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The Pearson Commission, Aid Diplomacy and the Rise of the World Bank 1966-1970

Matthew Wright

Abstract

This thesis uses a focus on the Pearson Commission to explore some of the policy and institutional dynamics of international development aid during the later 1960s and early 1970s. It sets these explorations within a theoretical framework and an historical context. Firstly it draws on the theory of ‘international regimes’ created by international relations scholars. While acknowledging the importance of economic and military power balances, regime theorists also argue that the nature of international policy-making is partially defined by, ‘principles, rules, norms and processes’ which shape how policy-makers act. Using political science theory, the thesis identifies three groups who create and shape these regimes: elites, epistemic communities and bureaucrats.

Through a close focus on the dynamics at play within the Pearson Commission’s creation, operation and reception, the main body of the thesis will identify how a small group of individuals, such as William Clark and Barbara Ward, acted to coordinate sections of these three groups within an ‘aid community’ as the international aid regime changed in the late 1960s and early 1970s. It is argued that specific changes within this regime, including the emergence of the World Bank as a technical leader on aid matters, the establishment of the 0.7 per cent aid volume target, and the creation of a definition of official development assistance (ODA), can be attributed to the workings of this community. This concept of a fractious and fragile aid community is used to challenge accounts of this period which emphasise the inexorability of the rise of the World Bank, or prioritise the importance of ideas and knowledge in explaining the changes in the aid regime.

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Matthew Wright

Thesis submitted for the Degree of Doctor in Philosophy

History Department, Durham University

2016

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Abbreviations

ACC	(UN) Administrative Coordination Committee
AID	(US) Agency for International Development
CDP	(UN) Committee on Development Planning
CEEC	Conference for European Economic Cooperation
CID	Commission on International Development
CIDA	Canadian International Development Agency
DD-II	(UN) Second Development Decade
DAC	(OECD) Development Assistance Committee
ECLA	(UN) Economic Commission for Latin America
ECOSOC	(UN) Economic and Social Council
EPTA	(UN) Expanded Programme for Technical Assistance
G-77	Group of 77
GATT	Generalized Agreement on Trade and Tariffs
GNP	Gross National Product
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDS	Institute for Development Studies, University of Sussex
IFC	International Finance Corporation
IPA	(World Bank) Information and Public Affairs
IMF	International Monetary Fund
KfW	Kreditanstalt für Wiederaufbau

LDC	Less Developed Country
LoC	Library of Congress
LSE	London School of Economics
LUSC	Leeds University Special Collections
MIT	Massachusetts Institute of Technology
NATO	North Atlantic Treaty Organisation
ODA	Official Development Assistance
ODI	Overseas Development Institute, London
ODM	(UK) Ministry for Overseas Development
OEEC	Organisation for European Economic Cooperation
OECD	Organisation for Economic Cooperation and Development
OOFs	Other Official Flows
SUNFED	Special United Nations Fund for Economic Development
TNA	The National Archives of the UK
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
VRP	Volta River Project
WBGA	World Bank Group Archives

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Introduction

In the autumn of 1967 George Woods stood before the Swedish Bankers' Association in Stockholm to deliver his final speech as President of the World Bank. He was worried the Bank did not have a positive enough profile among the West's financial and political elites and had asked for the help of William Clark and Barbara Ward, British journalists turned aid 'experts', to craft a high impact address. These three, and like-minded colleagues, had become concerned by what they saw as an emerging crisis, as the resources being made available for aid stagnated. This stagnation was exacerbated by changing economic patterns and political mores, and violent disturbances, which threatened what they regarded as a set of benign international regimes. They hoped the speech would help defend these regimes by appealing to decision makers in the United States and its allies.¹ Woods called for the initiation of a 'Grand Assize' of development to round off the UN's 'faltering' Development Decade with a 'genuine reformation of policy'.² This was the origin of what was to become *Partners in Development: Report of the Commission on International Development* – more commonly known as the Pearson Report, after its chairman Lester Pearson, a Canadian statesman.

In Stockholm, Woods was speaking to Sweden's financial elite. However, through them he sought to address a much larger audience of Western policy-makers. Woods and his supporters floated the idea of the Commission for two reasons. Firstly, they were worried about the decline in interest among this group concerning aid and development.³ Secondly, they sensed an opportunity for the World Bank to become a larger and diversified actor within the field of aid: though how far they planned for it to become a dominant leader is another matter. On the first issue they had a mixed impact: the 1970s may not have seen a massive resurgence in enthusiasm for aid, but as will be shown in this thesis, its place in international diplomacy, bureaucracy and academia was defended, and aid levels remained

¹ L. Pearson et al., *Partners in Development. Report of the Commission on International Development*, (New York, 1969).

² Quoted in R. Oliver, *George Woods and the World Bank*, (London, 1995), p. 222.

³ This thesis is a study of aid, the exact and changing definition of which forms part of the subject matter of what follows. This thesis uses the terms donor (for those countries which gave aid) and recipient (for those countries which received aid). This is not meant as a judgement on the overall nature of resource transfer between these two sets of countries. Similarly, for the sake of clarity this thesis generally avoids terms relating to the concept of development. However because sources at the time and since have used terms such as donor and developed, and recipient and developing, interchangeably, and the idea of development has often been used as a reason – indeed *the* reason – to give aid, some blurring of these rules has been necessary. In all cases, the thesis endeavours to set the use of terms in their historical context.

relatively consistent throughout the decade. The World Bank played a crucial part in this defence. Its spending increased from \$1.1 billion in 1968 to \$3.4 billion in 1973. During the same time period its staff numbers increased from 767 to 1,654. Furthermore, under the Presidency of Woods's successor, Robert McNamara, the Bank expanded its lending in sectors such as agriculture, education and health.⁴ Overall, the Bank became a leader in how aid was thought about and used.

The Pearson Commission was central to these linked processes because it provided Western policy-makers with the intellectual and political legitimacy for a new set of policy positions. Neither the defence of aid nor the rise of the World Bank was inevitable. As the Pearson Commission was working, a series of other reviews were being undertaken. These were led by Robert Jackson for the United Nations Development Programme (UNDP), Rudolph Peterson for the US President, Raúl Prebisch for the Inter-American Development Bank (IADB) and Jan Tinbergen for the UN's Economic and Social Council (ECOSOC).⁵ Each represented the claim of a different organisation to leadership in the aid system. At the same time, there was growing disillusionment with the whole idea of aid, and aid levels had been stagnating for years.

This thesis will argue that the Pearson Commission was relatively successful because it set out to appeal to elites in donor countries, on the pragmatic basis that it was they who supplied the resources for aid and decided who should administer them. This came at the expense of a detailed consideration of the concerns of other audiences, especially in recipient countries. In the sense that it was a 'Grand Assize', those being put on trial were donor governments, not their recipient counterparts, and the assessment concerned the part they were playing in the Western alliance rather than the effectiveness of aid projects run in recipient countries by donors. In discussing this alliance this thesis draws on historian David Fieldhouse's definition of the West in the Cold War period as the "relatively affluent industrialized states" that were

⁴ W. Clark, 'Robert McNamara at the World Bank', *Foreign Affairs* 60 (1981), p. 169.

⁵ R. Jackson, *A Study of the Capacity of the United Nations Development System* (UN Document DP/5) (2 vols.) (Geneva, 1969); R. Peterson, 'U.S. Foreign Assistance in the 1970s: A New Approach. Report to the President from the Task Force on International Development', (Washington D.C., 1970); R. Prebisch, 'Change and Development: Latin America's Great Task. Report submitted to the Inter-American Development Bank', (New York, 1971); J. Tinbergen et al., *Towards Accelerated Development: Proposals for the Second United Nations Development Decade*, (New York, 1970).

members of the OECD – thereby excluding communist and developing countries. This alliance also drew on cultural and political affinities.⁶

This thesis focuses on the aid policies and programmes of Western countries in the post-Second World War period. Aid as a diplomatic field *within* the Western alliance has been under-studied, in part because academic studies of aid have focussed on the relationships between donors and recipients, and on the impact of development schemes in recipient countries.⁷ Meanwhile, studies of the Western alliance have focussed on culture, security and economic relations rather than how aid was considered between and within donor governments.⁸ A balance to these foci will complement these studies: relations between donors had important impacts on relations between donors and recipients, and on how aid resources were used. Similarly, discussions about security and trade and the culture within which they were discussed were integrally linked to Western countries' understandings of themselves as donors in the aid relationship.

In order to study the dynamics of aid diplomacy, this thesis combines theoretical insights from other disciplines with a close historical study of the written records of the Pearson Commission and related individuals and institutions. This introduction sets the scene for this investigation. Firstly it introduces the theory of 'international regimes' created by international relations scholars. While acknowledging the importance of economic and military power balances, regime theorists argue that the nature of international policy-making is also defined by, 'principles, rules, norms and processes' which shape how policy-makers act. Using political science theory, the introduction identifies three groups who create and shape these regimes: elites, epistemic communities and bureaucrats and explains how these theoretical concepts will be used in this thesis. Through a close focus on the dynamics of the Pearson Commission's creation, operation and reception, the main body of the thesis will identify how a small group of individuals acted to coordinate sections of these three groups

⁶ D. Fieldhouse, *The West and the Third World*, (Oxford, 1999), pp. 1-3; T. Gijswijt, 'Uniting the West', [Unpublished PhD Thesis, University of Heidelberg], pp. 1-2.

⁷ See for example J. Ferguson, *The Anti-Politics Machine: Development, Depoliticization, and Bureaucratic Power in Lesotho* (Cambridge, 1990); B. Hettne, *Development Theory and the Three Worlds*, (London, 1990); J. Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition have Failed*, (New Haven, 1998).

⁸ See for example A. Johnson, *Hegemony and Culture in the Origins of NATO Nuclear Strategy, 1945-1954*, (New York, 2005); M. Kimmage, *The Conservative Turn: Lionel Trilling, Whittaker Chambers, and the Lessons of Anti-Communism*, (Cambridge, 2009); M. Schmelzer, *The Hegemony of Growth: The OECD and the Making of the Economic Growth Paradigm*, (Cambridge, 2016).

within an ‘aid community’ as the international aid regime changed in the late 1960s and early 1970s. It argues that the part played by such individuals is important, but under-theorised and under-studied.

Current Literature on the Pearson Commission

The lack of research on the Pearson Commission is symptomatic of the wider dearth of studies of aid diplomacy. The Commission has been the subject of a handful of chapters and journal articles, assessed below. The Commission also receives attention in work on the institutions and individuals who were involved with it. However, discussions in this category rarely run beyond a couple of paragraphs.⁹ Overall, present discussions of the Pearson Commission suffer because, quite naturally, authors seek to explain the Commission in relation to their own subject of study rather than on its own terms. Reviews of the Pearson Commission and its successor, the North-South (Brandt) Commission of 1978-1983, are dealt with in the main body of the thesis because they were written by contemporary observers.

The Pearson Commission is remembered in politics and academia largely for its recommendation that all donors should give 0.7% of their GNP in official development assistance (ODA). This has led to the commonly repeated narrative that the Commission was a public relations exercise on behalf of the aid machinery as a whole; with the expansion of aid volumes as its main focus.¹⁰ This argument relies on work by Michael Clemens and Todd Moss, researchers at the Centre for Global Development in Washington D.C. They erroneously dated the origins of the Pearson Commission to the second UNCTAD meeting in 1968, a background study for which had suggested a target of 0.75 % of GNP in official

⁹ See for example J. English, *The Worldly Years: The Life of Lester Pearson, 1949-1972*, (Toronto, 1992), pp. 387-389; R. Tignor, *W. Arthur Lewis and the Birth of Development Economics*, (Princeton, 2006), pp. 253-254; D. Kapur, J. Lewis and R. Webb, *The World Bank: It's First Half-Century, Volume 1: History* (Washington, 1997), pp. 16, 17, 184, 236-237, 391, 479, 833, 837-39,840-841, 846, 895,898, 963,1142, 1180,1186. NB: Despite the multiple mentions in Kapur, Lewis and Webb, and the Commission's position as a World Bank sponsored endeavour it is mentioned only in connection with the work of other individuals or institutions.

¹⁰ See for example P. Sharma, 'Globalizing Development: Robert McNamara at the World Bank', (Unpublished PhD Thesis, University of California, Los Angeles, 2010), pp.174-175.; B. Ireton, *Britain's International Development Policies: A History of DFID and Overseas Aid*, (London, 2013), pp. 212-213; J. Foreman, *Aiding and Abetting: Foreign Aid Failures and the 0.7% deception*, (London, 2012), p. 59. [<http://www.civitas.org.uk/pdf/ForemanAidingAndAbetting.pdf>, accessed 31 March 2015]; J. Ravelo, 'The 0.7 per cent Club', 2012. [<https://www.devex.com/news/the-0-7-percent-club-77973>, accessed 7 July 2016]; J. Pozuelo-Montfort, *The Montfort Plan: The New Architecture of Capitalism*, (New Jersey, 2010), pp. 37-38.

assistance by 1971.¹¹ As shown in Chapter Two of this thesis, the Clemens and Moss argument oversimplifies the origins and aims of the Commission, which was set up not in response to a specific failure to confirm aid targets at UNCTAD but in an attempt to reverse the general decline in enthusiasm for aid in donor countries. This meant not only defending aid from the criticisms being levelled at it in donor countries, especially the US and the UK, but also offering a more ‘reasonable’ future plan for aid policies to audiences in donor countries than that which was likely to emerge from other, recipient-dominated exercises.

This tendency toward oversimplification is present in accounts of the Commission which take it at face value as a survey document presenting a wide-ranging forward plan for aid. The Commission was lauded in 2010 by David O’Brien, of the Canadian International Development Research Centre who believed its greatest contribution was “calling for a comprehensive framework for foreign aid and for insisting on a partnership model.”¹² For O’Brien, the Commission was initiated by Edward Boyle on a philanthropic basis because he was interested in development. It was then picked up on by George Woods and Robert McNamara because they were worried about a general decline in interest in aid.¹³ However, as shown in Chapter Two, the Commission was in fact brought together by Clark and Ward because they wanted the World Bank to take on more of a leadership role within the field of aid – a sentiment with which Woods and McNamara agreed. Because of these origins, the Report showed relatively little concern for the opinions of recipients, and pushed for expanding the World Bank at the expense of other aid agencies, as shown in Chapter Four.

A similar misconception is present in Craig Murphy’s discussion of the Commission in his history of the UNDP. Murphy argued that the Grand Assize involved three separate components – the Pearson Commission, the Jackson Capacity Study, and the Tidewater meetings of aid administrators.¹⁴ Certainly some participants initially hoped that the Grand Assize might be constructed in this way. However, as shown in Chapters Two and Four of this thesis, the leaderships of the World Bank and the UN moved away from this model – the Tidewater meetings became the scene of confrontations as well as coordination. Murphy also stressed the importance of Arthur Lewis as an intellectual leader of the Pearson Commission,

¹¹ M. Clemens and T. Moss, ‘The Ghost of 0.7 per cent: Origins and Relevance of the International Aid Target’, *International Journal of Development* 6 (2007), p. 7.

¹² D. O’Brien, ‘Review Essay: Partners in Development’, *International Journal* 65, (2010), p. 539.

¹³ *Ibid*, p. 532.

¹⁴ C. Murphy, *The United Nations Development Programme: A Better Way?*, (Cambridge, 2006), pp. 141-142.

and supported this argument using the account of Sartaj Aziz, a Commission staff member, who argued he and Lewis were victorious in pushing an agenda that stressed the importance of political conditions in national settings, and deprioritising economic growth.¹⁵ As is shown in Chapter Three, Lewis was in fact a key force in making self-sustaining growth the theme around which the Report was structured. On national sovereignty, Lewis and his allies lost more than they won in pushing this agenda into the final Report. Murphy's account therefore suffers from its focus on Lewis, an important figure at the UN who struggled on the Pearson Commission, and its suggestion that the UN and the World Bank worked together, when they were increasingly working against each other.

A similar understanding of the Pearson Commission is shown in Victor Nemchenok's work on the networking of poverty-orientated thinkers in development circles in the 1970s. Nemchenok argued that the Commission represented a 'development orthodoxy' against which his subjects rebelled, citing the importance of Arthur Lewis's resistance to the rest of the Commission, and of Barbara Ward in helping assemble this new group of thinkers.¹⁶ However, rather than being a rebel, Lewis argued strongly for an 'orthodox' focus on economic growth as the main rationale of aid and development. Ward meanwhile did end up championing poverty-orientated approaches, but not because of a long-held attachment to them. Rather, as shown in Chapters Three and Six she was dedicated to interpreting new ideas and presenting them in a way that was useful to Robert McNamara, her patron, and the World Bank which he led through the 1970s. Secondly, Nemchenok did not fully relate his excellent discussion of ideas to the practicalities of aid bureaucracy: for example he argued that the World Bank ended the 1970s practicing poverty-orientated development strategies, using the language of the Bank's annual reports as evidence.¹⁷ However, this runs counter to other work, including that of historian Patrick Sharma, who has argued that the Bank was purposefully moving away from poverty-orientated approaches at this time.¹⁸

Kevin Brushett focussed his article on the Pearson Commission on negotiations between donors, arguing that 'Pearsonian development diplomacy' was as "much about shoring up

¹⁵ Ibid, p. 137.

¹⁶ V. Nemchenok, 'A Dialogue of Power: Development, Global Civil Society, and the Third World Challenge to International Order, 1969-1981, [Unpublished PhD Thesis, University of Virginia, 2013], pp. 41-43.

¹⁷ Ibid, pp. 343-345.

¹⁸ P. Sharma, 'Bureaucratic Imperatives and Policy Outcomes: The Origins of World Bank Structural Adjustment Lending', *Review of International Political Economy* 20 (2013), pp. 667-686.

relations with Northern allies as it was with developing new Southern friendships.”¹⁹ However, he concentrated on Pearson’s role in the Commission, and the importance of his Canadian roots. As a result, important features of the Commission were missed, particularly concerning its impact on the World Bank. Brushett argued that the Commission “marked the beginning of a revolution at the Bank” because “McNamara and the Bank governors adopted nearly all the 33 recommendations put forward in the Report” despite the fact that there was “no evidence of interference” in the Commission’s affairs by McNamara and his staff.²⁰ In fact, as Chapter Four makes clear, one of the most significant impacts of the Report was that it paved the way for dramatic changes in how the International Development Association (IDA), the Bank’s soft-lending arm, operated. This change was the result of indirect pressure by McNamara and others at the Bank on the Commission to temper its recommendation that IDA should be made independent, and his subsequent rejection of the Report’s recommendation in this area on the basis it had not gone far enough in a particular direction.

The work of these scholars is a reminder that it is important to recognise whom those involved in the Commission saw as their key audiences, and the purpose of addressing them. While not unimportant, Canadian policy-makers were relatively low on this list, and key members of the Commission were sceptical about the competence of the UNDP, and more generally the UN system. Lester Pearson was chosen as chairman more for the impact it was believed he would have among Western elites than because of his influence in Canada and at the UN.

The 1960s and the Stagnation of Postwar Regimes

Scholars have argued that, from the Second World War onwards, American power had created a US-led alliance whose policies were dictated by the nature of US leadership: as early as the late 1940s, Barbara Ward and other were using the short-hand of ‘the West’ to describe this alliance.²¹ There have been different accounts of how this American power, and the alliances it created, translated into international policy-making. However, it is widely

¹⁹ K. Brushett, ‘Partners in Development? Robert McNamara, Lester Pearson and the Commission on International Development, 1967-1973’, *Diplomacy and Statecraft* 26 (2015), p. 84.

²⁰ *Ibid.*, p. 96.

²¹ B. Ward, *The West at Bay*, (New York, 1948) and B. Ward, *Policy for the West*, (London, 1951). See also, for example, C. Bell, ‘The United Nations and the West’, *International Affairs* 29 (1953), pp. 464-472; J. Beus, *The Future of the West*, (London, 1954); A. Hourani, ‘The Decline of the West in the Middle East – I’, *International Affairs* 29 (1953), pp. 22-42.

agreed that the late 1960s saw a relative decline in American power which altered the structures and assumptions on which international deal-making was based.²² The same period saw the dissolution of European empires, with important results for international diplomacy. The Pearson Commission was one result of these large-scale changes in the relationship between the US and its Western European allies, and their relationships with the recipients of aid.

At the start of the 1960s, the West's aid efforts had two parents, bound together in a marriage of convenience. One was the development programmes of the European colonial powers which, from modest origins in the late nineteenth-century, had grown steadily in the interwar period and then rapidly after the Second World War.²³ In their postwar incarnation these schemes were aimed partly at increasing the welfare of colonial populations and reducing the threat of domestic disturbances or communist subversion. To a greater extent, their aim was to improve the economic position of the colonial powers relative to the USSR and the US. Britain and France in particular wished to increase their freedom of movement *vis-a-vis* the United States. As historian Gérard Bossuat pointed out, French aid was designed to encourage a model of development that would:

be achieved within a community of values borne on the back of French language and civilisation in contradistinction to the liberal English-speaking world, and in opposition to communism.²⁴

British politicians and officials meanwhile worked to make the UK a third superpower at the head of an alliance of friendly and client nations. This vision lasted well into the 1960s in mainstream politics. As historian John Darwin has put it “The dream of a British world-system...haunted Harold Macmillan...[and]...bewitched Harold Wilson.”²⁵

²² M. Daunton, ‘Britain and Globalisation since 1850: IV. The Creation of the Washington Consensus’, *Transaction of the Royal Historical Society* 19 (2009), pp. 3 and 8; R. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy*, (Princeton, 1984), p. 138; K. Van Der Pijl, ‘Ruling Classes, Hegemony and the State System’, *International Journal of Political Economy* 19 (1989), pp. 8-9.

²³ See for more detail: M. Cowen and R. Shenton, *Doctrines of Development*, (London, 1996); J. Hodge, *Triumph of the Expert: Agrarian Doctrines of Development and the Legacies of British Colonialism*, (Ohio, 2007); D. Morgan, *The Official History of Colonial Development*, (5 vols.), (London, 1980).

²⁴ G. Bossuat, ‘French Development Aid and Co-operation under de Gaulle’, *Contemporary European History* 12, (2003), p. 455.

²⁵ J. Darwin, *The Empire Project: The Rise and Fall of the British World-System 1830-1970*, (Cambridge, 2009), p. 610.

These aims had an uneasy but often productive relationship with the second ‘parent’ of the West’s aid programmes, the huge injection of resources by the US, first in the reconstruction of Western Europe and Japan and then in the ‘developing world’ of Africa, Asia and Latin America. US aid was more explicitly tied to Cold War concerns. As historians including David Ekbladh and Nils Gilman have shown, US aid strategy was shaped by ‘modernization theory’ which posited that the transfer of resources from donor Western countries, and especially the US, to recipient countries would allow the latter to achieve industrial ‘take-off’. This would tie recipients of aid into US-dominated economic and political regimes and allow them to counter communist threats.²⁶ This strategy did not necessarily put the US at odds with its European allies. Historian Marc Frey has shown that if Cold War objectives were met, colonial powers retained their spheres of influence. Equally, when European partners proved insufficiently powerful or collaborative, the US was prepared to usurp their positions in the developing world.²⁷

As will be demonstrated in Chapter Two, the Pearson Commission was inspired by the need to rally donor elites behind a renewed aid effort. Two factors were especially important in creating the malaise which made this necessary. The first was the détente with the USSR, which made Cold War arguments for aid less powerful.²⁸ More multifaceted was the fracturing of the postwar regimes which had guided domestic and foreign policies in Western countries for two decades, even if they had been frequently challenged. The driving force for these regimes was the belief among a significant section of the American elites that they had discovered an ideal political economy, based around a system of free-enterprise which would create growth and therefore prevent class conflict. This system, they believed, needed to be spread abroad by aid and trade, and in the meantime protected from threats, especially communist ones, through the use of force if necessary.

However, these guiding principles were altered due to the American group’s interaction with their international allies. Political scientist John Ruggie has described how the impasse between those advocating multilateralism in the US and their allies abroad, and their

²⁶ For a summary, see N. Citino, ‘Modernization and Development’ in A. Kalinovsky and C. Daigle (eds.), *The Routledge Handbook of the Cold War*, (London, 2014), pp. 120-121. D. Ekbladh, *The Great American Mission: Modernization and the Construction of an American World Order*, (Princeton, 2009); N. Gilman, *Mandarins of the Future: Modernization Theory in Cold War America*, (Baltimore, 2003).

²⁷ M. Frey, ‘Control, Legitimacy, and the Securing of Interests: European Development Policy in South-East Asia from the Late Colonial Period to the Early 1960s’ *Contemporary European History* 12 (2003), p. 411.

²⁸ Sharma, ‘McNamara at the World Bank’, pp. 29-30.

domestic and foreign opponents, was navigated. Ruggie characterised the international economic trade-off which emerged after the Second World War under US leadership as one of 'embedded liberalism' whereby interventionist domestic economic policies were allowed within the context of an international system which was liberal and based on free trade. Unlike the economic nationalism of the thirties, it was multilateral in character; unlike the liberalism of the gold standard and free trade, its multilateralism was predicated upon domestic interventionism.²⁹ Through this strategy, Ruggie argued, sections of elites in Western countries which were liberal and internationalist in their outlook overcame those with more nationalist and protectionist beliefs.³⁰ However, by the mid-1960s the US was starting to retreat from the hegemonic position which had underwritten this trade-off in response to the twin pressures of the Vietnam War and domestic civil disturbances.³¹

The belief in aid among elites in the three largest donors – the US, UK and France – was also being challenged by two new political forces. Firstly, the emergence of new donors within the Western alliance during the 1960s led to differences over how aid should be administered and used. An important, mainly northern European group made up of countries without strong colonial ties, and less ideologically aligned in the Cold War than their donor colleagues, challenged the existing aid regime. They forged an identity as mediators, who were more sympathetic to the demands of recipients than their Western colleagues.³² In addition, by the mid-to-late 1960s it was clear Japan had an important international economic role to play and that it would do so in alliance with the US and Western Europe in Cold War terms. Nonetheless, there was uncertainty about how a Japanese aid program could be built into a Western aid approach, given its different development pattern.³³

Secondly, the recipient countries began to challenge Western donors on aid matters. The 1955 Bandung Conference had seen recipient countries organize themselves into a Non-Aligned Movement which was prepared to take aid from the West or communist countries

²⁹ J. Ruggie, 'International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order,' *International Organization* 36 (1982), p. 393.

³⁰ *Ibid*, pp. 393-394.

³¹ Sharma, 'McNamara at the World Bank', pp. 29-30.

³² M. Schmelzer, 'A Club of the Rich to Help the Poor? The OECD, 'Development', and the Hegemony of Donor Countries', in M. Frey, S. Kunkel and C. Unger (eds.), *International Organizations and Development, 1945 to 1990*, (Basingstoke 2014), pp. 178-179; H. Pharo, 'Altruism, Security and the Impact of Oil: Norway's Foreign Economic Assistance Policy, 1958- 1971', *Contemporary European History* 12, (2003), p. 544.

³³ Fieldhouse, *West and the Third World*, pp. 2-3 and 5.

and act as a third pole in international politics.³⁴ In 1960 Western donors lost their majority at the UN and at events such as the 1962 Conference on Questions of Economic Development, hosted by the United Arab Republic in Cairo, recipient countries nurtured a corporate identity.³⁵ This was decisively marked at the 1964 United Nations Conference on Trade and Development (UNCTAD). Here Western donors were confronted with an organised bloc of recipients in the shape of the Group of 77 (G-77), backed by what they saw as a mischief-making USSR, and were forced to make unexpected concessions.³⁶

This thesis argues that the best way to analyse how these changes altered the aid regime is to study elite interactions in aid diplomacy. Chapter One explores this context by analysing incidents from the careers of the Pearson Commission's organisers and Commissioners from the end of the Second World War through till the late 1960s. It is argued that they were drawn from the elites of their respective countries, but also belonged to transnational elite communities. In his work on the concept of a 'transnational ruling class' in the postwar Atlantic world, political scientist Kees Van Der Pijl created a model for understanding such groups by drawing on the Gramscian theory of cultural hegemony. He argued that:

specific ruling class configurations united behind largely implicit, but no less definite, common programs, or *comprehensive concepts of control*. Such concepts are political formulas that lend cohesion and cogency to the rule of particular classes and fractions of classes by translating idealized class and fractional viewpoints into a strategic orientation for society as a whole.³⁷

For Van Der Pijl therefore, these ruling classes both controlled the material means of power and created narratives for the rest of society which legitimised their control of these resources.

The Gramscian interpretation of the groups labelled in this thesis as 'elites' is an important starting point, and throughout this thesis elites can be seen trying to control resources and use discursive techniques to legitimise the use of them in their own interests. However, three

³⁴ L. Emmerij, R. Jolly and T. Weiss, *Ahead of the Curve?: UN Ideas and Global Challenges*, (Bloomington, 2001), p. 43.

³⁵ Citino, 'Modernization and Development', pp. 118-119.

³⁶ H. Schmidt and H. Pharo, 'Introduction', *Contemporary European History* 12, (2003), pp. 392-393.

³⁷ Van Der Pijl, 'Ruling Classes', pp. 7-8.

factors count against the use of a purely Gramscian model. Firstly, the analysis in this thesis suggests that the ‘ruling classes’ were not as dominant as Van der Pijl argued: the ‘concepts of control’ which they created were often interestingly fragile, as shown in Chapter Three. Secondly, in so far as they exerted cultural hegemony, it does not explain specific outcomes: for example, as discussed in Chapter Five, a general belief among donor elites that aid would help encourage economic growth in recipient countries does not explain why an aid target of 0.7% transfer of GNP was accepted by most donors. Thirdly, as discussed in Chapter One, even within relatively cohesive elites, factions with different interests and views existed: understanding how these differences were resolved can help us to understand the historical specificities of policy decisions.

A different conception of elites is presented by scholars who argue that elite aims at an international level are defined by the interests of their nation state. International relations scholar Susan Strange argued against the turn towards the study of international organizations in the 1980s by claiming that the relationship between states was largely determined by their relative position within the capitalist international structure.³⁸ As a result, Strange argued, scholars should look “to the state and to national governments as the final determinants of outcomes” because these governments looked primarily to safeguard their own positions.³⁹ Scholars in other fields have taken a similar approach, even when discussing ‘international regimes’, which Strange was arguing were not a useful concept. Historian Charles Kindleberger was a key exponent of ‘hegemonic stability theory’, which posited that a powerful ‘hegemon’, a state which possessed overwhelming economic and military resources – in the case of the postwar era the US – was needed to ensure a free trade regime, stability and economic growth in the world: for Kindleberger therefore international regimes were integrally related to the actions and beliefs of elites in the hegemonic state.⁴⁰

However, as international relations scholars Stephen Krasner and Robert Keohane have argued, such state-centric understandings of international politics do not fully explain postwar deal-making. National elites were often constrained by ‘international regimes’, which

³⁸ S. Strange, ‘Cave! Hic Dragons: A Critique of Regime Analysis’, *International Organization* 36 (1982), p. 480.

³⁹ *Ibid*, p. 480.

⁴⁰ See C. Kindleberger, ‘International Public Goods without International Government’, *The American Economic Review* 76 (1986), pp. 1-13; H. Milner, ‘International Political Economy: Beyond Hegemonic Stability’, *Foreign Policy* 110, (1998), pp. 113- 115 and D. Snidal, ‘The Limits of Hegemonic Stability Theory’, *International Organization* 39 (1985), pp. 579-614.

Krasner defined as “self-reinforcing sets of decision-making principles, norms, rules, and decision-making processes that guide international behaviour”⁴¹ Krasner’s definition can be applied to a variety of areas of agreement, from rarely spoken assumptions to international organizations, and also allows for the possibility that regimes are open to change. When the hegemony of the US faded in the later 1960s, Keohane argued, many of the regimes set up with inputs of US resources persisted, even if deal-making meant that they changed in character.⁴² Krasner went further and argued that some regimes set up by the US came to be controlled by the ‘developing countries’, thus tying the US into agreements and expected behaviours which ran against its own state interests.⁴³

As part of his definition, Krasner argued that actors could interact with regimes in two ways: they could accept the ‘rules of the game’ and work to maximise their position within them; or they could attempt to change these rules and create a regime more favourable to their interests.⁴⁴ This thesis accepts Krasner’s definition. It uses regimes as a short-hand for a set of beliefs, conventions, and codified agreements and institutions that shaped how international policy-making was practiced in postwar international economic and political negotiations and argues that while these regimes shaped how elites thought about issues, they were also shaped by the make-up and efforts of elites. This usage has been criticised by some who view it as too vague to be useful in discussing these negotiations and argue that it would be more useful to abandon the concept of regimes because it camouflages the actual dynamics of power.⁴⁵

In the face of such criticisms, two notable attempts have been made to apply stricter definitions to the postwar aid regimes of the US and its allies. Robert Wood argued that the ‘aid regime’ was designed to provide ‘structured access to external financing’ in such a way that ‘dependent development’ choices were encouraged. Wood argued that dependency was characterized by:

openness to and alliance with foreign capital; import of organizational and production technologies; monetary, fiscal, and trade policies extending the domestic reach of

⁴¹ S. Krasner (ed.), *International Regimes*, (London, 1982), p. viii.

⁴² Keohane, *After Hegemony*, p. 182.

⁴³ S. Krasner, ‘Transforming International Regimes: What the Third World Wants and Why’, *International Studies Quarterly* 25 (1981), pp. 120-121.

⁴⁴ *Ibid*, p. 122.

⁴⁵ Strange, ‘Critique of Regime Theory’, p. 496.

international market forces; and, despite considerable variation, a general “dissociation” of the “entrepreneurial-repressive state...from the nation.”⁴⁶

Few scholars of aid or development would argue that this was not one part of the postwar aid regime. However, Wood’s assertion that this was *the* – unchanging – aid regime throughout the postwar period drew criticism from reviewers.⁴⁷ As shown throughout this thesis, especially in Chapters Three and Six, Wood’s account did not take into account the diversity of interests involved in promoting aid, and in particular focussed on an economic rationale at the expense of considering how security concerns shaped the aid regime.

A more specific attempt to define an ‘aid regime’ was Stephen Dobransky’s discussion of the ‘ODA regime’ which he argued saw the DAC regulate the aid-giving of its members. Dobransky created useful datasets by empirically analysing DAC members’ performance against four rules set by the DAC. However, Dobransky’s attempts to strongly define this regime as a firm and relatively unchanging one led to a misunderstanding of its purpose and structures. Dobransky argued that there have been heavy costs to donors not meeting the 0.7 per cent target, and that noncompliant donors, including the US, should be ‘significantly punished’.⁴⁸ However, as shown in Chapter Five of this thesis, the importance of the 0.7 per cent target was not the numerical one that Dobransky assigned to it, but rather that it caused donors to accept that the giving of development aid should be a normal feature of international relations, and that the concept of aid should be defined by the aid community. The difficulties caused by Wood’s and Dobransky’s analyses show the importance of moving the focus away from regimes themselves and onto the actors who shaped, and were shaped by them in specific historical contexts.

Who Shaped Regimes? The Aid (Policy) Community of Elites, Epistemic Communities and Bureaucrats

⁴⁶ R. Wood, *From Marshall Plan to Debt Crisis: Foreign Aid and Development Choices in the World Economy*, (Berkeley, 1986), pp. 4-5.

⁴⁷ S. Grubaugh, ‘Review: R. Wood, *From Marshall Plan to Debt Crisis: Foreign Aid and Development Choices in the World Economy* (Berkeley, 1986)’, *Southern Economic Journal* 55 (1988), p. 517; J. Hawley, ‘Review: R. Wood, *From Marshall Plan to Debt Crisis: Foreign Aid and Development Choices in the World Economy* (Berkeley, 1986)’, *American Journal of Sociology* 93 (1987), pp. 749-750.

⁴⁸ S. Dobransky, ‘Violators Amongst Us: International Regimes and the Role of Compliance, a Case Study on Official Development Assistance’, *Politics and Policy* 42 (2014), p. 613 and pp. 628-629.

In the case of the aid regime in the late 1960s, this thesis identifies three groups that were important to its functioning, and argues that the Pearson Commission represented one facet of their response to the stagnation of interest in, and resources being made available for aid by donor governments. These three groups were the donor elites, the epistemic communities concerned with aid, and the leaders of the major aid agencies. It is argued that a coalition of these three groups was brought together in a policy community, which this thesis describes as the ‘aid community’. This section explains how these groups are theoretically understood in this thesis, and why the work of Rod Rhodes and David Marsh on policy communities is used as an analytical basis for understanding their cooperation.

In identifying elites, this thesis follows the definition of the Weberian John Scott, who argued that elites use two forms of power to dominate society:

Coercion and inducement are structures of constraint through corrective influence. *Expertise and command*, on the other hand, are discursively based structures of authority built through persuasive influence.⁴⁹

In the case of aid, the structures of constraint were to do with funding. Politicians and officials with financial responsibilities were the most important component, but other politicians and officials, bankers, industrialists, academics, journalists, and trade union and religious leaders were also involved. However, these elites, who were much more diverse in their views the ‘aid community’ defined here, were also valued for the influence they could have on shifting the mood of a country for or against aid as a general principle. They did this discursively, for example through speeches and newspaper editorials.

As discussed below, many accounts of the rise of the World Bank in the late 1960s have stressed the importance of ideas in driving change and/or helping bureaucrats and elites respond to it. This would appear a good match with the epistemic communities approach pioneered by Ernst Adler and Peter Haas. Haas defined an ‘epistemic community’ as “a network of professionals with recognized expertise and competence in a particular domain and an authoritative claim to policy-relevant knowledge within that domain”.⁵⁰ This was a

⁴⁹ J. Scott, ‘Modes of power and the re-conceptualization of elites’, *The Sociological Review* 56 (2008), p. 31.

⁵⁰ P. Haas, ‘Introduction: Epistemic Communities and International Policy Coordination’, *International Organization* 46, (1992), p. 3.

reaction against the idea that individuals' actions were prescribed by their membership of institutions.⁵¹ By recognising that "human agency lies at the interstices between systemic conditions, knowledge and national action", Haas argued that the approach showed the importance of knowledge production to defining the terms by which policy-makers operate.⁵² This possibility is discussed in Chapters Three and Six of this thesis, and it is argued that the role of epistemic communities was to provide and promote alternative strategies for elites and bureaucrats. However, while discussions about the current state of knowledge informed the work of the Pearson Commission, so did the need to attract funding for aid. It is argued that elite and bureaucratic actors did not defer to epistemic communities in crafting policy positions, but instead sought out knowledge that would legitimate their own pre-existing aims: and that the options for which knowledge was used, and the impact its use had were restricted by the regimes into which it was introduced.

A policy community model is more appropriate for describing the groups analysed in this thesis. Policy communities were defined by Rhodes and Marsh as governmental networks, with bureaucratic leaders at their centre, characterized by stable relationships between a highly integrated and restricted membership. Members are bound together by their responsibility to deliver services in a particular policy area, and become insulated from other networks, politicians, and the general public.⁵³ Diane Stone has argued that this model is:

not relevant to conflict scenarios where crisis and uncertainty prevail. It is an idea of greater relevance to situations of stable policy making in a national setting where a consensus on policy objectives is apparent.⁵⁴

However, this thesis will show that ignoring how policy communities react to change and their potentially transnational nature is to miss important analytical opportunities. By the late 1960s there was a transnational group of policy-makers with operational responsibilities for aid bureaucracies, and an established role devising knowledge about how aid should develop. Their work was being undermined by changing beliefs about aid. The ways in which these differences were negotiated tells us a lot about knowledge production by and for these

⁵¹ Ibid, p. 2.

⁵² Haas, 'Epistemic Communities', pp. 2-3.

⁵³ R. Rhodes and D. Marsh, 'Policy Networks in British Politics: A Critique of Existing Approaches', in D. Marsh and R. Rhodes (eds.), *Policy Networks in British Government*, (Oxford, 1992), p. 13.

⁵⁴ D. Stone, 'Introduction: Global Knowledge and Advocacy Networks', *Global Networks 2*, (2002), p. 4.

communities, and how this overlapped with international politics. Indeed, Rhodes and Marsh did discuss change, arguing that policy communities approach change with a ‘dynamic conservatism’: actively seeking to minimise the challenges to the *status quo* which they have been operating within. This thesis’s findings suggest that policy communities can be strengthened by the threat of change. Moreover, while Rhodes and Marsh did focus on British domestic policy communities, with an additional discussion of American situations, the policy community (‘aid community’) analysed in this thesis had Anglo-American origins: the operating procedure of those involved in the Pearson Commission would have been the same as the groups analysed by Rhodes and Marsh.

There are gaps in Rhodes and Marsh’s definition: they argued that policy communities were brought together through institutional and interpersonal links, but did not define how this is done.⁵⁵ Similarly, they argued that economic position, knowledge and government position all acted as “key resources which give groups privileged access to decision making”.⁵⁶ However, they did not explain how these communities were assembled, and membership of them restricted, and left unexplored their assertion that a policy community has a core and a periphery.⁵⁷ This thesis addresses this by using the term loosely to incorporate many of those who were professionally focussed on aid: but it also shows how certain individuals, who I call ‘community operators’ were able to use their positions to reinforce the norms of the aid regime and to decide who comprised the core, who was on the periphery, and who was excluded altogether from the aid community. As is shown in Chapters Two and Four of this thesis, representatives of recipient countries, communist countries and, to a lesser extent, the UN were often excluded from the consultations of the Pearson Commission and the aid community assembled by Clark and Ward. In addition, however, the same chapters show that membership of the core of the aid community, or its periphery, were not permanent statuses and that particular institutions and schools of thought rose and fell in importance within the aid community, processes which were related to changes in international economics and politics, as well as national decisions.

Finally, the policy community model is useful because it is a meso-level concept, which:

⁵⁵ D. Marsh and R. Rhodes, ‘Policy Communities and Issue Networks: Beyond Typology’, in D. Marsh and Rhodes (eds.), *Policy Networks in British Government*,

⁵⁶ *Ibid*, p. 263-264

⁵⁷ *Ibid*, p. 255

provides a link between the micro-level of analysis, which deals with the role of interests and government in relation to particular policy decisions, and the macro-level of analysis, which is concerned with broader questions concerning the distribution of power within contemporary society.⁵⁸

This is important because the Pearson Commission was regarded by those involved with it as being a propaganda exercise which would display the positive record of aid in the postwar period, but also as a policy exercise which would also rethink how aid delivery should be structured and targeted. It was poised between ‘micro’ decisions about how aid would be used and ‘macro’ decisions about whether Western countries would give aid at all. The Commission’s two purposes were not initially regarded by those involved as mutually exclusive: for them micro decisions about what was ‘technically’ right should also be correct at a macro, ‘political’ level. The fact that the purposes proved difficult to reconcile, even among those involved in the Commission, set off further reconsiderations of aid policy, and created serious splits which threatened to fracture the Commission before it could release its Report.

This interpretation of the Pearson Commission’s work runs against the Marxist theory that Commissions are used by the ‘State’ in order to enhance their own legitimacy at the expense of wider ‘Society’: proponents have stressed the importance of Commissions in the modern era in turning political issues into technical questions, answerable by the correct application of State power.⁵⁹ This thesis finds evidence of attempts to make political problems into technical ones. However, it also finds that these efforts were not always successful. Marxist theory is therefore too macro in assuming that particular power interests were, firstly, hegemonic, and secondly, could ensure the policy outcomes they wished. In particular, Chapter Four shows that far from straightforwardly endorsing an increase in power for its sponsor, the World Bank, disagreements among the Pearson Commission’s personnel created a messy set of recommendations which only partially aided the Bank in the negotiations which followed. This supports the findings of others, such as historian Andrew Hood, that stressing the discursive and material power of the State (or its equivalent) does not provide a

⁵⁸ Rhodes and Marsh, ‘Policy Networks in British Politics’, in Marsh and Rhodes (eds.), *Policy Networks in British Government*, p. 1.

⁵⁹ A. Ashforth, ‘Reckoning Schemes of Legitimation: On Commissions of Inquiry as Power/Knowledge Forms’, *Journal of Historical Sociology* 3 (1990), pp. 1-22; F. Burton and P. Carlen, ‘Official Discourse’, *Economy and Society* 6 (1977), pp. 377-407.

loose enough analytical framework to study the historically contingent nature of the political factionalism and individual views involved in many reviews.⁶⁰ On the other hand, those who overly focus on one particular policy decision at a micro-level tend to misunderstand its importance, as is shown in Chapter Five's discussion of the 0.7 per cent aid volume target.

The Rise of the World Bank 1966-1970: The Importance of Community Operators

Using a policy community approach means focusing on the bureaucrats that formed its core constituency. Here, this thesis overlaps with existing literature on the World Bank in the 1960s. The argument that the Pearson Commission was not a straightforward attempt to reinforce the power of its bureaucratic sponsor, but instead represented a negotiation of three different types of power - elite, epistemic and bureaucratic - runs against existing explanations of the rise of the World Bank. These have tended to argue that the World Bank's place as a powerful bureaucracy, in alliance with donor elites, and especially those of the US, made its rise inexorable. They also stress the importance of Robert McNamara as an individual, and an ill-defined 'development community' which supported him in creating pressure for the donor governments to empower the World Bank to undertake a new mission in its lending.⁶¹

Michael Barnett and Martha Finnemore stressed the importance of bureaucratic power when they defined a 'constructivist' approach to studying the Bank and other international organisations, which they argued:

are often the actors to whom we defer when it comes to defining meanings, norms of good behaviour, the nature of social actors, and categories of legitimate social action in the world.⁶²

⁶⁰ A. Hood, 'Developing the East African: The East Africa Royal Commission, 1953-1955 and its Critics', [Unpublished PhD Thesis, Rice University, 197], pp. 8-9.

⁶¹ W. Ascher, 'The World Bank and U.S. Control' in M. Karns and K. Mingst, *The United States and Multilateral Institutions: Patterns of Changing Instrumentality and Influence*, (London, 1992), p. 120; L. Galambos and D. Milobsky, 'Organizing and Reorganizing the World Bank, 1946-1972: A Comparative Perspective', *Business History Review* 69 (1995), pp. 189-190; Kapur, Lewis and Webb, *World Bank, History*, pp. 16-17; Sharma, 'McNamara at the World Bank', p. 25.

⁶² M. Barnett and M. Finnemore, *Rules for the World: International Organizations and Global Politics*, (Ithaca, 2004), p. 12.

Finnemore argued that the Bank was able to move in a new direction in the late 1960s and take other aid bureaucracies with it because of its reputation for technical efficiency, partnered with the decisive leadership of Robert McNamara:

The Bank's ability to [change the definition of development] stemmed from a combination of prestige and power. The intellectual prestige of the Bank's staff facilitated persuasion of national, international, and academic development experts as to the viability as well as the necessity of a poverty focus. The importance of the Bank as the largest multilateral development agency gave it power to apply coercion to recalcitrant borrowers where persuasion failed.⁶³

What Finnemore's analysis does not explain is how the World Bank became decisively the largest multilateral agency while undertaking this move into new policy areas. These two objectives were seemingly contradictory, given that the Bank's traditional supporters among the American elites, were 'conservative-minded' on aid matters and therefore set against the World Bank's new 'poverty-orientated' turn.

The constructivist approach draws on the work of Max Weber to stress the importance and power of bureaucracies, and how they govern society through norms and rules. However, as Weber himself pointed out, this is only part of the story. Weber argued that politicians and entrepreneurs can act as a counter-balance to the dehumanizing tendencies of bureaucracy. They can do this by challenging the claims to objective expertise made by bureaucrats. Weber explained how a ruling politician would do this "The ruler...exploits expert knowledge and...seeks to fend off the threatening dominance of the experts. He keeps one expert in check by others."⁶⁴ For Weber, bureaucracies existed within power structures, and could - should - be controlled by entrepreneurs and politicians.

Putting the constructivist approach in this context raises two questions about the current narratives concerning change at the World Bank in the late 1960s. Firstly, why was it that the Bank's senior management began working against rather than with the US elite to a greater

⁶³ M. Finnemore, 'Redefining Development at the World Bank' in F. Cooper and R. Packard (eds.), *International Development and the Social Sciences: Essays on the History and Politics of Knowledge*, (Berkeley, 1997), p. 219.

⁶⁴ M. Weber, 'The Bureaucracy I: External Form, Technical Superiority, Ethos, and Inequality' in S. Kalberg (ed.), *Max Weber: Readings and Commentary on Modernity*, (Oxford 2005), p. 207.

extent than it had done previously (or would do in the future), convincing them to use aid in new ways that were not obviously in their interest, or were in their interest, but in rather less direct ways? Secondly, how did it gain the autonomy and power to do this? This thesis argues that to understand these shifts we need to move the focus from the World Bank as a bureaucracy towards the policy-makers who decided its importance relative to the other aid bureaucracies.

The diversification of Western donor efforts complicated the question of how aid should be administered. In the postwar period a convention had emerged: donors would run their own bilateral programmes alongside multilateral programmes administered mainly by the UN's Specialized Agencies. The tension between bilateral and multilateral institutions was heightened by the growing sense of crisis in the mid-1960s. The argument for multilateral aid was that international organisations were more likely to adhere to a technically correct form of aid-giving, rather than it being used by donors for their own benefit.⁶⁵ Bilateral aid, by contrast, was 'tied', as it came with strings attached, typically that aid programmes would be carried out by companies from the donor country concerned.⁶⁶ The debate concerning which method of aid administration was better was hard fought between the UN and its Specialized Agencies, with their 'one-country one-vote' system, and donors with large bilateral aid programmes such as the US and the UK, who argued that the relative size of their contributions should entitle them to a greater say in the making of aid policy.

These tensions were added to by the disparity in approaches to multilateral institutions by different donors. The percentage of aid given to multilateral institutions varied widely – Norway gave around 60 per cent of its aid to multilateral programmes in the mid-1960s whereas the UK figure was nearer ten per cent.⁶⁷ In addition, the UN agencies were only one of the sets of multilateral institutions used by donors. The European Development Fund, an instrument of the European Economic Community (EEC) spent much of its money exporting equipment from Belgium and France to their former colonies: Germany found itself

⁶⁵ L. Emmerij et al., *UN Ideas and Global Challenges*, p. 202.

⁶⁶ Fieldhouse, *West and the Third World*, p. 233.

⁶⁷ J. Tomlinson, 'The Commonwealth, the Balance of Payments and the Politics of International Poverty: British Aid Policy, 1958-1971', *Contemporary European History* 12 (2003), pp. 424-425; Pharo 'Norway's Foreign Economic Assistance Policy', p. 541.

providing a third of the funds but having little say over how the money was spent, and without its companies deriving benefit.⁶⁸

By the mid-1960s pressure was building for a more organised multilateral approach to aid. This partly came from those involved in aid, whose numbers had steadily increased in size after the Second World War, who saw multilateral organisations such as the World Bank and the UN as places where they had greater control over the aid agenda, away from the vagaries of domestic politics. However, donors who had traditionally been more opposed to multilateral approaches were also cautiously in favour. The US, by far the largest donor, was trying to reduce its aid burden and was keen to have a forum where it would maintain its dominant position, but be able to pressure its partners to make a greater contribution. The colonial powers were similarly interested in mechanisms whereby they and their former colonies could derive the benefit from aid given by others. The northern Europeans were keen to have a greater say within multilateral organisations, in part to gain a greater knowledge of the aid system so that they and their allies in the developing world could gain greater benefit from it.⁶⁹

There were three main candidates to act as the multilateral organisation of choice for Western donors. The first was the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD). Founded in 1961 with strong American support, the DAC was designed to allow donors to coordinate their bilateral programmes but also to impose the concept of ‘burden-sharing’ on donors who were seen as not doing their part – especially Germany and Japan – through a system of data collection and annual peer reviews. There were also suggestions that the DAC might become a more operational body: as historian Mathias Schmeltzer has demonstrated, this was supported by the US, and the northern Europeans, but was opposed by the colonial powers.⁷⁰ Suggestions that the DAC should increase its powers met with opposition from recipient countries who referred to it as the ‘rich man’s club’ because they were excluded from its workings. As one UK dispatch put it, the DAC was an:

⁶⁸ H. Schmidt, ‘Pushed to the Front: The Foreign Assistance Policy of the Federal Republic of Germany, 1958-1971’, *Contemporary European History* 12, (2003), p. 481.

⁶⁹ Schmeltzer, ‘The OECD, ‘Development’, and the Hegemony of Donor Countries’, p. 178.

⁷⁰ *Ibid*, p. 179.

essential organ in which, untrammelled by...subversive manoeuvres [sic] from behind the Iron and Bamboo curtains, the Western powers can study the real substance of aid problems in all objectivity and think out a coordinated line to take at New York or Geneva.”⁷¹

The mention of the two cities was a reference to the ongoing debates at the UN and its constituent Specialized Agencies which threatened to undermine the UN system. Nonetheless in the mid-1960s the UN remained the established body with the greatest claim to represent a universal approach to aid and development.

The UN’s aid effort was managed by an increasing number of diverse programmes, the governance structures for which were often Byzantine as a result of international rivalries. The Economic and Social Affairs Council (ECOSOC) had oversight of a number of Specialized Agencies, set up to deal with thematic areas of development. In addition, the UN’s Expanded Programme of Technical Assistance (EPTA) had been set up in 1955 under the authority of the General Assembly. As the result of a debate about how multilateral aid should be administered in the late 1950s, covered in more detail in Chapter Four, the UN also acquired a Special UN Fund for Economic Development (SUNFED) in 1958, but this was underfunded, and in 1966 was merged with EPTA to form the UNDP which fell under the joint authority of the General Assembly and ECOSOC. This structure was further complicated by the presence of the UNCTAD secretariat, which was not an operational body but formed a recipient country counterpoint to the DAC. UNCTAD was deliberately kept as an ‘appendage’ of the UN General Assembly in order to avoid the US and other donor countries cutting or even removing its funding.⁷² After they lost their voting majority around 1960, Western donor governments often regarded the UN system as inefficient and politically antagonistic.

One UN Specialized Agency which did retain Western confidence was the World Bank. It had a separate voting structure and ethos to the other UN agencies which allowed the donors to have more control over, and therefore more confidence in, its workings. The voices of recipient countries had been kept relatively quiet, although they were present at the World

⁷¹ Quoted in Schmelzer, ‘The OECD, ‘Development’, and the Hegemony of Donor Countries’, p. 180.

⁷² I. Taylor and K. Smith, *United Nations Conference on Trade and Development (UNCTAD)*, (Oxford, 2007), p. 1. The UNCTAD meetings continued to be held every four years after 1964, with a secretariat at the UN preparing for them. Or debate over multilateral vs bilateral?

Bank in a way that they were not at the DAC. At the time that George Woods gave his Stockholm speech the Bank had a ‘conservative’ history as a lending institution. Its lending program was dominated geographically by India and Pakistan and in terms of sectors to power and transport projects.⁷³ This differentiated it from the UN’s programmes and the bilateral efforts that the DAC was attempting to coordinate, which had a greater geographical and thematic spread.

By the late 1960s, the World Bank was made up of two institutions which were funded in different ways. The International Bank for Reconstruction and Development (IBRD), set up at the Bretton Woods conference in 1944, sold bonds on Western capital markets in order to offer loans for development in the ‘developing world’. The International Development Association (IDA) was formed in 1961 to act as a conduit of credit on soft terms to the developing world. The IDA’s funds had to be replenished every three years through appeals to the Bank’s Part I countries, most of which were also DAC members. While theoretically different bodies, the IBRD and the IDA shared the same staff and management, and loans were often given jointly at a combined rate of interest – a practice known as blending. The Bank also had to make loan agreements with recipient countries: its terms had to be attractive enough to keep this supply of loans going.⁷⁴ The World Bank therefore had to retain the confidence of financial and political elites in the West, and governments in recipient countries. It also had to retain a sense of itself as a technically competent bureaucracy which it could then project to others.

Alongside the 1960s, the 1940s and the 1990s have been studied as periods when there was pressure for the World Bank to change its nature. Approaches to these decades by scholars further suggest the long-term importance of the relationship between the World Bank and external actors. For Michele Alacevich and Robert Wade, US elites have played a hegemonic role in controlling the work of the Bank. Alacevich has written a detailed history of the World Bank’s first economic mission to Colombia in 1949, which convincingly demonstrated that the Bank took a conservative turn during this period for political reasons, as it worked to gain the confidence of Wall Street financiers. This led it to reject calls for greater spending in social areas such as housing, and was representative of a more widespread movement in both

⁷³ E. Mason and R. Asher, *The World Bank since Bretton Woods*, (Washington, 1973), p.193 and p. 199.

⁷⁴ C. Weaver, ‘The World’s Bank and the Bank’s World’, *Global Governance* 13 (2007), p. 494.

the American government and the World Bank management, as fiscal conservatives with strong Wall Street connections took back control from New Dealers.⁷⁵

Wade has described a similar situation over the forced resignation of Joseph Stiglitz, the Bank's then chief economist in the 1990s. US Treasury officials believed Stiglitz was focussing excessively on social issues, rather than encouraging developing countries to stick to a neo-liberal, free-trade course. While Treasury officials saw this as a technical issue – Stiglitz's pronouncements were threatening to undermine the 'correct' route to development – Wade argued that it was instead a political decision – the kind of social democratic options being forwarded by Stiglitz were technically viable but politically unacceptable to the US elite. Using this and other examples Wade argued that the US state exerted hegemonic control over the Bank through two main channels. The first was relatively formal – as the largest contributor to World Bank funds, the US had the largest single block of votes in its decision-making bodies. Secondly, the US enjoyed informal means of control as a result of the Bank being situated in Washington D.C. and the gentlemen's agreement that the Presidency is in the gift of the US President, in consultation with the Treasury. As a result, Wade argued, the Bank staff shared a similar outlook to the US elite.⁷⁶

In the cases that Alacevich and Wade described there was a blurred distinction between the 'technical' and the 'political': what was defined as technical was clearly decided through a series of political considerations, and the World Bank and its staff acted in a relatively straightforward way to safeguard the interests of the US elite. This model does not map onto the changes which occurred in the late 1960s. There is a general consensus that the US, and to a lesser extent other Western donors ended up making a series of concessions to the aid community about how their money should be spent, including that more should be tracked through multilateral institutions, and that there should be greater spending on 'social' issues. Alacevich argued that the change came about as a result of "growing disappointment within the development community" and that:

⁷⁵ M. Alacevich, *The Political Economy of the World Bank. The Early Years*, (Stanford, 2009).

⁷⁶ R. Wade, 'US Hegemony and the World Bank: The Fight over People and Ideas', *Review of International Political Economy* 9 (2002), pp. 201-229.

Only with Robert McNamara, the fifth president of the Bank (1968–81) and the first manager- turned- politician to lead it, did the Bank try to catch up with the new frontiers in development, especially during his second term.⁷⁷

These arguments create a curiously apolitical impression of this period, suggesting that McNamara as an individual took on the job of changing the Bank in reaction to the disappointment of the ‘development community’ – a group which is left undefined. This suggestion runs against Alacevich’s carefully constructed argument about changes in the late 1940s, which he demonstrated were due to systemic changes in the make of the US elite, in which the leadership of the Bank was embedded. The World Bank’s dominance was by no means certain during the 1960s, during which the U.S. boasted larger aid programs than the World Bank, and theorists working within the UN system were arguably more influential in how development was being thought about and practiced.⁷⁸

In this context, the Pearson Commission had the difficult moderating task of producing a document which would appear politically acceptable and technically competent to the aid community and Western elites. Partly as a result, it will be argued that other audiences – the bureaucracy of the World Bank itself, and elites and populations in recipient countries, were neglected, with consequences which are examined in Chapters Four, Five and Six. At the same time, the Commission had the opportunity to make its Report somewhat Janus-faced. They could attempt to win over Western elites with claims to technical competency, while lamenting to others in the aid community that their recommendations were what was politically possible. This dynamic, and its successes and failures, runs through the main body of this thesis, but is especially discussed in Chapter Three.

Throughout this thesis attention is paid to the elite, epistemic and bureaucratic interests that shaped how the Pearson Commission was brought into being, how it operated, and how its Report was received. At the heart of this process, it is argued, were a very small group of individuals, foremost among them William Clark and Barbara Ward. The role of such interlocutors has been under-theorised. They do not answer to the description of those political actors defined by Cass Sunstein as ‘norm entrepreneurs’, individuals and groups who are “able to exploit private dissatisfaction with existing norms in order to bring about

⁷⁷ Alacevich, *Political Economy of the World Bank*, p. 150.

⁷⁸ Sharma, ‘McNamara at the World Bank’, p. 145; Emmerij et al., *UN Ideas*, pp. 43-60.

large-scale social change.”⁷⁹ Similarly, Nancy Roberts and Paula King’s definition of public entrepreneurs as those who “develop a new idea, translate it into a more formal statement (such as a proposal, bill, or law), and then help to implement it into public practice as a new program” does not fully explain the significance of Clark and Ward’s role.

These theories overemphasise the importance of change in allowing individuals to influence the policy-making process. Clark and Ward, as shown in this thesis, drew their power from their ability to bring together the ‘right people’ with the ‘right ideas’ in order to maintain or shift the *status quo*, rather than holding or developing a set of ideas that they tried for a long time to force into the policy mainstream. The nature of this power perhaps also helps fill a gap in discussions of elite groups in the postwar Western world that have variously labelled as ‘establishments’, ‘elites’ and the ‘official mind’ or ‘official classes’. As historian Godfrey Hodgson pointed out in his study of the ‘American foreign policy Establishment’ in 1970, descriptions of ‘establishments’ which focus on the social background of their members, or their ‘power to enforce the *status quo*’ can only carry analysis of these groups so far. Instead, Hodgson argues, the histories and dynamics of particular groups have to be investigated. As is argued in Chapter One, Hodgson’s definition of the US Establishment in the postwar period is generally convincing. However, this thesis takes issue with his description of such groups as ‘self-recruiting’.⁸⁰ Instead, it is argued, they were held together by individuals like Clark and Ward, who acted as conduits, gatekeepers and philosophers for these communities. Individuals playing a similar role in the postwar world have been identified in a number of recent historical studies.⁸¹

Conclusion

In studying the Pearson Commission this thesis will combine theory from various disciplines with a study of the historical specificities of the period. Chapter One examines the shared history of the Pearson Commissioners working for and learning from a particular set of

⁷⁹ C. Sunstein, ‘Social Norms and Social Roles’, *Columbia Law Review* 96 (1996), pp. 929 and 947. See also M. Finnemore and K. Sikkink, ‘International Norm Dynamics and Political Change’, *International Organization* 52 (1998), pp. 887-917.

⁸⁰ G. Hodgson, ‘The Establishment’, *Foreign Policy* 10 (1973), p. 13.

⁸¹ See Gijswijt, ‘Uniting the West’, pp. 7-14 on the role of Joseph Retinger in setting up the Bilderberg Group; and Nemchenok, ‘A Dialogue of Power’, pp. 63-65 on Maurice Strong and Marc Nerfin’s efforts to create and sustain a community dedicated to encouraging poverty and environmental concerns be taken into account in development programs.

institutions. As a result, many of them were known to each other socially or by reputation prior to the Commission's creation. They had often taken similar political positions over matters of international economics and politics, such as the Marshall Plan and the Suez Crisis, because they shared a commitment to US-led liberal regimes. The chapter argues that the Commissioners belonged to three elite groups who played an important and sometimes dominant role in Western policy-making in the postwar period, often in alliance: the American foreign policy Establishment, British Commonwealth liberals and US-friendly technocrats. Chapter Two argues that these shared backgrounds were a major determining factor of the Commission's eventual make-up. This process was led by a small group, assembled by Clark and Ward, which steadily took on the attributes of a policy community. This group tried to predetermine the Commission's recommendations: they wanted it to provide a clean bill of health for the aid effort on political and technical grounds, and argue for an increase in funds, especially for the multilateral effort with which they were affiliated.

Chapter Three chronicles how this effort broke down, as divisions emerged between the World Bank and the UN; and within the Commission over what the purpose of aid and development should be: this was exacerbated by the growing strains on the postwar aid regime. The result was a final Report which struggled hard to be all things to all men, and scored both successes and failures in this regard. This chapter posits that these arguments caused a lasting impact by revealing to the World Bank's supporters that the aid community and was seriously divided. To continue to receive support from Western elites they would have to set out how the Bank could provide a 'moderate' option in terms of its political and technical positions.

Some scholars and contemporary observers have argued that the major change which resulted from this fracturing of the aid regime was a shift from economic growth-orientated strategies to poverty-orientated ones. This is challenged in Chapters Four, Five and Six. Chapter Four, as detailed above, explores how Clark and Ward used the Pearson Commission as part of a wider process of establishing an aid community led by the World Bank. Chapter Five considers the Commission's best-remembered recommendation - that donor countries should give 0.7% of their GDP per year in official development assistance. It argues that agreeing this target secured the place of the aid community, and the concept of aid in international policy-making. Chapter Six then uses the issue of population control to show how the proposed new competencies for the Bank in 'poverty-orientated' areas were couched in ways

that were designed to appeal to Western elite audiences and the aid community, and that its main impact was not to radically change how aid was used, but to increase the power of the World Bank.

This thesis draws on archival sources from the UK, US, Canada and France. These include the personal papers of a series of policy-makers concerned with the Pearson Commission and the institutional papers of organisations which were involved in shaping and responding to the Commission's work, as well as oral histories hosted online by the World Bank archive. I have also been able to consult a variety of grey literature including the memoirs of those involved in the Commission, media articles from the time and contemporary reviews of the Report. Finally, while, as explained above the secondary literature on the Pearson Commission is limited, I have been able to draw on larger and growing literatures concerning transnational policy in general and aid diplomacy in particular in the late 1960s and early 1970s. This evidence base runs the risk of being excessively Anglophone. However, the Pearson Commission was part of a process by which the aid community became ever more homogeneous with an increasing focus on being English-speaking. But, in fact, the homogenising process went deeper than this. A particular focus on the British Ministry of Overseas Development (ODM) and two British think tanks, the Overseas Development Institute (ODI) and the Institute for Development Studies (IDS), has allowed me to demonstrate how a different vision of the British aid programme, based on Commonwealth links, was being steadily eroded during this period by a turn towards international institutions and the US alliance.

