

A WITNESS SOFTWARE EVOLUTIONS

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A Witness of Two Revolutions

It is an honor for a practitioner of the “dismal science” to be selected to give this year’s Humanist Achievement Lecture. When Thomas Carlyle, the British essayist and historian, first described economics as “dismal”, he called to the attention of the general public one of the principal conclusions of economic doctrine at that time, namely, the impossibility of sustained improvement in the standard of living of the majority of humankind. Temporary improvements were possible, for example as a result of technical change, but ultimately the expansion of the population would drive living standards back to a subsistence level and the economy would enter a stationary state.

I have always believed that Carlyle’s description was inaccurate and that economics provides us with powerful tools not only to understand the world but to change it for the better. Indeed I became an economist because I had a passionate interest in issues related to poverty and inequality and thought that economics might help me to do something positive about them. Forty years later, the interest is unabated and the conviction that economics is far from “dismal” is undiminished.

Economics did not suddenly emerge as a fully formed, independent science (whether dismal or not) around the time Carlyle was writing in the nineteenth century. On the contrary, it grew out of the humanities and its early association with moral philosophy and political theory was particularly close. Indeed these roots can still be seen in Oxford University, where undergraduates read Philosophy, Politics and Economics (PPE) for a degree. The experience of teaching PPE for more than twenty years no doubt influenced my research interests within economics as well as my view of the world.

I have been fortunate to participate in two of the major political and economic transformations of the twentieth century. The first was the termination of the European imperial system after the Second World War and the beginning of the process of decolonization in Asia, Africa and the Caribbean. This political upheaval led to the rise and explosive growth of development economics and the opportunities at that time for young development economists like me were enormous. I rode the coattails of history first to Chile, then to Algeria and subsequently to more countries than I can easily count.

The second revolution that I witnessed was the collapse of communism in the Soviet Union and Central and Eastern Europe after 1989. This political upheaval was accompanied by systemic economic change, namely, a transition from a centrally planned economy to a more market oriented economic system. Systemic change, in turn, gave rise to a new branch of economics called the economics of transition.

China had begun its transition to a market economy in late 1978, long before the disintegration of the Soviet bloc, and as a chance would have it, I had been visiting China regularly and conducting research on that country since 1979 and thus I was well positioned to study the transition problems in the low income, ex-Soviet bloc countries that interested me. In effect I had a ten year head start on most of the economists doing research on transition economies. This created opportunities for me to organize and lead small teams of researchers in Mongolia, Uzbekistan, Kazakhstan, Vietnam and, most recently, Armenia.

Growth and employment

It is one thing to witness two revolutions; it is another thing to participate in them, even if only marginally. I want to try now to convey to you the intellectual excitement of these

revolutions and to give you some sense of what the debates were about. Let us start with growth and employment.

The early view in development economics was that growth would suffice to reduce poverty and, ultimately, inequality as well. If average incomes rose, at least some of the benefits of higher output and per capita income would “trickle down” to the poor; and as industrialization proceeded, along with other structural changes associated with development, the share of lower income groups in total income gradually would rise and inequality consequently would diminish.

I regarded this view as far too optimistic, indeed as wishful thinking, and did my best to contest it with empirical evidence. In a paper published in Pakistan in 1965, I tried to demonstrate that international trade and investment licensing policies introduced by the military government had promoted industry at the expense of agriculture and had done so by deliberately increasing inequality in the distribution of income in favor of rich industrialists. Moreover, the policy had been carried to such an extreme that the poor, particularly the rural poor, had experienced an absolute decline in their income despite a rise in average incomes in the country as a whole.¹

The paper created a bit of an uproar. An attempt was made to prevent it from being published, but after it did appear in print it stimulated many other researchers to explore the implications of the government’s growth policy on the general well being of the population. Aziz Khan and I contributed to the debate provoked by my initial paper by editing a book on Growth and Inequality in Pakistan that was published in 1972, a year after the east wing of Pakistan became the independent country of Bangladesh.²

One of the reasons my paper was so explosive is that it implied that East Pakistan (which was more dependent on agriculture) was being systematically exploited by the government in

order to benefit West Pakistan (where investment licenses were issued to promote industrialization). Thus development policy had a pronounced regional bias which eventually destroyed the political cohesion of the country.

