The Growth Center has been the activity of the dept of econ since day one. Since I’m the only survivor from the early days, let me first of all welcome the old folks. It warms the cockles of my heart to see so many of you here; I’m happy to see the young folks as well, but the old folks have a special place in my heart.

First, a brief bit of history. Some of it may be known to many of you. Lloyd Reynolds was Chairman of Economics Department in the ‘50s. He took a couple of years leave at the Ford Foundation in the late ‘50s, and during that time, with the connivance of Simon Kuznets, they concocted a plan to establish a center for the study of development. In the ‘50s development was very much a beginning activity after WW II and Kuznets & Reynolds developed this idea of having an interdisciplinary center suggested by a of a number of universities. It turns out that the Ford Foundation said that it can’t be among a number of universities—it had to have a base somewhere, and with Lloyd being part of the team, it turned out to be Yale, not surprisingly.

So, in 1960, the decision was made to have this activity at Yale with the continued active involvement of Kuznets. The center was initially supposed to be called the Center for the Quantitative Study of Economic Structure and Growth. That was Kuznets’ term—a tongue twister, so we soon decided it was better to call it the Economic Growth Center. It moved to Yale in 1960, and actually started in 1961. The Ford Foundation gave it a 2 million dollar wasting capital grant and we were supposed to have an interdisciplinary and inter-university committee to run it so it would retain some of the inter-university characteristic. Not surprisingly, the inter-university committee soon atrophied and it became a Yale institution. We had Reynolds shifting from labor economics where he had previously been active. He always called himself a labor-skate and he became a development economist by putting up a sign and subsequently contributed as a development economist.
On a personal note, I was Director of the Pakistan Institute of Development Economics from 1958-1961 and Lloyd Reynolds visited me in Karachi and recruited me to come back to Yale and I became Associate Director in 1961, 50 years ago.

The activities of the Growth Center initially were largely focused on the country analysis program. Many of the survivors are here. The country analysis program was to look at 25 of the major developing countries and try to understand what was going on both from a theoretical and statistical point of view. We had five waves of assistant professors each to look at a particular one of those 25 countries, a three-year program: the first year to talk about theory & statistical background of each country, the 2nd year to be in the country itself, and the third year to come back and write up the results to become a book. It must be admitted that, for a number of reasons, of the 25 books in prospect, 15 saw the light of day, others wrote papers but didn’t finish their books. Many were pulled away because it was an active time for development and some made promises but didn’t keep them, which is again, the nature of the animal.

There was a lot of heavy influence on the statistical side—heavy influence on the international/national bureau type data collection. Every country was supposed to have a similar type of data base. The heavy influence on this was from Simon Kuznets, as you can imagine. There was a big debate about data without theory or theory without data. He and Koopmans had a disagreement on that subject. Also, Richard Ruggles & Ray Goldsmith were very heavily involved on the data side. We also had, on every Monday afternoon; a seminar often attended by Kuznets where we talked about theoretical issues, things like the labor surplus model, the land surplus model, the Latin American economy, the African economy, natural resource-rich countries, natural resource-poor countries. It was a kind of an exercise in development theory to go along with the consistent data framework that was being fashioned. We looked for typologies of development and I’m not sure if everything always went the way we had hoped. We had hoped at one time to have a senior professor in every one of the
regions of the world. We didn’t quite get there. Then, international trade was added to the agenda and we got more money from AID and other donors. By 1965, the annual budget was about a half a million dollars per year. Ford after having given us two million dollars kept supporting us for some time. But as foundations always do, they wanted to move on and they gave us a nice good-bye kiss which was a $300,000 endowment to be matched 2:1 by Yale so it added up to $900,000 which I’m sure Mark will mention has kept us in clover for some time, partly because of the stock market rise.

Now, there have been many changes, but we’ve always held fast to research and teaching as was mentioned by the Chair. We kept to certain traditions and certain principles. We never got involved in technical assistance as an institution like HIID at Harvard, for example. Individuals would do consulting, but we stayed to our basic purposes. We focused on the third world and, by adding the trade dimension, relations between rich and poor countries. We occasionally invited a sociologist, but basically we were economists. That’s the arrogance of the field, I guess. We were always open to others, but not too much occurred in that regard.

We took over Triffin’s IFEA, International Foreign Economic Administration program which was a one year masters program, which had actually preceded the Growth Center, and we are today still supporting the International Development Economics Program. The IFEA program used to be supported by the Ford Foundation; they gave us fellowships for the visiting people from the third world, but these days the IDE is self-financed.

Another innovation that we are proud of is that, unlike most universities, we had a demography interest. In fact, Mark Rosenzweig was hired during my directorship as a demographer. He went to Princeton to reinforce that illusion and now Paul Schultz has a demography chair although he does a few other things as well, as we know. The other innovation that we’re proud of is that we had an agricultural economist, Bob Evenson, which is again, unusual for an Ivy League school. I should also take credit for the fact that economic history, which was in danger, was helped by the EGC. The department
had eliminated the history of economic thought at Yale, not unusual across the American scene, and economic history was also endangered and knives were out for it. Bill Parker really sought our help and we gave it gladly and we avoided history’s demise at Yale. It is now a very flourishing program with Tim Guinnane and the addition of Naomi Lamoreaux. So those are the kind of historical antecedents.

What are the changes? Well, from having these group activities in the country analysis program that I mentioned it is now an individual activity—very decentralized. People work on technology, on labor markets, on migration, on income distribution, on many other things. There are, of course, sometimes collaborations between people, but it’s basically an individual activity.

There’s been a marked switch from macro to micro, from talking about unlimited supplies of labor, unlimited supplies of land, typologies, growth theory, policy issues. We’ve really shifted very much into microeconomic modeling using household data and as the Chair has already mentioned, a large number of the young people are very enthusiastic followers of that national trend. There are many graduate students here and they’re very good. They talk about randomized trials, treatment and control, interventions, econometric issues dominate, endogenality, and selection bias, etc. I wonder sometimes whether we should keep the Economic Growth Center title, because we’re not doing much on growth, but now that’s our title and I guess we want to keep our brand.

One of the problems that I have with the micro-modeling that’s going on, which is of very high quality, is that it’s not really often seen as a support for macro or for policy. I’m sure that the NEUDC, which is meeting tomorrow and the day after, I’d be very surprised if you’d see much macro there. I’m glad to be proven wrong, but that’s my guess; unfortunately I can’t stay for it. So, there has been this remarkable growing interest in Development at Yale. Graduate students are flocking in to Development seminars. They are very highly competent people. I don’t always know what they’re talking about, but I am sure they’re very competent. As you can probably tell, I’m not fully sympathetic to this marked shift from macro to micro and away from policy, but Abhijit Banerjee said there isn’t much to be said for
macro, so he wants the profession to use this particular MIT approach which is now very popular in the U.S.

I have some hope from what is basically a deviation from orthodoxy, for example in the Leitner Program, which I started as head of YCIAS, now the MacMillan Center. I didn’t quite like the Chair’s description of MacMillan—I think we do a few other things like the Leitner Program, which is trying to put Political Science & Economics together. I guess I suffer from having worked there for 8 ½ years. I also feel that experimental economics and behavioral economics give some hope because they’re departures from orthodoxy. I’m not so happy with the assumption of full employment and equilibrium everywhere—implicitly if not explicitly.

But, hope springs eternal and I haven’t given up!

Thank you.