Taken as a whole, this thesis aims to demonstrate the importance to international decision-making of the blurred distinction between which issues are 'political' and which are 'technical'. It argues that the grey area between the two is policed by transnational policy communities whose membership is decided by the structure of international economics and politics, but also interpersonal and institutional relationships. By demonstrating how interactions involving this community led to the emergence of the World Bank as the preeminent development institution in the early 1970s, in large part through the legitimising process of the Pearson Commission, it aims to demonstrate the importance of these sometimes opaque processes and structures, and to open them up for further discussion.

Chapter One: The ‘vital centre’: International Politics and the Pearson Commissioners before the Commission

The driving force for the creation of the Pearson Commission came from the professional partnership of William Clark and Barbara Ward. This chapter analyses their prior careers as well as those of the Commissioners who were recruited to take part in the ‘Grand Assize’. It argues that the organisers and those who were to be Commissioners came to share a set of assumptions about international politics. Firstly, they believed that communism, in the shape of internal subversion, the bloc of nations led by the USSR, and communist China represented a threat to the societies from which they came. Secondly, that the US, because of its power and ideological positions, was the obvious leader of the West, and should be encouraged to take the full weight of this leadership burden. Thirdly, that the West and its allies should be defended militarily, but more importantly through the spread of forms of political economy which would encourage first economic growth and then a level of redistribution which would create prosperous and stable societies. As has been shown by regime theorists, this broad set of beliefs created liberal, internationalist regimes that heavily shaped Western policy-making in the postwar period.¹

For Gramscian international relations scholars such as Kees Van Der Pijl and Stephen Gill, this set of ideas represented ‘concepts of control’ through which ‘transnational ruling classes’ justified and imposed their material dominance of Western societies.² This thesis accepts the distinction between material and discursive measures that is inherent in such accounts. As is shown in this chapter, those involved in the Commission wielded – as a group and as individuals – both material power in the form of running institutions with financial and political leverage, and discursive power in that they were often involved in knowledge creation that was designed to influence policy outcomes. Throughout this chapter, accounts of specific events are used to show how Western elites used material power but also discursive power – especially their ability to have certain political assumptions labelled as technically correct approaches to problems – to create and defend liberal, internationalist regimes.

However, this chapter challenges Gramscian accounts by arguing that they accord too dominant a position to these elites, and do not allow for the often sharp differences of opinion

¹ See the collected essays in Krasner (ed.), *International Regimes*; Keohane, *After Hegemony*; C. Maier, ‘The Politics of Productivity: Foundations of American International Economic Policy after World War II’, *International Organization* (1977), pp. 607-633; and Ruggie, ‘Embedded Liberalism’.

² See Van Der Pijl, ‘Ruling Classes’ and S. Gill, ‘Hegemony, Consensus and Trilateralism’, *Review of International Studies* 12 (1986), pp. 205-222.

within elite groupings. Through accounts of future Commissioners' involvement in and opinions on major international events such as the Marshall Plan, the Suez Crisis and the Vietnam War, the chapter explores the beliefs, institutions and networks which maintained Western elite support for liberal internationalist regimes, but also reveals the differences within Western elites which led these regimes to be challenged throughout the period, but most seriously in the late 1960s.

The widely-shared assumptions outlined above did not turn the Western elites from which the Commissioners were predominantly drawn into a homogenous 'ruling class'. This chapter identifies three groups who were involved in the Commission's creation and work, and future chapters will outline how their different starting points led to the disagreements which marked its existence. The first were members of what others have dubbed the American foreign policy Establishment.³ Douglas Dillon, the Pearson Commissioner from the US and the Commission's Staff Director, Edward Hamilton, represented this group. They were liberal internationalists who wanted the US to play an expansive role in the world, and were concerned with the US national interest especially in terms of security and trade.

However, as recounted below, when considering wider Western elites, non-Gramscian accounts of this Establishment's alliances overseas have made slightly opaque references to 'solid men of the center' and the 'vital center'. This chapter expands on these references by identifying two groups of elite allies that this Establishment engaged with overseas. The first were liberals from the British Commonwealth who believed their countries could play a mediating role between the US, its Western allies and the 'developing world'. This group included Clark and Ward, and future Commission members Lester Pearson, Arthur Lewis and Edward Boyle. Because they saw themselves as moderators, they formed the most heterogeneous of the three groups involved in the Pearson Commission. The third group came from countries which had been reconstructed by US resources in the postwar period, and had played a willing part in this process. Their representatives on the Commission included Wilfried Guth, Robert Marjolin, Saburo Okita and Roberto Campos. This group had a strong technocratic bent and were generally supportive of US ideas about productivity while also being protective of their countries' national interests.

³ Hodgson, 'The Establishment', p. 13; P. Roberts, "All the Right People": The Historiography of the American Foreign Policy Establishment', *Journal of American Studies* 26 (1992), pp. 409-434.

Cutting across these divisions, the fact that two of the Commissioners – Lewis and Campos – came from the ‘developing world’ gave them a particular view on aid which marked them out from their colleagues. However, their involvement in what was a Western elite exercise acts as a reminder of the regular attempts to spread the gospel of liberal internationalism into the ‘developing world’, with mixed success.

These groups faced steady opposition from other sections of elites in their own countries who were more nationalist and/or isolationist in their outlook. In the face of such opposition, this chapter explains the different ways in which a broad sense of community was created among those sections of the Western elites that believed in liberal, internationalist aims. It shows how the creation of the official manifestations of a Western alliance through institutions including NATO and the OECD provided the background to the careers of those who would become Pearson Commissioners in the years between the end of the Second World War and the Commission. It also shows that unofficial networks formed through attendance at universities like Harvard and Oxford, involvement with publications including *The Economist* and *Foreign Affairs*, and meetings such as those organised by the Bilderberg Group played an important part in fostering a sense of a Western elite. As recounted in the last section of the chapter, it was this ‘sense’ that came under threat in the late 1960s due to the changing nature of the Western alliance, and growing challenges from the ‘developing world’. Overall, by analysing incidents from the careers of the Pearson Commissioners over a twenty year period, this chapter will show how the institutions they had been involved with meant that their eventual Report was bounded by the norms of the international regimes they had grown up with.

Postwar Origins: The Marshall Plan and NATO

To understand how liberal, internationalist views became widely held among postwar Western elites, it is important to consider how the US government defined and promoted its interests in the post-war world. American planners soon decided that the UN and its agencies – with the exception of the Bretton Woods institutions – were ineffective.⁴ However, the Bretton Woods institutions proved unable to cope with the sheer scale of economic need in Europe.⁵ Some American policy-makers believed economic instability was bolstering the

⁴ E. Childers and B. Urquhart, *Renewing the United Nations System*, (Uppsala, 1994), p. 11.

⁵ Mason and Asher, *World Bank*, pp. 52-53.

popularity of communism in Europe, and sought explicitly to rally the liberal internationalists of the American foreign policy Establishment.⁶

Douglas Dillon, a prominent Wall Street banker and member of the Eastern internationalist wing of the Republican Party, was firmly part of this group, having chaired the family banking firm of Dillon Reed and served as ambassador to France and Under Secretary of State for the Eisenhower administration in the 1950s.⁷ In 1960 he was invited to serve in the Cabinet of the newly-elected Democratic President Kennedy as Secretary to the Treasury, and was happy to do so, later telling an interviewer that “the outline of the policy to be followed was exactly along the lines of what I felt was the correct policy.”⁸ The main focus of this group was foreign affairs and it was from this that they developed a broadly shared set of ideas: to them it was clear that US government policy would have to be more interventionist to secure a liberal world order and combat the Communist threat.

These beliefs were put to the test as a result of the unstable conditions in Europe in the late 1940s. Historian John Ikenberry has argued that the US government got “both more than it wanted and less than it bargained for in the early postwar period.”⁹ The US was gradually pulled into a web of alliances, especially in Europe, in response to the communist threat and at the behest of groups within those societies seeking US protection.¹⁰ The largest and most dramatic of post-war US interventions was the Marshall Plan. In a speech at Harvard in the spring of 1947 General George Marshall linked an economic way of life to a political one: liberal, market economies would create growth and were necessary to sustain free institutions and implicitly to repel the Communist threat. He therefore announced that the US government intended to put together a large-scale aid program for Europe.¹¹

The American foreign policy Establishment had to convince a sometimes reluctant public, and their sceptical colleagues, to engage overseas. Charles Maier, a historical political economist, has argued that US policy-makers coalesced around a set of policy aims which

⁶ Ibid, p. 88.

⁷ E. Pace, ‘C. Douglas Dillon Dies at 93: Was in Kennedy Cabinet’, New York Times, January 12 2003. [<http://www.nytimes.com/2003/01/12/business/c-douglas-dillon-dies-at-93-was-in-kennedy-cabinet.html>, accessed 30 September 2014].

⁸ C. Douglas Dillon, recorded interview by Dixon Donnelley, July 30, 1964, (p. 16), John F. Kennedy Library Oral History Program.

⁹ G. Ikenberry, ‘Rethinking the Origins of American Hegemony’, *Political Science Quarterly* 104 (1989), p. 376.

¹⁰ Ibid, p. 376.

¹¹ Ibid.

prioritised the reduction of barriers to trade and harmonious industrial relations.¹² If these could be maintained, economic growth would ensue, reducing the need for redistribution and also building a platform of economic strength from which to take on the Soviet threat. Maier stressed that the US approach of the time was focussed on the ‘politics of productivity’, in which the US elite and her transnational allies “sought to transform political issues into problems of output, to adjourn class conflict for a consensus on growth.”¹³ The necessity of engaging abroad could be sold to the US public on the basis of spreading US values and ensuring economic growth for US producers as a result of expanding overseas markets.¹⁴ This allowed the American foreign policy Establishment to create a broad domestic and foreign alliance.

Maier argued that this consensus was not forced upon Europe and Japan but rather found a willing audience amongst policy-makers who were “solid men of the center, committed to growth after wartime destruction and exhaustion with ideological conflict.”¹⁵ Others have also identified in outline a group of policy-makers in the postwar world who believed in a mixture of a liberal international economy and more protective and interventionist domestic economies. One of Lester Pearson’s biographers, describing those whom Pearson worked and sympathised with in Europe, identified:

the sense...[of a group that] believed that western liberal values, strengthened by a more equal and prosperous society through an interventionist welfare state, would ultimately assure the collapse of Communism. Their voices found echoes in the United States, as New Deal liberals adjusted to the post-war years by emphasizing the “vital center”...There were also echoes in Europe, especially among social democrats.¹⁶

The shared experience of planning for war and peace in the 1940s was crucial in the creation of personal and professional networks which allowed this set of policies to become widespread in the West. The acceptance and administration of Marshall Aid was a central part of this process. The Governments of Britain and France convened a tripartite conference in Paris with the USSR to discuss Marshall’s offer of US aid. At the close of the conference, further USSR involvement was ruled out, with their delegation arguing that a multilateral

¹² Maier, ‘The politics of productivity’, p. 608.

¹³ Ibid, p. 607.

¹⁴ Ibid, p. 632.

¹⁵ Ibid, p. 630.

¹⁶ English, *Pearson*, p. 16.

response to the US would involve infringements on state sovereignty.¹⁷ Eventually 16 governments, none of them from the Communist bloc, were represented at the discussions as to how to respond to Marshall's offer.¹⁸

The resultant, summer-long meeting was dubbed the Conference for European Economic Cooperation (CEEC). The CEEC was a model for those who put the Pearson Commission together, because it encouraged European countries with US leadership to consider how best to stimulate economic growth in order to see off the communist threat. The British Chairman, Oliver Franks, was later the first-choice candidate for the chairmanship of the Pearson Commission. He had been central to British efforts to coordinate the war effort in Washington.¹⁹ A secretariat was set up to work with him, headed by Robert Marjolin, a future Pearson Commissioner. Like Franks, Marjolin had spent the war in Washington, becoming head of the French Supply Mission to the United States.²⁰ Marjolin commented of the technical economists involved in the CEEC, including himself, that they had been raised "essentially on the idea that a return to prewar stagnation had to be avoided at all costs; we belonged to the 'growth' generation."²¹ They believed in the benefits of co-operation with America, with Marjolin writing of the Marshall Plan "what (America) was proposing to do would serve European interests... because the Americans intended to assemble around them a prosperous Atlantic world."²² Speaking to an American audience in 1949, Franks argued that the US and the UK had a special role to play in encouraging an Atlantic community which would act as a bulwark against communism.²³

The CEEC aimed to establish the amount of dollars required by European countries to rebuild their industrial capacity and ensure the free movement of trade and capital around the continent, thereby stimulating economic growth. Behind this primary objective lay the desire among many to see a more integrated continent, with agreed development plans and a currency union. The secretariat asked the governments represented to submit an analysis of their needs in a number of areas. The claims for resources were then assessed by sub-committees in Paris. The CEEC was represented as a process by which 'experts' in Paris would be able to present a technically correct figure for the dollar requirements of the US's

¹⁷ T. Judt, *Postwar: A History of Europe Since 1945*, (London, 2005), p. 91.

¹⁸ *Ibid*, p. 92.

¹⁹ A. Danchev, *Oliver Franks: Founding Father*, (New York, 1993), p. 57.

²⁰ R. Marjolin, *Architect of European Unity: Memoirs, 1911-1986*, (London, 1989), pp. 117-118.

²¹ Danchev, *Franks*, p. 65; Marjolin, *Architect of European Unity*, p. 185.

²² Marjolin, *Architect of European Unity*, p. 207.

²³ O. Franks, 'The Quest for Strength', *Proceedings of the Academy of Political Science* 23 (1949), p. 122.

European allies. The reality was more political. Although US policy-makers had said they would not get involved in this process, they helped to guide proceedings through a series of interlocutors. Franks was seen as too pro-American by many, even among members of the British delegation.²⁴ He met with a triumvirate of American diplomats who advised what would be acceptable to the US government.²⁵ The Europeans had to coordinate their reconstruction programs so as to minimise competition between industries in different states.²⁶ When Franks informally presented the first draft figure of \$29.2 billion it was seen as too high: a revised figure of \$22.4 billion was duly submitted.²⁷

The final Report was not the technical economic analysis which it presented itself as. Many of its figures had been fabricated in pursuit of national economic gain, rather than the continent-wide resurgence it was supposed to be encouraging. Marjolin and one of his British staff, Eric Roll, another future proposed candidate for the Pearson Commission, had come across the Greek delegate filling in the figures for his country's needs on the basis of his own 'best guess.' It had to be gently explained to the Turkish delegate that over-playing his country's balance of payments difficulties might in fact lead to fewer dollars for Turkey, not more.²⁸ There was a clear thrust to the Report – the need for US aid to encourage economic growth in the face of the communist threat. One of the delegates at the start of the summer had argued that “this conference is a turning point of European history. Failure to reach agreement would mean a Red tide might sweep over Europe.”²⁹ With US assistance, member countries hoped to “march forward towards the attainment of that essential economic well-being which is essential to peace and happiness.”³⁰

There followed a negotiation in Washington DC with US policy-makers and a package was agreed to present to Congress.³¹ There was then a tense period as the package was sold to the American people. This included Franks touring the American Midwest to explain the Plan to sceptical American farmers. He recalled “I was sent out all over the United States explaining. I talked on radio. I talked to school teachers. I talked to committees of young

²⁴ Danchev, *Franks*, p. 80.

²⁵ *Ibid*, p. 64. The triumvirate were William Clayton, the Under Secretary of State for Economic Affairs, Lewis Douglas, the US Ambassador in London and Jefferson Caffery, the US Ambassador in Paris.

²⁶ A. Milward, *The Reconstruction of Western Europe, 1945-51*, (Berkeley and Los Angeles, 1984), p. 81.

²⁷ Danchev, *Franks*, pp. 75-82. The eventual transfer of resources from the US to Western Europe was c. \$13 billion, see J. De Long and B. Eichengreen, *The Marshall Plan: History's Most Successful Structural Adjustment Program*, (Published Online, 1991), p. 2.

²⁸ E. Roll, *Crowded Hours*, (London, 1985), p. 56.

²⁹ Quoted in Danchev, *Franks*, p. 65.

³⁰ CEEC, vol. 1, *General Report*, (Paris, 1947), p. 3.

³¹ Danchev, *Franks*, p. 85.

businessmen.”³² The Plan was passed through Congress in March 1948.³³ It was due in large part to the respect which Franks won on this tour with the US Congress and the wider American public that he was later considered as the first choice for chairman of the Pearson Commission.

The writing of the CEEC Report was an exhausting process. On the day after its release, Franks was found weeping by a friend, who took him to Chartres cathedral for the afternoon to recover.³⁴ This shared experience bound participants together, with Ernst van der Beugel, part of the Dutch delegation later recalling that “The affinity between these men who worked day and night during the summer of 1947, formed an indispensable element for future cooperation.”³⁵ Roll commented retrospectively on the CEEC that “for decades afterwards the people concerned formed a sort of stage army, wandering on and off in many of the subsequent dramatic events that marked Western cooperation.”³⁶ As identified by Maier, the norms of this Western cooperation had been firmly set along the lines of the ‘politics of productivity’: the implementation of the Marshall Plan stressed the importance of free trade and harmonious industrial relations and sought primarily to foster economic growth.

Out of the CEEC negotiations in Paris grew the Organisation for European Economic Cooperation (OEEC) in 1948. Its first secretary-general was Marjolin, who had come to be regarded in Anglo-American circles as a ‘disinterested’ servant of multilateralism, as opposed to some of his more partisan French colleagues.³⁷ One observer noted that in the corridors of the OEEC’s headquarters, the *Château de la Muette* in Paris, it was boasted that the organisation had more influence on its member governments than the UN.³⁸ The OEEC staff, it was noted:

stress the underlying sense of genuine community which has made this possible, while also giving the OEEC itself some credit for fostering and strengthening this sense of community.³⁹

³² Ibid, p. 86.

³³ D. Kunz, *Butter and Guns: America’s Cold War Economic Diplomacy*, (New York, 1997), p. 47.

³⁴ Danchev, *Franks*, p. 83.

³⁵ E. Beugel, *From Marshall Aid to Atlantic Partnership: European Integration as a Concern of American Foreign Policy*, (London, 1966), pp. 71-72.

³⁶ Roll, *Crowded Hours*, p. 54.

³⁷ Ibid, p. 73.

³⁸ L. Gordon, ‘The Organisation for European Economic Cooperation’, *International Organization* 10 (1956), p.

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³⁹ Ibid.

This was not an idle boast: although the OEEC was not a federative or decision-making body, its advice and consensual approach were able to have an impact on major policy-decisions amongst its members.⁴⁰ Overall, the OEEC sought to encourage economic growth and a sense of community which was united in its opposition to the communist threat.

In Britain, there was initially a significant amount of scepticism about the Marshall Plan. Supporters of US intervention believed there was a serious possibility that a coalition of socialist and imperialist MPs, suspicious of US power and objectives would combine to embarrass the government on the vote to accept Marshall Aid.⁴¹ These groups believed the export of US aid would prevent the British pursuing a more independent set of social and economic policies at home and abroad and acting as a genuine third force in world politics, leading a bloc made up of Europe and the Commonwealth. This was a mainstream view, with cabinet ministers including Ernest Bevin, the Foreign Secretary, arguing that Britain had a role to play as a balancing force.⁴² There was however a prominent group within the British elites, in particular within the press, which believed Britain should be more closely aligned with the US and its way of life, and actively welcomed greater involvement in British affairs. This group included Barbara Ward and William Clark.

Clark (History) and Ward (PPE) had studied at Oxford University in the 1930s. From there they had gone on to brief postgraduate careers in academia, Clark at the University of Chicago and Ward at London University with the historian Arnold Toynbee. In both cases however, journalism, political activism and the war cut short these academic careers. Ward became assistant editor of *The Economist* in 1939. The paper had been steadily extending its influence under the leadership of Geoffrey Crowther, who had become editor in 1938. The circulation grew from 10,000 to 55,000 during his editorship, with a particular growth in the US after Crowther introduced an ‘American survey’ into the paper at the end of the war in a bid to improve Anglo-American relations.⁴³ Crowther characterised himself as being situated in the ‘extreme centre’ of the political spectrum.⁴⁴ He would later be the first choice to serve as Britain’s Pearson Commissioner. This was almost certainly due to his links with Ward, who, along with Crowther, was a major part of *The Economist’s* growth into a major

⁴⁰ Milward, *Reconstruction*, p. 180.

⁴¹ Clark, *From Three Worlds: Memoirs*, (London, 1986), p. 101.

⁴² *Ibid.*, p. 103.

⁴³ R. Bird, ‘Crowther, Geoffrey, Baron Crowther (1907–1972)’, rev. *Oxford Dictionary of National Biography*, Oxford University Press, 2004; online edn., Jan 2011 [<http://www.oxforddnb.com/view/article/30988>, accessed 1 September 2014]

⁴⁴ *Ibid.*

international paper: both were strong believers in the benefit of a transatlantic partnership led by the US.⁴⁵

William Clark spent the war attached to the Foreign Office in Chicago, working as a press attaché. There he acquired a favourable impression of US society and became convinced of the need to keep the US involved in Europe. Upon returning to Britain in 1946, Clark began to write anonymously for the *Economist* and the *New Statesman*. When the CEEC Report was published, Clark sought to persuade Kingsley Martin, the *Statesman*'s editor to dedicate a whole issue to supporting it. Martin declined, arguing that a more considered response was needed.⁴⁶ This reticence was probably fuelled by the socialist-leaning staff members of the *Statesman*, who were suspicious of US power.⁴⁷ This was not Clark's position: when asked by an American diplomat what the aim of Marshall Aid should be, Clark responded that he hoped it would result in a federal government structure that "would include the whole Atlantic community and would eventually be able to make the United Nations work as the basis for a world federal government."⁴⁸ As a result, Clark left the *Statesman* and offered his services instead to David Astor, the owner and editor of the *Observer*.

David was part of the Astor dynasty that had amassed significant business and political interests in the UK and the US.⁴⁹ He assembled a staff to write a propaganda edition of the *Observer* urging acceptance of Marshall Aid, including both Clark and Ward. The subsequent article on the 22nd of June took up half the paper and was entitled 'The Rescue of Europe'. It played a part in legitimating the Marshall Plan in the UK, and the vote in the House of Commons on whether to accept Marshall Aid was comfortably won by those in favour by a tally of 409 Ayes against 12 Nos.⁵⁰ Drafting the article brought together those in favour of greater US intervention in Europe, including not only members of the newspaper's staff such as Astor and Clark but also outsiders like Ward and Franks.⁵¹ The commitment of institutions like the *Observer* and the resulting informal discussion groups which were set up to draft the editorial were affirmative experiences for those who wished to encourage the US leadership

⁴⁵ Ibid.

⁴⁶ Clark, *From Three Worlds*, pp. 91-92.

⁴⁷ Ibid, p. 83.

⁴⁸ Ibid, p. 94.

⁴⁹ J. Lewis, *David Astor*, (London, 2016).

⁵⁰ HC Deb 06 July 1948 vol 453 cc210-342.

[http://hansard.millbanksystems.com/commons/1948/jul/06/european-economic-co-operation#S5CV0453P0_19480706_HOC_235, accessed 25 January 2016]

⁵¹ Clark, *From Three Worlds*, p. 96.

of liberal international regimes and who would later be involved in the Pearson Commission.⁵²

Alongside the OEEC, the new institution of NATO was created as a military organisation to ensure the defence of Western Europe, and this would again involve several future Pearson Commissioners. The alliance had its origins in the Brussels Treaty of 1948 in which Britain, France and the Benelux countries signed a mutual defence pact.⁵³ Negotiations were quickly begun to bring the US and Canada into the alliance. The initial talks took place between the US, Canada and Britain. The British delegation was led by Oliver Franks, fresh from chairing the CEEC and newly appointed as the British ambassador to the United States.⁵⁴ One of the key areas of debate was what sort of alliance any new treaty should encourage. The Canadians, led by Lester Pearson, then Minister for External Affairs, argued that NATO should be envisioned as more than a conventional military alliance.⁵⁵ Article 2 of the NATO Convention, which was known as the 'Canadian Article' noted that the Organization would contribute towards the peace enjoyed by its members by "strengthening their free institutions, by bringing about a better understanding of the principles on which these institutions are founded, and by promoting conditions of stability and well-being."⁵⁶

The OEEC and NATO came to be recognised as the organisational apparatus through which relations between North America and Western Europe would be governed. They were an institutional manifestation of 'the West', a term which many were starting to use as a catch-all reference term for those 'developed' nations allied to the US and opposed to the USSR.⁵⁷ The policy impact of these institutions has been noted: the stress on the liberalization of trade, the focus on growth, and rearmament in the face of the Soviet threat. These institutions also allowed transatlantic policy-making groups to rally and attempt to carry their societies towards a compromise between multilateral and domestic interests.

However, splits remained over how far this Western alliance should be carried. Initially the Canadian proposal for Article 2 had been more ambitious and envisioned the absorption of the work of the OEEC into NATO. This was opposed by the French, who wished to keep the two separate, and the Americans, who were worried about complicating a military alliance

⁵² Ibid, p. 95.

⁵³ L. Kaplan, *NATO United, NATO Divided: The Evolution of an Alliance*, (London, 2004), p. 1.

⁵⁴ Danchev, *Franks*, p. 89.

⁵⁵ English, *Pearson*, p. 22.

⁵⁶ L. Kaplan, 'NATO Retrospect', *The Review of Politics* 23 (1961), p. 451.

⁵⁷ A. Bonnett, *The Idea of the West: Culture, Politics and History*, (Basingstoke, 2004), p. 131.

with economic and social ramifications.⁵⁸ Dean Acheson, the US Secretary of State, recalled that Article 2:

continued to bedevil NATO...Lester Pearson...continually urged the council to set up committees of 'wise men' to find a use for it, which...[they]...continually failed to do.⁵⁹

The debate marked a split between those who believed in a pragmatic Western alliance to combat the Communist threat based on economic and military strength and those who believed that such an alliance should have something close to a spiritual underpinning based on a multilateral system of free trade partnered with domestic interventionism and redistributive policies.

Lester Pearson fell firmly in the latter camp. He rose through the Canadian diplomatic service in the interwar years, ending up in the Canadian embassies in London and then Washington during the Second World War.⁶⁰ At the NATO negotiations he pressed for a coherent vision of the West, capable of wielding both economic and military power but also based on shared principles of Western liberal democracy and the creation of more prosperous and equal societies through the use of interventionist welfare states.⁶¹ Pearson held a lifelong commitment to liberal pluralism, and was always keen to find compromise solutions which would lead to peace and stability.⁶² This could prevent conflict, but it also often left important tensions unresolved, and relied on the willingness of different parties to become involved in negotiation. In pursuit of compromise, Pearson believed that the West needed to pursue a united policy: issues of the loss of national sovereignty were of little concern to him.⁶³ Pearson himself was in many ways a living embodiment of 'the West' and moved just as freely in London and Washington, where he retained many friends from the war years, as he did in Ottawa.⁶⁴

However, like Clark, Pearson believed that Western power should be used to underwrite the authority of the United Nations on the basis that it provided the best opportunity for the creation of an international community committed to finding flexible and pragmatic ways of

⁵⁸ English, *Pearson*, p. 22.

⁵⁹ Quoted in English, *Pearson*, p. 23.

⁶⁰ English, *Pearson*, p. 10.

⁶¹ *Ibid*, p. 16.

⁶² D. Stairs, 'Present in Moderation: Lester Pearson and the Craft of Diplomacy', *International Journal* 29 (1973/1974), p. 145.

⁶³ English, *Pearson*, p. 14.

⁶⁴ *Ibid*, p. 10

resolving its differences.⁶⁵ This opportunity needed to be sponsored, Pearson felt, in the face of Soviet aggression, which he regarded as the greatest threat to world peace.⁶⁶ Pearson was immersed in Western policy communities, but his internationalism was also shaped by his Canadian roots. He believed that Canada's national interest could be best served by the nurturing of 'teams', such as the Commonwealth, NATO and the UN in which Canada could play a moderating role and thereby escape excessive reliance on the US.⁶⁷ As the power of the British Commonwealth declined, he was joined in this position by other Commonwealth liberals, who believed that by acting in concert as moderators through multilateral institutions they and their countries could exert greater influence over the course of world events. The problem with this was that it required that this group be recognised as 'honest brokers' by the different parties involved – a reputation that was fracturing by the time of the Pearson Commission's creation.

One of Pearson's key contacts in this work was Barbara Ward, who tried to provide the West with an ideological underpinning in a series of articles and tracts. In *The West at Bay* (1948) and later in *Policy for the West* (1951) Ward made impassioned pleas for policy-makers and publics in the West to unite in the face of the Communist threat. She argued that Western society was based on Jewish and Greek culture and the rejection of the "fatality of the environment and the omnipotence of the state."⁶⁸ As Ward put it "Western man could never again drive the fever of creation and transformation and progress out of his blood."⁶⁹ The Marxist ideology of the Communist countries, with its deterministic view of the world, threatened this creativity and freedom.⁷⁰ Ward concluded that:

We need... have no doubts about the necessary means of Western survival – to be stable, reliable and prosperous ourselves, to share with others our prosperity, to rebuild our defences, to be stable allies and good friends, to restore our vision and moral purpose.⁷¹

⁶⁵ Stairs, 'Present in Moderation', p. 146.

⁶⁶ Ibid, p. 150.

⁶⁷ A. Chapnick, 'The Canadian Middle Power Myth', *International Journal* 55 (2000), pp. 188-206; L. Chevrier, 'The Practical Diplomacy of Lester Pearson', *International Journal* 29 (1973/74), pp. 122-135; R. Dayal, 'The Power of Wisdom', *International Journal* 29 (1973/1974), pp. 110-121; P. Gellman, 'Lester B. Pearson, Collective Security, and the World Order Tradition of Canadian Foreign Policy', *International Journal* 44 (1988/1989), pp. 68-101.

⁶⁸ B. Ward, *Policy for the West*, (London, 1951), p. 305.

⁶⁹ Ibid, pp. 305-6.

⁷⁰ Ibid, p. 307.

⁷¹ Ibid, p. 312.

The material means of fulfilling these objectives, Ward argued, had never been so abundant; all that could be doubted was whether the West had the “necessary vision and will.”⁷²

This concern was driven by the fact that by the early 1950s the postwar impetus which had created the West’s institutions was starting to fade and tensions were re-emerging among the Western allies. In response to this a number of informal meeting series were set up to maintain the networks which had been forged by Western elites in the 1940s. The most powerful was the Bilderberg Group which was set up in 1952. As Thomas Gijswijt has shown, the Group was a European initiative, designed to acknowledge that the Marshall Plan and NATO had made the US into a European power, and find ways for US and European elites to collaborate on this basis. Gijswijt identified three assumptions which underlay the Bilderberg consensus:

First, and most importantly, they agreed that the Soviet threat was a threat common to the whole Western world...Second, the United States were part of a community of values...This shared socio-cultural background in the view of most Bilderbergers created the moral obligation for Europe and America to unite in defense against the communist threat. Third, the lessons of Versailles had taught that the US was needed as a stabilizing force in Europe, not least to counterbalance German power.⁷³

The Bilderberg Group was just one of a number of networks in which Western elites met to discuss and mediate their differences. Inderjeet Parmar has shown the importance of the ‘Big Three’ US foundations - Carnegie, Ford and Rockefeller - in funding academic and policy-maker networks that shared the ideals of the American foreign policy Establishment.⁷⁴

Ambitious coordinators were needed to maintain these networks, along with the patronage of powerful institutions. William Clark undertook similar work in bringing together Anglo-German meetings at Konigswater from 1950 onwards, with initial sponsorship from the British occupation authorities in Germany.⁷⁵

By the late 1940s and early 1950s therefore much of the international machinery that would provide the inspiration for the Pearson Commission was in place. Many members of the Western elites had been convinced to support a US-led, liberal and internationalist order. This

⁷² Ibid, p. 312.

⁷³ Gijswijt, ‘Uniting the West’, pp. 41-42.

⁷⁴ I. Parmar, ‘American Foundations and the Development of International Knowledge Networks’, *Global Networks* 2 (2002), pp. 13-30.

⁷⁵ Clark, *From Three Worlds*, pp. 110-112.

was underpinned by a growing set of bureaucracies and the intellectual justifications of the West by writers such as Ward. Also important was the creation of informal means for socialising and networking among elites, bureaucrats and thinkers, which in turn allowed for the creation of communities of interest concerned with particular policy areas: a process considered in more detail in Chapter Two.

Commonwealth Liberals

While a new US-led, 'Western' alliance was being created, sections of policy-makers in the allied countries continued to have agendas that did not automatically overlap with those of the US elites. The British and French elites continued to aim at maintaining independent power in the world. This section considers the dynamics this created by analysing how academics and bureaucrats from the British Commonwealth were able to maintain some leeway between supporting the Commonwealth and keeping their ties with the US. However, when the two came into conflict, as was the case in the Suez crisis, it is shown that most of those who would go on to support the Pearson Commission sided firmly with the US, against other members of the British and French elites. What remained unclear during such clashes was the role that a third set of allegiances – to the UN – would play in the future actions of this group.

Liberals from the British Commonwealth felt they could be equally dedicated to the UN, the West and the Commonwealth because all three were pushing in the same liberal, internationalist direction. Prior to his employment by the World Bank, Clark had sought to gain a position at UNESCO.⁷⁶ Pearson was on two occasions a serious candidate to become UN Secretary-General, in 1946 and 1953, but the USSR was opposed because he was seen as being too close to American interests.⁷⁷ Instead he headed the UN Committee that in the later 1940s sought to bring peace to Palestine. Also involved was Robert Jackson, an Australian official who as assistant secretary-general for coordination at the UN helped to broker a ceasefire in the area. Since 1946, Jackson had been informally engaged to Barbara Ward and they were married in 1950.⁷⁸ Soon after, they were invited to by the Indian government to assess the country's new Five-Year Economic Plan. Following this they moved to Ghana (then the Gold Coast) in 1953, where Jackson had been offered a post assessing the viability

⁷⁶ Ibid, p. 228.

⁷⁷ D. Anglin, 'Lester Pearson and the Office of Secretary-General', *International Affairs* 17 (1962), pp. 145-150.

⁷⁸ Following the marriage, Barbara continued to be known as Barbara Ward for professional purposes.

of a dam scheme on the Volta River by the British Treasury.⁷⁹ Their careers were indicative of how Commonwealth liberals could move between different parts of the world and work for an array of institutions.

This advantage was shared by Arthur Lewis, a St Lucian economist who would become a Pearson Commissioner. In 1957 Lewis became the Chief Economic Advisor to the newly independent Ghanaian government of Kwame Nkrumah. Like Jackson and Ward, Lewis enjoyed the confidence of Western elites, who expected him to provide a moderating influence on Nkrumah. However, Lewis was also being pressured by Ghanaian politicians to allow them greater economic and political freedom from “its former colonial rulers and from the outside world.”⁸⁰ For his own part, Lewis believed these different pressures could be reconciled through sound application of technically correct economic theories. As a result he clashed with Jackson and Nkrumah over the Volta River Project (VRP), which he saw as a vanity project.⁸¹

Lewis was unusual among the Pearson Commissioners in being an expert in the field of aid, acknowledged as one of the pioneers of development economics. He began his career in the British Colonial Office in the 1940s having been educated at the London School of Economics (LSE) and he continued to move freely between administration and academia, working for governments in the Caribbean as well as Ghana, and as a faculty member at Manchester and Princeton Universities and the University of the West Indies by the late 1960s.⁸² His theory of development, expounded in a series of articles in the early 1950s centred on the existence of a dual economy a capitalist sector, made up of a market economy in which goods and services were exchanged, and a traditional sector in which the population were engaged in subsistence agriculture activities.⁸³ Lewis believed the process of development involved moving people from the traditional to the modern sector through a process of planned industrialization and balancing growing agricultural and industrial exports with having a relatively self-sufficient economy.⁸⁴ He was hostile towards the idea that free market policies on their own would develop countries’ economies but equally believed that

⁷⁹ J. Gartlan, *Barbara Ward: Her Life and Letters*, (London, 2010), p. 28 and pp. 47-49.

⁸⁰ Tignor, *Lewis*, p. 152.

⁸¹ *Ibid*, p. 154. The resulting disagreements between Ward and Jackson, and Lewis, are discussed in more detail in Chapter Four.

⁸² *Ibid*, pp. 3-4.

⁸³ F. Cooper, ‘Modernizing Bureaucrats, Backward Africans and the Development Concept’ in F. Cooper and R. Packard (eds.), *International Development and the Social Sciences: Essays on the History and Politics of Knowledge*, (Berkeley, 1997), p. 82.

⁸⁴ *Ibid*, p. 108.

American and British capital, channelled through an efficient process of state planning, was needed to enhance modern economies.⁸⁵ As historian Frederick Cooper has noted, Lewis's experiences created a complicated set of beliefs which did not easily place him in a particular camp in international politics:

He, as an economist and as a colonial intellectual, believed in the route he had taken: through education and wholehearted espousal of the social and cultural forms of modern society. Ruthless in his dissection of unproductive privilege, he was simultaneously a theorist of the end of empire and the rise of a universalistic development economics in which the elites of the former colonies and the former metropole could share a common ground.⁸⁶

Lewis was an advocate of growth because he believed it would give people greater control over their surrounding environment, and therefore greater freedom: he did not think it would create greater happiness, or more stable societies, and thought it often had the opposite effect.⁸⁷ This position gave him a particular view of democracy. Where other Western intellectuals often believed that short-term dictatorships might be needed to create the conditions for development, on the basis this would lead to long-term stability, for Lewis this was wrong: the aims of democracy and development were intertwined.⁸⁸

At a strategic level Lewis was a fairly consistent liberal, stressing the importance of individual freedoms for citizens in recipient countries. He believed that economies developed as a result of governments using the levers available to them to create an entrepreneur class. This process involved the creation of strong education systems, relative openness to international liberal trade regimes and the accumulation of savings by the public and private sector to be invested to create further growth.⁸⁹ However, these beliefs were complicated at a tactical level by his personal experiences. Lewis believed that donor countries had to make allowances for the uneven playing field of the world economy when making demands of

⁸⁵ See for example Tignor's discussion of Lewis's resignation from the Colonial Economic Advisory Committee, Tignor, *Lewis*, pp. 62-65. Also B. Ingham, 'Shaping Opinion on Development Policy: Economists at the Colonial Office during World War II', *History of Political Economy* 24 (1992), pp. 689-710.

⁸⁶ Cooper, 'Modernizing Bureaucrats', p. 83.

⁸⁷ R. Findlay, 'On W. Arthur Lewis' Contributions to Economics', *The Scandinavian Journal of Economics* 82 (1980), p. 63.

⁸⁸ *Ibid*, p. 64.

⁸⁹ Tignor, *Lewis*, p. 95.

recipients.⁹⁰ To complicate matters further, Lewis was a believer in national specificity: while he believed that many recipient countries would benefit from greater integration in the international trade system, he argued that the focus should be on growth within societies, with trade forming one, important lever that policy-makers could use to achieve this. To manage these levers, he believed that a certain amount of state planning was necessary to keep countries' economies growing in a desirable manner.⁹¹

This diverse set of opinions was a common characteristic of the Commonwealth liberals who played an important part in the origins and creation of the Pearson Commission. In retrospect the theorising of Lewis and others has sometimes come to look contradictory. In the case of Lewis these contradictions were exacerbated by his willingness to enter into disputes with colleagues and to play up different parts of his own experience to act as a contrarian.⁹² For some reviewers, Lewis aimed to portray traditional agricultural sectors as backward and in need of modernization, and aimed to encourage Western investment in order to encourage development along industrial, urban and capitalist lines.⁹³ Others have argued that Lewis wanted to strengthen smallholder agriculture as the basis for participatory democracy in newly independent societies.⁹⁴ The fact that Lewis's legacy has become so hotly contested is indicative of the fraying of the regimes to which Commonwealth liberals had subscribed in the late 1960s. During most of the postwar period, for example, a broad aid regime had been held together by the willingness of the US and other donors to fund a wide array of different approaches to aid.⁹⁵ This had allowed this group to approach problems with what one of Lewis's reviewers has described as "cautious realism and pliable eclecticism."⁹⁶ As this regime broke down it was to prove difficult for Lewis and his fellow Commissioners to reach an agreed line on their Report.

Reconciling the US and its allies became ever more difficult for this group of Commonwealth liberals. While the fractures did not become overwhelming till the late 1960s, a major

⁹⁰ For different interpretations of Lewis's beliefs on investment and trade see Findlay, 'Lewis' Contributions' p. 72, as against P. Streeten, 'Review: M. Gersowitz (ed.), *Selected Economic Writings of W. Arthur Lewis* (New York, 1983)', *Economics Development and Cultural Change* 33 (1985), p. 649.

⁹¹ Tignor, *Lewis*, pp. 107-108.

⁹² Streeten, 'Review: M. Gersowitz', p. 650. See Tignor, pp. 105-106 for an account of Lewis's dispute with Peter Bauer, a colleague at the LSE.

⁹³ S. Gudeman, 'Banishing the Other from the Market: The Development Economics of W. Arthur Lewis', *Paideuma: Mitteilungen zur Kulturkunde* 44 (1998), pp. 125-137.

⁹⁴ Y. Mine, 'The Political Elements in the Works of W. Arthur Lewis: The 1954 Lewis Model and African Development', *The Developing Economies* 44 (2006), pp. 329-355.

⁹⁵ Fieldhouse, *West and the Third World*, pp. 232-233; Frey, 'European Development Policy', pp. 402-403.

⁹⁶ Mine, 'Works of W. Arthur Lewis', p. 330.

challenge came with the Suez Crisis in 1956. This was caused by a joint Anglo-French-Israeli military intervention in Egypt, to which the US was opposed. Strikingly, those who would later form the Anglo-French contingent of the Pearson Commission were virulently against the intervention. Robert Marjolin, at the time a technical advisor to the French foreign ministry, described how “From the outset I was frankly against the move; for me it was a cardinal error, a backslide into a colonialism we were already having great difficulty in putting behind us.”⁹⁷

Two junior Conservative ministers resigned from the British government over Suez, Anthony Nutting from the Foreign Office and Edward Boyle from the Treasury. Boyle would later be a Pearson Commissioner. John Grigg, an Eton contemporary and political confidant, explained that although the material cost to Britain was a worry, for Boyle “the loss of Britain’s hard-won reputation for decency and maturity was agonising to contemplate.”⁹⁸ Although a Conservative, many of Boyle’s friends believed he was not entirely suited to the party, being opposed to their stances on race, immigration, homosexuality and capital punishment. One friend remarked that he would have been “a very good Liberal.”⁹⁹ Speaking at a meeting in his Harmondsworth constituency after resigning, Boyle argued that:

in the long run it will prove to have been a thoroughly good thing for Britain that the nation was bitterly divided...[it] will make it easier to repair the Atlantic Alliance, and to foster future cooperation within the Commonwealth.¹⁰⁰

Boyle resigned because he disagreed with the bullying nature of the intervention and felt it conflicted with the multilateralism of which he was a keen supporter.

William Clark, who had become Anthony Eden’s press secretary in 1955, also resigned. Clark joined the Prime Minister’s entourage because Eden had been a boyhood hero who recognised that “old ideas of total national sovereignty would have to change.”¹⁰¹ However, like Boyle, he did not fit easily into the Conservative Party machinery. Clark resigned for similar reasons to Boyle, noting thirty years later that only a few ‘backwoodsmen’ had failed to acknowledge the two main lessons of Suez, firstly that it exposed the limits of British

⁹⁷ Marjolin, *Architect of European Unity*, pp. 255-256.

⁹⁸ J. Grigg, ‘Eton and Early Politics’, in A. Gold (ed.), *Edward Boyle, His Life by His Friends*, (London, 1991), p. 69.

⁹⁹ E. Longford, ‘Edward at Home’, in Gold (ed.), *Boyle*, pp. 51-52.

¹⁰⁰ “Suez Split ‘A Good Thing’.” *Times* [London, England] 15 Dec. 1956: 2. *The Times Digital Archive*. Web. 16 Sept. 2014.

¹⁰¹ Clark, *From Three Worlds*, p. 148.

power and secondly that “Western democracies could no longer ignore nationalist demands for self-government unless those demands were to be put down by brute force.”¹⁰² The primary concern of those who disapproved of the action was that by clinging on to an imperial way of acting, Britain and France were retarding the spread of a new multilateral system under US leadership. At the Bilderberg Meeting in 1957, Clark’s mentor David Astor was among the British delegation reassuring their colleagues that the action over Suez had not represented the whole of the British elite. In an echo of Boyle, Astor argued that there wasn’t “one British attitude on the Suez crisis. It is not a row between all of Britain and all of America. The basic interests of the U.S. and the U.K. are similar.”¹⁰³ This position showed the importance to this group of maintaining a Western position, and the concern that the Suez Crisis would damage this.

It was a concern echoed in the old Dominions of the Commonwealth. The angriest reaction came from Canada, which Clark reported as being even more against the military action than the US.¹⁰⁴ Pearson, still the Canadian Minister for External Affairs, confided to a friend that he distrusted Eden and was disappointed in Britain.¹⁰⁵ He took a leading role at the UN in finding a compromise which would prevent the British and French occupying the Canal Zone. The US led the outrage at the UN, sponsoring a motion calling for an immediate cessation to hostilities. Sixty-four nations voted for it: only France, Britain, Israel, Australia and New Zealand voted against.¹⁰⁶ It was Pearson who negotiated a compromise in the form of a Resolution which ordered the creation of the UN Emergency Force (UNEF) to police the Canal. Eden’s suggestion that this might include British and French troops was rejected by Pearson, who commented that this would be like having burglars guarding the safe.¹⁰⁷

It was US opposition which led to the end of the Franco-British occupation of the Suez Canal.¹⁰⁸ The message from US policy-makers over Suez was clear: countries could pursue their own domestic policies within limits, but unapproved military adventures would not be tolerated. In asserting this, the American foreign policy Establishment found support amongst the same groups of Western elites who had welcomed the Marshall Plan and those who would go on to be involved in the Pearson Commission. Suez illustrated that US

¹⁰² Ibid, p. 214

¹⁰³ Quoted in Gijswijt, ‘Uniting the West’, pp. 162-163.

¹⁰⁴ Clark, *From Three Worlds*, p. 210.

¹⁰⁵ English, *Pearson*, p. 135.

¹⁰⁶ Ibid, p.138.

¹⁰⁷ Ibid, p. 140.

¹⁰⁸ Ibid, pp. 150-151.

dominance, while flexible, made certain demands of its allies and that US policy-makers were unafraid of using their economic leverage to ensure these demands were met.

US-Friendly Technocrats

A third group which would be important in the work of the Pearson Commission were elites who believed that US resources were crucial to the re-building of their societies following the war, and that correct economic management was the best way of achieving this: in general, they saw their relationship with the US as being a crucial economic one, rather than a romanticized coming together of the West, though the gap between the two visions was sometimes narrow. Marjolin's adherence to US-led multilateralism and his reputation as an Anglophile technocrat – he was a regular attendant at the Bilderberg meetings – meant that he fitted into this group. Countries which had been defeated in the Second World War also found sections of their elites becoming involved in a US-dominated world system through integration with Western institutions.

In the case of West Germany, this was shown through their membership of NATO and the OECD, which came in 1955 and 1961 respectively (though West Germany had been represented at the OEEC by the occupation administrations since 1949). West Germans participated in the Bilderberg meetings from their inception in 1954.¹⁰⁹ This integration also involved the rehabilitation of West German banks, none more so than Deutsche Bank: as West Germany's largest bank, it was almost dismantled by the Allies in 1945 because of its involvement in the Nazi war effort.¹¹⁰ Its fortunes were decisively turned around in 1959 when it became the institution through which the World Bank engaged with the West German economy. As a result of its strong support for the World Bank bonds it issued it gained an international reputation for competence. This not only meant that the World Bank relied on its services, but also that British and American companies began to use it to engage with the West German market.¹¹¹ Deutsche Bank was increasingly recognised as a pillar of the Western banking system. When the World Bank organised a tour of India to convince Western markets of the investment credibility of the country, they sent Oliver Franks, then chairman of the Committee of London Clearing Bankers, the American Allan Sproul, a

¹⁰⁹ Gijswijt, 'Uniting the West', p. 40.

¹¹⁰ G. Feldman, 'Introduction' in L. Gall, G. Feldman, H. James, C. Holtfreich and H. Büschgen (eds.), *The Deutsche Bank 1870-1995*, (London, 1995), pp. xvi-xvii.

¹¹¹ H. Büschgen, 'Deutsche Bank from 1957 to the Present: The Emergence of an International Financial Conglomerate', in L. Gall et al., (eds.), *The Deutsche Bank 1870-1995*, pp. 675-676. The spokesman of Deutsche Bank is an equivalent position to Chairman of the Board at other banks.

former President of the Federal Reserve Bank of New York, and Herman J. Abs, the spokesman for Deutsche Bank.¹¹²

When the World Bank were later searching for a Pearson Commissioner from West Germany they chose Wilfried Guth, one of Deutsche Bank's board members who had worked for the IMF on the issue of how to encourage investment in the developing world and acted as West Germany's Executive Director at the IMF from 1959-1962.¹¹³ Guth had returned to Germany to work for the Kreditanstalt für Wiederaufbau (KfW), which had been set up in 1948 after a negotiation between the British and US military administrations and the West German parliament to provide long-term capital for German reconstruction.¹¹⁴ As a result the US government had a veto on how its funds were spent, which was only withdrawn in December 1960, once West Germany had repaid its American loans.¹¹⁵ The West German government was therefore allowed to practice domestic interventionism in its economy, albeit under US supervision, while simultaneously being integrated into the US-led multilateral alliance.

As with Guth and the institutions he was involved in, the career of the Japanese Pearson Commissioner, Saburo Okita, tells a story of being involved with national rehabilitation that was made possible through US sponsorship. Okita had spent the 1930s and the Second World War working for the Greater East Asia Ministry, developing colonial economic policies.¹¹⁶ During the US occupation of Japan he became an important figure in economic policy-making. The US occupation authorities had initially started reforms to make Japan more liberal. However by 1948 increasing tensions with the USSR, and the fear of internal communism in Japan led the same authorities to take a more authoritarian route. Okita was a key part of this realignment as part of a group of bureaucrats who convinced the Japanese government and US occupation bodies in 1947 to use the Economic Stabilization Board to intervene in the domestic economy and introduce rationing in order to stimulate Japanese industry. Although the exact mechanism through which this policy was achieved changed over the years, by 1954 the principles of national planning and very close public-private sector relationships were firmly entrenched.¹¹⁷

¹¹² Danchev, *Franks*, p. 146.

¹¹³ Pearson et al., *Partners in Development*, p. 397.

¹¹⁴ A. Grunbacher, 'The Early Years of a German Institution: The Kreditanstalt für Wiederaufbau in the 1950s', *Business History* 43 (2001), p. 70.

¹¹⁵ *Ibid*, p. 74.

¹¹⁶ D. Arase, *Buying Power: The Political Economy of Japan's Foreign Aid*, (London, 1995), p. 18.

¹¹⁷ *Ibid*, pp. 20-21.

As a result of this realignment, at an international level, Japan became involved in various US-led multilateral trading blocs, and gained membership in a variety of Western institutions, including the OECD in 1964.¹¹⁸ During the lifetime of the Pearson Commission meanwhile Japan was rapidly changing its position at the World Bank. In 1967 it ceased to be a borrower and by 1970 the World Bank was selling \$200 million worth of bonds to the Bank of Japan, which welcomed the move, stating it had chosen to take on the bonds in recognition of “the great contribution made to the Japanese economy [by the World Bank]” and to “help the World Bank’s activities and thereby strengthen international monetary cooperation.”¹¹⁹ Domestically however, the Japanese government spent the postwar period intervening heavily in the economy, in order to encourage and protect fledgling industries. Okita saw Japan as having an important role to play as a mediator in the world economy. However he was also clearly part of the transnational elites which were urging greater cooperation over international trade. He believed that strong domestic interventionism had allowed the rapid development of the Japanese economy, but also argued that this had been achieved within the context of alliance with the US and adherence to the trading norms of the US-led multilateral system.¹²⁰

The final Pearson Commissioner, Roberto Campos, also fitted the mould of a US-friendly technocrat. He was a Brazilian economist and diplomat. Posted to the United States in 1939, he studied economics at George Washington University and Columbia University before serving in the Brazilian delegations to the conferences which created the postwar US-led multilateral machinery including the UN and the Bretton Woods institutions.¹²¹ Returning to Brazil he became involved in government business, helping to organize the state-run National Development Bank and Petrobras, the state oil company.¹²² These experiences convinced Campos of the benefits of having a market economy.¹²³ His leftist opponents began to disparagingly refer to him as “Bobby Fields” a literal translation of his name into English, as a mark of his US sympathies.¹²⁴

¹¹⁸ Ibid, pp. 35 and 54.

¹¹⁹ Quoted in Mason and Asher, *World Bank*, p. 143n.

¹²⁰ Okita, S., *Saburo Okita: A Life in Economic Diplomacy*, (Canberra, 1993), p. 161.

¹²¹ L. Rohter, ‘Roberto Campos, Apostle for the Free Market in Brazil’, *New York Times*, 12 October, 2001. [<http://www.nytimes.com/2001/10/12/world/roberto-campos-84-apostle-for-the-free-market-in-brazil.html>, accessed 26 February 2016].

¹²² T. Skidmore, *The Politics of Military Rule in Brazil, 1964-85*, (Oxford, 1988), p. 22.

¹²³ Ibid, p. 23.

¹²⁴ T. Goertzel, *Fernando Henrique Cardoso: Reinventing Democracy in Brazil*, (Colorado, 1999), p. 85.

With Campos however there was a gap between how he acted in government positions in Brazil and how he presented Latin America's economic problems to audiences in the US. In a lecture at the University of Arizona in 1960 he argued that government intervention was necessary in Latin American countries because their national economic growth was demand-orientated, meaning that entrepreneurs and private capital had to be encouraged by government policies. As Campos put it "the hero of the play in our case is not the aggressive entrepreneur or pioneer."¹²⁵ In addition, government intervention was necessary to combat regional disequilibria and inequitable income distribution caused by the market mechanism.¹²⁶ In this Campos was echoing the views of Okita in making the case that US allies should be allowed genuine autonomy over how they practiced domestic intervention in their own economies, while also adhering to a US-led international trading system.

In 1964 Campos had the opportunity to test these ideas when he returned to government as the Minister for Planning and Economic Coordination.¹²⁷ Campos's appointment followed a military coup, although the situation was constitutional complicated: the Pearson Report tactfully referred to the "change of government in April, 1964."¹²⁸ President Joao Goulart had initiated a series of leftist social and economic reforms, including increased redistribution of income and the beginnings of land reform.¹²⁹ At the same time he oversaw a period of rapid inflation in the Brazilian economy: faced with this apparent instability, the military initiated a coup with US support.¹³⁰ They claimed they did so for primarily economic rather than political reasons, in the belief that strong leadership would control inflation and restore investor confidence.¹³¹ Campos's support was given because the military supported his view of how the economy should be run. In a speech to the Pan American Society at the Waldorf Astoria in New York in 1962, Campos warned that "Communism remains a danger, despite its numerical insignificance, because of the frustrations of underdevelopment."¹³² He argued that the only way to resist Communism was through economic growth "when there is growth, there is continuous dilation of the economic horizon, and the correction of social injustices, though often slow, can be made without social explosion."¹³³ This prioritisation of growth led

¹²⁵ R. Campos, *Reflections on Latin American Development*, (Austin, 1967), p. 7.

¹²⁶ *Ibid*, pp. 7-8.

¹²⁷ Skidmore, *Military Rule in Brazil*, p. 23.

¹²⁸ Pearson et al., *Partners in Development*, p. 248.

¹²⁹ T. Hayter, *Aid as Imperialism*, (London, 1971), p. 135.

¹³⁰ *Ibid*.

¹³¹ G. Wynia, *The Politics of Latin American Development*, (Cambridge, 1990), p. 233.

¹³² Campos, *Reflections*, p. 95.

¹³³ *Ibid*, p. 91.

Campos to implement policies which were criticised by commentators for being detrimental to social equality.¹³⁴

Although he is often presented as a strong supporter of the liberal economic policies both internationally and domestically, Campos was often ambivalent about liberalism in a domestic context in his public addresses. In office, he prioritised policies which would serve to include Brazil in the US-led multilateral system over action on domestic welfare. This stance was adopted at least partly because Campos was aware that in return he and his government would be supported by the US government both economically and militarily. When he arrived in Mont Gabriel in 1968 he brought with him these contradictions from the ‘developing’ world, and as a result frequently challenged the other Commissioners on their positions relating to issues such as private foreign investment and population control. In this he was joined by Arthur Lewis. Campos and Lewis therefore represented within the Pearson Commission voices which, while sympathetic towards the US-led multilateral system, were not uncritical of it.

The ‘Crisis in Aid’ as Part of the Wider Disillusionment of the Late 1960s

By the late 1960s a set of transnational communities of elites, academics and bureaucrats had been created around the liberal, internationalist regimes sponsored by US resources, and one of their unifying beliefs was that aid should be used to further their political and economic agendas. However, as has been shown, these communities had to compete against those within their own societies with more isolationist or protectionist tendencies, and others who advocated other ways of engaging internationally. In the later 1960s, these tendencies were reinforced by the growing strength of recipient voices on the international stage, and the inertia in the US caused by the Vietnam War, to create what some liberal internationalists viewed as a ‘crisis in aid’.

The first United Nations Conference on Trade and Development (UNCTAD) was a more ‘radical’ challenge to US dominance in the sphere of aid and trade than anything offered by critics like Arthur Lewis and Roberto Campos. Held in the spring of 1964 in Geneva, the conference represented the maturing of the ‘developing world’ as an independent power bloc in international politics. Richard Gardner, an influential US economist, noted that it was the first major conference at which the “lines were drawn on a North-South rather than on an

¹³⁴ Hayter, *Aid as Imperialism*, p. 137.

East-West basis.”¹³⁵ The recipient countries organised themselves into the Group of 77 (G-77) with the specific aim of presenting a united front at the conference.¹³⁶ The Secretariat, a permanent Geneva-based organisation which emerged from the Conference was led by its Secretary-General, Raúl Prebisch, who argued that political rather than technical obstacles stood in the way of improving the economic position of the Less Developed Countries (LDCs). As he put it in a piece reflecting on his career “The pattern of trade has been, and continues to be, a factor in the survival of the historical hegemony of the centres over the periphery.”¹³⁷ In a report prepared for the first UNCTAD conference, Prebisch was especially critical of the US role in continuing its own trade hegemony.¹³⁸ He argued that the Secretariat should actively agitate on behalf of recipient countries.¹³⁹

One academic observer noted in 1971 that “The LDCs have found in UNCTAD a mechanism for articulating, aggregating, and pressing for a reshaping of the international political and economic environment.”¹⁴⁰ Other verdicts were less welcoming. One Western diplomat at the 1964 Conference exclaimed of Prebisch and his staff “This is not a Secretariat – it’s a Sectariat!”¹⁴¹ The problems which Western diplomats experienced at UNCTAD exposed a broader conflict between the US-led multilateral system and the interests of recipient countries. It also exposed that the way development was defined and implemented was at the centre of how this system was understood by policy-makers in countries which were in receipt of aid in Latin America, Africa and Asia. The OEEC, and later the OECD, excluded these countries from their discussions. As OECD countries increased the compatibility of their economies, recipient countries were increasingly frozen out, meaning that they accounted for ever smaller and more niche parts of world trade.¹⁴²

The creation of UNCTAD represented the emergence of an institution which was explicitly defined against the US-led multilateral system. Instead, Prebisch and his supporters argued that regional blocs in the ‘developing’ world should make themselves self-sufficient before entering world markets. This autarkic vision was in direct competition with those who

¹³⁵ R. Gardner, ‘The United Nations Conference on Trade and Development’, *International Organization* 22 (1968), p. 99.

¹³⁶ C. Geldart and P. Lyon, ‘The Group of 77: A Perspective View’, *International Affairs* 57 (1980-1981), p. 86.

¹³⁷ R. Prebisch, ‘Five Stages in My Thinking’, in G. Meier and D. Seers (eds.) *Pioneers in Development*, (Oxford, 1984), p. 190.

¹³⁸ Geldart and Lyon, ‘Group of 77’, p. 85.

¹³⁹ R. Walters, ‘International Organizations and Political Communication: The Use of UNCTAD by Less Developed Countries’, *International Organization* 25 (1971), pp. 821-822.

¹⁴⁰ *Ibid*, p. 820.

¹⁴¹ Gardner, ‘UNCTAD’, p. 107.

¹⁴² Prebisch, ‘Five Stages’, p. 191.

believed in a liberal, multilateral trading order. Indicative of this was the fact that Prebisch's attempts to set up an UNCTAD commission in 1967 acted as one of the factors which led to the creation of the Pearson Commission. Indeed, as will be shown in the next chapter, one of the Commission's main aims was to address the issue of economic relations between donor and recipient countries raised by Prebisch through UNCTAD and suggest ways in which they could be resolved in line with the norms of embedded liberalism. This was complicated by the fact that the US and UK governments, traditionally the two donors which had done most to support these norms, were decreasing their commitments, and it was unclear whether other major donors would be prepared to take on a larger part of the burden without demanding significant changes in how aid was used.

The challenge from UNCTAD was especially disconcerting because the 1960s had begun on an optimistic note for supporters of aid and development in donor countries. In a speech to the UN General Assembly in 1961 President John F. Kennedy declared the Sixties as the UN's Development Decade. This declaration was accompanied by a steady increase in the resources made available for aid by the US and its allies in the first half of the decade. In 1960 the amount made available from the OECD countries in aid was c. \$4,676 million. This annual amount grew year on year so that by 1964 it had reached c. \$5,952 million.¹⁴³ In another sign of the positive international attitude towards development, the first replenishment of the IDA progressed smoothly with the World Bank's Part I countries, who were also predominantly members of the OECD, agreeing to finance the three-year replenishment at the rate of \$250 million a year, with no new conditions attached to this.¹⁴⁴ Those institutions involved in aid administration were enjoying an increase in their funding, with relatively little oversight from national legislatures attached to the conditions for its use.

This progress was regarded positively by Clark and Ward, who had become heavily involved in the public relations effort on behalf of aid in donor countries, especially the US and the UK. Their friendship had begun when Ward was sent to Chicago as part of the work directed by Clark to create support for the war effort in the American Midwest.¹⁴⁵ By the late 1960s, they had spent decades encouraging the idea of a transatlantic community based on a shared belief in the importance of aid. From 1957 to 1968 Ward was the Carnegie Fellow at Harvard where she enjoyed close links with leaders of the American foreign policy

¹⁴³ Pearson et al., *Partners in Development*, p. 380.

¹⁴⁴ Mason and Asher, *World Bank*, p. 406.

¹⁴⁵ Clark, *From Three Worlds*, p. 15.

Establishment, including socialising with leaders of this movement such as Adlai Stevenson and John F. Kennedy. After Kennedy's assassination Ward served as an occasional advisor to President Lyndon Johnson.¹⁴⁶ Clark meanwhile had become Director of the newly-founded Overseas Development Institute (ODI) in 1960. The ODI was a British think-tank which worked to foster a pro-aid lobby in the UK. Clark regarded his job as being to “create the political will to enhance aid to development.”¹⁴⁷ The ODI received around two-thirds of its funding in the 1960s from the Ford Foundation; a US philanthropic organisation which Inderjeet Parmar has shown was heavily involved in the American foreign policy Establishment.¹⁴⁸

However, by the mid-1960s there was a growing disaffection towards aid in donor countries. This general attitude was picked up on in a UN report, co-authored by Ward, on the progress of the Development Decade. Its conclusions revealed that there was a great deal of “aid fatigue” and that “it was going to be difficult to get a Second Development Decade going.”¹⁴⁹ The problem was especially pronounced in the US and the UK. In both cases the problem was economic and political. In addition to the common complaint that others should be shouldering more of the aid burden as they faced economic difficulties, there was also a sense in both countries, and their elites, that the liberal international regimes that had governed postwar policy-making were under severe pressure. This latter issue was potentially much more serious for the continuation of the aid effort.

In the US, the escalating violence in Vietnam and internal civil unrest were steadily decreasing enthusiasm for further intervention in the ‘developing world’.¹⁵⁰ By the start of 1967 the war in Vietnam had reached an expensive stalemate. The cost of the war was destabilising the US economy and preventing the Johnson administration implementing domestic welfare programs.¹⁵¹ These problems had been building up for years, and aid had been an early victim of US government efforts to protect the American economy. In 1964 and

¹⁴⁶ M. Walsh, ‘Ward, Barbara Mary, Baroness Jackson of Lodsworth (1914–1981)’, *Oxford Dictionary of National Biography*, Oxford University Press, 2004; online edn, Jan 2011 [http://www.oxforddnb.com/view/article/31801, accessed 14 December 2014].

¹⁴⁷ Clark, *From Three Worlds*, p. 234.

¹⁴⁸ I. Parmar, *Foundations of the American Century: The Ford, Carnegie, and Rockefeller Foundations and the Rise of American Power*, (New York, 2012), p. 12.

¹⁴⁹ Transcript, Oral History Interview with William D. Clark held on October 4 and 5, 1983, by Patricia Blair (First Interview Session), p. 1, World Bank Group Archives (WBGAs). Online: http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2013/07/05/000356161_20130705151823/Rendered/PDF/789640v20TRN0C0on010October04001983.pdf

¹⁵⁰ W. Rostow, ‘The 1960's: The Convergence of Crises’, *Social Science Quarterly* 53 (1972), pp. 404-405.

