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Introduction

Polly Vizard

On 28 October 2010 an event was held in the Old Theatre at London School of Economics (LSE) to celebrate the work and legacy of Professor Lord Meghnad Desai in the year of his 70th birthday. The gathering brought together lifelong colleagues from academia, politics, publishing, the press and media, students, friends and family from the United Kingdom, India and beyond, reflecting Meghnad's diverse work over the decades in economics and the social sciences and, outside academia, his broader contributions to political and intellectual life.

Mary Kaldor, Professor of Global Governance and then Co-Director of LSE Global Governance (which Meghnad founded), introduced the event. She suggested that it is hard to characterize Meghnad Desai's work given that he is so eclectic in both subject and views. However, perhaps one way to describe him is as the true 'globalizer'. Neoliberals tend to support the free market and free movements of capital but not the free movement of labour and/or human rights or the extension of international law. For the left, it may be the other way round. They want respect for human rights or the right to move freely but not free trade or free movements of capital. But Meghnad supports globalization in *all* its aspects. This is what has made it so appropriate that Meghnad founded the Centre for the Study of Global Governance (subsequently LSE Global Governance) – which focused on the challenges of globalization.

Professor (Emeritus) Charles Goodhart, Director of the Financial Regulation Research Programme at LSE, first arrived at LSE in the 1966/67 academic year, by which time Meghnad was already in the Economics Department. He spoke of Meghnad's dedication to the School and to their shared project of putting the 'political' back into political economy. He recollected Meghnad's propensity to file stacks of papers in heaps across his office floors – through which others could only wade at their peril! He also spoke of Meghnad's warmth, welcome, generosity – a veritable LSE Buddha!

Clare Short, former Labour MP and Secretary of State for International Development, spoke of Meghnad's 'loveable and admirable' character, his contribution to scholarship and wisdom, and to making the world a better place – all unusual and attractive qualities. She highlighted Meghnad's role in creating the Human Development Report – which became a document in taking forward universal values and human rights – as well as the broad sweep of scholarship and understanding of left-wing economic and political thinking captured and reflected in *Marx's Revenge* and Meghnad's honest engagement within the sometimes difficult and turbulent life of the Labour Party.

Dr Purna Sen, Head of Human Rights at the Commonwealth Secretariat and one of Meghnad's former students, highlighted Meghnad's broader intellectual contributions as well as his personal commitment and leadership on personal freedom and on issues around non-discrimination, gender equality and social justice. Meghnad's influence in these areas extends beyond the reach of economics and even the social sciences into history and literature, reflected in such different contributions such as Meghnad's recent novel and his biography of the Indian film star *Dilip Kumar*, which Meghnad often describes as his greatest achievement. Purna Sen also highlighted a shared interest with Meghnad in the Bengali novelist Sarat Chandra Chattopadhyay. She drew a number of parallels between Sarat Chandra's promotion of the cause of women and Meghnad's own personal commitment and stand on the issue of personal freedom.

Professor Amartya Sen, Nobel Prize Winner in Economics and friend for more than forty-five years, remembered meeting Meghnad when he arrived at the University of California at Berkeley in the mid-sixties where Meghnad was already established, and where student unrest was spreading on campus. He also told of staying at Meghnad's apartment when he came to London. He recalled the great influences on Meghnad's thinking, Marx and Hayek, and commented on the style of Meghnad's delivery – combining levity and wit on the one hand with facts and analysis on the other – a combination, he suggested, that Meghnad shared with another great friend, Ken Galbraith. Meghnad's direct and provocative style had broadened knowledge and understanding and shaken conventional wisdom. Economics as a discipline, he suggested, raises extraordinary questions and invites us to inform, annoy, analyse, provoke and entertain. The great thing about Meghnad is that he has done all of these!

Former colleagues and friends who were not able to attend on October 28th sent messages – and others left messages in a book. Howard Davies, former Director of LSE, noted Meghnad's continued energy and commitment towards the LSE even in retirement. Another message was from Nick Stern, who wrote:

There are many very funny Meghnad stories associated with his wonderful quick wit and irreverence (and resemblance to Don King!). One of my favourites recently was when he was accused in the press of stabbing Gordon Brown in the back, after he had made some typically derogatory remark comparing him with his predecessor. When I asked Meghnad what he thought about such an accusation, he said with outrage, 'I didn't stab him in the back, I stabbed him in the front'.