The problem of growth accompanied by impoverishment of specific groups was not peculiar to Pakistan. In a series of studies I helped to organize for the International Labour Organization (ILO), we showed that in many parts of Asia the promised “trickle down” effects had not occurred and that growth had been accompanied by a fall in the incomes of the poor, particularly landless agricultural workers. ³ When these separate studies were brought together in a book, again edited by Aziz Khan and myself, we ran into an attempt at censorship. This time the problem was that we identified China as the “great exception”: growth had not impoverished the rural population of China, unlike in much of the rest of Asia, and this finding was unacceptable in some quarters during the ideological conflict of the Cold War.

Like it or not, by the late 1970s our research and that of many others had thoroughly discredited the notion of “trickle down” and the even more optimistic belief that growth would result automatically in an improvement in the distribution of income. If one were serious about reducing poverty, one could not approach it indirectly by encouraging economic growth; one would have to tackle it head-on.

The ILO argued that this could best be done through a “basic needs” approach to development policy. I was one of those who worked with the ILO to elaborate the implications of this new approach. ⁴ The central idea was rather simple, perhaps too simple, namely that priority in development policy should be given not to accelerating growth in general but to satisfying specific “basic needs” of the population, such as the needs for adequate food, clothing and shelter as well as basic education and primary healthcare. The new approach represented a

shift in thinking from the general (namely, growth) to the specific (namely, basic needs), and from an emphasis on private goods (such as food and clothing) to recognition of the importance of public goods (such as education and health).

Implicit in the basic needs approach was less reliance on the market mechanism to allocate resources and a larger role for intervention by the state (not to promote industrialization behind protectionist tariffs but to satisfy basic needs). Also implicit was the need to redistribute income in favor of the poor, an implication that was spelled out in a short book I wrote with Jeffrey James on The Transition to Egalitarian Development.⁵ In related research I have argued that a redistribution of productive assets, particularly land, should be a major component of any strategy intended to reduce poverty.⁶ This is partly because the distribution of productive assets has a strong direct influence on the distribution of income and partly because control of land gives landowners monopsonistic power in rural labor markets and hence enables them to influence wage rates and the number of days of employment of rural workers. More generally, in a paper with Amy Ickowitz, we have assembled evidence which suggests, contrary to the conventional view, that in some circumstances a redistribution of assets actually would increase the rate of economic growth.⁷ That is, there need be no conflict between equity and growth.

One of the ways in which the two objectives of equity and growth can be reconciled is through employment creation. One early strand in the literature on development argued that people in low income countries were poor in part because they lacked the motivation to work hard, in part because labor supply curves were backward bending and in part because people failed to possess what some social psychologists called a “need for achievement”.⁸ In short, and rather crudely, people are poor because they are “lazy slobs”. A second strand argued that

because of structural reasons, particularly a high density of labor relative to land, low income countries are characterized by massive unemployment and “surplus” labor.

Today we know better. The poor are not lazy and nor are they typically unemployed. On the contrary, the poor, especially in the urban informal sector, typically work long hours, often on back-breaking tasks and almost always for very low wages. The poor, in other words, do not lack work, they lack income. In the rural areas, however, there may be long periods of seasonal idleness, especially where agriculture is dependent on rainfall rather than irrigation.

The problem of the poor, then, is not to find employment as such, but to create more productive employment. This, in turn, requires investment in those assets which raise the productivity of the poor. Conventional policies commonly found in rich countries – such as unemployment compensation and minimum wage legislation – are unlikely in poor countries to have much effect on poverty: they are difficult to enforce and, in any case, most of the benefits go to the non-poor. I have argued instead that the state should act as employer of last resort.

This could be done if the state were to organize labor intensive public works projects that concentrated on investment in assets from which the poor would benefit directly. Examples include investment in irrigation and drainage, farm-to-market roads, reforestation and soil conservation, orchard planting, construction of reservoirs and fish ponds, and construction of civic buildings such as schools, health clinics and village halls. Anyone seeking employment would be guaranteed a job on one of these investment projects at a wage slightly below the going market wage. The purpose of keeping the wage low is to avoid attracting already employed workers from the private sector, i.e., to provide the poor with an incentive to self-select themselves for participation in the employment guarantee scheme.