¹⁵¹ R. Dallek, *Flawed Giant: Lyndon Johnson and His Times, 1961-1973*, (Oxford, 1998), p. 311.

again in 1966 the World Bank was barred from the US bond market by the US Treasury, which feared that the Bank's lending activities were affecting the US's balance of payments.¹⁵² Nor could proponents of aid rely on strong Congressional support: Otto Passman, the Chairman of the House sub-committee which approved aid appropriations once boasted to a White House official that his "only pleasure in life is to kick the shit out of the foreign aid program of the United States."¹⁵³

These problems were in part a sign of the growing disillusionment in the US with 'modernization theory', which had provided the intellectual underpinning for the US aid effort in the postwar period. A key figure in this was Walt Rostow, who moved from an academic career at M.I.T. to become a presidential adviser in 1961, first to Kennedy and then to Johnson. Rostow promoted the idea of 'stages of economic growth' to contradict Marxist theory and provide an operational strategy for US foreign aid.¹⁵⁴ Rostow argued that traditional societies could be transformed into modern, liberal-capitalist ones through industrialisation, encouraged by: a build-up of social overhead capital; a technological revolution in agriculture; and increasing imports. Industrialisation would allow societies to use technical levers to encourage economic growth. Politically, Rostow believed that a reactive nationalism often formed an important part of this process.¹⁵⁵ However, the political end-point of the modernization process would be democracy and political participation; though these could not be imposed by an outside power. This transition to modern societies was complete when the country involved reached an annual rate of net investment of at least ten per cent. At this point, Rostow argued that those who wanted to modernise society and carry it forward on liberal, capitalist lines would have won the argument.¹⁵⁶

In the 1960s, Rostow was increasingly brought into the US government machinery to try and practically apply his insights into the process of growth, and how it could be used to counter Communist advances. He was especially involved in the attempt to create the Alliance for Progress between the US and the Latin American countries. However, this work was seriously derailed by Kennedy's assassination and the presidency of Lyndon Johnson. Many of the Latin American countries proved unwilling to follow the path to development laid out for them by Rostow, which was unsurprising given he had based his work heavily on Anglo-

¹⁵² Kapur et al., *World Bank: History*, p. 941.

¹⁵³ Sharma, pp. 577-578

¹⁵⁴ K. Pearce, 'Narrative Reason and Cold War Economic Diplomacy in W. W. Rostow's "Stages of Economic Growth"', *Rhetoric and Public Affairs* 2 (1999), p. 408.

¹⁵⁵ W. Rostow, 'The Stages of Economic Growth', *The Economic History Review* 12 (1959), pp. 6-7.

¹⁵⁶ *Ibid*, p. 8.

Saxon, liberal ideas of development.¹⁵⁷ Johnson was much less sympathetic to the Alliance for Progress's aims and took a more reactive approach to communism, meeting it with military force rather than foreign aid.¹⁵⁸ Nowhere was this more marked than in the ramping up of the war in Vietnam. Rostow played an important part in this, becoming ever more senior in the Johnson administration, until eventually he served as National Security Adviser from 1966-69. In an extension of his theories about growth, Rostow believed that targeting North Vietnam's industrial base would eventually force the country to surrender in order to protect its growth prospects.¹⁵⁹ The failure of this strategy was becoming ever more evident in the late 1960s and this was discrediting modernization theory as an underpinning for Western, and especially US aid.¹⁶⁰ It had the additional effect of undermining the authority of the American foreign policy Establishment that had supported these strategies.¹⁶¹

In the UK the rapid and sometimes violent process of decolonisation was severing traditional ties and causing government and the public alike to question the UK's world role: British government officials increasingly complained that former colonies took aid for granted.¹⁶² As with the situation in the US, UK Treasury officials were worried that aid was having a negative impact on the country's balance of payments.¹⁶³ The UK's balance of payments deficit was the cause of serious concern, not least because it led to six sterling crises between 1964 and 1967, culminating in the devaluation of November 1967.¹⁶⁴

However, the British Government also faced a growing dilemma over the purpose of its aid. British elites had long envisioned aid as contributing to the fostering of a Commonwealth bloc, led by the UK, in world politics. This had been wedded to, but separate from the Cold War concerns of Rostow and the modernization theorists. In the 1960s this Commonwealth vision was increasingly coming under strain. Economically, the Commonwealth was not

¹⁵⁷ P. Ish-Shalom, 'Theory Gets Real, and the Case for a Normative Ethic: Rostow, Modernization Theory, and the Alliance for Progress', *International Studies Quarterly* 50 (2006), p. 297.

¹⁵⁸ Ibid, pp. 302-303.

¹⁵⁹ D. Milne, "'Our Equivalent of Guerilla Warfare": Walt Rostow and the Bombing of North Vietnam, 1961-1968', *The Journal of Military History* 71 (2007), p. 171.

¹⁶⁰ Ish-Shalom, 'Theory Gets Real', p. 304; D. Milne, 'Walt Rostow and the Bombing of North Vietnam', p. 200; K. Mulcahy, 'Walt Rostow as National Security Adviser, 1966-69', *Presidential Studies Quarterly* 25 (1995), pp. 223-224.

¹⁶¹ Hodgson, 'The Establishment', p. 6.

¹⁶² Tomlinson, 'British Aid Policy, 1958-1971', p. 422.

¹⁶³ Ibid, p. 414.

¹⁶⁴ G. O'Hara, 'The Limits of US Power: Transatlantic Financial Diplomacy under the Johnson and Wilson Administrations, October 1964-November 1968', *Contemporary European History* 12 (2003), p. 260.

viewed as a viable alternative as a trading partner to the United States and Western Europe.¹⁶⁵ Politically the early 1960s had seen the failure of two schemes to create successor states to the British Empire that were to have been Anglophile, liberal and multiracial. The Federation of the West Indies, which Arthur Lewis had played an important role in promoting, had fallen apart in 1962 because of differences among the political elites of the different islands involved.¹⁶⁶ This was followed in 1963 by the disintegration of the Central African Federation (CAF) - set-up as a counterpoise to the expansion of the influence of apartheid South Africa in the region in 1953 - as a result of racial tensions.¹⁶⁷ These failures cast a long shadow over Commonwealth politics. In 1966 the Commonwealth nearly broke up over the Unilateral Declaration of Independence by Southern Rhodesia, formerly part of the CAF led by the government of Ian Smith, representing the country's white minority. African and Asian leaders felt the UK had not been strong enough in its condemnation of the move. The Commonwealth was saved by the mediation of Lester Pearson and Canada. Nonetheless even Pearson was beginning to feel that the Commonwealth was no longer a viable political body.¹⁶⁸

Together, these factors meant that the flow of resources made available for aid from two of the largest donor countries was not sufficient to finance the ambitions of recipient governments or the aid community. While the Development Decade was framed as an international effort taking place under the auspices of the UN, the primary reason for the slowing in the rise of aid levels was the stagnation in the supply of funds from the US and the UK, which had been two of the three largest donors in 1960. Between 1964 and 1968 the net flow of private and official resources from the US to the 'Less Developed Countries' and multilateral agencies grew by 4.4 per cent annually at a time when the OECD average was 8.9 per cent, while the UK's contribution actually fell by 2.1 per cent annually during this period.¹⁶⁹ The increasing apathy of these two governments towards aid caused the World Bank's leadership concern, with the 1966/67 World Bank Annual Report noting that "A

¹⁶⁵ G. O'Hara, "This Is What Growth Does": British Views of the European Economies in the Prosperous 'Golden Age' of 1951-1973', *Journal of Contemporary History* 44 (2009), pp. 697-698; S. Ashton, British Government Perspectives on the Commonwealth, 1964-71: An Asset or a Liability?', *The Journal of Imperial and Commonwealth History* 35 (2007), p. 81.

¹⁶⁶ Tignor, *Lewis*, pp. 226-236. For the regretful reflections of one Commonwealth liberal on the Federation's demise, see: J. Campbell, 'The West Indies: Can They Stand Alone?', *International Affairs* 39 (1963), pp. 335-344.

¹⁶⁷ R. Hyam, 'The Geopolitical Origins of the Central African Federation: Britain, Rhodesia and South Africa, 1948-1953', *The Historical Journal* 30 (1987), pp. 145-172; J. Darwin, *Empire Project*, pp. 630-631.

¹⁶⁸ Ashton, 'British Government Perspectives on the Commonwealth', p. 84.

¹⁶⁹ Pearson et al., *Partners in Development*, p. 381.

major factor affecting the flow of capital to the developing countries has been the persistence of balance of payments problems in the United States and the United Kingdom.”¹⁷⁰ It raised questions about how aid should be presented and used in the future in order to cause a renewal of support from the US and the UK, or else the creation of an alternative and equivalent source of funds from other donor countries.

There were, however, even more fundamental questions underlying the crisis in aid. Those involved in the Pearson Commission represented elites that had long been associated with the idea they could act as a moderating influence between the US and the rest of the world. By the late 1960s it was clear that the US was reconsidering its traditional role in underwriting a set of liberal international regimes. The growing power of Germany, Japan and others was creating a more diverse and fractious Western alliance, including on aid matters. Moreover, the traditional alliance between the US and the UK, and the British Commonwealth, with which many of those involved in the Commission had associated themselves, was also weakening.¹⁷¹ The origins of the Commission therefore lay in the considerations of a group committed to renewing these links, with aid seen as one part of this process. It is these origins, and the creation of the Commission which are considered in the next chapter.

Conclusion

The aim of this chapter has been to show that in the initial years following the Second World War a new set of institutions and initiatives set up on a multilateral basis with the US in the lead – the Marshall Plan, the OEEC and NATO – and informal networks like the Bilderberg Group were critical in propagating a set of principles and norms premised on the assumption of a commonality of Western interests, and a belief that the security of the West required increased international prosperity, which in turn could only be secured by a program of international development along liberal lines. Every Pearson Commissioner had had some involvement in policies and institutions defined by this regime, which played a defining part in their careers and world view. However challenges to this set of regimes were ever present from events such as the Suez Crisis, but also through the emergence and institutionalisation of dissent in the form of UNCTAD. This suggests that the Gramscian analysis of this period by scholars such as Kees Van Der Pijl accords too much power and homogeneity to these elite groups.

¹⁷⁰ The World Bank Group, *The World Bank Annual Report 1966/67*, (Washington DC, 1967), p. 24.

¹⁷¹ J. Dumbrell, ‘The Johnson Administration and the British Labour Government: Vietnam, the Pound and East of Suez’, *Journal of American Studies* 30 (1996), pp. 230-231; O’Hara, ‘Limits of US Power’, p. 277.

By 1968, the future of the liberal international regimes which had dictated policy-making behaviour amongst the US and its allies was in doubt, and with it the continuing supply of resources for aid. This disillusionment provided the impetus for the creation of the Pearson Commission, which was set up to provide a discursive justification for aid, and a plan for the commitment of material resources to aid institutions. This response was masterminded by Clark and Ward, who had the contacts and template to bring together a 'consensus' response to the challenges threatening existing aid policies. In the next chapter the origins of the Commission will be analysed to show they represented an attempt to reinvigorate the 'vital centre' in the aid debate through the strengthening of an 'aid community'.

Chapter Two: The Origins and Creation of the Pearson Commission

“It all began, or so the legend already runs, in an English country garden.”¹

The creation of the Pearson Commission was the result of an initiative taken by William Clark and Barbara Ward. Aware of a growing crisis of confidence among donors, their plan to counteract this was to advertise the benefits of aid by launching a review of progress since the war by respected figures. They identified George Woods, the President of the World Bank, as their most likely sponsor. For his part, Woods wanted to improve the Bank’s profile among Western elites. Therefore, what was being proposed as a ‘technical’ review of aid was also designed to act as a public relations exercise for the World Bank. Clark, Ward and Woods believed that a technical review would yield results that were politically favourable for the existing aid regime and the World Bank, and that donor governments would be prepared to part sponsor this review. They therefore planned for the Commission to take a broad approach, with involvement from the Commonwealth and the UN.

However, donor politics created inertia around the project which only dissipated when Robert McNamara became President of the World Bank and decided to take an explicit leadership role in the creation of the Commission. The result was a growing split between the Commission and the other reviews of aid which were being initiated at the same time. This chapter argues that this process led to the reconfiguration of those with the power to change how aid was thought about and used - the ‘aid community’. In a series of meetings, including at Ockham House, the Tidewater meeting and the Columbia Conference, discussed in this chapter and Chapter Three, Clark and Ward set about trying to create from the vague consultative processes which had previously existed a community that was more integrated and restricted, and which had at its heart those with administrative responsibility for aid distribution. What began as a country house weekend became a concerted attempt to ‘circle the wagons’ by assembling groups with enough elite, bureaucratic and epistemic power to defend the concept of aid - if necessary, substantially reshaping it in the process.

The way in which the Pearson Commission was created is revealing of how legitimacy was achieved for such a policy community in the postwar period. The first aim was to acquire enough elite support from Western, donor countries. When donor governments refused to support the Commission, Clark and McNamara moved away from their plan to recruit a

¹ C. Sanger, ‘Pearson’s Elegy’, *International Journal* (1969/1970), p. 178.

group of ‘technical experts’ as their Commissioners and set out to recruit elite Commissioners. Recognising that the Commission would still need to be able to make a claim to epistemic superiority, a secretariat was recruited to underpin the Commission’s technical credentials. Finally, recognising the need for bureaucratic recognition, Clark and McNamara went out of their way, at the Tidewater meeting and elsewhere, to recruit the support of the aid agencies of donor countries.

These biases meant those involved in the Commission were not representative of the Bank’s members as a whole, let alone the power players in international politics. Instead, the Commissioners were representative of the liberal, internationalist circles in which Clark and Ward had been moving since the 1930s: indeed the Commission represented an attempt to integrate these groups into a community which would defend aid. As a result, various important groupings in international politics, most notably the communist countries, the recipient countries and the UN were excluded from or significantly underrepresented in the Commission’s deliberations.

This definition of the aid community builds on but also challenges existing accounts of how communities influence policy-making. The aid community described in this thesis bears a strong resemblance to the ‘policy communities’ theorised by Rhodes and Marsh.² This has been chosen as a base theory because it is more explanative of how discursive and coercive power are coordinated to achieve their policy aims than the Gramscian accounts considered in the last chapter, or the ‘ideational’ approach of Adler and Haas’s account of epistemic communities.³ Where this thesis adds to Rhodes and Marsh is in the argument that elites and epistemic communities were brought into the considerations of bureaucratic heads of agencies by those – like Clark and Ward – who acted as community operators. Other recent historical work has identified similar ‘operators’, who offered their sponsors, usually the heads of bureaucracies or political figures, a set of options on how they could proceed and still receive enough support – in terms of material resources and underpinning by ideological and technical knowledge – to continue their work.⁴

The World Bank and the ‘Crisis in Aid’

² Rhodes and Marsh, ‘Policy Networks in British Politics’, in Marsh and Rhodes (eds.), *Policy Networks in British Government*, p. 13.

³ P. Haas, ‘Introduction: Epistemic Communities and International Policy Coordination’, *International Organization* 46, (1992), p. 3.

⁴ See Chapter One, footnote 2.

George Woods became President of the World Bank in 1963. Previously he had worked his way through the ranks to become Chairman of the First Boston Corporation, one of the organisations through which the World Bank's bond issues on the US stock market were managed. During his time at First Boston, Woods had regularly worked as a consultant to the Bank.⁵ However, unlike the previous Bank Presidents, John McCloy and Eugene Black, he was not part of the American foreign policy Establishment. Black had been hoping to recruit a successor from this elite group with political and financial credibility: candidates had included Douglas Dillon, and David Rockefeller, of the New York banking dynasty, who was then Chairman of the Council on Foreign Relations.⁶ His lack of a political or social network was to hold Woods back in his work as President.

At this stage the Bank was still predominantly an Anglo-American institution, relying heavily on the US and the UK for resources to support its growing lending. In 1966/67 nationals of the two countries made up 51 per cent of its staff.⁷ In terms of contributions, the two countries took up 39 per cent of subscriptions to the capital stock of the IBRD and commanded 35 per cent of voting power on its decisions.⁸ In the IDA the two countries were even more dominant, and in 1966/67 55 per cent of the funds available for use by the IDA came from them.⁹ Woods's fear about the increasing apathy concerning development among donors, and especially the US and the UK should be understood in the context of the growing importance of the IDA to the Bank as a source for funding its development projects.¹⁰ In 1963 the Bank disbursed \$485 million in loans and \$12 million in IDA credits: by 1967 the respective figures were \$790 million in loans and \$342 million in credits.¹¹

The IDA was funded by contributions from the Bank's Part I member countries; primarily the US, UK, France and Germany, with Japan rapidly emerging as another major donor by the later 1960s.¹² The creation of the IDA had a significant impact on the World Bank's governance structures.¹³ Where McCloy and Black had been able to act relatively independently by borrowing money almost exclusively in private markets, Woods and his successor McNamara were, at least in theory, much more accountable to the executive

⁵ Oliver, *Woods*, p. 47; Mason and Asher, *World Bank*, p. 641n.

⁶ Kraske et al., *Bankers with a Mission*, p. 115.

⁷ *Ibid*, p. 68.

⁸ The World Bank Group, *Annual Report 1966/1967*, p. 46.

⁹ *Ibid*, p. 19.

¹⁰ *Ibid*, p. 3.

¹¹ Kapur et al., *World Bank: History*, p. 832.

¹² The World Bank Group, *Annual Report 1966/1967*, p. 19.

¹³ Kraske et al., *Bankers with a Mission*, p. 88.

directors of Part I countries.¹⁴ Woods had difficulties getting funds from Part I countries because he did not appreciate the workings of governments in donor countries. He “concentrated on trying to persuade key, largely political individuals who he thought were sympathetic to his views”, and thereby alienated the officials whose support was also needed for increases in IDA appropriations.¹⁵ In September 1965 he had sought to secure a \$1 billion p.a. budget for the IDA’s operations between 1968 and 1971. The principal objection to the growth came from the US government. They also wanted to help protect the US balance of payments position by forcing the World Bank to accept that their next contribution to the IDA would have to be spent on procurement in the US. In 1968, after years of negotiation, the World Bank leadership was forced to accede to both these demands, settling for a replenishment deal which gave the IDA \$400 million p.a. for the three years, along with an agreement that the US would only have to contribute IDA credits during that period which would be directly used for procurement in the US. Nonetheless, the US government still refused to approve its share of the replenishment until 1969. The resulting uncertainty and lack of funds meant that IDA commitments dropped from \$354 million in 1967 to \$107 million in 1968.¹⁶

It was against this troubled background that Woods looked to Clark and Ward to help the Bank gain a better profile among the Western elites who could influence the disbursement of resources for aid.¹⁷ Woods had been impressed by the ODI’s work when he attended their annual meeting in 1965.¹⁸ The Bank had begun sponsoring the ODI to conduct “studies and related activities in the field of multilateral aid.”¹⁹ These ‘related activities’ were focussed around a public relations campaign on behalf of the IDA. Clark was praised for this during his visit to the Bank in 1967 by the senior vice-president, Burke Knapp, as well as by Woods himself.²⁰ In an indication of the importance Woods attached to such public relations work, he sent a Bank official to Western Europe to see if elites there would support the creation of an equivalent to the ODI by the Bank. The official recommended against it, arguing an

¹⁴ Mason and Asher, *World Bank*, p. 88.

¹⁵ Kraske et al., *Bankers with a Mission*, p. 142.

¹⁶ Mason and Asher, *World Bank*, pp. 410-411.

¹⁷ *Ibid*, p. 99.

¹⁸ Transcript of Oral History Interview with William D. Clark held on October 4th and 5th, 1983, by Patricia Blair (First Interview Session), p. 2, WBGA.

¹⁹ ODI, *ODI Annual Report 1965*, (London, 1965), p. 19.

²⁰ University of Oxford Bodleian Library (Ox. Bod.), Papers of William Clark, 1933-1985. MSS. William Clark 137/3 ‘WDC in USA, 30 January 1967’, p. 2.

organic organisation would have more impact than one created by the Bank: Woods reluctantly abandoned the idea.²¹

Woods was dissatisfied by the work of his own Information Department, led by Harold Graves. Although the sequence of events is not clear, Woods seems to have decided to sack Graves as Director of Information in preparation for employing Clark. Graves recalled that:

Woods got hold of me one day, and said “Harold I’m not happy with your department. I don’t know what’s wrong with it...” I think that the big thing on Woods’ mind at that point...[was] the continual problem of IDA replenishment, and I think he felt that this Information Department should have made a bigger contribution toward helping him deal with this problem.²²

Woods had been having meetings on Capitol Hill and finding that US legislators had not even heard of the World Bank. Meanwhile, Clark had been making it clear through a number of channels that he would like the job.²³ Indeed, it is not unreasonable to see the idea of the Grand Assize as part of a job application by Clark. Graves was removed from his role as Director of Information in 1967, and moved to Richard Demuth’s Development Services Department: the role would not be permanently filled until Clark arrived in April 1968.²⁴ These events laid the groundwork for future disagreements between Clark and Demuth, analysed in this and future chapters.

The ODI under Clark had taken an elite-based approach to creating the will to supply aid for development. One of the stated aims of the Institute upon its creation in 1960 was “To arrange small private discussion meetings on some...special and urgent problems, and to

²¹ Transcript, Oral History Interview with Davidson Sommers held on July 18, 1985, by Robert W. Oliver, p. 14, WBGA. Online: http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2013/07/16/000356161_20130716123543/Rendered/PDF/791240TRN0Somm0Box0377367B00PUBLIC0.pdf

²² Transcript, Oral History Interview with Harold Graves held on July 17, 1985, by Robert W. Oliver (First Interview Session), pp. 18-19, WBGA. Online: http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2013/07/05/000333037_20130705151301/Rendered/PDF/790120v10TRN0G0sion010July017001985.pdf

²³ Transcript, Oral History Interview with Richard H. Demuth held on March 19, 1986, by Robert Asher, p. 22, WBGA. Online: http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2013/07/05/000333037_20130705161651/Rendered/PDF/789860TRN0Demu0rview0March019001984.pdf

²⁴ Transcript, Oral History Interview of a conversation with Harold Graves held on July 17, 1985, by Robert W. Oliver (First Interview Session), p. 19, WBGA. Graves recalled that Woods moved him out of the main building of the Bank, telling him that the move would “sort of put you in Siberia.” Graves was unsure “if this was a Freudian remark or what, but at any rate I was more less in Siberia at that point.” He was taken on by Demuth, who had recruited him to the Bank and continued to have a high regard for him.

invite Ministers, senior Civil Servants and others to take part.”²⁵ Clark himself was a gregarious and successful collector of friends and acquaintances. Described in a British context as the ‘switchboard of the Establishment’, Clark was known for a self-deprecating wit which softened his pomposity.²⁶ On one occasion a friend accused him of being an awful name-dropper, to which he swiftly replied “that’s funny, the Queen Mother said the same thing to me only last night.”²⁷ In-keeping with this emphasis and in response to the stalling of resources in response to aid, Clark recalled in his memoirs that he and Ward decided to assemble a “very small group of people of unquestioned expertise and commitment to the development effort.” This was in order to lay the ground for an “authoritative, well-researched statement, by a panel of well-distinguished experts” which would get the “boilers fired up again.”²⁸

However, while keen to ramp up the propaganda effort, Clark and Ward were markedly less clear on what aid and development should look like in the future. In his memoirs, Clark stressed that the main aim of the ODI in the 1960s was to keep development to the forefront of the public debate in the UK; the exact nature of the actions to be taken was of secondary importance and was anyway unclear.²⁹ Deborah Shapely, Robert McNamara’s biographer, recorded that:

Ward’s expatriate friends cattily called her a glib journalist and a passable economist. Ward did not claim to be original, but she catalyzed and simplified ideas in the way that McNamara needed from 1968 on.³⁰

The aim of Clark and Ward in initiating the Grand Assize was therefore not to push one particular form of aid, but rather to ensure that aid continued to be regarded as important by Western elites. In this a degree of self-interest on behalf of the duo should be noted: Clark in particular had been looking for a new, more senior job in the aid world since the mid-1960s. By helping to integrate their contacts into an ‘aid community’ that had until then been more

²⁵ GB 117 The Royal Society, Blakett Papers, PB/7/2/2 /20 Press Release: Overseas Development Institute, 16th September 1960, p. 2.

²⁶ D. Harvey, ‘Postscript’ in Clark, *From Three Worlds*, p. 281.

²⁷ A. Turnbull, ‘Life as a Fellow: Sir Andrew Turnbull, Cabinet Secretary’, (London, 2003), p. 1. [<http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/4699.pdf>, accessed 12 December 2014]

²⁸ Clark, *From Three Worlds*, p. 231.

²⁹ *Ibid*, pp. 222-223.

³⁰ D. Shapley, *Promise and Power: The Life and Times of Robert McNamara*, (London, 1993), p. 506.

loosely conceived, Clark and Ward hoped to both safeguard a cause they were passionate about and boost their own careers.

Ockham House and Stockholm

Clark began work on the Grand Assize project during a visit to Washington D.C. in January 1967. While in the US, Clark met with William Gaud, the Administrator (head) of AID, the US aid agency, and George Woods. He also lunched and drank with leading journalists and officials.³¹ Throughout this process Clark aimed to gain a sense of how aid was regarded amongst the American foreign policy Establishment. The main focus of Clark's visit to the World Bank was to convince Woods to sponsor a review of aid. As recounted, Woods felt that Clark's work with the ODI was a good model for how the World Bank could increase its profile among the right circles. Given Woods's outsider status it seems likely he also felt that Clark, a veteran networker, filled a skillset that the Bank was currently missing in its operations. Following his meeting with Woods in February 1967, Clark dictated notes for use at the ODI:

About mid-day saw George Woods who began by speaking very warmly about his arrangement with ODI...I went into my spiel about need to talk through the question of long term relations between rich and poor. He was very keen on getting some discussion soon; I made point that discussion should be based on non-officials (i.e. ODI) since Treasury officials were very unimaginative. He heartily agreed (having just come from Secretary of Treasury). People he wanted to see were Paul Martin of Canada, and a good Italian...and a good German (Guth??). We discussed dates etc...³²

Clark immediately set about following up on Woods's suggestions, writing to Edward Boyle that "George Woods shows real signs of interest in the discussion weekend of which I spoke to you. The likely date is April 7-9. Can you try and keep that free and act as host".³³ The importance of this meeting was that Woods, according to the admittedly biased source of Harold Graves, while keen on the idea of an enhanced profile for the Bank, was unsure about the Grand Assize, and especially the idea of the Bank acting as sponsor. Graves recalled that

³¹ Ox. Bod., MSS. William Clark 137/2 'WDC in USA, 30 January 1967', p. 1.

³² Ox. Bod. MSS. William Clark 137/4 'WDC in USA, 30 January 1967', p. 3.

³³ Leeds University Special Collections (LUSC) The Correspondence and Papers of the Rt Hon Edward Charles Guerne Boyle, Baron Boyle of Handsworth, MS Boyle 660/13/45757, William Clark to Boyle, February 1, 1967.

Woods was won over by the attentions of Clark and Ward.³⁴ Following his meeting with Woods, Clark travelled to Ottawa where he met with Maurice Strong, a senior official in the Department of External Affairs, and attempted to recruit either Strong's boss, Paul Martin, the Minister for External Affairs, or Strong himself, for the meeting at Boyle's house. Strong was enthusiastic, but as it turned out, neither he nor Martin was able to attend the eventual meeting.³⁵ Nonetheless, their meeting is an indication of Clark's desire to tailor the discussion weekend he had proposed to Woods's specifications.

Eventually, a meeting was convened by Clark to take place at Boyle's country seat, Ockham House. Clark recalled that he "asked a few friends to meet with me at Edward Boyle's capacious house down in Sussex."³⁶ The guest list for the weekend was a product of Clark's circle of friends and acquaintances working on aid matters. Boyle had continued as MP for Harmondsworth, and his political career was steadily recovering from his resignation during the Suez Crisis. He had become a member of Edward Heath's Conservative shadow cabinet as chief spokesman for education, and was also deputy chairman of the Conservative Party National Advisory Committee with special responsibility for policy groups.³⁷ Clark and Boyle had been associates for some time. They had first met in the 1940s when Clark had welcomed the Oxford Union debating team, including Boyle, to Chicago on its first postwar tour.³⁸ Boyle had undertaken a study of India's fourth Five-Year Plan for the ODI in 1965.³⁹

Alongside Boyle, Clark, Ward and Woods, those present included René Maheu, a Frenchman, who was the Director-General of UNESCO; Alex Bussche, a German economic advisor to the World Council of Churches and R.G. Dyson of Barclay's Bank DCO (Dominion, Colonial and Overseas). The final member of the party, George Ivan Smith, was an Australian UN official on secondment at the World Security Trust. The Trust's founders included David Astor, Clark's old editor at *The Observer*.⁴⁰ The guest list at Ockham House

³⁴ Transcript, Oral History Interview, Harold Graves held on July 17, 1985, by Robert W. Oliver (First Interview Session), p. 13, WBGA.

³⁵ Ox. Bod. MSS. William Clark 137/20 'Note on a meeting with Maurice Strong in Ottawa (10/11 February, 1967)', p. 1.

³⁶ Transcript of Oral History Interview with William D. Clark held on October 4 and 5, 1983, by Patricia Blair (First Interview Session), p. 2, WBGA.

³⁷ A. Gold, 'Introduction', in Gold (ed.), *Boyle*, pp. 30-31.

³⁸ Clark, *From Three Worlds*, pp. 114-115. The teams other two members were Tony Benn, who went on to become a high-profile Labour MP and Kenneth Harris, who would go on to be an important member of *The Observer's* staff, thanks to Clark recommending his hiring to Astor.

³⁹ Overseas Development Institute, *ODI Annual Review 1965*, (London, 1965), p. 11.

⁴⁰ LUSC MS Boyle 660/13/45765, George Smith 'Personal and Confidential Notes on Private Meeting Weekend 8/9 April at Home of Rt Hon Sir Edward Boyle, M.P.', 21st April 1967, p. 1.

therefore indicated that Clark and Ward were still interested in a broad-based review with strong inputs from the Commonwealth and the UN.

The meeting was biased towards considering the problems of aid from the donor standpoint. Smith noted that “We came to discuss relations between the highly developed world (from which we all were) and the underdeveloped world between now and say 1980.”⁴¹ The participants believed that essentially the same strategy of development which had been practiced during the Marshall Plan would be successful amongst the new recipients of aid in the ‘developing’ world. There was consensus that a pulling away from development would lead to conflict, with Smith noting that:

it was felt that the world situation in the 1970s would be explosively dangerous unless more intensive, comprehensive and effective international effort is concentrated in the next couple of years to narrow the division.⁴²

In an echo of Marshall’s warning at Harvard in 1947, it was believed by delegates that the conflict would come about because of inequality:

Without being alarmist, we felt that comprehensive measures regarding imbalance must be taken within the next few years, or the world could indeed be threatened with massive political, economic and physical conflict on a scale which might prove to be paralyzing.⁴³

René Maheu spelled out why this would be:

In the 1970s the developing countries will finally realise that the “Gap” is unbridgeable. This realisation will coincide with racial tension and the emergence of a militant China as a World Power. If there is no significant stepping up of the development effort over the next few years, it may be too late to avert a very ugly situation.⁴⁴

There were new elements to the justification of development outlined at Ockham House, as evidenced by Maheu’s reference to race. However, in general, these changes in emphasis

⁴¹ Ibid, p. 3.

⁴² Ibid, pp. 4-5.

⁴³ Ibid, p. 4.

⁴⁴ LUSC MS Boyle 660/13/45766, Mr A. F. Krassowski, ‘CONFIDENTIAL: Meeting on aid and development at Sir Edward Boyle’s House, Hurst Green (Sussex) April 8/9 1967 Summary of Discussions’, 21st April, pp. 2-3.

merely reinforced the earlier belief among the same community during the Marshall Plan that a liberal trading order and systems of domestic redistribution had to be expanded rapidly if conflict, especially with internal and external communist threats, was to be averted.

The participants believed the potential for conflict was exacerbated by the world's growing connectivity. As science, technology, politics and human need became increasingly international in character, they agreed that those seeking to combat the problems brought about by this connectivity must also broaden their horizons "to address ourselves to a commitment which is nothing short of organising for mankind as a whole."⁴⁵ The participants clearly believed that a small, elite, group based primarily in donor countries, could offer convincing solutions to the world's problems. Development was only one part of this, with Smith explaining that "we kept the problem of development in view as one of the dominating factors in an ecology of world order."⁴⁶ The analysis of the problems to which development offered a partial solution therefore remained intact from the earlier justification of the Marshall Plan and NATO. The communist threat was emphasised, though in the context of the developing world in the late 1960s China was seen as more of a threat than the USSR. It was feared that a resort to military force would be catastrophic, and therefore the growing distance between the developed world and the developing world had to be tackled through economic and social reforms. As the leader of the Western alliance and the strongest country with an allegiance to liberal internationalism it was recognised that the US would have to take a leading role – a recognition marked by the centrality of Woods to the meeting – but the allegiance of the group assembled at Ockham House to a US-led multilateral system was less clear than that of the eventual Pearson Commissioners.

Despite agreement on the need to act quickly, there was immediate disagreement about how to proceed, even among such a relatively homogenous group. A proposal from Ward that professionals in mid-career should be coerced into spending two or three years in a developing country or else face the prospect of no further promotions was opposed by Bussche, who viewed it as "impractical."⁴⁷ This was a 'technical' disagreement focussed on how possible the recommendation was: however there were further clashes over the more

⁴⁵ LUSC MS Boyle 660/13/45765, George Smith 'Personal and Confidential Notes on Private Meeting Weekend 8/9 April at Home of Rt Hon Sir Edward Boyle, M.P.', 21st April 1967, p. 3.

⁴⁶ Ibid.

⁴⁷ Ibid, p. 6.

politicised area of the desirability of international investment into developing countries.⁴⁸

Dyson said that:

he believed foreign private investment to be of benefit to developing countries...He also said that nationalisation, even when compensation was paid, was a great disincentive to potential investors.⁴⁹

Although less sharp than the disagreement over overseas service, Ward still felt it necessary to balance Dyson's views, arguing that she "felt that any Convention on the protection of private investment had to outline the responsibility of the investor vis-à-vis the host country, as well as the other way round."⁵⁰ It was clear that any eventual review would have to take into account the differing views within Western elites, about what was technically possible and politically desirable, and that policy recommendations would have to strike a balance between liberalizing trade and domestic redistribution.

Between what Clark described as the "kind of delectable repasts for which our kindly host was noted" the assembled guests, most importantly Woods, were convinced to support Clark and Ward's planned review of development.⁵¹ As articulated by Ward, the review would invoke the memory of the Marshall Plan by releasing a report which considered the progress achieved by aid efforts since the end of the Second World War, signed by eminent men, followed by a conference to decide the most appropriate way forward in relations between the developed and developing worlds.⁵² This would be development's 'Grand Assize.' Clark and Ward came up with the term having been asked to draft a speech by Woods. As Clark put it "I don't know which of us thought up that particular name [Grand Assize]; it sounds more like me as an historian, but Barbara had such a fertile mind that it may have been hers."⁵³ The plan was to closely imitate the CEEC Report of 1947 by assembling a team of experts to plan donor countries aid to recipients for the coming decades.⁵⁴ Woods announced this in his

⁴⁸ Ibid, p. 7.

⁴⁹ LUSC MS Boyle 660/13/45766, Mr A. F. Krassowski, 'CONFIDENTIAL: Meeting on aid and development at Sir Edward Boyle's House, Hurst Green (Sussex) April 8/9 1967 Summary of Discussions', 21st April, p. 7.

⁵⁰ Ibid, p. 8.

⁵¹ Clark, *From Three Worlds*, p. 231.

⁵² LUSC MS Boyle 660/13/45766, Mr A. F. Krassowski, 'CONFIDENTIAL: Meeting on aid and development at Sir Edward Boyle's House, Hurst Green (Sussex) April 8/9 1967 Summary of Discussions', 21st April, p. 9.

⁵³ Transcript of Oral History Interview with William D. Clark held on October 4 and 5, 1983, by Patricia Blair (First Interview Session), pp. 3-4, WBGA.

⁵⁴ As Smith put it in his minutes, to write a report "'a la Franks'". LUSC MS Boyle 660/13/45765, George Smith 'Personal and Confidential Notes on Private Meeting Weekend 8/9 April at Home of Rt Hon Sir Edward Boyle, M.P.', 21st April 1967, p.5.

Stockholm speech of October 1967.⁵⁵ The choice was probably not coincidental: the Swedish government was the only government which had given special supplementary contributions to IDA. These contributions were handed over with no terms attached, and gave Sweden no additional voting rights on the nature of IDA policy.⁵⁶ The Swedish government had also waived the convention that foreign borrowers were not admitted to the Swedish bond market to allow the IBRD to sell an issue to Swedish investors in 1967.⁵⁷

The audience was therefore a sympathetic one at a time when support for aid and the World Bank seemed to be faltering. Woods stated that:

We are ready at the World Bank, together with interested governments, to help to select and finance ... a group of experts. I am ready to put at their disposal all the information and statistical material the Bank has accumulated and, if requested, to second staff to their service. Such a Grand Assize—judging the world's record and prospects of growth—should in any case precede any attempt to round off our faltering Decade of Development with a genuine reformation of policy.⁵⁸

How far Woods was looking for a reformation of policy is open to question. It seems more likely that he was seeking an increase in support for existing World Bank programs. This is heavily suggested by the fact that Clark, Ward and Woods set out to recruit Oliver Franks, an individual totemic of the success of the Marshall Plan, as the chairman of the Grand Assize. Clark recalled in his memoirs that Ward:

produced a splendid draft, and cunningly, to lure Oliver Franks, included a passage recalling that before Europe and America could enter wholeheartedly into the experiment of the Marshall Plan, an official body of experts under Franks' leadership had been drawn up from participating nations.⁵⁹

In this sense, the Stockholm speech was a call for a rejuvenation of the existing aid regime, rather than a call for radical change.

While it was not designed to argue for a new agenda, the speech was part of a concerted attempt to force action from donor governments. Woods had begun a frustrated round robin

⁵⁵ Clark, *From Three Worlds*, p. 232.

⁵⁶ Mason and Asher, *World Bank*, p. 408.

⁵⁷ *Ibid*, p. 140.

⁵⁸ Quoted in Oliver, *Woods*, p. 222.

⁵⁹ Clark, *From Three Worlds*, p. 232.

campaign in October 1967, in the week before his Stockholm address, writing to the British Chancellor of the Exchequer, James Callaghan:

Ever since June 1966 I have been putting forward the idea that responsible ministers should review the matter of financing development and try to arrive at an agreement as to its priority among the other demands on the older industrialized countries. This idea seemed to be generally welcomed, but after a year and a quarter nothing has happened.⁶⁰

Woods explained he was:

now on the tack of suggesting a group of non-government people of integrity and reputation who would not be in the position of defending the past or expecting to participate in the future.⁶¹

Woods argued that such a review should still be commissioned by governments. His reference to Franks in the speech, he explained, was deliberate, adding that “I doubt if anything tangible or constructive will result without a chairman such as Oliver Franks.”⁶²

Woods’ determination to have a government-approved review was further evidenced by the list of those he contacted in a similar vein: he promised Callaghan that he would also contact “Mitch Sharp, Karl Schiller, Joe Fowler and Gene Rostow, and Minister Witteveen of The Netherlands in the same informal manner I am writing to you.”⁶³ These were all senior government figures in important donor countries: Mitchell Sharp was Finance Minister in Canada in the Liberal administration led by Pearson; Schiller was the Federal Minister for Economic Affairs in the coalition government in Germany; Henry ‘Joe’ Fowler was US Secretary of the Treasury while Eugene Rostow was the Under Secretary of State for Political Affairs at the State Department; Johan Witteveen was the Dutch Minister of Finance.

The letter-writing campaign and the Stockholm speech represented an attempt to replicate the conditions and success of the 1947 CEEC Report. They were also aimed at constructing a more robust aid community from among those who supported the liberal, US-led regimes. The major difference from the CEEC’s efforts was that the place of recipients was left unclear, a factor that was left unacknowledged by Woods, Ward and Clark.

⁶⁰ The National Archives of the UK (TNA) OD 36/94/4, Letter from Woods to Callaghan, October 25, 1967.

⁶¹ Ibid.

⁶² Ibid.

⁶³ Ibid.

A New Approach: Robert McNamara

The desire to justify aid spending through a Grand Assize was adopted by Robert McNamara, who was announced as Woods's successor in December 1967. Under McNamara however, the World Bank took a much more assertive role in creating the Assize, an indication of its new leadership ambitions under McNamara. In addition, the lack of donor government endorsement meant that the Commission had to be more specifically targeted at courting donor audiences.

After attending the University of California, Berkeley, and Harvard, McNamara had begun his career as a planning officer for the Air Force during the Second World War. He made his reputation as one of the 'whizz-kids', a group of military planners who were brought in to rejuvenate the Ford Motor Company in the late-1940s: an enterprise in which they succeeded to the extent that McNamara became the youngest ever CEO of the company in 1960, and the first from outside the Ford Family. He was then head-hunted by John F. Kennedy to serve in his Cabinet, and accepted a position as Secretary of Defence. From that position he was involved in multiple military interventions against Communist governments.⁶⁴ In September 1961, McNamara declared that:

There is no true historical parallel to the drive of Soviet Communist imperialism to colonize the world... There is a totality in Soviet aggression... If the free world should lose to Communism, the loss would be total, final, and irrevocable. The citadel of freedom must be preserved.⁶⁵

At around the same time McNamara began to turn his attention seriously to intervening militarily in Vietnam, to which he first committed US troops in late 1961.⁶⁶

The Vietnam War made McNamara a convert to the idea that military power could only be usefully wielded alongside softer power which sought to bring the political economy of recipient countries in line with Western interests. By 1966 the proposed fiscal defence budget for the following year included \$10 billion for the cost of the war in Vietnam, where it was assumed that 400,000 Americans would be fighting by the end of 1967.⁶⁷ Faced with these figures, McNamara began to wonder if the US government was misusing its resources. In a

⁶⁴ Shapley, *McNamara*, p. 115.

⁶⁵ Quoted in Shapley, *McNamara*, p. 131.

⁶⁶ Shapley, *McNamara*, p. 374.

⁶⁷ *Ibid*, p. 373.

speech to the American Society of Newspaper Editors in Montreal in 1966, he argued that the US was “haunted by this concept of military hardware.” More important, he believed, was the nurturing of “shared ideals.”⁶⁸ McNamara expanded on these ideas in his 1968 book *The Essence of Security*:

In a modernizing society security means development. Security is not military hardware, though it may include it; security is not military force, though it may involve it; security is not traditional military activity, though it may encompass it. *Security is development, and without development there can be no security.* A developing nation that does not, in fact, develop simply cannot remain secure for the intractable reason that its own citizenry cannot shed its human nature.⁶⁹

McNamara had increasingly come to see the importance of ‘development’ as a necessary corollary to a military shield in defending US security. This change in focus was noted by President Johnson, who was worried by the increasingly dovish line McNamara was taking on Vietnam. As a result, in 1967, Johnson offered McNamara the role of President of the World Bank, and McNamara accepted.⁷⁰

McNamara came to the World Bank from a position in which he was used to overseeing huge, public budgets: one Bank official later recalled McNamara’s habit of referring to wanting to spend ‘billions’ when he meant ‘millions’.⁷¹ In addition, he did not have the banking background of his predecessors. He was keen to use the World Bank to prevent future Vietnams – biographers have suggested that his desire to atone for Vietnam was linked to a missionary impulse that was driven by his Catholic faith.⁷² Alongside this, he sought to bring to the Bank the programming and statistical work that had made his tenure at Ford a success. Taken together, these characteristics led McNamara to want to create a much larger World Bank, and made him sympathetic to the idea that this would involve moving the Bank into new lending areas. McNamara was aware he would find limited support for this among the American foreign policy Establishment.

McNamara therefore sought to create a supportive aid community in order to help him convince audiences in the US and elsewhere to support his expansionist tendencies: this was

⁶⁸ Quoted in Shapley, *McNamara*, p. 381.

⁶⁹ R. McNamara, *The Essence of Security*, (New York, 1968), p. 149. My emphasis.

⁷⁰ Shapley, *McNamara*, p. 436.

⁷¹ *Ibid*, p. 471.

⁷² Sharma, ‘McNamara at the World Bank’, p. 89.

a project in which Clark and Ward were well placed to help him. Clark soon became an important lieutenant for McNamara. When asked to identify his ‘particular people’ who had helped him transform the Bank in a later interview, Clark was one of the seven people McNamara identified.⁷³ Through Clark, McNamara became reacquainted with Ward, whom he had first met, and been impressed by, while serving in the Kennedy administration.

I had read her, some of her books before I went to the Bank, and I was very impressed by the lucidity of her writing and thought and also impressed by the breadth of her vision and her feeling for the people involved...she and I got along very, very well together. So she was an important outside influence...she was particularly useful in sensitizing us to environmental concerns and to some of the human development concerns.⁷⁴

This bond was furthered by McNamara and Ward’s shared Catholic faith, and she became an important sounding board for his policies and speeches.

While these connections were valued by McNamara, they were established by Woods. A few days after the announcement that McNamara would be taking over as President, Woods called Clark to offer him the position of Director of Information and Public Affairs at the Bank, in part to help make the Assize a reality.⁷⁵ Clark stated an interest and explained his conception of the role in a letter to Woods in which he argued that the post should be an extension of his work at the ODI “to create the political will to enhance aid to development.”⁷⁶ Woods endorsed this interpretation and invited Clark to Washington, where the latter met with McNamara at the Pentagon. Richard Demuth, who was at the meeting, recalled that the two men immediately ‘hit it off’ “They were both dropping names like

⁷³ Transcript, Oral History Interview with Robert S. McNamara held on April 1, May 10 and October 3, 1991, by John Lewis, Richard Webb and Devesh Kapur, pp. 9 and 17, WBGA. Online: http://siteresources.worldbank.org/EXTARCHIVES/Resources/Robert_McNamara_Notes_of_Interview_05_16_1990.pdf

Others were less welcoming of Clark’s influence. Demuth argued that Clark’s prominence owed more to social factors than any policy position “William is a very delightful person, and he’s full of gossip and Bob likes gossip, for a while. When McNamara came over William made an arrangement with him to see him first thing in the morning, and this always gave William a leg up on everybody else in the staff. It was very well done.” Transcript, Oral History Interview with Richard H. Demuth by Robert Asher held on March 19, 1986, WBGA, p. 23.

⁷⁴ Transcript, Oral History Interview with Robert S. McNamara by John Lewis, Richard Webb and Devesh Kapur, April 1, May 10 and October 3, 1991, WBGA, p. 25.

⁷⁵ Clark, *From Three Worlds*, p. 233.

⁷⁶ *Ibid*, p. 234.

mad.”⁷⁷ On the strength of this short interview, and a recommendation from Lord Harlech, a mutual friend and Britain’s ambassador to the US during the Kennedy Presidency, McNamara accepted Clark’s appointment, and the two men started at the Bank together in April, 1968.⁷⁸

The efforts by Clark and Woods to gain an official mandate from donor governments for the planned review were unsuccessful. Initially there was some guarded enthusiasm for the idea in British official circles. However even to get to this equivocal position had required an effort on the part of ODM officials: at a meeting in November 1967 Sir Andrew Cohen, the department’s Permanent Secretary, had had to push British support for the proposal through against opposition from a Treasury official, who argued that it was “not appropriate” for the British Government to take any initiative, and was “highly sceptical about the whole operation.”⁷⁹ Even within the ODM, approval for the review was lukewarm and conditional, as evidenced in a memo sent by Douglas Williams, a department official, in January 1968 to Sir Geoffrey Wilson, the Deputy-Secretary:

Mr Woods appears to envisage that if the main donor governments...can agree amongst themselves on the principles of the review and on Lord Franks as Chairman, then the enquiry should be set in train...This it seems to me, would be a perfectly reasonable way of proceeding provided the main donors agreed not only to the idea of the enquiry but also to Lord Franks as the Chairman and to this method of operation.

We would go along with his proposal on this basis provided he could get the Germans to agree. (We would not bother too much about the French and we could assume that the Canadians would go along with whatever the Americans agreed to). Thereafter, it would be up to Lord Franks.⁸⁰

The extended listing of caveats by Williams, and the importance attached by him to the chairmanship of Franks, were marks of the fragility of the plan for an official, government-sponsored review. By March, sceptics had begun to see Woods’s plan as untenable, with Wilson writing to Cohen that:

⁷⁷ Transcript, Oral History Interview with Richard H. Demuth held on March 19, 1986, by Robert Asher, p. 22, WBGA.

⁷⁸ Clark, *From Three Worlds*, p. 235. Dillon, McNamara and Harlech were all pallbearers at President Kennedy’s funeral.

⁷⁹ TNA OD 36/94/29 Cohen to the Minister, 23rd November 1967, p. 1.

⁸⁰ TNA OD 36/95/Front Notes, Williams to Wilson, 17.1.68, p. 3.

It seems to me...that Mr Woods has lost all touch with reality. I imagine that, when he leaves the Bank, he contemplates devoting himself pretty much full time to this Grand Assize business.”⁸¹

The planned review also met widespread opposition from other donor governments. At Clark’s urging McNamara sought to take an elite-based approach to gathering support by bringing together a few key officials from donor countries at a meeting organised by Clark under the auspices of the ODI at Tidewater Inn in Maryland. The meeting was attended by aid officials from the US, UK, Japan, the Netherlands, Sweden, the UN and the Bretton Woods institutions. However Clark and McNamara were snubbed by the French and Germans. Cohen noted:

At the last minute the French Representative, M. Postel-Vinay...telegraphed to say that he could not come and the Germans who had been invited did not come either. This is believed to be the doing of the French Government.⁸²

The hostility towards the Assize was due to the reluctance of donor governments to commit to any project which might put external pressure on them to increase the aid resources they were making available. In this they were rejecting the comparison to the Marshall Plan, which had come about as the result of a US offer of resources: an offer the donor governments were not enthusiastic to emulate to the developing world.

In the face of this apathy, McNamara took a more assertive approach to the Assize, with the World Bank set to play a more central role. At the Tidewater meeting McNamara decisively broke from Woods’s vision and argued in his opening remarks that “he had come to the conclusion that the establishment of the Grand Assize did not require formal action by governments.”⁸³ McNamara was questioned on this by the Dutch representative, who hoped that the Grand Assize would not detract from the conclusions of the work being done on development planning with Dutch funding at the UN by the ‘Committee on Development Planning’ led by the Dutch economist Jan Tinbergen.⁸⁴ McNamara responded somewhat unconvincingly:

⁸¹ TNA OD 36/95/Front notes, Wilson to Cohen, 8.3.68, p. 24.

⁸² TNA OD 36/95/158, Cohen to Minister, ‘The Grand Assize’, 9th May 1968, p. 1.

⁸³ Ibid, p. 1.

⁸⁴ Ibid, p. 2. Tinbergen’s background and the work of the Committee on Development Planning are discussed in more detail in Chapter Four.

that the aim of the Grand Assize, as he saw it, was not only to define objectives but also to deal broadly with the methods of carrying them out. He did not think that there was a serious danger of duplication.⁸⁵

The Tinbergen enquiry was regarded with suspicion at the Bank, with Clark writing to McNamara in August about the importance of “avoiding the domination by recipient countries which the U.N. Committee has.”⁸⁶ Although Clark and McNamara were having their own difficulties in raising enthusiasm in the donor countries for aid, they were clearly worried about a spate of reviews being planned within the UN machinery, which they feared would devalue the idea of aid, and make it seem like a political weapon of the recipient countries.

An extra worry for those proposing the Grand Assize however was the potential for a review led by Prebisch and UNCTAD. Immediately after the Stockholm address the UK Mission to the UN in New York reported to the Foreign Office that:

we think there is much to be said for action of the kind proposed under the business-like auspices of the World Bank. This might help to get us away from [a] less well directed endeavour resulting from the Dutch initiative for a "development charter", or from the activities of the experts committee on development planning.⁸⁷

In January 1968 Cohen wrote to E. Maude, a UK official who was part of the trade delegation to the US, to express the fear that unless Woods moved fast:

Dr Prebisch and UNCTAD might themselves decide to mount such an enquiry in the meantime, thereby defeating what we would regard as the principal objective, viz., to have a donor-conducted exercise that would carry weight in the donor countries.⁸⁸

Those supportive of the Grand Assize were increasingly suspicious of such recipient-led enquiries. Even Clark, who had begun by supporting a more broad-based review incorporating Commonwealth and UN element, was increasingly convinced of the need to take a narrower approach, writing of the Commissioners in August 1968:

⁸⁵ TNA OD 36/95/158, Cohen to Minister, 'The Grand Assize', 9th May 1968, p. 2.

⁸⁶ William Clark to Robert McNamara, 'Grand Assize Q&A', August 12th 1968, p. 9. IPA [Information and Public Affairs] – Pearson Commission – General 1968. 30030627. World Bank Group Archives, Washington D.C. (WBGA).

⁸⁷ TNA OD 36/94/11, UKMIS New York to FO, telegram no. 3222, 15th November 1967.

⁸⁸ TNA OD 36/95/101/12, Cohen to E. Maude UKTSD British embassy Washington 29th January 1968.

Should there be any members from the L.D.C.'s? [less developed countries] This is for L.B.P. [Lester Bowles Pearson] to decide. I feel that 'Yes there should be', so long as they are men of independent stature who will not simply feel their duty is to get the most for their constituents.⁸⁹

The Pearson Commission came to be defined as an attempt by the World Bank to promote its leadership within the aid community, as a business-like and reasonable alternative to UN-based alternatives, as well as a more general attempt to safeguard aid levels.

These twin objectives were complicated by McNamara's decision to proceed without official backing from donor governments. This meant it became more difficult to define those governments as the audience, because the Commission would now be initiated and funded solely by the Bank, and would be addressed to McNamara as its President. Therefore, at least in theory, it would have to be acceptable to the recipient countries which were part of McNamara's constituency. In a note on the purpose of the Bank and the nature of his new role as Director of Information, Clark argued that the image of the Bank:

must be consistent, but we can stress different parts to suit audience... We are using methods of development and finance that are compatible with the free market economy but are also acceptable to the developing world. The difficulty is that the exact method of presentation changes from state to state, Govt to Govt, year to year.⁹⁰

Paradoxically the lack of official endorsement from donor governments made this balance more difficult, as the Commission would have to work harder to make sure its proposals were acceptable to donor governments.

The Recruitment of the Commissioners

The lack of donor endorsement changed Clark and McNamara's conception of which Commissioners should be recruited. Where previously the focus would have been more on economic planners, now the first priority became to secure the support of donor governments by recruiting respected, elite figures. This section will analyse how this shift in emphasis led to a recruitment process which laid the groundwork for future divisions in the Commission,

⁸⁹ William Clark to Robert McNamara, 'Grand Assize Q&A', August 12th 1968, p. 5. IPA – Pearson Commission – General 1968. 30030627. WBGA.

⁹⁰ Purpose of Ex. Rel., [Undated]. William Clark Papers – Bank Memorandums 1976 Miscellaneous [MS] of Notes on Bank Policy by Me – Notebook. 155710. WBGA.

by leaving it unclear whether its role was to muster further support for aid among donors, or create future plans on the basis that donors would continue to supply increasing levels of aid.

It was a mark of his versatility that Clark and McNamara's first priority remained securing Oliver Franks as chairman: he had only increased his considerable stature in Western financial and political circles in the two decades since the CEEC Report. The importance of Franks was highlighted in a meeting called by the British Minister for Overseas Development, Reginald Prentice in November 1967 to discuss the proposal. Those present, including Cohen and Wilson, concluded that:

despite the reference to this in Mr Woods own speech, it would be desirable to avoid linking the present proposals by way of analogy with the Franks report at the time of the inception of the Marshall Plan. Then it was not a matter of trying to change public opinion or government attitudes but of studying how best to apply an offer already made by the Americans which all were willing to accept.

This was of course the main reason Clark and McNamara were keen to recruit Franks – to make it seem that the political case for aid was settled, and all that remained was for the technical planning of a renewed programme. Unfortunately for those organising the Commission, Franks was reluctant to take the role. Indeed his reaction to McNamara's overtures was so equivocal that McNamara believed the British Government was seriously opposed to the whole venture.⁹¹ After remaining undecided for several months, Franks wrote to Clark to explain that he felt unable to take on the role due to the weight of his duties as Master of Worcester College, Oxford. Clark and McNamara were "peevled."⁹²

Pearson was Clark and McNamara's second choice, having resigned as Prime Minister of Canada in April 1968 to make way for his successor Pierre Trudeau.⁹³ Ward had already laid the groundwork for her friend to become Chairman if Franks refused. In a later oral history with Clark, Patricia Blair, who had also been a member of staff of the commission, said:

I remember finding in the files a complimentary letter from Lester Pearson...sent just after the original Woods speech. As he reacted almost immediately, I wonder if he was volunteering.

⁹¹ TNA OD 36/95/158, Cohen to Minister, 'The Grand Assize', 9th May 1968, p. 2.

⁹² Transcript of Oral History Interview with William D. Clark held on October 4 and 5, 1983, by Patricia Blair (First Interview Session), p. 5, WBGA.

⁹³ English, *Pearson*, p. 384.

To which Clark responded “I wonder too.”⁹⁴ In fact the supportive note from Pearson came about through an intervention from Ward. In November 1967, Maurice Strong, the Canadian official, who had been befriended by Ward, wrote to Pearson’s secretary regarding the Grand Assize proposal:

Lady Barbara Ward Jackson was most anxious that this be brought to the attention of the Prime Minister, and had expressed the hope that he would write an encouraging letter. In this connection I am attaching a draft of the letter for the Prime Minister’s signature.⁹⁵

The letter was duly signed and sent off. This was typical of Clark and Ward’s *modus operandi* of flattering potential supporters and maintaining networks that were political and social in nature.

Pearson had initially been dismissed by some as not suitable for the role. Woods had argued that a politician who had just left office was not the ideal candidate.⁹⁶ In addition, Pearson was a peace-maker, not an economic planner in the Franks mould. After the Tidewater meeting Cohen had reported that:

If Lord Franks does not accept it will be a severe set-back. No very definite thought has been given to alternative names. That of Mr Pearson was mentioned, but doubts were expressed both about his willingness to do it and rather less definitely about his suitability...the general feeling was that no one who has the qualities of Lord Franks - including his reputation with Congress - had so far been suggested.⁹⁷

Pearson had been damaged in the eyes of some American audiences’, including in Congress where Franks enjoyed a high reputation, by his opposition to the Vietnam War. Indeed, Pearson and McNamara had had a difficult relationship while the latter was serving in the Johnson administration.⁹⁸

⁹⁴ Transcript of Oral History Interview with William D. Clark held on October 4 and 5, 1983, by Patricia Blair (First Interview Session), p. 5, WBGA.

⁹⁵ Library and Archives Canada (LAC), Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 1, ‘Correspondence – General’, November 1967-December 1968. M. F. Strong to O. G. Stoner, November 15th, 1967.

⁹⁶ Transcript of Oral History Interview with William D. Clark held on October 4 and 5, 1983, by Patricia Blair (First Interview Session), p. 5, WBGA.

⁹⁷ TNA OD 36/95/158, Cohen to Minister, ‘The Grand Assize’, 9th May 1968, p. 4.

⁹⁸ Transcript of Oral History Interview with William D. Clark held on October 4 and 5, 1983, by Patricia Blair (First Interview Session), p. 6, WBGA.

It was probably in an attempt to balance this that McNamara immediately drafted in Dillon – he was appointed to the Commission the day after Pearson agreed to be Chairman.⁹⁹ In addition, the Commission’s third recruit was Edward Hamilton, a Senior Member of the National Security Staff led by Walt Rostow at the White House who was responsible for South Asian, African and foreign aid affairs.¹⁰⁰ Clark had been in discussions with Hamilton about creating a US version of the ODI, and helped recruit him for the Commission after introducing him to Pearson at the top table of the Bank’s staff restaurant. Johnson called up McNamara to berate him for poaching the White House’s “brightest young man.”¹⁰¹ Hamilton in turn insisted on the inclusion of Ernest Stern, then at AID, as his deputy.¹⁰² Stern had been serving as the Deputy Director of the AID mission in Pakistan and had previously been an AID economist in Turkey. As well as being Hamilton’s deputy he was also the Commission’s Senior Area Specialist for the Near East and South Asia.¹⁰³

During the discussions between Clark, McNamara and Pearson in Washington it had been decided that the number of Commissioners should be around eight. In a note to McNamara, Clark argued that there should be “Some representatives of l.d.c.’s [less developed countries]. They should be men of influence in their own countries, and preferably, in the major donor countries.”¹⁰⁴ Clark also noted that relations with the UN were complicated by the existence of the Tinbergen Committee adding that “We are addressing a rather different audience – the rather conservative ‘have’s’, whom we hope to persuade to be generous, as opposed to the rather demanding ‘have-nots’.”¹⁰⁵ Representatives from the recipient countries were therefore carefully selected. Campos was recommended to Clark by John Adler, one of the Bank’s economists.¹⁰⁶ He was invited to join the Commission on September 9th.¹⁰⁷ Adler also recommended Lewis, although as a representative of the UK, a sign of the intermediary identity which Lewis held as a citizen of the donor and recipient worlds. Initially Clark also recommended the inclusion of a representative from Africa and another from India.

⁹⁹ Ibid.

¹⁰⁰ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 1, ‘Correspondence – General’, November 1967-December 1968. Edward Hamilton, Outline, 11.1.68.

¹⁰¹ Transcript of Oral History Interview with William D. Clark held on October 4 and 5, 1983, by Patricia Blair (First Interview Session), p. 7, WBGA.

¹⁰² Ibid, p. 7.

¹⁰³ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 1, ‘Correspondence – General’, November 1967-December 1968. Edward Hamilton, Outline, 11.1.68.

¹⁰⁴ William Clark to Robert McNamara, ‘Grand Assize Q&A’, August 12th 1968, p. 3. IPA – Pearson Commission – General 1968. 30030627. WBGA.

¹⁰⁵ Ibid.

¹⁰⁶ Ibid.

¹⁰⁷ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 1, ‘Correspondence – General’, November 1967-December 1968. L. B. Pearson to Campos, September 9th, 1968, p. 1.

Suggestions for the African were Bernard Chidzero, the UN Resident Representative in Kenya and Yao Adu, the former head of the Ghanaian civil service. The top two suggestions for India were L.K. Jha, the former head of the civil service who had gone on to become head of the Federal Reserve Bank and I.G. Patel, who was special secretary in the Ministry of Finance.¹⁰⁸ These planned additions were later dropped, leading to complaints from recipient countries, as documented below and in the next chapter. This exclusion was a sign of the determination of Clark, McNamara and Pearson that the Commission would be received sympathetically in the executives and legislatures of donor countries.

This focus on gaining approval for the Commission among donor governments meant that choosing and acquiring Commissioners from the donor countries was a difficult and politically-charged process. Pearson began by turning to Franks, who refused again, writing to say that “This past academic year I have had leave off to go round the world for various purposes and this coming year I must stick to my task.”¹⁰⁹ A British official, P. Dean, reported in late September that while Clark had confided to him that Boyle was seen as a “strong candidate”, Geoffrey (now Lord) Crowther was seen as stronger, as indeed was Lord Howick, who as Evelyn Baring had been Governor of Kenya during the 1950s. An ODM official, B. J. Huijsman, noted on Dean’s memo that:

I understand that (Howick) is increasingly plagued with deafness and that macro-economic questions, particularly those involving value judgements and forecasts, are giving him increasing difficulty of comprehension.”¹¹⁰

However, Huijsman felt that little could be done about this, noting that:

Dr [sic] McNamara is making the running on the appointments and that there is probably little we can do about influencing them; the more so as Lord Howick is well-known to the Bank and highly-regarded by them.¹¹¹

Huijsman was overly pessimistic about the influence the British Government could wield; Clark had probably been sounding Dean out about British choices, and certainly vetoed the

¹⁰⁸ William Clark to Robert McNamara, ‘Grand Assize Q&A’, August 12th 1968, p. 3. IPA – Pearson Commission – General 1968. 30030627. WBGA; Mason and Asher, *World Bank*, p. 677n.

¹⁰⁹ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 1, ‘Correspondence – General’, November 1967-December 1968. Oliver Franks to Mike, September 1st 1968.

¹¹⁰ TNA OD 36/96/200 Sir P. Dean Washington to ODM, Huijsman note, 24th September 1968, p. 2.

¹¹¹ Ibid, p. 2.

suggestion of Lord Howick in discussions with McNamara and Pearson about potential Commissioners.¹¹²

This was indicative of a bias in the choice of Commissioners towards political clout in the donor countries as against significant experience of the recipient countries. Boyle was a cross-partisan figure in British politics, whose little experience of recipient countries was based on tangential involvements with India and Zambia. His choice is striking given Britain's considerable links going back to colonial times in recipient countries. Two others who were considered for the role but passed over in favour of Boyle were Lord Jock Campbell and Lord Frederic Seebohm.¹¹³ Campbell had just stepped down as Chairman of Bookers-McConnell, a sugar conglomerate, which still had large investments and holdings in Guyana and several countries in central Africa, whilst Seebohm was the Chairman of Barclay's Bank International.¹¹⁴ That these two figures, with strong experience of running businesses in recipient countries, were passed over in favour of Boyle is indicative of the changing focus of the Assize. A degree of personal patronage was probably involved. Boyle had been strongly championed by his friend Clark. Clark's belief in Boyle, however, was also a result of his discussions with Dean and others, and his own personal knowledge of the British political scene which led him to believe that Boyle stood the best chance of making an impact. By ignoring a series of strong claimants to the position among those with roots in the Commonwealth however, Clark was moving away from the initial conception of a broad based review with a strong Commonwealth representation towards a more World Bank focussed exercise.

The French and German Commissioners proved to be the most difficult to recruit. In June 1968 Arthur Karasz, the head of the Bank's European office in Paris, had written to Clark to note that:

¹¹² William Clark to Robert McNamara, October 1st, 1968. IPA – Pearson Commission – General 1968. 30030627. WBGA.

¹¹³ William Clark to Robert McNamara, 'Suggested Members for the Grand Assize', August 12th 1968, p. 2. IPA – Pearson Commission – General 1968. 30030627. WBGA.

¹¹⁴ J. Taylor, 'Campbell, John Middleton, Baron Campbell of Eskan (1912–1994)', *Oxford Dictionary of National Biography*, Oxford University Press, 2004; online edn, Jan 2011 [<http://www.oxforddnb.com/view/article/54790>, accessed 14 December 2014]; P. Leslie, 'Seebohm, Frederic, Baron Seebohm (1909–1990)', rev. *Oxford Dictionary of National Biography*, Oxford University Press, 2004 [<http://www.oxforddnb.com/view/article/39875>, accessed 14 December 2014].

