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# ECONOMISTS AND THE EMERGENCE OF DEVELOPMENT DISCOURSE AT OECD

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CENTER FOR THE  
HISTORY OF POLITICAL ECONOMY  
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# **Economists and the Emergence of Development Discourse at OECD**

Michele Alacevich and Mattia Granata

Abstract:

This paper discusses how economists contributed to OEEC-OECD policies between the 1950s and the 1960s, when OECD emerged as a truly global organization. We aim at offering a contribution, based on extensive archival sources, to what Coats defined the “ambitious effort” to study “the systematic analysis of the activities and influence of professional economists in the modern (i.e., post-1945) world” (Coats 1986: vii). In particular, at the organizational level, we highlight the porous relationship between national and international governmental circles. As for the policy agenda, we discuss how a new focus on the nexus between backwardness, development policies, and the economics of education emerged in the European context, and how this focus was conceptually distinct from analyses centered on growth in advanced economies. This specifically European developmental focus produced a coordinated effort at addressing the educational question, which overlapped with new trends in economic research on the role of human capital for economic growth.

## **1. Introduction**

In 1986, A. W. Coats noted that “the role of economists in international agencies has hitherto been entirely ignored by students of international relations, economic thought and policy, the history and sociology of the professions, and other related fields of inquiry” (Coats 1986: vii). Though a

substantial body of publications exists on the origins, policies, and results of international organizations, he continued, “the tasks assigned to or performed by professional economists, or their influence on the organizations’ effectiveness” has remained unobserved (Ibid.). Coats’s agenda was probably ahead of its times, since in the mid-1980s the archives of many organizations were closed to external researchers.<sup>1</sup> More recently, however, the increasing availability of archival sources has considerably changed the landscape, resulting in a small but substantial collection of studies that discuss (among other things) the role of economists in international organizations, biographies of prominent economists who collaborated with international organizations, analyses about the circulation of economic ideas, and specific disciplinary histories that also discuss economists’ work in international agencies.<sup>2</sup>

Unsurprisingly, this new wave of historical studies has covered only a small part of the territory potentially opened to it, and one of the major international organizations of the postwar period, the Organisation for European Economic Co-operation (OEEC; from 1961 re-founded as Organisation for Economic Co-operation and Development, OECD), has for a long time remained out of the spotlight. Originally established as the coordinating agency for European countries during the Marshall Plan, it

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<sup>1</sup> In any case economists are very rarely interested in the history of their own profession within the organizations that hired them (in addition to the contributors to Coats’s 1986 volume, a notable exception is Stern and Ferreira 1997).

<sup>2</sup> For the role of economists in international organizations, see for example Endres and Fleming 2002; Alacevich 2009, 2016; Murphy 2010; Maul 2012, 2019; Chwieroth 2010; Emmerij, Jolly, and Weiss 2001; Berthelot 2003; Jolly, Emmerij, Ghai, and Lapeyre 2004; Toye and Toye 2004; Ward 2004; and Teixeira 2019. For biographies of prominent economists who collaborated with international organizations, see for example Sandilands 1990; Shaw 2002; Tignor 2006; Dosman 2008; Adelman 2013; and Mosley and Ingham 2013. For analyses about the circulation of economic ideas, see Morgan 2008; Speich 2008. For specific disciplinary histories that also discuss economists’ work in international agencies, see Morgan and Bach 2018; Tribe 2018.

later developed into what is habitually referred to as the “Club of the Rich” (Camps 1975; Gilpin 2000; and Schmelzer 2016).<sup>3</sup> As two historians have recently put it, “Even though ubiquitously mentioned in current affairs and in academic writing, the Organization for Economic Co-operation and Development (OECD) has remained one of the most elusive and under-researched international organizations” (Leimgruber and Schmelzer 2017a: 1).