In some cases employment creation, investment and asset redistribution can be combined by ensuring that upon completion of the public works projects the assets are transferred to a cooperative consisting solely of those who supplied their labor.⁹ This would be feasible, for example, for investments in tubewells, orchards and fishponds. The purpose of the cooperative would be to manage the assets and charge for their use, e.g., through the sale of water, fruit and fish. Part of the income of the cooperative would be distributed to the members to help raise their current consumption and part would be retained by the cooperative to finance future investments. In this way the guaranteed employment scheme would provide not only temporary jobs, it would also strengthen permanently the productive base of the household economy of the poor.

Foreign aid

The early literature on development economics was strongly influenced by the notion of “the vicious circle of poverty”: countries are poor because they do not save, and countries do not save because they are poor. As we have seen, I have long been skeptical of the view that poor countries and poor people are unable to help themselves, but many development economists argued that the way to break the vicious circle of poverty was to supply poor countries with lots of foreign aid. Moreover, its supporters argued that the need for foreign aid was self-extinguishing, since the higher income that aid financed would result in higher domestic savings and hence a reduced need for aid.

I was skeptical of this line of reasoning and in a series of papers I argued that foreign aid was more likely to reduce domestic savings than to increase it.¹⁰ That is, aid was a substitute for savings and hence large inflows of foreign aid were unlikely to raise the growth rate and might even lower it. The net effect then would be prolonged aid dependency and heavy foreign

indebtedness. These arguments stimulated a lively debate and a voluminous literature. At first the debate centered on the negative effect of aid on savings – or the “Griffin effect” as it was sometimes called – but it soon widened to explore the effects of foreign aid on other macroeconomic categories (namely, investment, consumption, exports), on relative prices (namely, interest rates and exchange rates), on the productivity of investment and on government resource mobilization through taxation. Despite enormous research efforts, the defenders of foreign aid were unable to show that aiding in general had beneficial effects on development.

Meanwhile, the donor countries had agreed to a United Nations target that foreign aid should be 0.7 per cent of the rich countries’ gross national product. In practice, however, the target was never achieved and in recent years aid ratios have been falling. In 2000, for instance, net official development assistance accounted for only 0.22 per cent of donor countries’ gross national income.¹¹ Looking back at the aid debate, it seems to me that never has so much been written about so little.

It is preposterous that the rich countries should ever have imagined that the development of the poor countries depended on foreign aid and the policy advice that inevitably accompanies foreign aid. While it is true that many of the features of underdevelopment have their origin in the “fatal impact” of Europe on the rest of the world,¹² the solutions to the problems of development are mostly internal. Foreigners can best contribute by doing no harm.

As an alternative to the plethora of existing bilateral and multilateral aid programs, I have suggested that resources should be transferred automatically from rich to poor countries through a global tax-and-grants scheme.¹³ Resources would be raised by a progressive tax on the national income of rich countries and the funds would then be transferred in the form of grants to poor countries, in inverse proportion to their per capita income. Thus the richest donor country would

be taxed slightly more heavily than less rich donor countries, while the poorest recipient country would receive a larger grant per head of its population than less poor recipient countries.

This scheme can be viewed either as a mechanism to reduce global income inequality or as an extension to the global level of the ideals of solidarity with the poor and rights of citizenship associated with the welfare state in Europe. In contrast to my criticisms of conventional foreign aid programs, however, this positive suggestion for a global redistribution of resources has been greeted by a wall of silence.

Human development

Meanwhile, thinking about development moved forward quite rapidly on other fronts. T.W. Schultz introduced the concept of “human capital” to capture the idea that expenditures on such things as education and training, health and nutrition, family planning and child care, agricultural research and extension were similar to investments in physical capital in that they raised the productivity of labor and contributed to economic growth. ¹⁴ This simple idea has had an enormous impact on economic theory, empirical research and public policy.