As you know, the Germans are rather worried about the direction the “Grand Assize” might take and they would like to avoid at all costs that the “Grand Assize” make proposals on future policy.¹¹⁵

The French government’s position meanwhile had until recently been “that the “Grand Assize” was the subject of a speech in Sweden of which they had never been formally asked for an opinion.”¹¹⁶ While desk officers in the Finance Ministry were showing enthusiasm for the idea, their superiors were dragging their feet.¹¹⁷ In response to these cautious attitudes, Pearson went on a charm offensive. The issue of who should be the German commissioner divided opinion. The German minister of economics, Karl Schiller, preferred Otto Donner, the German alternate Executive Director at the World Bank, to Pearson’s choice, Wilfried Guth.¹¹⁸ At the urging of Clark and McNamara, Pearson left the decision to the German Chancellor, Kurt Kiesinger. By writing to Kiesinger, and having the letter delivered privately by the staff of the Canadian embassy in Berlin, Pearson aimed to circumvent the hostile Schiller.¹¹⁹ In the first outline of this letter on October 3rd suggested by Hamilton during a phone call to Pearson’s personal assistant, the choice was left entirely to Kiesinger.¹²⁰ On the 7th Guth spoke to Clark on the phone, and stated that he believed he was Kiesinger’s preferred candidate. Clark let Pearson know this information and Pearson’s eventual letter on the 8th was more committed to Guth than the draft had been, while still attempting to give Kiesinger the implied compliment of greater consultation than other donor governments. Pearson began:

The commission is to be an independent, non-governmental one. Its members will serve as individuals, and will not commit their governments in any way...For this reason, I have not consulted the governments of a country when I have asked one of their nationals to join¹²¹

¹¹⁵ Arthur Karasz to William Clark, June 21st 1968. IPA – Pearson Commission – General 1968. 30030627. WBGA.

¹¹⁶ Ibid.

¹¹⁷ Ibid.

¹¹⁸ William Clark to Robert McNamara, ‘Dr Guth’, October 7th, 1968. IPA – Pearson Commission – General 1968. 30030627. WBGA.

¹¹⁹ Ibid.

¹²⁰ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 1, ‘Correspondence – General’, November 1967-December 1968. Points to be made to Kiesinger, Dictated over the phone by Ed Hamilton to AP [Annette Peron] October 3rd, 1968’.

¹²¹ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 1, ‘Correspondence – General’, November 1967-December 1968. Lester Pearson to His Excellency Dr Kurt Georg Kiesinger, October 8, 1968.

Despite this general rule, Pearson wanted to sound out Kiesinger on whether Guth would be acceptable choice:

I am, however, anxious that those asked to serve on the commission should have the good-will and approval of the heads of governments of their countries... I do hope you will agree that Dr. Guth is well qualified to serve.¹²²

Pearson concluded by offering Kiesinger personally and the German government in general the opportunity to play a role in influencing the progress of the Commission.¹²³ Although Kiesinger's reply has not survived, the confirmation of Guth as the German commissioner indicates he agreed with Pearson's choice, especially given that Schiller continued to protest the exclusion of Donner well into 1969.¹²⁴ Overall the incident is indicative of the degree of care which those involved in the Commission, including McNamara and Clark at the World Bank, took in trying to navigate the politics of donor governments.

Pearson initially made a similar effort to woo French official circles, attempting to recruit Jean Monnet, the leading French economist of the time, who had been integral to the creation of the European Economic Community. Monnet refused, suggesting his friend Etienne Hirsch instead: unfortunately Pearson had already invited Robert Marjolin to join the Commission, and the latter had accepted.¹²⁵ Marjolin had already been suggested for the Commission at the Tidewater meeting in the spring, when Cohen noted that Clark and McNamara seemed to be "considering the name of M. Marjolin, but this did not seem to be particularly favoured."¹²⁶ It was certainly an odd choice in some ways, as by his own admission in his memoirs, for Marjolin "the problems of the Third World have never been, purely by one of life's hazards, in the forefront of my concerns."¹²⁷ The reason for Marjolin's inclusion would therefore appear to be to link the report to the CEEC, of which he had been effectively Secretary-General, in the absence of Franks from the Commission. However, this also had the effect of making the Pearson Commission more Anglophile in its outlook. At a DAC meeting in October 1968, the Dutch Minister in charge of aid matters, Berend Udink, noted that he hoped the Commission would not become "an "Anglo-Saxon" operation." In conversation with the World Bank's delegate, he explained he was referring to the appointment of

¹²² Ibid.

¹²³ Ibid.

¹²⁴ Kapur et. al., *World Bank: History*, p. 963.

¹²⁵ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 2, Folder 1, 'Correspondence – General', November 1967-December 1968. L.B. Pearson to Mr Jean Monnet, 16 October 1968.

¹²⁶ TNA OD 36/95/158, Cohen to Minister, 'The Grand Assize', 9th May 1968, p. 2.

¹²⁷ Marjolin, *Architect of European Unity*, p. 383.

Marjolin over Pierre Moussa, another French official, who Udink clearly believed would have had a more ‘continental’ outlook.¹²⁸

The overall result of the recruitment of the Commissioners was to make the Commission appear much more of an American-centric exercise than it might otherwise have done. The voices of those who favoured more autonomous European post-colonial aid programs were not represented, and nor were those from northern Europe calling for different forms of aid. Instead the main split was between those – primarily Pearson – who believed in the importance of security arguments and most of the rest who wanted to focus on economic planning.

The Staffing and Organisation of the Commission

During both the Ockham discussions and the conceptualising of the Report by Woods, McNamara, Clark and Ward, emphasis had been placed on the expected technical expertise and standing of the Commissioners. However, as time went on, and donor governments remained lukewarm about the proposed commission, the skillset required from the Commissioners began to change and increasingly emphasis was put on their ability to raise domestic political lobbies in favour of aid. Most of the eventual Commissioners were members of donor elites in a broad sense – they had moved between epistemic and bureaucratic activities, working as politicians, civil servants, bankers and academics. But outside Arthur Lewis, none of them had made a career in the field of aid.

Therefore, while the Commissioners brought a certain amount of elite clout, the technical expertise to convince the aid community that the Commission was competent to judge how aid should be used and administered was increasingly expected to come from the two other groups who worked on the writing of the Report – the Secretariat, based primarily in Washington DC, with a sub-office in Ottawa; and a group of 23 consultants who were drafted in to help with specific details.

The weight put on the stature of Commissioners in domestic political settings was clear as Pearson went about recruiting members. Equally, Pearson was perfectly open about the reasons for the make-up of his commission in public pronouncements, arguing in an interview with the *Toronto Globe and Mail* that:

¹²⁸ Mr. Demuth to Mr. McNamara ‘LIASON OECD/DAC Re: DAC High-Level Meeting’, October 31, 1968. Operational – Development: Pearson Commission. 1070970. WBGA.

Obviously, since the past and future aid policies of the donor countries were to be a matter for particular scrutiny, it seemed to me essential to have outstanding personalities who would be familiar with conditions in the main donor countries...they should enjoy reputations of trust, esteem and confidence in the main donor countries...to have maximum impact in these countries.¹²⁹

This decision to try to recruit political personalities rather than technical experts put noses out of joint during the selection process. Soon after the Stockholm speech, officials at the British Ministry for Overseas Development went about collecting names for possible Commissioners. B.C. Coombs, the chairman of the Australian Central Bank, was suggested as chairman by Thomas Balogh, the economic adviser to Harold Wilson. Reginald Prentice, the Minister for the ODM wrote back to Balogh to explain that Franks would chair and asking if Coombs could be suggested as a commissioner. Balogh responded that:

I do not think it would be a good idea to ask Dr Coombs to serve under Lord Franks' chairmanship. He is one of the really great experts in this field and probably the most distinguished Central Banker now alive.¹³⁰

The implicit criticism in Balogh's response was that Franks, a philosopher who prided himself on being a generalist, could not be seen as a technical expert. This was not promising, given that Pearson, the eventual Chairman, was not as experienced in technical economic matters as Franks. Predictably therefore, Balogh's criticism was to be echoed in attacks by others upon the Commission and its Commissioners throughout the writing and release of the Report.

The questioning of the selection of Commissioners on technical grounds began as soon as their names were made public. Omand Solandt, Chairman of the Science Council of Canada, wrote to Pearson:

I am rarely moved to letters of unsolicited advice on subjects in which I am not deeply personally involved. However, the announcement of the composition of the task force to study problems of underdeveloped countries moves me to comment on the lack of scientists on your team. From my obviously biased point of view it seems to me that scientists, both technical specialists in fields such as agriculture and systems analysts

¹²⁹ LUSC MS Boyle 660/13/39831/30 Lester Pearson interview in the Toronto Globe and Mail, January 3, 1969.

¹³⁰ TNA OD 36/95/121 Thomas Balogh to Reginald Prentice, 5th February 1968, p. 1.

who apply a more general scientific approach, have made major contributions toward improving both the efficiency and the effectiveness of development plans and expenditures. A team such as yours should include at least one person with an established reputation in this field.¹³¹

In his response, Pearson was quite clear about the nature of the review, and why technical expertise had been largely avoided in its creation:

I realize that we have no scientists on our Commission, though we have one or two on our secretariat. The fact is, however, that our Commission, if its report is to have the results we hope for, must be politically orientated. I use the word “political” in its broadest sense. What we have to do is justify the proposition that aid from donor countries must not only be maintained but increased, or the results will be disastrous. This makes our work social and political as much as economic.

That is why I have chosen men for the Commission who are not specialists, not necessarily even development economists, but who are sympathetic to the general proposition that I have mentioned above, and who have had enough experience in politics and in government, as well as enough broad knowledge to help produce a report which will have maximum impact on those who will have to take the responsibility of implementing it in legislature and government.¹³²

This decision to aim for political rather than technical figures meant the Commission felt unable to intrude excessively upon their time. In his letter to Campos, Pearson wrote “As Chairman, I will naturally give my full time to the work of the commission, but that will not be required for the other members of the commission,” after an initial meeting Pearson suggested that “The full commission might...meet two or three times for four or five day sessions.”¹³³ Upon receiving the invitation to be a commissioner, Boyle wrote to Edward Heath, his party leader, for permission, telling him that “I’ve been assured that the total time I shall have to spend abroad on this won’t be longer than a fortnight.”¹³⁴ This structuring made it clear that the political inclinations of the Commissioners were being taken for granted: their

¹³¹ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 1, ‘Correspondence – General’, November 1967-December 1968. O.M. Solandt to Mike, October 21, 1968.

¹³² LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 1, ‘Correspondence – General’, November 1967-December 1968. L. B. Pearson to Omand, November 11, 1968.

¹³³ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 1, ‘Correspondence – General’, November 1967-December 1968. L. B. Pearson to Campos, September 9th, 1968, p. 2.

¹³⁴ LUSC MS Boyle 660/13/39772, Edward Boyle to Edward Heath, 22nd October, 1968, p. 1.

main role would be to guide the Secretariat as to what was politically acceptable, and to help 'sell' its recommendations when they were released.

With this as the background context, the weight put on the technical expertise of other parts of the Commission's human infrastructure was increased. The final Report referenced its "staff of fourteen experts in various relevant fields of development from nine countries in both the developed and developing countries."¹³⁵ In his letter to Campos, Pearson had reassured him that:

There will be an adequate and expert secretariat... With their help and in view of the fact that much of the research has already been done by previous enquiries of one kind or another, I feel confident that we will be able to submit our report to the Bank, for transmission to governments, by September 15th, 1969.¹³⁶

Clark had initially believed this group should be about six strong, led by a senior World Bank economist and include seconded staff from the DAC and ECOSOC.¹³⁷ The rest should be "the brightest under-45s we can lay hands on of any nationality."¹³⁸ They would be reinforced by an older technical advisory group of around a dozen who could be used to help guide the commission, and would be "men of technical knowledge but not necessarily of political weight."¹³⁹ This latter role was eventually played jointly by the Commission's consultants and a series of groups brought together under the auspices of the Commission in informal seminars.

The secretariat as a group were relatively heterogeneous when compared to the Commissioners, both in terms of origins and politics, and this would show through in disputes which emerged during the writing of the Report. Pearson was keen to emphasise this heterogeneity in correspondence with governments, writing to President Senghor of Senegal that "The Secretariat's Research Staff – 13 or 14 in number - are genuinely international with only 2 from the U.S.A. and several from Asia and Africa."¹⁴⁰ However the secretariat remained identifiable as a group assembled by the World Bank, not least because the

¹³⁵ Pearson et al., *Partners in Development*, p. vii.

¹³⁶ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 2, Folder 1, 'Correspondence – General', November 1967-December 1968. L. B. Pearson to Campos, September 9th, 1968, p. 1.

¹³⁷ William Clark to Robert McNamara, 'Grand Assize Q&A', August 14th 1968, p. 3. IPA – Pearson Commission – General 1968. 30030627. WBGA.

¹³⁸ *Ibid*, p. 4.

¹³⁹ *Ibid*.

¹⁴⁰ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 2, Folder 3, 'Correspondence – Heads of Government', n.d., Sept. 1968-Aug. 1969. Pearson to His Excellency Mr Leopold Sedar Senghor, p. 2.

Americans were its two most senior members. As Clark had put it, staff recruitment was informed by the Bank's definition of the best and the brightest.¹⁴¹ The Bank had a generally reciprocal and supportive relationship with the American foreign policy Establishment. The other strong bias was for the staff from the recipient countries to come from South Asia. India and Pakistan were the two largest recipients of World Bank loans and IDA credits throughout the period 1947-1971.¹⁴² In their review of their history of the World Bank published in 1972, Asher and Mason argued that "it is no exaggeration to say that India has influenced the Bank as much as the Bank has influenced India."¹⁴³

The recruitment of staff was led by Hamilton and a diverse group were brought together, with some recruited from quite 'radical' institutions. Javier Pazos, for example, the last to be recruited, had been working for the Venezuelan Planning Commission, having previously worked for the UN's Economic Commission for Latin America (ECLA), which had been founded by Prebisch. Carlos Diaz Alejandro was a professor of economics at the University of Minnesota and was the Senior Area analyst for Latin America. Dharam P. Ghai was a Research Professor and Deputy Director of the Institute for Development Studies at University College in Nairobi. Peter Kilburn, the Commission's press officer, had previously been a personal aide to a minister in the Canadian government.

However, there was also a bias towards the World Bank and allied institutions in the recruitment of staff. Ravi Gulhati (Senior Economist), Bimal Jalan (Economist) and Donald Brash (Private Investment Specialist) all joined the Commission on deputation from the Bank.¹⁴⁴ Others were linked to the Bank and institutions which it regularly worked with. Thomas Silcock, the Senior Area Specialist for East Asia, was an economics professor from Australia National University who had been on secondment with the ODM in London. Harold Dunkerley had been a Senior Advisor in the Harvard Development Advisory Service, based in Ghana, and had previously worked on a commission assessing the defence capabilities of NATO countries. Patricia Blair, a staff associate, joined the Commission from the National Planning Association and was also the editor of *Development Digest*. She had previously been with USAID in India and editor for the Carnegie Endowment for

¹⁴¹ Transcript of Oral History Interview with William D. Clark held on October 4 and 5, 1983, by Patricia Blair (First Interview Session), p. 7, WBGA.

¹⁴² Mason and Asher, *World Bank*, p. 665.

¹⁴³ *Ibid*, p. 675.

¹⁴⁴ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 2, Folder 1, 'Correspondence – General', November 1967-December 1968. Edward Hamilton, Outline, 11.1.68, p. 10.

International Peace. Sartaj Aziz came on secondment from the Pakistani Government's Planning Commission, where he had been the Joint Secretary.¹⁴⁵

The OECD received preferential treatment. The DAC enjoyed an advantage as Bernard Decaux, listed in the Report as a consultant, was brought in at an early stage as the Commission's liaison with the DAC: no other organisation had such an institutional position. In addition, Goran Ohlin, one of the Senior Economists, was a professor at the Stockholm School of Economics and had strong links with the OECD, having previously been a fellow at their Development Centre. The UN meanwhile had only one representative, Sylvain Lourie, who was seconded from UNESCO in Paris as an Africa Area Specialist. Lourie also had Bank links - he had been working as the Senior Official responsible for a joint Bank/UNESCO education program. Overall, in recruiting the Secretariat Clark and Hamilton were guided by pre-existing patterns of involvement in the World Bank, and avoided large scale recruitment from the UN. However, this did not necessarily mean support for the Bank and its positions, as will be shown in the next chapter.

The bias towards organisations that were involved with the Bank and allied institutions was also clear in the recruitment of consultants to the Commission. In total there were only four consultants from institutions which were not based in either the US north-east or New Delhi. One was the aforementioned Decaux, from the DAC. The remaining three came from a diverse array of academic institutions.¹⁴⁶ In contrast, seven of the 23 consultants were recruited from Harvard alone, with a total of eleven being based in the US north-east. Four came from Harvard University's Development Advisory Service. This had its roots in a Ford Foundation grant of \$10 million to Harvard to develop its Centre for International Affairs (CFIA) in 1960. The CFIA's work on policy proved to be controversial and in 1962 a separate institution in the form of the Development Advisory Service was created at the urging of the Ford Foundation to continue the advice and management consultancy work while the CFIA became more of a research and teaching institute.¹⁴⁷ They were joined by a six Indians, all from New Delhi-based institutions.¹⁴⁸ This latter group tended to have pre-

¹⁴⁵ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 2, Folder 4, 'General Memoranda', n.d., Feb. 1968-Oct. 1969. Memorandum for Mr Lester B. Pearson from Edward Hamilton, Staff Summary, November 27th, 1968, pp. 1-3.

¹⁴⁶ From the developing world Lim Chong Yah was from the University of Singapore and Oktay Yenal was the Dean of Robert College in Istanbul. From the developed world, Alain de Vulpian was the founder and head of COFREMCA, a Paris-based organisation which took an anthropological approach to studying how people interacted with technology.

¹⁴⁷ M. Keller and P. Keller, *Making Harvard Modern: The Rise of America's University*, (Oxford, 2001), p. 228.

¹⁴⁸ Pearson et al., *Partners in Development*, p. 400.

existing links to the World Bank and its allied organisations: S. Boothalingham of the National Council of Applied Economic Research had initially been suggested as a Commissioner by Clark; while Dharam Narain of the Institute of Economic Growth was also attached to the ODI.¹⁴⁹ Overall, especially among the consultants, there was a preponderance of individuals recruited from institutions in the US north-east and India which were generally supportive of the Bank and its work.

These two groups dominated the Commission's human infrastructure, meaning that other areas of the world were strikingly underrepresented. The continent of Africa had only one representative across the three groups, Ghai of the secretariat. As mentioned, the Commission's Senior Area Specialist for Africa was Lourie, a Frenchman. Indeed of the four area specialists, none was a citizen of the area he had been recruited to cover: Stern, an American, was covering the Middle East and South Asia; Silcock, an Australian was responsible for East Asia and Diaz, a Cuban exile based in the US was responsible for Latin America.¹⁵⁰ The result was that there was increasing scepticism amongst donor and recipient governments about the representative nature of the Commission. One ODM official noted of Pearson's claim to have recruited a Cuban that Diaz was "actually a Cuban exile teaching at the University of Minnesota."¹⁵¹ In December, George Ignatieff the Canadian Ambassador and Permanent Representative to the UN wrote to Pearson to note that at a meeting of ECOSOC:

Mr Paul Roumba, the Ambassador of Upper Volta, following the introduction of the report of the World Bank Group, spoke bitterly of the alleged inadequacies of the composition of your Commission because no African is included among its members.¹⁵²

Ignatieff himself, noting the "sensitivity of the Africans about anything affecting their economic development" (a reflection of the wider feeling among recipients that they were not getting enough representation in the discussions about aid) suggested the inclusion on the

¹⁴⁹ Ibid; William Clark to Robert McNamara, 'Suggested Members for the Grand Assize', August 12th 1968, p. 1. IPA – Pearson Commission – General 1968. 30030627. WBGA.

¹⁵⁰ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 2, Folder 4, 'General Memoranda', n.d., Feb. 1968-Oct. 1969. Memorandum for Mr Lester B. Pearson from Edward Hamilton, Staff Summary, November 27th, 1968, pp. 1-3.

¹⁵¹ TNA OD 36/96/238 Note of a meeting between the Minister of Overseas Development and the Rt. Hon. Lester Pearson in the Minister's room, Eland House, at 11.30am, on Monday, 18th November, 1968, p. 1.

¹⁵² LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 2, Folder 1, 'Correspondence – General', November 1967-December 1968. Ignatieff to Pearson, December 16th, 1968, p. 1.

Commission of L. E. Makonnen, Ethiopia's Permanent Representative at the UN, a P.P.E. graduate from Oxford and former Ethiopian Minister of Commerce.¹⁵³ In his response Pearson noted that:

The sour notes struck by the Ambassador for Upper Volta have been repeated in one or two other places by people who do not seem to appreciate that this is a Commission designed to secure greater support for aid and development from donor countries, and that, if half of its members came from receiving nations, its impact on members of Congress, etc., would be very greatly reduced.¹⁵⁴

Therefore, Pearson explained, he could not accept Makonnen, despite the fact he would make an "admirable Commissioner," because:

If we add an African to the Commission, we would have to add one or two Asians, and the balance would be changed in a way which would not help us to get the results we wish to get, in the interests of receiving nations themselves.¹⁵⁵

As with the earlier distancing from the Commonwealth, this represented a step away from the UN, as the Commission became more focussed on donor opinion of the World Bank. Overall, while Pearson could certainly claim that his Commission had international personnel, some parts of the developing world were, by his own admission, underrepresented. This lack of representation would cause problems for the Commission during its writing and after its release, as shown in the next chapter.

The main drafting of the Report took place in the secretariat's offices at 1900 L Street in Washington DC, two blocks north of the World Bank and in close proximity to Congress and the White House. Here the operation was headed by Hamilton, as the Staff Director for the secretariat. Pearson had his own office and staff in Ottawa at 75 Albert Street, one street over from Parliament Hill, and was involved full-time in the writing of the Report. A central figure here was Pearson's assistant, Albert Hart, a Canadian diplomat, who acted as a conduit between Pearson and Washington based staff.¹⁵⁶ These offices were in the heart of the

¹⁵³ Ibid, p. 2.

¹⁵⁴ Ibid

¹⁵⁵ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 2, Folder 1, 'Correspondence – General', November 1967-December 1968. Pearson to Ignatieff, December 23rd, 1968.

¹⁵⁶ Transcript of Oral History Interview with Ernest Stern held on December 16 and 29, 1994 and January 5, by Jochen Kraske, Louis Galambos and David Milobsky (First Interview Session), p. 51, WBGA. Online: <http://www->

government districts of their respective North American capitals, and those associated with the Commission were aware that while offering access to two of the governments they were trying to influence, these locations exposed them to allegations of bias.

In part to pre-empt such allegations, and in addition to these permanent operations, which were fully operational by November 1968, the Commission also travelled extensively. The Commissioners met in full four times, at Mont Gabriel, near Montreal from 15th-17th December 1968; and in 1969 on March 13-16th in Rome; June 3rd-6th in Copenhagen and in late August in Geneva. Pearson, along with assorted Commissioners and members of the Secretariat, also travelled to Regional Hearings in Santiago, March 18th-20th in Abidjan, March 22nd-26th in Kampala, April 3rd-5th in New Delhi, April 9th-12th in Singapore and June 9th-12th in Ankara.¹⁵⁷ Trips relating to the Commission's work and of a more or less official nature were undertaken by Pearson to Boston, New York, London, Karachi, Rawalpindi, Sydney and Tokyo.¹⁵⁸ Finally, Commissioners and secretariat members constantly corresponded with and travelled to meet supporters and contacts.

Hamilton and Pearson took the lead in scheduling the Commission's meetings. In early December 1968 Hamilton wrote to Pearson suggesting that the meetings after Montreal should take place in "(1) Rome, (2) The Netherlands, and (3) French-speaking Africa, probably in Abidjan."¹⁵⁹ These choices were guided by political considerations. For Rome, Hamilton pointed out that Italy was one of the major aid donors "without a "non-representational" Commissioner."¹⁶⁰ By holding a meeting in the city, the Commission would be able to shore up the support of the Italian government. The Netherlands meanwhile was politically important because "the Dutch are very much in the forefront of the work of the 2nd Development Decade and generally in the drive to improve and increase aid flows."¹⁶¹ The suggestion for a meeting in French-speaking Africa had come from Lewis, who believed this would balance the proposed holding of a regional hearing in English-speaking Africa.¹⁶² The

wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2013/07/10/000333037_20130710142808/Rendered/PDF/791290v10TRN0S0Box0377367B00PUBLIC0.pdf

¹⁵⁷ LUSC MS Boyle 660/13/39853, Ed Hamilton, 'Memorandum for Commissioners', April 3rd, 1969.

¹⁵⁸ LUSC MS Boyle 660/13/39816/2, Edward K. Hamilton, 'Memorandum for the Commissioners', with Pearson's schedule, January 2nd, 1969.

¹⁵⁹ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 2, Folder 4, 'General Memoranda', n.d., Feb. 1968- Oct. 1969. Edward Hamilton, Memorandum for Chairman Pearson, December 6th, 1968.

¹⁶⁰ Ibid.

¹⁶¹ Ibid.

¹⁶² Ibid.

meeting locations were therefore understood to be political decisions, marking out the preferences of the Commission.

The political priorities of the Commission were confirmed by its eventual choice of locations. The meeting in Rome included an extra day at the start for Pearson and other Commissioners to call on the Italian Government, and the visit included an audience with the Pope, who Pearson wished to show as a supporter of the Commission.¹⁶³ As a result of discussions at Mont Gabriel, the Dutch meeting was abandoned in favour of one in Copenhagen. Hamilton reported to McNamara that “I made my pitch on currying Tinbergen and the Dutch, but the day was carried by the argument that the second meeting to be held in Europe should be in a non-EEC country.”¹⁶⁴ The Abidjan meeting meanwhile was changed from being a Commission meeting to a Regional Hearing, although it remained on the schedule. These choices highlighted the importance to the Commission of appealing to opinion in donor countries, with a particular focus on the US and its European allies: the decision not to hold any Commission meetings in the recipient countries marked it out for later criticism that it was not engaging enough with the views of recipient governments.

Hamilton argued in a letter to Pearson in October that the Commission’s meetings should not be public because there was a danger that they would get:

crossways on matters of “principle” which would poison the reception of our Report in some quarters, even though the actual recommendations we may make may not be so objectionable in terms of their practical effect. This danger is increased if we have not yet determined what is possible within our own group... It is not at all clear that it helps, in terms of public attention and acceptance of our report, to telegraph our punches, even if we know what our punches are.¹⁶⁵

Hamilton’s letter is indicative of the growing sense that the Pearson Commission would be advancing its own agenda that would not necessarily be welcomed by all within the aid community, let alone the wider circles of donor and recipient governments and societies.

¹⁶³ LUSC MS Boyle 660/13/39816/2, Edward K. Hamilton, ‘Memorandum for the Commissioners’, with Pearson’s schedule, January 2nd, 1969.

¹⁶⁴ Edward K Hamilton, ‘Memorandum to Commissioners’, attached to Montreal ‘Issues Paper’, November 29th, 1968. IPA – Pearson Commission – General 1968. 30030627. WBGA.

¹⁶⁵ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 6, ‘Seminars and Conferences – General’, May 1968-Dec. 1969. Ed Hamilton to Lester Pearson, December 10th, 1968.

Pearson himself appears to have come to similar conclusions. In the second half of November 1968 he met with Reginald Prentice, the Minister for Overseas Development, and several ODM officials. They all agreed that the Commission should act mainly as a propaganda exercise on behalf of the existing aid machinery and rationale with the aim of convincing politicians and officials in donor governments, and especially finance departments, to support an increase in aid.¹⁶⁶ Initially, Pearson spoke of the need to avoid the impression that the Commission “was a branch of the World Bank or a protégé of the United States government.”¹⁶⁷ However, his plan to avoid this was the limited measure of holding most of the Commission’s meetings outside of North America, which suggests that all present accepted the reality that the US government would be the Commission’s main target.¹⁶⁸ Similarly, it was only under questioning that Pearson accepted that the Commission “ought to make some references to what the Communist world was doing”¹⁶⁹ He also noted the “plain disadvantages in selecting members from countries which were recipients of aid.”¹⁷⁰ The British officials agreed on the difficulty in getting “really candid evaluations from governments receiving aid.”¹⁷¹ Strikingly, given his background of working within the UN’s structures, Pearson also echoed criticisms of the UN which were widespread in the US and its donor allies, that the UN’s one-country, one-vote system led to an ineffective bureaucracy and decision-making process.¹⁷² He was much more accepting of the argument that bilateral aid would usually be used to support the national economic interests of donors, recognising that:

Commercial and industrial pressures were important in this respect, as was the attitude of legislatures which in general preferred to authorise appropriations for the kind of aid which most clearly benefitted their own country.¹⁷³

Pearson demonstrated he was convinced of the logic which had created the Commission: that an argument which would convince the aid community, which was dominated by the US and

¹⁶⁶ TNA OD 36/96/228 Note of a meeting between the Minister of Overseas Development and the Rt. Hon. Lester Pearson in the Minister’s Room, Eland House at 11.30 a.m. on Monday, 18th November, 1968, pp. 1-2.

¹⁶⁷ Ibid, p. 1.

¹⁶⁸ Ibid.

¹⁶⁹ Ibid, p. 4.

¹⁷⁰ Ibid, p. 1.

¹⁷¹ Ibid, p. 2.

¹⁷² See E. Luck, *Mixed Messages: American Politics and International Organization, 1919-1999*, (Washington DC, 1999) for a retrospective commentary on this or I. Gruhn, ‘International Development Aid Organization at the Crossroads: Choices Confronting Africa’, *Africa Today* 18 (1971), pp. 56-57 for a contemporary criticism.

¹⁷³ TNA OD 36/96/228 Note of a meeting between the Minister of Overseas Development and the Rt. Hon. Lester Pearson in the Minister’s Room, Eland House at 11.30 a.m. on Monday, 18th November, 1968, p. 3.

its donor allies, could only be produced by a group comprised mainly of their own that was clearly sympathetic to their interests.

The Commission also had to negotiate its relationship with the plethora of other bodies being set up to assess aid institutions. In London in November 1968 Pearson had discussed with Barbara Ward the possibility that his Commission and that of Robert Jackson should hold a joint public meeting in the spring of 1969, probably under the chairmanship of Ward at Columbia University in New York. Ward told Jackson that Pearson desired a meeting which included both their commissions, as well as those of Tinbergen and Felipe Herrera, who was studying the problem of development for the IADB.¹⁷⁴ The plan, Ward explained, was to have a “first round of contact with public opinion.”¹⁷⁵ Jackson was unenthusiastic and argued in a letter to Ward on the 19th of November that:

From about September [1969] onwards, we shall find ourselves on very thin ice, trying to persuade the main Agencies of the validity of our recommendations and, simultaneously, seeking Governments’ support...there is virtually nothing I could say in public at any meeting between the beginning of March and the end of May [Ward’s suggested dates].¹⁷⁶

Hamilton took a similar line on the proposal, and wrote to Pearson on December 10th to explain that the “weight of staff opinion” in the Washington office was that “April/May 1969 was both too early and too late for this sort of public interplay.” Hamilton was also sceptical about the sense of sharing a platform with Jackson, pointing out that:

The UN Committee is, quite properly, broadly representative of all the nations and interests in the world. It is inconceivable that any set of CID views would meet with the approval of the entire UN group.¹⁷⁷

The event did not go ahead, which was indicative of the political dilemma facing Jackson, Pearson and others, as they both sought to support the broad position of all their reviews that development was a positive aim, while simultaneously differentiating their reports from

¹⁷⁴ The Inter-American Development Bank (IADB) was a regional development bank, set up in 1959. Regional development banks are discussed further in chapter four. Felipe Herrera was a Chilean Banker who served as the first President of the IADB through to 1970.

¹⁷⁵ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 6, ‘Seminars and Conferences – General’, May 1968-Dec. 1969. Robert Jackson to Barbara Jackson, 19th November 1968, p. 1.

¹⁷⁶ Ibid, p. 2.

¹⁷⁷ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 6, ‘Seminars and Conferences – General’, May 1968-Dec. 1969. Ed Hamilton to Lester Pearson, December 10th, 1968.

others in terms of their political outlook and technical aims. It also marked the continuing, steady divergence between the UN and the World Bank, and their respective reviews.

These discussions highlight the complicated political context within which the Commission was working. Having been set up, the Pearson Commission had to negotiate a relationship with the other aid reviews which would report at a similar time. A broad front, as encouraged by Ward, might make the concept of aid appear stronger and better supported. On the other hand, there was a desire to differentiate the Pearson Commission from other reviews and portray it as business-like, technically competent and focussed on the foreign policy needs of Western donor countries, and especially the US, as an alternative to the work being led by Prebisch, Tinbergen and Jackson. As a result of these political tensions, the exact audience for the Report remained undefined during its writing and release: as shown in the following chapters, this meant that many of the eventual 'technical' recommendations were compromises, unable to stand up to rigorous examination.

Conclusion

This chapter has shown how the intellectual and institutional background with origins in the postwar framework identified in the last chapter played an important role in the conception of the Pearson Commission and the recruitment of its Commissioners. The diagnosis of the world's problems, and aid's place in solving them, at Ockham House, owed much to its participants' experiences supporting a postwar liberal, internationalist framework. The World Bank under Woods had been seeking to emphasise its importance as part of this framework as part of its fund-raising activities: the Grand Assize was an attempt by Clark, Ward and McNamara to build on this. Initially, they believed that a broad-based appeal, confirming the alliance between the American foreign policy Establishment, Commonwealth liberals and US-friendly technocrats in other countries discussed in Chapter One would be sufficient to safeguard the place of aid in international politics.

However, during the creation of the Commission two changes in the politics of aid became clearer: firstly, the widespread dissatisfaction with aid in both donor and recipient countries; and secondly the growing rivalry between the World Bank and other aid agencies over the leadership of aid. The result was a shift in focus for some of the key personnel involved in the Commission. Rather than a broad-based appeal, they came to believe in the importance of appealing to donor governments to support the work of the World Bank, if necessary to the detriment of other aid agencies. This would involve changes in the aid community, which had

previously come together in UN arenas where the recipient countries had an increasing voice, with a renewed focus on US and World Bank interests. Proponents of this formulation of the aid community set out to achieve this through the integration of officials and politicians from donor countries concerned with aid in ‘informal’ meetings, and the resulting restriction of membership of the aid community through the exclusion or under-representation of communist, recipient and UN representatives. This work was undertaken by community operators, and Clark and Ward were especially important in the context of the aid community in the late 1960s and early 1970s. The next chapter discusses how the Pearson Commission set about trying to intellectually defend the concept of aid, and how Clark and Ward responded to the failure of these efforts.

Chapter Three: The Pearson Commission's Search for a Rationale

Alongside the political context discussed in the last chapter, it was always understood by its initiators that the Pearson Commission had an important epistemic role: it had to provide a 'rationale' for aid. The rationale for the previous two decades, broadly accepted by donors, recipients and those in international organisations had been that steady industrialisation and joining the US-led liberal trading system would create economic growth in recipient countries and allow them to become peaceful and secure allies of the West.¹ Some scholars have tried to argue that one part of this rationale formed *the* basis for an aid regime: Robert Wood, for example, emphasised the part played by donor concerns about ensuring they could economically exploit recipients. However, an analysis of the debates which the Pearson Commission had on this subject shows that this was not the case. It became clear during the work of the Commission that the alliance that had supported aid had been a broad one: once fractured it was not easily reassembled.

This chapter illustrates these divides using two debates: firstly whether the emphasis should be on security concerns or economic growth, and secondly what type of economic growth should be encouraged. Unable to resolve the splits among themselves, those involved in the Commission increasingly fell back on asserting the inherent desirability of measurable economic growth in recipient countries. Such growth would show resources being better used; and would increase wealth globally. If aid could produce such measurable growth that in itself was a sufficient rationale: this was in line with the arguments which had been evolved by development economists, and was strongly championed by Arthur Lewis during the Commission's work. The eventual rationale offered in the Pearson Report was that encouraging economic growth should be the main objective of aid, with private foreign investment forming an important part of this strategy. Beneath this straightforward argument, however, divisions remained; and the Report hinted at other logics, notably that economic growth would contribute to the security of the US and other donors. The disagreements within the Commission were clear in the qualified and at times confused ways in which this rationale was put forward, and it was to be deemed inadequate by a range of critics with widely differing views.

¹ See Ekbladh, *Construction of an American World Order*, Frey, 'European Development Policy', and Wood, *From Marshall Plan to Debt Crisis*. See also J. Thérien, 'Debating Foreign Aid: Right versus Left', *Third World Quarterly* 23 (2002), pp. 454-455; C. Pratt, 'From Pearson to Brandt: Evolving Perceptions concerning International Development', *International Journal* 35 (1980), p. 630.

Part of the difficulty was that the knowledge-creating role of the Commission constantly changed: it had been conceived of by Clark and Ward, and sold to Woods, as a technical review which would deliver a message in favour of aid. There was also an expectation that the Commission would produce the outline of a future aid strategy, which grew once McNamara - with his limited knowledge of the workings of the aid system - had taken over as President of the World Bank. Yet that framing of the Commission's remit left the question of rationale unclear – the Commissioners and staff struggled to agree whether their job was to find a new rationale for aid or rely on the existing mix of justifications. This was unsurprising in that Clark and Ward were communicators, rather than initiators of policy ideas, and McNamara was new to aid and development.

This set the groundwork for a recalibration of the aid regime and the aid community which is discussed in this chapter and Chapters Four, Five and Six. Because liberal, internationalist elite groups had enjoyed considerable political influence in the West during postwar period, they had been able to shape definitions of what was 'technically' correct in the context of aid. However, by the late 1960s the Commission was not able to make a claim to technical objectivity that convinced a large enough audience, which created many of the problems it later experienced and led to a reconfiguration of the aid community.

The debate over the rationale was linked to another contested question: who did the Commission need to appeal to? Or, to put it in the theoretical framework of this thesis, what did a functioning aid community look like to those involved in the Commission? Most of the Commission's efforts were focussed on influencing opinion in and around donor governments, and especially the US government, in favour of giving more aid. The fact that these groups could not be convinced by the Pearson Report meant that its rationale had to be rejuvenated. Adler and Haas have argued that at such times of crisis, decision makers turn to 'epistemic communities' to supply them with the technical knowledge and ideas to craft fresh regimes. Many accounts of the Pearson Commission have argued that the rejection of its work at the Columbia Conference in 1970 represented the triumph of a 'development community' of academics, journalists and think-tankers, led by Clark and Ward, who were pushing for a poverty-orientated approach.

This chapter challenges such accounts on two major points, and in doing so suggests that Adler and Haas's definition of 'epistemic communities' should be re-modelled. Firstly, the changing of the rationale for aid was a far more political process than existing accounts

allow, and represented a calculation on the part of ‘community operators’ Clark and Ward that a poverty-orientated approach might be a more effective fund-raiser than the rationale put forward by the Commission they had created and sponsored. The relationship was therefore the inverse of what historian Victor Nemchenok and others have suggested: rather than being lobbied or leading a lobby, Clark and Ward went looking for a new ideological underpinning for McNamara’s planned expansion of the World Bank. Secondly, this move did not represent a widespread victory of a new form of technical analysis, but rather the insertion into the circle around McNamara of some fresh individuals and beliefs: as shown in Chapter Six, the effect of this on World Bank operations, let alone on the wider aid scene, was less dramatic than some have argued. While the aid regime was remodelled therefore, the effect was probably predominantly discursive rather than bureaucratic: the stated aims of aid were dramatically changed, but the way in which aid was used by aid bureaucracies changed much more gradually, if at all. While ideas and epistemic communities were important, they were moderated by their involvement in policy communities.

The Commission’s First Discussions About Rationale

The potential for divisions over rationale was clear from the start of the Commission’s work. Early discussions with governments and businessmen in donor and recipient countries showed - unsurprisingly - a stark divide in how they believed economic growth should be encouraged. Among donors, there was a belief that relatively unrestricted private foreign investment was crucial, while recipients believed strongly that their governments should be allowed more control over their own economies. A similar divide opened up in the Commission, with Campos and Lewis keen on more autonomy for recipients and Dillon and Guth pushing strongly for more private foreign investment. In addition, Pearson and Hamilton pushed strongly for security concerns to form a key plank of the rationale, a proposition opposed by the majority of the Commission.

Members of the Commission visited London in November 1968 to gain insights from UK audiences concerned with aid. The collective position of the Ministry of Overseas Development (ODM) concerning the Commission was confirmed in a memo sent to Ernest Stern. The ODM’s officials noted that “it is on the review of the past that the Commission can make a distinctive contribution” and argued that the success of aid should be emphasised, as should the importance of future recipient cooperation.² The politics of donor aid-giving

² TNA OD 36/96/234A, The Pearson Commission – Problems of Scope and [illegible], p. 1.

meanwhile were largely presented as off limits. On the terms of aid for example the memo argued that the Commission should steer clear of delicate inter-donor negotiations.³ On the other hand it was argued that quite rigorous analysis of recipient societies should be undertaken.⁴ Overall, the ODM officials were enthusiastic about a review of the past which would vindicate how they had been using aid. They were more cautiously positive about recommendations which might help them in negotiations with other parts of the British government and other donors. However, they believed the Commission's focus should be on assessing in detail the reactions of recipients to aid: an intervention in political negotiations between donors was seen as being beyond its capabilities and remit.

The idea that the Commission should be a donor-focussed propaganda exercise did attract criticism during the UK visit. At a seminar organised for Pearson by the ODI, Stern recorded that the Commission was criticised by several of the development economists present, including Dudley Seers, Paul Streeten, Michael Lipton and Peter Ady. They had been involved in the Economic Planning Staff under Barbara Castle at the ODM, but following Castle's move to become Secretary of State for Transport had steadily moved back to academia. Seers, Streeten and Lipton were fellows at the Institute for Development Studies (IDS) at the University of Sussex.⁵ The IDS was emerging as a centre of criticism of how aid was being used. In May 1969 the *IDS Bulletin* focussed on the 'myths of development', including the criticism that "one of the persistent myths of development is that "we" know what is good for "them"."⁶ At the ODI seminar therefore, Streeten argued that "to understand the problem of the LDCs one needed to have LDC's members on the Commission."⁷ However, Stern recorded, other participants, most of whom were businessmen involved in companies which were investing in recipient countries, were more sympathetic.⁸ They had:

bought our thought that the Commission ought to be principally orientated to the donor countries and therefore the weighting on donor country 'non-representational' membership was appropriate.⁹

³ Ibid, p. 4.

⁴ Ibid, p. 3.

⁵ LUSC MS Boyle 660/13/39792/1, Stern to Hamilton, 'Meeting at ODI', November 22nd, 1968, p. 1.

⁶ R. Jolly, 'A Short History of IDS: A Personal Reflection' *IDS Discussion Paper 388*, (2008), p. 14. [<http://www.ids.ac.uk/files/Dp388.pdf>, accessed 14 May 2015].

⁷ LUSC MS Boyle 660/13/39792/1, Stern to Hamilton, 'Meeting at ODI', November 22nd, p. 1.

⁸ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 2, Folder 6, 'Seminars and Conferences – General', May 1968-Dec. 1969. [Commission Staff], Roster for ODI Seminar for Mr Lester Pearson, November 22nd, 1968.

⁹ LUSC MS Boyle 660/13/39792/1, Stern to Hamilton, 'Meeting at ODI', November 22nd, p. 1.

This was unsatisfactory to Seers who “put the point quite[,] quite strongly that we should not have the U.S. Congress too prominently as the focus of our efforts.”¹⁰ Seers worried that a focus on aid would excessively highlight the flaws of recipients, without putting their economic travails in the proper context of unequal trading relationships.¹¹ Lipton had argued that the problem was not so much with the aggregate levels of growth and their aid contributions but rather in how the aid was administered at a regional, national and local level. It was therefore unfortunate, he said, that “no one on the Commission has this kind of experience.”¹² These challenges were a harbinger of one of the principal criticisms the Commission would face: that in focusing on aid flows at a macro-level in order to construct a saleable narrative for donors, it ignored the realities faced by officials and politicians who were attempting to implement development schemes in recipient countries.

There were also disagreements about the benefits of private foreign investment. Many of those present argued that private foreign investment brought technological advances to recipient countries, and commended the good work already being done to encourage such investment.¹³ This widespread approval was unsurprising given that the chairman was Lord Seebom of Barclays and there were also attendees from National and Grindlays Bank; Standard Bank and Shell International Petroleum Company.¹⁴ However, the IDS contingent objected to these conclusions, as Stern noted “The economists present urged generally that we not take the benefits of private foreign investment at face value.”¹⁵ They argued that profit made by foreign companies was often repatriated to their country of origin, rather than being taxed in the recipient country and that even if profit was reinvested in the recipient country, this led to sectors being dominated by foreign companies, which caused political problems. Stern was unconvinced and argued that the impact of these phenomena were unclear “since the effect on the ownership of industry really depends on the magnitude of the initial investment.”¹⁶ These disagreements were indicative of the challenge the Commission faced in assembling a rationale which was acceptable to the aid community, let alone critics of aid.

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

¹⁴ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 6, ‘Seminars and Conferences – General’, May 1968-Dec. 1969. [Commission Staff], Roster for ODI Seminar for Mr Lester Pearson, November 22nd, 1968.

¹⁵ LUSC MS Boyle 660/13/39792/1, Stern to Hamilton, ‘Meeting at ODI’, November 22nd, p. 1.

¹⁶ Ibid.

To further confuse the issue, there was a split among the staff about whether a rationale was needed and, if so, what it should be. Hamilton began the staff discussion ahead of the Commission's Mont Gabriel meeting by sending a memo in which he argued that:

the most important single question the Commission must face in considering its approach to its work...[is]...if, when, and how to address the basic political rationale for development aid.¹⁷

This view was opposed by Ernest Stern and Bimal Jalan. Stern noted that having reviewed the literature, he had found that beneath the consensus in favour of aid there was little in the way of empirical evidence and no coherent rationale.¹⁸ Stern had:

become more convinced than ever that in our work we should be focussing on the development experience, the aid contribution thereto and the efficiency of the aid/international economic mechanism rather than trying to demonstrate a rationale for aid by linking it to political stability.¹⁹

He also argued that an emphasis on political stability might disillusion supporters of aid who did not believe in security arguments and that by focussing on this one measure as a rationale for aid “we run the risk of antagonizing the philosophers and not convincing the statesmen.”²⁰ Overall, Stern believed it would be best not to disturb what was a fragile alliance in favour of aid.²¹ Bimal Jalan meanwhile argued that:

I feel that the Commission should start with the postulate that the developed countries have a commitment -- however vague -- to help the developing countries. This...is well documented in the policy pronouncements of donor countries in the DAC, UN, UNCTAD and elsewhere.²²

¹⁷ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 4, Folder 13, ‘Staff Discussions in Washington, (December 1968)’, Oct.-Dec. 1968. Ed Hamilton, FOR ALL STAFF MEMBERS, December 2, 1968.

¹⁸ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 4, Folder 13, ‘Staff Discussions in Washington, (December 1968)’, Oct.-Dec. 1968. Ernest Stern to Mr. Edward K. Hamilton, Political Linkages and Economic Development, November 29, 1968, p. 1.

¹⁹ Ibid.

²⁰ Ibid, p. 1.

²¹ Ibid, p. 3.

²² LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 4, Folder 13, ‘Staff Discussions in Washington, (December 1968)’, Oct.-Dec. 1968. Bimal Jalan to Mr. Edward K. Hamilton, November 25, 1968, p. 1.

In taking these announcements at face value Jalan was representing a commonly-held view amongst believers in aid: that all that remained was the technical economic task of working out how best to use aid.

Hamilton meanwhile argued that the national interest argument in the US since the start of the Cold War had been based on the link between economic development and political stability: this had secured rising aid levels, but had now lost force. As he pointed out, in a revealing admission of the political nature of this avowedly ‘technical’ process:

The make-up of this Commission is no accident; the fact that it contains a minority of real development experts is a conscious reflection of the priority of problems. The hope is that the group will have the weight of judgement required not just to propose technical improvements...but also to generate a new wave of support in donor countries.²³

Hamilton put forward the case that if the Commission crafted a technically perfect Report, creating a technically-sound proof that previous economic performance had been bolstered by aid for development, and, on the basis of this, suggesting the particular scale and organization of future efforts; it would have failed in its primary purpose. Hamilton questioned what in this scenario:

will be the effect on the few heads of government who are the most important actors in the aid drama? Will even a Robert McNamara be able to use the Report to get serious changes in the political judgements within the major governments, particularly the United States? Will it have been worth assembling this Commission and this staff to develop better and more efficient ways to cut a small and decreasing pie?²⁴

Concluding, Hamilton argued that the Commission had to “face head-on the knotty question of the presence or absence of a security case...we should be extremely sure we know what we are doing if we decide to discard or downplay it.”²⁵

The dividing lines had been drawn between those who saw the Commission’s task as primarily technical and economic and those who wished to focus on a political rationale for

²³ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 4, Folder 13, ‘Staff Discussions in Washington, (December 1968)’, Oct.-Dec. 1968. [Edward Hamilton to All Staff], The Question of Political Rationale, [December 2nd, 1968], p. 1. (The paper’s origins are made clear in Hamilton’s covering memo).

²⁴ Ibid.

²⁵ Ibid.

aid, with more focus on the possible security benefits. Hamilton and Pearson fell firmly into the latter category, not least because they were involved throughout this period in considering how the Commission's work would be received by US and Western elites. Stern recalled in a retrospective interview that Hamilton and Pearson were slightly isolated in the rationale debate "Ed had no professional experience in development, and he was not an economist, so he was doubly handicapped. Lester Pearson was doing this as a kind of public duty."²⁶ However, what Hamilton and Pearson had highlighted, as relative outsiders to the aid machinery, was that to focus on technical and economic issues was not to avoid having to provide a political rationale: it was instead to assume that the existing tangle of justifications which had motivated aid spending since the late 1940s would be sufficient to support continued aid from donors. Given the crisis in confidence in aid which had led to the creation of the Commission, this seemed unlikely.

This tension was never properly resolved: before the Mont Gabriel meeting Albert Hart wrote to Pearson outlining the difference of opinion between Hamilton and Stern. He noted that among the staff "there was some tendency to favour the rather narrower approach advocated by Stern."²⁷ Eventually, the staff agreed to develop as a compromise an outline put forward by the Ottawa office. As Hart put it:

The draft outline...reflects the view that the Commission's report should be as forward looking as possible. In conformity with whatever views are expressed by the Commissioners it should allow for an adequate treatment of the issue of rationale. In the view of the experts this issue...merited the examination of a broader range of considerations than those related only to the security program and the way national interests have been conventionally posed in the past.²⁸

This compromise draft was sent to the Commissioners with a note from Hamilton that "I think you will find, as you might expect from a group of 15 professionals, that the staff has no single view on these questions."²⁹ This set the tone for the writing and reception of the Report: while those involved with the Commission and their supporters were all committed to

²⁶ Transcript of Oral History Interview with Ernest Stern held on December 16 and 29, 1994 and January 5, by Jochen Kraske, Louis Galambos and David Milobsky (First Interview Session), p. 46, WBG.

²⁷ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 4, Folder 13, "Staff Discussions in Washington, (December 1968)", Oct.-Dec. 1968. A.F. Hart, Memorandum to Mr. Pearson, December 11, 1968, p. 2.

²⁸ Ibid.

²⁹ LUSC MS Boyle 660/13/39794/1, Edward K. Hamilton, 'Memorandum for Chairman Pearson, Commissioners Boyle, Campos, Dillon, Guth, Lewis, Marjolin and Okita', November 29, 1968.

attempting to increase aid levels, they were divided about how to do this and why it should be done.

Following the Mont Gabriel meeting, Hamilton reported to McNamara that the Commissioners were “pessimistic” about the prospects for aid, and “conservative about prescriptions to brighten the future.”³⁰ This set the tone for how Commissioners saw the Report shaping up “In general, members do not believe much can be done beyond maintaining the current aid flow, and they are chary of even slightly “radical” new approaches.”³¹ As part of this general conservatism, the Commissioners argued that their Report should simply endorse the existing aid program and collection of reasons behind it. Only Pearson agreed with Hamilton that presenting these arguments in a rationale which would appeal to donor countries was a major purpose of the Commission’s Report, and would be important in its reception in his country.

Lewis on the other hand argued that the question of rationale was difficult adding that “it was perhaps unnecessary to advance reasons for aid giving...He felt there was no clear economic argument for aid.”³² He was even more sceptical about the security rationale, pointing out that:

arguments relating to peace and security are dangerous because the more closely they are examined, the clearer it becomes that they cut the other way – against aid rather than for it. It is the advancing nations that cause trouble in the world, not the rich and stagnant poor.³³

The other Commissioners were in favour of a more balanced approach which fell between the suggestions of Pearson and Lewis with Hamilton noting that “All were emphatic against “spurious” arguments susceptible to disproof, but all... favored stating the non-charity points “without passion.””³⁴ Marjolin felt that “The effect in France -- as with most other topics -- would depend heavily on the sheer literary quality of the writing.”³⁵ It was clear that most of the Commissioners agreed with Stern and Jalan, and did not feel that the creation of a

³⁰ Ibid.

³¹ Ibid.

³² LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 5, Folder 15, ‘C.I.D. Mont Gabriel Committee Meeting Staff Papers, Second Copy’, Dec. 1968. [Commission Staff], First Meeting of the Commission on International Development held at Mont Gabriel, Quebec, December 16-17, 1968, p. 3.

³³ Ed Hamilton to Mr. Robert S. McNamara, ‘Summary Observations on the Montreal Meeting’, December 20th, 1968, p. 2. IPA – Pearson Commission – General 1968. 30030627. WPGA.

³⁴ Ibid.

³⁵ Ibid.

distinctive and singular rationale was an important part of their role, or likely to be politically effective.

In January the Commission held its first regional hearing in Santiago. These hearings were seen as a way of countering the negative impression of the Commission in recipient countries created by the dominance of Commissioners from donor countries.³⁶ The main aim was to cultivate a like-minded constituency in favour of aid. Unfortunately, what was not always fully addressed during correspondence with groups in the recipient countries was the relative weight of importance which would be attached to their views. In private, those involved in the Commission were fairly open about the fact that its Report should be targeted at donor opinion. When talking to the press and correspondents in the recipient countries meanwhile, they were more likely to maintain that it was a genuinely comprehensive review, seeking to absorb and analyse opinion from all over the world equally.

The difficulty with maintaining this position became clear during two hearings in Santiago, first with government officials, and then with private individuals. Most of the independent governments in Latin America and the Caribbean were invited to send a delegation, with the notable exception of communist Cuba.³⁷ The private individuals were predominantly academic economists and bankers.³⁸ All those present were basically supportive of aid.³⁹ However, the government officials in particular were sceptical of the benefits of uncontrolled private foreign investment. They argued that the repatriation of profits far outweighed the value of new investments.⁴⁰

The structural and technological benefits which such investment was supposed to bring were also not being properly transmitted according to participants. Instead of establishing new enterprises, foreign investment was used to buy up going concerns, and therefore did not bring diversity.⁴¹ Foreign private companies tended to exert political influence in order to

³⁶ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 3, Folder 14, 'Trips – Santiago', n.d., Oct. 1968-Apr. 1969. Ed Hamilton to Mr. L.B. Pearson, October 9, 1968.

³⁷ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 3, Folder 14, 'Trips – Santiago', n.d., Oct. 1968-Apr. 1969. [Commission Staff], LETTER CONCERNING LATIN AMERICAN REGIONAL MEETING SENT TO THE FOLLOWING COUNTRIES, [Undated].

³⁸ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 3, Folder 14, 'Trips – Santiago', n.d., Oct. 1968-Apr. 1969. [Commission Staff], SANTIAGO CONFERENCE GUEST LIST – PRIVATE INDIVIDUALS, [Undated].

³⁹ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 3, Folder 14. Trips – Santiago n.d., Oct. 1968-Apr. 1969. [Commission Staff], Regional Meeting of Commission on International Development – Santiago, Chile – January 13-16, p. 3.

⁴⁰ Ibid, p. 9.

⁴¹ Ibid.

avoid having to meet government development plans.⁴² Participants wanted their own governments to have more control over private foreign investment.⁴³ Raúl Saez, a former Chilean government minister argued that “Present policy should be revised to provide a concept of property that would allow the receiving country to take ownership of the investment after the lapse of a certain time period.”⁴⁴

The seminar participants in Santiago were keen to stress that recipient countries should be allowed to decide for themselves their societal priorities and how their economies were structured. When the group discussed the World Bank’s shift towards encouraging recipient countries to focus on their agriculture and education sectors it received a lukewarm reception. Roberto Campos, the Brazilian Commissioner, emphasised instead the importance of improving the industrial sector, which would strengthen developing countries by bringing employment and technology.⁴⁵ In private one of the participants expanded on this reluctance, explaining that:

Latin American academics had wondered whether the priority accorded to education and agriculture was an indication that the U.S.A. was not interested in the all-round industrial development of the Latin American countries.⁴⁶

These concerns were indicative of the primary fear which those in recipient countries harboured about the Commission and its recommendations: namely, that they would endorse performance criteria which tied recipient countries to altering their own economies and societies according to US ideas about political economy and security in order to receive aid. The Santiago discussions therefore added to the impression from London and Mont Gabriel that the Commission would not be able to please all its own members on the issue of rationale, let alone external audiences.

The Crafting of the Commission’s Rationale

⁴² Ibid, p. 10.

⁴³ Ibid.

⁴⁴ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 3, Folder 14, ‘Trips – Santiago’, n.d., Oct. 1968-Apr. 1969. [Commission Staff], Meeting with Private Individuals - Santiago, Chile – January 16-17, p. 7.

⁴⁵ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 3, Folder 14, ‘Trips – Santiago’, n.d., Oct. 1968-Apr. 1969. [Commission Staff], Regional Meeting of Commission on International Development – Santiago, Chile – January 13-16, p. 14.

⁴⁶ Ibid.

The discussions among the Commission as it attempted to settle on a final rational were dominated by Arthur Lewis. He engaged in two debates to influence the final Report in favour of stressing the importance of self-sustaining growth, with recipient governments given much leeway in how they achieved this. Firstly he argued with some on the Commission who wished to stress the importance of private foreign investment; and secondly he resisted a renewed attempt to introduce the security argument. Broadly, Lewis lost the first argument and won the second.

The initial drafting of a chapter on private foreign investment was done by Donald Brash, a New Zealander who had been seconded from the World Bank as an expert on the subject. Brash had gone through a conversion on the benefits of Private Foreign Investment. His Master's thesis, written in New Zealand, had been critical of the effects of such investment on the host country, a position which was reversed during his subsequent doctoral study in Australia. This positivity was reinforced by his experiences at the World Bank, in particular a project expedition to Peru, where a hydroelectric scheme financed by the German government had produced "one disaster after another" as a result of the Peruvian government's lack of understanding of market forces.⁴⁷ Another formative experience had been attending a conference at Duke University by Charles Kindleberger at which "All those taking part were, like me, highly enthusiastic about the beneficial effects of foreign direct investment."⁴⁸

Brash recounted in his memoirs that as a draft "I wrote what I thought was an excellent summary of the huge benefits of foreign direct investment." He was 'dismayed' when Lewis took issue with the paper. At a subsequent meeting Lewis explained to Brash that he was basically in the same position of endorsing private foreign investment for its benefits, but also believed that the Commission had to consider how to combat some of the less positive practicalities. Lewis explained that he had wished to be an engineer but was prevented from doing so because job opportunities in the multinational companies which dominated the field in Jamaica had been reserved for expatriates "the bastards wouldn't let me" he concluded.⁴⁹ Lewis argued that Brash's paper was good on theory, but did not account for corruption in some recipient countries, where multinationals could "effectively buy favours from corrupt

⁴⁷ D. Brash, *Incredible Luck*, (Auckland, 2014), Location 295 (From Kindle Edition).

⁴⁸ Ibid, p. Location 307.

⁴⁹ Ibid, Location 320.

politicians or bureaucrats”, which ensured that the benefits of their investment were not widely distributed.⁵⁰

The Commission’s meeting in Rome in March revealed that Lewis’s concerns were not shared by all the Commissioners. Guth believed that the Report should stress ““with great vigor” that private investment was an essential part of development resources.”⁵¹ Dillon meanwhile, who could not make it to the meeting, was reported to believe that “the long-term growth potential of private investments had been underplayed in the staff paper.”⁵² He emphasized the value of donor all-risk guarantees, whereby aid was used to insure the investments made by multinationals in recipient countries.⁵³ In response, Lewis and Campos noted the importance of making sure that private investment - foreign or domestic - genuinely strengthened the economies of recipient countries. Lewis believed that “incentive taxation” by recipients “often represented a terrible waste of money.” Part of the problem was multinationals not paying tax or reinvesting in recipient countries, and Lewis noted “that the LDCs could never become financially independent if they did not insist on local reinvestment of profits.”⁵⁴ In this general position he was supported by Campos, who argued that the Commission should:

investigate the possibility of extending the private investment guarantee system to the LDC’s own private sector, without extensive requirements for purchases of donor equipment and so forth.⁵⁵

This was not a straightforward clash between Commissioners from donor and recipient countries. Guth supported Campos’s call for a strengthening of recipient countries domestic private sectors, while Campos argued against Lewis’s idea of legislating for local reinvestment, arguing that private foreign investment rarely reacted as expected to legislation.⁵⁶

However, these arguments were indicative of a difference in approach between the Commissioners. Those with a detailed working knowledge of recipient economies, such as

⁵⁰ LUSC MS Boyle 660/13/39853/2A, [Commission Staff], ‘SUMMARY OF THE PROCEEDING OF THE SECOND MEETING OF THE COMMISSION ON INTERNATIONAL DEVELOPMENT: HELD AT ROME, ITALY, MARCH 13-15, 1969’, p. 15.

⁵¹ Ibid.

⁵² Ibid.

⁵³ Ibid.

⁵⁴ Ibid, p. 17.

⁵⁵ Ibid.

⁵⁶ Ibid, pp. 16-17.

Campos and Lewis, believed that the Commission had to make technical recommendations based on encouraging self-sustaining growth. Others, including Dillon and Guth, with more experience of macro-level international trade, focussed on ways in which private foreign investment could be encouraged, in the belief that increasing its flow would improve the state of recipient economies. These were clearly ‘technical’ considerations based on political conviction: Dillon and Guth believed as articles of political faith that growing private sectors would encourage positive societal changes; Lewis and Campos were more circumspect, based on their experience of the political impact of private foreign investment in recipient economies. These discussions revealed that those involved in the Commission remained undecided about what rationale the Report should supply for aid. At the end of the meeting, Lewis agreed to draft an introduction for discussion with the staff and submission to the full meeting at Copenhagen which would provide the basis to resolve the disagreements.⁵⁷

Lewis’s sympathies in regard to rationale were further revealed during the Commission’s regional meeting in Abidjan from the 18th to the 20th of March, 1969. Having recapped the stagnation of aid volumes and unchanging aid terms, Lewis argued that the only solution was to convince the US to nearly double its aid levels.⁵⁸ In terms of how advocates for aid could make a convincing case to US audiences, Lewis began by dismissing the national security rationale:

Many Americans were told for a long time that aid would buy friends, and they are naturally displeased to find that it does not. This is something the Commission cannot help. It can only wait for a growth in sophistication of the U.S. citizen on these matters.⁵⁹

On the other hand, Lewis argued, recipient countries could do more to demonstrate the economic efficacy of aid:

waste is inevitable on a very large public program. But even more damaging is the widespread argument that even where aid has been used for good projects, it is not used for the best ways to produce growth.

⁵⁷ Ibid.

⁵⁸ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 7, ‘Seminars and Conferences - Abidjan C.I.D. Meeting’, 18-20 March, 1969. [Commission Staff], NOTES ON THE REGIONAL HEARING FOR WEST AFRICA, Abidjan – March 18-20, 1969, p. 10.

⁵⁹ Ibid.

This analysis would play into Lewis's arguments about the administration of aid, discussed in Chapter Four. In the context of rationale, it was clear that Lewis was continuing to push for self-sustaining growth as the only worthy measure of aid effectiveness.

By the beginning of May 1969 Lewis had completed his draft of the Report's summary chapter. This was redrafted by the staff in Washington under Hamilton's leadership. In sending their redraft to Lewis on May 5th, Hamilton noted that "it does not, particularly in its political arguments, reflect staff unanimity."⁶⁰ This was clear from the draft itself, which came close to being contradictory. It was argued stability should be seen as an important part of the rationale and that while development did not guarantee stability, a lack of development did guarantee instability.⁶¹ In addition to a stability dividend it was also argued that "Development will bring substantial long-term economic advantage to wealthy countries along with the rest of the world." Indeed the draft went so far as to argue that:

For all self-interest objectives...development serves as a context, a crucial element of backdrop without which any sort of progress on matters basic to the interests of the rich cannot be easily imagined.⁶²

The staff redraft bore the clear imprint of a struggle between Hamilton to make a national security case, aimed particularly at US audiences, and those on the staff who preferred economic arguments. The importance of Hamilton's contribution is suggested by the fact that the draft was referred to as the 'Hamilton Draft' in Pearson's own notes prior to the Copenhagen meeting.⁶³

The staff's redraft did not satisfy Lewis, who completed a second re-draft: though he politely remarked to Hamilton that "[y]our draft was particularly helpful in giving me a valid political case for aid", Lewis made clear that he had substantially reworked the staff's work to reduce the focus on political rationale.⁶⁴ Lewis argued that:

⁶⁰ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 9, Folder 1, 'Summary Chapter (Chapter One)', May 1969. Ed Hamilton to W. Arthur Lewis, May 5th, 1969.

⁶¹ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 9, Folder 1, 'Summary Chapter (Chapter One)', May 1969. [Commission Staff], DRAFT: INTRODUCTORY SECTION OF THE REPORT, May 5th, 1969, p. 19.

⁶² Ibid, p. 20.

⁶³ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 4, Folder 18, 'Copenhagen Conference', May-June 1969. LBP:sh, Hamilton Draft, May 21, 1969.

⁶⁴ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 9, Folder 1, 'Summary Chapter (Chapter One)', May 1969. W. Arthur Lewis to Mr. Edward K. Hamilton, May 8, 1969.

