

Gustav Ranis

Development: Theory, Policy and Political Economy



Born 1929, Darmstadt, Germany. B.A. Brandeis University, 1952. M.A. Yale University, 1953. Ph.D. Yale University, 1956. Director, Pakistan Institute of Development Economics, (1959-61). Professor of Economics, Yale University (1964). Frank Altschul Professor of International Economics, Yale University (since 1982). Assistant Administrator for Program and Policy, U.S. AID/Department of State (1965-67). Director, Economic Growth Center, Yale University, (1967-75). Ford Foundation Visiting Professor in Mexico (1971-72) and in Colombia (1976-77). Chief of ILO Comprehensive Employment Strategy Mission to the Philippines (1972-73). Chief of World Bank / Caricom Mission on Production and Investment Incentives in the Caribbean (1981). Main books: *Development of the Labor Surplus Economy: Theory and Policy*, 1964 (with John Fei). *Growth with Equity. The Taiwan Case*, 1979 (with John Fei and Shirley Kuo); *The State of Development Economics: Progress and Perspectives*, 1988 (with Paul Schultz); *Taiwan: From Developing to Mature Economy*, 1992; *The Political Economy of Development Policy Change*, 1992 (with S.A. Mahmood). Also more than 120 journal articles and other contributions on theoretical and policy related issues of development. — Address: Economic Growth Center, Department of Economics, Yale University, Box 8269 Yale Station, 27 Hillhouse Ave, New Haven, CT 06520-8269, USA.

During the 1993 — 94 academic year at the Wissenschaftskolleg, I was able to accomplish three main tasks. The first was to finish a book on development theory and policy, together with my Yale colleague, Professor John Fei, a project which had been under way for several years prior to my arrival in Berlin. The excellent library facilities made available by the Institute, combined with the enhanced ability to focus and concentrate, enabled me to break the back of this project. The volume started out as a revision of our joint earlier work, *Development of the Labor Surplus*

Economy: Theory and Policy, but ended up as a very different intellectual activity, reflecting both changes in the real world and in our conceptual apparatus for dealing with it. The volume begins with a view of the intellectual history of development theory, starting with the physiocrats and ending with the so-called "New Growth Theory". It then proceeds to present our own view of the transformation process in the open dualistic economy context. The second half of the volume is devoted to an analysis of the comparative development experience of the typologically distinct economic systems of Asia, Latin America and Africa in the light of the preceding framework. Professor Fei spent ten days in Berlin in November, which proved very helpful in ironing out differences and moving the manuscript forward. The volume will be published by Blackwell.

A second task I set for myself this year was a comparative investigation of the political economy of development policy change in Mexico, the Philippines and Taiwan. This constituted an effort to understand why societies differ in their ability to respond to the developmental challenge, i. e. moving beyond the IMF / World Bank type of description of alternative growth paths and their very different outcomes in Asia, Latin America and elsewhere. I was essentially able to complete the task of linking the policy changes made, or not made, to such dimensions of the landscape as the initial cohesiveness of a society, the size and location of various natural resource-related rents and the related ability of various interest groups to either frustrate reform efforts or accommodate themselves to the inevitability of change.

I was also able during the year to carry forward work on decentralization and development at both the theoretical and empirical levels. Having had some prior involvement in the generation of the *Human Development Report* of the United Nations Development Program, I have become increasingly aware of the importance of institutional and governance-related dimensions of transition growth efforts. A two-week trip to the Philippines in early 1994 moreover permitted me to achieve some empirical verification of a number of theoretical propositions dealing with the comparative efficiency and equity of both social and economic overhead allocations by central as opposed to local government authorities.

The possibility of interacting with other fellows engaged in very different intellectual pursuits constituted one of the real benefits of the year's activity at the Institute. In particular, at their request, I spent some time with the Biodiversity "Schwerpunkt" group, commenting especially on the economic and political dimensions of their project and at the same time learning a good deal about the biological/technical issues involved.

During the year I was invited to lecture at the Kiel Institute for World Economy, at the Technische Hochschule, Darmstadt, and at the OECD

Development Center in Paris. I also attended conferences at the North-South Center in Ottawa, Canada, at Stanford University and at UNCTAD in Geneva.