FROM ICS TO STICERD
A Short History of Development Economics at the LSE, 1895 – 1995*

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Introduction

The purpose of this Centenary lecture is to offer a brief history of teaching and research in development economics at the School. The LSE was a pioneering institution in this field and I hope this exercise will be of interest, given that many of you present today may have known particular individuals who taught the subject here in the past. The adoption of a historical approach also serves as a lens to view the evolution of certain policy debates in development economics as a whole. Thus, it will allow an assessment of where teachers of the subject at LSE stood in relation to the wider literature on development economics.

Before proceeding any further, two points of clarification are in order. Firstly, for the purpose of this lecture I shall adopt a very broad definition of development economics. The subject emerged during the late 1940s and early 1950s as the process of decolonisation gave birth to a new group of nations: the ‘developing countries’. Therefore, on the basis of current usage, no history of development economics written in 1995 can legitimately claim to cover a period longer than fifty years to celebrate a centenary! Consequently, I propose to extend the conventional definition of development economics to include any economic analysis applied to former colonies of the European powers. This allows, and indeed requires, me to go back in time to the earliest years of the LSE.

Secondly, the limitations of this lecture should be explicitly acknowledged. The analysis which follows is very brief, highly selective and almost certainly incomplete. While I am most grateful to present and past members of the School for their assistance in preparing this lecture, I have no doubt committed sins of commission and omission for which I apologise in advance.

My argument in this lecture takes the form of two propositions. Firstly, the history of development economics broadly defined at the LSE can most usefully be viewed as having passed through five chronological stages. I call these: (i) Pre-History; (ii) Emergence Stage; (iii) Classical Stage; (iv) Transition Stage and (v) Public Policy Stage. It is possible that the School is now on the brink of a sixth stage with the creation of the Development Studies Institute and the appointment of a founding chair in Development Studies.

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1 The author was a member of the School’s Economics Department from 1980 to 2004 and taught development economics from 1980 to 1999. I have made no attempt to update this brief history by describing the evolution of research in, and teaching of development economics at LSE over the last 25 years.

2 I am grateful to Lords Bauer and Desai, and to Professor Yamey for useful discussions, and to Max Steuer for the invitation to present this lecture. Thanks also to Angela Raspin of BLPES who provided access to the Minutes of Governors’ meetings and helped me locate early theses at the School. Kaushik Basu, Ralf Dahrendorf, Partha Dasgupta, Raymond Firth and Howard Glennerster were kind enough to read an earlier version of the text. I am especially grateful to Jim Thomas for the interest he has shown in this lecture over the years and for his efforts in rescuing it from oblivion.

3 The choice of an appropriate nomenclature for these stages was not easy. As with all taxonomies, there remains an element of arbitrariness both with respect to naming each phase and to determining the dates at which each started and finished. At one point, I considered borrowing Professor Rostow’s historical schema. He argued that all countries passed through five stages of economic growth which were respectively: (i) Traditional Society; (ii) Pre-Take Off; (iii) Take-Off; (iv) Drive to Maturity and Centenary Lecture_v3.docx
Secondly, I will suggest that the main theme which recurs constantly in the history of development economics at the School and which provides a strong element of continuity from the early years of the twentieth century to the present, is the debate over the appropriate role of the state in the process of economic development.

Pre-History

The pre-history of development economics at LSE covers the period from the foundation of the School up to 1945. The central feature of this period was the existence of colonial rule by the European powers over large parts of Asia, Africa, the Caribbean and the Pacific. During this period, three strands emerge which prove important for subsequent developments: (i) the Indian connection; (ii) the African connection, and (iii) a commitment to monoeconomics by the Economics Department.

The Indian Connection

The first course at the School with an avowedly development economics component, although it was designed as explicitly interdisciplinary and listed under Sociology, was a set of thirty lectures on *Indian Institutions and Conditions* arranged by Sir Theodore Morison for Indian students in 1909-1910 (Governors’ Minutes, 9/12/1909). The fee for the course was £1 11s. 6d which at 1909 prices was good value for money.

Morison was an old India hand having served as principal of Muhammadan Anglo-Oriental College from 1899-1905 and as a member of the Council of India from 1906. He gave seven lectures on economics, but appears not to have been very successful as a teacher (Dahrendorf, 1995: 127). Nevertheless, the course was repeated in 1910-11 when a certain Mr Maynard Keynes from Cambridge contributed six lectures on Indian Trade and Finance.