While recognising that aid is legitimately given for many different reasons, the Commission cannot escape the conclusion that foreign aid would make a more useful contribution if greater weight were given in the future to the economic objective of increasing the rate of growth of output per head.⁶⁵

Lewis did not make a strong argument for any immediate self-interest for donors in aid-giving. The most he felt able to offer was that:

it is not at all certain that we need to fear the poor or that we could buy them off. The political stake in aid is rather more subtle... a country achieves political maturity only when a considerable proportion of its people is sufficiently well educated and sufficiently independent economically to constitute a public opinion powerful enough to discourage and discipline political adventurism.⁶⁶

Lewis's focus continued to be on encouraging measurable economic growth and allowing the recipient countries autonomy in how they achieved this.

It became clear that the differences between the drafts would not be resolved before the Copenhagen meeting. Pearson wrote to the Commissioners to explain that there would now be two draft summary chapters for them to read. He praised Lewis's "brilliant and eloquent summary of the economic case for development and for development aid."⁶⁷ However, this praise was a way of softening the blow that there would now be two, competing summaries up for discussion at Copenhagen. Pearson explained that:

to sharpen our thought on this matter, I have asked the staff to prepare a draft which takes a rather more political approach and assumes less knowledge of the subject on the part of the reader, while incorporating the powerful arguments in Professor Lewis' draft.⁶⁸

The stage was set for disagreements on how the Commission should set out its rationale for aid. As Albert Hart pointed out in a memo he produced for Pearson to help the latter understand the differences between the two approaches, the staff draft dedicated 28 pages to

⁶⁵ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 9, Folder 1, 'Summary Chapter (Chapter One)', May 1969. [Commission Staff], C.I.D. Report, Chapter I. GENERAL REVIEW. Copenhagen Version, [Undated], p. 23.

⁶⁶ *Ibid.*, p. 32.

⁶⁷ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 4, Folder 18, 'Copenhagen Conference', May-June 1969. L. B. Pearson, Memorandum for Commissioners Boyle, Campos, Dillon, Guth, Marjolin and Okita, May 13th, 1969.

⁶⁸ *Ibid.*

rationale, whereas Lewis offered only six.⁶⁹ The difficulty in reconciling these two visions was discussed by Hart and Pearson in the Ottawa office. Hart's suggestion was that substantial parts of the summary chapter should follow the outline of the staff paper, especially the section on rationale.⁷⁰ The staff should also be left in charge of the redrafting, argued Hart.⁷¹ Pearson agreed with this proposal, setting the scene for further disagreements with Lewis over rationale.⁷²

Unfortunately no detailed record appears to have been kept of the proceedings at Copenhagen and the subsequent, final Commission meeting in Geneva. This was probably because as the deadline for submission approached, the Commission's staff members were increasingly focussing their efforts on completing the Report, rather than producing any extra paperwork. What is clear is that the issue of audience - and specifically, how US-focussed the Report should be - remained and spilled over into debates between the Commissioners. Stern remembered that at one of the 'later' Commission meetings (either Copenhagen or Geneva) "Arthur Lewis went to his room and refused to come out again" as a result of a disagreement about the focus of the Report.⁷³ This divide was strong enough to become known to those outside the Commission: Harry Johnson, a Canadian economist, later reported rumours that Lewis had been tempted not to sign the Report over the degree of control given to the staff.⁷⁴ The splits were acrimonious enough to last long in the memory: John P. Lewis, a consultant to the Commission, recalled during an oral history interview with McNamara in 1991 "I know Arthur Lewis was very--somehow he fell out with Ed [Hamilton] on that process [producing the Report]."⁷⁵

The divisions within the Commission threatened to destroy any possibility of a consensus Report. Stern recalled that:

Ed Hamilton decided one day to produce the first draft of a Commission Report, and that's when things exploded. Most of the staff decided to resign. It was very U.S.

⁶⁹ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 4, Folder 18, 'Copenhagen Conference', May-June 1969. AFH, MEMORANDUM FOR MR. PEARSON: Introductory Chapter of the Report, May 22, 1969, p. 1.

⁷⁰ Ibid, p. 2.

⁷¹ Ibid.

⁷² Ibid.

⁷³ Transcript of Oral History Interview with Ernest Stern held on December 16 and 29, 1994 and January 5, by Jochen Kraske, Louis Galambos and David Milobsky (First Interview Session), p. 47, WBGA.

⁷⁴ H. Johnson, 'The "Crisis of Aid" and the Pearson Report' in T. Byers (ed.), *Foreign Resources and Economic Development: A Symposium on the Report of the Pearson Commission*, (London, 1973), p. 142.

⁷⁵ Transcript, Oral History Interview with Robert S. McNamara held on April 1, May 10 and October 3, 1991, by John Lewis, Richard Webb and Devesh Kapur, p. 17, WBGA.

centred...very focussed on U.S. strategic interests and arguments. But this was a very international commission and a very international and independently-minded staff.⁷⁶

Although Stern did not give an exact date for this mini-revolt, he did recall that it happened “somewhere after its third or fourth meeting” and that the staff were heavily involved in drafting the technical chapters of the Report.⁷⁷ The most likely timing would therefore be sometime after the Copenhagen meeting, as most of the technical drafting had been completed before the Geneva meeting. A plausible extension of this would be that Hamilton, heartened by Pearson and Hart’s support for the ‘staff’ outline where he had made security a strong part of the rationale for aid, tried to press other staff members further towards his vision of a Report which spoke directly to the US national interest. This interpretation is supported by Stern’s explanation of what the dispute had been over, which was the issue of:

how hard-nosed, how conditional donors were going to be; whether a specific aid target (0.7% of GNP) should be endorsed; how much weight to give to the political/strategic arguments for aid as compared to humanitarian and economic. Ed and McNamara, were on the hard-nosed side, others had a more nuanced approach.⁷⁸

The immediate crisis was resolved after Hamilton agreed to allow security-related arguments to take a back seat while the staff prepared a fresh draft.⁷⁹

Before the Geneva meeting Lewis presented a dissenting memo which highlighted his concerns with a new draft by the staff. Lewis felt that the Report had leaned too much towards the demands of recipient countries. Using his own dual identity as a West Indian citizen and an American taxpayer, he pointed out that on the basis of a charitable rationale, the draft made a series of recommendations which would improve the conditions of aid for recipient countries without the donor countries asking for any reciprocation.⁸⁰ Lewis concluded, with tongue firmly in cheek, that:

As a West Indian I could not ask for anything better. The distinguished men who have written this Report have done an excellent job, and should all be rewarded with a new

⁷⁶ Transcript of Oral History Interview with Ernest Stern held on December 16 and 29, 1994 and January 5, by Jochen Kraske, Louis Galambos and David Milobsky (First Interview Session), p. 46, WBGA.

⁷⁷ Ibid.

⁷⁸ Ibid, p. 47.

⁷⁹ Ibid, p. 46.

⁸⁰ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 4, Folder 20, ‘Geneva Conference’, n.d. Aug.-Oct. 1969. A General Critique of the Draft by W.A. Lewis, [Undated], p .1.

round of honorary degrees, a profusion of which, according to their biographies, is the main feature which they all have in common.⁸¹

Lewis objected to this bias on the basis that it meant that the draft did not supply a rationale which would be acceptable in the US. Writing from his position as an American taxpayer Lewis explained:

what has troubled me over the past five years or so, is that those who seem to know seem to think that foreign aid does not achieve anything useful. It used to be sold to me largely on political grounds, but nowadays everyone seems to agree that foreign aid does not achieve anything politically useful, and the Report seems to endorse this...I would not mind paying the money, in spite of this, if foreign aid had useful economic effects, to wit if it did succeed in moving LDC's towards self-sustaining growth. This seems not to be so either.⁸²

Lewis's memo reminded his readers that his dual identity also represented the dual audience for the Commission's Report. His implication - perhaps somewhat obscured by his elliptical and ironic style - was that the only way to satisfy both these audiences - and therefore himself - was for the Report to focus on the most efficient ways for aid to encourage self-sufficient growth in recipient countries.

In the aftermath of the Geneva meeting, Pearson sought assurances from the secretariat that Lewis's concerns had been addressed. In a memorandum, Albert Hart set out the steps which had been taken to meet Lewis's concerns. Lewis had been allowed to draft a fresh summary chapter at Geneva and Hart noted that "Although this new chapter was subsequently redrafted after his departure, it reflects his views on the essential issues and includes much of his language."⁸³ With Lewis's input, the staff had also added critical treatment of LDC situations and policies and had also revised the chapter on performance criteria to make it clear that multilateral agencies should encourage self-sustaining growth.⁸⁴

While these measures and others meant that the Commission had gone a considerable way towards accommodating Lewis's criticisms, Hart remained worried that the new draft on

⁸¹ Ibid.

⁸² Ibid.

⁸³ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 4, Folder 20, 'Geneva Conference', n.d. Aug.-Oct. 1969. AFH, MEMORANDUM FOR MR. PEARSON: Views of Sir Arthur Lewis on the Draft Report, September 10th, 1969, p. 1.

⁸⁴ Ibid, p. 2.

private foreign investment would not be in accordance with Lewis's views. Lewis had argued that:

The Commission does not have to argue for or against foreign investment. We confine ourselves to trying to make it easier for those countries who want it. As for those who don't want it, that's their business.⁸⁵

The new draft chapter was more positive about private foreign investment than this, and Hart noted that Lewis's observations "reflect an approach to the subject, which will, it may be expected, be out of sympathy with the line taken in the latest draft."⁸⁶ This was again a reversion to the familiar divide: Lewis felt that governments which could deliver economic growth should be allowed a large degree of latitude in how they encouraged it.

The final, published version of the Report had clearly done enough to persuade Lewis that his views had been taken into account, because he signed it with only one dissenting footnote and proved to be one of its most robust defenders. The Report was clear that the main focus of aid should be to encourage recipient countries towards self-sustaining growth:

whatever is done or is not done internationally, the poorer countries of the world have made their choice for development... The only questions are: how fast, by what means, and at what costs to themselves and the world can development be achieved; and whether it has a clear and tangible goal.

Our answer is that the goal of the international development effort is to put the less developed countries as soon as possible in a position where they can realize their aspirations with regard to economic progress without relying on foreign aid.⁸⁷

The rationale of self-sustaining growth was used as the basis for a range of targets in a way which would come under severe pressure, as documented in Chapter Five. The Report argued that to create self-sustaining growth, the average GNP of recipient countries would need to grow at six per cent per annum in the 1970s. In order to do this, it argued that the donor

⁸⁵ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 4, Folder 20, 'Geneva Conference', n.d. Aug.-Oct. 1969. Hart, Textual Improvements Suggested by W. A. Lewis, [Undated] p. 4.

⁸⁶ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 4, Folder 20, 'Geneva Conference', n.d. Aug.-Oct. 1969. AFH, MEMORANDUM FOR MR. PEARSON: Views of Sir Arthur Lewis on the Draft Report, September 10th, 1969, p. 3.

⁸⁷ Pearson et al., *Partners in Development*, pp. 10-11.

countries would collectively need to transfer one per cent of their GNP per annum, with 0.7 per cent of this being given in official development assistance.⁸⁸

As for the question of why the donor countries should help with this process, the Report made a number of arguments. The first was that it was morally the right thing to do. The main focus however was “the appeal of enlightened and constructive self-interest.”⁸⁹ Here the Commission became slightly tortured in its qualifications as it trod a line between making the national interest argument and seeking to place this in the context of the well-being of the international system, in a compromised section which betrayed the long debates over rationale during the Commission’s work. On economic benefits the Report argued that:

The fullest possible utilization of all the world’s resources, human and physical, which can be brought about only by international cooperation, helps not only those countries now economically weak, but also those strong and healthy.⁹⁰

Then, in the same paragraph, the caveat was added that “But development will not normally create, nor should it be expected to create, immediate economic windfalls for a donor country.”⁹¹ On political ties, the Commission was equally elusive. It was “entirely reasonable that cooperation for development should establish or strengthen a friendly political relationship.” However, it was wrong that aid should be given for expressly political purposes or to secure political advantage: “An aid relationship is difficult in the best of circumstances. It becomes untenable if conditions requiring political support are attached to it.”⁹² The Report tried to set out the Commission’s position more clearly by arguing for the growing importance of the international community in an increasingly interdependent world. There was a reminder that “All governments have accepted a commitment to help the impoverished nations free themselves from the bondage of want.”⁹³ If they did not help, the poorer countries would struggle alone, with unknown consequences for the international community and the well-being of its citizens in both donor and recipient countries.

The Report argued that instead of this dire vision, donor governments should make aid available to allow the recipient countries to achieve self-sustaining growth by the end of the

⁸⁸ Ibid, p. 18.

⁸⁹ Ibid, p. 9.

⁹⁰ Ibid.

⁹¹ Ibid.

⁹² Ibid, p. 9.

⁹³ Ibid, p. 10.

century.⁹⁴ The only barrier to this was “faintness of heart or narrowness of vision.” In a final half-nod to the national security argument it was noted that this international process “must succeed if there is to be peace, security and stability in the world.” The rationale section concluded that:

International development is a great challenge of our age. Our response to it will show whether we understand the implications of interdependence or whether we prefer to delude ourselves that the poverty and deprivation of the great majority of mankind can be ignored without tragic consequences for all.⁹⁵

Overall, the published rationale hinted at a national interest case for aid for donors, but focussed on an economic argument which was predicated on the inherent desirability of measurable growth in economic activity.

Lewis clearly felt that his success in having economic growth established as the main rationale of the Report was worth the other areas in which he was forced to cede ground. Future chapters show how Lewis was outflanked on proposals for administrative reform and the degree to which aid programs should intrude into the social sectors of recipient societies. In terms of economic rationale however, the largest setback that Lewis suffered was in the Report’s positive review of the benefits of private foreign investment. It recognized the political difficulties associated with such investment, but argued that these had been addressed by the “vast improvement which has taken place in the behaviour and attitude of foreign companies.”⁹⁶ Nevertheless, it was argued that political sensitivity had clouded discussions of private foreign investment. Once this was removed, it became clear that “the key question is the productivity of foreign investment for the host economy as a whole.”⁹⁷ On this basis the Report argued that the benefits went beyond the contribution to the tax base and employment of local economies to include cheap technology transfer, improved infrastructure and the stimulation of a local entrepreneurial culture.⁹⁸

While this endorsement of private foreign investment as an important part of creating self-sustaining growth did not lead to Lewis refusing to sign the whole Report, it did lead him to write a dissenting footnote. The Report concluded its section on the benefits of private

⁹⁴ Ibid, p. 11.

⁹⁵ Ibid.

⁹⁶ Ibid, p. 99.

⁹⁷ Ibid, p. 101.

⁹⁸ Ibid.

foreign investment “in our judgement, available facts do suggest that direct foreign investment has added substantially to the real national income of developing countries.”⁹⁹

The fairly guarded nature of this sentence was explained in a footnote in which Lewis, joined by Boyle, objected to what they saw as the excessively positive interpretation of the benefits of private foreign investment and the stress put on finding ways of attracting it in the second half of the chapter:

Professor Lewis and Sir Edward Boyle agree with this sentence but not with all the theoretical arguments adduced in preceding paragraphs. They do not accept all the language that follows, but they agree with the recommendations at the end of the chapter.¹⁰⁰

The rest of the chapter encouraged donor and recipient governments to alter their tax codes and legal systems to encourage the flow of private resources from donor to recipient countries. Such an increase would be transformative to recipient societies. As the Report put it:

It is fundamental to our strategy that the need for aid should eventually subside. Direct investment and access to capital markets would then increasingly meet the demand for development finance.¹⁰¹

This did not mean that the need for aid could be disregarded while changes in the culture of recipient countries took place: this was primarily because there was not enough private money available for development, and infrastructure had to be developed with public money as a prerequisite to increasing the amount of private investment in the economy.¹⁰² It was urged that the institutions of the World Bank should take a leading role in increasing the flow of private investment by advising governments in donor and recipient country governments and international corporations on how best to create mutually beneficial conditions.¹⁰³ This conflicted with Lewis’s argument, endorsed in the introductory chapter, that recipient countries should be allowed to find their own way to self-sustaining growth.

Overall, Lewis had made strong headway in having the Commission accept his rationale for aid and development. The argument that aid would help meet national security objectives had

⁹⁹ Ibid, p. 104.

¹⁰⁰ Ibid.

¹⁰¹ Ibid, p. 122.

¹⁰² Ibid, pp. 122-123.

¹⁰³ Ibid, p. 123.

been heavily downplayed. On the issue of private foreign investment Lewis had largely lost the argument, but his case that self-sufficient growth should be the main focus had won. In this sense Lewis was not the social warrior suggested by Craig Murphy's account of the Commission: he felt it was not up to donors or the aid community to dictate how recipients used their aid, as long as they achieved self-sustaining economic growth. By focussing the argument around technical economic matters the Commission had fallen back on the 'politics of productivity'. The next section details the failure of this rationale to appeal to its target audiences.

Tombstone or Milestone?: The Reception of the Commission's Rationale

The Commission's focus on self-sustaining economic growth, without a clear prescription of how to encourage it, led the Report to be dismissed by two key audiences. In the US it was felt that the US government had been taking on too much of the burden of aid-giving and received too little in return for its efforts. Meanwhile, many in the aid community were beginning to argue that donors and international organisations should intervene to ensure that aid resources were used to redistribute wealth towards the poorest within recipient societies in what became known as a 'poverty-orientated' approach. As this twin dismissal revealed, the consensus that had underwritten the international regime of embedded liberalism was splintering, as the US reduced its responsibilities and theorists turned away from growth as a uniting ideology.

Given that the disagreements during the Commission's work had led to a disjointed Report, it was always going to struggle to have the desired effect on international opinion. In trying to satisfy many audiences, the Commission failed to fully satisfy any of them. A series of critiques reflected the widespread feeling of disappointment among supporters of aid that the Pearson Commission had failed to create a rationale for aid-giving which was in keeping with changes in international opinion. Predictably, those who had been less well-disposed towards aid to start with were even more scathing in their reviews.

One vein of criticism came from those who believed that official aid should be dramatically reduced in order to allow market forces to create economic development. This school of thought was strong at Chicago University, and was represented in debates on the Pearson Commission by Harry Johnson, a Canadian economist.¹⁰⁴ He argued that the Commission had

¹⁰⁴ J. Bhagwati, 'Harry G. Johnson', *Journal of International Economics* 7 (1977), pp. 221-229.

tried to answer the central question of ‘Why Aid?’ “with wise sounding but empty platitudes.”¹⁰⁵ Johnson noted that “The Report is unable to adduce any clear evidence that aid has promoted growth”, but that it still recommended a dramatic increase in aid levels.¹⁰⁶ He argued that aid advocates were increasingly dishonest, citing their attempts to remove aid flows from democratic accountability.¹⁰⁷ Johnson hoped that the Pearson Report would lead to “the end of phase in which the powers of government to promote development... were grossly exaggerated.”¹⁰⁸ It would thus mark “a tombstone rather than a milestone in the evolution of a developing world economy.”¹⁰⁹

A remarkably similar set of criticisms from a different political position came from T.J. Byers, a Marxist academic based at the London School of Economics, who argued that development as currently conceived was primarily beneficial for donor countries – recipients would be better off following communist China’s self-sufficient model than that of aid-dependent India, which had become mired in debt.¹¹⁰ Questioning the claims of the Commission to have fully reviewed the development situation, Byers noted that socialist countries had been omitted from their analysis as either donors or recipients on political grounds.¹¹¹ He questioned the Commission’s positive conclusions on private foreign investment, arguing they were poorly evidenced.¹¹² Overall, Byers argued, the “Commission operates in a universe more or less devoid of politics... in which there is an undifferentiated “society”, peopled by “reasonable” men.”¹¹³ Byers argued that this depoliticisation had an ideological role in legitimising a series of performance criteria that were linked to the needs of international capital and the donor countries.¹¹⁴

The Pearson Report therefore failed to win over hostile audiences to the position that Western donors should be increasing their aid programs. More damaging was its failure to resonate among its natural supporters and target audiences. The response among the Commission’s sponsors at the Bank was lukewarm, a position strengthened by the lack of impact which the Report had on opinion in the US. William Clark recalled in 1983 that:

¹⁰⁵ Johnson, ‘Crisis of Aid’, p. 144.

¹⁰⁶ Ibid, p. 149.

¹⁰⁷ Ibid, p. 151.

¹⁰⁸ Ibid, p. 153.

¹⁰⁹ Ibid.

¹¹⁰ T. Byers, ‘The White Man’s Burden in a Neo-Colonial Setting’ in Byers (ed.), *Symposium on the Pearson Commission*, pp. 107-108.

¹¹¹ Ibid, p. 81.

¹¹² Ibid, p. 91.

¹¹³ Ibid, p. 82.

¹¹⁴ Ibid, pp. 94-95.

I thought that the report was very good and did not think, as I now do, that it was the last shout of the traditional values... I had thought that it might be a bit stronger on poverty-orientation, but that didn't upset me. Instead, I had two very great disappointments. One, the report had really no impact in the US...Its impact on Congress was minimal. Secondly, I was and remain terribly disappointed by the Bank's own official reaction.¹¹⁵

The US response was predicated on the fact that a new body, the Peterson Presidential Task Force, had been set up by President Nixon in September 1969 to undertake a review of the US aid program.¹¹⁶ Peterson, the recently retired President of the Bank of America, had been instructed by President Nixon to focus on ways in which the US could use aid to encourage private sectors and serve the US national interest.¹¹⁷ Robert Asher, a senior fellow at the Brookings Institute who had worked on development projects for international agencies and the US Government, and who was a self-confessed liberal internationalist, noted the agreement between the Reports of the Pearson Commission and the Peterson Presidential Task Force on the future of US aid but added that:

conscience and candour compel me to admit that the consensus does not reflect any groundswell of opinion...it is basically a reflection of the views of the liberal, internationalist wing of the foreign policy establishment speaking up at a time when the establishment is under severe challenge from both the Left and the Right.¹¹⁸

As a result of this US-centric approach from the Peterson Task Force, the Pearson Report was largely ignored in the US. Lamenting this lack of impact in an article in 1973, Hamilton reiterated his feeling that the focus on humanitarian justifications for aid had reduced its capacity to influence opinion in the US.¹¹⁹

The Report also had an initially limited impact on the World Bank itself. This was exacerbated by the ongoing tensions between Clark and Richard Demuth, who led the Bank's internal assessment the recommendations of the Report which related to the activities of the Bank. The conclusion of Demuth and his staff was that the Report's arguments did not merit

¹¹⁵ Transcript of Oral History Interview with William D. Clark held on October 4 and 5, 1983, by Patricia Blair (First Interview Session), p. 13, WBGA.

¹¹⁶ B. Duncombe (ed.), *Foreign Relations of the United States, 1969-1976, Volume IV, Foreign Assistance, International Development, Trade Policies, 1969-1972*, (Washington DC, 2002), pp. 280-285.

¹¹⁷ Ibid.

¹¹⁸ R. Asher, 'Development Assistance in DD II: The Recommendations of Perkins, Pearson, Peterson, Prebisch, and Others', *International Organization* 25 (1971), pp. 101-102.

¹¹⁹ Hamilton, 'Thoughts on a Chairman', pp. 141-142. Pearson had died in December, 1972.

a major change in how the Bank practiced development.¹²⁰ Clark felt that the Bank's official reaction had made a 'poor impression' on several of the Commissioners and the secretariat.¹²¹ Asked about this in his own oral history interview, Demuth was unrepentant, telling the interviewers:

don't forget that William Clark was responsible for putting together the Pearson Commission...I can't remember any memorandum prepared or approved by my staff on any of the recommendations of the Pearson Commission that was rejected by the Executive Directors or that even caused very much discussion...I don't think the Pearson Commission report really proposed very much, except doing more for development, and that, of course, everybody agreed with.¹²²

McNamara was ambivalent about the Report, noting in his oral interview that "at the end we had great difficulty getting the report out of the...Pearson Commission. I think Ernie [Stern] and Ed [Hamilton] were its main authors."¹²³ Clark, the Commission's cheerleader within the Bank, tacitly accepted this ambivalence in his oral history:

Typically, (McNamara) saw what was in it for the Bank and stressed that, while very genuinely regarding the report as an enlightened attempt to put the case for aid in a way that was really appealing.¹²⁴

Clark felt that the Report had been essentially 'conservative' and had not done enough to address newly emerging ideas about poverty-orientated development lending, or to interest audiences in the US.¹²⁵

Clark's narrative was adopted by Deborah Shapely, McNamara's biographer, who argued that the Pearson Commission failed to deliver a compelling rationale for aid focussed on economic growth, and that this led McNamara, under the influence of Clark and Ward, to

¹²⁰ Transcript of Oral History Interview with William D. Clark held on October 4 and 5, 1983, by Patricia Blair (First Interview Session), p. 13, WBGA.

¹²¹ Ibid.

¹²² Transcript, Oral History Interview with Richard H. Demuth held on March 19, 1986, by Robert Asher, p. 16, WBGA.

¹²³ Transcript, Oral History Interview with Robert S. McNamara held on April 1, May 10 and October 3, 1991, by John Lewis, Richard Webb and Devesh Kapur, p. 17, WBGA.

¹²⁴ Transcript of Oral History Interview with William D. Clark held on October 4 and 5, 1983, by Patricia Blair (First Interview Session), p. 12, WBGA.

¹²⁵ Ibid, p. 13.

push the World Bank towards a more poverty-orientated approach to development. Shapely suggested that Clark and Ward were committed Fabians, who since the late 1940s had:

attacked the aid establishment and its policy of supporting the elites in the new nations. They were outraged that in many places the small group that had already cornered the national wealth should prosper from aid given in the name of helping the poor.¹²⁶

In this version of events, Clark and Ward won a victory by convincing McNamara to join them in their struggle against this ‘establishment’, represented by the Pearson Commission.

It is certainly true that many in the epistemic communities concerned with aid had been disappointed by the Pearson Report. Overall, the Commission’s recommendations left officials, journalists and academics that were sympathetic to aid unconvinced. They believed a powerful new rationale for aid was needed, and that the Commission had failed to provide it. Those who had expected an effective, moderating response based on Pearson’s track record at the UN were especially disappointed. Clyde Sanger was a former *Guardian* Africa correspondent and aid enthusiast.¹²⁷ However, he described the Commissioners as “mildly venturesome chemistry masters” and felt they had not escaped their elitist origins to address an audience beyond “the comparatively small circle of development experts.”¹²⁸ The problem was that these ‘development experts’ were themselves unconvinced by the Pearson Report’s recommendations. Many felt that it had focussed on making a technical, economic case at the expense of confronting the political and social changes that were needed in recipient countries.¹²⁹ Worse, many reviewers questioned the technical proficiency of a Commission which had produced what they believed to be generalisations in place of robust recommendations.¹³⁰

¹²⁶ Shapley, *McNamara*, p. 505. This narrative is repeated in whole or in parts in the accounts of Finnemore, ‘Redefining Development’, p. 214; Nemchenok, ‘A Dialogue of Power’, pp. 42-43; and Ekbladh, *Construction of an American World Order*, pp. 246-247.

¹²⁷ R. Bailey, ‘Review: C. Sanger, *Half a Loaf: Canada's Semi-Role among Developing Countries* (Toronto, 1969)’, *International Journal* 26 (1970/1971), p. 289.

¹²⁸ Sanger, ‘Pearson's Elegy’, p. 183.

¹²⁹ S. Amin, ‘Development and Structural Change: The African Experience, 1950-1970’, *Journal of International Affairs* 24 (1970), pp. 203-223; and M. Monroe, ‘A Lost Opportunity: A Comment on the Pearson Commission Report’, *International Affairs* 46 (1970), pp. 30-36. See also M. Esman, ‘Foreign Aid: Not by Bread Alone’, *Public Administration Review* 31 (1971), p. 95 and B. Higgins, ‘Review: L. Pearson, *Partners in Development: Report of the Commission on International Development*, (New York, 1969)’, *The Canadian Journal of Economics/Revue canadienne d'Economie* 4, (1971), p. 117.

¹³⁰ See G. Hainsworth, ‘Review: L. Pearson, *Partners in Development: Report of the Commission on International Development*, (New York, 1969)’, *Pacific Affairs* 43 (1970), p. 425 and F. Mehden, ‘Review: L.

This perceived failure to effectively appeal to an audience beyond the epistemic communities of aid led many of these ‘development experts’ to offer their own rationales for aid. One particularly strong response came from those who wanted aid to be focussed on social purposes, such as improving education and health in recipient countries rather than economic growth. These critiques were developed at the IDS, which became a rallying point for those wanting to shift towards a more ‘poverty-orientated approach’. Richard Jolly, in a paper which he discussed with Seers, Streeten and Singer, argued that the Pearson Report:

leans a long way toward attempting to influence reluctant public opinion in the rich countries by presenting an excessively optimistic view on developmental problems—optimistic in terms of recent development achievements, optimistic in terms of future prospects, and optimistic in its evaluation of world cooperation summarized in the very title *Partners in Development*.¹³¹

Jolly argued that the emphasis placed on the importance of private foreign investment was contradictory to the idea that recipient governments should aim to create self-sustaining growth.¹³² Instead he stressed that the main focus of the aid community should be on the importance of inequality within recipient societies. This was becoming a key theme of the IDS’s work programmes. Jolly argued that the focus on self-sustaining growth was inadequate, and had caused the Commission to disconnect the problems they identified from the solutions they suggested.¹³³ He believed that increasingly aid programs would have to focus on abolishing poverty and removing ‘extreme’ income differentials.¹³⁴ Similar criticisms were offered by other members of the IDS in their contributions to the debate about the Pearson Report.¹³⁵

These criticisms provided an opportunity for Clark and Ward, who were disappointed by the reception that the Report had received. However, Shapley’s narrative of a poverty-orientated group overcoming the ‘conservative’ Pearson Commission does not take into account the

Pearson, *Partners in Development: Report of the Commission on International Development*, (New York, 1969), *The Western Political Quarterly* 23 (1970), pp. 213-214.

¹³¹ R. Jolly, ‘The Aid Relationship: Reflections on the Pearson Report’, *Journal of International Affairs*, 24 (1970), p. 165.

¹³² *Ibid.*, p. 171.

¹³³ *Ibid.* 166.

¹³⁴ *Ibid.*, p. 169.

¹³⁵ M. Lipton, ‘Aid Allocation When Aid is Inadequate: Problems of the Non-Implementation of the Pearson Report’ in Byers (ed.), *A Symposium on the Report of the Pearson Commission*, (London, 1973), pp. 155-182; P. Streeten, ‘A New Look at Foreign Aid’, in Byers (ed.), *A Symposium on the Report of the Pearson Commission*, pp. 183-195.

ambiguities of how McNamara's emphasis on poverty reduction actually came about. Clark and Ward were not firebrands demanding change. As has been shown, their political beliefs were rooted in the liberal, internationalist regimes that the Pearson Report attempted to defend, which was why they had helped to create the Pearson Commission in the first place. Indeed, according to Clark, Ward had been involved in helping Pearson to draft the published first chapter.¹³⁶ Their problem was therefore not the content of the Report but its poor reception among the elites they had hoped it would influence.

The Columbia Conference

The failure of the Pearson Commission to find a unifying rationale meant that the focus of Clark and Ward's efforts became how to overcome the resistance to new political and technical roles at the World Bank, led by Demuth and others, in a way that would see the aid effort continue to grow, with the Bank in a leading position. To do this, they reverted to the tactic they had employed at Ockham House of organising an event around their sponsor – only in this case it was on a grander scale. Ward had taken the Schweitzer chair at Columbia University in New York. With Clark's help, she persuaded McNamara to attend (and for the World Bank to partly fund) a conference in February 1970 to assess the Report and the prospects for implementation. Other sponsors included Columbia University, the Ford Foundation, the Kellogg Foundation and the IADB. This choice of sponsors suggests that Clark and Ward saw the conference as an opportunity to unite the aid community behind a new rationale for aid. The IADB and the World Bank were both US dominated in a way that their UN counterparts were not. The Ford Foundation was one, along with the Rockefeller Foundation, of the two largest US foundations concerned with development, and was seen as an intellectual leader in the field.¹³⁷ The Conference therefore had an organisational bias against the UN, and in favour of institutions with a more powerful American presence.

However, given the failure of the Pearson Report to appeal to the aid community with its relatively orthodox message, Ward also went out of her way to recruit a more 'radical' group for the conference. The sponsorship of the IADB was indicative of this: it had launched a separate review of development led by Raúl Prebisch. Although Prebisch was not at the Columbia Conference, his review's coordinator, Enrique Iglesias, who shared his views, was

¹³⁶ Transcript of Oral History Interview with William D. Clark held on October 4 and 5, 1983, by Patricia Blair (First Interview Session), p. 13, WBGA.

¹³⁷ Parmar, *Foundations of the American Century*, p. 14.

present and would be an important figure in the proceedings.¹³⁸ The conference therefore offered an opportunity for some of the radical criticisms from a recipient viewpoint and the aid community to be presented to McNamara and the World Bank.¹³⁹ One of Ward's recruiting grounds for this purpose was the IDS. Richard Jolly recalled that she approached Seers "to suggest the names of some younger persons in development... She wanted 'the next generation'".¹⁴⁰ The conference actually comprised two separate events between the 15th and the 21st of February 1970. A group of invited academics spent three days at Williamsburg in Virginia and then moved to Columbia where they were joined by "a further group who, in the main, represented governments, international institutions, and public and private agencies actively engaged in international development."¹⁴¹ These groups represented a fair cross-section of the Pearson Commission's target audiences, but more to the point the conference offered Clark and Ward a chance to re-shape the aid community in order to put the World Bank, with a new mission, at its centre.

The conference was a more radical affair than the Pearson Commission's deliberations had been. Ward's concerted effort to have more voices that were critical of how aid was being used led to a confrontational atmosphere, with a significant minority of participants advocating the dismantling of the world economy as it existed.¹⁴² Some of the attendees refused to sit in the same room as McNamara because of his involvement in the Vietnam War.¹⁴³ On the issue of rationale, those present at the conference accepted that there was a moral need for the rich to give to the poor "because the rich are rich, the poor poor, and the gap between them is widening."¹⁴⁴ Indeed the majority of the conference felt that the Report had not incorporated the "real world" realities of hundreds of years of lopsided economic dealings into its rationale. The dangers of this approach were alluded to by Ward in an introduction to a published account of the conference:

¹³⁸ E. Dosman, *The Life and Times of Raúl Prebisch, 1901-1986*, (Montreal, 2010), pp. 440-441 and p. 450.

¹³⁹ Prebisch's report to the IADB was published as: R. Prebisch, *Change and Development: Latin America's Great Task*, (New York, 1971).

¹⁴⁰ Jolly, 'A Short History of IDS', p. 15.

¹⁴¹ B. Ward, J. Runnalls and L. D'Anjou, 'Foreword' in B. Ward, J. Runnalls and L. D'Anjou (eds.), *The Widening Gap: Development in the 1970s*, (New York, 1971), pp. v-vi. This document is an edited version of the proceedings at the Columbia Conference. It mixes papers presented at the conference with Ward's synthesis of the discussions. As far as possible I have recorded the papers included separately from the editorial text.

¹⁴² Ibid, p. 161.

¹⁴³ Shapley, *McNamara*, p. 507.

¹⁴⁴ Ward et al. (eds.), *Widening Gap*, p. 275.

if the rising impatience and resentment at injustice and discrimination felt by the developing peoples is glossed over so as not to rock the planetary boat, they may decide their only course is to scuttle it.¹⁴⁵

Ward recorded that the mood of the conference was that any proper account of the development situation should have taken account of “the revolt of the poor, the radicalization of the masses, and the disenchantment of the young.”¹⁴⁶ Because it did not do so, the Report was ‘over-optimistic’, and had been too cautious in its recommendations.

In a strong example of this hostility, a substantial group at the Columbia Conference were negative towards the Commission’s emphasis on the importance of economic growth. The targets were not in themselves rejected. But they were seen as incidental to a more direct approach to the ‘widening gap’ in wealth between the donor and recipient countries. As the published Report put it:

the whole thrust of the Conference “to go beyond the [Pearson] Report,” sprang from a feeling of need to supplement target of growth and economic criteria with the social and historical realities that lie behind modernization in the late twentieth century.¹⁴⁷

McNamara found this challenge stimulating, and began to see how it would create new opportunities for the Bank, as had been Clark and Ward’s intention. Ward’s secretary recalled to Shapely that McNamara was in ‘classic form’ “He was in shirtsleeves, making notes, firing questions back at these wild young men...How would you reach the poor directly? Why would that work? Give me a number?”¹⁴⁸ The conference was reinforcing McNamara’s desire for the Bank to take on a larger, more socially-orientated approach. In this context, McNamara was quoted approvingly by the rapporteurs:

we must look to more than gross measures of economic growth. What we require are relevant “development indicators” that go beyond the measure of total growth in total output and provide practical yardsticks of change in the other economic, social, and moral dimensions of the modernizing process.¹⁴⁹

¹⁴⁵ Ibid, p. 13.

¹⁴⁶ Ibid, p. 276

¹⁴⁷ Ibid, p. 24.

¹⁴⁸ Shapley, *McNamara*, p. 507.

¹⁴⁹ Ward et al. (eds.), *Widening Gap*, p. 25.

In the published proceedings of the conference, edited by Ward, it was argued that this call had received widespread support at the conference. However it clearly marked a departure from the aid regime of the past two decades, based on the norms of embedded liberalism, which Ward had been supporting two years previously, and which the Pearson Commission had been set up to validate.

This emphasis on the political and social consequences of development led the Conference to take a more negative view of the benefits of private foreign investment than the Report had. In particular, it was felt that such investment impinged on recipient countries' newly-won sovereignty.¹⁵⁰ Overall private investment was seen as valuable, especially in terms of bringing technological impacts "But it can be too powerful and it can stay too long."¹⁵¹ The suggested solution was that new frameworks should be devised to:

capture the advantages and eliminate the risks. Orderly forms of transfer to local ownership, possibly by way of an International Divestment Corporation, could be the answer in some cases. A new statute of internationalization might be required for the new planetary corporations.¹⁵²

Politically and economically, this line of thought was clearly very different from the Commission's urging of recipient countries to embrace the positives of private foreign investment. Again, this was explicitly due to the different political mood of those at the Conference, who believed that:

Any arrangement perpetuating the total dependence of the poorer countries, however realistic it may seem in terms of today, would be unlikely to survive the "populist" explosions of tomorrow.¹⁵³

The argument was indicative of the general tone of the Conference: political explosions in the developing world had to be pre-empted, and the aid community represented at the Conference had to be given the tools to prevent them. Of course, this had been part of the general thrust of the Pearson Report as well, but there had been a definite shift in the underlying ideology and purposes of this effort.

¹⁵⁰ Ibid, p. 240.

¹⁵¹ Ibid, p. 242.

¹⁵² Ibid.

¹⁵³ Ibid.

Those at the Conference who wished to take a different approach laid out their manifesto in the Columbia Declaration, which argued strongly that performance criteria should move away from economic growth and towards monitoring social and political progress. At this point, Clark and Ward moved firmly to downplay the importance of the Pearson Report in favour of embracing a new ‘social’ mission that would allow the World Bank to take on a larger role in the aid community. Clark recalled that along with Ward and Richard Jolly he worked on the declaration.¹⁵⁴ Jolly, remembered that “Somewhat to the surprise of the 5 or 6 of us who did the drafting, the Declaration received the support and signatures of all but a handful of the 140 conference participants.”¹⁵⁵ The Declaration explicitly attacked the Report:

The Pearson Report, by setting forth proposals to meet this situation which will appear ‘acceptable’ and ‘reasonable,’ leans far toward reluctant public opinion in the developed countries. A frank report by the developing countries would have revealed a more pessimistic picture, especially when attention is directed: to the losses from changes in terms of trade which often exceed annual gains from aid; to the prospect of growing numbers of unemployed; to the inequities in the distribution of aid under bilateral political influences; to the weaknesses in the existing institutional framework of aid; and to the growing strength of the multinational corporations which often distort the pattern of national development.¹⁵⁶

The Declaration therefore reflected a determined effort to change what the purpose of aid for development was, by refocussing it away from strengthening the liberal trade system and towards enforcing redistribution for social ends in recipient countries.

The published report of the Conference attempted to play up the unanimity of the feeling behind the Declaration, arguing that it gave a “genuine ‘sense of the meeting’.”¹⁵⁷ It was claimed that the “vast majority” of those present at the closing sessions had signed, and hinted that many of those who had not done so were constrained by their official positions. This was a varnished view of the situation. Whilst a very large majority of the academics

¹⁵⁴ Transcript of Oral History Interview with William D. Clark held on October 4 and 5, 1983, by Patricia Blair (First Interview Session), p. 14, WBGA.

¹⁵⁵ Jolly, ‘A Short History of IDS’ p. 15.

¹⁵⁶ M. Bruno, R. Green, M. Haq, G. Helleiner, B. Horvat, E. Iglesias, R. Jolly and H. Onitri, ‘The Columbia Declaration’ in Ward et al. (eds.), *Widening Gap*, p. 11.

¹⁵⁷ Ward et al. (eds.), *Widening Gap*, p. 10.

present signed the Declaration, a significant minority did not, including Harry Johnson who later condemned it as a sign of the:

propensity of those who favour more aid for whatever reason to sign any document that recommends more aid, regardless of how silly or impracticable the specific proposals for giving more aid contained in it may be.¹⁵⁸

Perhaps as a sign of this perceived impracticability, signatories from an official background were rare, although, as noted above, they were able to avoid making a commitment as a result of their official posts.

What is certain is that the Declaration split those who had worked on the Commission, which was unsurprising since it represented a deliberate challenging of their work. Of the five former Commissioners present, only Okita signed: Boyle, Campos, Lewis and Pearson did not. Of the four non-signers, only Campos, as President of the Inter-American Council of Commerce and Production, could plausibly claim to be exempted on an ‘official’ basis. Pearson was retired, while Boyle and Lewis were both in academia. Those present from the secretariat showed a greater propensity to sign the declaration. Aziz, Blair, Diaz-Alejandro, Ghai, Jalan, Kilburn, Lourie, Ohlin, Pazos and Silcock all signed; but Brash, Gulhati, and Hamilton did not.¹⁵⁹ Brash and Gulhati had both re-joined the World Bank, so could claim to be unable to sign for official reasons: Hamilton, who had become a vice-president at the Brookings Institute, could not and was presumably opposed to the declaration.

There were further signs of resistance to the Declaration from among Commission personnel, even in the varnished account which appeared in the published proceedings. In his address to the Conference, Pearson accepted that the Commission’s Report had only been a starting point, but he offered a mild rebuke to those who wished for more radical recommendations, noting that he was “not an ‘all or nothing man’.”¹⁶⁰ He accepted that “social progress must be part of economic growth,” but in his description of the changes necessary for that progress continued to prioritise measures for growth:

¹⁵⁸ Johnson, ‘Crisis of Aid’, p. 151.

¹⁵⁹ Ward et al. (eds.), *Widening Gap*, pp. 347-354.

¹⁶⁰ L. Pearson, ‘Address to the Columbia University Conference on International Economic Development’, in Ward et al. (eds.), *Widening Gap*, p. 339.

Land reform; revised tax systems; increases in savings and in their local investment; wider distribution of employment, income and benefits of economic growth; rapid increases in literacy and technical skills – all these are critical for development and critical, too, for local reform.¹⁶¹

If this was Pearson implicitly criticising the direction of travel of the ‘sense of the meeting’, then a direct attack upon it came from Lewis. In a preface to the published record of the conference, he wrote:

The Commission’s approach does not give universal satisfaction. The linking of foreign aid with performance displeases several groups...well represented in the following papers, [they] can be categorized under the slogan “Give them the money and shut up,” though they normally express themselves in much more elegant language. They may have superior morality on their side, but it is to be doubted whether they have superior persuasive power in the crisis now upon us.¹⁶²

Lewis was frustrated at the new emphases which had been introduced at the Conference. The purpose of the Commission, he argued, had been to convince opinion makers in the donor countries to campaign for aid. By opinion makers he meant “editors, clergymen, and other such public persons, who are willing to give careful study to facts and figures, and then to offer leadership.”¹⁶³ These opinion makers needed to be shown that aid was working and that the proposed targets were achievable, so that they could be convinced to put pressure on politicians to support aid. Lewis was therefore frustrated by what he saw as the utopian ideas which had been floated at the Conference:

What is feasible is bounded by two constraints, namely the absorptive capacity of the developing countries and the consensus of potential donors...Unlike some writers in this volume, the Pearson Commissioners felt themselves bound by these constraints. One can pick any targets one likes from the air – say 10% growth and 3% transfer – once these constraints are abandoned.¹⁶⁴

¹⁶¹ Ibid, p. 343.

¹⁶² W. Lewis, ‘The Purposes of the Pearson Report’, in Ward et al. (eds.), *Widening Gap*, p. 5.

¹⁶³ Ibid, p. 7.

¹⁶⁴ Ibid, p. 6.

Pearson and Lewis, whom had often been on opposing sides of the debates during the Commission, were therefore united in their defence of ‘realistic’ aspirations for economic growth and ways it could be encouraged and joined in attacking those whom they believed were in favour of a utopian redistribution.

Conclusion

The eventual decisions about the future direction of aid policy would be taken by national governments. As Pearson had put it in his speech to the World Bank Board of Governors,

I know that the road to nowhere is paved with good reports – and some not so good. I hope that ours may deserve a better fate. But that will be up to governments. They dispose of what commissions propose.¹⁶⁵

However, the Commission’s failure to craft a cohesive rationale for aid made clear that the alliance of interests in donor countries which had supported the existing aid regime was no longer powerful enough to sustain it in its existing form. Three of the traditionally most important reasons for giving aid – encouraging self-sustaining economic growth; supporting the expansion of the US-led liberal trading system; and encouraging political stability had all been downplayed by important audiences during the Commission’s work and reception. Therefore, pressure remained on those involved in aid-giving to find a rationale which would appeal to large enough constituencies in the donor governments and the international organizations to allow a continuation of the aid machinery. In this context, those involved in the Commission had not taken into account the changing mood of those involved in aid, which was turning against the regimes of the past twenty years and, in some cases, seeking more active ways to intervene and redistribute resources within recipient countries. In particular the Commission’s relatively laissez-faire approach to how aid should be used did not appeal to McNamara who wanted to take a more interventionist approach.

The Commission did not manage to create a great deal of support for aid in the US. This actually gave McNamara a freer hand at the World Bank to change how aid was used, even if

¹⁶⁵ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 11, ‘Seminars and Conferences - International Bank of Reconstruction and Development (Washington) Speech Notes’, Oct. 1969. REMARKS BY THE RIGHT HONOURABLE L. B. PEARSON, CHAIRMAN, ON THE PRESENTATION OF THE REPORT ON THE COMMISSION ON THE INTERNATIONAL DEVELOPMENT TO THE ANNUAL MEETING IN WASHINGTON ON WEDNESDAY, OCTOBER 1, 1969, OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND THE INTERNATIONAL MONETARY FUND, p. 3.

it increased his difficulties in raising funds. The opportunity to pursue a different kind of strategy was presented to McNamara, in an event choreographed by Clark and Ward, through radical proposals for poverty reduction at the Columbia Conference by members of an epistemic community concerned with aid. Clark and Ward, going against the Pearson Commission that they had created and shaped, then set about integrating these proponents of poverty-reduction into the re-shaped aid community which they were seeking to build with the World Bank at its centre. However, it will be argued that the eventual strategy followed by the World Bank was dictated more by bureaucratic necessities and elite pressures than the demands made by these 'radical' critics at the Columbia Conference. It is this process which will be analysed in more detail in the following chapters.

Chapter Four: A ‘Palace Coup of the development effort by the World Bank’?: The Pearson Commission and the Politics of Aid Administration

The discussions about rationale had focussed on the ‘why’ of aid. Tied to this was the question of ‘whom’: which institution or institutions should take the leading role in aid administration in the 1970s and beyond? The Pearson Commission was set up partly as a donor riposte to UN reviews which Western elites and parts of the aid community feared would be recipient-dominated. But its supporters were also keen to prevent donors, especially the US government, retreating from engagement with aid structures. Leadership in aid therefore had to come from an organisation that would be accepted by a wide range of audiences. In their recommendations, the Commission assigned this role to the World Bank. Critics at the time believed this position was simply the Commission backing its sponsor. This has echoes in more recent literature which argues that the World Bank has always used its financial muscle and intellectual networks to control how aid is thought about and used.¹

The Pearson Commission was certainly an example of the World Bank building up its intellectual and political reputation. However, the process was not as simple as the Commission endorsing its sponsor. Study of the Commission’s documents shows that those involved with the Commission found themselves divided over two proposals concerning aid administration. The first was a proposal from Hamilton, strongly supported by Pearson, that a new body, the ‘World Development Council’ should be created to coordinate the policies of bilateral and multilateral agencies, with the Bank as one of its executing agencies – albeit an important one. To reflect the power dynamics of aid, Hamilton argued that this Council should have a slim majority of donor members. The second disputed proposal was from Arthur Lewis: that the World Bank’s soft-lending arm, the IDA, be disbanded and replaced with a new soft-loan agency that was independent from the Bank. In the course of the Commission’s work both these radical proposals for change were challenged and replaced with more ‘moderate’ recommendations which focussed on the World Bank taking a greater leadership role. Taken together, these disagreements show that there was little appetite among those involved in the Commission for the World Bank to take on a leading political role, in

¹ See for example: M. Goldman, ‘How “Water for All!” Policy became Hegemonic: The Power of the World Bank and its Transnational Policy Networks’, *Geoforum* 38 (2007) pp. 786–800; J. Teichman, ‘Multilateral Lending Institutions and Transnational Policy Networks in Mexico and Chile’, *Global Governance* 13 (2007), pp. 557-573; R. Wade, ‘Greening the Bank: The Struggle over the Environment, 1970-1995’, in D. Kapur, J. Lewis and R. Webb (eds.), *The World Bank: Volume 2: Perspectives* (Washington, 1997), pp. 611-734.

the sense of negotiating agreements between and within the donor and recipient country groupings.

The fact that the Commission eventually recommended a leading role for the Bank was the result of two changes in the aid landscape. The first was a growing discontent among Western elites and within the aid community with the UN system. It is striking that Lewis and Pearson, who had both worked extensively for the UN, were by 1969 trying to find ways to circumvent the system in their proposals for how to administer aid. The second was the US government's retreat from a leadership position on aid: US governmental reviews of their own aid programs during this period advocated a larger role for multilateral aid administered by the World Bank and a relative reduction in the size of the US bilateral program.

The eventual recommendations of the Pearson Commission offered the chance for those who wanted to avoid what they perceived as the inadequacies of the UN and the declining interest in the US to argue for a new, dynamic approach under the leadership of the World Bank. This argument was given credence by the lack of impact which the other reviews undertaken at the same time had on their sponsoring institutions: with alternative candidates for a leadership role increasingly mired in internal politics, the World Bank looked like the most technically efficient option to many within the aid community and important sections of the Western elites. Again the language of technical efficiency became important: but here the Pearson Report was more convincing to its audiences than it had been in its claims on behalf of the existing aid rationale. The size of the Pearson Commission, and interventions from the leadership of the World Bank and the DAC meant that its recommendations on aid administration were 'moderated' to focus on the World Bank rather than more 'radical' proposals. This offered a positive contrast to the difficulties encountered by the reviews of Jackson, Peterson, Prebisch and Tinbergen in their recommendations on aid administration.

Scholars, including Craig Murphy, have suggested that the Pearson Commission represented one of several failed reviews that merely advocated for their own sponsors; contemporary observers like Robert Asher were often more circumspect but expressed similar concerns and doubted whether this set of reviews would have much impact.² In the case of administration such views are inaccurate: the Commission actually gave Robert McNamara a strong mandate on administration matters going into discussions about the Second Development

² Murphy, *United Nations Development Programme*, pp. 147-148; Asher, 'Development Assistance in DD II', pp. 101-102, 109 and 118.

Decade, in contrast to the reviews of what had increasingly become ‘rival’ organisations. McNamara and his supporters wanted to grow the Bank, and had intervened in the work of the Commission to achieve favourable recommendations in this regard. However, McNamara came to realise that there was widespread opposition to the Bank taking on a political leadership role: and it was not a position he had especially sought. As a result, he spurned talk of such work in favour of stressing an expansion of the Bank’s technical competencies: but argued that these should become much more wide-ranging, and involved a greater section of the aid community in carrying them out. A widespread sense that the World Bank was the ‘compromise candidate’, reinforced by the actions of McNamara and his lieutenants, including Clark and Ward, created the context for it to emerge as the lead agency in coordinating aid administration and policies, as long as it did this in ‘technical’ ways rather than attempting to assume political authority.

The Origins of a ‘bewildering array of official and unofficial reports’³

Official name of Review body	Review leader	Sponsor	Begun	Submitted
Committee on Development Planning	Jan Tinbergen	ECOSOC	Mid-1967	March 1970
UN Capacity Study	Robert Jackson	UNDP	July 1968	January 1970
Commission on International Development	Lester Pearson	World Bank	August 1968	November 1969
N/A	Raúl Prebisch	IADB	November 1968	April 1970
Task Force on International Development	Rudolph Peterson	US President (Richard Nixon)	September 1969	March 1970

As demonstrated in Chapter Two, the Pearson Commission was set up partly as a counterbalance to various reviews that were being created and proposed by UN bodies, and therefore represented another chapter in the long running struggle of the World Bank to retain its autonomy from UN structures. The UN’s review process began with the creation of the

³ Asher, ‘Development Assistance in DD II’, p. 100.

Committee on Development Planning (CDP) as a subsidiary body of ECOSOC in 1966.⁴ Initially the CDP was to monitor the progress of the (First) Development Decade, however in mid-1967 it was tasked by the UN's Secretary-General, General Assembly and ECOSOC with planning the concepts and targets which should be put in place for the 1970s, which were designated as the 'Second Development Decade' (sometimes shortened to DD-II).⁵ The Committee was headed by Jan Tinbergen, a Dutch economist who became, in 1969, the first (co-)winner of the Nobel Prize in Economics. Tinbergen's belief in macro-economics, and the use of indicative planning and targets to guide future policies in aid and development would have an impact on debates about the administration and level of aid, and were not welcomed by donor governments, as catalogued later in this chapter and in Chapter Five.⁶ The main concern of those who initiated the Pearson Commission in 1967 however was the CDP's perceived dual biases towards ECOSOC and the recipient countries.

The Specialized Agencies of the UN, and especially the Bretton Woods institutions (the IMF and the World Bank), had long been suspicious of attempts by the centralized parts of the UN system to closely supervise their work. They had maintained a distance from the UN system by using distinct forms of funding and voting. When ECOSOC attempted to establish a relationship with the Bank in 1946 the leadership of the Bank stalled and entered into protracted negotiations. The eventual relationship was the result of a draft agreement that Richard Demuth, its author "later remarked was more a declaration of Bank independence from than cooperation with the United Nations" which was 'grudgingly' approved by ECOSOC and the General Assembly in late 1947.⁷

The World Bank resisted subsequent attempts at central control, while maintaining a 'mist of cooperation'.⁸ The CDP was therefore seen by the Bank's supporters as the latest attempt to force the Bank to accept greater UN oversight. A language of technical competence masked the politically motivated belief that donor countries would enjoy less control over how aid was used if the CDP or some other UN body was given the final say in future aid strategy.

⁴ R. Jolly, *UN Contributions to Development Thinking and Practice*, (Bloomington and Indianapolis, 2004), p. 91.

⁵ M. Rahman, *World Economic Issues at the United Nations: Half a Century of Debate*, (New York, 2012), p. 113.

⁶ For more information on Tinbergen, see, B. Hansen, 'Jan Tinbergen: An Appraisal of His Contributions to Economics', *The Swedish Journal of Economics* 71 (1969), pp. 325-336; A. Jollink, "No Man is an Island": The Case of Jan Tinbergen', *Revue européenne des sciences sociales* 30 (1992), pp. 261-277.

⁷ Kapur et al., *World Bank: History*, pp. 1167-1168.

⁸ Rietkerk, 'The United Nations, Decolonization and Development Aid', pp. 85 and 103; Kapur et al., *World Bank: History*, pp. 1167-1168.

The make-up of the CDP did nothing to allay these fears. The original membership of eighteen included five members from Western donor countries, four from Communist bloc countries, with the other nine from recipient countries.⁹

The split between the World Bank and the UN's development machinery meant they used aid in different ways. This was highlighted in the 1950s during the debate over whether and how a new multilateral aid mechanism should be created. A series of reports from the UN, starting in 1949, argued that aid should be made available on a much softer basis than that offered by World Bank loans. The US and the UK governments were particularly strong opponents of this suggestion, arguing that the suggested functions of the new agency were already fulfilled by the World Bank.¹⁰ In 1951 Arthur Lewis co-authored a UN report which argued that the Bank "has not adequately realized that it is an agency charged by the United Nations with the duty of promoting economic development." Lewis argued that the Bank was so concerned to maintain the reputation of its loans on the bond markets that it was having a negative effect on the terms it was imposing on recipient countries.¹¹ The consistent pressure from the UN throughout the 1950s forced the US and UK governments and the leadership of the World Bank to reconsider their opposition to the creation of a soft-loan agency.¹² To avoid the new agency being controlled by the UN, Eugene Black, then President of the World Bank, took the initiative in ensuring the IDA was created as part of the World Bank Group in September 1960.¹³

This grafting of the IDA onto an existing organisation meant that its funds were used according to World Bank guidelines and to support existing Bank projects. The IDA also shared its staff with the World Bank and was led by the World Bank President: its autonomy was nominal.¹⁴ These arrangements drew criticism for blurring the intended distinction between the IBRD and the IDA.¹⁵ The IDA was also criticised for how its credits were

⁹ Committee for Development Planning, UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL, OFFICIAL RECORDS, FORTY FIRST SESSION, SUPPLEMENT No. 14, COMMITTEE FOR DEVELOPMENT PLANNING: Report to the Economic and Social Council on the first session of the Committee, held at the United Nations Headquarters (2-11 May 1966), p. 1. [http://www.un.org/en/development/desa/policy/cdp/cdp_ecosoc/e_1966_4207.pdf, accessed 3 March 2016]

¹⁰ H. Singer, 'The Terms of Trade Controversy and the Evolution of Soft Financing: Early Years in the U.N.', in G. Meier and D. Seers (eds.), *Pioneers in Development*, (Oxford, 1984), p. 298.

¹¹ Quoted in Mason and Asher, *World Bank*, p. 384.

¹² See J. Weaver, *The International Development Association: A New Approach to Foreign Aid*, (New York, 1965) and R. Libby, 'International Development Association: A legal fiction designed to secure an LDC constituency', *International Organization* 29 (1975), pp.1065-1072.

¹³ Mason and Asher, *World Bank*, pp. 389-390.

¹⁴ Libby, 'International Development Association', p. 1072.

¹⁵ Mason and Asher, *World Bank*, p. 390.

distributed, especially due to their focus on India and Pakistan at the expense of other recipient countries.¹⁶ As mentioned in Chapter Two, there also growing problems with gaining funding from donors, and the second replenishment of IDA had run into trouble in the later 1960s due to worries within the US government about balance of payments problems.

In this context supporters of the World Bank and the IDA were concerned by threats from the two 'extremes' of the aid debate. Officials and politicians in donor governments were concerned that Prebisch and the UNCTAD secretariat might put together a review that would be even more 'radical' than Tinbergen's work and thereby drag the debate towards recipient countries' positions. In the other direction there was the fear that the DAC or the US government might start reviews that would be excessively biased towards the concerns of donor governments. This would alienate recipients. In the case of the US government it might pave the way for a further retreat from the aid scene. Although the creation of the Pearson Commission initially pre-empted these possibilities, reviews by Prebisch and the US government did begin during the Commission's work.

Because of this background, those involved in the Pearson Commission were keen to represent it as a 'moderate' voice among in the aid reviews of the late 1960s, despite its donor orientation. In this sense its closest rival was the review being led by Robert Jackson of the UN's development capacity. This had its origins in disquiet among donors about the work of the UN. In 1966 the UN's Expanded Programme of Technical Assistance (EPTA) and the UN Special Fund had been merged to form the UN Development Programme (UNDP). EPTA had focussed on supplying recipient countries with technical assistance in the form of engineers, teacher and other professionals, largely drawn from donor countries and granted funds for the projects of the Specialized Agencies. These functions led to the build up a network of Resident Representatives, who acted as 'development diplomats' in recipient countries: by 1966 there were 72 of these representatives.¹⁷ The program had been shaped since its creation by David Owen, a former British civil servant with Fabian beliefs.¹⁸

The Special Fund had quite a different ethos. It had been created as an attempt to reduce the calls for a soft-loan agency from recipient governments. To reassure the US Congress about its role, Paul Hoffman, the Administrator of the Marshall Plan, became its first chief

¹⁶ Ibid, p. 92.

¹⁷ Rietkerk, 'The United Nations, Decolonization and Development Aid', pp. 35-36.

¹⁸ Murphy, *The United Nations Development Programme*, p. 75.

executive. Hoffman was an internationalist Republican, who had moved between public service and the private sector. The ethos of the Special Fund was also shaped by Arthur Lewis, who acted as Hoffman's deputy just as the organisation was being set up. At the first meeting of the Fund's staff members, Hoffman explained that "My job is to *raise* the money. *Your job* is to *spend it* the way that *Lewis* tells you to."¹⁹ The result was an organisation that focussed on pre-investment studies, helping recipient governments to assess where capital was needed and how to go about raising this from other donor agencies.²⁰ As was noted in Chapter One, throughout this period Lewis was increasingly sceptical about external aid agencies becoming involved in running recipient countries, a position which put him at odds with the more paternalistic EPTA.²¹

Despite such disagreements, supporters at the time and since have argued that the UN created a distinct and 'better' model for aid administration than its rivals. At a press conference in 1960, Dag Hammarskjöld declared that aid channelled through the UN represented "better billions in terms of peace and world progress" than resources channelled through bilateral and other multilateral institutions.²² In 2006, the UNDP's historian argued that its constant shortage of funds had helped create aid programmes which were genuinely multilateral, focused on long-term growth and welfare in recipient countries, and whose practitioners were especially well-connected to a large "periphery of people with deep ties to various professions and to the countries in which they served."²³

Critics of the UN's aid work, many of them officials from donor governments, argued that it was overly shaped by both internal and external politics; and that these politics both exacerbated and were exacerbated by the UN system's perpetual lack of funds. There was a particular belief among donors that the 1966 merger had created an inefficient institution, with projects ever less likely to be delivered.²⁴ As the UN system geared up for the Second Development Decade, Hoffman, backed by the donor governments, pushed for a study of the UN's aid capacity, which was initiated in June 1968. Jackson, who had previously consulted

¹⁹ Quoted in Murphy, *The United Nations Development Programme*, p. 65.

²⁰ Murphy, *The United Nations Development Programme*, pp. 65-66.

²¹ Commenting on a final draft of the Pearson Commission, Lewis noted on the subject of the UNDP's scheme to send experts to recipient countries "It adds nothing to the sum of professionals in the LDC's and is a great nuisance." LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 4, Folder 20, 'Geneva Conference', n.d. Aug.-Oct. 1969. W. A. Lewis, C.I.D. Report, [Undated], p. 2.

²² Quoted in Rietkerk, 'The United Nations, Decolonization and Development Aid', p. 97.

²³ Murphy, *The United Nations Development Programme*, pp. 17-18.

²⁴ J. Kaufman, 'The Capacity of the United Nations Development Programme: The Jackson Report: Comment', *International Organization* 25 (1971), pp. 938-939.

for both EPTA and the Special Fund, was recruited to lead the study in July.²⁵ Hoffman had got to know Jackson and Ward during his work on the Marshall Plan in the 1950s.²⁶ Although the Capacity Study would take as its focus the UNDP, it was also expected to comment on the work of the UN's Specialized Agencies.²⁷ Jackson only had a staff of around five, of which the most important figure was his chief of staff, Margaret Anstee. The leadership of this process by Jackson and Anstee created the potential for conflict with the centralised UN headquarters in New York, especially on the issue of autonomy of in-country UN missions, as they had both previously worked primarily as field officers in recipient countries. Jackson had run a series of 'in-the field' bureaucracies, including the Middle East Supply Centre during the Second World War and the UN's Refugee Relief Agency in postwar Europe, before acting as an adviser to Prime Minister Kwame Nkrumah in the newly independent Ghana, while Anstee had spent much of her career with the UNDP, working as a Resident Representative in eight countries from 1952 onwards.²⁸

By mid-1968, the UN's likely set of reports which would review the (First) Development Decade and plan for the Second was becoming clear. The CDP, led by Tinbergen, would dictate overall strategy. Jackson's Capacity Study would suggest how the UN system could implement such a strategy. Both of these reviews would feed into a new Preparatory Committee for the Second Development Decade which had been set up at the UN in order to decide on an overall set of proposals for the new Decade. The potential UNCTAD review led by Prebisch was headed off by the recipient countries being given extra representation on the Preparatory Committee.²⁹

Those involved in setting up the Pearson Commission were very aware of the wide range of different political considerations it would have to take into account. On the donor side, the creation of the Pearson Commission forestalled any attempt by the DAC to set-up its own official review mechanism. It also helped to shape the US approach to the Second Development Decade, as the discussion of the Peterson Task Force later in this chapter will

²⁵ A. Raucher, *Paul G. Hoffman: Architect of Foreign Aid*, (Lexington, 1985), p. 146.

²⁶ *Ibid*, p. 146.

²⁷ *Ibid*.

²⁸ Gibson, J., 'Jackson, Sir Robert Gillman Allen (1911–1991)', *Oxford Dictionary of National Biography*, Oxford University Press, 2004; online edn, Jan 2008 [<http://www.oxforddnb.com/view/article/50725>, accessed 10 March 2016]; M. Anstee, *Never Learn to Type: A Woman at the United Nations*, (Chichester, 2003), pp. 248-249.

