

Honouring Prof. A. R. Khan

Reminiscing the PIDE

A. R. KHAN

I first arrived at the Pakistan Institute of Development Economics, then simply the Institute of Development Economics, at the beginning of October 1960. It was located on the top floor of the Old Sindh Assembly Building on Bunder Road in Karachi. At the time the Joint Director, the resident head of the Institute, was Irving Brecher, a Canadian economist. The Director of the Institute was Emile Despres, the ex-officio head of Ford Foundation's Pakistan Project administered from Williams College, later from Stanford University, who spent only a few weeks each year at the Institute. The Institute had a number of foreign research advisers funded by the Ford Foundation Project and a handful of Pakistani staff members, very few of them at senior levels.

For me the Institute was a refuge. Since my graduation from the Dhaka University at the end of 1959 I had been teaching in the Department of Economics. I had also been selected for graduate studies in England starting the fall of 1960 under an award of the newly-instituted Commonwealth Scholarship programme. In July 1960 I was dismissed from my teaching position at the University due to alleged undesirable political antecedents during my student days. A few weeks later my scholarship for study abroad was also withdrawn by the Government of Pakistan whose approval was a prerequisite for the finalisation of the award. The prospect of alternative employment was bleak with little private sector demand for economics graduates at the time.

I had been interviewed by Emile Despres and his colleagues who were on a recruitment mission the previous winter in Dhaka. The teaching appointment at the University, coming on the heels of the interview, had preempted a possible offer from them. A few weeks after I lost my scholarship, I received a telegram from the Institute offering me the position of a Research Officer (later named Staff Economist). This rescued me from what appeared to be virtual banishment from all possibility of a meaningful career. This was the beginning of the series of many kind acts by the Institute and its members which over time made me accustomed to treating it as a home even after my formal employment in it ended.

When Irving Brecher's term as the Joint Director ended a few months after my arrival, he was replaced by Henry Bruton. Among other foreign advisors were Gustav Ranis (who also left soon after my arrival), John Fei, Richard Porter and John Power. I was assigned to work with Richard Porter. John Fei used to deliver weekly lectures on his pet subject of 'linear graph' method of solving simultaneous systems. Syed Naseem, who had studied at the London School of Economics and was one of the few senior members

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of the staff, used to correct our homework assignments. In 1961 a formal training programme on development theory and quantitative methods was instituted as preparatory to graduate study abroad.

In 1962 the Institute selected me, along with Aminul Islam and Swadesh Bose, for graduate studies in the USA under Ford Foundation scholarship. I was admitted at a number of places of which I chose the MIT. We applied for and received US visas. Several weeks later, when I was on a farewell visit to Dhaka prior to the planned departure for the USA, news arrived that the US consulate had revoked our visas. Once again the reason was alleged political antecedents during student days. Once again I seemed to have reached the dead end as the Institute's scholarships, funded by the Ford Foundation, had until then been available only for graduate studies in the United States. By that time Henry Bruton had returned to Williams College and was replaced by Mark Leiserson from Yale. He offered to send all three of us to England for graduate studies, an offer that Bose and I eagerly grabbed. This was yet another unusual act that made me deeply grateful to the Institute. Mian Nazir Ahmad, the Secretary of the Institute, helped me cross the potentially hazardous process of obtaining a passport; the validity of my previous passport had expired.

I went to Cambridge in 1963 and returned in October 1966 after completing my PhD. I received very rapid promotions before ending up in the summer of 1969 as a Research Director, the highest professional grade at the PIDE at the time. In 1968 I was appointed the first Pakistani editor of *The Pakistan Development Review*, the journal of the PIDE. In September 1970 I took leave from the PIDE to accept a position as research fellow at Nuffield College, Oxford. I have distinct recollection of the send-off reception given to me by my colleagues. My own words at the event sounded like a farewell speech. By that time the political horizon was full of signals of the impending calamity. Within months of my departure for Oxford Pakistan was engulfed in turmoil from which both the country and the Institute emerged into two separate entities. In April 1972 I returned to the Bangladesh Institute of Development Economics (a few years later given its present name the Bangladesh Institute of Development Studies) but never quite worked in it. Almost immediately I began serving in the newly-created Bangladesh Planning Commission. In September 1973 I resigned from both the Planning Commission and the Institute to take up a lectureship at the London School of Economics.