Of course Meghnad has given his friends so much intellectual stimulation over the decades and lots of good stories. But of special importance for me is his quite extraordinary humanity and emotional support. In particular, when I was very down after the death of my father eighteen years ago, Meghnad walked me to and fro across Waterloo bridge helping me to understand the notion of acceptance, and he helped me greatly by relaying how hard it had been for him when he had lost his own father. I did, of course, receive much kindness around

that time from many good friends but Meghnad was special. There is so much to celebrate about this extraordinary friend, human being and academic. I am very sorry I can't be with you on 28th, and wish you all the very best for the occasion.

Meghnad was born in Vadodara (formerly Baroda) in India in 1940 and was awarded a first degree from the University of Bombay in 1958 followed by a Master's Degree in 1960. Against all expectations, rather than entering the Indian Civil Service, he took up a scholarship at the University of Pennsylvania, where he completed a PhD in 1964. Following Pennsylvania, Meghnad took a job as an Associate Specialist at the University of California, Berkeley in the Department of Agricultural Economics – and where the student movements of the sixties erupted on the campus around him. He was appointed as a lecturer at LSE in 1965 where another student rebellion was soon to unfold. Meghnad became a Professor of Economics at LSE in 1983 and was Convener of the Economics Department 1987–1990. He was Head of the Development Studies Institute at LSE 1990–1995, Founder Director of the Study of Global Governance (now LSE Global Governance) 1992–2003 and is currently LSE Professor Emeritus of Economics.

Meghnad is the author of thirteen books and editor or co-editor of a further eight. His CV also lists more than seventy-five book chapters and sixty-eight contributions to journals. He has held numerous visiting professorships and fellowships and has undertaken consultancies for a wide range of organizations including the United Nations Food and Agriculture Organisation (UNFAO), the United Nations Conference on Trade and Development (UNCTAD), World Bank and the United Nations Development Programme (UNDP). He was co-editor of the *Journal of Applied Econometrics* 1984–1991 and a member of the editorial board of the *Journal of Economic Surveys*, *International Review of Applied Economics*, *Pakistan Journal of Applied Econometrics*, *Journal of Quantitative Economics* (India), *Journal of Economic Dynamics and Control*, *Ethnic and Racial Studies*, *Review of Economic Studies* and *Review of International Political Economy*. He was created Lord Desai of St Clement Danes in 1991 and holds honorary degrees from the Universities of Kingston, Middlesex, East London, London Guildhall and from Monash University Victoria, Australia. Other honors received include the Pravasi Bharatiya Puraskar 2004 (award for Distinguished Overseas Indian from the Government Of India), the Distinguished Indian Alumnus Wharton School of Finance and Commerce 2004, Fellow of the Royal Society for Arts 1991, Bharat Gaurav awarded by the Indian Merchants Chamber 2002, Honorary Fellow of the London School of Economics 2005, Founding Fellow of the Academy of Learned Societies in Social Sciences and Padma Bhushan (awarded by the President of India 2008).

Meghnad's research agenda over more than half a century has ranged from Marxian analysis and economic crisis; through applied econometrics and monetary economics; unemployment, poverty and famines; the role of

private markets and the state; human development and alternative measures of wellbeing; liberalization and globalization; and Indian development and reform. His work has engaged with many of the great economics debates of the post-World War Two era – from socialist planning and the ‘transformation problem’; through the dynamics of capitalist growth and the causes of depressions and cycles; Keynesianism and monetarism; structural adjustment and the opening up of markets; and the challenges of governance in a globalized world. His first books were *Marxian Economic Theory* (1974), *Applied Econometrics* (1976) and *Marxian Economics* (1979). *Testing Monetarism* (1981) highlighted the importance of developing rigorous empirical methodologies for testing the validity of economic theories. A collection of his many journal articles were published in the two volume collection *Macroeconomics and Monetary Theory and Poverty, Famine and Economic Development – The Selected Essays of Meghnad Desai* (1995). The renowned work *Marx’s Revenge: The Resurgence of Capitalism and the Death of Statist Socialism* was published in 2002. This was followed by *Development and Nationhood: Essays in the Political Economy of South Asia* in 2004, *Rethinking Islamism* in 2006 and *The Rediscovery of India* (2009).