It is now widely understood, for example, that ill health of a working member of a household can plunge that household into poverty. An episode of illness is likely to result, first of all, in days lost from work and, secondly, in lower productivity while at work, both of which will reduce the income of the household. Third, the cost of medical treatment can be onerous for a poor family and absorb income that otherwise would be available for meeting the household's basic needs. Finally, severe illness may force a household to dispose of productive assets such as land in order to sustain a minimum level of consumption and cover medical expenses, but at the same time asset disposal may impoverish the household permanently. Public expenditure on preventing and eradicating diseases such as malaria, tuberculosis and AIDS can break this

vicious spiral and produce high economic returns. ¹⁵ Good health is part of a country's stock of human capital.

Amartya Sen took the analysis a step further, arguing that the objective of development should be reconceptualized as the enhancement of human capabilities. Sen substituted a people-centered view of development for the older commodity-centered view. Economic growth, i.e., an increase in the production of goods and services, should not be seen as an objective in itself but merely as contributing to the ultimate objectives of enabling people to live a long life, free of avoidable disease, with access to the world's stock of knowledge, and so on. The emphasis, then, is on giving people the freedom to live the life of their choice. Depending on circumstances, producing more "stuff", more commodities, might or might not increase human capabilities.

In 1988 a committee of the United Nations brought these two strands of thought together and produced a report in which a human capabilities approach was advocated. I happened to be a member of the committee and was asked to organize the background research for the new approach and to prepare an initial draft of the committee's report. ¹⁶ In our report we described human development as "an approach to overall development which puts the well-being of people first, which regards human beings simultaneously as both the means and the ends of social and economic policy. It is not, of course, a formula that can be applied mechanically, but it does contain ingredients which distinguish it from commodity-centered approaches to development."¹⁷

The ideas contained in the report were picked up by the United Nations Development Programme (UNDP) and under the brilliant leadership of Mahbub ul Haq, UNDP promoted human development as an alternative to the conventional approaches offered by the World Bank,

the International Monetary Fund and main stream development agencies. Beginning in 1990, UNDP published an annual Human Development Report and a few years later, member countries were encouraged to publish each year a national human development report. Both the international and national reports contain a wealth of statistical information on many dimensions of human development as well as analysis of specific topics. In 2000 the human development approach was further institutionalized by the creation of the Journal of Human Development.

It has been my good fortune to be associated with many of these developments. For five years, as a consultant to UNDP, I participated in the drafting of the international Human Development Report. I was also involved in writing a regional human development report for the former Soviet bloc countries. With Terry McKinley, one of my former graduate students, I co-authored a book on Implementing a Human Development Strategy and, thanks to UNDP, I have been given numerous opportunities to apply these ideas at the country level.¹⁸ I also serve on the editorial advisory board of the Journal of Human Development.

Systemic change

When I was a student a number of us were interested in the transition from capitalism to socialism, for it seemed to us that the currents of history were flowing strongly in that direction. It never occurred to us that the reverse transition – from socialism to capitalism – would become one of the most momentous political and economic transformations of our time. History, it seems, is full of surprises.

The political reaction to the collapse of communism was exultation and an expectation that the successor states of the Soviet Union would become parliamentary democracies. The reaction among mainstream economists was no less enthusiastic and it was widely expected that the adoption of a market economy would lead to a rapid improvement in the well being of the

people. The conventional view was that systemic change could best be achieved through rapid price liberalization and the transfer to private ownership of state owned enterprises. If a transition recession occurred, it was expected to be mild and hardship could be avoided by a small injection of foreign aid.

In the event, the transition to capitalism proved to be much more difficult than most people anticipated.¹⁹ In Russia, for instance, prices rose 1353 percent in 1992, output declined by 42 per cent between 1990 and 1996, the level of investment fell by a half, inequality rose dramatically and the incidence of poverty increased from almost zero before the transition began to 31 per cent of the population in 1994. Alcoholism, drug addiction, suicides and crime rose sharply. Male life expectancy fell like a plummet and by 1995, males in Russia could expect to live only 58 years, as compared to a male life expectancy of 68 years in China, a country with a much lower average standard of living. The birth rate fell and the death rate rose, so that today the population of Russia is in decline. From an economic and social perspective, the transition in Russia (and most of the other countries of the former Soviet Union) has been a human catastrophe.

