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The Black Nobel Laureate in Economics

W. Arthur Lewis and the Birth of Development Economics

by Robert L. Tignor

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reviewed by Dani Rodrik

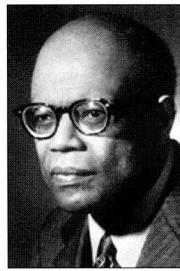
WARTHUR LEWIS (1915-1991) was one of the giants of the economics profession. As Robert Tignor points out in this fascinating biography, he must be properly viewed as one of the founding fathers of the sub-discipline of development economics — the study of economic conditions in the poor societies in Asia, Africa, and Latin America.

Born in St. Lucia in the West Indies, an impoverished and remote corner of the British empire, Lewis' illustrious career spanned prestigious academic appointments in England (lecturer at the London School of Economics and chaired professorships at Manchester), the Caribbean (principal of the University College of the West Indies), and the United States (professor at Princeton). Lewis' resume also includes important advising and policy responsibilities in the British Colonial Office prior to the wave of decolonization that started in the late 1950s and in newly independent Ghana under its first president Kwame Nkrumah. Lewis was awarded the Nobel Prize in economics in 1979 for his pioneering work on the economics of development. He was the first person of African descent to win the Nobel in a field other than the Peace Prize.

Arthur Lewis' scholarly contributions were broad. He wrote some of the most insightful essays ever on the economic history of the interwar period and on the historical determinants of the underdevelopment of today's poor countries. But his best-known work remains an article first published in 1954 called *Economic Development with Unlimited Supplies of Labor*. This was a largely theoretical piece of work which forcefully made the case that the methods of economic analysis prevailing at the time were inadequate to understand the reality of poor societies. These societies, Lewis argued, need to be viewed as dual societies, made up of two parts. Entrepreneurship and capital accumulation,

Dani Rodrik is professor of international political economy at Harvard University's John F. Kennedy School of Government.

which drive economic growth, take place in the modern part. But the majority of the labor force remains in the traditional, largely agricultural, part where labor productivity remains zero or perhaps even negative at the margin. The central challenge of economic development is to move labor from the traditional to the modern sphere of the economy, raising capital accumulation and entrepreneurship levels in the process.



W. Arthur Lewis

Stated as such, this vision of economic growth continues to frame most contemporary policy discussions of economic growth in poor economies. The dual economy approach pioneered by Lewis remains a cornerstone of development economics, even though the analytic techniques employed by professional economists have changed considerably. Lewis' view that the marginal productivity of labor in the traditional sector is zero or negative has since received considerable battering, and few economists now regard it as plausible. Many empirical studies, notably by Lewis' fellow Nobelist of the same year Theodore W. Schultz, have shown since that traditional agriculture is organized along much the same principles as the modern sector. But in the end, that turns out to have been immaterial to the existence of substantial gaps in labor productivity between the two sectors. That explains the continued popularity of Lewis' *Economic Development with Unlimited Supplies of Labor*. Judged by Google scholar citations, this article continues to be heavily cited, much more so, for example, than Schultz's own riposte to Lewis, *Transforming Traditional Agriculture* (University of Chicago Press, 1983).

Tignor is not an economist, and in the very first sentence of the book he makes clear that this is the first biography he has written. What Tignor brings to his subject is his considerable skills as a historian of Africa. The reader is treated to a richly contextual story from which there is as much to learn about the West Indies, prewar Britain, and African decolonization as there is about the man himself. In fact, as a con-

ventional biography, the book may be said to have certain shortcomings: there is absolutely nothing about Lewis' relationship with his wife of 44 years Gladys (whose decision to turn Lewis' papers over to Princeton prompted Tignor to embark on this project) and the descriptions of Lewis' inner life are thin and sound forced. But these are more than compensated for by Tignor's treatment of the historical developments in which Lewis played part.

Lewis' life reflected several important transformations of the 20th century, and his work often influenced these changes. As an exceptionally bright student at the London School of Economics during the 1930s, Lewis experienced the rewards and frequent slights of an academic environment caught between meritocratic pretensions and racist inclinations. At the British Colonial Office, Lewis was caught up in all the important debates of the day. His advisory work there shaped Lewis' thinking on development, but it did not leave nearly as much mark on policies towards the colonies as Lewis hoped. His work in Ghana as economic adviser to Nkrumah mirrored the hopes and frustrations unleashed by decolonization. Lewis' faith in Nkrumah ultimately came crashing down as Nkrumah revealed himself more interested in staying in power than in following his adviser's economic advice.

Back in the West Indies, Lewis pushed hard to retain a semblance of political unity for the region, but yet again he was defeated by politics. As a professor at Princeton, Lewis spoke up against the establishment of academic departments of African-American studies (fearing that this would jeopardize scholarly standards), and did so at considerable cost in terms of personal popularity. Tignor is very good at telling these individual stories, portraying Lewis as a protagonist in these larger dramas.

The enduring puzzle of Lewis' life is the following: how is it that such an intelligent man with such deep engagement in policy could be so naïve when it came to politics? As Tignor makes clear time and again, Lewis believed that rational economic analysis was the only sound basis on which policy ought to be made. Anything else was political opportunism. When he encountered resistance, he would simply stand his ground, threaten to resign, and, if he still got nowhere, would ultimately carry out his threat (as he often did).

Despite his repeated involvement in political matters,

Tignor's book leaves the strong impression that Lewis remained ever the academic purist. Even though he preferred his title to be professor of political economy instead of professor of economics he had little patience with the myriad political constraints and agendas that policymakers *Kwame Nkrumah* have to contend. In one of the most interesting and illuminating passages of the book, Tignor quotes an exasperated Nkrumah responding to Lewis by saying "[the] advice you have given me, sound that it may be, is essentially from the economic point of view, and I have told you, on many occasions, that I cannot always follow this advice as I am a politician and must gamble on the future."



Kwame Nkrumah

Perhaps Lewis' happiest years were those he spent at Princeton, where he could focus on his research, and politics and public life (while they often did draw him in) were for the most part remote. Tignor highlights the puzzle, but does not say much to resolve it.

I was lucky enough to have been a student in Arthur Lewis' class on development economics at Princeton towards the very end of his professional life. The secret of development, which he shared with us in the very first session, is still inscribed in my notes. No country can fail to develop, he said, if it has good government, adequate rainfall, and a reasonable secondary education system.

By this time, development economics was beginning to take a very different turn, becoming heavily mathematical and infused with statistical techniques. Lewis' analytical but informal approach was getting out of style. I remember well a seminar that Lewis gave to faculty and graduate students (it must have been one of his last). After lecturing for about 45 minutes on the determination of the terms of trade between the rich and poor countries, one of the economists in the audience got up and scribbled a few equations on the board as Lewis watched with his usual bemused look. The interlocutor said he had been confused at first, but now that he could express Lewis' words in terms of equations, he could see that Lewis had laid out a well-determined system of relationships and it all made sense to him. I have since used this story many times to explain to my students how, if you are smart like W. Arthur Lewis, you do not need to worry about gaps in your logic. The rest of us better make sure we know our math!