Based on extensive archival sources, this paper discusses how economists contributed to OECD policies between the 1950s and the 1960s, when OECD emerged as a truly global organization. In particular, at the organizational level, we highlight the porous relationship between national and international governmental circles. As for the policy agenda, we discuss how a new focus on the nexus between backwardness, development policies, and human capital emerged in the European context, and how this focus was conceptually distinct from analyses centered on growth in advanced economies. This new developmental framework originated at the national level (as we will see, because of its internal dualism, Italy had a prominent role in this process) but spread among countries through a network of scholars, think tanks and governmental offices both in Europe and outside of it. As this paper argues, this specifically European developmental focus produced a coordinated effort at addressing the educational question, which overlapped with new trends in economic research on the role of human capital for economic growth. In sum, we hope to contribute to what Coats defined as an “ambitious effort to open up a new field of comparative social science research—the systematic

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<sup>3</sup> This definition of the OECD as the Club of the Rich can be found in many publications. Political and social scientists working on the OECD and knowledge networks surely exist, but we do not refer to them here as their interest is on contemporary governance issues.

analysis of the activities and influence of professional economists in the modern (i.e., post-1945) world” (Coats 1986: vii).

Leimgruber and Schmelzer’s studies on the OECD in historical perspective are an important step in this direction (Leimgruber and Schmelzer 2017b; Schmelzer 2016; Carroll and Kellow 2011). Their focus, however, is more on the institution per se and its role as a Cold War economic institution promoting a growth paradigm and growth policies in the Western world, than on the role of economists within it. More recently, an article by Pedro Teixeira addressed the issue of economists at OECD (Teixeira 2019). While Teixeira’s article, however, offers a long-run perspective and is concerned with the analytical transformation of the economic-education nexus within the OECD, we make a much larger use of primary sources to focus instead on how this nexus emerged through a web of both domestic and international scientific debates, policy agenda, and individuals. We will focus on an important transitional phase of the organization, when, after the exhaustion of the Marshall Plan and postwar reconstruction policies, the OEEC (and from 1961, the OECD) elaborated a development vision for Southern Europe that directly influenced global development discourse, emerging around issues to do with agricultural economics, industrial development, and theories of human capital.<sup>4</sup>

This focus is important for a number of reasons. First, as Coats noted, not only is economics very influential at both the national and international policy-making levels, but it also arguably offers the best example of the kind of professional expertise that has been in high demand in

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<sup>4</sup> Because of our focus on the transitional phase in which OEEC morphed into OECD, and because today the organization is known as OECD, we use OEEC for the 1947-1960 years and OECD for the post-1961 years; when we discuss the organization in general with no specific time reference, however, we use OECD to avoid the more precise but more cumbersome use of OEEC-OECD).

governmental and international bodies throughout from the postwar period through the present day. Moreover, and particularly relevant to our inquiry, the growing number of interconnected international agencies has been accompanied by the emergence of a global network of national and international civil servants who share a common body of economic knowledge.

Second, by illuminating the specific contributions of economists to the OECD, our analysis highlights three dimensions that have thus far been neglected in studies of this organization. One is the complex interrelation between national and the international contexts. Ideas and policies were shaped in conversations that developed along a continuum of positions between the two theoretical poles of the national and the international, and economists were the major actors moving along this continuum.

Economists, for example, belonged to national think tanks or administrations and frequented the OECD headquarters as representatives of their national governments, but they were also sent to the OECD and acted as international officers. Furthermore, they travelled as experts to other countries, simultaneously developing multilateral bonds (between the OECD and the host country), bilateral bonds (between their country of origin and the host country), and bonds among the community of economic experts in different countries and in international organizations. In other words, economists often wore more than one hat and belonged to different institutions at the same time, linking them together in a cohesive and permanent web through which intellectual paradigms and policy solutions spread among countries and international organizations.