This concern with the economic problems of the Indian subcontinent grew so that by 1921-22 the Commerce Department was offering two courses on India (*Indian Production* and *Trade of India and the Malay Archipelago*), both of which were taught by Mr Keatinge. Indeed, the LSE Register (1895-1932) entered the age of mass consumption in 1994-1995!

(v) Age of Mass Consumption. In fact, such a periodisation is not entirely whimsical when considering the history of development economics as a whole or at the LSE. Indeed, I have incontrovertible evidence on the floor of my office at this moment – in the form of one hundred and fifty undergraduate examination scripts in development economics – that the subject entered the age of mass consumption in 1994-1995!

4 Having been born under the Raj, although not quite one of *Midnight’s Children*, I have a personal connection to India. Furthermore, while Hla Myint held a chair in economics at Rangoon (now Yangon) University in Burma (now Myanmar) between 1947-1950, I spent part of my childhood in a house just off University Avenue Road on the shore of Inya Lake in Rangoon. The final stage of my career had a strong African connection. In 2007, I drafted *The Economic Development and Poverty Reduction Strategy, 2008-2012* for the Government of Rwanda.

5 The course fee was about £47 at 1995 prices

6 The Muhammadan Anglo-Oriental College was located in Aligarh, a city in the Indian state of Uttar Pradesh. Morison went on to become the Vice Chancellor of Durham University from 1924-1926.

7 Concern was expressed by the Governors over the poor attendance at lectures on the Indian course in 1910-1911 (Governors’ Minutes 13/6/1911). At this time, there were 156 foreign and colonial students at LSE drawn mostly from India, China, Japan and Egypt. One source opined that ‘the Chinese were the most satisfactory learners’. (Governors’ Minutes, 1910).
lists no less than three lecturers in Indian Economics during the 1920s (G.F. Keatinge, 1921-24; Gilbert Slater, 1923-30 and Sir John Cumming, 1921-22).

However, the best-known contributor to this strand in the pre-history of development economics at LSE was undoubtedly Vera Anstey. She joined the Economic History Department in 1921, where she taught until 1929, after which she moved to the Commerce Department. She continued to teach courses on Indian economic development at the School until 1963-64. Vera Anstey was important not only because her work on India attracted many Indian students, but also because she was instrumental in persuading many colleagues to supervise students working on India. This is a theme to which I will return. Mention should also be made of Lillian Knowles, whose work on imperial history in general and on India in particular contributed to the Indian connection in the proto-history of development economics at LSE.

The African Connection

In 1934-35, the Department of Anthropology introduced three sets of interrelated lectures on colonial studies. Two of these lecture courses were entitled *Comparative Colonial Policy–Economic* and *Comparative Colonial Policy–Administration*. Both were due to be taught by Professor John Coatman, who held the Chair in Imperial Economic Relations at the University of London. The third set of lectures – *Comparative Native Policy* - was entrusted to a young anthropologist, Dr Lucy Mair, who was a specialist on Africa. The difference in the choice of adjectives to describe her lectures compared to those of Professor Coatman is striking, but ambiguous. Did ‘native policy’ merely indicate a consideration from the colonial authorities’ viewpoint of those issues bearing directly on the treatment and control of the local population, or was it a hint that anthropology was a ‘bottom-up’ discipline closer to ‘the people’ than ‘top-down’ subjects like economics and public administration?

In any case, Professor Coatman resigned from his chair before the course began, and I suspect that Dr Mair gave most, if not all the lectures with a reduced syllabus. Certainly, a year later (1935-36), she had become responsible for an integrated course on *Comparative Colonial Policy* consisting of sixteen lectures. By the late 1930s, this course included a discussion of plantations, peasant agriculture, mining, land rights,

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8 Keatinge had been a member of the Indian Civil Service (ICS) and was Director of Agriculture in India from 1907 until 1921.
9 Slater completed one of the first PhD theses in economics at the London School of Economics. He served as Principal of Ruskin College, Oxford (1909-1915) before leaving for India where he took up the founding Chair in Economics at the University of Madras (1915-1921). Fluent in Tamil, he undertook a detailed survey of the villages in the Madras Presidency, the results of which were published in the book *Some South Indian Villages*.
10 Cumming had also been a member of the ICS (1887-1920) ending his career as a member of the Executive Council of Bengal. He published four books on India and after retirement became Vice-Chairman of the London School of Oriental and African Studies (1926-1946).
11 Vera Anstey’s *Economic Development of India* was first published in 1929.
12 Another element in the School’s Indian connection which is not discussed here concerns the Ratan Tata Foundation. The foundation, directed initially by R.H. Tawney, supported research in the department which resulted from the merger of the School of Sociology and the Department of Social Science and Administration in 1912-13 (Dahrendorf, 1995: 125).
13 The title was later changed to *Comparative Colonial Administration*. 

