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Tribute to Sanjaya Lall

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One significant feature of the second half of the twentieth century has been the rise of the third world. In 1950 the Fortune 500 list included less than half a dozen third world firms. Following the end of world war two, in the favourable circumstances opened up by decolonization and East-West rivalry, a number of third world countries embarked on their industrial revolutions. At least a few of these countries, including highly populous ones such as China and India, would have begun this process a century or so before, had it not been for colonialism and imperialist domination. In the wholly altered conditions of the post second world war period, a number of third world countries, plus Japan that could arguably be regarded as a third world country at that time, were successful in developing a technical and scientific infrastructure as well as acquiring organizational and managerial capabilities and creating efficient (not always large) corporations that began to provide competition to industrial countries. The net result of this complex process of industrialisation has been that in recent years the Fortune 500 has included dozens of third world corporations including eleven from South Korea alone, the same number as Switzerland. It is therefore not entirely surprising that, unlike the Bretton Woods negotiations in the 1940s, the recent World Economic Summit to deal with the financial crisis has had significant third world representation.

Sanjaya Lall, one of the most brilliant development economists of his generation, was not merely an apostle of third world industrialisation but provided an intellectual and theoretical rationale for it, as well as a strategic policy design to achieve it. He was a prolific writer. He published thirty three books, numerous academic articles and a large number of national and

international policy papers. Sanjaya Lall was trained in Oxford and spent the whole of his professional life at Queen Elizabeth House, but, nevertheless, he seemed to have been much influenced by the legendary Cambridge economist, Nicholas Kaldor. Like Kaldor, Lall believed that manufacturing was the engine of growth and developing countries in general should follow the model of export led growth. For Lall, development economics was less a study of poverty but more one of how to develop capabilities for industrial, technical and organisational development, so that third world corporations could effectively compete in the global economy.

At the beginning of his career, Lall made path-breaking contributions to the analysis of multinational corporations from a third world perspective. At a time when development economists focussed on the negative aspects of multinational investment in developing countries, Lall had a more evidence-based constructive approach to multinationals, showing that, despite their monopolistic tendencies, they could, if properly harnessed, contribute to national development. He also argued that governments could promote appropriate industrial policies to build up effective local capacities. In another important contribution he called attention to the existence and development of third world multinationals. His most original work concerned the process of technology acquisition by developing countries through adaptation of existing technology to local needs. He was from early on a trenchant critic of the aggregate production function approach to the measurement of technological change. For Lall, the notion of international competitiveness did not represent a “dangerous obsession” as portrayed by Krugman. It was rather a pragmatic solution to developing countries’ perennial balance of payments constraints during industrial development.

Among leading development economists Lall was perhaps the most engaged in the development process through his long associations with leading international agencies such as UNIDO, UNCTAD and the World Bank. He was persistent and fearless in pursuing his developmental research, making

no concession either to the populists or to the neo- classical and neo-liberal economists.

Lall was an inspiring teacher and he leaves behind a group of brilliant students who will carry forward his message and, more importantly, for economic analysis, his painstaking evidence-based approach to measuring, initiating, generating and adapting technical change.