The second dimension that our study unveils complicates the image of the OECD as the club of industrialized Western countries to the exclusion of the so-called global South, that is, the less developed countries. Our research

shows that economists who worked with the OECD first discussed the idea of an underdeveloped South in relation to the *European* South, that is, within the conceptual and geographical borders of the OECD perimeter. The Club of the Rich, in other words, was internally deeply segmented, and the South, in the sense of less developed countries, was actually well represented within the group of OECD countries. Thus Leimgruber and Schmelzer's observation that "it was within and through the OECD that Western capitalist countries discussed their economic policies both in the Cold War setting and vis-à-vis the emerging power-bloc of decolonizing countries in the Global South" (2017a: 1) is true but incomplete. In fact, this distinction between Western advanced OECD countries, on one side, and the global South, on the other, overlooks the fact that the OECD faced the problem of poverty *within* its own institutional borders—not as a marginal problem, but as a crucial issue that characterized not just nations but also large regions. This had important consequences for the economic and policy measures on the OECD agenda. Indeed, far from being preoccupied only with the promotion of economic growth in advanced economies, in the 1950s and the 1960s the OECD was deeply interested in the problem of how to develop backward regions within Europe. This is an instance of how the study of economic discourse can help reassess the geography of important policy issues.

The third dimension has to do with the broader development discourse at the global level. By adding the European perspective mentioned above, our analysis offers new insights into the history of development economics. In the last decade, scholars have shown several forgotten roots of development economics (for example, Helleiner 2014; Bach 2020); we contend that Southern Europe was part of those roots, both in terms of analytical studies and policy solutions. In particular, we shed light on the



European policy-making perspective that made the “human capital” approach immediately relevant in global development discourse in the early 1960s. The connection between the European “periphery” and the postwar global development discourse was highlighted by Joseph Love (1996), who studied the intellectual links between 1930s Central and Eastern Europe and 1950s South America, and more recently by Alacevich (2018), who showed how economic policy debates in 1930s Central and Eastern Europe informed postwar development policies in Southern Europe and the global development discourse. Love and Alacevich highlighted the European roots of the global development discourse; we instead remain in Europe and show the vitality of those roots in Europe throughout the 1950s and 1960s. In other words, as we demonstrate, not only did those debates reach a global stage via Europe, but remained fundamental building blocks of economic policymaking within Europe throughout the 1950s.

In the next section, we start by showing how the development question emerged with reference to European regions, with a special focus on the international (OECD) and local relationships, and on the links between Southern Italy and Greece, arguably the most relevant backward regions in early Cold War Europe. Section 3 shows how the education question emerged as an offspring of the development question, how it was discussed at the OECD level, and the role that specific national case studies had in this debate. Section 4, in turn, connects this European debate to the broader conversation about the economics of education.

## **2. Intergovernmental Networks: The European Political Economy of Growthmanship and Development**

As is well known, after a slow beginning, postwar European recovery was quicker and more solid than expected. The Marshall Plan undoubtedly helped, but Alan Milward has shown that from a strictly economic perspective it was less important than initially believed (Milward 1984). Rather, the American influence was more momentous in the way it changed the economic culture of the new continent, by transforming working practices and pervasively introducing the new gospel of productivity and growthmanship (More 2000). As Michael Postan put it, “In all European countries economic growth became a universal creed . . . to which governments were expected to conform. To this extent economic growth was the product of economic growthmanship”.<sup>5</sup> Politically and ideologically, in Europe, this focus on economic growth took place within the framework of social democracy and so-called managed growth (Padgett and Paterson 1991; Romero 1996; Barber 1996). In the postwar years, European countries created their own the vision of the managed capitalism that progressive economists had elaborated during the war for postwar America. “In a real sense”, wrote Harvard economist Alvin Hansen, “we are already in the midst of a transition to a new order”, in which a public welfare approach would substitute for the automatic self-regulating market, and state-led intervention would secure food, public health services, housing, modern sanitation, education, and job employment for the entire population. This is what Hansen called “democratic planning for full employment” (Hansen and Leamer 1942, 10; Stead 1942).