At LSE Meghnad taught on a wide variety of courses including economic principles, econometrics, Marxian economics and development. Members of successive cohorts of LSE students over the decades have strong memories of Meghnad’s lectures. Professor Kaushak Basu, once a student at LSE, recalls Meghnad’s economics course – the one that started with Sraffa. Other former students remember Meghnad’s emphasis on challenging the underlying assumptions sometimes made in theoretical economic models (such as ‘no involuntary employment’ and ‘trade independent security’) and on subjecting such models to rigorous empirical testing. Still others were influenced by his use of the power of mathematics to capture complex economic ideas; the breadth and scope of his interdisciplinary knowledge and analysis; and his ability to do all of this in two hour lectures without notes. Meghnad was also famous amongst students for his participation in student parties – where he generally partied harder than the students! And he played an important role in negotiating between the students and the School both during the student movements of the sixties and years later during key campaigns (such as that around South African divestment).

Beyond academia, Meghnad has played an active role in political life. He was Chairman, Holloway Ward Labour Party of the Islington Central Constituency 1977–1980 and Chairman of the Islington South and Finsbury Constituency Labour Party followed by a period as President. He has undertaken a range of community activities and was a non-executive director of The Indian Film Company 2008–2010. Meghnad has also become a well-known and lively commentator on the Indian scene, with regular contributions to the columns of newspapers such as the *Indian Express*. In addition to the biography *Nehru’s*

Hero: Dilip Kumar in the Life of India (2004), contributions to broader political and intellectual life include a book on Ezra Pound (2006) and a novel (*Dead on Time* (2009)). When Meghnad turned seventy the *Daily Mail* congratulated the ‘wild-haired Labour peer and economist’ – noting that his birthday would be followed by a debut in a film with a cast including Bollywood legend Om Puri.

The current volume follows on from the event to celebrate Meghnad’s life and legacy last October. We have tried to bring together contributions that reflect Meghnad’s broad research interests and engagement with economics and the social sciences over the decades. It includes contributions from a wide range of individuals whose own work relates to Meghnad’s in a variety of different ways.

The collection begins with a chapter by Robert Skidelsky, who suggests that the strength of Desai’s account in *Marx’s Revenge* is that he is one of the few professional economists to take Marx’s economic seriously. As Meghnad shows, what Marx established was that capitalism, uncorrected by state policy, was likely to experience deep business cycles. This was in itself an important finding and challenged the equilibrium reasoning of mainstream economics. However, whereas Marx’s dialectics pointed to a ‘final crisis’, his economics did not. He failed to prove that capitalism would collapse or that the causes of crisis would be fatal. This, Skidelsky suggests, was Marx’s Tragedy. Further, as Desai shows in the second volume of *Capital*, Marx devised a model in which capitalism results in stable growth, possibly for hundreds of years.

Meghnad’s interest in monetary theory is reflected in the contribution by Professor Charles Goodhart, who highlights the need for new forms of financial regulation in the wake of the 2007 financial crisis. One lesson of the crisis is that prior methods of financial regulation were insufficient and the chapter discusses the need for, and forms of, macro-prudential supervision. The achievement of price stability does not guarantee financial stability and financial *instability* can imperil macro-economic outcomes. Further, ‘comfortable assumptions’ about the behavior of banks fell apart after the summer of 2007 and a tougher regulatory regime is required. Yet central banks have traditionally only had at their disposal a single instrument – namely, the ability to control and vary the official short-term rate of interest. Goodhart addresses the search for a broader range of macro-prudential counter-cyclical instruments which could potentially be wielded by central banks. The main instruments, he suggests, are capital and liquidity ratios. These may be extended or adjusted in a variety of ways (e.g. Pigovian taxes).

Dr Jennifer Castle and Professor David Hendry contribute to the volume a chapter on econometric modelling. In the preface, Hendry recollects Meghnad being one of his mentors at LSE when he became a MSc student, and of interacting with Meghnad in the Quantitative Economics Seminar run by Denis Sargan and Bill Phillips. The chapter challenges conventional wisdom by questioning approaches to econometric modelling that are exclusively based

on pre-specified theoretical economic models rather than model selection strategies. According to Castle and Hendry, the assumption that theory models are correct, complete and immutable is totally unrealistic – a type of economic ‘folklore’ that fails to recognize that such models can at best be incomplete, rough and evolving guides to some of the dependencies in economies – with many features of reality not covered. There is an important link here with Meghnad’s own contributions to econometrics – including his insistence on the need for rigorous empirical testing of theoretical economic models.