²⁹ Rahman, *World Economic Issues at the United Nations*, p. 113; O. Stokke, *The UN and Development: From Aid to Cooperation*, (Bloomington and Indianapolis, 2009), pp. 157-158; Council of Europe, *European Yearbook, 1969, Volume 17* (Dordrecht, 1971), p. 501.

show. Clark and McNamara made an effort to ensure that the DAC remained onside. Edwin Martin, the DAC Chairman, was one of only three individuals outside the Pearson Commission who was given ‘official’ access to its papers (the other two were Clark and McNamara). In return, he pushed hard against French and German opposition to enable the Commission access to confidential papers prepared by the DAC secretariat.³⁰ As noted in Chapter Two, the DAC also enjoyed a quasi-official association to the Commission through a liaison officer, Bernard Decaux, a former World Bank staffer.³¹ Decaux was also invited to some of the Commission’s meetings, and made available to help gather material.³²

On the recipient side, Clark notified McNamara and Pearson in August 1968 that the Inter-American Development Bank (IADB) would be launching what Clark described as their own ‘Grand Assize’.³³ Moreover, Clark understood from John Adler, a World Bank official, that Prebisch had been recruited to head this review, starting in September 1968.³⁴ As it turned out, this was misinformed gossip: Felipe Herrera had been trying to recruit Prebisch, but did not get the latter to commit until November.³⁵ This new development was not as worrying for donor governments as if an UNCTAD review had been launched. The IADB had been set up in 1960 at the urging of the Latin American countries, and had a more ‘moderate’ reputation. Latin American governments expected the IADB to operate much as the Marshall Plan had done, with US capital but a Latin American influence through staffing and consultations: one of its main aims was to help with regional integration, and it followed a relatively autonomous lending policy.³⁶ However, the US government did exert control over the IADB, including forcing it to purchase American products, and preventing it dealing with communist countries.³⁷

What these varied developments made clear to those involved with the Pearson Commission – especially a core group of Clark, Hamilton, McNamara and Pearson – was that the Commission would have to set out a distinctive vision which relied more than ever on

³⁰ Mr. Demuth to Mr. McNamara ‘LIASON OECD/DAC Re: DAC High-Level Meeting’, October 31, 1968. Operational – Development: Pearson Commission. 1070970. WBGA.

³¹ Mr. Karasz to Mr. Demuth, ‘ORGANIZATION – Paris Office – Admin: Various’, December 19, 1968. Operational – Development: Pearson Commission 1070970. WBGA.

³² [Commission Staff], Staff Roster: Commission on International Development, [Undated]. IPA – Pearson Commission – General 1968. 30030627. WBGA.

³³ The Inter-American Development Bank is also sometimes given the acronym ‘IDB’.

³⁴ William Clark to Mr. Robert McNamara, ‘The Pearson Commission and Latin America’, August 23rd, 1968. Bank Administration and Policy: Pearson Commission General – 04. 1547553. WBGA.

³⁵ Dosman, *Prebisch*, pp. 440-441.

³⁶ S. Krasner, ‘Power Structures and Regional Development Banks’, *International Organization* 35 (1981), pp. 305-306.

³⁷ *Ibid*, p. 314.

stressing the potential of the World Bank and its President to act as leaders on aid matters. This had not been the original plan: but as noted in Chapter Two, during the Commission's creation the planned involvement of voices from the Commonwealth and the UN had been quietly ditched, as the Commission increasingly came to be defined by its closeness to donor interests, for most of whom the World Bank was the preferred organisation for a leadership role on aid matters, as long as they could be reassured about its competence for the increased workload. The fact that this was an unplanned progression was marked by the sharp divides that characterised the Commission's internal discussions about aid administration.

The Pearson Commission's Deliberations on Aid Administration

The closeness to the donor interests which dominated the aid community was marked by the fact that despite its 'moderate' positioning in the aid reviews of the late 1960s, the Pearson Commission's eventual Report placed little trust in the UN as a future political or technical leader on aid matters. However, this lack of trust was also sparked by a more general lack of belief that the UN could competently discharge its existing aid role, let alone a larger one. These trends are well illustrated by the positions taken during the Commission's deliberations by Lewis and Pearson, who had been relatively enthusiastic supporters of the UN but by the late 1960s were seeking alternative approaches to aid. Pearson backed Hamilton's proposal for a new World Development Council which they believed would more accurately reflect the power dynamics of the aid relationship, while Lewis wanted to invest more power in a new generation of regional institutions that would adhere strictly to 'technically correct' aid-giving. These proposals split the Commission going into the final period for deciding on what would be its recommendations concerning aid administration.

Given his personal and professional history, recapped in Chapter One, Pearson might have been expected to support a greater role for the UN. During his delivery of the Reith lectures at the BBC in 1968, he declared:

We must cultivate international ideals, develop international policies, strengthen international institutions, above all the United Nations, so that peace and progress can be made secure in the family of man.³⁸

However as scholars including Adam Chapnick and Peter Gellman have shown, from as early as the 1930s Pearson's enthusiasm for the United Nations and its predecessor, the League of

³⁸ L. Pearson, *Peace in the Family of Man, 1968 Reith Lectures*, (London, 1969), p. 104.

Nations, was confined to regarding them as an arena for diplomacy and a symbol of the international community. He believed that international politics' real levers of power were located elsewhere.³⁹ In his Reith lectures, Pearson argued that a form of weighted voting, as practiced at the World Bank, would have to be introduced at the UN, so its decisions could be brought closer to the machinery which would have to implement them. On the issue of economic collaboration, he noted that during negotiations at UNCTAD "very little has been achieved."⁴⁰ If the UN were to succeed, he argued that it should be regionalised, and that small and medium sized powers should take a more proactive role in its activities and discussions.⁴¹

In private, Pearson was even more scathing. During his meeting at the ODM on the same visit he noted that:

He had at one time a bias – perhaps a sentimental bias – towards the United Nations agencies, but he felt less sure about this now. U.N. agencies were not very effective and in the U.N. considerations other than developmental ones were bound to obtrude. And international agencies were not too good at co-operating among themselves. In New Delhi there were 6 or 7 agencies at work, and they just did not cooperate, which was absurd.⁴²

On being challenged on this view, Pearson was undeterred, arguing that "there was really little hope of bringing a high degree of order into multilateral aid and there was clearly no prospect of a massive shift away from bilateral aid."⁴³ Overall, Pearson believed that the UN had become an ineffective talking shop, divorced from the realities of power and efficient administration. Effecting any movement from bilateral to multilateral aid would have to involve identifying or creating 'competent' institutions which could command the trust of donors.

The problem with this approach was that there was a divergence among the Commissioners as to what comprised a competent institution. At the Mont Gabriel meeting, the Commissioners from recipient countries argued forcefully for more multilateral aid, with

³⁹ Gellman, 'World Order Tradition'; A. Chapnick, 'Lester Pearson and the Concept of Peace: Enlightened Realism with a Human Touch', *Peace and Change* 35 (2010), pp. 104-122.

⁴⁰ Pearson, *Peace in the Family of Man*, p. 67.

⁴¹ *Ibid*, p. 85 and 76.

⁴² TNA OD 36/96/228 Note of a meeting between the Minister of Overseas Development and the Rt. Hon. Lester Pearson in the Minister's Room, Eland House at 11.30 a.m. on Monday, 18th November, 1968, p. 3.

⁴³ *Ibid*.

Lewis stating that “There should be an increase in aid through multilateral channels and there should be strings on allocations of such aid related to performance criteria.”⁴⁴ Campos supported this, and argued that “Multilateral aid would avoid frictions and allow for the application of effective performance criteria.”⁴⁵ At the Commission’s Santiago meeting this position was supported by attendees from Latin American academia, business and universities. They argued that existing multilateral institutions were too removed from regional realities, and urged that multilateral aid in Latin America should be properly regionalized through the CIAP (discussed further below) and the IADB. This would involve these institutions “having the necessary autonomy and executive powers to go with such a structure”, which would “allow the recipient countries of the region to exercise greater influence on policies and measures which were to apply to them individually and to the region in general.”⁴⁶ The thrust of these arguments was that multilateral aid should be used to empower decision makers in the recipient world.

At the Mont Gabriel meeting there was less enthusiasm for multilateral aid on the part of Commissioners from donor countries, precisely because it was believed this would give too much power to recipients, with Dillon arguing that opinion in the US would not support an increase in multilateral aid:

it was difficult to expect a large continued contribution to multilateral organizations so long as countries stood so strongly on their sovereignty and demands for international audit of aid expenditures through multilateral channels were resisted. Thus, in the US, there was some disenchantment with the World Bank, IDA and the IA[D]B.⁴⁷

Dillon’s warnings were echoed by other Commissioners. Nonetheless, these reservations did not preclude the Commissioners from supporting increases in multilateral aid. Hamilton reported to McNamara that “the group is ready and willing to support more aid. It will also support a large increase in multilateral aid – without too much real hope that such an increase

⁴⁴ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 5, Folder 15, ‘C.I.D. Mont Gabriel Committee Meeting Staff Papers, Second Copy’, Dec. 1968. [Commission Staff], First Meeting of the Commission on International Development held at Mont Gabriel, Quebec, December 16-17, 1968, pp. 4-5.

⁴⁵ Ibid, p. 5.

⁴⁶ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 3, Folder 14, ‘Trips – Santiago’, n.d., Oct. 1968-Apr. 1969. [Commission Staff], Regional Meeting of Commission on International Development – Santiago, Chile – January 13-16, p. 19.

⁴⁷ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 5, Folder 15, ‘C.I.D. Mont Gabriel Committee Meeting Staff Papers, Second Copy’, Dec. 1968. [Commission Staff], First Meeting of the Commission on International Development held at Mont Gabriel, Quebec, December 16-17, 1968, p. 5.

will be forthcoming.”⁴⁸ The need to find ways of convincing donors to give more of their aid multilaterally became a preoccupation for the Commission.

One option was developed by Lewis, who was frustrated by what he saw as the politicisation of the aid-giving process. He believed that recipients should have a greater say in how aid was used, but correspondingly a greater responsibility for its successes and failures. The regional models which he believed were well suited to this approach were relatively weak. Latin America’s CIAP (Inter-American Committee for the Alliance for Progress) which he specifically endorsed at the Abidjan meeting of West African recipient governments had been set up in 1963. Initially its Latin American members wanted it to decide how aid to Latin America from the US would be spent: on US insistence, it ended up with only an advisory role.⁴⁹ Nonetheless, Lewis believed that regional models could provide an important balance to the existing structures of aid as was shown when he became head of the newly formed Caribbean Development Bank in 1970.⁵⁰

Lewis might have been expected to take a pro-UN line, having consulted frequently for the UN’s agencies. However, his consultancy work in Ghana in 1955-1956 and again in 1957-1958 had turned him against the UN system. During this time Lewis had argued with Kwame Nkrumah, the Ghanaian President, and the latter’s advisors, Robert Jackson and Barbara Ward about the future of the Volta River Project (VRP). Lewis had been worried about the influence of British, Canadian and US companies, and Jackson’s self-interest in the VRP.⁵¹ The first attempt to get the Project off the ground using British and Canadian companies failed when the World Bank refused funding in 1956.⁵² However, when Lewis returned to Ghana in late 1957 he found that development expenditure had dropped by a third in two years: he suspected that Jackson and Nkrumah were hoarding resources to spend on the VRP.⁵³ Lewis lost the argument about the VRP in late 1958. At around the same time, Nkrumah’s government passed the Preventative Detention Act, which allowed for the imprisonment of political opponents without trial.⁵⁴

⁴⁸ Ed Hamilton to Mr. Robert S. McNamara, Summary Observations on the Montreal Meeting, December 20th, 1968, p. 3. IPA – Pearson Commission – General 1968. 30030627. WBG.

⁴⁹ Hayter, *Aid as Imperialism*, pp. 103-106.

⁵⁰ Tignor, *Lewis*, p. 254.

⁵¹ Quoted in Murphy, *United Nations Development Programme*, p. 123.

⁵² S. Decker, ‘Corporate Political Activity in Less Developed Countries: The Volta River Project in Ghana, 1958-1966’, *Business History* 53 (2011), p. 1002.

⁵³ Murphy, *United Nations Development Programme*, pp. 125-126.

⁵⁴ *Ibid*, p. 134.

Dismayed, Lewis privately requested a transfer for the remainder of his consultancy time, and was duly moved to become Hoffman's Deputy at the Special Fund.⁵⁵ Jackson stayed on as a consultant on the VRP until 1962.⁵⁶ Lewis had argued that the Ghanaian government should not invest more than £25 million in the VRP. In the end it invested £165 million, excluding interest payments.⁵⁷ Lewis's views were probably also shaped by the activities of Ward. She acted as Jackson's 'secret weapon' in his attempts to gain investment from the US. She had close connections with successive Presidents of the World Bank and the senior management of Kaiser Industries, a US firm which had been approached by the Eisenhower Administration to rejuvenate interest in the Volta Project. In 1961, Walt Rostow jokingly accused Ward of acting as an 'unpaid lobbyist' from the Project.⁵⁸ Lewis believed that the VRP's approval owed more to personal connections and ambitions than technical economic considerations. The rift was reinforced by the personal differences between Lewis and Jackson. One of Nkrumah's advisors remembered a visit to the UN with "a dog-tired Nkrumah... Jackson was running around, telling the hotel staff at what temperature to run Nkrumah's bath, straightening Nkrumah's tie."⁵⁹ In contrast, Lewis had a drier, more technical approach. Overall, Lewis believed support from Jackson and Ward had led Western governments to turn a blind eye to Nkrumah's increasingly dictatorial style and invest in a technically unsound project.

Lewis's experiences in Ghana led him to reject the UN system as an administrator of aid during his work on the Pearson Commission. In a note on a late draft of the Commission's Report he noted that he was against a proposal for debt cancellation because "This merely discriminates in favor of Nkrumahs against people with a sense of financial probity."⁶⁰ He also expressed his opposition to the suggestion of support for the work of the Capacity Study "Jackson Committee. We ought not to endorse its recommendations in advance of their publication. Not if you know its personnel!"⁶¹ Accordingly, Lewis pushed hard for the creation of a new soft-loan aid agency that would be outside the remit of both the UN and the World Bank. In a draft sent to the staff in February 1969 he argued that the only qualifications to receive loans from the agency should be increasing domestic savings rates

⁵⁵ Ibid, p. 128.

⁵⁶ Gibson, 'Jackson, Sir Robert Gillman Allen (1911–1991)'.

⁵⁷ Murphy, *United Nations Development Programme*, p. 128.

⁵⁸ Decker, 'The Volta River Project', p. 1007.

⁵⁹ Murphy, *United Nations Development Programme*, p. 132.

⁶⁰ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 4, Folder 20, 'Geneva Conference', n.d. Aug.-Oct. 1969. W. A. Lewis, C.I.D. Report, [Undated], p. 1.

⁶¹ Ibid, p. 2.

and export volumes. If the applicant could meet targets in these areas they should be allowed autonomy because “it can be assumed (they) know what they are about.”⁶² Lewis argued this would reduce interference from donors, by putting donor-recipient relationships on a technical basis “there will be no strings, other than the obligation to satisfy the agency once every three years that you are doing the best you can.”⁶³ Lewis believed the IDA should be wound up, although in order to ‘placate’ the World Bank and use its expertise, it might be given a management contract for the new agency.

The staff response to Lewis’s proposal was led by Hamilton. They argued that the “present political climate suggests that this is not the time to suggest a new agency.”⁶⁴ They were particularly unhappy about the idea that the new agency would be a substitute for the IDA:

After strenuous effort, the IDA has been established as the closest existing approximation to the ideal development lender -- an international institution with great operating independence, considerable technical competence, reasonably sized resources, very soft terms, and very soft multi-year claims on donors... To propose abolishing it would seriously endanger all these gains.⁶⁵

They also objected that monitoring two aspects of recipient countries’ economic performance every three years would not give an accurate depiction of that country’s performance:

The staff believes the aid relationship must be a dialogue, not a one-shot, three-year confrontation limited to whether statistical standards have or have-not been met. We differ among ourselves as to the style of that dialogue, the use of sanctions to stimulate change, and the proper depth of lender involvement in borrower affairs. But we agree that the only possible basis for long-term development aid is a continuous conversation... A lender must hold a seat at the policy table or he tends to forget he has a stake in the game. Borrowers likewise.⁶⁶

⁶² LAC Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 5, Folder 6, ‘Rome Meeting’, Aug. 1968- Apr. 1969. Arthur Lewis to Edward Hamilton, Principles for a Multilateral Soft Loan Agency, [Undated], p. 3. (The document is undated but the timeframe is made clear in other correspondence in the same file).

⁶³ Ibid.

⁶⁴ LAC Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 5, Folder 6, ‘Rome Meeting’, Aug. 1968- Apr. 1969. Edward K. Hamilton to Sir Arthur, STAFF COMMENTS ON COMMISSIONER LEWIS’ PROPOSAL, February 27th, 1969, p. 1.

⁶⁵ Ibid.

⁶⁶ Ibid, p. 3.

The staff wanted aid to be used in multifaceted ways to encourage development: to them this appeared to involve vesting greater power in the World Bank. In opposition, Lewis believed that the Bank was too biased in favour of donor interests to act as an objective and technically-minded dispenser of aid.

In a paper for the Rome meeting of the Commission, Hamilton set out his vision for a World Development Council that would be made up of “the heads of multilateral and bilateral aid agencies along with representatives of recipient countries.”⁶⁷ Hamilton argued that the Council should oversee the coordination of donor objectives and plans for aid and the subsequent monitoring of donor and recipient performance. In addition, the Council would also liaise with similar bodies responsible for trade and act as an ‘international political constituency’ for aid.⁶⁸ Hamilton argued that the Council should negotiate to increase the amount of aid channelled through multilateral institutions, especially the World Bank.⁶⁹ This Council, Hamilton argued, would be more attuned to the politics of aid in the US than existing arrangements, which was probably a reference to the UN.⁷⁰ The suggested remit of the new Council was wide-ranging and represented an effort to take power away from the UN. Taken together, the proposals for the continuation of the IDA and the creation of the World Development Council suggested a vision by the staff of a technically-minded class of aid officials who would be brought together to focus on increasing the multilateral component of aid. This system would have to be acceptable to recipients but more importantly donors, and especially the US government.

The Rome meeting revealed that the Commissioners did not universally share this vision. Pearson was the most supportive, arguing during discussion of the proposed multilateral monitoring of recipient performance that “people in modern welfare states have learnt to tolerate governments “breathing down their necks” in the domestic sphere...the same would have to be true internationally.”⁷¹ Lewis on the other hand pushed the case that a new multilateral agency, based purely on recipients abilities to maintain acceptable savings rates

⁶⁷ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 6, Folder 1, ‘C.I.D. Rome Committee Meeting Staff Papers. Part 1’, Mar. 1969. [Edward Hamilton], SUMMARY –STRUCTURAL CHANGE, [Undated], p. 2.

⁶⁸ Ibid, p. 2.

⁶⁹ Ibid. The World Bank was the only institution mentioned by name in Hamilton’s memo.

⁷⁰ Ibid, p. 1.

⁷¹ LUSC MS Boyle 660/13/39853/2A, [Commission Staff], ‘SUMMARY OF THE PROCEEDING OF THE SECOND MEETING OF THE COMMISSION ON INTERNATIONAL DEVELOPMENT: HELD AT ROME, ITALY, MARCH 13-15, 1969’, p. 16.

and balance of payments positions, was necessary to address recipients' concerns about the political bias. He reminded the Commissioners that the recipients:

have for many years expressed their dissatisfaction with the World Bank by asking for a new capital lending agency; the staff's proposals were instead proposing to strengthen the Bank's hand.⁷²

On the next day of the meeting, Lewis came back and argued forcefully that the Commission could not simply ignore recipients' demands in this area. He felt that:

the Commission must at least explain why it had rejected the idea of a new soft loan agency like Capital Development Fund advocated by the LDCs for 20 years; such a fund had been established in 1966 by the General Assembly, and the Commission could not simply pretend that the issue of funding it did not exist.⁷³

On the back of Lewis's objection it was agreed that the staff would prepare a paper on the issue for the Commission meeting in Copenhagen.

The idea of a World Development Council also received a mixed response from the Commissioners. Many were enthusiastic about the general idea, but for different reasons.⁷⁴ Lewis thought it could fulfil a useful role by acting as an international political constituency for aid, while Guth thought its most important role would be to coordinate aid. Boyle felt its best contribution would be to provide a compromise organisation poised somewhere between the World Bank and UNCTAD in political terms.⁷⁵ Marjolin however was opposed to the idea of the Council, saying that he had "grave intellectual misgivings" about its potential effectiveness. Following Marjolin's intervention the majority of Commissioners - including those who had praised the proposal - also expressed concerns that the new Council would not achieve the coordinating role intended for it, and would instead become a "bureaucratic monster."⁷⁶ There were also particular concerns about how the UN and the USSR should be represented on the Council.⁷⁷ Given this confused reaction it is unsurprising that the decision

⁷² Ibid, p. 15.

⁷³ Ibid.

⁷⁴ Ibid, p. 14.

⁷⁵ Ibid, p. 16.

⁷⁶ Ibid, p. 15.

⁷⁷ Ibid.

on whether the Council should be included as a recommendation was also put off to the Copenhagen meeting.⁷⁸

Lewis and the staff attempted to craft recommendations which would be acceptable to the other Commissioners during the drafting process for the summary chapter which preceded the Copenhagen meeting. The staff argued that the IDA should not have to lend to countries in default on loan repayments and also countries experiencing severe political disturbances. Lewis in contrast continued to argue that the only criteria on which recipients should be judged were their ability to increase domestic savings and exports.⁷⁹ This difference led the two sides to different conclusions about the future of the IDA. The staff memo began by trying to strike a note of consensus on this issue “Both Lewis and the staff favour IDA as the vehicle for greatly increased soft lending.”⁸⁰ However, fundamental splits remained as was made clear on the issue of organisation “The staff feels that IDA might be headed by a special executive vice-president. Lewis looks forward to the eventual separation of IDA from the World Bank.”⁸¹ This was of course a reflection of a political difference: Lewis sympathised with recipient countries discontent with the World Bank, while the staff envisioned the Bank as a cornerstone of an expanded multilateral system. There were also differences over funding arrangements:

With regard to financing of IDA, Lewis suggests, as one possible source, interest free loans... This, he feels, would be easier for donor governments with budgetary problems to provide. You will recall, however, that at the Rennselaerville conference [this was a seminar on the Second Development Decade organised by the Institute of Science and Man, with a focus on the UN], the American participants emphatically pointed out that greater reliance on borrowing activities was not a practical way of avoiding the difficulties imposed by parliamentary practices of annual authorizations and appropriations.⁸²

Again there was a role reversal – Lewis making his case on technical grounds as a ‘political’ Commissioner, while the ‘technical’ staff objected on political grounds linked to what donor governments could be expected to accept. The issue of a lack of accepted rationale for aid,

⁷⁸ Ibid.

⁷⁹ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 4, Folder 18, ‘Copenhagen Conference’, May-June 1969. [Albert Hart], MEMORANDUM FOR MR. PEARSON, [Undated], pp. 1-2. (In the context of the folder, Albert Hart seems the likeliest author of this document.)

⁸⁰ Ibid, p. 3.

⁸¹ Ibid.

⁸² Ibid.

and therefore agreement on the prime purpose of the Commission, was causing problems, as those involved in the Commission sought to move towards different final objectives.

External Pressures on the Commission and Final Recommendations

While making its final decisions on what recommendations to make about aid administration, the Pearson Commission came under growing pressure from the World Bank and the DAC to ‘moderate’ its conclusions. These chimed with the discontent within the Commission concerning the proposed new soft-loan agency and World Development Council. The result was a set of recommendations that championed the World Bank: this represented a compromise, forged by the concerns of Commission personnel about the efficiency and political reputation of the UN system, and its lack of support among the major donors. It was shaped by interventions by the leadership of the World Bank and the DAC.

In a retrospective interview, Clark noted that there was only ‘one exception’ to McNamara’s general rule of non-intervention in the proceedings of the Commission:

It was the suggestion that IDA should be separated from the Bank, and should have a separate Board and even perhaps a separate Secretariat or group of operating officers... Though Bob did not interfere, he did tell me what he thought, and I did pass that on. It was an interference, if you like, but it was not an overt one, nor was it a backstairs one; it was known what he thought, and why he thought it. What he said was “If there is going to have to be a move towards dealing with the poorest, the change should come on the part of the Bank, not on the part of IDA.”⁸³

McNamara’s views put pressure on the Commission staff, and especially Hamilton, who was in contact with McNamara, to come up with a recommendation which would be acceptable to the leadership of the World Bank and the different views of Lewis.

A second intervention from a different source came in April 1969 when Edwin Martin, the DAC Chairman, wrote to Clark on the subject of Hamilton’s paper proposing a World Development Council, noting “It strikes me as a singularly inept document” and listing

⁸³ Transcript of Oral History Interview with William D. Clark held on October 4 and 5, 1983, by Patricia Blair (First Interview Session), p. 11, WBGA.

eleven different criticisms, starting with the paper's perceived attempt to side-line the UN.⁸⁴ Martin concluded:

I hope other papers are better or made so by the Committee, and this can be changed, as many people are putting a lot of bets on this Report to provide a platform for national development campaigns and for getting DD II launched with a favourable donor attitude.⁸⁵

Martin's main concern was to consider how to muster support for aid among donor governments and he had arranged a 'Tidewater II' meeting for this purpose, to be held at Barbizon in France in June 1969.

Hamilton was suspicious of this initiative, seeing it as an effort by Martin to push the leadership of the DAC. Hamilton briefed Pearson to expect a sustained attack on the proposed World Development Council from Martin at Barbizon:

The item for Sunday afternoon (role of international organizations) is probably designed to give Ed Martin a chance to sound off against the idea of a Council, which he knows (through William Clark) we are considering. He is against the proposal ... You are the best judge of how to handle this if it arises; I just wanted you to know Martin's bias.⁸⁶

The World Development Council was important to Hamilton and Pearson because they wanted to avoid the UN being the sole or even main forum in which future action on aid was decided and administered. As Hamilton put it in his note for Pearson:

If we want the choices to go our way, we must face the fact that the major donors, while paying lip service to the UN, are not likely to make it the center tent for a new push. What is previously argued may be ratified in the UN, but it will be planned, directed and executed elsewhere. (This is one of the powerful arguments for our Council, where the donors would have a thin majority.) If the donors did adopt the UN as a central vehicle, it would be a strong sign that they could keep the problems

⁸⁴ Edwin M. Martin to Mr. William Clark, April 4, 1969, p. 1. IPA – Pearson Commission – General 1969. 30030626. WBGA.

⁸⁵ Ibid, p. 3.

⁸⁶ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 2, Folder 14, 'Seminars and Conferences - Tidewater II Conference June 1969', Mar.-June 1969. Ed HAMILTON for Mr. Pearson, Tidewater II Agenda, 11 June 1969, p. 1.

bottled up in a forum where rhetoric is cheap, the public relatively uninvolved, and action rare.⁸⁷

Because of this, Hamilton argued that “it would be too bad if all our eggs were in the UN basket.”⁸⁸ Pearson approved of this line of reasoning. When Paul Hoffman pressed the benefits of using the UNDP as the coordinating body for aid at Barbizon, Pearson was one of the main opponents:

Hoffman thought that the major need for coordination was on the country level and that he had the people to do it. When I asked him point blank if he thought his 93 [Resident Representatives] were capable of doing the job effectively, he said he thought the great majority were. Others, however, thought that there was real need for a high level priority and policy-coordinating body. I was one of them but gave no details of what we were considering in our Commission; merely that we would have to say something about it.⁸⁹

Pearson’s scepticism about the efficiency of the Resident Representative system was shared by many, including Lewis, who noted in on the final draft of the Commission’s Report that the UN’s problems were caused by “Hoffman’s persistence, against the advice of his staff, on taking on far more than can be done properly.”⁹⁰

In addition to these administrative worries there was also widespread fear about the political difficulties at the UN. At Tidewater II, Pearson argued that his Commission’s final Report should not be too closely associated with the work of Jackson and Tinbergen and “threw cold water” on a proposal that he should present his Commission’s findings at the UN General Assembly.⁹¹ This was presented as an issue of politics and framework, rather than the rationale of the different reviews. Pearson had a breakfast meeting with Tinbergen at Barbizon, and noted that the Dutchman had been reassured that the two reviews were moving

⁸⁷ Ibid, p. 2.

⁸⁸ Ibid.

⁸⁹ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 14, ‘Seminars and Conferences - Tidewater II Conference June 1969’, Mar.-June 1969. LBP, SECOND TIDEWATER CONFERENCE, BARBIZON, FRANCE – JUNE 14-15, 1969, p. 5.

⁹⁰ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 4, Folder 20, ‘Geneva Conference’, n.d. Aug.-Oct. 1969. W. A. Lewis, C.I.D. Report, [undated], p. 2.

⁹¹ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 14, ‘Seminars and Conferences - Tidewater II Conference June 1969’, Mar.-June 1969. LBP, SECOND TIDEWATER CONFERENCE, BARBIZON, FRANCE – JUNE 14-15, 1969, p. 5.

in a similar direction: indeed, he was worried that “it might merely look as if they were echoing ours.”⁹²

However, those involved in aid were very aware that the specificities of the organisation of the field were crucial to outcomes: as shown in Chapter Five, seemingly small differences between the aid targets of Pearson and Tinbergen’s reviews were much more important than they appeared. At Barbizon meanwhile, Pearson noted a divide opening up between the different UN reviews about where the focus of administering aid should be. Hoffman and Jackson argued that high-level coordination was not working, with Jackson commenting that there were “evaluators wondering all over the place.”⁹³ They argued instead for greater country-level coordination of the UN’s activities.⁹⁴ In contrast, the traditional system at the UN, represented by Tinbergen, was quite heavily centralised. Pearson obscured his and Hamilton’s plans for a World Development Council by sticking “pretty well to generalities.”⁹⁵

How did Hamilton and Pearson’s advocacy of a World Development Council fit into wider discussions about aid administration? They believed it was necessary to recognise what they saw as the growing distance between the realities of aid administration - the different factions represented by the DAC and UNCTAD, the disparity between the donors and the recipients - and the current system for discussing these issues which focussed on the UN. The Council they were planning to propose would be unbalanced in favour of donors, but would, they believed, more accurately represent the actual dynamics of power in aid. The World Bank would act as the Council’s main executive agency; while the UNDP would not be represented on the Council (though presumably would have continued to act as an executive agency).

In a sign of the difficulty they would have had in getting this recommendation accepted, Hamilton and Pearson’s floating of the idea drew criticism from donor organisations. In the UK, the Pearson Commission had lost its strongest supporter in the British Government with the death of Andrew Cohen in June 1968. He had been replaced as the ODM’s Permanent

⁹² LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 14, ‘Seminars and Conferences - Tidewater II Conference June 1969’, Mar.-June 1969. LBP, MEETING WITH TINBERGEN, SECOND TIDEWATER CONFERENCE, BARBIZON, FRANCE – JUNE 14-15, 1969

⁹³ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 2, Folder 14, ‘Seminars and Conferences - Tidewater II Conference’, June 1969, Mar.-June 1969. LBP, SECOND TIDEWATER CONFERENCE, BARBIZON, FRANCE – JUNE 14-15, 1969, p. 6.

⁹⁴ *Ibid*, p. 4. To Pearson’s surprise, they were supported by Edwin Martin, who thus ruled the DAC out from a larger role.

⁹⁵ *Ibid*, p. 2.

Secretary by Geoffrey Wilson, who believed that the main aim of the exercise should be to raise political and public support for aid, rather than making suggestions for a major overhaul of its structures. When ODM officials were given advanced access to the proposal for a World Development Council in August 1969 they were baffled by what they saw as the proposed underrepresentation of the UN. One official noted that:

It still seems to me inconceivable that the Administrator of the UNDP should be excluded from this Council...Indeed, the more I look at paragraph 4 the more confused I become. How can the DAC put a member on a UN council?⁹⁶

Wilson agreed with this analysis, and averred that the ODM should put pressure on the Commission to prevent the Council becoming a recommendation “We must try to stop the Commission perpetuating this piece of nonsense. If we cannot do it through Mr Lynch, we must invoke the Hayes/Boyle old boy network.”⁹⁷ These concerns were raised with Boyle when he met with Wilson immediately before the Geneva meeting of the Commission. Boyle confirmed that he shared Wilson’s concerns about the proposed Council.⁹⁸

The Geneva meeting of the Commission represented crunch time on the two major proposals concerning aid administration. In both cases there was a reversion to the ‘moderate’ option of stressing the importance of the World Bank as a leader. On the issue of a World Development Council, Hamilton and Pearson’s advocacy was defeated by the objections of Boyle, Martin and others, combined with the general apathy of the Commissioners. It was replaced with a much milder recommendation that the World Bank should organise a conference on the future organisation of aid efforts. The political sensitivity of the issue was marked by a recommendation that was long and vague:

The President of the World Bank should invite heads of appropriate organs of the U.N., pertinent multilateral agencies, and the regional development banks and coordinating bodies, to a conference to be held in 1970 to discuss the creation of improved machinery for coordination capable of relating aid and development policies to other relevant areas of foreign economic policy, moving towards standardized assessments of development performance, making clear, regular and

⁹⁶ TNA OD 36/99/Front Notes, S. Fryer to Mr. Williams, 11th August, 1969.

⁹⁷ TNA OD 36/99/Front Notes, GW to Mr. Fryer, 12/8/[1969]. Lynch, an official at the British embassy in Washington D.C., was in regular contact with the Commission staff and William Clark. Hayes, an ODM official, appears to have been an old friend of Boyle, with the latter regularly showing him Commission documents.

⁹⁸ TNA OD 36/99/375 D.L. Pearson to C.H.W. Hodges, Pearson Commission Report, 4th September 1969, p. 2.

reasonably authoritative estimates of aid requirements, and providing balances and impartial reviews of donor aid policies and programs. Representatives of at least the major bilateral donors and appropriate representatives of developing countries should also be invited.⁹⁹

This recommendation was a stop-gap; Hamilton and Pearson continued to push the case for a World Development Council at the meetings about aid coordination which led up to the setting of the strategy of the Second Development Decade, as chronicled below.

On the issue of a new multilateral agency compromise was also required. Lewis remained opposed to a continuation and expansion of the status quo. He objected strongly to a recommendation that IDA funds could be used by the IBRD, as he believed that the muddling of purposes and funds between the two constituent parts of the World Bank was holding back the efficient operation of multilateral aid. Noting that he would have to make a dissenting footnote on this, he explained that:

This would become a long footnote or even a several page dissent explaining why IDA should be operated on different principles from the World Bank – even perhaps under a separate administration.¹⁰⁰

However, in this case Lewis was outnumbered. In his note on a near final draft of the Report, Hart noted that Lewis was still likely to find the section on IDA/World Bank relationships “inadequate.”¹⁰¹

In the end there was no dissenting footnote: the Pearson Report was tortured in its wording but left open two distinct possibilities for the future of the IDA. Lewis’s demands for change had been dramatically toned down. The Report began its discussion by pointing out that “IDA is now in effect the World Bank operating according to a special set of instructions for the management of a special fund.” Initially, it was argued that this was a positive attribute, and that “IDA’s attachment to the World Bank has undoubtedly been a highly efficient arrangement.”¹⁰² However, after arguing for a vast expansion of the IDA, the Report argued that such an increase would create queries about if “the present organization of the

⁹⁹ Pearson et al., *Partners in Development*, p. 230

¹⁰⁰ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 4, Folder 20, ‘Geneva Conference’, n.d. Aug.-Oct. 1969. *W. A. Lewis, C.I.D. Report*, [Undated], p. 2.

¹⁰¹ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 4, Folder 20, ‘Geneva Conference’, n.d. Aug.-Oct. 1969. AFH, *MEMORANDUM FOR MR. PEARSON: Views of Sir Arthur Lewis on the Draft Report*, September 10th, 1969, p. 2.

¹⁰² Pearson et al., *Partners in Development*, p. 223.

Association ... Can it be improved or should it have a separate organizational structure?" It then laid out why such differentiation would be necessary:

The World Bank, which borrows in the private capital markets, must always maintain the highest credit standing. This consideration has naturally shaped the operating principles and procedures of the Bank. The sources of IDA's funds are different, and so, in practice, are many of its activities... Over time, it is to be expected that... innovations will require organizational change.¹⁰³

This wording went a considerable way to endorsing Lewis's essential point about the culture of the Bank. However the associated recommendation merely argued that the President of the World Bank should review the matter if and when the functions of the IDA increased, leaving the final decision firmly with McNamara.¹⁰⁴ As with the recommendation for a conference on organisation, the Commission had settled on a stop-gap, 'moderate' compromise.

The Response to the Commission's Recommendations

The real success of the Pearson Commission was the extent to which it outperformed its rivals in terms of the effect it had on policy-making. For some, this was mainly due to the unfair spending power which the Commission enjoyed.¹⁰⁵ This fits into wider narratives of the World Bank's ascendancy over the UN which highlight its financial muscle and closeness to donor interests.¹⁰⁶ However, this was exacerbated by the lack of a coherent alternative being offered by rival reviews. This meant those opposed to an increased role for the World Bank were unable to coalesce around a different candidate during the discussions about how aid should be administered.

The Pearson Commission does appear to have outspent its rivals – probably massively. In April 1969 a document prepared by the Secretary of the World Bank noted that the planned cost was \$848,000.¹⁰⁷ As Clark nonchalantly recalled, the final cost was "I think, two million [dollars] in the end. But that's all right."¹⁰⁸ As part of this cost, the Bank distributed 25,000

¹⁰³ Ibid, p. 226.

¹⁰⁴ Ibid.

¹⁰⁵ Byers, 'White Man's Burden', pp. 79-80.

¹⁰⁶ L. Gold and E. Connolly, 'Development and the United Nations', p. 63.

¹⁰⁷ The Secretary, 'The Pearson Commission', April 7, 1969, p. 3. Bank Administration and Policy Pearson Commission – General 01. 1547550. WBGA.

¹⁰⁸ Transcript of Oral History Interview with William D. Clark held on October 4 and 5, 1983, by Patricia Blair (First Interview Session), p. 9, WBGA.

free copies of the Report to target audiences of policy-makers around the world.¹⁰⁹ In contrast, the IADB review led by Prebisch enjoyed a total budget of c. \$300,000.¹¹⁰ The result of such disparities was that the Pearson Commission was one of the largest operations. It enjoyed the labours of eight Commissioners, 17 staff, 23 consultants and ten research assistants. In comparison, both Jackson and Prebisch each had to make do with seconded staff of around five people and consultants brought in on an ad hoc basis.¹¹¹ The Tinbergen Committee was the only other review which probably had a comparable budget – in 1967 it spent \$94,000 on a meeting in Santiago (in total there were five such meetings before the group reported in January 1970) and requested additional staff and consultants which would cost a total of \$172,000 for the year.¹¹²

This financial muscle was certainly important in making the Commission's work appear relatively authoritative. An important part of this was the political awareness that the Commission's travels, and arguments among its large membership, gave to the Pearson Report. The Jackson and Prebisch reports were written by much smaller groups. Prebisch's eventual report was viewed as patchy and repetitive, and its recommendations were quickly overshadowed by outbreaks of political violence across Latin America.¹¹³ The difficulties which Jackson's Capacity Study encountered were in some ways more parochial. In making the case for a more country-based system, the study argued that the UN system had evolved with 'no brain' and if it did not evolve, was likely to go the way of the dinosaurs.¹¹⁴ Unsurprisingly, this was poorly-received among the UNDP's central administrators in New York. Hoffman, then aged 79, took the comment about 'dinosaurs' personally, believing it signalled an attempt by Jackson to take his job. Hoffman's wife angrily stated in private that Jackson had betrayed her husband.¹¹⁵ To exacerbate the situation, Jackson could no longer rely on his 'secret weapon' in the US establishment: he and Ward had become estranged.¹¹⁶

¹⁰⁹ David Fulton to Mr. William Clark, 'The Pearson Commission Report -- Launching Preparations II'. August 22, 1969. Bank Administration and Policy: Pearson Commission – General 01. 1547550. WBGA.

¹¹⁰ Dosman, *Prebisch*, pp. 450 and 452.

¹¹¹ Dosman, *Prebisch*, p. 450 and Anstee, *Never Learn to Type*, p. 247. Anstee noted that the first time they met with the Pearson Commission "our tiny group appeared puny in comparison." (p. 249). Dosman noted that Prebisch suffered "a serious staff disadvantage in numbers, quality and international experience, particularly the absence of senior UN officials... who had helped shape ideas with their severe but loyal criticism." (p. 450).

¹¹² Committee for Development Planning, UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL, OFFICIAL RECORDS, FORTY FIRST SESSION, SUPPLEMENT No. 14, COMMITTEE FOR DEVELOPMENT PLANNING: Report to the Economic and Social Council on the first session of the Committee, held at the United Nations Headquarters (2-11 May 1966), p. 13.

¹¹³ Dosman, *Prebisch*, pp. 452-456.

¹¹⁴ Murphy, *United Nations Development Programme*, p. 146.

¹¹⁵ Raucher, *Hoffman*, p. 148.

¹¹⁶ Anstee, *Never Learn to Type*, p. 265; Gartlan, *Ward*, p. 160.

Strikingly, neither Jackson nor Anstee attended the Columbia Conference, organised by Ward, whereas Pearson and Tinbergen did attend, and the Peterson and Prebisch review teams were represented by their respective staff directors – Edward Fried and Enrique Iglesias.¹¹⁷

The result was that the Capacity Study failed to have a strong impact. The eventual ‘Consensus’ in the UN Governing Council did not endorse Jackson and Anstee’s vision of a country-level focus, instead keeping power in the New York headquarters.¹¹⁸ In 1972, Hoffman retired to be replaced by Rudolph Peterson, who acted as something of an absentee landlord, spending half his time on Bank of America business in California. In 1974 the UNDP, already without strong leadership, underwent a financial crisis as a result of a lack of US funds.¹¹⁹ The UN fared a little better in the reception of Tinbergen’s work. As discussed below, the aid community eventually accepted that the CDP, as the representative of the UN system, would have to continue to provide political leadership in aid. However, Tinbergen’s attempts to turn this into an operational hub failed. On issues important to them, such as an aid target, donors continued to circumvent the CDP and other UN institutions, as shown in Chapter Five. The UN’s ACC meanwhile, which was supposed to coordinate the work of the Specialized Agencies, continued to be poorly regarded at the World Bank.¹²⁰

The field was therefore open for the Pearson Report to have a strong influence on how aid would be administered. The Commission recommended that the World Bank should take a leadership role in negotiation about the formulation of future policy aims for aid. The problem with this was that the Bank’s senior management, McNamara included, did not want this role and other institutions involved in aid were also not keen on the World Bank taking on a dominant position. The recommendation on a World Bank led conference was disliked, even by audiences who were expected to be relatively friendly to the Pearson Report. A Bank official noted in a memo sent to McNamara on October 17, 1969 that Decaux, the Commission’s DAC liaison officer, had got in touch to say that the recommendation “was...not well received at all” at the DAC.¹²¹

¹¹⁷ See attendee lists in Ward et al. (eds.), *Widening Gap*, pp. 347-356.

¹¹⁸ Murphy, *United Nations Development Programme*, p. 149.

¹¹⁹ *Ibid.*, p. 160.

¹²⁰ Transcript of Oral History Interview with William D. Clark held on October 5, 1983, by Robert Asher (Second Interview Session), p. 13, WBGA.

¹²¹ Fritz Steuber to Files, *DAC Preliminary Discussions on the Pearson Report*, October 17, 1968. Bank Administration and Policy: Pearson Commission General – 02. 1547551. WBGA.

The displeasure at the DAC was an early indication of what became the most widespread critique of the Report, which was that it had failed to adequately acknowledge the concerns about aid in recipient countries, or the existing aid framework, and had instead focussed on giving more power to its sponsor, the World Bank. This criticism came from across the spectrum of opinion on aid. Clyde Sanger, the Canadian aid pundit, pointed out that there was “only one black man on the commission.”¹²² He argued that this meant that the Report showed limited understanding of the problems faced by governments in recipient countries and that, as a result, the Report reflected “sense as sense is seen from 1818 H Street in Washington [The World Bank’s headquarters].”¹²³ Robert Asher, from the Brookings Institution, in his review of the multiple reviews released in 1969 and 1970 commented mischievously that:

Authored by persons of unimpeachable integrity and great objectivity, who could not possibly be bought, the various reports come up, *mirabile dictu*, with organizational pyramids that give top place to the agency that put the particular study group into orbit.¹²⁴

Harry Johnson, the Canadian economist, argued that “the World Bank has promoted eight nationally eminent men into eight world spokesmen, and they have reciprocated by promoting the Bank into a major institution of world government.”¹²⁵

The process of resolving which institutions should take the lead in organising the strategy for the Second Development Decade was begun as part of the Columbia Conference. While attendees were generally in favour of taking the first steps towards a ‘world tax system’, they were aware that this would involve investing power in organisations which were efficient and capable of exerting greater powers of coordination.¹²⁶ Richard Jolly from the Institute for Development Studies argued that Jackson’s report had made a strong case for the UN institutions to take on this role.¹²⁷ He lauded Jackson’s report for recognising that the UN system was “politically representative of developing country interests in a way which the allocation of votes in the World Bank and the International Monetary Fund makes virtually

¹²² Sanger, ‘Pearson’s Elegy’, p. 178.

¹²³ Ibid, p. 179.

¹²⁴ Asher, ‘Development Assistance in DD II’, p. 109. See also K. Billerbeck, ‘The Pearson Report- A Critique’, *Weltwirtschaftliches Archiv* 105 (1970), pp. 133-162.

¹²⁵ Quoted in Mason and Asher, *World Bank*, p. 85.

¹²⁶ Ward et al. (eds.), *Widening Gap*, p. 282.

¹²⁷ Ibid, p. 293.

impossible.”¹²⁸ Jolly argued that while the Pearson Commission’s support for World Bank might appeal to donor governments and attract aid funding:

it is precisely at this point of institutional structures that one must not sacrifice long-run advantage for short-run gain. The long-run solution requires a strengthening of those international institutions which have at least some semblance, however slight, of balanced representation of rich and poor.¹²⁹

These criticisms were indicative of a wider feeling that the institutional framework of aid did not give enough weight to the opinions of recipients.

Following the Columbia Conference, a meeting of representatives from donor governments and multilateral institutions was hosted by the Canadian government at Montebello in Canada. The meeting opened with presentations from Pearson, Jackson and Tinbergen. Here splits within the aid community were clear, with Jackson commenting that “Hoffman and McNamara had given an erroneous picture of the harmony and cooperation between their agencies” by trying to mask the conflicts that existed between the World Bank and the UNDP.¹³⁰ The inconclusive nature of the Montebello meeting led to agreement among those present that there should be a further meeting on the issue later in 1970. The German government volunteered to hold this meeting in Heidelberg in June. The Canadian government offered to sponsor a study group to prepare a discussion paper for the Heidelberg meeting.¹³¹

At around the same time, the Pearson Commission’s view of the future of aid administration was endorsed by the report of the Presidential Task Force on International Development, set up by President Nixon in September 1969 to review the US approach to aid, which reported in March of 1970.¹³² The Task Force was led by Rudolph Peterson, a former President of the Bank of America who was to become a Nixon favourite when dealing with aid matters, going

¹²⁸ Ibid, p. 294.

¹²⁹ Ibid, p. 295.

¹³⁰ [Robert McNamara], TRANSCRIPT OF R McN HANDWRITTEN NOTES ON THE MONTEBELLO CONFERENCE, FEBRUARY 22, 1970. Robert S. McNamara Papers - Montebello Conference, Febr. 22, 1970 - Correspondence 01, 1199550. WBGA.

¹³¹ Fried et al., “An International System of Development: Issues and Alternative Approaches”, Prepared for the Meeting on International Development, Heidelberg, Germany, June 18-19, June 1 1970, Explanatory Note. I:24, International Meeting on Development Policy, Heidelberg, Germany, (June 1970), 1968-1970, Robert S. McNamara Papers, Manuscript Division, Library of Congress, Washington DC (LoC).

¹³² See C. Lancaster, *Foreign Aid: Diplomacy, Development, Domestic Politics*, (Chicago, 2007), p. 76 and N. Parkinson, *Educational Aid and National Development: An International Comparison of the Past and Recommendations for the Future*, (New York, 1976), pp. 52-53.

on, as mentioned above, to become the second administrator of the UNDP. As noted in Chapter Two, an ongoing concern of the aid community was that the US government would disengage itself from the aid effort. The Peterson Task Force certainly advocated disengagement in bilateral and monetary terms. It suggested the breaking up of AID into three smaller departments, and opposed any aid volume targets. However it was well disposed to the World Bank, and argued that the US should give more aid multilaterally under the Bank's auspices.¹³³ The Task Force provided the basis for Nixon's own attempts at reform: the abolition of AID was defeated in Congress, but total aid volumes and bilateral aid did decline and multilateral aid did grow significantly as a percentage of US aid-giving, a process dominated by resources being made available to the World Bank.¹³⁴

The working group assembled by CIDA following the Montebello meeting represented an amalgamation of the staffs of the Pearson and Peterson reviews, along with others with ties to the Bretton Woods institutions. The study group was headed by Edward Fried, a Senior Analyst at the Brookings Institution, a Washington based think-tank, who had formerly been a State Department official and the Executive Director of the Peterson Task Force. Fried was assisted by a team of three: Pedro-Pablo Kuczynski, Mahbub ul Haq and Peter Kilburn. Kuczynski had formerly been a manager at the Central Bank of Peru before joining the IMF in 1969; ul Haq had recently joined the World Bank from the Pakistani Planning Commission; and Kilburn, formerly the press officer for the Pearson Commission had subsequently joined CIDA.¹³⁵ Fried and his group also received informal input from Hamilton, who had moved to Brookings as a Vice-President.

However, by the spring of 1970 there was growing suspicion of this attempt to circumvent official processes. Douglas Williams, an ODM official, speaking at a DAC meeting in April 1970 to discuss the aid system, commented that it was difficult to assess the role that the DAC should play because:

There are already so many cooks around this pot. At the present time various aspects of it are, or have been or will be considered by the Bank Board, in the UNDP

¹³³ Nemchenok, 'A Dialogue of Power', pp. 82, 82 and 88. In a private briefing with Nixon, Peterson noted that the World Bank had "very imaginative people", with Fried adding that IDA was 'key' to the Task Force's vision of future aid structures. See Duncombe, *Foreign Relations of the United States, 1969-1976, Volume IV*, p. 304.

¹³⁴ Lancaster, *Foreign Aid*, p. 77.

¹³⁵ Fried et al., "An International System of Development: Issues and Alternative Approaches", Prepared for the Meeting on International Development, Heidelberg, Germany, June 18-19, June 1 1970, *Explanatory Note*. I:24, International Meeting on Development Policy, Heidelberg, Germany, (June 1970), 1968-1970, Robert S. McNamara Papers, Manuscript Division, LoC.

Governing Council, in the Preparatory Committee, in the CDP, in the CPC, in the IAPC and in our own ad hoc group; *not to mention those meetings in which you alone of these here present, Mr. Chairman, participate at such places as Montebello, Ditchley and Heidelberg – meetings of what I understand is called in Washington the “Aid Giving Establishment” or AGE for short* [emphasis added]¹³⁶

Williams was a supporter of a greater role for the UNDP and was worried it would lose ground to the World Bank and ECOSOC. He asked if there was not a danger that “the international bureaucracy is going to kill the poor LDC patient with a surfeit of doctors?”¹³⁷ At this point Martin interjected to protest that there wasn’t a risk of duplication per se rather that “de Seynes [Philip de Seynes, Under-Secretary-General for Economic and Social Affairs] proposal involves staffing the countries to fight off the IBRD and UNDP”.¹³⁸ Williams accepted this, but argued that smoothing out such disagreements should be the purpose of the ‘AGE’ meetings:

surely Mr Chairman...if we could come up with some sensible suggestions here at the DAC, Mr McNamara, Mr de Seynes and Mr Hoffman might be prepared to listen to you...I see no reason at all why, with a bit of tact behind the scenes, Mr McNamara’s band should not be convinced to play a few tunes from the Tales of Mr Hoffman and even Mr de Seynes sub regional pop groups might have a go at the Barcarole.”¹³⁹

Williams was therefore symptomatic of a wider feeling amongst those involved in aid. While regarding the ‘AGE’ meetings somewhat disdainfully, they recognised that these ‘unofficial’ meetings of the core of the aid community represented the arena where those with the power and resources to change how development was practiced gathered. The power to include and integrate the membership of these meetings was indicative of how a small group of power brokers, including Clark, Ward and Martin were increasingly acting as the community operators of the aid community.

McNamara’s Decision: Heidelberg

¹³⁶ OECD Archive (Paris) Annex to DAC (70) 4, DEVELOPMENT ASSISTANCE COMMITTEE, Summary Record of the 141st Session held at the Chateau de la Muette, Paris on 14th-15th April, 1970, 23rd April, 1970, p. 1.

¹³⁷ Ibid, p. 3.

¹³⁸ Ibid.

¹³⁹ Ibid, p. 4. Jacques Offenbach’s *The Tales of Hoffman* (1881) features a famous Barcarolle ‘Belle Nuit, O Belle de Nuit’ at the start of Act Three. A barcarolle is a folk song sung by Venetian gondoliers.

The issue of administration remained the subject of high-level aid diplomacy well into 1970. Increasingly, recipients were shut out of these discussions. Partly because of the ongoing and acrimonious debates around this issue, McNamara announced at a meeting of donors at Heidelberg in Germany that the World Bank would not be taking on a political leadership role. Instead, the Bank under McNamara would focus on increasing its technical competencies into new areas. This won over some in the aid community who had previously been critical of the Bank. However, it also paved the way for the real power in aid to move further away from the political discussions at the UN.

The intense politics surrounding the issue of administration often meant that the precise origins of meetings were left obscure in order to give them an air of authenticity while allowing for the exclusion of delegates who would have to be invited to contribute if the meetings were officially held under the auspices of the UN or the World Bank. At the Ditchley Park Tidewater meeting in April 1970, Edwin Martin argued that “the (Heidelberg) meeting should be restricted to a small group of high level political authorities.”¹⁴⁰ This was an attempt to restrict those who would attend primarily to those who also attended the Tidewater meetings. As recounted in Chapter Two, the Tidewater meetings had originated as a means of bringing together the aid community without having representatives from recipient countries – something which would have been politically damaging if the meetings had been held under the official auspices of the UN, the World Bank or even the DAC.

Ernst Michanek, the Swedish aid minister, argued at Ditchley that this emphasis should be acknowledged, and “urged the need for a discussion of development strategy. Targets were all very well, but...Who was to develop the strategy: IBRD, UNDP, ECOSOC?”¹⁴¹ The issue of who would be in charge of setting aid policy was clearly understood to be as important as overall aid levels. It was therefore troubling to many of those involved in aid that the recipient countries were so poorly represented at these meetings. At Ditchley, Anthony Tasker, the new Director of the ODI, suggested that “some LDC representation should be secured at the [Heidelberg] meeting.” Martin shut this suggestion down, saying it was “politically impracticable.”¹⁴² This was a particularly striking statement given that at Montebello there had been recipient representation. Hamilton addressed this issue in a letter to John Hannah, the new Administrator at AID, explaining that:

¹⁴⁰ LUSC MS Boyle 660/13/39934, [Anthony Tasker], ‘NOTES ON TIDEWATER III: An International Meeting on Development Aid held at Ditchley Park, England, on 11-12 April, 1970’, p. 5.

¹⁴¹ Ibid.

¹⁴² Ibid.

What concerns me is the composition of the (Heidelberg) meeting... As I understand it the hosts of the Heidelberg meeting have decided to exclude from the Montebello cast the Presidents of the regional banks, the Director General of UNCTAD, and all the authors of this year's spate of international appraisals of development cooperation with the exception of Lester Pearson.¹⁴³

Hamilton was worried about the perception which this would give, arguing that:

*it will be suggested that the paring of the invitation list was part and parcel of an attempt at a palace coup of the development effort by the World Bank. [emphasis added] I need not remind you of the suspicion with which several, particularly in the leadership of the regional banks, view the whole Pearson Report-Montebello-Heidelberg sequence. To these people the dropping of the regional bank presidents and the UNCTAD representative (while the DAC Chairman is retained), along with the "favouritism" demonstrated for Pearson (e.g. as opposed to Prebisch), will be seen as part of a consistent and nefarious scheme.*¹⁴⁴

Hamilton's intervention was only partly successful. Jackson, Prebisch and Tinbergen were all invited to Heidelberg alongside Pearson; as was the Secretary-General of UNCTAD, Manuel Guerrero. Despite this, of the twenty-eight participants, only two (Guerrero and Prebisch) were representatives of organisations which primarily drew their support from recipient countries. The majority of those present were politicians and officials with a bias towards the donor countries.¹⁴⁵ This composition did not go unnoticed by sceptical audiences: Clark recalled in his memoirs that the meeting drew protests from student groups who viewed aid as a new form of imperialism.¹⁴⁶

The meeting focussed on discussing how an appraisal system for the international aid machinery as a whole might be created. There was a clear power struggle going on between two primary possibilities for who would lead this system – the UN or the World Bank. Fried laid out three broad possibilities in terms of how this system could be run "UN-centred

¹⁴³ Edward K. Hamilton to Dr. John A. Hannah, May 28, 1970. I:24, International Meeting on Development Policy, Heidelberg, Germany, (June 1970), 1968-1970, Robert S. McNamara Papers, Manuscript Division, LoC.

¹⁴⁴ Ibid.

¹⁴⁵ Erhard Eppler to Mr. Robert S. McNamara, 'INTERNATIONAL MEETING ON DEVELOPMENT POLICY: Heidelberg, Hotel Europäischer Hof, 18th to 19th June, 1970', July 13, 1970, pp. 2-3. I:24, International Meeting on Development Policy, Heidelberg, Germany, (June 1970), 1968-1970, Robert S. McNamara Papers, Manuscript Division, LoC.

¹⁴⁶ Clark, *From Three Worlds*, pp. 259-260.

systems; systems requiring new machinery; and a World Bank-centred system.”¹⁴⁷ It was noted that there was “Apprehension over the growing power of the World Bank, which tends to be viewed by developing countries as a lenders’ institution”¹⁴⁸ However, while the UN was liked by the ‘borrowing countries’ because “this organization is taken to represent their point of view and because it is world-wide in character,” the ‘lending countries’ who were supporters of the World Bank were “more sceptical, principally on grounds of effectiveness. They are not prepared to channel sizeable capital assistance resources through UN organs.”¹⁴⁹ The Fried paper therefore suggested that there was a distance between what was politically possible, and what was technically desirable – a refrain which echoed the tone of the Pearson Report, albeit expressed more openly for a private audience.

The Heidelberg meeting presented Hamilton with the chance to try again to have his proposal of a World Development Council (rebranded as an ‘International Development Council’) accepted, as a potential ‘third-way’ between a UN and World Bank dominated system. Once again it met with criticism. The Fried paper noted that “perhaps the most serious barrier to establishing such a council is the image it suggests of a high degree of centralization and of binding commitments.” The working group went on to question whether such a group would be sufficiently critical of development schemes in which they were involved, and argued that development was not yet an accepted enough idea to allow a council to operate at such a high-level.¹⁵⁰ Richard Demuth wrote to McNamara that:

I don’t think Fried is sufficiently critical of Ed Hamilton’s International Development Council...I am firmly convinced that a 19-member Council of busy officials...cannot perform the function of an effective co-ordinating body.¹⁵¹

Hamilton’s proposal was therefore largely ruled out before the meeting began. The reasons for this were interesting: essentially Hamilton was proposing that the Tidewater meetings should be formalised and include recipient country membership to make them more politically legitimate. By rejecting this, Martin, Fried and Demuth were arguing that

¹⁴⁷ Fried et al., “An International System of Development: Issues and Alternative Approaches”, Prepared for the Meeting on International Development, Heidelberg, Germany, June 18-19’, June 1 1970, p. 3. I:24, International Meeting on Development Policy, Heidelberg, Germany, (June 1970), 1968-1970, Robert S. McNamara Papers, Manuscript Division, LoC.

¹⁴⁸ Ibid, pp. 6-7.

¹⁴⁹ Ibid, p. 7.

¹⁵⁰ Ibid, p. 12.

¹⁵¹ Richard H. Demuth to Mr. McNamara, ‘Ed Fried’s Paper on Review and Appraisal Machinery’, June 12, 1970, p. 1. I:24, International Meeting on Development Policy, Heidelberg, Germany, (June 1970), 1968-1970, Robert S. McNamara Papers, Manuscript Division, LoC.

continued donor domination of the aid machinery would have to rest on technical expertise and an unacknowledged acceptance of the realities of donor power. They believed that a formal political body set up to co-ordinate aid which acknowledged the dominance of donors would not be able to gain legitimacy or operate efficiently.

The third option put forward in Fried's paper was the argument that the World Bank should sit at the centre of the aid system. Fried praised the Bank's technical competencies, and went on to argue that politics was becoming less important in aid matters.¹⁵² Demuth was more complimentary about this idea, though he doubted that the Bank currently had the capacity to fulfil the role which Fried proposed for it:

The "World bank-centred" proposal, which I assume to be Fried's own contribution, is imaginative but I do not believe that it is realistic. We are nowhere near being able to draw up a "world development budget" encompassing all the external development finance requirements of all the LDC's.¹⁵³

While Demuth saw the technical parts of the proposal as a potential end-point of the Bank's work, he was considerably more sceptical about the proposed political role which the Bank's Executive Directors were supposed to play:

I don't believe that LDC's could politically accept the proposition that the top forum should be our Board of Governors rather than the U.N. General Assembly...this position might, indeed, have strongly adverse effects on the professional, non-political character of the Bank itself.¹⁵⁴

This response was indicative of the negative reaction of the senior management of the World Bank to the attempts by others to offer it a political leadership position in aid review and coordination, which contrasted with their positive acceptance that the Bank might play a greater role as a technical leader in assessing how aid could best be used.

The World Bank management decided to emphasise the leadership role which the Bank could undertake in developing statistical ways of measuring development and working on technical solutions to the problems and bottlenecks which would be revealed by this process. This was

¹⁵² Fried et al., "An International System of Development: Issues and Alternative Approaches", Prepared for the Meeting on International Development, Heidelberg, Germany, June 18-19, June 1 1970, pp. 14-18. I:24, International Meeting on Development Policy, Heidelberg, Germany, (June 1970), 1968-1970, Robert S. McNamara Papers, Manuscript Division, Library of Congress, Washington DC (LoC).

¹⁵³ Ibid.

¹⁵⁴ Ibid.

the position which McNamara took, decisively, at Heidelberg. Speaking for the first time during the debate about an institutional framework, he explained that:

(a) he cringed at proposal of a World Bank-centred global appraisal process; (b) “confidentiality” can be maintained while majority of data are made available for global analysis; (c) [the] Bank will function as a “service” organization and make its data and analyses available and further accept requests for special information and/or special analyses.¹⁵⁵

The intervention put an end to the possibility of the Bank taking on the leadership role assigned to by the Pearson Report. Pearson, speaking later in the meeting, clearly regretted this outcome, commenting that:

There seems to be no alternative to trying to work out within the UN framework a form of permanent Tinbergen Committee...If Tinbergen group is to be influential, it must be “independent” and this is going to be difficult if it is “in” the UN instead of “of” but outside the UN.¹⁵⁶

The failure of the Pearson Commission to stimulate a political leadership role for the World Bank was made clear in McNamara’s memo for the Executive Directors, presented in July 1970, on the recommendation of a World Bank-led conference on aid administration:

within the U.N. system, of which the Bank...is part, these functions are the responsibility of the Economic and Social Council (ECOSOC)...I have taken the position, which I believe to be correct, that I could appropriately take action under this particular recommendation only after consultation with, and preferably in cooperation with, the Secretary-General of the United Nations.¹⁵⁷

Specifically referencing the Montebello and Heidelberg meetings, McNamara recorded that:

It was the consensus of participants that review and appraisal machinery should be implemented with a minimum of new machinery, and that it was neither desirable nor

¹⁵⁵ [Anonymous], ‘Heidelberg – June 19, 1970’, p. 2. I:24, International Meeting on Development Policy, Heidelberg, Germany, (June 1970), 1968-1970, Robert S. McNamara Papers, Manuscript Division, LoC.

¹⁵⁶ Ibid, p. 5.

¹⁵⁷ Robert S. McNamara, MEMORANDUM TO EXECUTIVE DIRECTORS, Subject: Pearson Commission Recommendation No. 33 Concerning Creation of Evaluation Machinery, July 8, 1970, p. 2. President’s Memoranda on Report Recommendations 3. 30032743. WBGA.

feasible to reopen the decision of the Preparatory Committee that review and appraisal at the global level should take place within the U.N. framework.¹⁵⁸

On the basis of this dual reasoning, McNamara argued “it would be inappropriate, at this time, for the Bank to sponsor still another conference on the subject.”¹⁵⁹

What led to McNamara’s rejection of the political leadership role that the Pearson Report had offered him and his organisation? The answer is probably related to McNamara’s personal position. Following his time as Secretary of Defense and the public scrutiny caused by his running of the Vietnam War, he embraced the prospect of having a lower, less political profile.¹⁶⁰ Clark noted that McNamara became very attached to the idea that he was an international civil servant.¹⁶¹ For both these reasons, McNamara may not have wanted to take on the issue of re-shaping the political machinery of aid. However, McNamara also came to the conclusion that there was not much in it for the Bank. It was difficult to find any audience which wanted the Bank to take on a political leadership role. If he had been in any doubt about the rivalries that existed in the aid system, the meetings at Montebello and Heidelberg would have thrown them into sharp relief. Many of his own staff members were also opposed to the idea, especially Richard Demuth and his Development Services staff who led the Bank’s internal review of the Pearson Report. Instead the Bank’s leadership would come in another way. McNamara and his advisors were planning to move the Bank into new lending areas in which it had not previously attempted to demonstrate its technical prowess.

McNamara’s hand was strengthened in this respect by the retention of the IDA as part of the World Bank Group. Having put overt pressure on the Commission to tone down Lewis’s calls for a new multilateral soft loan agency divorced from the Bank, McNamara quashed the more ‘moderate’ recommendations for organisational change in a memo to the Bank’s Executive Directors. McNamara argued that the market was not concerned with the specifics of Bank spending, as long as the institution maintained its creditworthiness. On this basis, he argued, the Bank should follow the IDA into new areas of lending, rather than creating a new institution for this purpose. McNamara concluded that:

¹⁵⁸ Ibid, p. 3.

¹⁵⁹ Ibid.

¹⁶⁰ Shapley, *McNamara*, p. 495.

