

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

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CONFIDENTIAL

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FROM: The Secretary

April 7, 1969

THE PEARSON COMMISSION

As requested at the Meeting of the Executive Directors on March 25, 1969, there is attached a report on the "Activities of the Commission on International Development".

Distribution:

Executive Directors and Alternates
President
President's Council
Executive Vice President, IFC
Vice President, IFC
Department Heads, Bank and IFC

ACTIVITIES OF THE COMMISSION ON INTERNATIONAL DEVELOPMENT

The Commission came into formal existence with an exchange of letters between Mr. McNamara and Mr. Pearson on August 16, 1968. Mr. McNamara referred to the proposal made by his predecessor, Mr. Woods, that there be a "grand assize" of development assistance, and indicated that his own experience since becoming President of the Bank had persuaded him that there was a need for such a review. Accordingly, he asked Mr. Pearson to head an international commission to "review the impact of external assistance on the development of the poorer nations over the past two decades . . . and consider the methods of giving assistance and the orders of magnitude for that assistance which appear necessary over the next decade and the next generation in order to ensure a reasonable hope of sustained, and eventually self-sustaining, growth in a number of the less-developed countries." Mr. Pearson was asked to select and invite members of the Commission according to his own judgment. Mr. McNamara noted that Mr. Woods had put the Bank on record as prepared to finance necessary research and to assist in recruiting the technical staff. In all other respects, the Commission is entirely independent of the Bank and of all government and international organizations.

Mr. Pearson immediately set about assembling a Commission of distinguished individuals who, acting in non-official capacities, could be expected to render sound judgments on these important questions and to influence opinion in their countries and in the world community at large. Membership was restricted to eight so that the work of the Commission could proceed at a speed commensurate with the urgency of the problem. By the middle of October seven distinguished leaders, each from a different country and background, had agreed to serve with Mr. Pearson. They were and are Sir Edward Boyle, Roberto Campos, C. Douglas Dillon, Wilfried Guth, Sir W. Arthur Lewis, Robert Marjolin and Saburo Okita. Only Chairman Pearson devotes full time to his Commission tasks. The others give of their time as the Commission's work demands.

Immediate action was also necessary to assemble the staff required to perform the very broad range of research and analysis entailed in the Commission's task. It was decided very early that the Commission's job should be directed not only toward flows of official aid as usually defined, but to the full range of the relations and resource flows between rich nations and poor nations, as Mr. McNamara had suggested in his letter. This enormous intellectual spectrum requires staff experience and expertise of a range and quality very difficult to come by. Chairman Pearson elected to proceed with a relatively small staff for a task of this size, holding it to sixteen senior professional people, with provision for limited additional junior-level research assistance on an hourly basis. His Staff Director and Deputy Staff Director had begun work by October 1, and the full complement of staff members, drawn from all over the world, were assembled in Washington by the end of the year. (A full roster of the staff is shown in Annex A).

The rudiments of organization having been accomplished, the Commission set about its task by planning and starting work of four major types, as follows:

I. Commission Meetings

In order to take advantage of the rhythms and circumstances of political life with respect to development programs, the Commission decided to complete its task in one year, issuing its Report about the end of September 1969. It

was necessary, therefore, to establish a schedule of meetings which allowed sufficient time for careful and detailed review of staff work leading to the final Report, but which also took into account the fact that each Commissioner is intensely busy and must budget his time very carefully. The resulting schedule was a sequence of four meetings, beginning in December 1968 near Montreal, and proceeding to Rome in March 1969, to Copenhagen in June, and to Geneva in August. Each successive meeting is longer than the last, beginning with two days in Montreal and ending with a full week in Geneva; this corresponds to the growing volume of work as the Commission gets closer to the issuance of its Report. Actual meeting days are, of course, supplemented by the extensive work each Commissioner does at home in preparation for meetings.

The first two meetings of the Commission have proceeded on schedule. The Montreal session was held December 16-17, 1968, and the meeting at Rome was held March 13-15, 1969. Each required the attendance of most of the senior staff because the Commission addresses all of its major areas of possible recommendation at each sitting. The senior staff people responsible must be present to present analysis and receive instructions.