Jagdish Bhagwati, Professor of Economics at Columbia University, turns to the subject of Indian reform. He contrasts two narratives on the Indian experience – the optimistic narrative, which highlights the successes of neoliberal reform and the potential for India’s growth rate to overtake that of China; and the sceptical narrative, which asserts that economic growth has ‘lacked a human face’, increasing inequality and immiserizing the poor. Bhagwati supports the optimists. He discusses how from the early 1990s, under the forceful leadership of Prime Minister Manmohan Singh, the Indian economy was opened up and a programme of economic reform was implemented. Enhanced rates of economic growth have, he contends, reduced poverty whilst not increasing inequality on reasonable measures – as evidenced by polling data on the self-reported position of disadvantaged groups, studies of the economic outcomes of ‘scheduled castes’ and ‘scheduled tribes’ and analyses of inequality using the Theil Index.

Dr Purna Sen moves on from issues of human development to questions of individual freedom and human rights. At the event at LSE in October 2010, Purna Sen spoke of Meghnad’s interest in and personal commitment to the principle of individual freedom. Purna takes up this subject in her contribution to the current volume, comparing evolving public policy frameworks in India and Nepal with a particular focus on sexuality. Struggles for personal freedom in the sphere of gender relations are compared and contrasted with struggles for respect and legitimacy in relation to gay, lesbian and transsexual lives.

Professor John Harriss, who worked with Meghnad Desai as the first Programme Director in Development Studies at the LSE in the early 1990s, also focuses on questions of Indian development. Harriss explores the nature and importance of a volume jointly co-edited by Desai, the eminent political scientist Susanne Hoeber Rudolph from the University of Chicago and the Bengali economist the late Ashok Rudra in 1984 (*Agrarian Power and Agricultural Productivity in South Asia*). He examines the ideas put forward in this book and evaluates their importance in light of the changed circumstances of the present after almost thirty years in which India has generally experienced higher rates of economic growth than before, and in which agriculture now accounts for less than 20 per cent of GDP. He concludes that although times have changed since *Agrarian Power and Agricultural Productivity in South Asia* was written – on the cusp of major transformations in the Indian economy which understandably it did not anticipate – its assessments of the trends in

the agricultural economy at the time it was written, and of changes in agrarian relations, were in many ways remarkably prescient.

Professor Mozaffar Qizilbash's chapter begins by considering Meghnad's contribution to the human development paradigm. Desai's classic paper 'Human Development: Concept and Measurement' presented an initial formulation of the Human Development Index which has proven to be influential; whilst a paper on measuring freedom was another notable contribution. Qizilbash's particular concern in the chapter is, however, with the issue of disability. He suggests that the human development paradigm is a fruitful basis for examining issues relating to disability, because it does not simply characterise human beings as a means to higher levels of income growth and production. There are also advantages in the context of justice and the evaluation of the quality of life to thinking about disability in terms of the capability approach, which has connections with the social model of disability, but provides a more generalized framework for analysis.

Montek S. Ahluwalia, who is currently the Deputy Chairman of the Planning Commission, Government of India and also the Sherpa for India for the G20 Summits, turns to the subject of the G20 and its role in global governance. He begins by presenting assessment of the performance of the G20 in the first two years when it was dominantly concerned with managing the global crisis. The chapter then examines the challenges facing the G20 in undertaking a more holistic reform of the international monetary system. Other tasks before the G20 are discussed and some comments are made on the issue of the legitimacy of the G20 as a mechanism for improving global governance. Ahluwalia concludes that the G20 did fairly well in the first two years of its existence both in managing the crisis and in making progress on improving the structure of regulation in the financial sector and also in strengthening IFIs. However, its effectiveness in bringing about macro-economic coordination among sovereign countries through the MAP process has yet to be established. Something like the MAP is necessary for the effective functioning of what is now a highly inter-connected global economy but it will be a long haul and countries should prepare themselves for a rough ride.

Finally, the chapter by Held, Kaldor and Quah turns to the current challenges of global governance and expresses the thinking of the former Co-Directors of LSE Global Governance. It argues that contemporary crises, whether natural disasters, banking collapse, or war, are interlinked. They all have to do with the transformation of our social, economic and political relations in the last few decades and the failure of our governing institutions to adapt to this transformation. In particular national institutions are incapable of grappling with problems of global scope yet the emerging family of international institutions is highly fragmented and lacks mechanism of accountability.

We begin, however, with an interview with Meghnad about his work and life, at the House of Lords in February 2011.