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DEV CENTRE

Development Centre Studies

# Development is Back



OECD



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Chapter 13

## Origins of the OECD Development Centre

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The Development Centre, whose 40th anniversary we are observing this month (October 2002) was created on the initiative of the United States. In what follows, I will say something about what the US government was trying to do, where the underlying idea came from and the bureaucratic and political processes within the government that led to the final result. I was at the centre of internal government discussion almost from its beginning until the final vote in the OECD. The idea of a Development Centre in OECD was first given public expression in a speech by President Kennedy to the Canadian Parliament in Ottawa on May 17, 1961. Speaking of OECD and the Development Advisory Group, he said: "I propose further that the OECD establish a Development Centre, where citizens, officials, students and professional men of the Atlantic areas and the less developed countries can meet to study the problems of economic development."

Where the idea came from remains something of a puzzle. The Kennedy archives show that the first draft, written by presidential speech-writer, Ted Sorenson, did not contain that sentence. A later draft showed it was an insert, but with no indication of where the suggestion came from<sup>2</sup>. We also know that Thorkil Kristensen, the first Secretary General of OECD, met briefly with the President at the end of February, the occasion being the US ratification of the Convention that transformed OEEC into OECD, but there appears no record of whether it was more than a courtesy call.

The broader context of Kennedy's Ottawa speech is worth noting. It was a recital to the Canadians of the tasks in which they and the US — and by implication the rest of NATO and the "West" in general — needed to cooperate. First, was strengthening our military power and commitment to containing the Communist bloc; second, promoting our own economic growth; third, assisting the spread of freedom by helping promote economic growth in the less-developed world. All this reflected the Cold War context of the time, and, indeed, the themes of Kennedy's presidential campaign.

During the early summer of 1961, the concept of the Development Centre was further elaborated by me and Kenneth Hansen, Assistant Director of the Bureau of the Budget for International Affairs. We added a new element to the purposes of the Centre, not mentioned in the Ottawa speech: the Centre should assist the process of economic and social planning and policy making in the developing countries. Such assistance would take the form of securing experts who would spend substantial periods of time in these countries, helping them formulate their development plans, training the relevant officials in their governments, setting up continuing training programmes and advising them in particular in their negotiations with the IBRD and the IMF as well as bilateral aid donors.

The new element reflected the ideas and experience of Edward S. Mason, Professor of Economics at Harvard and his colleagues. Mason had organised a Development Advisory Service at Harvard with both foundation and US government support. DAS teams had operated in Pakistan, Iran, and Greece, beginning in Pakistan in 1954. Two former leaders of such teams had joined the new administration in Washington: David Bell (Pakistan) as Budget Director and Kenneth Hansen (Iran) as Assistant Director for International Affairs. While I had not served in any of these teams, I had discussed their work with Mason and some of them, particularly with respect to Greece. After going to Washington, I continued these discussions by correspondence and by telephone.

The next step in the summer of 1961 was to discuss the ideas for the Centre with the officials concerned in the State and Treasury Departments, the International Cooperation Administration (ICA — predecessor to the Agency for International Development), and the Development Loan Fund (soon to be absorbed into AID). These discussions addressed the fact that a somewhat similar institution was being proposed within the World Bank, and also, independently, as a part of a proposed UN Development Authority. The discussion within the US bureaucracy led to the conclusion that creating the Centre under OECD auspices was the better choice. It would be more likely to sustain autonomy and independent judgement there than in the Bank, where it would be seen as another instrument of Bank policy, subordinate to its operating activities. The more ambitious proposal for a UN development authority was also rejected; there was strong scepticism about the UN's capacity to create an effective operation.

The United States presented its proposal for an OECD Development Centre to the Development Advisory Group meeting in Tokyo, on February 1961. In the document circulated to DAG members, two paragraphs characterised the purposes of the Centre as follows:

The main purpose of the OECD Development Centre would be to stimulate contracts and the exchanges of information and ideas among the industrialized and less-developed countries, and to increase knowledge about and help achieve economic growth in the less-developed countries.

