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THE ROLE OF MANAGEMENT IN ECONOMIC DEVELOPMENT

An address to the International Conference on Management in a Developing Economy, held at Teheran from the 24th to the 27th of April 1965

May I begin by congratulating the organizers of this Conference both upon their subject and their meeting place. They have chosen a subject which, if I am not mistaken, is of quite pivotal importance in any consideration of economic development — a subject of the most vivid contemporary interest. And they have brought it about that we are to discuss it in this splendid setting in the context of a great civilization whose glory and continuity stretches back to the beginnings of recorded history. I suspect that problems of administration were receiving orderly discussion in this ancient state when the inhabitants of most western countries were still roaming the woods and hills in a condition of naked barbarism.

The theme of your conference is Management in a Developing Economy: and at the outset of this address I should like to make plain the limitations of my competence to speak on this theme. I have never been a manager in what it is now fashionable to call a developing economy, although I hold several business posts in the United Kingdom — an area whose development, we hope, has still quite a long way to go. Nor, in my rôle as a professional economist, have I ever made any close study of the detailed problems of management in such economies. Since, therefore, I do not believe in talking of matters of which one has not some direct experience, I should regard myself as wholly bogus, if on this occasion I were to pretend to any competence on that plane. All that I can do is
to present certain reflections on economic development in general and of the rôle of management and problems associated therewith in that context.

I have a further reservation which I should like to make explicit. In recent years, in many quarters there has developed a habit of dividing the countries of the world into two groups, the developed and the under-developed, and talking as if the economic principles and precepts applicable to the one were different from those applicable to the other. I think this can lead to dangerous misapprehensions. To my way of thinking, there are as many differences as there are similarities in the actual position of the various countries usually described as under-developed; and much confusion may arise by speaking as if their main problems were similar. Moreover, I do not accept any sharp contrast between the developed and the under-developed. Where, for instance, are to be grouped the economies of Canada or Australia? The fact is, surely, that most economies have development potential, that most of us aspire to further development and that although, according to the circumstances of particular positions, different economic policies may be desirable, the underlying principles of economic analysis are applicable to all. It is a great mistake to suppose that analysis of the conditions of economic progress is something new—a product of the period since the second world war. *The Wealth of Nations*, Adam Smith's great foundation treatise, was principally concerned with just this problem; and it is safe to say that most—though not all—of what has happened since in economics has had the same interest in view, either directly or indirectly.

That certainly will be the perspective of my remarks this morning. I shall talk in the most general terms of the broad factors in Economic Development and the part played by management therein. I shall ask how the supply of successful management and its quality may be increased and I shall conclude by saying a little about the general conditions prerequisite to successful management. I shall assume throughout,