The subject of these pages is personal reminiscence of my days at the PIDE during the early years of its development. And yet it does not seem right to completely avoid a discussion of the work at the Institute. In a paper titled *PIDE's Contribution to Development Thinking: The Earlier Phase*, published on the occasion of the golden jubilee of the PIDE, I outlined the principal components of what I consider to have been an outstanding achievement for a research institution anywhere in the developing world. Starting from the scratch, with no national staff to speak of at the beginning of the 1960s, how did it succeed in achieving this height with a vibrant journal; a strong national staff producing the large majority of its research output; a forum where development thinkers from abroad collaborated with the indigenous staff in making major contributions in international development; and a producer of thought that significantly influenced development policy? I shall highlight a few factors that seem to me to have been critical. No doubt others have different and more extensive lists.

There was an entrepreneurial coalition consisting of some members of the bureaucracy and civil society; an international group of economists and advisors committed to the creation of research capability within Pakistan; and an initial donor—the Ford Foundation—willing to commit resources. The sequence of events and the relative importance of the roles of the components in the coalition differ in different narratives about how the Institute emerged.

There was an early recognition by the PIDE leadership that the necessary senior staff—its technical manpower—will have to be created by internal investment by itself. The country did not have a pool of trained economists and demographers who might be attracted to the Institute to build up its staff. There was an acute shortage of highly trained personnel in these, as in most other, fields and the PIDE was in no position to compete with the government and others in bidding for the services of those who were there. It therefore decided to train its future senior staff. It instituted a programme of graduate studies abroad which served as an inducement for the best graduates in economics from domestic universities to join the Institute. Recognising that domestic graduates were often not adequately prepared for graduate studies at best foreign universities, it instituted a training programme focusing on basic development theory and quantitative methods. Right from the beginning the Institute's training activities provided substantial externality: the in-house training programmes were open to economists already working with the government and semi-government agencies; Ford Foundation's scholarship programme for higher studies abroad was expanded and opened up to candidates from outside the Institute which continued to administer it.

The retention rate of the staff trained abroad was high. They were required to serve the Institute for three years on their return, but the high retention rate was not due to the enforcement of this contract. Good performance was rewarded by quick promotion and a work environment that guaranteed autonomy and opportunity for exciting research. I do not think that the Institute could have prevented a member of its staff from leaving merely by enforcing the contractual obligation if the Government wanted his/her services. I myself am a case in point: two years after my return from Cambridge I was offered a high position in the Planning Commission. The Institute countered this by promoting me yet again to the position of Research Director which made me turn down the offer from the Planning Commission.

Within the Institute the 'rule of law' and the avoidance of arbitrary interference were practiced to a very high degree. Publications in the Journal were subject to anonymous peer review to which all, including the Director and the members of the international advisory board, submitted. Non-arbitrary rule of law was undoubtedly a strong factor in improving the commitment of the independent-minded researchers to the Institute.

The broader environment of incentives at the time helped the implementation of all the above. The pull of international brain drain was much weaker than now. The assault of international and national agencies bidding for the consultancy services of the skilled economists was almost non-existent. During the entire period that I was a member of the PIDE staff I never once received a consultancy assignment.

Pakistan had an authoritarian government during the entire period that I have reviewed. And yet the government tolerated independent research whose findings were at times inconsistent with the policies and objectives pursued by the government. The quid

pro quo of the implicit contract was that the Institute avoided involvement in public controversies and direct conflict with the government. The two sides understood the rules: the government accepted that a degree of autonomy and independence had to be guaranteed to enable the finest domestic centre of applied research to produce output that the country could not afford to do without while the Institute understood that the price of this autonomy was self-imposed distance from politically sensitive controversies. This is of course my personal understanding of the implicit rules of the game. Others may have different views.

By the end of the 1960s the core national staff had taken over the leadership of the Institute, producing much of its research and running most of its training programme, relegating the foreign advisors to a supporting role. It had become internationally recognised as the principal centre of applied economic research in Pakistan. The *PDR* had internationally established itself as a major journal of development.

With the passage of time many of the conditions described above changed. As a result the PIDE must also have developed coping mechanisms which enabled it to maintain its preeminent position as a centre of research and attain its new role of a university for graduate-level studies in social sciences. That is a story that must be told by those who have lived through it.