What went wrong? Our research on China and subsequent research in several of the former republics of the Soviet Union indicates that the two pillars of the conventional transition strategy could not bear the weight placed upon them.²⁰ Price liberalization in the absence of high levels of investment resulted in economic contraction. Reform of property rights, and specifically the privatization of state enterprises, did little to create a flourishing private sector. Unless they were accompanied by other measures, liberalization and privatization could lead to disaster.

Everyone agrees that a successful transition to a market economy depends upon profound structural change in the ex-socialist countries. Heavy capital goods and military related industry must be replaced by consumer goods industries, services and an expansion of the agricultural sector. In short, swords must be converted into ploughshares. The question is how to do this.

The conventional answer is to “get prices right”. Price liberalization, it is argued, will lead to a change in relative prices and this change in relative prices will provide an incentive for resources to move from the production of “swords” to the production of textiles, footwear, insurance services, agricultural implements and the like. The problem is that resources often are specific to the industries in which they are located and cannot readily be transferred to another industry. The plant, equipment and even the skilled labor used, say, to produce steel cannot be converted to produce, say, television sets. If the price of steel falls relative to the price of TV sets, production of steel will decline; workers will be dismissed and the steel mills will become idle. The relatively higher price of television sets will not lead to an expansion of the consumer electronics industry, unless there is a substantial investment in that industry. Price liberalization in the absence of investment will simply result in a fall in aggregate output and a rise in unemployment and the incidence of poverty.

Structural change, in other words, requires not only price liberalization but, above all, a high level of investment. Unfortunately, investment was allowed to fall sharply in most countries, in part because state expenditure on physical and human capital was reduced and in part because incentives for private investment were weak.

This is where privatization comes into the picture. The transfer of ownership of state enterprises to the private sector was urged partly to weaken the state and make the fall of socialism irreversible and partly to create a capitalist class instantly, without the prior necessity

of accumulating private capital. These motives evidently were political. The economic case for giving a high priority to privatization was weak, since the need at the time was not to transfer ownership rights of existing enterprises but to encourage the rapid growth of new private enterprises in those activities where price liberalization indicated substantial gains could be made.

Much valuable time was wasted on privatization and the results in most countries have been disappointing. The struggle to acquire ownership rights sometimes led to the creation of a “mafia capitalism”, almost always led to the creation of great inequalities in the distribution of wealth and usually led to the creation of a monopolistic structure of industry which thwarts competition and perpetuates an inefficient allocation of resources. Ordinary people gained little if anything from the privatization of large state owned industrial enterprises and the failure to create “space” for large numbers of new private enterprises to emerge and grow has made it more difficult for the transition economies to become closely integrated into the global economy, or at least to become integrated in a way that benefits the majority of the population.

Globalization

Some might say that integration into the global economy is not necessarily desirable, but I have argued that the problem with globalization is not that it has gone too far but that it has not gone far enough.²¹ That is, globalization has been asymmetrical. Trade barriers in general have fallen rapidly, but the process of trade liberalization has occurred much more slowly in products of special interest to poor countries: foodstuffs, textiles, clothing, footwear and leather products. Capital is free to move throughout the world in search of profits, and this clearly is of benefit to international investors, most of whom reside in rich countries. People, however, are not free to

move throughout the world in search of a livelihood, particularly people who possess low skills, most of whom reside in poor countries.

The next step in the struggle for global equity should be to eliminate discrimination against the trade of developing countries, not to retreat from the ideal of free trade. Similarly, international labor markets should be liberalized rather than retreat from capital mobility by imposing restrictions on international capital markets and in particular on the free movement of long term capital investments. I believe, too, that we have gone too far in creating “intellectual property rights”. The World Trade Organization is promoting TRIPS (trade related intellectual property rights) which force poor countries to protect the “intellectual property” of rich countries without providing any protection for misappropriation of traditional knowledge of poor countries. TRIPS clearly are asymmetrical in their impact, accentuating global inequality, slowing development and inhibiting the enhancement of human capabilities. Moreover, the effort to create a global system of patent rights ignores history and the fact that the now rich countries copied freely the inventions of other countries during the early stages of their own development.

