And it made a big impact.

PS: I don't quite agree with you about having heard it all before, and the repetition of passages. But I thought in his spoken presentations—unlike Barbara, who had a quite different style and wrote like an angel—the spoken ones were almost better than the written ones. With Barbara, both the spoken and the written words were splendid. In Mahbub's case, I thought that when he wrote, he lost some of the urgent appeal that his spoken words had.

Let me just say one thing about Mahbub that concerns you. When we discussed his success as special adviser—we had a long discussion about it—he and I agreed that you would

be the ideal heir and a splendid successor to him. There were many other candidates in the running. He asked for my views, and he must have consulted others too.

RJ: This is not an interview about me, but I must say it was a wonderful five years. It came just at the right time for me. The comment I would make, perhaps in relation to Mahbub, is that what I tried to bring to the last five years of the Human Development Reports was a somewhat specifics of analysis, certainly a lot of examples of good things that were going on—poverty reduction, environmental actions, perhaps marginally more than Mahbub might have done.

PS: Emphasizing the optimistic outlook—the positive achievements: it *can* be done.

RJ: Somewhat, yes.

PS: Which as I said yesterday, is not quite in the tradition of the United Nations, is it? It's more in the tradition of the World Bank to emphasize the positive achievements.

RJ: It's certainly in the tradition of UNICEF under Jim Grant.

PS: But the UN is always trying to emphasize the growth of poverty, the growth of inequality, the destruction of the environment. I think by and large, except perhaps for UNICEF and your reports, don't you think that there has been an element of pessimism in the UN family? It is, or perhaps was, an unhappy family, as I wrote some time ago in a book edited by your colleague Tom Weiss.

Coming back for a moment, Richard, if I may, to what one could have done better in the UN. There was a long discussion on reforming the organization of the UN. This is not so much in the realm of ideas as it is in the realm of organization, the lack of coordination of the UN agencies has always been a serious problem, hasn't it? When the UN was founded in San Francisco, it was potentially like a nucleus of global government, with a department for

employment, a department for health, a department for food and agriculture, a department for education. There were some departments that were missing, but in principle it could have been a step towards a kind of nuclear global government. That wasn't realized, partly because these agencies weren't controlled democratically and could not be coordinated. There were competence and divisional disputes and mutual accusations of invasion of territory. That was partly a result of the Cold War and partly the result of inadequate leadership.

But now that we have some very good people in charge of some of the specialized agencies, like Juan Somavía in the ILO, and Brundtland in charge of WHO, and with the Cold War at an end, the opportunity to coordinate the actions of these agencies and move them towards a fledgling global government has come again. It would be very nice to seize this opportunity.

RJ: I'll resist a long debate on that. Let me come back to—we've talked about Barbara, Mahbub, Maurice Strong. In many ways, they seem to be very different characters from Tommy Balogh. Yet you have worked very closely with Tommy for many years, and I think you described him as your closest friend at Oxford. Yet surely he was more cynical.

PS: Yes, very much. He was very critical of the United Nations. He thought, for instance, that bilateral aid is much more useful and much more effective than multilateral aid. The conventional view in those days was—and still is—that multilateral aid is preferable. This raises interesting questions, which one could go into at some length, as to what extent multilateral aid generally transcends national government and to what extent it has to yield to the pressure of powerful governments in the United Nations. I gave you the example of Bernard Zagorin's problems, the first American executive director of the Asian Development Bank.

I forget the details of the case, but I remember this as an example of the fact that the so-called international or multilateral institutions are not really independent from the powerful bilateral members, especially America.

Tommy Balogh felt there was a certain sanctimoniousness about the multilateralism of the United Nations. He objected to the bureaucracy. He would, for instance, object to the fact that an Indian, who could do quite competent work in his own country, is hired by the UN as an expert to give technical assistance in Nigeria, about which he knows very little, while a Nigerian is hired to give technical assistance to India, the only benefit being that they both get higher salaries. Their contributions to the development of India and Nigeria are, however, reduced. He was a very contradictory personality. Most of us so-called people of goodwill thought that multilateral aid by the United Nations or development agencies was better than the bilateral aid, which tended to promote their own national interests, tying aid, introducing foreign policy interests, et cetera. However, he did, as you know, work very well, for instance, for FAO, where he used a reforestation project around the Mediterranean as the spearhead to a large, ambitious development project.

He also had a great many good friends in the United Nations. For instance, Joan Anstee was a great friend of Tommy Balogh's. She was his deputy at 10 Downing Street. He introduced me to her. He was a great admirer of her work. She was the most senior woman in the United Nations at that time. Of course, in the Labour government days, Britain's bilateral aid tried to transcend the national interests. Since then, there has been the weapons deal in Malaysia, under the Thatcher government, which has shown the blatancy of narrow national interests entering into the bilateral aid-giving.

RJ: While we're still talking about people, let me ask you whether you have any particular memories of the other Nobel Prize winners who have worked for the UN. Let me remind you—of course, there was James Meade. Ted Schultz we did mention yesterday, Wassily Leontief, Richard Stone.

PS: And Arthur Lewis, of course.

RJ: I think we talked of Arthur Lewis yesterday. But any other thoughts you have—

PS: I was very impressed by Dick Stone's and Dudley Seers's work on the social and demographic accounts, to use life expectancy as the measuring rod. So many years working, so many unemployed, so many in retirement. I thought that was an imaginative idea, and wasn't that done under the auspices of the United Nations?

RJ: I didn't think so. I thought Dudley got a grant to do the work in IDS. I think he worked with Michael Berg. But I don't think Richard Stone was involved with that. Richard Stone was involved earlier with the demographic accounting, which was much more tracking the flows of students through the school system and out again and so forth.

