India hardly existed in a vacuum. On the contrary, [the central planning effort India began after independence] was to have tremendous impact, both as a focus of effort, the greatest laboratory, and as an example to many other nations. For although India was the largest, it was but the first of the newly independent nations to emerge after World War II. As decolonization cascaded with the disintegration of the European colonial empires, the number of independent countries swelled from 55 in 1947 to over 150 by the end of the 1980s (before the breakup of the communist empire). Most were poor; many, desperately poor. Poverty was also endemic in countries whose independence had long predated World War II, as in Latin America.

This specter of poverty was a powerful rallying point. During the war, Franklin Roosevelt had summoned the world to a battle against poverty with the fourth of his four freedoms—the freedom from want. In Britain, the Beveridge Report had simultaneously called for the slaying of the giant of poverty and the creation of the welfare state. Such became the animating spirit for a great effort to bring a better life to what had been called in former days the backward or underdeveloped areas but would soon enough be known as the Third World, or, more optimistically, the developing world.

Idealism and altruism were not the only driving forces. The Cold War confrontation made development a primary concern for Western governments. The Soviet Union was deploying both its development model and its foreign aid to win countries over to its camp. The competition with communism made the American and other Western governments eager to embrace a noncommunist path to development, one that would lead to stability. And the success of the Marshall Plan and postwar reconstruction—and the experience gained therein—not only reinforced the effort but also provided the confidence to proceed. Indeed, the crusade to overcome poverty and despair in the developing world seemed almost the logical continuation of postwar reconstruction. "After the success of the Marshall Plan," the economist Albert O. Hirschman recalled, "the underdevelopment of Asia, Africa, and Latin

America loomed as the major unresolved economic problem on any 'Agenda for a Better World.'"

But how was development to happen? The answer came from a group of economists who enlisted in a crusade. In response to the poverty of newly emerging nations, they fashioned a new branch of the dismal science called development economics and, in so doing, became grand strategists of the crusade. They sought to answer a set of basic questions: What drives economic growth? How can it be accelerated? In a way, these questions had been central to Adam Smith's inquiry in *The Wealth of Nations*, for he had set out to explain "the natural progress of opulence." But in the late 1940s and the 1950s and 1960s, "natural" was unacceptable. For the development economists, the urgent drive was to accelerate—not to wait on what was thought to be a 100-year cycle but rather to see what could be achieved in a decade. They asked how to get something going now. And their work was to prove yet again Keynes's dictum about the impact of "academic scribblers," for their ideas were to be enormously influential in shaping the economic systems of dozens and dozens of countries across two generations of world history. The power of their ideas arose from the fact that they were not only thinkers but also "doers," drawn into the work of design and implementation.

Their beliefs were at least in part an outgrowth of Keynesianism—in the focus on state-driven growth, in terms of the tools of macroeconomic analysis, and in the bedrock of Keynesian self-confidence. The Beveridge welfare agenda also influenced them greatly. But so did India. "Keynes and Beveridge were both proponents of active state intervention," wrote Hans Singer, one of the most prominent of the original development economists. "This preconditioned me to take a direct interest in the problems of development planning, much in vogue in the immediate postwar year, with special focus on India. P.C. Mahalanobis became the prophet (or guru) of the development economists in this respect, and Calcutta became their Mecca."

Idealism, morality, justice, human sympathy, the shock of confronting poverty, the vision of a better world—all of these brought people into the crusade. Their outlook was summed up by Albert Hirschman, one of the most distinguished of the "pioneers of development." As he put it, "These economists had taken up the cultivation of development economics in the wake of World War II not as narrow specialists, but impelled by the vision of a better world. As liberals, most of them presumed that 'all good things go together' and took it for granted that if only a good job could be done in raising the national income of the countries concerned, a number of beneficial effects would follow in the social, political, and cultural realms." The overall objective was to "bring all-around emancipation from backwardness."

Their individual stories help explain their drive to develop an agenda for a better world. Hirschman's life reflected what he called the "calamitous derailments of history." He was born in Berlin, received his Ph.D. at the University of Trieste, served five years in the army during World War II (the French and the American), worked after the war for both the U.S. Federal Reserve and the Marshall Plan, and spent four years as an economic advisor in Colombia. Paul Rosenstein-Rodan was born in Krakow, Poland, and grew up in a world and culture that were to be completely obliterated by the Nazis. During World War II, he helped organize a study group at the Royal Institute of International Affairs in London on the upcoming postwar problems of the underdeveloped countries. His premise was that "if we were to emerge alive, we should not return to the previous status quo but ... form a better world." As he saw it, the challenge after the war was to move from "the national welfare to the international" welfare state. "Not to do enough about inequality of opportunity and poverty when our world resources are sufficient to improve the situation is the real moral crisis," he wrote.