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labour migration and different forms of taxation in the colonies. It remained in the School’s timetable for twenty years and was taught for the last time in 1954-55. Thus it was that Dr Mair introduced an African component into the crucible from which development economics at LSE would emerge.

**The Commitment to Monoeconomics**

By commitment to monoeconomics, I mean a belief among the economists at the School that the corpus of theory which they taught was sufficiently general to be applied fruitfully outside the geographical context of Western Europe and North America\(^{14}\). Crudely expressed, this implied that demand curves were likely to slope down in both Dagenham and Delhi, while supply curves tend to slope up in both South Carolina and Sierra Leone. This acceptance of a universal set of economic principles was a necessary condition for explaining the willingness on the part of members of the Economics Department during the interwar period to supervise graduate students from the colonies who wished to work on specific topics in applied economics. However, it was not a sufficient condition. Without the energetic and persuasive lobbying of Vera Anstey, it is unlikely that so many colonial students would have found supervisors in economics.

A search through the library stack containing copies of some of the earliest economics theses submitted at the School illustrates the range of this applied work\(^{15}\). Hugh Dalton supervised theses on the evolution of the Indian income tax (by J.P. Niyogi, 1929) and on the financial problems of the Indian States under federation (by W.Khan, 1935). T.E. Gregory, who was Professor of Economics with respect to Banking and Currency, supervised a thesis on the monetary system of Egypt (by M.A. Rifaat, 1933). This research is evidence of a general interest in the Economics Department for supporting the application of economic principles to the widest variety of contexts.\(^{16}\).

Three features of the pre-history of development economics at LSE before 1945 may be noted. Firstly, many, if not most, of those involved had spent substantial periods of time living and working in the countries about which they wrote. Despite, or perhaps because of their close association with the colonial power, they had gained a detailed first-hand knowledge of these societies and developed a deep understanding of the structure and functioning of their institutions. Secondly, an important intellectual legacy of this earliest phase was the importance assigned to economic history as a foundation for


\(^{15}\) In 1995, it was not clear that the Library had managed to include all the earliest theses in its catalogue, nor that copies of all catalogued theses were available on the shelves. The titles mentioned above were located in the first stack of the library’s thesis collection.

\(^{16}\) Of course, it was not just the Economics department whose students were undertaking applied research in developing countries at this time. In the same library stack holding the theses mentioned in the text, I came across two additional dissertations with titles which have a remarkably contemporary ring and which appear to have been supervised by members of the Department of Social Science and Administration. In 1923, A.R. Birnett-Hurst submitted *Labour and Housing in an Indian City: a Study in the Economic Conditions of the Wage Earning Classes in Bombay*. Twelve years later, Z.A. Ahmad completed *Women and Child Industrial Labour in the Bombay Presidency* (1935). This research involved nine months field work during which the author visited 250 factories, many of them in what would now be called the urban informal sector. Centenary Lecture_v3.docx
understanding the development process and the commitment to monoeconomics. In the 1980s, undergraduates who selected the International Trade and Development special subject area in the BSc(Econ) were still required to take a course on the Comparative Economic History of Russia, India and Japan in their second year\textsuperscript{17}. Thirdly, much of the research and teaching during the pre-history of development economics at LSE had a strong and explicit (colonial) policy focus.

\textbf{The Emergence of Development Economics, 1946-1960}

The start of the period during which development economics emerged at the School can be dated precisely owing to the simultaneous occurrence of two events. The first was the appearance in the LSE Calendar of 1946-47 of a course which was the forerunner of development economics in the modern sense. It was entitled \textit{Applied Economics for Colonial Students} and consisted of twenty lectures given by Dr W.A. Lewis to students taking the Certificate in Social Science and Administration (Colonial). Arthur Lewis had obtained two degrees at LSE: a B. Com. degree in 1937 and a doctorate in Industrial Economics in 1940. He went on to become a pioneer in development economics, was knighted in 1978 and received a Nobel Prize in 1979\textsuperscript{18}.