II. Regional Hearings

Ideally, a Commission of inquiry into the whole development situation should visit all developing countries. Each is a unique universe of circumstances, problems, and opportunities, and each has its own views of the proper future course for development assistance. Although there is an extensive literature on development, few would argue that there is any substitute for direct contact with the people and the problems which the Commission was appointed to address. And there is no intellectually respectable basis for distinguishing between countries and deciding to visit some but not others.

In practice, however, it would be physically impossible for the Commission to visit every developing country. Even if this could be arranged, it would reduce the study to an exhausting and largely ceremonial process of airport arrivals and departures. The Commission elected, therefore, to sponsor a series of regional hearings in the less-developed world. Chairman Pearson, accompanied by various Commissioners, as each could manage the time, would establish headquarters for a few days in a central location and invite governments, and in some cases distinguished private individuals, to come and give testimony to the Commission on the full range of development issues which it had been charged to study. Ultimately, this process would give every government of every developing country an opportunity to present its views to the Commission if it so desires.

Seven such regional hearings were scheduled, beginning with a Latin American meeting in Santiago, January 13-17, 1969, and proceeding to West Africa (Abidjan, March 17-19), East Africa (Kampala, March 24-26), South Asia (Rawalpindi, March 31-April 1, and New Delhi, April 3-5), East Asia (Singapore, April 8-11), and the Near East/North Africa (Ankara, June 9-12). These hearings are now underway. All have thus far been held on schedule. Chairman Pearson will also take advantage of his presence in East Asia to accept a long-standing invitation to visit Australia where he will preside over a special development seminar being organized by Australian National University, and to make one-day visit to Japan, corresponding to similar visits he will make in June to confer with high-ranking finance and development officials in several European countries.

III. Contracted Staff Work

It was clear from the outset that sixteen professionals could not possibly do the full amount of research necessary for the Commission to reach informed judgments on the range of issues presented by the development problem. A select number of projects were therefore contracted out to qualified private authorities. This work is centered on two kinds of research: (a) studies of conditions and prospects in individual developing countries; and (b) studies of the history and structure of opinion toward development aid in the major donor countries. Each contract has been carefully conceived and each contractor has been subject to thorough scrutiny of his credentials and record of reliability.

IV. Direct Staff Work

The great bulk of the staff work performed for the Commission is done by its own professional staff. The group is housed in its own offices in a building at 1900 L Street in Northwest Washington. It has been designed to make maximum use of existing Bank, Fund and other facilities so as not to duplicate any research aids which already exist. Each man is responsible, with the aid of limited graduate-student research assistance, for a large section of the subject matter the Commission hopes to cover. For example, one senior man is responsible for all aspects of trade; another deals with the question of aid magnitudes; a third is responsible for recommendations with respect to the debt problem. Each staff judgment as delivered to the Commission is the result of extended collective consideration by the entire staff, but each first reflects the thought and effort of a single senior man directly responsible for that topic. Thus, each staff member is both very busy and critical to the success of the entire enterprise.

Effective staff work on the issues presented requires a limited amount of staff travel. In almost every case, this travel is connected with journeys to Commission meetings which would have to be undertaken in any event. There is also limited travel connected with maintaining contact, as directed in Mr. McNamara's letter to Mr. Pearson, with the several other development assistance study groups which are now in operation under the auspices of the United Nations, the Inter-American Development Bank, and other bodies.

V. Budget

Following is the present estimate of total expenses and expenses to be incurred in FY1969 for the Commission:

	Total Estimated Expenses	Estimated Expenses FY1969
Staff Personal Services Costs (Salaries, Tax Reimbursements, Staff Benefits)	\$ 417,000	\$ 264,000
Staff Travel	150,000	124,000
Consultants (Fees and Travel)	175,000	150,000
Office Occupancy	51,000	39,000
Other Expenses	<u>55,000</u>	<u>45,000</u>
	\$ 848,000	\$ 622,000

COMMISSION STAFF

Edward K. Hamilton (United States) Executive Secretary & Staff Director

Recent Posts: Senior Member, National Security Council Staff, The White House (1966-68) with senior responsibility for African affairs (1966-68) and South Asian affairs and foreign aid matters in general (1967-68); member, National Security Staff (1965-66); assistant to Director of the Bureau (1963-64) and staff member, International Division (1962-63), Bureau of the Budget, U.S. Government.