¹⁶¹ Clark, *From Three Worlds*, p. 247.

No change in IDA's organization is now, or is likely to become, necessary to achieve the objectives sought by the Commission and I do not believe that any such change would be desirable.¹⁶²

This approach of moving the Bank into new areas of development lending was successful in winning over even some of the Bank's sternest critics, including Richard Jolly, who wrote in 2009 that:

Within a year or two, McNamara had established himself as a visionary World Bank President, the best the World Bank has ever had. He...gave a clear focus to poverty reduction and greatly expanded the Bank's resources and reputation.¹⁶³

McNamara was therefore able to gain a sense of what was acceptable to the World Bank's target audiences from the Pearson Commission's Report, and acted accordingly to maximise the power and autonomy of the World Bank.

Conclusion

The Commission's recommendations on an 'international framework for development' were informed by the need to find compromises within the Commission which would also be acceptable to a wide range of audiences: and importantly, more acceptable than those of other reviews, some of which were recipient-dominated. During this work, those involved in the Pearson Commission found themselves under outside pressure. The result was that more 'radical' proposals put forward, from different positions, by Hamilton and Lewis, were made more 'moderate', partially through interventions from the leadership of the DAC and the World Bank, to the point where they could be easily dismissed by opponents. This meant that the Commission's recommendations focussed on the World Bank as a 'compromise candidate' for the role of coordinating and administering aid. This position was strengthened by the lack of a strong alternative leader offered by the other contemporary reviews.

However, it was made clear during discussions in 1970 on the future of aid administration that there was significant opposition to the World Bank taking on a political role. McNamara therefore avoided a major struggle over political leadership in favour of building up the

¹⁶² Robert S. McNamara, MEMORANDUM TO EXECUTIVE DIRECTORS, Subject: Pearson Commission Recommendation No. 31 Concerning Need for Organizational Changes in IDA, December 11th, 1969, p. 2. President's Memoranda on Report Recommendations 3. 30032743. WBGA.

¹⁶³ R. Jolly, 'Robert McNamara and IDS', (2009) [<http://www.ids.ac.uk/news/robert-mcnamara-and-ids>, accessed 12 April 2016].

resources and reputation of the World Bank as a technical operator. This proved compelling within the aid community, even among formerly strong supporters of the UN, not least because they believed that the World Bank might now effectively practice what had been long-held UN ideas. It was also attractive to donor governments, who viewed the World Bank more favourably than the UN, and in some cases as more capable than their own bilateral agencies. The results which this mood among donors and the aid community had are explored in the next two chapters.

Chapter Five: The 0.7 per cent Aid Volume Target

This chapter analyses the best-remembered of the Commission's recommendations: that donor governments should commit 0.7 per cent of their countries' Gross National Product (GNP) per annum to Official Development Assistance (ODA). It argues the final formulation was the result of a moderating process during the work of the Commission, and that it was primarily designed to appeal to donor governments. The chapter then analyses the negative reception which the target received on both a technical and operational basis. The link which the Commission made between the aid target and economic growth was generally rejected or side-lined, and the target had only a modest operational impact in increasing the aid made available by DAC members.¹ Moreover, whereas the ODA flows were supposed to increase rapidly, in reality they stagnated throughout the decade.²

These faults have led some to question the usefulness of the 0.7 per cent target. Clemens and Moss argued that it was "conceptually flawed and inaccurate" and therefore unlikely to be an effective lobbying tool, especially against the US government.³ Stephen Dobransky meanwhile used it as an example of a regime that should be more strictly enforced by its members, in order to maximise the resources made available for recipient countries. This chapter argues that both these critiques are inaccurate. Despite the lack of operational or technical impact of this recommendation, it was accepted by all the donors apart from the US (which nonetheless moved from hostility to neutrality on the issue of an aid target). As important as the 0.7 per cent figure was the acceptance of the definition of official development assistance (ODA) which went with it, and was less generous than the definition that recipient governments and some international organisations had been asking for. Given the Commission's inability to have such an impact in other areas it is striking that this particular target was so widely accepted. It represented the first time that donor governments had acknowledged in international forums that they had a duty to give public money as aid, as opposed to ensuring there was a composite flow of public and private finance from their countries to recipients. This acceptance continues to define aid diplomacy today.

¹ Führer, 'A History of the Development Assistance Committee', p. 26. Sweden attained the target in 1974, followed by the Netherlands (1975), Norway (1976) and Denmark (1978).

² Ireton, *Britain's International Development Policies*, pp. 220-221. In 1970 the DAC average had been 0.34%: this rose only fractionally to 0.36 per cent by 1975, the first date for achievement set by the Pearson Report, and marginally again to 0.38 per cent by the 'escape clause' deadline of 1980.

³ Clemens and Moss, 'The Ghost of 0.7 per cent', (2007), p. 21; Dobransky, 'Official Development Assistance', pp. 613 and 628-629.

It is argued that three factors played an important role in this acceptance. Firstly, there was strong support for a target among the aid community, some donor governments, and recipient governments. Donor governments who were against a target felt increasingly isolated, and were looking for a compromise. Secondly, the Pearson Commission, with its donor-orientated make-up and goodwill among donor institutions, was well-placed to provide such a compromise and did so by providing a target that paired quite a strong basic proposal with a series of qualifications to appease donors. Thirdly, once the Commission had recommended it, the target had strong institutional support from the DAC. By analysing the reception and adoption of this recommendation this chapter will examine how the Pearson Commission positioned itself as a moderating body during the turbulent international political situation in the late 1960s and early 1970s and allowed the aid community to dominate the discussions about an aid target.

The Origins of an Aid Target and the Early Discussions of the Pearson Commission

When the Pearson Commission began its work, the issue of an aid volume target was a contested and high-profile topic of aid diplomacy. Religious groups, parts of the UN system, and development economists, along with recipient governments, were lobbying donors to accept a target, a step which was being resisted by some donors led by the UK and the US. This situation has led some to argue that the primary purpose of the Commission was to endorse the UNCTAD target that donors should give 0.75 per cent of their GNP in official assistance by 1971. However, the early discussions of the Commission show this was not the case: opposition led by Douglas Dillon and Wilfried Guth at the Mont Gabriel meeting forced the staff to recalibrate the target so that it would be acceptable to donors in its volume, terms and timetabling. This led to a backlash from Lewis and Pearson at the Rome meeting, where they argued that the UNCTAD target could not be so completely ignored

The idea of an aid target originated in 1958 when the World Council of Churches (WCC) advocated a one per cent total transfer target for capital, including both public and private flows, from donor to recipient countries. Led by Barbara Ward among others, they continued to press donor governments to meet this target throughout the 1960s.⁴ Ward was also in part responsible for having the idea of an aid volume target picked up in the UN system, and a one per cent target was endorsed by the UN General Assembly in 1960. More pressure was put on

⁴ Clemens and Moss, 'The Ghost of 0.7 per cent', (2007), pp. 4-5; Gartlan, *Ward*, p. 147. Ward, as a Catholic, acted as a liaison between the Protestant WCC and the Vatican.

donor countries through the UNCTAD meetings in 1964 and 1968.⁵ These efforts were supported by academic work that argued a 1 per cent transfer of resources would create ‘self-sustaining growth’. This argument had its roots in the Harrod-Domar model, created in the 1930s and 1940s, which had posited that economies were dynamic, and economic growth could be created through manipulation of investments, savings and demand.⁶ During the 1960s several economists began to create models for aid on this basis.⁷ One of these was Tinbergen, who through his work on a ‘World Development Plan’ at the Committee for Development Planning calculated a target for official flows of 0.75 per cent of donors’ GNP. This formed the basis for a proposal endorsed at UNCTAD’s 1968 meeting that this target should be met by 1971.⁸ Those opposed to such a target included many of the major donors, with strong opposition coming from the UK and the US.

As a result of this background, some have argued that creating an aid target was the main aim of the Commission.⁹ This argument is not supported by the work and discussions of the Commission. At the Mont Gabriel meeting in November 1968 the “sense of the discussion” was that the Commission ought to endorse UNCTAD’s one per cent of GNP target for total volumes. However, the discussion of aid targets was “murky and inconclusive”.¹⁰ The Commission was split on whether an aid volume target should even be recommended; and in the ‘yes’ camp they were split on the question of the level and purpose of such a target. Lewis was enthusiastic about the Commission drawing a link between aid and growth, and:

argued that the Report should argue for more aid partly because we know so much more about the process of growth than ever before...this proposition could probably

⁵ Clemens and Moss, ‘The Ghost of 0.7 per cent’, (2007), p. 6.

⁶ The two men had actually worked separately, rather than as collaborators. R. Harrod, ‘An Essay in Dynamic Theory’ *Economic Journal* 49 (1939), pp. 14-30. E. Domar, ‘Expansion and Employment’, *The American Economic Review* 37 (1947), pp. 34-55. See W. Peterson, ‘Economic Policy and the Theory of Economic Growth’ *Nebraska Journal of Economics and Business* 2 (1963), pp. 31-42 for a summary of the Harrod-Domar model.

⁷ For an early example, see P. Rosenstein-Rodan, ‘International Aid for Underdeveloped Countries’, *The Review of Economics and Statistics* 43 (1961), pp. 107-138. Rosenstein-Rodan, a former chief economist of the World Bank, tentatively suggested an aid target of 0.5 per cent and explicitly tied this to create self-sustaining growth in recipient countries. See also, H. Chenery and A. Strout, ‘Foreign Assistance and Economic Development’, *The American Economic Review* 56 (1966), pp. 679-733.

⁸ OECD, ‘History of the 0.7% ODA Target’, (2016), p. 1. [<http://www.oecd.org/dac/stats/ODA-history-of-the-0-7-target.pdf>, accessed 6 April 2016].

⁹ See Clemens and Moss, ‘The Ghost of 0.7 per cent’, (2007), p. 7; Sharma, ‘McNamara at the World Bank’, pp. 174-175’.

¹⁰ Ed Hamilton to Robert McNamara, ‘Summary Observations on the Montreal Meeting’, December 20th, 1968, p. 2. IPA – Pearson Commission – General 1968. 30030627. WBGA.

best be demonstrated by a set of objectives connected to a set of rough aid magnitudes.¹¹

Here Lewis was nodding towards the theory that an aid target could be roughly linked to self-sustaining levels of growth: it was generally argued that this was represented by growth rates of between six and seven per cent. Tinbergen had reiterated his belief in such a model by indicating in a journal article published just before the Mont Gabriel meeting that the Committee on Development Planning (CDP) under his leadership would be arguing for an average rate of growth in income of seven per cent for all developing countries to be financed by aid from 'developed' countries in a process which would be administered by the UN.¹²

However, as noted in Chapter One, the mood among donor governments was turning against such theorising. This mood was amply represented at Mont Gabriel. Guth doubted whether targets for aid volumes were useful, and especially wanted to avoid "the aid-growth linkage, both because he disagrees with the concept and because he is worried about the effect if predictions are wrong."¹³ Dillon agreed with Guth in 'warning against' any exercises in what they termed "Tinbergen economics."¹⁴ As shown in Chapter Two, supporters of the Commission saw it as a donor riposte to the work of the CDP, which they believed would create unrealistic expectations of what resources donor governments could and should dedicate to aid.

As noted in Chapter Four, Hamilton reported to McNamara that the Commissioners were 'ready and willing to recommend more aid.'¹⁵ However, he noted that the majority of the Commissioners were sceptical about whether aid could be increased, and wanted to avoid 'radical' new approaches.¹⁶ The result was a staff paper, primarily authored by Ernest Stern, for the Rome meeting which suggested targets which were linked to donor countries' existing aid programs rather than a universal target. It argued necessary magnitudes could be measured in two ways: firstly in terms of what donor countries could "reasonably" be expected to give, and secondly by what recipient countries required in terms of their development needs. It then argued that recipients could absorb much greater resources, especially if they were given on favourable terms and with administrative help. The real

¹¹ Ibid.

¹² J. Tinbergen, 'Wanted: A World Development Plan', *International Organization* 22 (1968), p. 431.

¹³ Ed Hamilton to Robert McNamara, 'Summary Observations on the Montreal Meeting', December 20th, 1968, p. 2. IPA – Pearson Commission – General 1968. 30030627. WBG.A.

¹⁴ Ibid.

¹⁵ Ibid, p. 3.

¹⁶ Ibid, pp.1 and 3.

barrier to increased volume, therefore, was finding a rationale which was acceptable to donor governments. Once a rationale which linked aid and development was accepted “magnitudes begin to emerge.”¹⁷ But Stern’s paper left open the question of whether the rationale would be to do with maintaining peace and security, or creating economic growth.

This initial argument in Stern’s paper was heavily focussed on donor politics. However, it then pointed out that it was complicated by “Another magnitude on the donor side...the acceptance of the one per cent target.”¹⁸ Because it had been accepted by donor governments, the paper argued that the Commission would have to address:

Where between these two magnitudes [i.e. aid volumes related to performance monitoring as against the one per cent target] do we stand and which way are we moving?”¹⁹

In either case, it was being argued that any recommended aid volume would be decided by donor politics rather than recipient need. With this focus on donor politics, the paper argued that the one per cent target was not offering enough of an incentive for action:

[in 1967] the average for all DAC members was 0.75 per cent of GNP – but lest this figure look like a milestone on the way to success it is worth noting that the percentage has dropped almost every year since 1960...Of equal relevance is the fact that of the major donors (...France, Germany, Japan, U.K., U.S.) only Japan did better in 1967 than in 1961²⁰

To compound this problem, the target did not provide any measuring mechanism through which to hold the donor governments to account:

The aggregative nature of the target has led to the broadest possible definition of the flows to be counted...Since no definition of aid has been agreed upon all flows are included -- whether or not they are related to development -- regardless of terms.²¹

The Commission would have to decide what would be acceptable to donor governments in terms of a definition for what comprised ‘aid’.

¹⁷ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 6, Folder 1, ‘C.I.D. Rome Committee Meeting Staff Papers. Part 1’, Mar. 1969. [Ernest Stern], TARGETS FOR AID FINANCING, 2/25/69, p. 1.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid, pp. 1-2.

²¹ Ibid, p. 4.

By the late 1960s, the donors included a wide range of flows in their definition of aid, including loans given at commercial levels and export credits used to support donor businesses in exporting to recipient countries. This was contested by recipients, as explained in the Stern paper:

Given the disparity between the all-inclusion donor definition and the much more limited recipient definition it is little wonder that the recipients cannot understand the satisfaction of the donors or that the donors fail to understand the discontent of the recipients.²²

The paper argued that only government-to-government grant and concessional lending should be counted as ‘aid’: “Any definition is bound to be arbitrary...but inter-governmental loans and capital grants orientated to development provides the best concept.”²³ In other words, only by defining ‘aid’ in a way which was commonly recognised could the Commission command the respect of recipient countries and create a common set of expectations going forward.

Despite these major reservations about the one per cent target, the paper argued that because the target was “firmly embedded in the development jargon” it should be endorsed by the Commission, though the paper also argued that:

it becomes a dangerous opiate if it is not clearly understood that how the target is reached is of prime importance. The major effort must be in inter-governmental capital flows, on terms consistent with development objectives.”²⁴

The paper therefore put forward two proposals for how aid volumes should be monitored and consistently raised. The first proposal was for “a growth rate of five per cent per year from 1970 to 1975 in net official bilateral loans” while the second was “to increase gross lending by five per cent annually.”²⁵ In an example of the bias towards finding volume targets acceptable to donor governments the ‘principal reason’ given for the Commission to recommend the first option was that it might be easier to negotiate with donor governments against the background of ‘declining aid availabilities’.²⁶

²² Ibid.

²³ Ibid.

²⁴ Ibid.

²⁵ Ibid.

²⁶ Ibid, p. 14.

The paper was a major subject of debate at the Rome meeting. There was agreement among the Commissioners that the “one per cent GNP target already accepted by DAC as well as the LDCs, should be endorsed.”²⁷ However, it was also accepted by the majority of the Commissioners that this was not enough, with Marjolin arguing that:

it would be “extremely unrealistic” for the Commission to satisfy itself with a restatement of the one per cent target which is already on the books, but has not stimulated action by the major donors.²⁸

Where the Commissioners disagreed was on the question of how an aid target that would contribute towards attaining the one per cent target should be formulated.

On the donor-focussed end of the spectrum, Guth felt the staff’s suggestion of a five per cent annual growth in loans was ‘perfectly in order’. This was not based on any technical calculation. As Guth put it:

The basis for recommending five per cent growth in net intergovernmental loans (rather than the nine per cent or so which would be implied by achievement of one per cent of GNP by the mid-1970’s) was a straight political judgement that, in a context of actual decline, five per cent growth might be acceptable whereas nine per cent would be considered visionary.²⁹

This focus on the political needs of donor governments by the staff paper and by Guth came in for criticism. For the first time the 0.75 per cent target for official assistance proposed by the UNCTAD secretariat was brought into the discussion. The minutes recorded that a ‘strand of opinion’ insisted on the one per cent target.³⁰

Several Commissioners felt it would be wrong to undermine either the one per cent or the 0.75 per cent target. Pearson “felt that any proposal that could be construed as justification for not reaching the 1 per cent target was unacceptable”³¹ while Lewis warned “if all the Commission’s recommendations concerning official transfers added up to less than [0].75 per

²⁷ LUSC MS Boyle 660/13/39853, [Commission Staff], ‘SUMMARY OF THE PROCEEDINGS OF THE SECOND MEETING OF THE COMMISSION ON INTERNATIONAL DEVELOPMENT HELD AT ROME, ITALY MARCH 13-15, 1969’, p. 9.

²⁸ Ibid.

²⁹ Ibid.

³⁰ Ibid.

³¹ Ibid, p. 10.

cent of donor GNP...its Report would be totally discredited in LDCs.”³² On this basis, Lewis added, the staff’s suggestion of a five per cent annual growth would not be sufficient.³³

No firm conclusion was reached. Pearson asked the staff to calculate what their proposed recommendations implied in terms of total flows, in time for the next meeting, so this could be compared to the one per cent target, and to calculate what would be the:

quantitative implications for growth in intergovernmental loans and grants assuming fulfilment of the one per cent target by 1972, 1975, or 1980 – also assuming that intergovernmental flows will comprise their present percentage of total flows.³⁴

This shows the emphasis in the debate on aid volumes had shifted during the debate at Rome and had become more detailed. Where the staff had tailored their proposals to the political needs of donor governments, and received support from Guth on this basis, Lewis and Pearson had rejected this approach, and argued for a closer observance of targets which were acceptable to recipient opinion. The staff had been tasked with creating a compromise that would be widely politically acceptable. This would involve crafting technical elements concerning timetabling and the definition of aid which would complement the political approach of the Commission.

To meet these requirements, the staff paper prepared for the Copenhagen meeting reflected a shift towards supporting the UNCTAD target, which was endorsed by recipients, rather than the Commission creating new targets that would appeal to donors. The paper pointed out that while resource flows were stagnating as a result of the actions of the major donors, the “requirements of the less developed countries have grown.”³⁵ The one per cent target had traditionally been used to put pressure on donors. However, the staff paper argued that “no time limit for reaching this target has ever been agreed to. Without a specific time frame this target is too open-ended to be operationally useful.”³⁶ The Commission would therefore have to recommend timetables for any target which it introduced. The second problem with the one per cent target was that it did not “distinguish between different kinds of flows and their different concessional value or cost to the recipient.”³⁷ To resolve this second issue, the paper

³² Ibid.

³³ Ibid.

³⁴ Ibid.

³⁵ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 5, Folder 12, ‘C.I.D. Copenhagen Committee Staff Meeting Papers’, June 1969. [Commission Staff], AID MAGNITUDES, p.1.

³⁶ Ibid.

³⁷ Ibid.

began by recommending that “To assure a better blend, a specific subtarget for official flows, at 0.75 per cent of GNP, is suggested.”³⁸ This paper specifically acknowledged that this headline target had been taken from the work of the UNCTAD secretariat.³⁹

However, on the ‘technical’ issue of how aid should be defined the staff turned to the work of the DAC to define ‘official development assistance’ as opposed to the more general concept of ‘official assistance’ on which the UNCTAD 0.75 per cent target was based. The aim here was to use technical measures to help create a recommendation that would be more appealing to donor governments. In February of 1969 the DAC member governments had reached a consensus on a supplement to their terms and conditions of aid agreement in 1965. The 1969 supplement was the first time that ODA (official development assistance) as a concept had been agreed upon, with DAC members coming to a preliminary agreement that ODA should be concessional in character, and therefore the concessionality of export credits should be investigated, with an eye towards excluding them from ‘official aid’ flows. Stricter terms were also established on the concessionality of loans which could count towards ODA.⁴⁰ The staff paper for Copenhagen welcomed this work, suggesting that the new definition of ODA should be used by the Commission in establishing the sub-target for aid.⁴¹ As discussed below, this would be more appealing to donors, because the DAC definitions of what comprised aid would be less stringent those argued for by Tinbergen and the CDP.

The Pearson Commission staff’s use of work undertaken at both UNCTAD and the DAC was important because the two institutions served different constituencies with divergent outlooks. Indeed, the DAC had set up a Working Party in the 1960s to coordinate members’ positions on issues which were likely to arise at the UNCTAD meetings. This Working Party had previously been used in 1968 by some DAC members to help frustrate recipient efforts to force an aid target on them. Preliminary discussion in the Working Party before UNCTAD-II found that there were “no substantial prospects of agreed positive offers to be made by the

³⁸ Ibid.

³⁹ Ibid, p. 14.

⁴⁰ OECD Archive in Paris (OECD Archive) DAC (69) 9 Final, 24th February 1969. See also W. Hynes and S. Scott (2013) “The Evolution of Official Development Assistance: Achievements, Criticisms and a Way Forward”, OECD Development Co-operation Working Papers, No. 12, OECD Publishing, pp. 4-5. [<http://dx.doi.org/10.1787/5k3v1dv3f024-en>, accessed 6 April 2016].

⁴¹ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 5, Folder 12, ‘C.I.D. Copenhagen Committee Staff Meeting Papers’, June 1969. [Commission Staff], AID MAGNITUDES, p. 5.

developed countries.”⁴² The result was that while concessions were made at the meeting by DAC members, including that the one per cent target for GNP should be measured at market prices in place of net national income at factor cost (effectively increasing the worth of the target by 25 per cent), these were phrased in such a way as to make them worthless without further action.⁴³ The task of the Pearson Commission was to find a way of mediating these disagreements in their recommendations in order to create a widely accepted target.

Decision on Recommendations

The eventual targets show that while concessions were made to recipient opinion, the focus remained on appearing ‘reasonable’ to donor audiences. The 0.75 per cent target proposed by UNCTAD was initially used as a working figure, but the terms and timetables against which donors would be assessed were chosen to soothe donor concerns: as part of this process the target was adjusted to the 0.7 per cent figure. Stewardship of ensuring that the target was accepted by donors, and that they stuck to their commitments, was given to the World Bank, with the DAC in a supporting role. Under pressure from Lewis meanwhile, the target was tied to the rationale of self-sustaining growth as part of a wider effort to present this as the main focus of aid in the final Report. While this process gave the targets as a whole a compromise feel, the individual elements were controversial.

As has been noted, records of the Commission’s meetings in Copenhagen and Geneva do not appear to have been kept. What is clear is that the 0.75 per cent target was adopted as a working recommendation following the Copenhagen meeting. Lewis referred to the target in his dissenting memos before the Geneva meeting.⁴⁴ Boyle discussed the 0.75 per cent target with ODM officials on the 28th of August, immediately before leaving for the Geneva meeting.⁴⁵ A memo from Peter Kilburn to Hamilton sent on the same date including potential quotes for publicity purposes drawn from the draft of the Report prepared by the secretariat for Geneva also referred to the “official development assistance target of [0].75 per cent of GNP”⁴⁶ It is clear the decision to devise the new target of 0.7 per cent which featured in the

⁴² OECD Archive DAC/UN/M (68) 7 (1st Rev.), Development Assistance Committee, Working Party on UNCTAD Issues, DRAFT REPORT TO THE DEVELOPMENT ASSISTANCE COMMITTEE OF THE WORKING PARTY ON UNCTAD ISSUES, 6th September 1968, p. 4.

⁴³ Ibid.

⁴⁴ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 4, Folder 20, ‘Geneva Conference’, n.d. Aug.-Oct. 1969. W. A. Lewis, C.I.D. Report, [Undated], p. 1.

⁴⁵ TNA OD 36/99/375 D.L. Pearson to C.H.W. Hodges, Pearson Commission Report, 4th September 1969, p. 2.

⁴⁶ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 4, Folder 20, ‘Geneva Conference’, n.d. Aug.-Oct. 1969. Peter M. Kilburn to Mr. E. K. Hamilton, Assorted Quotations, August 28, 1969.

final Report was made at Geneva, which was the last opportunity for the full Commission to gather and make decisions on the major recommendations.

The basic explanation for the change has been traced by Clemens and Moss. They argued the move to 0.7 per cent was devised by the staff to take into account political considerations. They cited the testimony of Dillon to the Peterson Task Force in October 1969, and their correspondence with Sartaj Aziz, the Commission staff member who told them that:

An increase to 0.6 per cent would have been considered too modest since countries like France had reached 0.72 per cent by 1968. I remember one staff discussion in which we debated whether the target should be 0.70 per cent or 0.75 per cent. Consensus reached was in favour of 0.70 per cent as a 'simple, attainable and adequate' target.⁴⁷

This fits with the wider picture built up by Clemens and Moss, and confirmed in this chapter, of the Pearson recommendation as one which was designed to be politically acceptable to donor governments.

However, there was an additional element to this reasoning, namely to tie the target in the Report to the new definition of flows which had been negotiated by donor governments in the DAC. In the period between the Copenhagen and Geneva meetings, the DAC and its members had further clarified their position on the distinction between different types of resource flows. The decision was taken in July that in future the DAC would report on flows in three categories. Private flows would be those which were not due to government action; Official Development Assistance would be, as agreed in February, concessional in nature and aimed at encouraging development; and a new third category of Other Official Flows (which yielded the rather inelegant acronym 'OOFs'), would comprise government flows to developing countries which were primarily for commercial, not developmental purposes.⁴⁸

⁴⁷ M. Clemens and T. Moss, 'The Ghost of 0.7 per cent: Origins and Relevance of the International Aid Target', *Centre for Global Development Working Paper 68* (2005), p. 8. [http://www.cgdev.org/files/3822_file_WP68.pdf, accessed 6 April 2016].

⁴⁸ The Supplement had been adopted in February 1969 – see OECD, *1970 Review*, p. 45. However, the UK and the US continued to lodge objections to the new definitions, especially as they related to export credits for military purposes, and only withdrew these in July - see OECD Archive DAC/M (69) 4 (Prov.), *DEVELOPMENT ASSISTANCE COMMITTEE*, Summary Record of the 127th Session held at the Chateau de la Muette, Paris, on 1st-3rd of July, 1969, 19th September, 1969, p. 8; and OECD Archive DAC/M (69) 5 (Prov.), *DEVELOPMENT ASSISTANCE COMMITTEE*, Summary Record of the 129th Session held at the Chateau de la Muette, Paris, on 24th and 25th of July, 1969, 17th October, 1969, p. 3.

Removing OOFs from the official assistance target was part of the logic behind proposing a target volume of 0.7 per cent of GNP for ODA, as discussed further below.

This use of the new DAC terms and conditions for aid offered the advantage of reassuring donor governments and the DAC itself of the Commission's intentions. Hamilton had suggested this in a note to McNamara in June 1969, entitled 'Tactics for Handling the Pearson Report'. Hamilton believed the best approach would be for McNamara to "treat the Report as a divisible package in which each major Recommendation can, if opportune, be considered in a different forum."⁴⁹ By assigning defined and separate roles, Hamilton hoped to help with the "difficult task...to keep the international organizations from letting their jurisdictional fears run away from their better judgement."⁵⁰ While any increase in aid volumes would have to depend principally on the reaction of the five major donors and be negotiated in an ad hoc way, the DAC would have principal responsibility for how this aid would be defined.⁵¹ The advantage of investing more power in the DAC to define aid was that it would make any volume target which was set more appealing to donor governments. It would also repay the support which Edwin Martin, the DAC chairman, had shown for the Commission.

Many donors continued to dislike the 0.75 per cent target, seeing it as linked to the UNCTAD secretariat, a group they distrusted. During a discussion of aid targets at a DAC session in July 1969, delegates' discontent that this target had been adopted by the CDP led Martin to conclude that:

it might be useful to show...the impracticability of a target for official development assistance of a target of 0.75 per cent of GNP, with a target date of 1972 (a proposal by the less-developed countries which has been taken up by the Committee for Development Planning)⁵²

In contrast, Martin suggested, a counter-proposal might be a useful target for DAC members to aim for:

⁴⁹ Ed Hamilton to Mr. Robert S. McNamara, Tactics for Handling the Pearson Report, June 17, 1969, p. 1. IPA – Pearson Commission – General 1969. 30030626. WBGA.

⁵⁰ Ibid, p. 3.

⁵¹ Ibid.

⁵² OECD Archive DAC (69) 50 DEVELOPMENT ASSISTANCE COMMITTEE, ISSUES ARISING FROM THE DAC DISCUSSION OF THE SECOND DEVELOPMENT DECADE ON 24-25 JULY 1969 (Note by the Secretariat), 25th August, 1969, p. 2.

it might be desirable to make use of the new agreed concept of “official development assistance” in provisionally formulating a sub-target based upon it, perhaps between 0.5 and 0.75 per cent of GNP, subject to review in 1975.⁵³

There was more difference between the two bodies’ concept of official development assistance than Martin’s quotation marks allowed for – Tinbergen’s Committee was arguing that official aid should make up 0.75 per cent of GNP by 1972, *and* that 70 per cent of this should be made up of grants immediately and 80 per cent by 1975.⁵⁴ The DAC members on the other hand had accepted during their summer negotiations that any transfer of resources involving a grant element of 25 per cent should count as ODA.⁵⁵ The CDP’s proposal would therefore hold donors to a much higher standard of concessionality (i.e. they would have to give much more of their assistance in grants rather than loans) than an equivalent proposal which was based on the DAC’s terms. These considerations clearly shaped the Commission’s recommendations.

In another area however the Commission moved towards Tinbergen’s reasoning to help justify their targets. As championed by Lewis the final Report sought to link the idea of targets to the rationale of self-sustaining growth. In his comments on the Geneva draft, Lewis noted of the aid target (then standing at 0.75 per cent):

will another billion francs given to the governments of Niger, Dahomey, Haute Volta and Chad do more good than another billion francs spent on clearing the slums of Paris? Unless we think so we cannot make this recommendation. If the new chapter concludes that aid cannot be effectively tied to self-sustaining growth, the 0.75 recommendation will have to carry a qualification indicating that the Commission has no basis for making it.⁵⁶

As a result, the eventual 0.7 per cent target was tied to the rationale of self-sustaining growth. In the introduction, it was argued that a ‘self-sustaining’ target of six per cent growth for the developing world could be met by achieving the one per cent target and that reaching the 0.7

⁵³ Ibid.

⁵⁴ OECD Archive DAC 69 (50), DEVELOPMENT ASSISTANCE COMMITTEE, ISSUES ARISING FROM THE DAC DISCUSSION OF THE SECOND DEVELOPMENT DECADE ON 24-25 JULY 1969 (Note by the Secretariat), 25th August, 1969, Annex, p. 4.

⁵⁵ Hynes and Scott, ‘The Evolution of Official Development Assistance’, p. 6.

⁵⁶ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 4, Folder 20, ‘Geneva Conference’, n.d. Aug.-Oct. 1969. W. A. Lewis, C.I.D. Report, [Undated], p. 1.

per cent target would play an important part in this process.⁵⁷ In the Report's chapter on 'How Much Aid?' this was specifically linked to the work of Tinbergen and the CDP.⁵⁸

On the issue of who would monitor the targets, the Commission sought a compromise slanted towards donor interests. On targets and absorptive capacity Hayes's memo on the Commission in October 1968 had noted that:

we have always maintained that there is no uniquely right development target... Looking at it from an absorptive capacity angle, there is no reason why donors should provide assistance up to the absolute limit of absorptive capacity.⁵⁹

This position had come out in a meeting between Pearson Commission staff member Goran Ohlin and ODM officials in February 1969 when Ohlin had suggested that the aid target should be based on an increase of 5 per cent a year in concessional aid from all donors. The ODM officials were against this proposal because the UK might have to take on a disproportionate amount of this concessional burden.⁶⁰ The draft Report prepared for Geneva was circulated to some donor governments, including the UK's, and in notes prepared for a meeting with Boyle ODM officials expressed scepticism about the proposed 0.75 per cent target. It was noted that "The presentation generally is tendentious", and the specific criticisms included "On page seven it is suggested that private flows are described as gifts and it is added that this is misleading. It would be, if it were done. But it is not."⁶¹ Such arguments made the ODM officials suspicious of the motives of the Commission. On the one per cent target they noted that:

There is something of a bold leap to one per cent...as the amount needed to satisfy present objectives...the endorsement of the idea of one per cent by 1975 perhaps owes more to a knowledge of the views expressed by developing countries in UNCTAD and elsewhere than is acknowledged in the text.⁶²

Their suspicions were affirmed by the subsequent recommendation of a sub-target of 0.75 per cent for official flows:

⁵⁷ Pearson et al., *Partners in Development*, p. 18

⁵⁸ *Ibid.*, p. 143.

⁵⁹ TNA OD 36/98/234A, J.P. Hayes, The Pearson Commission – Problems of Scope and [Unintelligible], 15th November 1968, p. 2.

⁶⁰ TNA OD 36/97/292 D.A.T. Thain, Note of Meeting at O.D.M. with Mr. Ohlin, 11th February 1969, p. 2.

⁶¹ TNA OD 36/99/370 D.L. Pearson, Pearson Commission Report, Draft detailed comments, 26th August, 1969.

⁶² *Ibid.*

The claims of the developing countries have been endorsed. It is questionable whether more than tripling cash expenditure in three years is realistic. No account has been taken on the balance of payments difficulties of some donors. The explicit recommendation is likely to add to the acrimonious international debate on this topic, which tends to overshadow the large areas of effective cooperation.⁶³

The ODM officials were clearly suspicious that the aid volume targets being proposed by the Commission's staff were an attempt to introduce the UNCTAD target by stealth in a more 'moderate' forum.

These concerns were expressed to Boyle when he met with ODM officials before leaving for Geneva. It was reported after this meeting that Boyle "realised the problems which would be raised by the target proposals, and in particular the suggestion of the 0.75 per cent of G.N.P. target for official aid."⁶⁴ The officials followed up on this by suggesting:

if targets along the lines in the draft were pressed for it would be desirable for them to be expressed less categorically (while at the same time making it clear that the 0.75 per cent for example, was calculated on the same basis as the present UNCTAD target)⁶⁵

Their intention was to reduce the pressure which could be brought to bear on the British and other donor governments by both easing the rigidity of the timetable and certainty of the volumes proposed, and linking them to a set of UNCTAD targets which had already been rejected by donor governments.

Boyle appears to have gone to Geneva prepared to plead for leniency for donors. In a letter to an aid activist interested in lobbying on behalf of the 0.7 per cent target in November 1970, Boyle advised that:

I wouldn't lay too much stress on the 1975 date because frankly I have never thought this realistic and I was myself partly instrumental in getting into the Pearson Report an escape clause postponing full implementation of this recommendation until 1980.⁶⁶

⁶³ Ibid.

⁶⁴ TNA OD 36/99/375 D.L. Pearson to C.H.W. Hodges, Pearson Commission Report, 4th September 1969, p. 2.

⁶⁵ Ibid.

⁶⁶ LUSC MS Boyle 660/13/39934, [Anthony Tasker], 'NOTES ON TIDEWATER III: An International Meeting on Development Aid held at Ditchley Park, England, on 11-12 April, 1970', p. 1.

This 'escape clause' was one of several alterations which were made at the last minute to make the recommendation more palatable to donors. The final Report made it clear that the aid target should be monitored by the DAC and the World Bank, rather than any recipient dominated institution. The date for achieving the target was set at 1975, later than the 1972 proposed by UNCTAD and the CDP, and with the additional get-out clause that donor governments should meet the target by 1980 at the latest, making the timetable less urgent. The target was reduced from 0.75 per cent to 0.7 per cent and it was made clear the measurement would be made in terms of official development assistance as defined by the DAC.⁶⁷

At the time it was widely understood the reduction in the overall figure was designed to indicate that this was to be a DAC administered target. At the third Tidewater meeting, held at Ditchley Park near Oxford in April 1970 Philip de Seynes of ECOSOC asked why the target had been reduced from 0.75 per cent to 0.7 per cent. In response Martin "explained that 0.7 per cent is defined as 'official development assistance', i.e. 'official assistance' less official export credits [OOFs]."⁶⁸ The 0.7 per cent was therefore a tacit reassurance to the donor governments that the target would be administered according to the norms of the DAC, which demanded less concessionality from donors. The debate over aid volume targets had shifted back and forth during the lifetime of the Pearson Commission. The final result was a compromise agreement that was designed to reassure donors that they could have an aid target on their own terms. Initially, as with the Commission's other compromises, it appeared, to paraphrase Stern, to have 'antagonized the philosophers and not convinced the statesmen.'

Reception of the Target

Only the most sympathetic of audiences accepted the 0.7 per cent ODA volume target as a potential contribution to a certain level of economic growth. These groups saw the target as a modest and sensible rallying call for aid. The coverage in *The Economist*, which had been consistently positive towards the idea of aid and, specifically, to the Pearson Commission, argued that the Commissioners were 'hard-headed' men who had 'justified' their belief in self-sustaining growth by 2000 on the basis of the record of recent years. The writer argued

⁶⁷ Pearson et al., *Partners in Development*, p. 136.

⁶⁸ LUSC Boyle MS 660/13/39934, [Anthony Tasker], 'NOTES ON TIDEWATER III: An International Meeting on Development Aid held at Ditchley Park, England, on 11-12 April, 1970', p. 3.

that the Commission's targets were an achievable part of this vision.⁶⁹ The targets also received positive reviews from within the aid community, in part because it endorsed the work of Tinbergen. Michael Lipton from the IDS who had been critical of the Commission at the ODI seminar in November 1968, argued that the 0.7 per cent target had not been 'plucked from the air'. Instead, he argued, it was aligned with the requirements estimated for six per cent growth by the Tinbergen committee and the recommendations of UNCTAD.⁷⁰ Such responses were what those involved in the Commission had been hoping for: an acceptance of their volume recommendations as sensible, technically plausible targets.

The problem was that a lot of this support was based on the assumption by those within the aid community that the Pearson Commission was their best chance to pressurise donor governments to increase aid volumes. They remained hostile towards other parts of the Commission's vision, including its prioritising of economic growth. Lipton, in the same positive review in which he lauded the link to growth, also argued that this would have to be "powerfully reinforced by allocative measures to associate growth with an increasingly self-reliant path to growth and the relief of poverty."⁷¹ During discussions at the Columbia Conference the aid volume targets were in themselves accepted, with Ward noting in the published record that:

Even those who felt that the link between receiving aid and making more rapid economic progress was largely unproven tended to accept the moral argument that some transfers have to be made because the rich are rich, the poor poor, and the gap between them is widening.⁷²

William Clark, meanwhile, reporting on the results of the conference to a World Bank seminar, noted that:

...in general it was agreed that [the Pearson Report's aid volume targets] was all that one could expect. The discussion turned rather on the question, given a one per cent flow (if I may use that simple phrase) could you achieve a six per cent rate of growth? Again, there was general agreement that you probably could, but there was almost

⁶⁹ The Economist, 'The Great Foreign Aid Fraud.' *Economist* [London, England] 1 Nov. 1969: 29+. *The Economist Historical Archive, 1843-2010*. Web. 22 Jan. 2015.

⁷⁰ Lipton, 'Problems of the Non-Implementation of the Pearson Report', pp. 164 and p. 170. See also A. Ewing, 'Partners in Development: Report of the Commission on International Development; A Study of the Capacity of the United Nations Development System, Vols. I and II: Review', *Journal of Modern African Studies* 8 (1970), p. 311.

⁷¹ Lipton, 'Problems of the Non-Implementation of the Pearson Report', p. 179

⁷² Ward et al. (eds.), *Widening Gap*, p. 275.

general agreement that a six per cent rate of growth was not sufficient to deal with the problems of the developing countries.⁷³

While there was grudging acceptance of the 0.7 per cent target recommended by the Pearson Report, this was mainly because many delegates saw it as a way of moving aid out of the hands of the politicians in donor governments and into the hands of technocrats like themselves in aid agencies. Hans Singer, the IDS economist, argued that a ‘genuinely international framework of consultation and decision making’ was needed so that aid could “cease to be charity and become the first sketch of a world tax system.”⁷⁴ Similar suggestions dominated the Conference’s discussions of aid volumes, with Ward summarising:

Only by securing a number of automatic transfers from rich to poor – through SDRs, through debt redemption funds, through five-year fundings [sic] of the IDA – could one avoid imprudent and often wounding political debate.⁷⁵

The rationale of growth was therefore side-lined, even while the 0.7 per cent target was retained.

Even after this general relegation of growth as a technical rationale for the 0.7 per cent target, it remained in the hands of the donor governments to decide whether to make the target into an operational one. The first formal discussion between donor governments about the possibility of implementing the Commission’s recommendations took place at a session of the DAC in early November 1969. While the minutes of the session record that “Most delegates agreed that the Report was a very important and valuable document,” the general discussion revealed reservations.⁷⁶ The most positive, though still ambiguous, verdict on the specific recommendations came from the Dutch and German delegations, who informed the Committee that their governments were taking the Report ‘very seriously’ and would be prepared to comment in detail on specific recommendations at the upcoming High Level Meeting.⁷⁷ At the other end of the spectrum the French delegation continued to question the legitimacy of the Pearson Report and the DAC’s approach to working with it. This was part

⁷³ Mr William Clark “THE COLUMBIA CONFERENCE ON THE PEARSON REPORT AND FORWARD PROSPECTS”, 25 February 1970. IPA – Pearson Commission – General 1970. 30030625. WBG.

⁷⁴ Ward et al. (eds.), *Widening Gap*, p. 282.

⁷⁵ Ibid.

⁷⁶ OECD Archive DAC/M (69) 7 (Prov.), DEVELOPMENT ASSISTANCE COMMITTEE, Summary Record of the 133rd Session held at the Chateau de la Muette, Paris, on 5th and 6th of November, 1969, Paris, 5th

February 1970, p. 11.

⁷⁷ Ibid, p. 12.

of the French government's continuing concern to be able to practice its aid policy as it wished, with minimal interference from multilateral institutions which it saw as being Anglo-Saxon dominated, especially the World Bank and the OECD. There was therefore no consensus within the group about how seriously the Commission's recommendations, including the 0.7 per cent target, should be taken as an operational guide to reform of the aid system.

To further confuse the situation, there were also some delegations who argued the Report was a publicity document which should be publically enthusiastically received, while being critically examined in private. The UK delegation argued it was "important to convince the outside world that the Pearson Report was taken very seriously by the O.E.C.D and the D.A.C."⁷⁸ Similarly, the US delegation "thought it desirable that the High Level Meeting should publically announce that the DAC was taking the Pearson Report very seriously."⁷⁹ The UK delegation meanwhile stated that "the Report should be handled in such a way as not to lessen its impact, while at the same time keeping ones critical faculties on each of the 68 recommendations."⁸⁰ In this context the UK's lead delegate attacked the 0.7 per cent target, commenting that:

the question that immediately arose about this recommendation which he expected to be very difficult one for the UK Government to accept, was why 0.70 per cent and not any other target was chosen? He wondered whether it would not be preferable to have different targets for different donors.⁸¹

Using a similarly cautious tone on the issue of the 0.7 per cent target the US delegation explained that:

the position of its government would not be known before some months in the future and in any case not until the presidential task force on development had submitted its report in Spring 1970."⁸²

These reservations marked the general hostility of the major donors to any specific ODA volume target.

⁷⁸ Ibid.

⁷⁹ Ibid.

⁸⁰ Ibid.

⁸¹ Ibid, p. 13.

⁸² Ibid, p. 14.

These reservations continued during the DAC High Level Meeting which focussed on the Pearson Report in late November.⁸³ The US delegation was led by the Administrator of AID, John Hannah, who began by making clear:

that there was no lack of enthusiasm in his country for the Pearson Report and added that he believed that one of the objectives which the members of the Commission had set themselves had been to revive a flagging interest in the aid program.⁸⁴

On the specific recommendations put forward by the Report, however, the US remained sceptical. The Peterson Task Force had been set up partly as a cover for the US to avoid committing to an aid target. Hannah duly explained that:

The United States was...not willing to commit itself to any of the recommendations of the Pearson Commission until the Peterson Task Force study had been completed, as such a commitment would have no validity.⁸⁵

The UK's lead delegate took a similar approach, stating "He hoped the Report would be widely read and thus help mobilise public support for aid programmes." On taking action to he was more circumspect, merely saying that "the Government of the United Kingdom welcomed the publication of the Pearson Commission Report and was actively considering its recommendations."⁸⁶ The British government remained sceptical about many of the specific recommendations, with a particular opposition to the 0.7 per cent target. The Minister for Overseas Development, Judith Hart, having laid out the problems her government were having in trying to meet the 0.7 per cent target added "she would be interested to know to what extent other countries were having difficulty in working out their attitude to the Pearson official flow target."⁸⁷ The Germans and Japanese took a similar approach of welcoming the Report as an initiative, while deferring any specific commitments on its recommendations until further study could be undertaken by their governments. The overall result of the High Level Meeting was that, while the Pearson Report was generally accepted as a background document against which to frame discussion, its utility as an instruction manual for framing operational targets was very much doubted.

⁸³ At High Level Meetings, the DAC's members were represented at ministerial level rather than the standard practice of delegations being led by officials.

⁸⁴ OECD Archive DAC/M (69) 8 (Prov.), DEVELOPMENT ASSISTANCE COMMITTEE, Summary Record of the 135th Session held at the Chateau de la Muette, Paris, on 27th and 28th of November, 1969, 23rd April, 1970, p. 36.

⁸⁵ Ibid.

⁸⁶ Ibid, p. 27.

⁸⁷ Ibid, p. 35.

In setting up the Peterson Task Force in September 1969, Nixon and his Assistant for National Security Affairs, Henry Kissinger, had stated their opposition to aid targets:

[Nixon said] it was ridiculous to simply compare the different percentages of countries GNPs which are spent on aid, in view of the burden assumed by the US in the military area. Dr. Kissinger added that it was also irrelevant to compare percentages when magnitudes differed so sharply.⁸⁸

This argument was taken to heart by Peterson. The Report of his Task Force in March 1970 made no mention of aid targets. As Peterson explained when briefing the President on the Report before its release:

he had been mindful of the President's warning that his proposals must work. He had therefore disregarded targets for aid based on proportions of GNP. We, along with other donors, should provide whatever money increases are needed to increase the role of international institutions.⁸⁹

Despite this, targets remained popular with some US officials, especially in the State Department. A memo prepared for discussion of the aid programme in the National Security Council in July 1970 after the release of the Peterson Report noted that a decision needed to be made on:

Whether we should decide on annual aid levels or leave the issue open la Peterson. This relates closely to whether we should endorse the targets for assistance previously agreed and recommended by the Pearson Commission. (The President has really rejected targetry already, but State rightly notes that such rejection will cause foreign policy problems for us.)⁹⁰

The resultant discussion led to a softening in the US position, with the meeting concluding that:

The (Peterson) Report does not endorse any aid targets. We believe that the Peterson approach, with its emphasis on need and LDC performance, is the only feasible one with the Congress. Nonetheless, our failure to endorse a target would raise serious political problems in the U.N. and may be used as a justification for less support by

⁸⁸ Duncombe, *Foreign Relations of the United States, 1969-1976, Volume IV*, p. 295.

⁸⁹ *Ibid*, p. 304.

⁹⁰ *Ibid*, pp. 315-316.

other donors. We should accordingly consider whether it is feasible for us to support the principle of a global aid target while at the same time indicating that we could not subscribe to any specific date for attaining it.⁹¹

The decision going into negotiations for the October meeting of the UN on aid volume targets was that the Nixon administration's official position was that:

The downward trend in the level of U.S. development assistance should be reversed, and the present level should be raised substantially. The U.S. will avoid any pledges to meet the international targets relating foreign assistance to GNP, but will seek to minimize damaging their usefulness to other donor countries.⁹²

The reaction within the UK Government to the 0.7 per cent target was initially similar. An inter-departmental team of officials was tasked with assessing the recommendations as soon as the Report was released. Their response was generally a negative one: by January 1970 Halley of the Treasury wrote to Thain of the ODM:

I am gaining the impression, as a result of the series of individual notes which we are all producing, that we may be failing to come to grips with the fact that the Pearson Report, in the sum of its recommendations on terms, and on the number of worthy purposes for aid which it commends...is presenting totalities which must be i[m]practicable in the foreseeable future.⁹³

The note appears to have captured the mood of the civil servants working on the recommendations well. Like the US, the UK government had long been averse to a separate volume target on official aid on the basis that it believed that UK aid was unusually favourable in its terms, and in the competence with which it was administered. In August 1969 an ODM official, had noted in a memo for a colleague:

It seems to me that the obsession with effects in the US shown by Mr McNamara (and by Mr Pearson himself) would be unfortunate, for although it might concentrate the heat of developing countries' representatives on the US (thus letting us breathe more

⁹¹ Ibid, p. 324.

⁹² Ibid, p. 354.

⁹³ TNA T317/1590/392/74/01, D.J. Halley to D.A.T. Thain, PEARSON REPORT: NOTE ON RECOMMENDATION ON CONCESSIONAL ASSISTANCE IN LIEU OF EXPORT CREDITS, January 1970, p. 2.

quietly) it would divert attention from the need of some other countries to do more (Japan, Italy) or to be more generous in terms (Germany, Japan, Italy).⁹⁴

The resultant scepticism about an aid target amongst officials in the UK continued after the publishing of the Report. In a document prepared to help a government minister to answer questions during a debate on the Pearson Report in the House of Lords on March 4th 1970 it was noted that, while the UK Government broadly accepted the strategy laid out in the Pearson Report: “The detailed proposals present some problems, notably in relation to the volume of aid.”⁹⁵ As a result “No decision has been taken by HMG to accept a separate target for official flows but the figures given indicate that we are on course for the Pearson level.”⁹⁶ Overall, the 0.7 per cent target was the recommendation of the Pearson Report to which the UK Government was most hostile, mirroring the position of the US government. These positions did not bode well for the attempts by Martin to have it accepted as a DAC-backed target.

Moderation and DAC Advocacy: The 0.7 per cent target is adopted

Despite its failure in a technical and operational sense, the 0.7 per cent target was politically successful. The target represented the first time that all DAC donors (with the important exception of the US, which nonetheless gave the target its blessing) had committed to a target for aid, a long-held objective of the aid community and recipients. It gave, and has continued to give, those in favour of aid a lobbying tool to pressure donors. The recommendation was adopted by Edwin Martin, the DAC’s Chairman, and the DAC’s secretariat, and used to increase the power of their institution. The DAC became a forum through which recalcitrant donors could be censured for their failure to meet aid target, and the target reinforced the DAC’s efforts to create a more rigorous assessment of what comprised aid. This was possible because the DAC and donor governments blocked the Commission’s suggestion that donors’ performance in reaching the target should be discussed at the World Bank on the basis that this would be to politicise what was a technical institution. Following this, the DAC’s efforts to have the target accepted by donors was strengthened by pressure from recipients through

⁹⁴ TNA OD 36/99/Front Notes, D. Pearson to D. Williams, 6/8/[69].

⁹⁵ TNA T317/1590/392/74/0/25/19/2, Ministry of Overseas Development, THE PEARSON REPORT BRIEF FOR DEBATE IN THE HOUSE OF LORDS ON 4 MARCH 1970 ON THE MOTION BY LORD FULTON, 18 February 1970.

⁹⁶ TNA T317/1590/392/74/0/25/19/2, Ministry of Overseas Development, THE PEARSON REPORT BRIEF FOR DEBATE IN THE HOUSE OF LORDS ON 4 MARCH 1970 ON THE MOTION BY LORD FULTON, 18 February 1970. ANNEXE A STATEMENT BY THE PRIME MINISTER ON 1 OCTOBER 1969.

the UN, where the donors were pressed to accept the higher targets recommended by the CDP.

On October 17th 1969 Bernard Decaux, who had served as the liaison officer between the DAC and the Pearson Commission, got in touch with Fritz Steuber at the World Bank to let him know that the first discussion of the Pearson Report had not gone well. As Steuber reported to McNamara:

The general mood amongst the delegations was fairly negative and even in part hostile, but this probably is largely a reflection of bewilderment created by the wealth of new proposals and recommendations in the report.⁹⁷

Despite this initial setback Martin and the DAC secretariat continued to push the Pearson Report as a framework through which the DAC should approach the Second Development Decade. At a session in early November, Martin indicated that:

The major purpose of the High Level Meeting would not be to review the work of the DAC...but to discuss the intimately related topics of the Pearson Report and the preparation for the Second Development Decade.⁹⁸

This link was a political statement, given that it was the CDP, which would release its recommendations in January 1970 that held the official responsibility for formulating the targets and policy for the Second Development Decade. Martin and his supporters were attempting to prioritise the Pearson Report and its objectives ahead of those favoured by the other contemporaneous reports concerned with aid.

Once it had been established that the Pearson Report would serve as the springboard for discussions of the Second Development Decade within the DAC, the secretariat produced a series of policy documents considering how the DAC and its members should best respond to the Report's recommendations. There would be a general discussion of the Pearson Report at the High Level Meeting, and Martin expressed the hope that delegates would feel able to sign a joint press release covering the Report. However the only area on which concrete commitments were asked for were the five recommendations which had been specifically

⁹⁷ Fritz Steuber to Files, DAC Preliminary Discussions on Pearson Report, October 17, 1969. Bank Administration and Policy: Pearson Commission General – 02 1547551. WBGA.

⁹⁸ OECD Archive DAC/M (69)7, DEVELOPMENT ASSISTANCE COMMITTEE, Summary Record of the 133rd Session held at the Chateau de la Muette, Paris, on 5th and 6th of November, 1969, Paris, 5th February 1970, p. 4.

addressed to the DAC. Of these, Martin argued, the most important was that the DAC should gather plans for its members to meet the 0.7 per cent target. Therefore, he felt that:

although it was premature to take any decision on the 0.7 per cent target, it would be highly desirable to have a tentative exchange of views on this recommendation at the High Level Meeting.⁹⁹

There was general approval of this suggested focus for the High Level Meeting. This was indicative of the approach taken by Martin and the secretariat, who attempted to adapt the recommendations of the Pearson Report in order to maximise the power it would give to the DAC as an institution.

This approach was clear in a note on the recommendations targeted at the DAC prepared for the High Level Meeting to discuss the Pearson Report, in which the secretariat argued that the 0.7 per cent target was of “major importance” and:

is more appropriate (than the existing one per cent target) for burden-sharing assessments since the economic implications of private foreign capital flows for a donor country are different from those of foreign aid contributions financed through the government budget.¹⁰⁰

However, the note pointed out, reaching the 0.7 per cent target would imply major increases in donor’s aid programs, and the target, it was noted “does not seem to be based on detailed quantitative assessments of aid requirements.”¹⁰¹ Some members had objected on ‘principle’ against “a multiplicity of volume targets.”¹⁰² The Pearson Report had recommended that the target should be discussed at World Bank annual meetings, but the DAC secretariat opposed this, as these meetings were busy, and discussion in them would bypass UNCTAD, the traditional venue for discussing aid volumes. Finally, the note queried “whether, if donor performance is to be discussed in this manner, a similar individual recipient performance

⁹⁹ Ibid.

¹⁰⁰ OECD Archive DAC (69) 66, DEVELOPMENT ASSISTANCE COMMITTEE, RECOMMENDATION BY THE PEARSON COMMISSION ADDRESSED TO THE D.A.C. (Note by the Secretariat), 14th September 1969, p. 4.

¹⁰¹ Ibid.

¹⁰² Ibid.

should not also be discussed at the I.B.R.D. annual meeting.”¹⁰³ The secretariat argued the best course of action would be further study and discussion within the DAC.¹⁰⁴

This reluctance for the World Bank to take on the role of monitoring donor performance was shared by the leadership of the World Bank. This was made clear in the memo prepared by McNamara and Demuth for the Executive Directors on the subject, and eventually presented in June 1970, which argued that:

Underlying the recommendation... is the thought that, assuming that the aid-giving countries agree to accept a target for official development assistance and a timetable for reaching that target, plans for implementing the agreement ought to be discussed in a forum in which donors and recipients are present. I [McNamara] am sympathetic to that point of view.

Having established the World Bank as a representative of donor and recipient countries and a potential forum for discussion, the memo then appeared to repudiate responsibility for implementing such a target, explaining that:

However, aid targets and timetables are already under consideration in various United Nations bodies... a process in which developed and developing countries are participating.¹⁰⁵

As discussed in Chapter Four, this response was symptomatic of the World Bank leadership's responses to calls for them to take political leadership on aid matters. They were usually reluctant to do so; believing that the Bank's reputation rested on its technical prowess and preferring to focus on technical innovations which could be made acceptable to both donor and recipient communities.

These discussions and disputes about whether there should be a target and who should monitor it continued meanwhile at the DAC High Level Meeting held in late November 1969, at which the focus was the Pearson Report. It was clear that delegations had continued to question the focus on Pearson over other reviews which were beginning to emerge. Martin began, defensively:

¹⁰³ Ibid.

¹⁰⁴ Ibid.

¹⁰⁵ Robert S. McNamara, MEMORANDUM TO THE EXECUTIVE DIRECTORS, Subject: Pearson Commission Recommendation No. 13 Concerning Plans For Reaching Official Aid Targets, June 17, 1970, p. 1. Board Actions – Pearson Commission Recommendations – Board Papers 04. 1770702. WBGA.

it was not particularly significant whether certain items were on the Agenda because the issues had been raised in connection with the Second Development Decade or in the report of the Pearson Commission. What mattered, essentially, was that these issues needed to be discussed because the facts of the development situation required it. For example, the question of aid volume had been on the agenda practically since the beginning of the D.A.C.¹⁰⁶

Nonetheless, Martin felt it was necessary to specifically support the importance of the Pearson Report, arguing that:

the Pearson Commission...provided some compelling arguments, as well as the prestige of its membership, in favour of such a re-examination. Its proposals warranted discussion because they represented a comprehensive and specific checklist of the major issues.¹⁰⁷

Supporters of the Commission like Martin were forced to try and make it all things to all men. He was steering a fine line between not aggravating the French Government, who remained opposed to the Report being adopted formally into the discussions of the DAC, and making it appear that the Report was being seriously discussed by the DAC in order to use it as a bulwark against the Jackson and Tinbergen Reports which were less favourable to the interests of DAC members.

This approach by Martin succeeded in making the Pearson Report the document through which the DAC discussed the Second Development Decade. Nonetheless, French objections continued, with the French delegate at the High Level Meeting, M. Larré, arguing that:

the agenda invited the Committee to discuss two problems in parallel...The targets of the Second Decade dealt with tasks which D.A.C. Member Governments were prepared to regard as priorities...The recommendations of the Pearson Report, on the other hand, related to the conclusions of a group of eminent experts with no political responsibility. It followed that the recommendations of this group were not a priori acceptable to the Governments.¹⁰⁸

¹⁰⁶ OECD Archive DAC/M (69) 8 (Prov.), DEVELOPMENT ASSISTANCE COMMITTEE, Summary Record of the 135th Session held at the Chateau de la Muette, Paris, on 27th and 28th of November, 1969, 23rd April, 1970, p. 4.

¹⁰⁷ Ibid.

¹⁰⁸ Ibid, p. 29.

Larré argued that the Pearson recommendations should be subject to rigorous analysis before being re-submitted for discussion at the DAC at a later date. He expressed more enthusiasm for an ODA target, but said that he would have “preferred a less ambitious target: for instance 0.65 per cent to be applied immediately.”¹⁰⁹ This fitted into the broader negotiations about aid terms: France gave a relatively high amount in aid, most of which was tied to use within the Franc area. By putting pressure on the US and the UK to increase the volume of their aid, France bought a bargaining chip for when pressure was put on them to untie their aid. This was therefore another example of the Pearson Report’s ‘technical’ recommendations being used for different and often contradictory political ends.

Despite the ambivalence and opposition of major donor governments, Martin continued to push the 0.7 per cent target. Helpfully for him, the Pearson Report’s recommendations were emerging as a ‘moderate’ position between the demands of recipient governments and the recalcitrance of the US government. In April 1970 Martin chaired the third Tidewater meeting at Ditchley Park, Oxfordshire. It was attended by representatives of the majority of the DAC member governments, many of them at a ministerial level, the heads of the World Bank, the IMF and UNESCO, and the Directors of the ODI and its new US equivalent, the Overseas Development Council.¹¹⁰ John Hannah of AID opened the discussion. He explained that the Peterson Report contained no mention of the Pearson aid targets because “this would almost certainly have been counter-productive in Congress at this stage.”¹¹¹ When pushed on the one per cent target, Hannah “said that it was politically impossible at present to win Congressional support for the target. Despite this, he hoped that other donors would try to reach it.”¹¹² The other introductory statement came from Philip de Seynes of UNESCO, who reported “disappointment in UN circles over the lack of commitment to targets in the Peterson report.”¹¹³ Even the recommendations of the CDP, which were more favourable to the interests of recipient governments, were seen as “inadequate” by a more radical grouping within the UN.¹¹⁴ These opening statements cast the 0.7 per cent target as a compromise solution.

¹⁰⁹ Ibid.

¹¹⁰ LUSC MS Boyle 660/13/39934, [Anthony Tasker], ‘NOTES ON TIDEWATER III: An International Meeting on Development Aid held at Ditchley Park, England, on 11-12 April, 1970, Appendix: Membership List’, p.2.

¹¹¹ LUSC MS Boyle 660/13/39934, [Anthony Tasker], ‘NOTES ON TIDEWATER III: An International Meeting on Development Aid held at Ditchley Park, England, on 11-12 April, 1970’, p. 1.

¹¹² Ibid, p. 2.

¹¹³ Ibid.

¹¹⁴ Ibid.

This potential to act as a moderator was seized upon by Martin who “emphasized the importance of volume of aid: DAC therefore wanted a firm target for official flows. What about 0.7 per cent by 1975?”¹¹⁵ By positioning himself and the DAC as moderators, Martin had had some success in softening the initial opposition to such a target. Judith Hart for example commented at the meeting that “there was greater UK recognition of the importance of official flows.”¹¹⁶ The Germans meanwhile had accepted the 0.7 per cent target, though without accepting a date for when they would reach it. Overall seven donors had accepted the 0.7 per cent target and the timetable for it proposed by the Pearson Report, though these were all smaller donors, and mainly prosperous northern European or Commonwealth countries. The Dutch government was the only one to go further and accept Tinbergen’s target of 0.75 per cent.¹¹⁷ Representatives of the five main donors continued to express doubts, with Hart saying that “no date could yet be given for the UK to meet the 0.7 per cent target”, a sentiment echoed by Erhard Eppler for Germany who noted that “Germany, like the US, could not reach 0.7 per cent quickly, for political reasons.”¹¹⁸ The Japanese representative, Kato, meanwhile “said that Japan had so far made no firm commitment, and a target of 0.7 per cent by 1975 implied a six-fold increase in Japan’s current official flow.”¹¹⁹ In his summary, Martin put the best face on this, concluding that:

there seemed to be general agreement on the one per cent target, excepting the US.

There was agreement also on the importance of a separate target for official flows (0.7 per cent or better), although this presented more difficulties. He hoped it would be possible to find an acceptable formula before the UN meeting in October.¹²⁰

Overall, while there was movement towards the 0.7 per cent target as a compromise target at the meeting, its eventual adoption remained far from certain.

The Annual Aid Reviews provided an opportunity for the DAC secretariat to maintain pressure on member governments to increase the volume of ODA they were making available for the purpose of international development. These yearly exercises saw the aid programs of

¹¹⁵ Ibid, p. 3.

¹¹⁶ Ibid.

¹¹⁷ Ibid. Those that had accepted the target were Australia, Belgium, Canada, Denmark, the Netherlands, Norway and Sweden. In 1968 they had accounted for \$682.5 million of ODA out of a total of \$6,428.6 million. Figures from Pearson et al., *Partners in Development*, p. 380.

¹¹⁸ LUSC MS Boyle 660/13/39934, [Anthony Tasker], ‘NOTES ON TIDEWATER III: An International Meeting on Development Aid held at Ditchley Park, England, on 11-12 April, 1970’, p. 3.

¹¹⁹ Ibid.

¹²⁰ Ibid.

each DAC member being reviewed by the DAC secretariat and members of two other delegations. During 1970, these reviews were used to push DAC members towards accepting some form of volume targets. In July of 1970 Ernest Stern, who had returned to AID after completing his work with the Pearson Commission, was tasked with answering the investigators questions about the US aid program. He was questioned about the whether the decline in the volume of US aid would be reversed and for the US position on volume targets. Stern said that the decline could not be reversed for domestic reasons. On the subject of volumes he does not appear to have discussed the 0.7 per cent target, and instead:

recalled that the United States had subscribed to the UNCTAD resolution calling for the best efforts on the part of donors to achieve a flow of resources equivalent to 1 per cent of GNP¹²¹

However, Stern explained that the US government felt that the move from best efforts to a timetable raised a new set of problems, which they had not decided how to respond to. Furthermore, Stern argued “the one per cent target lacked intellectual credibility as a means of comparing burdens on taxpayers.”¹²² The fact that Stern had to defend his government from implementing targets which he had helped to formulate in a forum dominated by donors is indicative of the fact that the consensus on aid was moving towards accepting some form of volume target.

The 1970 DAC Chairman’s Report, prepared for a High Level Meeting which was held in Tokyo, dedicated one of its eight chapters to the subject of ‘Strategy for the Second Development Decade in the Aftermath of the Pearson Report.’¹²³ One of the main aims of the Tokyo meeting, held in mid-September, was to create a unified position for the DAC member countries ahead of the October meeting of the UN General Assembly at which the objectives and outlines of the strategy for the Second Development Decade would be decided upon. The Chairman’s Report argued that:

Of the several major studies undertaken and published over the past year, the most comprehensive and prestigious was that of the Pearson Commission which, though independent, was financed by the World Bank. When the Commission’s report

¹²¹ OECD Archive DAC AR (70) 3/07, DEVELOPMENT ASSISTANCE COMMITTEE, SUMMARY OF THE ANNUAL AID REVIEW OF THE UNITED STATES, Note by the Secretariat, 8th July 1970, p. 6.