There is no need to recapitulate here the conclusions of the vast literature on the economic recovery of early postwar Europe (Milward 1984; Hogan 1987; Ellwood 1992; Eichengreen 2007; Postan 1967). More important to

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<sup>5</sup> Cited in Mazower 2000: 296.

our analysis is that by the late 1940s and early 1950s, the problem not of *recovery* but of *development* of so-called backward regions within the European continent, which in the immediate postwar period had been overshadowed by the urgency of reconstruction, began to circulate among civil servants in different European countries and multilateral organizations. Here lies a fundamental political root of what would be called development economics. As Gunnar Myrdal, head of the UN Economic Commission for Europe (UNECE) in the postwar period and a pioneer of development economics, put it, “Rarely if ever, has the development of economics by its own force blazed the way to new perspectives. . . . The major recastings of economic thought . . . were all responses to changing political conditions and opportunities” (Myrdal 1968: 9). What Myrdal meant, with reference to his specific interest in development issues, is that the political problem of development created the conditions for the elaboration of a development doctrine and a new field of scholarly inquiry. This problem emerged not only in the so-called Third World, but in Europe as well. Arguably the most explicit analysis in this direction took place on the occasion of the negotiations between the World Bank and the Italian government about a loan for the industrialization of the Italian South.

Indeed, the early contacts between Italy and the Bank in 1948 made no reference to a loan for the Italian South, focusing instead on financing the recovery of the Italian productive facilities damaged by the war, mainly located in the North of the country. The South, characterized by a low-productivity agricultural economy and ravaged by high inflation, was out of the picture. It was only in late 1949 that the South became the core of negotiations between the Italian government and the World Bank. This abrupt U-turn can be easily explained by the shift in conceptual

frameworks that interested the Bank in 1948. Made redundant by the Marshall Plan on postwar reconstruction issues, the Bank turned to what until then had been only a marginal concern for it, that is, the support of development policies in backward areas. And if development was now the core business of the Bank, its regional focus, as far as Italy was concerned, shifted from the North to the South, which was described by a World Bank internal memo as the largest underdeveloped area in Europe, characterized by a very small manufacturing sector, excessive agrarian population and abysmally low productivity rates.<sup>6</sup> A massive investment plan for the infrastructural development and industrial growth of the Italian South was implemented from 1951 to 1963 with support from the World Bank, making Italy the Bank's most important European borrower (both in terms of continuity and total sum disbursed).

The relevance of the Italian case for the history of development economics has been discussed elsewhere (in particular, see Alacevich 2018; Curli 1997; D'Antone 2004), but two points are particularly relevant here. First, the plan for the Italian South was framed in terms of development policies to pull the region out of economic and social backwardness. The Italian Mezzogiorno, in other words, shared the specific problems of a typical underdeveloped country, characterized by overpopulation; a subsistence agrarian economy lacking capital investments (even in the so-called latifundia, that is, large estates carrying low yields to absent landowners); a few large cities hosting the political and administrative functions and a multitude of traditional retail shops but no modern industry; the absence of basic infrastructures; and the pervasive presence of supposedly

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<sup>6</sup> Italy—Proposed Third Loan”, Sidney P. Wheelock, SLC/0/708 (3 Sept. 1954), ITALY—Loan (117IT) Negotiations I, 182606B/N-472-1-02/A1995-173/7, World Bank Group Archives.

backward social relations. A notable difference from other underdeveloped regions was that Southern Italy belonged to a country that also included more advanced regions, and whose national institutions had resources usually missing elsewhere. But the South had all the elements of a backward region. Not by chance, Southern Italy in those decades was a privileged destination for social scientists interested in the problem of backwardness. Edward Banfield's highly influential *The Moral Basis of a Backward Society*, for example, was based on an in-depth study of a small village in Southern Italy (Banfield 1958).

Second, the plan emerged from the converging views of Italian economists and sociologists (mainly working at the Bank of Italy and the Italian think-tank Svimez), with the innovative suggestions advanced by Polish-British economist Paul Rosenstein-Rodan, one of the pioneers of development economics and, in his role as a World Bank officer, the major proponent of Big Push theory. Indeed, the plan for Southern Italy was arguably the first conscious attempt at following the new development recipe of the Big Push in the postwar world, and this did not go unnoticed to the pioneers of development policies. When in 1952 the Center for International Studies at MIT established three pilot projects to study the problem of underdevelopment at the global level, it chose to focus on India, Indonesia, and Italy (insiders called them "the three I's").