Ernest Stern (United States) Deputy Staff Director and
Area Specialist for Near East/South Asia

Recent Posts: Deputy Director, U.S. A.I.D. Mission, Pakistan (1967-68); Assistant Director for Development Policy, U.S. A.I.D. Mission, India (1965-67); Officer in Charge (1964-65), Office of Pakistan Affairs, A.I.D., Washington; economist, A.I.D., Ankara (1959-63); instructor, Dept. of Economics and Statistics, Middle East Technical University, (1960-61).

Sartaj Aziz (Pakistan) Economist

Recent Posts: Joint Secretary (Plan Co-ordination) (1968-); staff member, Chief International Economics Section (1963-68) and Deputy Secretary (Programming) (1961-63), Planning Commission, Government of Pakistan.

Publications: "Industrial Location Policy in Pakistan" (Research Study).
Problems of Export Promotion in Developing Countries (Monograph).
Role of Private Sector in Pakistan's Development (Monograph).

Mrs. Patricia W. Blair (United States) Staff Associate

Recent Posts: Editor (1967-68) and Associate Editor (1966-67), Development Digest; consultant, Council on Foreign Relations, U.S. State Department (INR), A.I.D./New Delhi, and African-American Institute (1963-68); associate editor (1959-63) and research editor (1958-59), Carnegie Endowment for International Peace.

Publications: The Ministate Dilemma (Monograph, 1967). Portuguese Africa and the United Nations (Monograph, 1963). Burma's Role in the United Nations (Joint author, monograph, 1957).

Donald T. Brash (New Zealand) Private Investment Expert

Recent Posts: Staff member, Dept. of Investments, International Finance Corporation, International Bank for Reconstruction and Development (1966-); Research Scholar, Australian National University (1962-66); Research Assistant, Reserve Bank of New Zealand (1962).

Carlos DIAZ Alejandro (Cuba) Area Specialist for Latin America

Recent Posts: Associate Professor, University of Minnesota (1965-); staff member, Committee of Nine, Alliance for Progress (1962-63); assistant professor, Yale University (1961-65).

Publications: Exchange Rate Devaluation in a Semi-Industrialized Country (1965). Essays on the Economic History of the Argentine Republic (Forthcoming). Journal articles on Latin American development and international trade.

Harold B. Dunkerley (United Kingdom) Economist

Recent Posts: Harvard University Development Advisory Service, Colombia and Ghana (Leader of Advisory Group in Ghana) 1963-68; general economic advisor to Government of Vietnam, Brookings Institution (1960-62); member, Gilbert White Mission on overall assessment of Mekong River Basin Development (1962).

Publications: Journal articles on general economic and monetary subjects.

Dharam P. Ghai (Kenya) Economist

Recent Posts: Research Professor (1968-) and Senior Research Fellow (1966-67), Institute for Development Studies, University College, Nairobi; Visiting Research Fellow, Economic Growth Center, Yale University (1965-66); Senior Lecturer (1964-65) and Lecturer (1961-64) in Economics, Makerere University College, Kampala, Uganda.

Publications: Taxation for Development: A Case Study of Uganda (1966); Portrait of a Minority: Asians in East Africa (Editor, 1965). Journal articles on developmental problems of East African countries.

Ravi Gulhati (India) Economist

Recent Posts: Director, Ministry of Finance, Government of India (1966-); Chief, World Bank Mission to Korea (1965-66); staff member, Office of the President (1964-65) and economist, Economics Department (1956-64), International Bank for Reconstruction and Development.

