

Chapter 2

ERIK THORBECKE: GROWTH AND ROOTS

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1. GROWTH

‘That’s where they allowed him to grow’; this, in retrospect, was observed by Mrs. Charla Thorbecke about Iowa State University, where her husband began his career: assistant professor (1957-1960), associate professor (1960-1963), and professor (1963-1973), interrupted by two years at the Agency for International Development (1966-1968).

In 1957 Erik Thorbecke, then 28, received his Ph.D. with the thesis ‘The Tendency Towards Regionalization in International Trade’, published in 1960 by Martinus Nijhoff in The Hague, The Netherlands.

From the regionalization in world trade his interest in research went to the related but new and topical phenomenon of economic integration in Europe, the continent of his ancestry; it was studied from the perspective of the US and of the pattern of world trade (Thorbecke, 1961, 1963). Somewhat later Bela Balassa invited him to evaluate the Common Agricultural Policy (CAP) of the EEC (then, EU now). In cooperation with Emilio Pagoulatos a model was built to analyze the CAP’s effects on trade and welfare. It was concluded that the CAP had increased protection of EEC agriculture, raised its degree of self-sufficiency, had led to a concomitant relative decline in extra-EEC imports and to considerable trade diversion; as a consequence the CAP had hindered the migration of labour out of agriculture into more profitable sectors and thus had reduced aggregate growth (Thorbecke, 1975).

2. A QUANTITATIVE APPROACH

Erik Thorbecke studied at the Netherlands School of Economics (now Erasmus University) from 1948 to 1951, where Professor Jan Tinbergen taught quantitative methods for economic research.

These lessons were applied when Erik Thorbecke was invited to contribute to a volume in honour of Jan Tinbergen, which was published in 1974. Together with A. Field a model of world trade was developed comprising 10 trading regions, with the Sino-Soviet bloc taken as exogenous; this was unique because till that time the most disaggregate model of world trade had distinguished only 3 regions. The model was demand oriented, of a short-term nature. The 10 regions were linked by import functions, specified differently for developed and developing regions. The model, containing 78 equations, was estimated and was shown to perform relatively accurately in explaining the changes in the endogenous variables over the sample period, 1953-1967.

Tinbergen's approach inspired many other quantitative publications in a number of areas; among others:

- The Theory of Quantitative Economic Policy with Application to Economic Growth Stabilization and Planning (1973)
- Planning Techniques for a Better Future (1976)
- A Multisectoral Framework for the Analysis of Labor Mobility and Development in LDCs (1988)
- A Multiplier Decomposition Method to Analyze Poverty Alleviation (1996)
- A Stochastic Social Accounting Matrix for Modeling (2003).

Erik Thorbecke did not confine himself to his study and lecture room. He went out to give advice to governments of many countries, among which Brazil, Indonesia, Kenya, Peru, the Philippines, and his own country, the US; he advised President L.B. Johnson on the world food problem (1967) and President W.J. Clinton on the GATT-round of negotiations (1994).

3. WILLEM JOHAN RUDOLF THORBECKE

When his father, Willem Johan Rudolf Thorbecke (1892-1989), died, Erik wrote 'Some Memories and Vignettes':

"My father was extremely quick witted and possessed a sharp sense of humour. He was a master of the repartee.

He was always very well dressed, well mannered and courteous. He was happiest when he could make you laugh, with him, or even at him.

He was an eternal optimist. To friends he could offer sound advice, with a light touch and good humour, emphasizing the positive elements of any situation, however bleak.

He had a keen intellectual curiosity, originality and independence of spirit. When in diplomatic service in China in the 1930's, he met with Teilhard de Chardin, and was much taken by the themes which would eventually culminate in 'The Phenomenon of Man' (1955).

My father was attracted by the search for a global, scientific and evolutionary humanism. He looked for universal, integrative forces and solutions. In particular, later as a political scientist and university professor, the themes of his books dealt with global integration, and also with improving East-West relations at a time, in the 1940's and 1950's, when this was not a particularly popular or even acceptable view.