PS: I am fairly certain that Dick Stone and Dudley Seers used life expectancy as an integrating concept in some of their work for the UN. The attempt is made to trace life expectancy sequences of certain states for the average person in certain categories. Total life expectancy is divided into segments, e.g., so much time spent at school, at work, at leisure, on vacation, in pensioned retirement (happy old age), in unpensioned retirement (miserable old age). Another sequence can trace how long can a new-born child expect to spend unemployed (given the unemployment rates of the year), how long in undesirable states such as incapacitation, in hospital, on a psychiatrist's couch, in prison, unemployed, or in unpensioned retirement, on current experience. It would be possible to trace how long a person is single,

married, widowed, divorced; how long healthy, in hospital; how long free, in prison, on parole. For instance, an increase in the number of university students increases the expected time that a child born today will spend at a university and thus reduces his or her expectation of unemployment.

If desired, it would be possible to sum these periods into a single welfare (or illfare) index that would not be entirely meaningless. It would be expressed as a ratio of total life expectancy. This could be disaggregated for males and females, rich and poor, rural and urban residents, ethnic or religious minorities. Age-specific rates for these states could also be calculated: hours per day or week or month or year spent sleeping, travelling to work, at work, at leisure. One can include the number of children, the number of marriages, et cetera. Data could be collected on accidents or arrests or burglaries. These would yield numbers over a lifetime.

One may wish to trace the time spent on various cultural activities such as attending meetings, participating in amateur theatre, dancing, singing, painting, playing games, athletic activities, or other cultural activities, going to the theatre, opera, concerts, reading books, going to museums, probably not watching television or films. I think this is a very promising idea and it is a pity not more work has been done on it.

Of course, many states and indicators cannot be transformed into time sequences expressed as a proportion of life expectancy: income distribution, marital happiness or unhappiness, security, bureaucratic power, police protection or brutality, corruption, participation, pollution. Anyway, I always thought it was a very interesting idea, which the United Nations perhaps should have taken up on a bigger scale.

RJ: You never argued this common denominator using life expectancy as the frame, when the work on the Human Development Index was being done. That has always struck me as

one way that might have been followed in order to avoid some of the criticisms of arbitrary weighting in HDI.

PS: I agree. Certainly that would have been a much more serious way to approach it. Or even, perhaps less ambitiously, national income figures can be adjusted, by not using the mean, but the median for income distribution. This gives you a better picture of the distribution of income; or not using annual income, but using average lifetime income. That would give you a better picture of some of the variables that have been included in the Human Development Index, without being subject to the attacks and the criticisms that have been made of it. Using the median or the mode, if the figures are available—that's all right. But to use lifetime income is subject to the same criticisms as the HDI, that they imply tradeoffs between income and years of living.

No, I've not argued that in the debates. I'm not sure why. I've argued it quite a lot for culture on the World Culture Reports and with the ILO. There have been two World Culture Reports, and on the World Commission on Culture and Development, for which I was the editorial consultant. What we were searching for is some kind of index of cultural achievement, some indicators. There it occurred to me that it could be used. But I'm not quite sure why—perhaps because it would have meant considerably more work and also because the figures were not available the way they were available for the Human Development Index.

RJ: Tell me more about the world culture commission, and the subsequent two reports. In fact, let me lead into it by asking you why you think it took so long for the UN to do more systematic work on culture. After all, this was after the UN had been in existence for fifty years. They had been involved in education and, in principle, in culture through UNESCO. Various

parts of the UN have been heavily involved in planning. But it was still after fifty years that they decided to produce a cultural commission and the cultural reports.

PS: Yes. It links up to what we said yesterday about human rights. Why did it take so long for human rights to be negotiated? They are now also talking about cultural rights. The reason it took so long is quite simple. The whole view of culture and development has changed. When I worked with Gunnar Myrdal—that was in the early1960s—he, and many other people in the development field, thought that cultural variables tend to be obstacles to development. You look at these natives, and they have all sorts of horrible habits. They are not clean. They lack hygiene. They don't have the Calvinistic work ethic. They don't care. They have these unpleasant traditions, like widows' burning and genital mutilation. They spend too much on weddings and funerals. Take caste prejudices in India—everything connected with local cultures was regarded in the early days as an obstacle to development. Although Gunnar himself always opposed the dominance of the western model, he himself was imprisoned in his own western, and particularly Swedish values and culture, and prejudices and ways of doing things.

RJ: Even liberal values.

PS: Absolutely, but still western and Swedish. If the whole world could only behave like the Swedes, then everything would be fine. That was somewhat unconscious. So, cultural barriers were regarded as obstacles. Some of them of course are. I think some people have gone overboard in terms of respecting everything, including female circumcision and widow-burning and all that as culturally acceptable. I think that would be quite wrong. But that was one of the reasons why culture was not taken up in a positive way earlier.

Now, in a way, the pendulum has swung to the other side. We had on the commission, for instance, one representative of what we used to call the Lapps and are now called the Saami.

He turned up in his indigenous dress, and he emphasized the notion that all indigenous people should preserve their cultural values and their cultural inheritance. That everything that is culturally indigenous is wonderful and fine. I think one has to be selective, and that is one of the points that we tried to make in the report of the commission—that there is a need for a universal global ethics, some basic principles of human rights and duties, principles of ethics that are universally recognized. The respect for culture is part of the ends of development, as well as the means. One of the secrets of successful development, like Japan's, is that they managed to combine some of these traditional values with modern notions of technology, building modernity on tradition.

This explains why, in the early days, culture was ruled out—it was a western or northern-dominated notion of development that people adhered to in those days. We had a chapter that I am proud of in *Our Creative Diversity*, the report of the commission, on a global ethics, the need for, not uniform, but universal standards of moral behavior. Amartya has also done interesting work on that, showing that even in the Indian tradition there is the assertion of the value of freedom and the individual and that much of the talk of "Asian values" is nonsense.

Subject to this important qualification, we know that cultures are different, and the diversity of culture is a value in itself. And it can also contribute to development, like the diversity of species in biology.