The syllabus for his course included agricultural economics, population density, land tenure, marketing, credit, international commodity arrangements, labour markets, trade unions and industrial legislation, handicrafts, the role of the state in industrial development, Imperial Preference and public finance. Amongst the books recommended for the course was \textit{Modern Production among Backward Peoples} (1935) by I.C. Greaves. This was the published version of her PhD. Thesis on plantations completed at the School in 1934 under the supervision of Professor Arnold Plant\textsuperscript{19}.

The second event which heralded the emergence of development economics at the School was the arrival in 1946 of Peter Bauer as a Lecturer in Economics. At this point, he did not teach any development material, but offered a course on \textit{British Economic Structure}. However, both Lewis and Bauer left the School in the late 1940s. Lewis moved to a Chair in Economics at the University of Manchester in 1948. Bauer, after promotion to a Readership in Agricultural Economics in 1947, moved to Cambridge in 1948, the year in which his classic study of the rubber industry was published.

After their departure, responsibility for the teaching of development economics at LSE between 1949 and 1960 rested with Dr A.D. Knox and Dr John Raeburn. By 1955, Knox had been appointed Reader in Economics with special reference to the Economics of Underdeveloped Countries. After leaving the School,

\textsuperscript{17} Special subject areas have since been abolished in the BSc(Econ), but this course \textit{EH220 Comparative Economic Development: Late Industrialisation in Russia, India and Japan} was still being taught in the Economic History Department up until the 2011/12 academic session.

\textsuperscript{18} Lewis was one of two Nobel Prize winners born in the Caribbean island of St Lucia. The other was Derek Walcott (1930-2017) whose magnificent epic poem \textit{Omeros} was a major factor in his being awarded the Nobel Prize for Literature in 1992.

\textsuperscript{19} Her thesis was entitled \textit{The Organisation of Labour in Tropical Agriculture}.
he enjoyed a successful career at the World Bank where he became Regional Vice-President for Latin America and the Caribbean. Raeburn appears to have taught at LSE while holding a Readership in Agricultural Economics at London University. In 1959, he became professor of Agriculture at Aberdeen and retired in 1978.

The 1950s was a formative period in the emergence of development economics world-wide. Lewis’s classic article *Economic Development with Unlimited Supplies of Labour* appeared in 1954, while in the same year, Bauer published his study of *West African Trade*. The emergence of a new subject field and the changed political status of the former colonies was reflected in title alterations to existing courses and in the introduction of new courses. In 1952-53, *Applied Economics for Colonial Students* became *Economic of the Tropics and Sub-Tropics* (EPTS). Five years later, EPTS changed to *Problems of Applied Economics in the Tropics and Subtropics*. Then, in 1960, this course became *Problems of Applied Economics in Underdeveloped Countries* when it was taught by Professor Basil Yamey and Dr Knox. Thus, during the 1950s, the countries which form the main subject of inquiry in development economics underwent a transition from a political identity (colonies) to a geographical identity (tropics and subtropics) and finally acquired a new economic identity (underdevelopment).

At the same time as the existing course in development economics was seeking to acquire an identity more in keeping with the times, a new course appeared in 1955. This was *Economic Problems of Underdeveloped Countries* taught by Dr Knox, which metamorphosed into *Problems of Economic Growth in Underdeveloped Countries* in 1959. Thus, by the end of the 1950s, development economics had emerged as a distinct area of study within the Economics Department at LSE. However, and with no disrespect to those involved, the staff most closely associated with teaching the subject had a modest academic reputation outside the School. This changed with the onset of the third stage in this stylised history of development economics at LSE.

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20 Raeburn led an interesting and varied life. He began his career in 1936 as professor of agricultural economics at Nanking University, but fled China at the start of the second Sino-Japanese war. After a short spell as a research officer at Oxford University, he joined the Ministry of Food in 1939. He was appointed head of the Ministry’s Agricultural Plans Branch in 1941 and set up the “Dig for Victory” campaign which fed the nation during the Second World War. In 1946, Raeburn returned to Oxford before becoming Reader in Agricultural Economics at London University in 1949, a post he held for a decade.
The Classical Phase, 1960-1970

The choice of adjective to describe this phase is appropriate because this period saw the arrival (or in one case the return) of two development economists who were among the most distinguished of their generation. Peter Bauer and Hla Myint also shared a classical approach to their subject in stressing the roles of individual enterprise, foreign trade and the enlargement of markets as engines of growth and development, rather than emphasising static efficiency within the context of neoclassical resource allocation.