After formal severance from the Institute, my relations with both the organisations succeeding the original PIDE were gradually reestablished. My first visit to the PIDE after 1970 took place in May 1978. By that time I was working for the ILO in Geneva and the PIDE had shifted to Islamabad. The purpose of my visit to Islamabad was to participate at a Conference held at the Institute on Basic Needs, then a recently-emerged focus of development. I have vivid recollection of the visit. It was like returning to an exuberantly-welcoming home that had acquired many new members during my long absence. There was a large reception at the Islamabad Club on the day I arrived; and lunches and dinners every day at the home of or hosted by a former colleague, inevitably starting with Syed Naseem. Besides participating at the Conference, I separately gave seminars at the PIDE and at the Quaid-i-Azam University. Dr Sultan Hashmi was the Joint Director at the time, the Director, Mr. M. L. Qureshi being away. I was deeply touched by the affection shown me during the visit: several retired former colleagues, including Mian Nazir Ahmad, came to see me. I visited the PIDE again in September 1982 when Syed Naqvi was the Director and I was heading the Asian Employment Programme of the ILO. It was then that Dr Naqvi invited me to serve as a member of the Board of Editors of the *PDR*, a position that I held for decades. My most recent visit to the PIDE was in December 1997 when Sarfraz Qureshi, then Director, invited me to attend the PSDE Conference on the occasion of the 50th anniversary of Pakistan. It was a grand celebration where I met many old friends. I was again invited in 2008 by Rashid Amjad, then and now the Vice-Chancellor, to attend PIDE's golden jubilee celebrations. Although I completed and submitted the paper that I was asked to prepare, I had to cancel my visit literally on the eve of my departure due to the back injury that my wife accidentally sustained on that day. Now that the PSDE is holding a special session to remember me at its Annual Conference in 2010, I am once again unable to accept the invitation to attend due to prior travel commitments tied to important family obligations.

I am profoundly grateful to the organisers of the Conference for the extraordinary kindness in holding a special session to remember me. I know I do not deserve this honour. I view this as a reflection of what the friends at the PIDE and PSDE wanted me to achieve rather than what I have actually achieved. The gap between the two is very large, but that could never quite succeed in blocking the flow of PIDE's affection for me.

New York, December 2010

Reflection on A. R. Khan

S. M. NASEEM

Mr Chairman, Vice-Chancellor Rashid Anjad, Professor Hafeez Pasha, distinguished and more importantly, useful members of the audience.

It is a pleasure for me to participate in this Special Session to pay tribute to one of the most illustrious alumnae of IDE, the parent institute of its surviving teams, PIDE and BIDS, Dr A. R. Khan whose presence on this occasion is being surely missed. I wish PIDE had persuaded him to be here and share our feelings and to allow us to share his wisdom during half a century's scholarship in development economics. The PIDE is doing zealot service in development economics by highlighting the life and works of eminent professionals in the field especially those closely associated with it. It is hoped that it will continue to do this in a systematic way and by ensuring their presence on the occasion. I have known A. R. Khan longer than perhaps anyone in the audience largely because there are very few as old as me around. I well remember the day Aziz along with Sadesh Boss landed at lunch time in the large open corridor of the top floor of Old Sindh Assembly building Karachi whose centre was occupied by ping pong table where the Institute's staff and its foreign advisors played Table Tennis at lunch time. The Institute's real champion, John Ferry interrupted his game to welcome the two new staff members of the Institute who had just arrived from Dhaka. Aziz was one of the most productive staff economists in the Institute and produced a paper within six months on the financing of Pakistan's first Five Year Plan which he presented at a seminar on Pakistan economy in Islamabad inaugurated by President Ayub Khan. Aziz represented the PIDE along with John Ferry and myself who presented a joint paper on Planning methodology in Pakistan. All three of us travelled together from Lahore to Islamabad by car with Prof. Fay entertaining both of us with his curiosity and his American-Chinese accent. He was remarkably perceptive human being besides being a first rate economist. In the interest of public exposure I may add that Professor Fay was my mentor and has been a great deal.