The problem of the development of Italian Southern regions was quickly configured as the question of how backward areas could enter a process of "self-sustaining growth", as the formula went in those days. In this form, not only did the question soon transcend Italian national boundaries to become part of the global development discourse, but it gained the attention of the OEEC headquarters, informing development policies in Europe for more than a decade. The etiology of this debate was thus

important for subsequent events: the Italian experience and the expertise of Italian economists became the laboratory for policies to be exported to other realms: first of all, to another country characterized by agrarian backwardness and industrial underdevelopment, namely, Greece.

A crucial area in the Cold War confrontation against the Communist camp, for Greece the end of World War II did not mean the end of hostilities and violence. As Tony Judt put it, Greece experienced World War II as “a cycle of invasion, occupation, resistance, reprisals and civil war”, culminating in clashes between Communists vs Royalists and British forces in Athens in 1944 (Judt 2005: 35). After a short and unstable armistice, civil war broke out again in early 1946, this time lasting three full years. As the US Ambassador to Greece cabled Washington in the midst of the civil war, “If Greece falls to communism the whole Near East and part of North Africa as well are certain to pass under Soviet influence”.<sup>7</sup> Another US high officer reinforced the concept: “If Greece goes not only Near East goes with it but also Italy and France”.<sup>8</sup> Indeed, as a historian of the Cold War has put it, Greece was “a textbook case of the sort of country most open to Communist takeover” (Stone 2010, 16; Iatrides 1977; Westad 2017). The country was economically backward, socially and geographically divided, and burdened by a strong presence of refugees. Moreover, with the end of UNRRA aid and British subsidies, it faced a situation of imminent fiscal bankruptcy, and apparently no political and institutional ability to recover.

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<sup>7</sup> “The Ambassador in Greece (MacVeagh) to the Secretary of State”, February 11, 1947, *Foreign Relations of the United States, 1947, The Near East and Africa, Vol. 5*, Washington, DC: Government Printing Office, 1971: 17.

<sup>8</sup> “The United States Representative on the Commission for Investigation (Ethridge) to the Secretary of State”, February 17, 1947, *Foreign Relations of the United States, 1947, The Near East and Africa, Vol. 5*, Washington, DC: Government Printing Office, 1971: 24.

Against this political background, the problem of economic underdevelopment began to take shape, together with the emergence of a network of economists and civil servants who put the problem of economic backwardness at the center of their reflections. The chief of the American economic mission to Greece cabled to undersecretary of State, William Clayton, that “There is really no State here. . . Rather we have a loose hierarchy of individualistic politicians, some worse than others, who are so preoccupied with their own struggle for power that they have no time, even assuming capacity, to develop economic policy”.<sup>9</sup> These events triggered Truman’s “All-Out speech”, the first public articulation of postwar US foreign policy and its containment stance, as well as the beginning of substantial US economic support to Greece and Turkey. On these bases, the links with the US and western European countries became increasingly stronger; Greece became a member of the Committee of European Economic Cooperation and then of the OEEC in 1947-48, it was admitted to the Council of Europe in 1949, and was elected to the UN Security Council in 1951, becoming a member of NATO in the same year). From the point of view of economic policies, the experience of the Italian development plan, via the flywheel of OEEC-led intergovernmental cooperation, became the direct inspiration for a Greek plan.