Bauer returned to LSE from Cambridge in 1960 to take up a Chair in Economics with special reference to economic development in underdeveloped countries. Myint, who completed a Ph.D. in welfare economics at the School in 1943 under Lionel Robbins, was appointed Professor of Economics in 1965 and came to LSE from Oxford.

This is not the place for a detailed examination of these two scholars’ contributions to development economics, which will in any case be known to most of you already. Suffice it to say that this was a time when most development economists stressed the weakness of the private sector in developing countries, the inability of private capital markets there to raise the funds necessary for investment, the pervasiveness of market failures, the constraints on primary export led growth, and the desirability of various forms of government intervention in developing economies. Both Bauer and Myint disagreed robustly with most of this conventional wisdom. They were sceptical about the motivation and the outcomes of state intervention and championed free markets and private enterprise.

Both of them stressed the importance of developing indigenous agriculture via increased international trade. Bauer argued that the slow growth of agricultural output on peasant farms was not due to irrational or traditional behaviour by small producers, but rather to weak economic incentives which were often the result of government regulation, e.g. low farm gate prices paid to farmers by state marketing boards. Myint favoured a liberal trade regime less because it promised static efficiency gains than because the import of new consumer goods would provide an incentive for peasant farmers to mobilise previously idle or underutilised resources of land and labour.21

The work of these two scholars gave development economics at LSE a distinctive stamp. Furthermore, since both Bauer and Myint wrote very lucid English prose, their views and arguments reached a wide public which enhanced their international reputations. Although they were the ‘stars’ in the field, other members of the Economics Department taught courses on developing countries which, as the titles betray, indicated a more positive and active role for the state in economic development.

21 This is the vent-for-surplus argument in trade theory. See H.Hyint, The Economics of the Developing Countries (London: Hutchinson,1964).
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Between 1962 and 1969, a course on *Economic Planning in Developing Countries* was taught at different times by Robert Cassen (who introduced it), Leonard Joy and Dipak Mazumdar. Cassen left the School to join the Institute of Development Studies (IDS) at the University of Sussex and went on to become the Director of Queen Elizabeth House at Oxford. He is the author of a book on population and economic development in India and spent several years on the staff of the World Bank in Washington. He is now a Research Associate of the School’s Centre for Analysis of Social Exclusion (CASE).

Joy was an agricultural economist with a particular interest in linear programming. This optimisation technique swept through agricultural economics (particularly at the farm level) during the 1960s rather than the 1980s. However, he enjoyed interdisciplinary debates and he used a programming approach to argue with anthropologists about the nature of production and exchange by farm households in Africa. Joy also moved to the IDS at Sussex, where he worked on regional development problems in India. Thereafter, he left to follow an academic career in the United States.

Some of Joy’s students have contributed to the spread of development economics within the United Kingdom. David Feldman, a founder member with myself of the School of Development Studies at the University of East Anglia in the early 1970s, completed a Ph.D. under Joy’s supervision. Feldman used linear programming techniques to analyse decision-making by tobacco farmers in Tanzania. Judith Heyer, now an Emeritus Fellow of Somerville College, Oxford, also worked under Joy. She used programming methods to assess the effects of risk and uncertainty on resource allocation by Kenyan farmers.

Dipak Mazumdar was appointed in 1964 as Lecturer in Economics with special reference to underdeveloped countries. He went on to publish extensively in labour economics and left the School for the World Bank in 1976. Apart from Cassen, Joy and Mazumdar, several other members of the Economics Department occasionally taught material which might be considered development economics. These included Basil Yamey, who was co-author with Peter Bauer of several well-known articles and a classic book *The Economics of Underdeveloped Countries* (1957). Frank Paish published joint work with Peter Bauer on price and income stabilisation schemes for primary commodities. Harry Johnson published on virtually every area of economics, including development economics. Meghnad Desai, one of the

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23 See his Economic Policies towards less Developed Countries (1967).
School’s true polymaths, wrote widely on Indian development, Marxist economics and monetarism amongst many other subjects. However, most of his teaching at the School was in applied econometrics.