My second significant encounter with Aziz was when I had returned from Yale after completing my Ph.D. and spending a year in Turkey and later joined Islamabad University, now Quaid-i-Azam University, while Aziz returned after completing his PhD from Cambridge and continued to research at IDE, Karachi. Aziz and I were both working on the development planning models and both of us did our PhD Dissertations using optimisation technique. He included one of my articles based on my thesis in the Readings on Development Planning Techniques edited by him. He also taught as a visiting faculty, part of my course in development planning at Islamabad University on the Department's invitation. 1966 to 1970 was Aziz's most productive period at IDE. The Seminal critique of Pakistan's ISI(Import Substituting Industrialisation), and not the ISI as you know, development strategy by John Power which is titled "Pakistan's

Industrialisation Strategy—A case of frustrated take-off. It was based partly on the empirical findings of a study done by Aziz which showed that the source of increased demand for industries promoted the end of the ISI strategy and was principally an expansion of domestic consumption far in excess of normal consumption preferences and income growth. Aziz's work was also influenced by that of another Ford Foundation Advisor who became his mentor colleague at ILO and Riverside, Professor Kee Griffin. Griffin's critique of the Pakistani ISI model had a different focus than that of Power. He critiqued Pakistan's ISI strategy for deliberately redistributing income in favour of the treasury and capitalist classes in the hope of promoting higher rates of saving and investment, a strategy that also failed. Griffin's Hypothesis lent support to the grievance of East Pakistanis that resources were being exploited and deployed for the development of West Pakistan. A. R. Khan along with other prominent economists of East Pakistan notably Muhammad Anis-ur-Rahman who founded Islamabad University's Economics Department, Rahman Subhan and Nurul Islam who were his admired teachers in Dhaka University actively participated in supporting the demand for an independent Bangladesh. As a significant contribution taken out of the research at IDE Karachi was an investigation into the behaviour of real wages in Pakistan which led him to his more abiding interest in the income distribution and poverty. This latter interest brought me in touch with Aziz once again when we both worked at ILO first in Geneva and later on in Bangkok. Aziz published a revised study on poverty in Pakistan in the collection of studies on Landlessness and Poverty in Asia. Later we worked together for a year at ARTEP in Bangkok after he searched Prof. K. N. Raj who had recruited me left for Kerala to rejoin his Institute in Tarentum and Aziz succeeded him and after Aziz, Rashid succeeded at ARTEP.

A R. Khan's career as a development economist which started modestly in Karachi took him to various positions of eminence not only in Bangladesh where he became a member of the Planning Commission but also in many academic and research institutions and agencies abroad, including Oxford, LSE, ILO, World Bank and University of California at Riverside. His contributions of research on income distribution and poverty in China are among the most highly valued in their demand. He has been a precious researcher and prolific author of articles and books on various issues in development economics. His quantitative and analytical skill have always raised his contributions and thrown new light on the subject matter. His stratospheric drive in his career as a development economist is a matter of pride for his friends, colleagues, peers and admirers.

Reflection on A. R. Khan

HAFIZ A. PASHA

Dr Naqvi, Dr Naseem, Dr Rashid Anjad,

My reflections on Aziz ur Rahman's work are not based on any personal relationship. I did not have the privilege of knowing him because he is kind of which represents even more senior generations than somebody like me these days are considered quite senior. I want to focus on his material contributions and his contributions as a development economist. His earlier work on Pakistan in the Sixties is really for students who are interested in the economic history of Pakistan, a very useful guide, particularly in terms of the experience in the process of industrialisation which has already been referred to. My own understanding of Aziz ur Rahman's work is that he was somewhat more neutral in his stance with respect to this very strong view of exploitation that had emerged from many of the East Pakistani economists at that time particularly about the trade mechanism being used for the purposes of the transfer of resources from one wing to the other wing of Pakistan. His contribution I feel can be classified broadly speaking now in terms of two or three critical areas. First, I think Aziz made a major contribution to the development of the earlier paradigm of basic needs which was really in some sense an ILO invention and in a sense also was a pre concept of a broader notion of development which subsequently became which was the human development view, of course, also propounded by South Asian economists. More recently I think his contribution has been broadly speaking in different aspects of what we now-a-days refer to as inclusive growth. A lot of his recent work, for example, particularly in China and in Bangladesh and elsewhere in Asia predominantly has focused on issue of growth and inequality, poverty, employment and of course, on implications of globalisation on what is happening to various parts of Asia. So his contributions are really extremely useful for students of development economics today who have time to look at the experience of Asian countries, particularly, major countries like China, Pakistan, Bangladesh and so on. I would suggest very strongly that there is a Bibliography of Aziz ur Rahman's work which is available here today and please have a look at it and I am sure you will find extremely useful articles for your work, particularly on the economic history of the region. So I as an economist feel that my dedication is essentially to the contributions to the knowledge base of development economics that economist of the stature of Aziz ur Rahman has given to us and we are grateful to him for that. Thank you.

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