In pursuit of these purposes, the OECD Development Centre could hold seminars and conferences, sponsor research projects, provide research grants to individuals and groups in the industrialized and less-developed countries, publish studies and proceedings, make available library and other facilities, and provide professional assistance in the preparation of development plans. As appropriate, it might include on a continuing basis programs already under study or proposed by the Development Assistance Committee of the OECD. It would also be free to initiate programs on its own and respond to requests for professional advice and assistance from the less-developed countries.

The Members of DAG responded favourably to the US presentation, requesting that it be studied further. Thorkil Kristensen, Secretary General of OECD, subsequently appointed an expert Advisory Committee to report on the proposal consisting of Roger Gregoire (France), Palamadai S. Lokanathan (India), Edward S. Mason (United States) and Jan Tinbergen (Netherlands). The Committee reported in February 1962, recommending the creation of the Centre, sketched its functions and discussed its initial scale and costs<sup>3</sup>. The report lists six functions for the proposed Centre, the third of which was “to provide and arrange for the provision of advisory services to less-developed countries...” Observing that there are efforts by others in this area, three reasons for the proposed Centre are offered: some less-developed countries may prefer the Centre to existing sources; the Centre may have a particularly effective group of personnel for this work, especially Europeans; the needs are great and growing and the abilities of other organisations to meet them are limited. The report also recommends that the Centre not solicit requests for adversary services but wait for requests, perhaps arising from suggestions by DAC or the Secretary General in the course of their normal work with developing countries.

The other five tasks listed are: 1) providing training instruction for professional and technical personnel involved in development planning and economic and social policy making; 2) arranging seminars and study conferences for people in both member countries and developing countries; 3) promoting the creation of facilities for training persons in developed Member countries to work in less-developed countries; 4) promoting research activities in relevant subjects; 5) advise about training facilities for people from less-developed countries.

The report does not make clear whether these tasks are listed in priority order. In an appendix to their report, the experts discussed two possible scales for the Centre, and their costs (including some overhead and support costs that it expected OECD to provide): either a scale of six senior and six junior members, or one senior and ten junior, and two large conferences and six smaller meetings each year; at costs of \$420 000 (1962) and \$620 000 respectively.

At its meeting in Paris in March 1962, the Development Advisory Committee (DAC) (DAG renamed after OEEC became OECD) further discussed the proposal for a Development Centre in OECD and the experts' reports and recommended to OECD that it go forward with the Centre<sup>4</sup>. In the next meeting of OECD, in October 1962, the Centre was created, and began to function early in 1963.

In between the two Paris meetings, I initiated efforts to secure funding for the Centre in addition to what the regular OECD budget would provide. I approached the Ford Foundation for the possibility of its providing \$100 000 a year for five years, and also discussed with US officials in the State Department, the Agency for International Development (AID) and the Bureau of the Budget the possibility of providing funds directly to the Centre in addition to the US contribution to OECD. I do not know the outcome of these efforts.

Looking back over the four decades of the Centre's life, it is clear that one of the purposes featured in the US proposal was never taken up — the provision of advisory services on development planning and economic policy to developing country governments. Its research efforts, beginning with the fundamental work of Goldsmith and Maddison on organising a consistent statistical record of basic economic measurements for the developing countries, have flourished. So have the programmes of seminars and conferences in which officials, experts, and wider groups from developing and developed countries can exchange and compare experiences.

Having had only intermittent contact with OECD over this period and none directly with the Centre, I have no idea why that particular function was never developed. But given the checkered history of government policies in the developing countries, and shifts of focus and changes in the scale of development efforts and other kinds of assistance to undeveloped countries in the OECD countries, I continue to believe that this was an opportunity lost, and for some parts of the world, one still worth taking up.

## Notes

1. I went to Washington from the Harvard Economics department in May 1961, to become a senior member of the NSC staff, promoted in November to Deputy Special Assistant to the President for National Security Affairs, and remained to the end of the Kennedy administration. In writing this note, I have relied on the documentation in the Kennedy Library archive to stimulate, reinforce, and supplement my memory. Most of the material comes from the National Security Files, Box 374, Carl Kaysen file on a Development Centre.
2. David Bell, Director of the Budget, and Walt Rostow of the White House NSC staff are the likeliest possibilities for having suggested the idea.
3. The report is OECD document CES/62.19
4. I had the pleasure of being the US delegate to the DAC meeting, and formally moving the proposal.