**The Transitional Phase, 1971-1984**

This period began with the arrival of Amartya Sen at the School in 1971, the same year that the first undergraduate course entitled ‘development economics’ was taught at LSE by Myint, Josling, Mazumdar and Griffiths. The Transitional Period ended with the departure of Partha Dasgupta to Cambridge in 1984. He joined the Economics Department in 1972 and is an Honorary Fellow of the School. Ironically, neither Sen nor Dasgupta ever taught a course at LSE with development economics in its title. However, both of them were extremely influential in providing an alternative focus for the economics of developing countries within the department.

At the risk of gross simplification, the main differences with their two classical predecessors were twofold. Firstly, Sen and Dasgupta are primarily theorists rather than applied economists. Accomplished mathematicians both, they offered a much more formal and technical approach to the subject matter of development. As a result, they integrated the study of selected aspects of economic development into the mainstream teaching of economics in the department.

Secondly, Sen and Dasgupta shared an interest in constructing a methodology derived from welfare economics to aid governments in developing countries to take more rational decisions on public sector investment projects. This stemmed from a view of the state as a potentially benevolent economic agent in the development process, which contrasted with the views of Bauer and Myint. During the late 1960s and early 1970s, the literature on social cost-benefit analysis and investment appraisal in developing countries grew rapidly. Sen and Dasgupta’s main contribution was their *Guidelines for Project Evaluation* (co-authored with Stephen Marglin of Harvard), which was published by UNIDO in 1972. Since the 1970s, both these economists have become increasingly critical of orthodox welfare economics, which has led them to re-formulate the concepts of standard of living and indeed of development itself.

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25 Sen left the Economics Department in 1977 for Oxford and later moved on to Harvard. In 1998, he became Master of Trinity College, Cambridge and was awarded the Nobel Prize in Economics. He is an Honorary Fellow of the School and in March 2019, LSE announced the creation of the Amartya Sen Chair in Inequality Studies.

26 Sir Partha Dasgupta is the Frank Ramsey Professor Emeritus of Economics at the University of Cambridge, Fellow of St John's College, Cambridge, and Visiting Professor at the New College of the Humanities, London.

27 Some of Sen’s early writings on development are included in *Resources, Values and Development* (Oxford: Blackwell, 1984), while an exposition of his later ideas concerning entitlements, capabilities and functionings may be found in *Development as Freedom* (New York: Knopf, 1999). Dasgupta offers an integrated theoretical framework for analysing economic welfare and...
As in the previous periods, others were involved in teaching development economics at this time. They included Max Steuer, Meghnad Desai and myself. I have called this period the Transitional Phase because it displayed a balance between classical and neoclassical traditions in development economics at the School. By the time Peter Bauer retired in 1983 followed by Hla Myint in 1985, the neoclassical element was in the ascendant as it was in development economics worldwide.

**The Public Policy Phase, 1986 - 1995**

The current phase in the evolution of development economics at LSE began with the arrival of Nick Stern as Sir John Hicks Professor of Economics in 1986. His interests lie in theory (microeconomics, growth), public policy (particularly taxation) and in development economics. He has a long-standing concern for the Indian subcontinent where his work spans village-level analysis to economic policy advice at the highest level. Stern brought with him from the University of Warwick the Development Economics Research Programme (DERP) which has been located in the Suntory and Toyota Centres for Economics and Related Disciplines (STICERD) since 1986. The DERP groups together most of the researchers in development economics at the School. Its main emphasis is on applied microeconomics and public policy with a particular focus on India and China.

Prominent development economists who have been or still are associated with DERP include Amartya Sen, Partha Dasgupta, Jean Dreze and Kaushik Basu. The programme has produced 61 titles in its Discussion Paper series and has provided the academic world and international organisations with a steady stream of recruits from its Ph.D. students and research staff. In the last two years alone (1994-95), four members of DERP have left to join the World Bank.

With reference to my main theme – the role of the state in economic development – the views of most of those in DERP contrast with many economists in the professional mainstream, which since the 1980s, have espoused a minimalist ‘night watchman’ view of government. This new orthodoxy has tended to promote indiscriminate privatisation and widespread deregulation in developing countries often on the basis of a naïve conception of how markets operate. While we share the view that the state’s major economic role