RJ: This grew out of my asking you about any of the other Nobel Prize winners of the UN that you have known or have views on—Wassily Leontief, did you ever?

PS: I never knew Leontief. I did review his global model on the environment. *The Future of the World Economy*, 1977, which was a study done for the United Nations under

Philippe de Seynes. I've read some of his work. But I never knew Leontief well. I've met him at meetings and I thought he was a splendid person.

RJ: James Meade you must have met.

PS: James Meade I knew, partly because he came to the Oxford Political Economy Club meetings, and partly through his brother-in-law, Geoffrey Wilson—did you know Geoffrey Wilson?

RJ: Of course.

PS: He's still alive.

RJ: I'm hoping to interview him at some point.

PS: He's a very interesting person. I think James Meade's wife, who comes from the same Quaker background, is Geoffrey's sister. He lives in Oxford. He had a stroke, but he's doing well.

But James Meade, I think it was, as we said yesterday—we touched on him when we talked about the view of the government as Platonic gardens. He said one thing which is very illuminating. That was before he got the Nobel Prize in economics. He said he would like to have written on his tombstone: "He tried to be an economist, but common sense kept breaking in."

RJ: Ah, wonderful.

PS: He was full of common sense and good thinking. He called himself a liberal socialist. What work did he do for the United Nations exactly?

RJ: He worked in the Economic Commission for Europe. Then, of course, all his books on trade—I don't know how much they influenced either GATT (General Agreement on Tariffs and Trade) or UNCTAD. I don't think he ever worked for UNCTAD, as such.

PS: Of course, many distinguished people worked for the Economic Commission for Europe. You reminded me. I had forgotten that Nicky Kaldor did. Teddy Jackson did. Ingmar Svennilson did. Walt Rostow did. Nita Watts and an American economist whose name I have forgotten, with a Russian wife.

RJ: I suppose it was Gunnar Myrdal that brought in—

PS: Svennilson is not too well known, but he's a very distinguished Swedish economist. Did you know him?

RJ: I'm not now remembering.

PS: He's usually quoted in the same league as [Erik] Lindahl, Cassel, Myrdal and [Erik] Lundberg. But Meade's problem was that he thought—that if there are problems of market failure the government will step in and solve them. He was like [Arthur] Pigou, a strong believer in free markets. He was an Oxford man, educated in Oxford, although he was a professor at Cambridge. But he was a strong believer in the wisdom and goodness of governments.

I was very fond of James Meade. He had a wonderful way of clarifying one's thought on international trade and other problems. I was brought up on his little book, *Economic Theory and Policy*. He certainly contributed a lot to clear thinking on many issues. But I don't know what view he would have taken, or that he did take, on the public choice school, and the notion that went to the other extreme, that the government can do no right.

RJ: Was James Meade something of a cold fish?

PS: I don't think so, no. I thought he had a good sense of humor with some English reserve. You didn't know him?

RJ: I met him two or three times.

PS: I didn't know him all that well. But I don't think he was a cold fish, no.

RJ: Whereas JR Hicks was a cold fish.

PS: Yes, JR Hicks was a very cold fish. He was very shy. As you said yourself, in your story about Ursula. But one wouldn't have liked to have been cuddled up with John Hicks. I always thought if the sex roles had been reversed—if John had been the woman and Ursula the man, they would have made a very attractive couple. He, with his shy smile, and she, with her forthright manner. Although they had no children, she always wanted to tell Ann and me how to parent small children, being sick in cars, et cetera. But James Meade, perhaps he wasn't the most forthcoming man.

Leontief was a very warm man, a true Russian, I thought. But I didn't really know Leontief well. They should give temperatures to these Nobel Prize winners. In November, I shall be awarded the Leontief Prize by Tufts University.

RJ: You didn't say as much as you might have suggested about Arthur Lewis. Arthur Lewis was surely a remarkable man for his breadth—he did a lot of early pioneering work in development, a lot of subsequent work on history, and ranging from analytical work, to very operational, practical work, to international policy, and national policy.

PS: Yes. I gave—the National Economic Association's—Arthur Lewis Memorial Lecture. This provided an opportunity to delve into his contribution. In addition to the great intellectual debt that every economist owes to Arthur Lewis, I owe him a special personal debt. It was he who published my first article in a British journal, *The Manchester School*. It was on the theory of profits. I had met him through my tutor, colleague, and friend Tommy Balogh. The two, while sharing certain ideals, were very different. Arthur once said, "The difference between Tommy's socialism and mine is that Tommy thinks of himself as the man behind the counter, I see myself as the one in front."

At a luncheon meeting with a high Persian official, attended by Arthur Lewis, the president of Princeton, or somebody equally important, said that Professor Lewis's services will be available. Arthur had meanwhile fallen asleep, possibly as a result of the food, drink, and dullness of the conversation. As the party rose to leave, Arthur said to the distinguished person, "Economists can be bought, but not sold."

On another occasion, someone was bewailing the sadness of growing old. Arthur Lewis intervened, "There are some compensations. You do not suffer so much from tooth decay; you don't get so many colds; and (I think) lumbago becomes less troublesome." He then paused, and, as an afterthought, added, "And you don't get propositioned by so many young women."

He was, of course, a most attractive man. But he was also prickly. Every time we met he would tell me a story of some incident of offensive behavior or of an insult or a form of discrimination against him. A tone of tetchiness and irritation pervades his writings. Everything is crystal clear, and only our stupid colleagues sow confusion. At the same time, he was modest and encouraging with his students, inviting them to contribute to the solution of problems. He just could not stand pretension.

In an essay on socialism and economic growth he predicted a greater future for [Mikhail] Bakunin than Marx, preferred A-socialists (anarchists) to B-socialists (bureaucrats), and de-emphasized the need for nationalization. The essay ends, "Confusion is the bread and butter of intellectuals; we make our living trying to clear it away, and in the process usually make nearly as much as we remove. I am happy to have had this opportunity of plying our trade today."