Later, in the Hague, he met with Professor Jan Tinbergen and was much impressed by his attempt at global economic analysis and vision."

4. JOHAN RUDOLF THORBECKE

In the history of the Netherlands, Johan Rudolf Thorbecke (1798-1872) is a prominent prime-minister, if not the most important one. He designed a new constitution (1848), implemented in advance of his first term of office (1849-1853). His constitution has been described as an 'act of liberation' (Romein, 1979). It shifted power from the king and nobility to parliament. But it did more than that; Thorbecke insisted that the constitution should not be just a formal piece of paper, but a 'national force' for emancipation. And indeed, his constitution created the conditions for emancipation to continue and eventually to encompass all classes of society; this included the franchise, which was limited to wealthy men only in 1849, but evolved to include all adult citizens by 1919. He insisted that government should be truly public and open.

Earlier, in the 1820's and 30's, as a professor of diplomatic history, in Ghent and later in Leiden, he analyzed the changes that took place in the community of States in Europe, which provided a foundation for his thinking on a new constitution.

Thorbecke was three times prime-minister (1849-1853, 1862-1866, and 1871-1872). His legislation, other than the constitution, reflected the areas of additional interests:

- International trade; his legislation brought about the transition of the Netherlands to free trade and the abolition of slavery.
- Economic development; he foresaw an increasing role of the government, and promoted education and large scale infrastructure.

- Poverty alleviation; he was concerned that economic development through industrialization would be accompanied by poverty among the workers: ‘It is not only the increase of national product that counts but equally its distribution’.

5. MEANDERING AND EQUILIBRIUM

The areas of Erik Thorbecke’s interest and work are reflected in the themes of the conference in his honour ‘Poverty, Inequality and Development’, held at Cornell University, October 10-11, 2003; consequently, these themes are also represented in this volume.

In his closing address, Erik Thorbecke observed that he had ‘meandered between topics’ and – as this would imply a somewhat aimless movement – he added ‘with some logic, I hope’. He observed furthermore that such a variety is not an option open to young academics nowadays; they have to specialize in a narrow field and stick to that. And: ‘Interaction with colleagues is important; my research has evolved over time through interaction’.

In this perspective he then gave an overview of his work and career, which in 1952 started in the area of international economic relations, inspired by Professor J.B. Condliffe. In 1962, when advisor to the National Planning Institute of Peru, he was struck by the existing regional differences in income: ‘It opened my eyes; and – henceforth – I wanted to work on development’. This – among others – resulted in a conference in Iowa and the volume: ‘On the Theory and Design of Economic Development’, edited with Irma Adelman.

Work in the World Employment Programme of the ILO started in 1972 and resulted in the Basic Needs Strategy. Being invited to Kenya to apply this approach caused a shift in interest again: to poverty; together with James Foster and Joel Greer a class of decomposable poverty measures was developed, still the standard today.

Meeting at the ILO with Richard Stone inspired research on the Social Accounting Matrix as a basis for development planning, leading – among others – to a World Bank publication in 1985.

In the 1980’s interest rose in the role of institutions in economic development; a special issue of World Development explored this topic, edited by Erik Thorbecke together with, again, Irma Adelman.

The meandering between topics did not imply that interest in previous topics was lost; research in these areas continued as well.

Erik Thorbecke's list of publications counts 174 items now (reviews not included), with new studies still being added. The latest paper is with Henry Wan on East Asia's Development Model (May, 2004).

In his closing address Erik Thorbecke did not explicitly go into the internal logic of his meandering; but it can be found in his focus on economic development: in international economic relations, in economic integration, and above all for alleviating poverty; and on constructive policy making towards that end.

He did mention however another constant factor in his life, when he looked at Charla, his wife for nearly 49 years then, more than 50 years now, and said: 'a long-run equilibrium is a stable equilibrium'.

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