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28 For an account of the neoclassical resurgence in development, see Little (1982).
29 Given what is said in the conclusion of the paper, the naming of this phase may seem particularly arbitrary. However, public policy concerns were and are absolutely central to much of the work in development economics undertaken during this period.
30 Professor Lord Nicholas Stern currently holds the IG Patel Chair of Economics and Government in the Department of Economics at LSE. He has been Chair of the Grantham Research Institute on Climate Change and the Environment at the School since it was founded in 2008 and a Co-Director of the India Observatory at LSE which was established in 2006. He was Chief Economist of the European Bank for Reconstruction and Development (1994-1999) and Chief Economist and Senior Vice President at the World Bank (2000-2003). Author of more than 15 books and 100 articles, his most recent book is “Why are We Waiting? The Logic, Urgency and Promise of Tackling Climate Change” (MIT Press,2015).
32 DERP has since been renamed the Development Programme.
33 These figures on the research output of DERP refer to October 1995.
should not be in production, we emphasise the importance of public action in health, education, protection of the poor, the provision of infrastructure and public goods, and the creation of a favourable environment for private sector activity.

Thus, history has turned full circle. In the 1960s, the two most famous development economists at the School dissented from the conventional wisdom of the day which supported widespread state intervention in developing economies. Now, thirty years on, development economists at LSE are attempting to promote selective public sector intervention in these economies on efficiency and equity grounds in the face of widespread pressures to adopt laissez-faire policies.

Conclusions

What may be concluded from this brief history of development economics at the School? I will leave you with two thoughts. Firstly, the LSE can make a serious claim to being the premier institution in the birth and early growth of development economics as a subject of academic inquiry. Evidence to support this claim may be found in a two-volume publication of the World Bank entitled Pioneers in Development (Vol. 1, 1984; Vol. 2, 1987), edited by Gerald Meier. It contains retrospective commentaries by fifteen pioneer development economists. Three of the contributors (Lord Bauer, Sir Arthur Lewis and Hla Myint) worked at the School. This is the largest number of pioneers in development economics from a single institution in the whole publication. The two runners-up were Harvard (who could claim Albert Hirschman and Gottfried Haberler) and Chicago (who could claim Theodore Schultz and Arnold Harberger). When the World Bank commissions a follow-up volume on the subsequent generation of development economists, I am confident that the presence at the School of Amartya Sen, Partha Dasgupta, Nick Stern and Jean Dreze will allow this claim to be sustained.

Secondly, despite the explosive growth and bewildering variety of development economics in recent decades, and notwithstanding all the changes at the School during its 100-year existence, some remarkable continuities can be identified. Three examples will suffice.

The syllabus for Indian Institutions and Conditions in 1910-11 included a comparison of famines in India and Europe. The main problems to be discussed were (i) how to transport food; (ii) how to find work for the unemployed, and (iii) how to prevent additional unemployment. Eighty years later, in Hunger and Public Action (Oxford: Clarendon Press, 1989) Amartya Sen and Jean Dreze compare in great detail the relative success of public works policies in India and Africa. They evaluate the success of public works programmes in providing food entitlements via employment creation for those groups most at risk. Plus ça change, plus c’est la même chose.

34 Since Hirschman has spent much of his professional life at the Institute of Advanced Study at Princeton, this is being generous to Harvard.
There is also an unusual tradition of field work among development economists at the School. Direct observation was an important element in Bauer’s research both in Malaya and in West Africa. The same can be said with even greater force of the work of Nick Stern and Jean Dreze in India and my work in South America. This particular methodological practice provides a potential bridge to other disciplines, such as anthropology, which is absent among economists whose applied work relies exclusively on large data sets collected by others or on secondary sources of information.35.

Finally, development economists at the School have generally shared a commitment to social science as a means to design better policy. In the Pre-History phase, this was evident from the courses in economics, anthropology and public administration designed to improve the machinery and policies of colonial administration. During the 1980s and 1990s, normative development economics at the School has been more sharply focussed on such technical issues as designing tax systems for meet efficiency and equity objectives in India, China and Pakistan. Nevertheless, the dual purpose of academic activity as both advancing scholarship and indirectly improving human welfare are evident in each of the stages of this stylised history. The creative tension between the search for knowledge and the commitment to public action which was identified by Lord Dahrendorf in his recent book as the *leitmotiv* of the School’s history is nowhere better illustrated than in the practice of development economics at LSE36.

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35 For a discussion of this issue, see P.K. Bardhan (ed.) *Conversations Between Economists and Anthropologists* (Delhi: Oxford University Press, 1989) and S. Devereux and J. Hoddinott (eds.) *Fieldwork in Developing Countries* (Harvester Wheatsheaf, 1995).