I often use in my classes the thought experiment that he suggested on several occasions. Imagine if the rich countries were to sink under the sea. What would be the fate of the poor countries? (He added in a footnote that this was only a thought experiment, not a

recommendation). The answer he himself gave reveals something about his personality and upbringing. His mother had taught him that anything the white man can do he could do just as well. So, after a period of adjustment, the developing world would be just as well off as if the rich had not disappeared.

He showed an early concern for income distribution and poverty. He was never a pure growth man, defining development as widening our range of choice. He emphasized education, land reform, and unmeasured benefits, such as secure livelihoods education for their children, leisure and safe water at hand in the 1950s, long before it had become fashionable.

In the memorial lecture, I argue that America, by many criteria, is more socialist than the Soviet Union. I knew Arthur also from another UN institution that we haven't talked about—the UN University. At the founding meetings—he was at one of the founding meetings in Japan—I got to know him quite well. He tried always to be a little bit a naughty boy and to be out of line with the rest.

RJ: Really?

PS: I think so, yes. He was a little bit contradictory-minded. I remember that at these meetings on the UN University, when somebody said something he tended to take the opposite view. But I thought he was a very great and a delightful person to know and to work with.

RJ: Let me bring you back then to issues. Let's leave the people for the moment. Let's talk a little bit about the ideas of human development for a moment, and whether human development has the depth and range to become a new paradigm for development, and have much more influence on academic work, on policymaking in industrial as well as developing countries. And could it be taken much more seriously throughout the UN?

PS: Is it not taken seriously? I think that it will be overtaken by new ideas in the evolution in our thinking.

RJ: Can you speculate about that? Tell us a bit about where you think it might go.

PS: Sustainable development, bringing in the notion of our environment. I'm somewhat critical of the notion of sustainable human development. In fact, when I'm trying to be naughty, I say that neither "human" nor "sustainable" add very much to the notion of development, and that "sustainable" actually detracts from it. But I don't know what the next one is going to be. Perhaps it's an impossible question. It would be very nice if one did, but it would then not be the next one but the latest breakthrough.

Human development has been useful, by first adding dimensions to the notion of poverty, or the full-life, putting it positively. Secondly, as a model or paradigm, to show up the deficiencies of the narrow focus on gross national product and income. But shouldn't we talk a bit about sustainability—sustainable human development?

RJ: Yes, let's discuss that.

PS: First, you may say, "Human development; what other type of development is there?" I know there is child development, but children are also human, so that is part of human development. So all development is human. It's not about trees or minerals. "What does it add," you might say. "Isn't it redundant?"

RJ: I would always say the view that my country should be stronger and bigger was a very strong tradition—the mercantilist tradition. But that was not very much concerned with people. Adam Smith pointed it out; he argued the case for people to point out the weaknesses of mercantilism. You were more interested in the development of your country than its people.

PS: If human development is interpreted in a narrowly individualistic sense, then I would wonder whether there is much to be said for it. There is the communitarian movement. Excessive individualism can be misleading and wrong. Not that I subscribe to everything that Amitai Etzioni has said, but I think he has certainly a point, that there are civilizations and cultures—that respect communal values and put them before individual ones. So I would not subscribe to "human" in a narrow individualist sense. Humans are part of groups and communities. There are responsibilities and duties, as well as rights. Perhaps Amartya Sen has neglected this.

Now to sustainability: you have to distinguish between "hard" and "soft" sustainability. Earlier, it was thought that what we have to sustain is some physical or natural input. That, of course, is ridiculous. That would mean the end of humanity—not only of individuals, but communities, countries—because some materials are exhaustible. To claim that the natural stock of all resources has to be maintained in its initial state means giving up all production. It means not only zero growth, or zero investment, but zero consumption. That would be the end. So the way they now interpret sustainability is not to sustain the inputs, but the output, the well-being. You hope that technical progress will find substitutes for the exhaustible materials.

This leads to an interesting question. There is a debate between those who think that technology can always substitute for natural, exhaustible resources, and those who think that there is always some complementarity between natural resources and new technology. That debate has been going on for some time. But they have omitted one important point, even the most optimistic substituters, like Bob Solow, who think that technology will always substitute for exhaustible natural resources. That is that we would run up ultimately against time limits. You see, it depends whether technical education, the kind of education that is needed in order for

people to produce the alternatives to natural resources, does not run into limits of time. Education, the absorption of knowledge and its application and the implementation of technology take time. And time may be the ultimate limit to growth.

Let us return to sustainability. If you had a choice between two paths of progress: one, which is strictly, in each period of time, sustainable, an upslope—gentle or rapid—which sustains the path and never reduces well-being, the other is a curve that is above this curve, but goes up and down, goes through periods of non-sustainability—because a down movement on the curve means that you cannot sustain it. I would have thought that many sensible people would prefer the curve that has non-sustainable stretches for a time. Optimizing welfare over time is a better criterion than sustainability. But the notion has become very popular, and it has spread. It is now so widely accepted that it is difficult to do without it.

RJ: I suppose that the question to ask is, "Do you think the UN played a critical role in this?" What Maurice Strong said—we've drawn on him and others for *Ahead of the Curve?*—is that the idea of pollution, even possibly lack of sustainable use of various resources in the industrial countries, was a growing concern over the 1960s. What the UN brought in with Founex and Stockholm was the global view that if there was to be an environmental strategy, the Third World had to be part of the strategy, and sustainability had to be looked at on a global basis. Then, according to Maurice, it was the Third World, as led very much by Mahbub himself, who said, "Yes, and you've got to include poverty reduction as part of sustainability, otherwise, a concern for environment will act as a barrier to our development."

PS: I don't know whether there was a difference between Mahbub and Maurice Strong, but Mahbub emphasized that the primary environmental problems—not perhaps the only ones—for the low-income countries are local ones, local air, local water, local soil. They are not

the global ones, like global warming, although Bangladesh and some of the Pacific islands would suffer from some global warming. But the great global issues are mainly concerns of the rich countries. I would have thought that Maurice Strong would agree with that, wouldn't he?