¹²² Ibid

¹²³ OECD, *1970 Review: Development Assistance Efforts and Policies of the Members (Report by Edwin M. Martin, Chairman of the Development Assistance Committee)*, (Paris, 1970), pp. 133-134.

appeared in September 1969, a number of Governments viewed it as a blueprint for action in the Second Development Decade.¹²⁴

The introduction also described the Commission as enjoying an ‘oracular independence.’¹²⁵ Such techniques were an attempt to counter the scepticism of several delegations about the legitimacy of the Pearson Commission. It simultaneously described the Pearson Report as the result of ‘independent experts’ while also asserting that it had the support of the World Bank and many governments, although the exact nature of this support was left unspecified. Through this technique Martin and the secretariat were attempting to create the sense of greater consensus around the Pearson Report and its recommendations than actually existed in the lead up to further discussion of its recommendations at the Tokyo meeting.

This DAC strategy of adopting the 0.7 per cent target and talking up the work of the Pearson Commission was effective in displacing the larger target of 0.75 per cent proposed by UNCTAD and the CDP for achievement by 1972. By the summer of 1970 the Pearson recommendation had become a ‘moderate’ target: poised between Tinbergen’s suggestion and the complete lack of targets in the Peterson Report. Despite the opposition of some donor governments, recipient governments continued to press for the 0.75 per cent target at the UN until the end of September. However, with negotiations stalled, the 0.7 per cent target was substituted for this in early October and, with the impasse broken, was duly accepted as part of the strategy for the Second Development Decade by the UN General Assembly in mid-October.¹²⁶ Tinbergen himself noted that the Pearson Commission had played a decisive role in getting the UN to accept a lower volume target than he and his group had advocated, writing in 1996 that:

On the basis of the Pearson Report...the General Assembly of the United Nations in its 1970 session considered desirable 0.7 per cent of the gross national product (GNP) of the donor countries, which are member countries of the OECD.¹²⁷

The victory was not total in that a number of donor governments, including the UK, were not prepared to commit to a timeline, while the US alone would not even commit to the 0.7 per

¹²⁴ Ibid, p. 133.

¹²⁵ Ibid.

¹²⁶ DAC, ‘History of the 0.7% ODA Target’, (2016), p. 2.

¹²⁷ J. Tinbergen, ‘Is 0.7 per cent Development Assistance Enough?’ *Social Indicators Research* 39 (1996), p. 307.

cent target. Nonetheless, the public version of the DAC Chairman's Report, published in December, noted that after attempts at UNCTAD-II and by the UN Preparatory Committee, it had only been with the adoption of the Pearson Commission's target that "all DAC Members were prepared to endorse the need for increased official flows."¹²⁸ The 0.7 per cent recommendation had become the norm in aid policy, which continued to be used as the standard target in DAC Annual Aid Reviews. This was as a result of the Report being represented by supporters as a 'moderate' position around which consensus could be formed, which had been the purpose for which the Commission had been set up in 1968.

The greatest impact of the 0.7 per cent target therefore was that it established a norm which proponents of aid could lobby donor governments. This has had concrete impacts: smaller donors including the Scandinavian countries, the Netherlands and Luxembourg have consistently reached the target, and in 2015 the UK became the first G7 country to meet it.¹²⁹ As Stephen Dobransky has shown, the concept of ODA may not have led to much overall increase in aid levels, but it has led to donors following other DAC agreements concerning the untying of aid, giving of aid in grants rather than loans and targeting aid at the poorest recipients.¹³⁰ The US has continued to avoid any commitment to reach the target: but it did end its strong opposition to the concept, and has pledged to move towards it on various occasions.¹³¹ This is a particularly notable set of results given that the technical basis of the recommendation was quickly undermined, and donor governments refused to regard it as an operational target.

Conclusion

The aim of the Pearson Commission was not simply to endorse the UNCTAD 0.75 per cent target as some have argued. If this had been the case, the 0.7 per cent target should of course be regarded as a failure, as the Report's recommendation was in various ways more lenient towards donors, and the aims of the UNCTAD target were not met. The aid flows from DAC countries did not increase significantly during the 1970s. The technical basis for the target, that it would promote self-sustaining growth, was also rejected or side-lined by most of the

¹²⁸ OECD, *1970 Review*, p. 135.

¹²⁹ The Week, 'How Big is Britain's Foreign Aid Budget and How is it Spent?', March 18, 2016. [<http://www.theweek.co.uk/63394/how-big-is-britains-foreign-aid-budget-and-how-is-it-spent>, accessed 4 April 2016]; OECD, 'History of the 0.7% ODA Target', (2016), p. 2.

¹³⁰ Dobransky, 'Official Development Assistance', pp. 625-626.

¹³¹ Clemens and Moss, 'The Ghost of 0.7 per cent', (2007), p. 18.

audience to which the Pearson Report was addressed. However, rather than see the target as a failure, this chapter has argued that it has to be understood as part of the complicated process undertaken by the Pearson Commission to create ‘moderate’ proposals that would be accepted by donor and recipient governments and international institutions in order to integrate an aid community around the leadership of the DAC and the World Bank in the 1970s. In this political context, the 0.7 per cent target was successful in that it represented an important commitment to aid by the donor alliance represented by the DAC, and has provided an ongoing lobbying tool for proponents of more aid, and way for the aid community to define the technical nature of aid, giving them greater leverage when debating aid with individual donor and recipient governments. This success was due to the strong advocacy of the target by the DAC, showing the importance of bureaucratic power, and the pressure put on donor governments by recipients and the aid community through the UN and other channels to accept some form of target. The adoption of the 0.7 per cent target as part of the Second Development Decade enhanced the image of the Report as a reasonable compromise.

The acceptance of the target therefore demonstrates the conditions that were necessary for the Pearson Report to be successful. Firstly, its compromise recommendations in a particular area had to be accepted as a starting point for negotiations by the different actors in aid diplomacy. Secondly, it had to be championed in the resulting policy discussions by at least one institution. The evidence assessed in this chapter suggests that the epistemic justification of the target was of less importance than these other factors in ensuring its acceptance. The next chapter shows how these conditions were partially replicated in the Commission’s recommendations that the World Bank should lead efforts to use aid to foster the ‘social development’ of recipient countries.

Chapter Six: The Pearson Commission, The World Bank and Population Control

The Pearson Commission was created to reinvigorate the aid effort, and to counter the possibility that UN dominance of aid structures in the 1970s would encourage calls for US disengagement from those structures. As has been shown in the last two chapters, the leadership of the Bank avoided committing to any recommendations that it should take a ‘political’ role, preferring to leave this to the DAC and the UN. This chapter will analyse how the Bank instead sought to lead by convening knowledge and coordinating resources, taking on a ‘technical’ role. It will argue that George Woods and Robert McNamara, together with their advisors, were moderately successful at having the Bank expand away from its traditional focus on infrastructure projects into new areas such as education, health and research projects.

Contrary to existing accounts, it will show that this move was primarily motivated by concerns about demographic change in recipient countries, and the effect this was having on economic growth, rather than poverty alleviation. This expansion into new lending areas made the Bank dominant among donors and the aid community by the mid-1970s: a success encouraged and influenced by the Pearson Commission. However, the chapter also highlights that the Bank’s engagement in lending for these new sectors, especially through promoting population control, was shaped by the objections of recipients and the institutional constraints of the Bank. Both of these factors were overlooked by the Pearson Commission and the successive Presidents and their advisors.

As noted in Chapter Three, this argument runs against much existing literature on the Pearson Commission and its effect on the World Bank. In an important and much cited study, Martha Finnemore argued that the shift to a poverty-orientated approach occurred because Robert McNamara, supported by a ‘development community’ in which William Clark and Barbara Ward were important members, institutionalised concerns about poverty at the World Bank, from where these ideas spread.¹ This narrative has its roots in an article written by Clark in 1981, which concluded that:

Robert McNamara believed that lifting people out of absolute poverty was the foundation on which development must be built. He acted on the assumption that it was a correct use of his power to create in the World Bank a machine that if used to

¹ Finnemore, ‘Redefining Development’, pp. 203 and 214.

the full could lead many poor countries to end absolute poverty in their midst while building a reasonable level of development.²

Clark pointed to McNamara's creation of a strong Development Policy staff and new programs in areas such as agriculture, education, health and housing as the reasons why the Bank became a dominant force in aid.³ In oral histories two years later, Clark argued that he and Barbara Ward had supported McNamara in making this transition. Clark claimed that his time at the ODI had convinced him "that aid should be poverty-orientated" and argued that the Columbia conference was organised by himself and Ward to push a 'poverty-orientated agenda'.⁴

The work of Clark and Finnemore suggests that there was a clean break between the growth-orientated approach of the Woods' era and the Pearson Commission, and the new, poverty-orientated focus of McNamara and his circle. It stresses the importance of ideas and principles in bringing about this change. However, this schema does not hold up to scrutiny. Soon after it was published, Clark's account was challenged by Andrew Karmack, a World Bank official who had been a close associate of Woods. Karmack argued that Clark underplayed the importance of Woods. Other accounts have followed this line, pointing out that many of the changes which have been accredited to McNamara and his team were in fact well underway during Woods' presidency.⁵

In particular, during the mid-1960s, concerns about population growth and the affect this was having on economic growth led many within the aid community to begin thinking about how populations in recipient countries could be 'improved' in order to contribute to economic development. First Woods and then McNamara therefore came to believe that the World Bank should be a broad-based institution which issued loans in a wide range of sectors: a natural corollary of this was that it should take on a greater coordinating role. The Pearson Commission, a co-creation of the Woods and McNamara administrations is symbolic of the basic continuity in this objective. It recommended that the World Bank should become a more research-based institution, and that this should act as a precursor to the Bank moving into new lending areas. The move towards a 'poverty-orientated' agenda can therefore be

² Clark, 'McNamara at the World Bank, p. 184.

³ Ibid, p. 169

⁴ Transcript of Oral History Interview with William D. Clark held on October 4 and 5, 1983, by Patricia Blair (First Interview Session), pp. 11 and 14, WPGA.

⁵ Galambos and Milobsky, 'Organizing and Reorganizing the World Bank', pp. 187-189; Kraske et al., *Bankers with a Mission*, p. 154.

more accurately labelled as ‘population-orientated’, and began under the Presidency of Woods, before being expanded by McNamara. The overall result was that the aid regime did shift towards allowing greater intervention in the social sectors of recipient countries: but the change was not as rapid or dramatic as advocates of an ideas-based approach have argued.

In this context, the Commission’s recommendations on population control, and the reaction to them, are revealing of the strengths and weaknesses in the work and purposes of the Pearson Commission. McNamara used the recommendations on population-orientated areas as part of a mandate to dramatically increase the size and reach of the Bank. Rather than driving changes, ideas about poverty and population were built into a wider shift in elite and bureaucratic aims within the aid community. As a result, the way these new policy priorities were turned into lending programs were shaped by the nature of the Bank as an institution. One result of this was that McNamara’s attempts to drive population control as an area the Bank should be involved in were largely unsuccessful. The recommendations of the Commission were made and accepted with the support of elements of the aid community, but in the face of opposition from recipient countries and scepticism among the World Bank’s staff. Together, these factors stunted efforts to direct population control efforts through the Bank.

Population Control, Education and Research, and the Pearson Commission

By the late 1960s it had become a widely-shared belief among the aid community that action was needed to counteract population growth in recipient countries. One strand of opinion argued for stern measures, such as forced sterilisation and the cessation of food aid to recipient countries with rapidly increasing populations.⁶ Others believed in situating population control measures in a wider economic and social context, and argued that the effects of population growth could also be ameliorated through improvements to agriculture, education and health. Against these donor narratives, most recipients did not believe that population growth was a serious issue. These latter two viewpoints were represented on the Pearson Commission which duly moved towards a compromise approach.

Population control as it manifested itself in the postwar period had a long pre-history in movements for eugenics, immigration controls, reproductive rights and state control of

⁶ See for example P. Ehrlich, *The Population Bomb*, (London, 1968).

populations.⁷ While some advocated strong measures during the 1950s, until the mid-1960s debate raged about how serious an issue population growth actually was. A 1951 UN report, primarily written by Arthur Lewis disagreed with the idea that population growth would automatically reduce economic growth: though it did call for limited population control measures, to be enacted by recipient governments in accordance with the norms of their societies.⁸ This reflected a belief among donors that population control was an issue which had to be resolved domestically by recipient governments. In 1958 President Eisenhower rejected calls from a Presidential Task Force, led by General William Draper, for US aid to be used to support population control measures. Similarly, concerns that this was a domestic issue had prevented McNamara's predecessors at the World Bank, Eugene Black and George Woods, from moving the organization into this field of lending, despite expressing their concerns about population growth on several occasions.⁹

However, historian John Sharpless has shown how, by the late 1960s, proponents of donors taking an active role in ensuring population control measures in the recipient countries had gained ground as the result of coordination and lobby work by an international network of 'population experts' funded by the US-based Ford and Rockefeller Foundations.¹⁰ By 1965 this pressure had reached a tipping point, with the US government becoming increasingly involved in population control schemes in the latter part of President Johnson's administration.¹¹ McNamara was a convert to the cause, which had a high profile in the circles in which he moved. In the run-up to accepting the Presidency of the World Bank, he had taken up a role as a trustee of the Ford Foundation.¹² He also attended conferences on population control held at the Rockefeller Bellagio estate in the Tuscan hills.¹³ Draper was an acquaintance of McNamara, and the two corresponded on the subject of population control: McNamara turned to Draper's organisation, the Population Council, for advice in setting up the World Bank's own population program.¹⁴

⁷ J. Sharpless, 'Population Science, Private Foundations, and Development Aid: The Transformation of Demographic Knowledge in the United States 1945-1965', in Cooper and Packard (eds.), *International Development and the Social Sciences*, p. 176.

⁸ Emmerij et al., *UN Ideas*, p. 35.

⁹ Kraske et al., *Bankers with a Mission*, p. 137.

¹⁰ Sharpless, 'Population Science', p. 184.

¹¹ *Ibid*, p. 195.

¹² Shapley, *McNamara*, p. 520.

¹³ M. Connelly, *Fatal Misconception: The Struggle to Control World Population*, (Boston, 2008), pp. 308-309.

¹⁴ T. King, 'Family Planning and the World Bank in Jamaica' in W. Robinson and J. Ross (eds.), *The Global Family Planning Revolution: Three Decades of Population Policies and Programs*, (Washington D.C., 2007), p.

Upon arrival at the World Bank in April 1968, McNamara initiated a reorganization of the Economics Department to create a Populations Studies Division. In his first address to the Bank's governors in September 1968, McNamara argued that the "rapid growth of population is one of the greatest barriers to the economic growth and social well-being of our member-states."¹⁵ McNamara sought to begin Bank lending for population control by sending a mission to Jamaica. Dr Kanagaratnam, one of the mission's members and then head of Singapore's population control program, was recruited as the head of a new Population Projects Department at the Bank in November 1968.¹⁶ McNamara's activism did not go unnoticed: while he became generally associated with moving the World Bank into new lending areas, William Clark believed that it was only on population control that McNamara was an 'originator' of this approach.¹⁷

Governments and publics in recipient countries had initially not been especially aware of this growing donor preoccupation.¹⁸ When the World Bank did begin activities relating to population control it was met by either cautious compliance or outright hostility. The population mission to Jamaica in autumn 1968 was starved of publicity because the country's government was worried about an adverse public reaction.¹⁹ In addition to cultural and religious objections to population control measures, there was also a strong strand of opinion in recipient countries which held that population growth was an important part of increasing the power of the recipient countries as against that of the donor countries. By attempting to prevent population growth, the donors were suspected of trying to control recipient countries in order to safeguard their own interests.²⁰

The Commission struggled to reconcile these narratives. One of the first actions taken by the Pearson, Hamilton and Stern was to organise a meeting at the World Bank of 'population

168. [<http://siteresources.worldbank.org/INTPRH/Resources/GlobalFamilyPlanningRevolution.pdf>, accessed 3 July 2016].

¹⁵ Quoted in Sharma, 'McNamara at the Bank', p. 181.

¹⁶ King, 'Family Planning and the World Bank', p. 168.

¹⁷ Clark, 'McNamara at the World Bank', p. 173.

¹⁸ Emmerij et al., *UN Ideas*, p. 95.

¹⁹ King, 'Family Planning and the World Bank', p. 165.

²⁰ Stanley Johnson, 'Main points discussed at meeting held at Population Council', June 22-23, 1972. I:33, Population 1968-1977, Robert S. McNamara Papers, Manuscript Division, LoC.

experts'.²¹ Bernard Berelson and Frank Notestein attended from the Population Council as did Oscar Harkavy from the Ford Foundation. These non-officials were joined by Reimart Ravenholt from AID and George Zaidan, a Yale-educated economist who had become a founding member of the World Bank's Population Studies Division.²² All those present "quickly agreed that rapid population growth is a priority development problem and that action programs are necessary to reduce the rate of population growth in developing countries."²³ The meeting concluded that particular action was needed in the context of aid because "the problem of persistent, rapid population growth is characteristic of the developing world, where birth rates are on average twice as high as in developed countries."²⁴ However it was accepted by those present that population was a, 'global' problem because all governments needed to pay attention to the quality and demographic distribution of their populations. The need for population control was therefore put in the context of a wider need to maximise the quality of country's population in order to maximise development opportunities and welfare. Zaidan had been undertaking research on the benefits of population control and explained in a letter to Stern that implement population control promised to be by far the cheapest way to improve economic growth and social welfare.²⁵

The experts at the meeting were divided about what recommendations the Commission should make to achieve these aims. Edwards believed the first priority was to make sure that leadership in the recipient countries and the donor agencies were aware of the economic problems caused by population growth.²⁶ Zaidan went further and argued that the Commission should recommend that all recipient countries should reduce their population growth rates to the average rate in the developed world.²⁷ The experts believed that individuals and governments should be allowed to choose how to tackle population growth without excessive influence from donors. On the other hand, it was noted that "voluntarism

²¹ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 5, Folder 4, 'Population Seminar, Washington', Oct.-Nov. 1968. Mrs. Blair, COMMISSION ON INTERNATIONAL DEVELOPMENT: MEETING OF EXPERTS ON POPULATION PROBLEMS, November 6, 1968, p. 1.

²² King, 'Family Planning and the World Bank', p. 167.

²³ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 5, Folder 4, 'Population Seminar, Washington', Oct.-Nov. 1968. Mrs. Blair, COMMISSION ON INTERNATIONAL DEVELOPMENT: MEETING OF EXPERTS ON POPULATION PROBLEMS, November 6, 1968, p. 1.

²⁴ Ibid.

²⁵ G. Zaidan to Mr. E. Hamilton and Mr. E. Stern, 'Pearson Commission's Discussion on Population', November 12th, 1968, p. 1. Operational – Development: Pearson Commission. 1070970. WBGA.

²⁶ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 5, Folder 4, 'Population Seminar, Washington', Oct.-Nov. 1968. Mrs. Blair, COMMISSION ON INTERNATIONAL DEVELOPMENT: MEETING OF EXPERTS ON POPULATION PROBLEMS, November 6, 1968, pp. 5-6.

²⁷ G. Zaidan to Mr. E. Hamilton and Mr. E. Stern, 'Pearson Commission's Discussion on Population', November 12th, 1968, p. 4. Operational – Development: Pearson Commission. 1070970. WBGA.

did not preclude manipulation of the economic and social environment.” Suggested measures included raising the legal age of marriage, legalizing abortion and charging for education.

The discussion between Pearson and the ODM officials during his visit to London in November 1968 showed that he had accepted the view that ‘technical’ knowledge in the field of population control rested with the policy networks which had been nurtured by the Ford and Rockefeller Foundations in this area. When questioned by the ODM officials Pearson confirmed that the Commission would examine the issue of population growth and “had already sought advice in this field in Washington and in Princeton and Harvard and Yale Universities.”²⁸ Pearson’s belief that the Commission should recommend population control measures was challenged at the Commission meeting at Mont Gabriel. Although most of the Commissioners “strongly favoured laying out the facts on population”, all of them were “very concerned about any connection between LDC population policy and aid flows.”²⁹

Roberto Campos, the Commission’s only Latin American commissioner in challenged the narrative which had been established at the World Bank meeting. He was noted as being:

clearly least enthusiastic about population in general, and urged repeatedly that discussion of population distinguish between countries with problems of physical overcrowding and those with large open spaces.³⁰

Campos’s opposition was in two clear strands. Firstly he was generally sceptical about any overzealous approach to population control and urged that the Commission should be “exhortatory rather than brutal” in their recommendations. Where Campos definitively differed from the narrative being offered by the staff was in arguing that there were some parts of the ‘developing’ world which would actively benefit from population growth. This dual critique was reflected during the Commission’s regional meeting in Santiago. When Pearson attempted to bring up population, the minutes noted that “Discussion...was inconclusive and its brevity more a reflection of Latin American sensitivities than of the importance of the issue.”³¹ The main response came from Valdes, the Chilean Foreign Minister, who “sought to suggest it was not a real issue. Chile and Latin America had no need

²⁸ Ibid.

²⁹ Ed Hamilton to Robert McNamara, ‘Summary Observations on the Montreal Meeting’, December 20th, 1968, p. 3. IPA – Pearson Commission – General 1968. 30030627. WBGA.

³⁰ Ibid.

³¹ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 3, Folder 14, ‘Trips – Santiago’, n.d., Oct. 1968-Apr. 1969. [Commission Staff], Regional Meeting of Commission on International Development – Santiago, Chile – January 13-16, p. 21.

to resort to population control – they were underpopulated.”³² It was clear that Pearson would face a struggle to assemble any recommendations which pressed for definitive action on population growth on the part of recipients as a whole.

This scepticism led to a more cautious approach by those who wanted the Commission to make strong recommendations on population control. The issue of population was not substantively discussed at the Rome meeting, presumably because the Commissioners still had to make a decision on whether it was too controversial to be included in the final Report. The first serious debate about population issues was therefore reserved until Lewis and the staff began the process of drafting the Report’s summary chapter before Copenhagen. In tone, the two drafts were well aligned. Lewis argued that it was “of the utmost urgency for LDC’s to bring population growth under control.”³³ The staff draft mirrored this, concluding that “In many ways, this problem is the most important obstacle to development today.”³⁴ However, where they differed was in the action they thought necessary. Lewis believed that, while challenging, the problems associated with population growth were not pressing, and did not require immediate action. He argued that the pressure on food supplies was not as great as supposed, and that the real problem was growing urban unemployment, which was absorbing resources which should be used for raising living standards. Lewis therefore began to place population methods in a wider social framework, arguing that:

Fairly quick results are possible if the will exists and the resources are adequate...Developed countries can bring much experience and material assistance, whether to family planning, to laying a new agricultural framework, or to minimising the evils of urbanisation.³⁵

The staff paper was much less optimistic than Lewis, and argued that:

Research and training are badly needed. Research in human reproductive physiology is still in its infancy and efforts are fragmented...An effective, simple and acceptable

³² Ibid.

³³ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 9, Folder 1, ‘Summary Chapter (Chapter One)’, May 1969. [Commission Staff], C.I.D. Report, Chapter I. GENERAL REVIEW. Copenhagen Version, [Undated], p. 14.

³⁴ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 9, Folder 1, ‘Summary Chapter (Chapter One)’, May 1969. W.A. Lewis, Chapter I. GENERAL REVIEW., May 10, 1969, p. 64.

³⁵ LAC, Lester Pearson fonds MG 26, N 5 “Post-April 1968” Series, Volume 9, Folder 1, ‘Summary Chapter (Chapter One)’, May 1969. [Commission Staff], C.I.D. Report, Chapter I. GENERAL REVIEW. Copenhagen Version, [Undated], p. 15.

contraceptive would make family planning programs immensely more effective. Similarly training is imperative.³⁶

The staff accepted that recipient countries would have to negotiate the moral and political difficulties of population control themselves, without direct interference from donors in the form of making aid conditional on population control policies. However, they went much further than Lewis in terms of the active role that donors should take in forcing recipients to draw up plans for population control:

donors can insist that the consequences of population growth be systematically considered in the planning effort and that the recipient define its population policy and its economic consequences.³⁷

They also argued that all aid given for population control should be given in grant form, in order to remove obstacles to recipient governments taking action. Overall, they argued for a much more concerted effort, with an at least implicit threat that non-compliance might lead to a reduction in aid in the future.

These respective positions were summarised in a memo from Hart to Pearson which identified the differences between the two draft chapters:

Lewis takes a rather more optimistic view than appears in the staff paper on what can be achieved in progress on the population problem on the basis of existing knowledge, techniques and experience. The staff points out that further research and training are badly needed. It also expressed the view that each LDC must in the last analysis resolve for itself the moral and political problems involved in a family planning effort.³⁸

The disagreement was on how, rather than if the Commission should address the issue. Firstly, on autonomy for recipients to decide their response to population growth Lewis was laissez-faire, while the staff envisioned a much more activist role for donors. Secondly, while the staff did recognise the importance of research on other areas, highlighting tropical

³⁶ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 9, Folder 1. Summary Chapter (Chapter One), May 1969. W.A. Lewis, Chapter I. GENERAL REVIEW., May 10, 1969, p. 63

³⁷ Ibid, p. 64.

³⁸ LAC, Lester Pearson fonds MG 26, N 5 "Post-April 1968" Series, Volume 4, Folder 18, 'Copenhagen Conference', May-June 1969. AFH, MEMORANDUM FOR MR. PEARSON: Introductory Chapter of the Report, May 22, 1969, p. 4.

agriculture, education and urbanization, Lewis specifically argued that discussion of population should be diluted by discussing it in the context of these issues.

Both of these approaches were present in the Commission's Report. It deployed strong rhetoric on the issue of population growth, arguing that "No other phenomenon casts a darker shadow over the prospects for international development than the staggering growth of population."³⁹ It argued that population growth had adverse effects on the ability of recipient countries to create self-sustaining growth because, among other things:

Considerable resources are devoted to the support of a large dependent population which would otherwise be available to raise living standards and increase capital formation.⁴⁰

The Report also explicitly took on claims to exceptionalism made by those who argued that there countries were sparsely populated, pointing out that settling land required capital.⁴¹ Overall, the Report came close to arguing that action on population control should be seen as part of the performance criteria by which aid was allocated, noting that countries:

which have already launched ambitious policies to bring down birth rates should obtain energetic support. Aid-givers cannot be indifferent to whether population problems receive the attention they require.⁴²

The Report argued in its introduction that slowing the growth of population should be one of the top ten priorities for aid, and the Commissioners affirmed that they believed that "no child should be born unwanted." There was also an explicit warning to recipient countries that "Countries which have not...recognized the dimensions of their population problems should take cognizance of its impact on their development efforts and take appropriate action."⁴³

However, the Commission's actual recommendations on what action should be taken were unusually weak. It included only one short chapter on population issues, in which they were set firmly within a wider context. Of its thirteen pages, five were dedicated to the issue of population control, while the other eight covered education and research. It was argued that the World Bank should use IDA loans to experiment with providing new educational

³⁹ Pearson et al., *Partners in Development*, p. 55.

⁴⁰ *Ibid*, p. 57.

⁴¹ *Ibid*.

⁴² *Ibid*, p. 20.

⁴³ *Ibid*, p. 20.

curricula and material in recipient countries.⁴⁴ The Commission also recommended that bilateral donors should use their research and development (R&D) resources on ‘projects of concern to low-income countries.’⁴⁵ As part of this process it was argued that the World Bank and the regional development banks:

should pay greater attention to problems of research and development in their country studies and should themselves identify needs for scientific and technological research. Increased involvement in, and support of, such research activities will considerably strengthen the capacity to formulate projects in agriculture, education, and urban services, which take full account of the specific needs of the country.⁴⁶

The issue of population control was therefore diluted to become part of a more general shift towards studying and quantifying how societal factors could be positively influenced through the use of aid to create healthy and productive populations.

There were six recommendations concerning population growth, all of which centred on the need for more study of the population problem.⁴⁷ Indeed, the most politically charged part of these recommendations argued that the World Bank, in consultation with the WHO “should launch immediately a wide ranging international program for the direction, coordination and financing of research in the field of human reproduction and fertility control.”⁴⁸ This would act as a precursor to potentially more assertive action by donors and international organisations on population control. This would be a significant departure from normal activities on the part of the Bank. However the Report argued that the WHO, which would be the natural locus for such work “has long been constrained to take a limited view of problems of family planning.” This was a reference to the fact that the WHO was dominated by the recipient countries. In line with the criticism of the UN discussed in Chapter Five, the Report implicitly argued that the domination of recipient countries and lack of funds would continue to constrain the actions which WHO would take on population growth.⁴⁹ This was also a first step to making population control programs part of the performance criteria, as the World Bank was being entrusted with de-politicising the issue, and turning population control into a matter of technical economic necessity.

⁴⁴ Ibid, pp. 200-201.

⁴⁵ Ibid, p. 205.

⁴⁶ Ibid, pp. 205-206.

⁴⁷ Ibid, pp. 206-207.

⁴⁸ Ibid, p. 207.

⁴⁹ Ibid, p. 199.

The Reception of the Report's Recommendations on Population Control

The Commission's final Report reflected a compromise based on the draft chapters of Lewis and the staff. This mixed strong rhetoric with limited recommendations that were firmly rooted in a wider approach encompassing education and research in agricultural and health barriers to economic growth in recipient countries. Where the Commission was more controversial was in arguing that the World Bank, and not the WHO, should take responsibility for population matters. As well as playing into wider efforts to have the World Bank take over responsibilities from the UN, this was probably a recognition that population control was a personal priority for Robert McNamara. McNamara used this recommendation as part of a wider mandate as he rallied support among donors and the aid community for the World Bank to move into lending for population control.

The Pearson Report's addressing of the 'population problem' was welcomed by some reviewers. Indeed, the main criticism of the Report's treatment of this subject was that it had not gone far enough. The *Washington Post's* reviewer noted at least "one conspicuous case of misemphasis (sic) [in which the Report] does not give population control the urgent priority it requires."⁵⁰ This was mirrored in the review by Harry Johnson, the Canadian economist, who argued until populations in recipient countries began to respond properly to free market economics, they would have to be contained:

The Commission is right to view (the population problem) with the gravest of alarm, but fails to consider its full implications... Freer immigration into the advanced countries... more aid, and freer trade, all run the risk of aggravating the problem of inequality by stimulating the breeding of more poor people at the expense of the less philoprogenitive rich.⁵¹

The Commission clearly did not go far enough to meet the concerns of more hawkish commentators on population control, who were mainly based in the US.

In general, however, the aid community was supportive of the compromise which the Commission had reached on recommending action on population growth. Michael Lipton of the IDS accepted and reinforced the Commission's arguments on growth and population.⁵²

⁵⁰ 'The Pearson Report: The End of Aid', *The Washington Post, Times Herald (1959-1973)*; Oct 5, 1969, p. 84.

⁵¹ Johnson, 'Crisis of Aid', p. 149.

⁵² Lipton, 'Problems of the Non-Implementation of the Pearson Report', pp. 169-70.

The published proceedings of the Columbia Conference, edited by Ward, suggested that population control was accepted as a necessity “virtually as a matter of course.”⁵³ However, where the Commission had seen the problem as a relatively small part of an overall aid strategy, many of those at the Conference argued that increasing the welfare of populations in recipient countries should be a central purpose of aid. The published Report noted that:

Many participants...argued against approaching population policy simply in terms of stemming the fatal tide of uncontrollable expansion. They felt that much more emphasis should be put upon family size as a key to genuine family welfare and argued that measures for improving health, education, and housing should be closely linked to population control, particularly in the international approach to the question.⁵⁴

In the aftermath of the Pearson Commission, two approaches to population growth were clearly emerging within the aid community. The more hawkish of these, with strong roots in the US, argued that robust systems of population control should be forcibly implemented in recipient countries. The other stance believed in some measures to help limit population growth, but only in the context of concern with the wider well-being of families in recipient countries. Taken together, these strands were supportive of the Commission’s recommendations in this area, and indeed appeared to offer a mandate to the Bank to go further towards active intervention in recipient countries to encourage population control.

This support among the aid community, added to the growing involvement of donors, and especially the US government, in this area, appeared to give a mandate to the Bank for action on population control. McNamara continued to push for action on population control while the Pearson Commission was at work. In a speech at Notre Dame University in 1969 he argued that the growth in the world’s population was a major block to social and economic development.⁵⁵ This speech was repeated in substance in a speech in Buenos Aires in the autumn of 1969, and elicited a violent reaction from the crowd outside the venue – McNamara was spat on as he left.⁵⁶ He did however receive support from Barbara Ward and others from the aid community.⁵⁷ It was therefore to be expected that McNamara would endorse and seek to implement the mandate which he had been given by the Pearson

⁵³ Ward et al. (eds.), *Widening Gap*, p. 25.

⁵⁴ *Ibid.*

⁵⁵ Shapely, *McNamara*, pp. 480-481.

⁵⁶ *Ibid.*, p. 480.

⁵⁷ Kapur, Lewis and Webb, *The World Bank, History*, p. 235.

Commission and at the Columbia Conference. In his memo for the Executive Directors on the subject, McNamara concluded that:

I agree fully with the Commission's emphasis on the implications, for economic development generally, of the population problem and on the importance of action by governments to overcome it.

McNamara then made clear that he wanted the Bank to move beyond the action being taken by donor and recipient governments in this area, and act as an institution which would mobilize thought and action on population control:

We shall increasingly bring to governments' attention the importance of analysing and dealing with the population problem as it manifests itself in their countries. As our experience and capacity develop, we shall hope to move beyond the stage of economic analysis to assisting in policy formulation, in program development and, where necessary, in financing.⁵⁸

This conclusion was revealing in that it showed that McNamara believed the need in population control was for a respected agency to take on the issue as a policy imperative, rather than for greater resources. He therefore wanted the Bank to move beyond being merely an institution which financed development towards being one which focussed on setting the policy agenda for aid-giving.

This suggested new emphasis fitted in well with McNamara's more general belief that more aid resources needed to be used to shape the welfare of populations in recipient countries. In 'Essence of Security', McNamara wrote that "As development progresses, security progresses...the tragic need of desperate men to resort to force to achieve their inner imperatives of human decency will diminish."⁵⁹ At Notre Dame University in 1969 he argued that an agricultural revolution would be needed to prevent mass famine and the resulting social unrest, which would hopefully buy enough time for the population problem to be

⁵⁸ Robert S. McNamara, MEMORANDUM TO THE EXECUTIVE DIRECTORS, Subject: Pearson Commission Recommendation No. 25 Concerning Population Problems, February 3rd, 1970, p. 3. President's Memoranda on Report Recommendations 3. 30032743. WBGA.

⁵⁹ McNamara, *Essence of Security*, pp. 150-151.

tackled.⁶⁰ It was an early hint that McNamara's drive for more population control would eventually be absorbed into a wider approach.

The Pearson Commission, Population, and the World Bank

As the last two chapters have shown, the Pearson Commission was successful when it laid the groundwork for compromise among donors and the aid community, and was endorsed by the leadership of its sponsoring institutions. Ostensibly, its recommendations on population control met these criteria, proving uncontroversial among donor governments and at the Columbia Conference and in review articles penned by the aid community. Most importantly, they found a strong supporter in Robert McNamara; unsurprisingly given that the Commission had engaged with many of the 'experts' from whom McNamara had gained his understanding of population problems. However, population control did not become a major area of World Bank lending. This was due to recipient objections and the difficulties McNamara and his supporters had in trying to adapt the Bank as an institution to undertake this work. Both of these issues reflected the problems of the orientation of the Commission, which had focussed on donors and the aid community to the detriment of working recipient concerns and the capacity of the Bank into its final Report. Despite these difficulties, the wider agenda of 'population-orientated' policies did gain ground within the Bank, and helped it to play the coordinating role envisioned by the Commission: this in turn secured the Bank the leading role in how aid was used and thought about in the 1970s.

McNamara faced opposition to the proposed new focus on population from recipient governments, and also established Bank personnel, who saw lending for population and other social factors as a distortion of the Bank's main mission to supply loans for economic development purposes.⁶¹ This opposition was made clear in the discussions among the Executive Directors about the Pearson Commission's recommendations on population. An internal staff memo noted that:

a number of Directors, particularly Machado and Lieftinck, took exception to the recommendation that agencies "should press in negotiations" for analysis of population problems notwithstanding the fact that our memorandum had tried to take

⁶⁰ Address to the University of Notre Dame by Robert McNamara, President of the World Bank, May 1 1969, p. 6. [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2011/11/24/000333037_20111124034527/Rendered/PDF/557770WP0Box360y0Robert0S.0McNamara.pdf, accessed 8 August 2014].

⁶¹ Clark, 'McNamara at the World Bank', p. 175.

the curse of those words by saying that presumably they were not meant to be strictly construed.⁶²

The source of opposition was particularly important. Luis Machado was the Executive Director in charge of representing a group of the Bank's Latin American member countries, and clearly felt obliged to continue their opposition to this policy.⁶³ Pieter Lieftinck, a Dutch Executive Director in charge of representing a composite group, was strongly opposed to the new Bank foci. In June 1968 Lieftinck had opposed McNamara's first annual budget for the Bank on the basis that it argued for what he thought was too large an increase in economic and project staff.⁶⁴

The concerns about McNamara's stance extended further than these two likely candidates however, with several of the other Directors arguing that the recommendations should be rephrased to eliminate what was described as the "slightly menacing ring" to the Bank's stated aim of bringing recipient governments' attention to the importance of analysing and dealing with the 'population problem.'⁶⁵ Despite these objections, McNamara pledged to continue along the lines laid out in the memo, explaining that "he was not planning to reformulate any of the conclusions, and simply wanted to have the Directors views."⁶⁶ This example of disregard towards the Executive Directors fed into the negative perception of McNamara among some of the more established members of staff, who believed that legitimate concerns were being ignored by McNamara and those around him.

Within the Bank, McNamara found it difficult to force the institution to act on population issues, despite his strong personal advocacy for action in this area. Part of the problem sprung from a reluctance among Bank staff to engage in such non-traditional forms of lending. Up until McNamara's Presidency, lending had been focussed on projects which offered a high rate of return. This policy made sense because of the relatively 'hard' lending terms which the Bank offered through its main lending arm IBRD: by the late 1960s its standard interest

⁶² Shirely Boskey to Richard Demuth, September 3rd 1970. Bank Administration and Policy: Pearson Commission General – 04. 1547553. WBGA.

⁶³ Kapur et al., *World Bank: History*, p. 944.

⁶⁴ Kraske et al., *Bankers with a Mission*, p. 175. Lieftinck represented Cyprus, Israel, The Netherlands and Yugoslavia (Mason and Asher, *World Bank*, p. 877.)

⁶⁵ Shirely Boskey to Richard Demuth, September 3rd 1970. Bank Administration and Policy: Pearson Commission General – 04. 1547553. WBGA.

⁶⁶ Ibid.

rate was 6.5 per cent.⁶⁷ Under McNamara, this policy was loosened, especially when lending in areas such as population control. As McNamara put it in a meeting with his senior staff in 1973, he wasn't concerned if population control yielded returns of "ten per cent or 10,000 per cent."⁶⁸ With this clear guideline removed, Bank staff found it difficult to identify potential programs, especially as they felt uncomfortable making the value judgements which were required in lending for population control.⁶⁹

Alongside institutional problems and even opposition at the Bank, the major block to action on population control was the reluctance among recipient governments to accept loans for this purpose.⁷⁰ In a report on a Population Council conference in 1972 one World Bank official noted reports that population control was sometimes linked to the Vietnam War in recipient countries and used as part of a narrative of an attempted 'holocaust' against the developing world.⁷¹ At the World Population Conference in Bucharest in 1974, an American proposal to set targets for a reduction in population growth was overwhelmingly defeated by votes from recipient countries.⁷² This continuing opposition from recipient governments and many of its own members of staff ultimately made it difficult for the Bank to loan money in this area. Recipient countries were reluctant to be treated as 'guinea pigs' by the Bank.⁷³ This fear was heightened by their awareness that narratives in donor countries could be brutal in their rhetoric and prescriptions about population control. McNamara was not immune to this tendency: in 1968, when a senior Bank official proposed a loan for population control to Jamaica should include health elements to reach a critical mass, McNamara opposed him on the basis that there was no point lending to reduce fertility if the same loan would also reduce mortality.⁷⁴

Despite McNamara's single-minded approach the opposition to his population policies did not dissipate with time. Early on in his tenure at the Bank, Clark sent McNamara a copy of a satirical poem originating in the Projects Department which mocked McNamara and

⁶⁷ Robert McNamara, 'Address to the Bond Club of New York, May 14 1968', p. 8. I:36, Speeches and Writings, Robert S. McNamara Papers, Manuscript Division, LoC

⁶⁸ K. Kanagaratnam to Files, 'Population Work Program Meetings in Mr McNamara's office – April 3 and 9', 13th April 1973, p. 1. II:2, Memoranda for the Record 1972-1973, Robert S. McNamara Papers, Manuscript Division, LoC.

⁶⁹ Finnemore, 'Redefining Development', p. 215.

⁷⁰ Connelly, *Fatal Misconception*, p. 281.

⁷¹ Stanley Johnson, 'Main points discussed at meeting held at Population Council', June 22-23, 1972. I:33, Population 1968-1977, Robert S. McNamara Papers, Manuscript Division, LoC.

⁷² Connelly, *Fatal Misconception*, p. 315.

⁷³ Finnemore, 'Redefining Development', p. 215.

⁷⁴ Sharma, 'McNamara at the World Bank', p. 187.

questioned his reasons for wishing to implement population control, noting in a rhyming couplet that “Not all his World Bank dollars will stop the people petting/There’s one thing McNamara wants he isn’t getting.”⁷⁵ As time went on, even the group around McNamara began to press against the emphasis on population control. In 1974 Ernest Stern, who had been recruited by Chenery with McNamara’s approval as the Bank’s Director of Development Policy, and Timothy King, one of his staff argued in a co-authored paper that efforts should be focused away from coercion towards anti-poverty and redistributive policies, where effects on growth were more measurable.⁷⁶ Within the Bank itself, McNamara and the group around him were being questioned about their population control agenda.

McNamara struggled to increase the importance of population control as a lending sector for the Bank. In 1972 only \$5 million was spent on population out of a total budget of \$15,386.6 million.⁷⁷ McNamara initiated a high-level investigation in 1973 into the slow growth of the population program under the leadership of Hollis Chenery and Warren Baum, the World Bank’s Vice-President for Projects. They noted that spending had been hindered by a range of factors, including internal political concerns in recipient countries and concern among the governments of those countries about the suitability of the Bank as a lender in this area.⁷⁸ In terms of the recipient countries it was noted that since the program was started in 1969 a major barrier to progress had been:

The weakness of commitment and the weakness of national leadership. For political reasons, too public a position on population control is avoided...In the last four years, with one or two exceptions, there had been no overt strengthening of population policies in the LDCs [Less Developed Countries]...Moreover, the LDC’s political mistrust of “foreign motivations” for promoting population planning still remains a sensitive issue in many regions⁷⁹

⁷⁵ Anonymous, ‘McNamara’, Undated. I:22, Commentary about bank, Robert S. McNamara Papers, Manuscript Division, LoC.

⁷⁶ E Stern to R McNamara, ‘Population Paper’, June 3, 1974. Ernest Stern Chronological Files (Development Policy) 74-01, 1850305, World Bank Group Archives, Washington DC, United States. Stern 3 393-394

⁷⁷ B. Knapp, ‘Determination of Priorities and Allocation of Resources’ in J. Lewis and I. Kapur, *The World Bank Group, Multilateral Aid and the 1970s*, (Lexington, 1973), p. 48.

⁷⁸ H. Chenery and W. Baum, ‘Population Work Program: Policy, Research and Operations. Part I: Population Policy and Research Work Program’, November 14th, 1973, p. 18. I:33, Population 1968-1977, Robert S. McNamara Papers, Manuscript Division, LOC.

⁷⁹ Ibid, p. 12.

The two authors also noted that the Bank was at a considerable institutional disadvantage because of its inability to make grants. As a result of an upsurge in the grant funds being made available for population control projects “Large amounts of money, available on grant terms, have been chasing mediocre operations.”⁸⁰ Taken together, Chenery and Baum accepted that the problems with the World Bank’s spending meant that their proposed ambitious growth in the program would be reliant on whether borrowers could be convinced to collaborate with the Bank. They argued this would depend on “internal political/cultural conditions, the availability of more attractive funds from other donors, and our own image and performance.”⁸¹

Unfortunately for McNamara and his supporters, the Bank’s capacity to create a coherent narrative about the need for population control proved extremely limited. When asked about the Bank’s attempts to increase population control in 1991, McNamara explained the Bank’s timidity, pointing out “we weren’t sure what the hell we were doing.”⁸² As late as March 1977, a Population Division note reflected that “coverage of population matters has been uneven and unsystematic... frequently very limited, not going beyond demographic information.”⁸³ Chenery and Baum’s review had argued that by 1979 the Bank should have 34 population projects under supervision.⁸⁴ Instead, in total during McNamara’s presidency, eleven population control projects were supervised. These represented a miniscule proportion of total IBRD/IDA lending. In 1979 the World Bank committed \$114 million to population control projects, in the context of total commitments of c. \$10 billion: by 1981 this figure had fallen to \$12.5 million out of over \$12 billion in commitments.⁸⁵ Without a convincing answer to recipient countries about the potential benefits of population control, or its own suitability as a lender, the Bank’s ability to loan in this area was stunted, and it was not able to act on the mandate delivered to it by the process surrounding the Pearson Commission.

While these attempts to have the Bank lend directly for population control did not take root, McNamara and his supporters did have more success in fostering ‘population-orientated’

⁸⁰ Ibid.

⁸¹ Ibid, p. 17.

⁸² Transcript of Oral History Interview with Ernest Stern held on December 16 and 29, 1994 and January 5, by Jochen Kraske, Louis Galambos and David Milobsky (First Interview Session), p. 4, WBGA.

⁸³ Population and Human Resources Division, ‘The Treatment of Population in Economic Reports’, March 31, 1977, p.1. I:33, Population 1968-1977, Robert S. McNamara Papers, Manuscript Division, LoC.

⁸⁴ H. Chenery and W. Baum, ‘Population Work Program: Policy, Research and Operations. Part I: Population Policy and Research Work Program’, November 14th, 1973, p. 14. I:33, Population 1968-1977, Robert S. McNamara Papers, Manuscript Division, LOC.

⁸⁵ Sharma, ‘McNamara at the World Bank’, p. 185.

agenda at the Bank more generally. Concern about population growth at the World Bank had not begun with Robert McNamara. Under George Woods it had driven the Bank's extension into lending for agriculture and education, and the groundwork had also been laid for health projects: these were all intended to mitigate the problems that many in the aid community believed arose from population growth. Alongside encouraging population control measures, McNamara also continued and expanded these programs. Due to the opposition from recipients and within the Bank, measures to alleviate the pressures caused by population growth were increasingly shifted into these other areas. In addition, the projects in these new areas were often shaped by the Bank's limitations: in practice, they came to focus on infrastructure spending. What had changed was the World Bank's ability to act as a convenor of knowledge and coordinator of resources, both of which had been boosted by the Pearson Commission.

In the late 1960s, Woods had become convinced that the Bank should be more involved in lending for agriculture, increasing its volumes and moving beyond large scale infrastructure projects towards new areas such as storage, credit facilities and extension work.⁸⁶ The Bank's Agricultural Development Advisory Service was set up in Nairobi in 1966: it consisted primarily of former colonial administrators, who were made available for project management and extension work.⁸⁷ McNamara's belief in the possibility of agricultural advances was reinforced by his engagement with the Rockefeller and Ford Foundations, which were at the forefront of agricultural research for the developing world, with four centres spread across the southern hemisphere. It had been at their joint centre in Mexico that Norman Bourlaug had done his pioneering work on semi-dwarf wheat which led to the 'Green Revolution' in South Asia.⁸⁸

For McNamara and others, one of the main problems of population growth was the potential it brought for famine: agricultural improvements could help mitigate this possibility.⁸⁹ On McNamara's initiative, the World Bank took the lead on developing this network, with the Bank creating and providing the organisation for the Consultative Group on International Agricultural Research (CGIAR) to run the centres. As a result the centres came to be run on a completely different scale: the CGIAR budget increased from \$11 million dollars in 1969 to

⁸⁶ Kraske et al., *Bankers with a Mission*, p. 130.

⁸⁷ Mason and Asher, *World Bank*, p. 319.

⁸⁸ Shapley, *McNamara*, p. 520.

⁸⁹ See for example M. Rao, 'An Imagined Reality: Malthusianism, Neo-Malthusianism and Population Myth' *Economic and Political Weekly* 29 (1994), pp. 40-52.

\$160 million by the late 1970s.⁹⁰ In addition, McNamara bought into the belief that investing in smallholder agriculture would help decrease instability in recipient countries, one cause of which was seen as being population growth.⁹¹ In 1973 agriculture overtook transportation as the single largest area of World Bank lending.⁹² By 1976-78, 32.3 per cent of the World Bank's loans were being committed to agriculture and rural development.⁹³

Similarly, McNamara built on work which had been done during Woods's presidency in other areas, though this has sometimes been misunderstood. One clear example of this was the Bank's work on river blindness. Shapley, McNamara's biographer, argued that his wife's lobbying following a West African trip in the 1970s persuaded McNamara to intervene, and that he would normally have left the work to the WHO. However, as historian Jesse Bump has shown, the Bank's work on the disease actually had its origins in a meeting between officials from the Bank and AID in 1966.⁹⁴ McNamara's visit to West Africa in 1971 did not result in his chance 'discovery' of river blindness but had been set up for him to decide whether to act on Bank research work which had been carried out on the disease since 1966. As Bump pointed out, McNamara's decision to proceed was linked to two factors: the first was the Bank's growing dominance in aid structures and the second was McNamara's belief that funding a project in this area would help ameliorate the affects of population growth in the region.⁹⁵

This move was made possible by the Bank's increasing importance in aid policy-making, a process which had been hastened by the Pearson Commission. One major impact of the Commission and the process surrounding it was to greatly boost the Bank's profile and support among the aid community, and to bring many of its members into the Bank's orbit as permanent staff members or external advisers: a position of power from which they were able to influence donor governments. On a pragmatic level, the process surrounding the Commission had the impact of introducing McNamara to many of those in the aid community who he would subsequently consult extensively as external advisors or bring into the Bank in senior positions. Clark would serve as one of McNamara's most influential advisers at the Bank, becoming a Vice-President in 1973 and remaining with the institution until 1979. Ward

⁹⁰ Shapley, *McNamara*, pp. 521-522.

⁹¹ Rao, 'Population Myth', p. 49; Sharma, 'McNamara at the World Bank' p. 347.

⁹² Sharma, 'McNamara at the World Bank' p. 196

⁹³ *Ibid*, p. 197.

⁹⁴ J. Bump, *The Lion's Gaze: African River Blindness from Tropical Curiosity to International Development*, [Unpublished PhD Thesis, John Hopkins University, 2014], pp. 306-307.

⁹⁵ *Ibid*, p. 348.

has been noted as a major influence on McNamara's thought, especially in his early time at the Bank. In 1970 McNamara wrote to Ward that "I have never made a major statement since I came to the Bank that hasn't been improved by your work."⁹⁶ At the Columbia conference McNamara was introduced to Chenery and Mahbub ul Haq, a former aid official in Pakistan, who McNamara hired first as a special adviser in 1970, and then as Director of the Bank's Policy, Planning and Program Review Department for most of the 1970s.⁹⁷

The process of outreach also encouraged the Bank to establish networks of sponsorship and collaboration in the world of think-tanks and academia. The most striking example of this was the Bank's work with the Institute of Development Studies (IDS), based at Sussex University in the UK. Richard Jolly, a fellow and later Director of the IDS had been encouraged by Clark and Ward to put together the Columbia Declaration. The Bank had remained in touch with the work of the IDS through Chenery, who was a friend of Dudley Seers, the founder of the IDS, and had supervised Jolly at Yale. In 1972 Jolly was invited to talk at the Bank by Chenery on labour issues, and was subsequently invited to spend half an hour discussing his paper with McNamara. The following year Chenery and several IDS fellows collaborated on a project which became the book *Redistribution with Growth*, published in 1974, which was an agenda for poverty-orientated development policies.⁹⁸ The Bank also funded other research, including continuing to finance the ODI, giving c. £31,000 between 1973 and 1975 in grants, and funding for specific programs and projects.⁹⁹

These influences encouraged a population-orientated agenda at the World Bank. This had begun under George Woods, with the attempted increase in the size of the IDA, and the expansion of World Bank lending into the fields of agriculture and education. Under McNamara the range of issues widened, and McNamara led a successful effort to dramatically increase the amount of resources committed by the World Bank. Martha Finnemore has shown that this expansion had a major impact on donor opinion, and changed the way that major bilateral donors practiced development.¹⁰⁰ Similarly, Bump noted that the American, Canadian and French bilateral agencies all encouraged the Bank to take the lead in

⁹⁶ Sharma, 'McNamara at the World Bank', 168-169.

⁹⁷ Sharma, 'McNamara at the World Bank', p. 169, Shapley, *McNamara*, pp. 508-509.

⁹⁸ *United Nations Intellectual History Project*, Transcript of interview of Richard Jolly by Thomas G. Weiss, 20 July 2005, pp. 45-47. Online: <http://www.unhistory.org/CD/PDFs/Jolly.pdf>

⁹⁹ ODI, *ODI Annual Report 1974*, (London, 1974), p. 13; *ODI Annual Report 1975*, (London, 1975), p. 12. Given that the ODI's total income over this period was £390,000 this represented an important but not crucial part of total funding.

¹⁰⁰ Finnemore, 'Redefining Development', pp. 203-204.

coordinating the administration of programmes to eliminate river blindness.¹⁰¹ The only objectors were the British, but by mid-decade this reticence had dissipated and *Redistribution with Growth* provided the intellectual basis for the 1975 White Paper on aid.¹⁰² By institutionalising population-orientated policies at the World Bank, McNamara and his supporters were able to gain legitimacy and support for the Bank, and this new agenda, among major donors and the aid community.

Conclusion

The work of the Pearson Commission and its recommendations on population had formed part of two wider processes which were changing the way that aid was thought about and used. The first of these was the discussion about how far aid should be aimed towards stimulating economic growth. The second was which organization, or organizations should take the lead role on development matters. In the context of growth, the recommendations on population control had differed from Arthur Lewis's argument that governments should be allowed autonomy in this area. This was enthusiastically seized upon by the aid community who were seeking to co-opt aid into a 'poverty-orientated' approach which would aim to change societies as well as economies. In recognition of this strength of feeling, and their belief that the Bank was the only organisation with the credibility among donors and the resources to take on this subject, the Commission recommended that the Bank should significantly increase its activities in this area, and take on a coordinating role among international organisations.

Although the World Bank was not the obvious organization to undertake this work, its size and acceptability to donor governments, along with McNamara's enthusiastic espousing of the new poverty-orientated approach, attracted many in the aid community to collaborate with the Bank, as members of staff and external advisors. In many other fields a population-orientated approach allowed the World Bank to expand and gain a reputation for technical efficiency which confirmed its leadership of the aid community. The result was a shift in the aid regime, though this was not as pronounced as some contemporary observers and scholars have argued. As Patrick Sharma has shown, McNamara and his supporters were constrained in how they implemented an anti-poverty agenda by the organizational norms and traditions

¹⁰¹ Bump, 'African River Blindness', p. 351.

¹⁰² Ireton, *Britain's International Development Policies*, p. 70.

of the World Bank.¹⁰³ For example, attempts to institutionalise population control as one of the World Bank's fields of activity failed due to its lack of capacity to undertake the role and continuing opposition from recipient governments. This failure was symptomatic of the shortcomings of the Pearson Commission, which focussed on crafting recommendations which increased the power of the World Bank at the expense of other international organisations, and would be acceptable to opinion in and around donor governments at the expense of investigating the beliefs and needs of recipients, and the capacities of the World Bank.

¹⁰³ Sharma, 'McNamara at the World Bank', p. 154.

Conclusion

This thesis has used a focus on the Pearson Commission to explore the policy and institutional dynamics of aid during the later 1960s and early 1970s. A central feature of this has been the Pearson Commission's relationship with both formal and informal spaces. Certainly, the Commission was discussed and undertook some of its work in the boardrooms of international organizations, in government offices and legislative chambers. However, just as important to its functioning were meetings in country houses, hotels and ski lodges. This demonstrates that the international regimes have been shaped by social interactions as well as by political allegiances and educational backgrounds. It was not just a case of 'it's not what you know, it's who you know'; though there was plenty of favouritism going on. Rather, what the policy-makers in this study 'knew' about the world was shaped by their social circles. As was shown in Chapter One, a set of attitudes guided Western policy-makers in the postwar period: communism was bad; economic growth, tied to free trade and foreign investment, and political stability were good. Aid, it was believed, would help encourage the latter two and keep communism at bay. Underpinning these attitudes were the liberal, interventionist institutions which often gave this group employment: the Marshall Plan's organs, NATO and the World Bank. Also important were publications, think-tanks and universities that supported their world view, and the informal discussion and socialising networks such as the Bilderberg Group which helped to tie these strands together.

Maintaining these regimes by ensuring that technical knowledge, political beliefs and social circles reinforced each other required effort, and the shaping of policy communities. This work involved finding sponsors willing to lend financial and political support; but it also involved cultivating personal and institutional relationships. This thesis has analysed how policy communities attempted to maintain regimes under pressure, and also how they responded to change. The events analysed in this thesis therefore shed light on a number of ongoing scholarly debates about postwar aid. The first concerns the nature of changes which occurred in the aid regime in the late 1960s and early 1970s. Most literature on the subject identifies this as a period of change, but where scholars differ is on the nature of this reorientation and what causes such changes to happen. Some focus on underlying economic structural conditions; others the power of ideas; and yet others the importance of

bureaucracies.¹ This thesis has accepted that there was a shift in the rationale of aid from economic growth toward more socially interventionist missions to do with poverty and population, and that there was a relative decline of the US as a world power. These were hegemonic changes in a Gramscian sense, which is based upon:

a structural concept of power, where the constitution of a stable, hegemonic order implies a strong ‘fit’ or compatibility between dominant ideas, institutions and material capabilities at both national and international levels in the (Global Political Economy).²

In other words, the dip in importance of the US undermined the international regimes which had been built up after the Second World War and made the continuation of aid as it had been practiced difficult. However, this thesis has also argued that these hegemonic shifts were not enough to explain the specificities of how the aid landscape changed in the early 1970s: the reduction in US interest in aid did not mean *ipso facto*, for example, that the World Bank should become more powerful, or that the aid target should be set at 0.7 per cent of GNP. Furthermore, the demotion of growth as a driving rationale should have actively militated against these developments because the World Bank and the target had both been firmly tied to creating self-sustaining levels of economic growth as their rationales.

To understand how those concerned with aid managed hegemonic change to restructure the aid regime, the thesis used concepts of communities which have been developed by political scientists.³ The thesis has regularly used the short-hand of referring to an aid community. In the introduction it was explained that this was an attempt to show that there was a policy community, concerned with aid that had an integrated and restricted membership throughout this period. On the basis of the work done in this thesis a couple of observations can be added to this. Firstly, this policy community appears to have been reinforced in response to the ‘crisis in aid’ – this runs very much against current understandings that the idea of a policy community is not useful in analysing times of change. At the core of this community were the heads of aid bureaucracies, and this group had been meeting in forums including the DAC and the UN’s ACC for a decade and more by the time of the ‘crisis in aid’. Similarly, many had socialised together, and been drawn together through the work of think-tanks, especially

¹ See, respectively, Introduction: footnote 38 (Strange); footnotes 16 and 17 (Nemchenok); and footnote 63 (Finnemore).

² Gill, ‘Hegemony, Consensus and Trilateralism’, p. 206.

³ See pp. 16-19 of the Introduction.

the ODI, and individuals like Ward during a similar time frame. But it was the threat of declining interest in aid among Western elites, and the stagnation in the resources which led to the crystallization of this community at a series of events organised by Clark and/or Ward, and later Martin – Ockham House, the Tidewater Meeting series, and the Columbia Conference.

However, the aid community was clearly not just limited to the heads of aid bureaucracies. The second observation which can be made is that personnel were also recruited from Western elites and the epistemic communities involved in aid. These were individuals who had not necessarily spent their careers working on the issues of aid, but had been involved in administering resources within Western societies were often brought in to give their backing to, and opinions on the use of aid. The Pearson Commissioners were representatives of this effort: with the exception of Lewis they had not spent their careers working on aid matters, but they were heavily involved in the aid community in the late 1960s and early 1970s.

At the same time there was clearly a group of academics and journalists without bureaucratic responsibilities, who were heavily represented at the Columbia Conference. That this group were not part of the core of the aid community was evidenced in two developments at the Conference. Firstly while the overwhelming majority of academics and journalists present signed the Columbia Declaration, the bureaucrats present were not able to do so for fear of prejudicing their ‘technical’ impartiality (which probably provided a convenient excuse for many of them). Secondly, very few from these epistemic communities were invited to the meetings on aid administration in 1970, including that at Montebello that directly followed the Columbia Conference. Both of these provided evidence that while this group were seen as useful for inspiring debate, their access to active decision-making about the purpose and structures of aid was highly restricted.

Further study of the movement between epistemic communities, Western elites and the aid community would help further illuminate the aid regime, and the place of different international actors within this. What is clear from this thesis is that who was excluded from the aid community was as important as who was invited. A running finding has been that representatives from communist and recipient countries were regularly frozen out of the discussions of the aid community, and that the UN was often under-represented. More complex were the politics of who would be invited in from the epistemic community and Western elites.

One potential example of this has been addressed in this thesis – namely how changes in personnel at the World Bank were related to its rise to power in the 1970s. Explanations of this in existing literature have argued that the changes at the Bank were a response to demands from a ‘development community’.⁴ This thesis has argued that this is the wrong way round. Rather than responding to a call for change to make the World Bank more poverty-orientated, which then led to the Bank expanding, Woods and later McNamara, and Clark and Ward, wanting to make the Bank larger and more powerful, went looking for a rationale to justify this. Initially they believed that by recruiting astutely from Western elites they could rally donors and the aid community around a rationale of self-sustaining growth, and that this would lead to an expansion in aid. When this failed, they looked to the epistemic communities concerned with aid to provide a rationale for donors to invest fresh resources and power with the World Bank, and found it in the idea of a ‘poverty-orientated approach’.

The importance of William Clark and Barbara Ward in engineering these processes has also been highlighted: of coordinating the political, social and technical factors that sustained the aid community and the aid regime and as part of this acting as interlocutors between the bureaucratic, epistemic and elite power bases. Recent work on similar subjects reveals they were not alone in taking on such a role in the context of postwar aid, though they were perhaps unusually successful.⁵ However, attempts to precisely theorise this role are often not wholly satisfactory, as evidenced by the ongoing debate about norm entrepreneurs, discussed in the Introduction.⁶ Clark and Ward would certainly not answer to this term as it would ignore the political and social aspects of their work. If they have to be given a label, this thesis has argued that ‘community operators’ is best, as it highlights the way they sought to give an identity, rationale and direction to a group of individuals that were often quarrelsome and had conflicting interests. That there were negative sides of this, including acting to exclude people or views that were seen as overly troublesome should not be ignored.

This thesis has focussed on the Pearson Commission’s contribution to aid diplomacy as it was practiced between the aid community and donor governments. At least two further factors played a relatively large part in the work of the Commission but were relatively neglected in its aftermath, and these flag up some interesting aspects of the context in which the Commission was operating. The first of these were the Commission’s discussions concerning

⁴ See Introduction, footnote 77 and Chapter Three, footnote 126.

⁵ See Introduction, footnote 81.

⁶ See Introduction, footnote 79.

trade. Although the Commission discussed both aid and trade, aid recommendations were separated out by the aid community. This uncoupling of aid and trade may have had important implications on later discussions about aid and development in the later 1970s, which remains to be further explored. Secondly, there remains the question of relationship the Commission had with recipient governments and societies. Recipient governments appear to have engaged strongly with the process at regional hearings. However, the donor-oriented nature of the Commission's Report, together with the removal of trade from aid discussions, may have helped lead to recipient demands for a New International Economic Order (NIEO) which dominated aid diplomacy in the 1970s. To substantiate this link would further require examination of the ways that the Commission was received in recipient countries through close study of the papers of individuals and institutions connected to recipient governments.

Another possible next step from this thesis would be to track what Clark and Ward did next. Here two particular activities are of interest. Firstly, both became caught up during the 1970s in making environmental activities part of the aid regime. This began when Ward was approached by Maurice Strong from CIDA, to write a book on the subject. Through collaboration with Strong and McNamara, Ward became an influential voice on global environmental issues. This holds obvious comparisons with the processes surrounding the Pearson Commission and it would be fruitful to analyse whether this environmental work presented a continuation of the process of renewal begun at the Columbia Conference. The second joint endeavour between Clark and Ward which would merit further study is the creation of the Brandt Commission in the late 1970s. This was initially envisioned as a follow-up to the Pearson Commission and was designed to serve a similar purpose of rallying the aid community behind the leadership of the World Bank. However, the Brandt Commission has been widely seen as less successful than that led by Pearson. Whereas the Pearson Commission had provided the basis for a number of compromises in aid diplomacy, the Brandt Commission was rejected outright by the newly-elected Reagan government.⁷ A comparative study of these two commissions and their differing impacts on the world's stage would further uncover the complex dynamics which determined the aid regime at particular moments in time.

The way that aid was thought about and practised in the late 1960s and early 1970s was not only the product of dry, technical discussions. The theories of economists and

⁷ Hettne, *Development Theory and the Three Worlds*, p. 121.

pronouncements of politicians, the gossiping of journalists and the wry assessments of officials were all rooted in complex personal histories, unconscious assumptions and socially-reinforced beliefs. This thesis has brought these human frailties into the broader narrative of aid institutions and policy in order to give more a fully rounded picture of the way in which communities and regimes function in times of change.

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