A case can of course be made for rewarding inventive activity, but patents and copyrights are only one possible type of reward, and it is not obvious that the public interest is best served by bestowing monopoly privileges for extended periods of time on those who discover a new treatment for a disease or a new variety of an edible plant. We ought to be moving in the direction of making knowledge a free good rather than creating more and more property rights in knowledge. Liberalization of the market for ideas, like liberalization of trade and global labor markets, would benefit poor countries and poor people within poor countries.

Lurking behind these specific views on trade, labor mobility and inventive activity is the more general view that cultural exchange and pluralism, globally as well as nationally, are the ultimate sources of economic growth and human development.²² I first developed this view when I was invited by the United Nations to become a member of the World Commission on Culture and Development in the mid-1990s²³ and have elaborated on it ever since.²⁴

The point of departure of the argument is that it is new knowledge, new technology and new institutional arrangements that are the ultimate sources of beneficial change. Cultural contacts have led to a myriad of exchanges and adaptations that in the long run are of benefit to all parties. This does not deny that cultural contacts have also led to conquest, imperialism and exploitation, for these surely have been important historically. That is, asymmetric cultural exchange has profoundly shaped the modern world, but it is cultural exchange rather than asymmetric relationships which in the long sweep of history has had the most lasting effects. Moreover, globalization today has made cultural interchange more frequent, deeper and more rapid than in the past. Ideas, information and knowledge are transmitted much more widely and more quickly and this has resulted in greater diversity, not greater homogeneity, as many fear. This increased diversity, in turn, has led to an acceleration in creativity and innovation, to an explosive growth of knowledge and technology, and consequently to unprecedented rates of economic growth and advances in human development.

The problem we now face is that institutions of global governance lag behind the globalization of market forces.²⁵ This indeed helps to account for the global asymmetries I have mentioned. Our institutions of global governance are undemocratic; they are underfunded; and they are not deeply embedded in a global system of the rule of law. Collective action to “tame”

global market forces and provide global public goods is difficult to organize and consequently at the global level anarchy prevails or, if you prefer, the rule of "might makes right".

Much of the opposition to globalization, I believe, arises from the fact that ordinary people have little control over the global forces that increasingly shape their lives. At the national level, democratic institutions can temper market forces, redress glaring inequalities, maintain social order, supply public goods and bestow legitimacy on the rules that enforce the implicit social contract. Analogous institutions will have to be created, step-by-step, at the global level. This, in turn, implies that states will have to relinquish some of their sovereignty to global institutions. This is beginning to happen in a rather ad hoc way. For example, active intervention by outside parties, as in Kosovo, part of the sovereign state of Yugoslavia, has established the principle that human rights supersede, or at least qualify, the sovereign rights of states.

Clearly we have a long way to go. Indeed a third revolution beckons us, a revolution that challenges the sovereignty of states and holds out a promise of global democracy and institutions of global governance. I have been lucky to witness two revolutions, and it may be stretching my luck a bit to expect to witness the completion of a third, but I have little doubt that the political forces unleashed by the French revolution and the economic forces unleashed by globalization will transform yet again our world and the people who inhabit it.