RJ: Yes. But he certainly said that it was Mahbub who pressed many of these things. And one of the important contributions of the UN was in this area. Let me take you, again, to the future, and the issues of global inequality, and what can be done about them. The Pearson Commission said that the widening gap between the rich and the poor was the central problem of our time. We have, in my mind, seen very little attention to that issue, as such. Poverty reduction has become the focus—with very impressive practical consensus behind it—but perhaps part of the price of that is, "Let's not talk about inequality as such, but just concentrate on getting rid of the poorest."

PS: I thought at one time that poverty reduction is the primary objective, and inequality is secondary. Absolute poverty is more important and should come ahead on our agenda. I have changed my mind somewhat. In the *Frontiers of Development Economics*, edited by Gerry Meier and Joe Stiglitz, I have a comment on Kaushik Basu, who said, "The most important thing is to lift up the bottom 20 percent, and that is what we should concentrate on." I have some criticisms of that view.

There are interactions between inequality and poverty. Poverty reduction is clearly more important than inequality reduction. After all, we could all be equally poor or starving, and that wouldn't be desirable. However, there has been a lot of additional research.

There are several points about inequality to be made. First, the distinction itself is not very clear. As Amartya Sen said, "In the space of commodities it may be relative. In the space of well-being, it may be absolute." When you have inequality, there may be some consequences

on absolute poverty for the poor, such as when you have rising average incomes, bus transport services disappear. But quite apart from that, Richard Wilkinson, at Sussex, has shown that inequality affects the health of the relatively poorer, even at quite high incomes. Do you know him?

RJ: Yes. Not well, but I have met him. I think it is interesting work, and it is getting more and more attention. The London School of Hygiene had a conference on inequality and health.

PS: That is one aspect. Then there are other aspects, quite apart from the health impact. There are impacts on crime and violence that are the result of growing inequality. And there are questions of social cohesion of the community. Participation declines as inequality increases. Inequality is associated with political instability; it discourages the evolution of trust. Subject to removing absolute poverty, and allowing for the fact that absolute poverty can increase with growing inequality—what constitutes "basic needs" changes with average income. It also depends on whether the composition of the rich and poor changes. How long poor people stay in poverty. Whether there is hope for the poor or whether the same people stay where they are.

Both absolute and relative poverty are evils. Although I would still maintain that reduction of absolute poverty is the primary objective, that poverty is the primary evil, growing inequality—both national and international—can have deplorable consequences. Has the United Nations taken it on? I don't really know. You have it in the *Human Development Report*. I don't know where else. I believe WIDER (World Institute for Development Economics Research) has done some work on it.

RJ: Yes. WIDER has done a lot of very good stuff. My impression is that they could do more. But I want to press you on the future. If you looked ahead, let's say fifty years, a hundred years, what sort of policies might be adopted that would tackle global inequality?

PS: If you believe that development can and should take different shapes, and different styles, and different forms in different societies, based on different cultures, different problems arise. The fact of the information revolution, the internet, and instantaneous communication does mean that what used to be called the "demonstration effect" has become much more important globally, as well as nationally. People are more aware of what goes on in the North. There are cultural global influences. I don't think, as some people do, that they are all American dominated. Many impulses have come from other cultures, even imported into the United States: pop music from England and Africa, food from Italy and France, furniture design from Sweden. So there are numerous other cultural impulses at work than simply American. And they also affect America.

We may all be forced, eventually, in the light of natural constraints, to live more modestly. There is the popularity of the new electric motor car, of simpler houses. So respect for the environment, combined with technical progress, may well mean that the future will take the form not of increasing inequalities, but of a more moderate and simple type of society which will yield as much welfare, as much wellbeing as, if not more than, we are enjoying now. There may also be more leisure.

RJ: I read last night, or early this morning, Bernard Shaw's *Intelligent Woman's Guide to Socialism and Capitalism*. I'm not sure whether I've read it before. But he begins with a strong case for total equality of incomes. It is quite fascinating and actually quite relevant in the present world, at least rhetorically.

PS: You picked it up from our bookshelves?

RJ: Yes. As with human rights early on in the UN, inequality was not taken so seriously, but now it is. Ironically, at the time when human rights should certainly be reinforcing the case for concentrating on getting rid of absolute poverty, we may also be at a time when the need to look at global inequality issues comes back. It is more relevant now, in part because it's been growing, and in part because it's reached astronomical portions. There are far bigger global inequalities than any of the national inequalities we see.

PS: I have a great friend in Australia called Hugh Stretton who sent me his latest book.

RJ: Yes. I see that Hugh Stretton has a new economics textbook.

PS: A very interesting textbook. Have you seen it?

RJ: No, except on your shelf.

PS: And he sent me some material by Ian Castles. He respects him, although he disagrees with him strongly. His main concern is to show that the strong yen concealed Australia's higher productivity and real income. I think he eventually says—

RJ: He's attacking their reliability of household samples.

PS: Yes, household samples and exchange rates versus what—individual, family income?

RJ: In consumption. He wants to say, "How do you bring in the distribution of public expenditure?" But I think this is taking us a bit away from the theme. Why don't we have a pause at this point?

PS: Very good.

RJ: This is Richard Jolly continuing with the interview with Paul Streeten on the morning of May 29. Paul, we love to quote—we do it with the UN history—Keynes, when he

said, "Practical men who think themselves devoid of all theoretical influences are usually following the scribblings of some outdated academic." Perhaps we are a little too encaged as academics to think that the thoughts of ourselves as scribbled down have a big influence. How do you see this in relation to influence on international ideas and on the UN?