Jan Tinbergen, who was to win the Nobel Prize in economics, was preoccupied with reconstruction as the director of the Central Planning Bureau in the Netherlands after World War II. Then, in 1951, P.C. Mahalanobis invited him to India. Although Tinbergen had seen want as a result of the war in his own country, "the poverty prevailing in India—as a normal situation—was such a contrast that it redirected my thinking and main activities." Arthur Lewis grew up in St. Lucia, in the British West Indies. He left school at 14. A few years later he won a scholarship to the London School of Economics, which launched him on a distinguished career in economics that would lead him, like Tinbergen, to the Nobel Prize. The conquest of poverty was his central preoccupation: Not only should it be conquered, it could be conquered. "My mother had brought me up," he recalled, "to believe that anything they can do we can do." Walt Rostow summed up his vocation by citing a few lines from the poet for whom he was named, Walt Whitman: "All peoples of the globe together sail/sail the same voyage/are bound to the same destination."

The development economists looked to history for guidance. Alexander Gerschenkron's masterpiece, *Economic Backwardness in Historical Perspective*, first unveiled in 1951, was enormously influential. Gerschenkron explored how the industrial "latecomers"—Germany, France, Russia—sought to "catch up" with Britain. He showed that there were many paths by which nations industrialized. The latecomers did not get there by Adam Smith's route. Rather, they seemed to move in double or triple time, via much more intense involvement by the state—through the direction of investment and a close alliance among government, finance, and industry. This perspective suggested ways to mobilize capital in the face of inadequate institutions and proved that governments could close the gap and provide the means for speeding up the "progress of opulence." And it struck a deeply responsive chord for the development economists, who were seeking to close the gap for the "late latecomers."

Certain basic assumptions served as the underpinnings for development economics. The Third World was abundant in land, labor, and natural-resource potential, but what it desperately lacked was capital. Without capital, markets were disabled or even absent, and the signals they sent were unreliable. The developing countries needed infrastructure—roads, railways, electric power—to provide the foundations for a modern economy, and markets in their then-truncated state were unlikely to mobilize the vast sums of capital such projects required. Governments would have to do it instead, because, unlike private financiers dogged by shareholders in search of near-term paybacks, governments could assume the risks and bear the responsibilities of investments that might take decades to mature.

The development economists were doubtful about the market and its vigor, and for this reason, they were suspicious of the private sector in the developing countries. It seemed desperately small: In the colonies of Africa, it had been kept confined to the traders of basic goods—surely no base for industrialization. Where a larger private sector existed, especially in Latin America, it appeared to consist of a handful of excessively wealthy families, which were content with what was regarded as an "exploitative" social order and were loath to accept change. In short, either the private sector would pursue special interests rather than the "public good" that Nehru had articulated or it would lack the capability, vigor, and "heart" to get the job done. But if they were inherently pessimistic about the private sector, the development economists were optimistic about what governments could do. The result: "the conviction that, in underdeveloped areas, industrialization required a deliberate, intensive, guided effort." There was not to be the "storming" of the Soviet Five-Year Plans. Rather, there was to be a concentration of effort and capital—variously called the "big push" or the "take-off" or the "great spurt" or, less colorfully, "backward and forward linkages"—that would carry the developing country into a new reality.

To be sure, some development economists focused, with more optimism, on the effectiveness and utility of markets, prices, and international trade. Drawing upon his work with rubber farmers in Malaya and traders in West Africa, P.T. Bauer argued that entrepreneurship existed in the Third World, too, and that the sum of the efforts of the entrepreneurs would be much more efficacious than government direction. But critics of mainstream development economics like Bauer were considered eccentric and off the mark. As the 1930s had discredited capitalism, so had it discredited market-focused economics. Instead of concentrating on how markets worked, economists emphasized the imperfections and failures of the market. The dominant view in development economics envisioned a much larger—and central—role for government. The obvious way to correct the imperfections was with a strong state.