Publications: "The Uses of Analytical Techniques in Estimating Foreign Aid Requirements" (Joint author, research study report, 1966). "The Need for Foreign Resources, Absorptive Capacity and Debt-Servicing Capacity" (Paper, 1965). Economic Growth and External Debt (Joint author, 1964). Debt-Servicing Problems in Low Income Countries (Joint author, 1960). Debt-Servicing Capacity and Postwar Growth in International Indebtedness (Joint author, 1958).

Albert F. Hart (Canada) Special Assistant to the Chairman

Recent Posts: Canadian High Commissioner in Ghana (1966-68); Fellow, Center for International Affairs, Harvard University (1965-66); Counsellor, Canadian Embassy, Moscow (1962-64); Deputy Head, Canadian Military Mission, Berlin (1960-62).

Bimal Jalan (India) Economist

Recent Posts: Economics Department, International Bank for Reconstruction and Development (1964-); economist, Exchange Restrictions Department, International Monetary Fund (1964).

Peter M. Kilburn (Canada) Staff Assistant

Recent Posts: Special assistant, Minister of Rural Development (1968) and Minister of Manpower and Immigration (1966-68), Government of Canada; radio producer, public affairs programming, Canadian Broadcasting Corporation (1965-66); programme and liaison officer, Royal Commission on Bilingualism and Biculturalism (1963-65); attorney, Montreal (1963).

Sylvain Lourie (France) Area Specialist for Africa

Recent Posts: Assistant Director, Educational Financing Division, UNESCO (1965-); Senior Research Fellow, Institute of Economic and Social Studies, University of Paris (1962-65); Secretary-General, Training Centre for Technical Cooperation Experts, National Foundation of Political Science, University of Paris (1957-65); Chief of Planning and Policy, Directorate of Cultural and Technical Cooperation (Secretary of State for Cooperation) (1960-65), French Ministry of Foreign Affairs.

Publications: Problems and Strategies of Educational Planning: Lessons from Latin America (Joint author, 1964). Development Prospects for Education in 19 Latin American Countries (1962). Research studies on Cameroon, Chad, Gabon, Ivory Coast, and Pakistan (1965-68). Survey studies of education in Brazil, Costa Rica, and Rwanda (1965-68). Journal articles on technical assistance.

Goran Ohlin (Sweden) Economist

Recent Posts: Acting Professor, Stockholm School of Economics (1968-); Head, Economics Division, Federation of Swedish Industries (1966-68); Fellow, O.E.C.D. Development Centre, Paris (1964-66); Visiting Research Professor, Institute of International Economic Studies, Stockholm (1962-63); Associate Professor, Department of Economics, Columbia University (1959-62).

Publications: Population Control and Economic Development (1967). Aid and Indebtedness (1967). Foreign Aid Policies Reconsidered (1966). Journal articles on the historical aspects of economic development problems.

Javier Pazos (Cuba) Area Specialist for Latin America

Recent Posts: Foreign trade advisor to the Government of Venezuela at Cordiplan (1968); head, economic staff in charge of country studies, ECLA (1963-68); Vice-Minister of Economics, Government of Cuba (1959-60).

Publications: Journal articles on Latin American economic development.

Miss Annette Perron (Canada) Executive Assistant to the Chairman

Former Posts: Private Secretary to Mr. Lester B. Pearson, Prime Minister of Canada (1963-68) and Leader of Liberal Party (1958-68); personal and private secretary to the Right Honorable Louis St. Laurent, Prime Minister of Canada (1950-57).

Thomas H. Silcock (Australia & United Kingdom) Area Specialist for East Asia

Recent Posts: Senior Economic Adviser, U.K. Ministry of Overseas Development (1968); Senior Research Fellow, Australian National University (1964-); Senior Research Fellow, Institute of Commonwealth Studies, London (1960-64); Professor of Economics and Dean of Arts, University of Malaya (1958-60).

Publications: Proud and Serene (1968). Thailand, Social and Economic Studies in Development (1967). The Economy of Malaya (1963). Political Economy of Independent Malaya (1963). Southeast Asian University (1963). Readings in Malayan Economics (Editor, 1961). Towards a Malayan Nation (1961). The Commonwealth Economy in Southeast Asia (1959). Fiscal Survey of Sarawak (1956).