PS: I, like all academic scribblers, like the flattering quotation. But I've always thought that it's only half the story. The other half has been put very clearly by Karl Marx. Marx believed that it is the power of class interests that is reflected in ideas. Doctrines are merely an ideological superstructure, reflecting the powerful vested interests of the ruling class. According to a third view of the relation between the power of ideas and interests and their impact on policies, it is neither ideas nor class or vested interests that shape our notions and policies but the impact of *praxis* and experience. Solutions to economic and social problems are worked out by men and women going about their daily business, by politicians and party officials, farmers, businessmen, union organizers, administrators, teachers, and extension workers. The grand theories only distill these practical experiences, or spin a theology above the real day-to-day tasks, mistakes and achievements. A more subtle analysis of the respective influence of interests and ideas was presented by Max Weber in his *Essays in Sociology*: "Interests (material and ideal), not ideas, dominate directly the actions of men. Yet the 'images of the world' created by these ideas have often served as switches determining the track on which the dynamism of interests kept the action going." In your history of ideas, you should surely say something about the economic interests and conditions that give rise to them.

There had been a change between the optimism of the early postcolonial years—optimism about development prospects, that was partly the result of vested interests, and even opportunistic interests of the ex-colonial aid donor countries. You can put the whole

development debate, and the ideas of development, in the context of how they serve specific political and social vested interest groups. Urban bias, the emphasis on physical capital, the neglect of attitudes and institutions. Equally, it can be shown how these ideas that reflected these interests led to policies that in turn led to reactions against these ideas. This is a promising area of work: how these two forces interact. To rely wholly on Keynes is somewhat one-sided. I suggest that you should explore in your project the role of interests in determining the ideas.

RJ: If you look at the UN, or the arena of international policy and actions over the last fifty years, which are the areas where you see thinking, academic ideas, having most influence?

PS: In the development field?

RJ: In the development field.

PS: Let's begin with the early days. The emphasis then, was on the need to raise savings and investment. Then, it was found that you can have high savings and investment rates but not get much development—in other words, very high capital output ratios. It means the capital is used inefficiently. Attention then focused on the forces that make for reducing capital output ratios. That introduced all the dimensions that we discussed in *Asian Drama*: incentives, attitudes, institution, levels of living, policies, and management. I think that influenced policy although it didn't eliminate, but refined, the concept of investment.

At one stage, physical capital was under-emphasized, and a lot of emphasis was given to education and human capital. The concept of capital was widened in the work of Ted Schultz, Gunnar Myrdal, Gary Becker, and others. The notion that it is human capital, in addition to physical capital, was influential. But I also found in India and many other places that you can have a lot of education but also many educated unemployed. Education doesn't necessarily help you to acquire the needed skills, or to produce the jobs, or the attitudes, or the right ways of

using the educated manpower. The education was not just in the wrong subjects, like humanities and history. Even the engineers and the doctors were unemployed, because they wanted to be in the towns, rather than the rural areas, where the need for them was greater.

So then the emphasis turned away from just education, to attitudes, as well as aptitude-creation. Attitudes, the right kind of attitude to work, is more difficult to measure than hours or days of schooling. Gradually, the concept of capital has widened to include natural capital, as well as physical and human capital, and environmental capital, and financial capital, and now we have social capital. The development of these ideas has influenced policy—although we must distinguish between the declarations of policymakers and the actual policy followed. There is no doubt that there are still many children not in school. The widening of the notion of capital, the addition of variables to the ones of simply raising investment or savings ratios under pressures of the UN and the World Bank has been useful.

RJ: And if you come to international policy issues, to trade, and the declining terms of trade, and the forces, and what that should mean for import substitution and so forth, one can see quite a lot of influence of ideas there. But which do you think have been the more important, and which do you think may have been misguided?

PS: Perhaps the most important change here was from import substitution to export promotion. We are told that in the bad old days, economists recommended protectionism and import substitution. But now they have seen the light and reduced protectionism. I think that's the wrong way of viewing the situation. If we look at it historically, the import substitution phase was a condition, a foundation-laying for export promotion. Even the most successful exporters, like South Korea and Taiwan, and now Malaysia and the Philippines, have been going through a phase of import substitution before they opened up. The People's Republic of China is

another example. The only one that started off with exports, without any phase of important substitution, is Hong Kong. But that is a city-state. You can't really compare completely urban, small city-states with countries that have a large, rural hinterland.

So import substitution—Hans Singer and Raúl Prebisch were responsible for that phase of heavy import substitution—was a necessary condition for the subsequent export success. Admittedly, they didn't foresee, very few people foresaw, the incredibly great opportunities for exports in the growing world market. Another point is that the whole distinction between export promotion and import substitution collapses. When you substitute in the production of exports domestic inputs for previously imported inputs is this import substitution, because you substitute domestic inputs for previously-imported ones, or is it export promotion because it increases value-added in exports? The distinction doesn't apply. And a lot of development takes this form of substituting domestic inputs for previously imported inputs.

So some economists try to overemphasize the errors that have been made in the past. But many of these "errors" were necessary pre-conditions for the successful subsequent stage, which of course the early advocates of import substitution didn't foresee.

Many of the difficulties encountered in the path of development are neither the result of intellectual errors nor attributable to vested interests; they are the offspring of the successful solutions of a previous generation of problems. Scientific confidence asserts that there is a solution to every problem, but experience teaches us that there is a problem to every solution, and often more than one.

Consider the change from the emphasis on industrialization, propagated by the UN in the 1950s to agriculture and rural development. Those who attribute policies to ideas would say that it was the result of the misleading recommendations of the pioneers of development who thought

that industry was the key to accelerated economic growth. Those who think policies are the result of interests would say that it is to be attributed to the protected vested interests of the urban industrialists who thought that they stood to lose if more resources were transferred to agriculture and rural development at their expense. But the sequence can be better understood as the solution of one problem, which has created a series of new ones. Success in manufacturing, combined with a successful reduction in mortality that led to unexpectedly high population growth, has brought to light the lag in agricultural growth. The need to expand food production became so acute partly because there has been such a remarkable, unexpected, and unprecedented growth in industrial output and population.