Notes

1. Keith Griffin, "Financing Development Plans in Pakistan," Pakistan Development Review, Vol. V, No. 4, Winter 1965.
2. Keith Griffin and Azizur Rahman Khan, eds., Growth and Inequality in Pakistan, London: Macmillan, 1972.
3. Keith Griffin and Azizur Rahman Khan, eds., Poverty and Landlessness in Rural Asia, Geneva: International Labour Organization, 1977.
4. International Labour Organization, Employment, Growth and Basic Needs, Geneva: ILO, 1976.
5. Keith Griffin and Jeffrey James, The Transition to Egalitarian Development, London: Macmillan, 1981.
6. For a recent statement of the argument see Keith Griffin, Azizur Rahman Khan and Amy Ickowitz, "Poverty and the Distribution of Land," Journal of Agrarian Change, Vol. 2, No. 3, July 2002. For an early statement see Keith Griffin, The Political Economy of Agrarian Change, London: Macmillan, 1974.
7. Keith Griffin and Amy Ickowitz, "The Distribution of Wealth and the Pace of Development," in Terry McKinley, ed., Macroeconomic Policy, Growth and Poverty Reduction, Basingstoke and New York: Palgrave, 2001.
8. See D. McClelland, The Achieving Society, New York: Free Press, 1967.
9. Keith Griffin with Ajit Kumar Ghose, "Growth and Impoverishment in the Rural Areas of Asia," World Development, Vol. 7, No. 4/5, April/May 1979.
10. Keith Griffin, "Foreign Capital, Domestic Savings and Economic Development," Bulletin of the Oxford University Institute of Economics and Statistics, Vol. 32, No. 2, May 1970; Keith Griffin and John Enos, "Foreign Assistance: Objectives and Consequences," Economic Development and Cultural Change, Vol. 18, No. 3, April 1970.
11. The data refer to aid to low income developing countries and exclude aid to the former Soviet-bloc countries and to more advanced developing countries. If all recipient countries are included, the aid ratio rises to 0.25 per cent of GNI. The United States, incidentally, is the least generous donor country, giving only 0.10 per cent of its GNI to low income developing countries. (See World Bank, World Development Indicators 2002, Washington, D.C.: World Bank, 2002, Table 6.9, p. 358.)
12. The allusion is to A. Moorehead, The Fatal Impact, London: Hamish Hamilton, 1966.

13. Keith Griffin, "Globalization and Development Cooperation: A Reformer's Agenda," in Roy Culpeper, Albert Berry and Frances Stewart, eds., Global Development Fifty Years After Bretton Woods, London: Macmillan, 1997.
14. The "human capital" approach strengthened arguments long made by development economists that relationships of complementarity (e.g., between education and investment in machines or between health and labor productivity) often were as important as relationships of substitutability. The approach also underlined the importance of "externalities", another claim long made by development economists.
15. For a detailed analysis of this line of reasoning applied to measles and tuberculosis, see David Chan, Unhealthy and Impoverished: Modeling the Effects of Illness on Household Economic Well-being, M.Sc. thesis, London School of Economics, September 2002.
16. The background papers were published as Keith Griffin and John Knight, eds., Human Development and the International Development Strategy for the 1990s, London: Macmillan, 1990.
17. United Nations, Committee for Development Planning, Human Resources Development, New York: United Nations, 1988.
18. Keith Griffin and Terry McKinley, Implementing a Human Development Strategy, London: Macmillan, 1994.
19. See Keith Griffin, Studies in Development Strategy and Systemic Transformation, London: Macmillan, 2000, Ch. 6.
20. See, for example, Keith Griffin and Azizur Rahman Khan, "The Transition to Market Guided Economies: Lessons for Russia and Eastern Europe from the Chinese Experience," in Bernd Magnus and Stephen Cullenberg, eds., Whither Marxism? Global Crises in International Perspective, New York and London: Routledge, 1995; Keith Griffin, ed., Poverty Reduction in Mongolia, Canberra: Asia Pacific Press, forthcoming 2003; Keith Griffin, ed., Social Policy and Economic Transformation in Uzbekistan, Geneva: ILO, 1997; Keith Griffin, ed., Growth, Inequality and Poverty in Armenia, Yerevan: UNDP, 2002.
21. Keith Griffin, Studies in Globalization and Economic Transitions, London: Macmillan, 1996, Ch. 5
22. Keith Griffin, Studies in Development Strategy and Systemic Transformation, loc. cit., Ch. 1.
23. See the Report of the World Commission on Culture and Development, Our Creative Diversity, Paris: UN and UNESCO, 1995.

24. For the most recent statement see Keith Griffin, "Globalization and Culture," in Stephen Cullenberg and Prasanta Pattanaik, eds., Globalization, Culture and the Limits of the Market: Essays in Economics and Philosophy, New Delhi: Oxford University Press, forthcoming.
25. Keith Griffin, "Economic Globalisation and Institutions of Global Governance," paper presented at a panel on "Meeting the Challenges of Globalisation" at a conference on "Rich and Poor: Current Development Research and Its Condition in Sweden," Lund University, January 2003. This is available on <http://www.sasnet.lu.se/researchf.html> go to "Conference Reports".