Similarly, the Green Revolution (produced by new seed varieties and higher fertilizer use) has spawned new difficulties relating to plant diseases, inequality and unemployment and the other so-called second-generation problems. The need for population and birth control arose from the successful attack on mortality through cheap and efficient methods of death control. It was the welcome introduction of modern, lower death rates into societies with primitive, high birth rates that caused the population explosion. Growing unemployment is (partly) the result of high productivity and growth in less labor-intensive manufacturing investment. Education raises aspirations and contributes to the movement to the cities and the consequent unemployment of the educated. The expansion of higher education in advance of employment opportunities has contributed to the brain drain of professional manpower to the advanced countries of the North. The success and attractions of urban development have emphasized the need to accelerate rural development, which, by the turmoil it creates, may further accelerate the migration to the cities.

The successful pursuit of outward-looking trade and industrialization strategies has not resulted from a simple rejection of old faulty inward-looking policies, but it was precisely these

policies that provided the basis in infrastructure, and industrial and technological capacity, for the subsequent outward turn. Latin America during the depression of the 1930s and World War II was cut off from world trade and was forced to turn inwards and this laid the foundation for benefiting from opening up later to the world trading and financial system. South Korea, Taiwan, China, India, and Turkey similarly alternated phases of high protection with liberalization in trade and other policies. This way of looking at history puts a better picture on some of the advice given by the UN. We are suffering from our successes.

RJ: Just before we leave that area, I am always struck by the hypocrisy of the industrial countries in preaching and promoting free trade. Then, of course, vis-à-vis developing countries engaging in all sorts of protectionism, if they defend it at all, it is just the result of domestic pressures on them and so forth. But I tend to feel the academics have allowed their general theory in favor of free trade to be misused in this way without speaking out as much as they could or should, either in pointing out the exceptions on the industrial country side, or exploring more analytically the reasons for the exceptions, and the parallel reasons that might be applied on the developing country side.

PS: I think you are absolutely right. The great trade liberalization that has taken place in the last twenty years has been by the countries of Eastern Europe and the developing countries. The preachers of free trade have maintained agricultural protection in Europe, Japan, and America, and also in certain industries like the Multifibre Arrangements, steel and textiles. The use of anti-dumping rules for protection is a scandal. There is a terrible hypocrisy. The other aspect of this liberal or libertarian hypocrisy is evident in the very high restrictions on the migration of labor. The old physiocrats advocated laissez-faire and laissez-passer—let labor move freely. We had much greater movement in the pre-First World War period. You needed

no passports, nor visas, and everybody was allowed to leave and enter. That is how the areas of new settlements, the ex-dominions were populated.

There has been some move towards the dismantling of some of the trade barriers, but protectionism remains high. Some liberal economists—like David Henderson—have emphasized that inconsistency.

Then there is free trade and free capital movements. Even some quite orthodox economists have come around recently to the view that capital movements are not to be treated like free trade—Jagdish Bhagwati and others—have said that freeing of capital movement was premature. There again, that rings a bell with the UN, which has never taken that position. UNCTAD has never taken that out-and-out free trade and free flows of finance line.

RJ: One of the things we have not talked about, and is not much talked about, I think, in development is the extent to which post-Second World War development studies has implicitly drawn on the classicists in development, or ignored them. I wanted to know if this is a thing you have written about. Surely you must have thought about it in teaching.

PS: Who do you mean? Do you mean Adam Smith, [David] Ricardo, or the protectionists such as [Friedrich] List?

RJ: All of those, plus one or two more. We have actually been doing a little bit of this in preparation for our second volume of the UN history. And I suppose in addition to those you have mentioned, we brought in [Thomas] Malthus, of course Marx, and then [George] Marshall.

PS: Yes. Well you know, Richard, there is a tendency particularly in America, but in Britain and Europe too, in contemporary economics to dismiss everything that has been written more than two or three years ago. If you look, for instance, at the literature citations in most articles in the economic journals of America, you will find that most of the references are to

items written in the last two or three years. That means that everything that has been said earlier is regarded as out of date, old hat, false. I think that is very misleading. If you look at courses in universities, you get hardly any course on the history of economic thought. Economic history too is downgraded. There is the notion that you can't really learn very much from history because economics is a science and only the latest ideas are valid. As you know, I don't agree with that. And many of these old boys have been much wiser and much deeper than many of the contemporary writings.

What role did it play in the early days? In the pro-protectionist literature—there is Friedrich List. I did actually read him myself and found him very interesting. He was himself a true free trader. He was only for a temporary phase of protection and import substitution.

RJ: Infant industry.

PS: And after the infant had grown up, he thought that free trade was the best policy. He was not a permanent protectionist, either for cultural or social or economic reasons, or for the demonstration effect, or for any other reasons. There is a lovely quotation about Adam Smith from Amartya Sen. He said that while Shakespeare said that some are born great, some achieve greatness, and some have greatness thrust upon them, it can be said that some are born small, some achieve smallness, and some have smallness thrust upon them. Then he goes on to say that Adam Smith had suffered a lot from such thrusting by the out-and-out advocates of laissez faire and selfishness—free traders who claim that he is their great prophet. He quite clearly saw the need for protection in very important areas. He laid a lot of emphasis on public action in education and human capital and fighting poverty, and all that we nowadays emphasize. So he is really an inspiration for both sides, for the World Bank and the United Nations approach.

Karl Marx is much more controversial. In my young days, I used to be immersed in him. But I didn't find his economics quite so useful later. There is a tendency today to stress the lack of need to read these great economists of the nineteenth century and early twentieth century. But you find many of them anticipating later work. Take Gustav Cassel, a great classical figure who had, for instance, the whole Harrod-Domar model of economic growth.

RJ: Really?

PS: Yes, he had the exact formula. Many of the bright ideas can be found stated in a better, often more qualified way, than by later scholars. But I am afraid that the academic community—particularly in America, which sets the tone in the world at large—has been moving towards the notion that everything older than five years is not worth reading and citing.

RJ: Do you think some of the insights and value of UN publications have been missed academically because they have been expressed in too casual terms, too UN-ese. UN-ese may be the phrase I'm meaning. It is in such a bland way, and less precise, and certainly makes efforts to avoid being specific in ways that might offend.

PS: Can you quote some of these documents?

RJ: When I have looked back—I can't quote like that, but I have gone back to some of the World Economic Surveys, and Surveys of the World Social Situation, and in some ways they, at very early stages, were emphasizing things which only ten years later received strong attention by the academics. But you can only read a few pages at a time of the UN reports before your eyes glaze over with the blur of bland generalization.

PS: I think that again must be an inevitable part of the fact that it is an organization of governments. You mustn't offend any government. There are documents which are supposed not to need the approval of governments. They are produced by the Secretariat or independent

experts to the United Nations, and they make for much more interesting reading. But even there, you must pay some attention to the feelings of the member governments. But I would say that the combination of the fact that they have to be approved by everybody, must not tread on any toes, and that they are the work of committees, rather than of single people, does reduce the spark of liveliness and interest.

But there must be some exceptions to this. For instance, would you call the great Pearson report or the Brandt report UN? They were beyond the arm of the governments.

RJ: I must say they made an impact.

PS: They made an impact, no doubt. They are important documents.

RJ: But you had experience with the Bank, with the basic human needs documents, the Human Development Reports. I had involvements with the ILO World Employment Programme. There we adopted the approach that these were not official documents, and therefore they needed a certain intellectual independence. My personal experience was that it wasn't that difficult to achieve that. It required Dudley Seers very clearly to say that was the condition for him working with the World Employment Programme. It required, presumably, Mahbub's personal character and courageous leadership with the basic human needs document.

PS: And Louis Emmerij must have helped.

RJ: Louis helped enormously, yes. And the *Human Development Report* was set up on that basis. It seems to me that to achieve that sort of independence can be done more easily than many people might imagine in the UN system. You've got to realize how important it is, and you've got to insist on it.

PS: This reminds me of what Mahbub said about the qualities needed to produce the *Human Development Report*—"not, above all intellectual distinction but courage." Never having

had a position in the UN, I don't know how easy or how difficult it is. Obviously, the employment reports are very interesting and useful. They are quoted and still read by many people. My only experience was on a few expert groups, such as the one on whether the aid target should be a percentage of GNP or of net national income, and with the World Bank. Although the book that we produced, the basic needs work, and even the World Development Reports from its early days, whenever it started—in 1978, under McNamara?

RJ: Yes, 1978 I think.

PS: Even though the principle was that you were free from having to get the agreement of every member government, institutional and organizational constraints were quite considerable. On material versus non-material needs in the basic needs book, or in terms of what you can and what you cannot say in the early World Development Reports when I was still in the Bank and was on some of the committees, there were important institutional constraints. You have read my story, probably, about the performance of *Aida* and Sir Thomas Beecham.

RJ: Yes. It's such a good one that you might want to tell it again.

PS: During rehearsals of *Aida*, Sir Thomas Beecham, the famous conductor, introduced an elephant into the scene of the triumphal march. On one occasion, the elephant started to—well not to put too fine a point on it, to shit on the stage. Beecham, proudly pointing at him, exclaimed, "Ah, behold, not only an artist, but also a critic!" I had never felt comfortable when put in charge of the work on basic needs in the World Bank in the late 1970s, and, after having left the Bank, felt rather like that elephant. In the Bank, one cannot exercise criticism, including self-criticism. You have to be careful not to say things that are violating some peoples' interests. Take, for instance, the freedom debate in the Human Development Reports, and whether to include it in the index or have a separate index. On purely intellectual grounds, it was probably

the right thing not to incorporate freedom in the HDI. But to have a separate freedom index would have been very interesting. Yet even Mahbub did not get away with it. We had to drop it.

But there are degrees of independence. Perhaps lack of clarity and sharpness is the price you have to pay for getting agreement on action. Practical men reach agreement by blurring distinctions, academics by sharpening them. If you spell out your meaning too clearly, there will be some interests that will object. The academic reaches agreement by clarifying his meaning, by heightening distinctions, so that he knows what the difference is about. It is partly the lack of clarity, of sharpness, that the UN documents suffer from that has the virtue that they can lead to action.

RJ: And certainly get more publicity, even if it never leads to action.

PS: Yes, publicity as well as action. They are quoted and read in the papers, whereas nobody usually pays any attention to academic scribblers.

RJ: Actually, the press says the reverse. I remember the times we were arguing with the Bank over adjustment policy. The Bank was pressing institutionally for coordination and agreement, lest we muddle these poor governments in Africa that were getting conflicting advice. And I actually pointed out that far from muddling, the most undereducated chief in Africa spends a lot of his time sorting out disagreements. That's the role of the chief. But also, I said that Africa needs publicity and the press won't give us any publicity in general on Africa until there is disagreement. Then the press loves it.

PS: Very good.

RJ: We're down to the last five minutes or so, Paul. I wondered whether there were any final points you would like to add to this.

PS: I am sure I will remember many points after you have gone away that I would have loved to have talked about. We've mentioned WIDER, and I could have talked about quite a bit because I was in on the early days. I wrote the position paper and the foundation paper for WIDER. Later, I wrote a paper with Amartya Sen and Drag Avramovitz. Were you at that London meeting?

RJ: I don't think so.

PS: I saw quite interesting ideas emerging, but we have run out of time.

RJ: So, Paul, thank you very much for a fascinating and important interview. We will send you the transcript to work over.

PS: Thank you. It is always nice, or at least interesting, to delve into one's past.

RJ: That was the end of tape three with Paul Streeten being interviewed by Richard Jolly.

INDEX