In the summer of 1957, the European Productivity Agency (EPA) of OEEC, established four years earlier to study and spread “good practices” for rising productivity in member countries, charged Giorgio Ceriani Sebregondi to organize a mission to help the Greek government reorganize its administrative machinery and create the capacities for long-term

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<sup>9</sup> “The Chief of the American Economic Mission to Greece (Porter) to the Under Secretary of State for Economic Affairs (Clayton)”, February 17, 1947, *Foreign Relations of the United States, 1947, The Near East and Africa, Vol. 5*, Washington, DC: Government Printing Office, 1971: 20.

economic planning (Boel 2003).<sup>10</sup> Ceriani Sebregondi was a high-ranking officer in Svimez (Association for the Development of Industry in Southern Italy—Associazione per lo Sviluppo dell’Industria nel Mezzogiorno), which specialized in the study of economic and social backwardness in the Italian South, with special focus on ways to facilitate the modernization of southern agriculture and the development of a new industrial sector and infrastructures.

That mission to Greece was the starting point for a close collaboration between Italy and Greece on development planning, through the participation of Italian economic experts—and in particular of the Secretary General of Svimez, one of the principal civil servants involved in Italian economic planning, Pasquale Saraceno—who produced a Greek five-year development plan (1960-1964) along the lines of the Italian plan for the development of the Mezzogiorno.<sup>11</sup>

The plan touched all aspects of the Greek economy, as showed by the reports that the Italian experts prepared on the balance of payments, trade policy, fiscal policy, agriculture, raw materials, infrastructures, and telecommunications.<sup>12</sup> As was often the case with these comprehensive documents, the plan envisioned a number of goals that were as sensible and broad in principle as they were unrealistic in practice. Rising productivity, development of the industrial sector, sectorally and

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<sup>10</sup> “Progetto AEP n. 400, Regioni sottosviluppate. Rapporto della missione di assistenza al governo greco”, June-Sept. 1957, Svimez Historical Archive (henceforth Svimez), box 93, folder 1: 2-3.

<sup>11</sup> See “Appunto per il Prof. Saraceno”, April 8, 1959; Greek Ambassador to Italy to Pasquale Saraceno, April 16, 1959; “Consulenza Saraceno per il governo greco”, April 17, 1959; Lambroukos to Pasquale Saraceno, April 29, 1959, all in Svimez, box 90.

<sup>12</sup> “Rendiconto della missione in Grecia al 19 aprile 1960”, Svimez, box 93, folder 1; “Preliminary report on the Greek long-term program of economic development” and “Preliminary five-year programme of economic development of Greece, 1959-65”, both in Svimez, box 93, folder 6.



geographically balanced growth, integration in international markets, increased living standards, and a reduction of foreign exchange needs, all figured among the plan's priorities.<sup>13</sup> Indeed, the plan called for "a radical transformation of the country's economic structure".<sup>14</sup> This was, however, the standard rhetoric of planning discourse. A document on development planning in the Netherlands, for example, originated from a request by the United Nations to draw a case study of nothing less than "planning for balanced economic and social development".<sup>15</sup>

Yet, generic though the rhetoric of the comprehensive plan was, it constituted a useful opportunity to assess the macroeconomic conditions of the country and articulate more specific sectoral development plans. Like in the Italian case, the government strategy was to privilege capital investments over private consumption, and protect the balance of payments from excessive imbalances as much as possible (remittances from Greeks abroad also would play an important role).

In a Gerschenkronian perspective, the plan's strategy was to drain domestic savings via the banking system and direct fiscal policies and funnel them in the direction of productive investment. It was then that Alexander Gerschenkron argued that late-industrializing countries, characterized by lack of capital accumulation, had nonetheless financed investment by relying on "substitute" processes of accumulation via the banking system or the state. Moreover, they had historically concentrated their efforts on capital intensive sectors. Gerschenkron's case studies were Northern Italy, Russia, and Bulgaria (Gerschenkron 1962). As

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<sup>13</sup> "Obbiettivi generali del piano" and "Linee di sviluppo dell'economia ellenica", several versions between October 1959 and April 1960, Svimez, boxes 90-91.

<sup>14</sup> "Obbiettivi generali del piano", April 1960, p. 11, Svimez, box 91.

<sup>15</sup> W. Brand, "Planning for Economic and Social Development in the Netherlands", Leyden, 1960, 225/D'60: 1.

Gerschenkron put it in 1957, “the more delayed the industrial development of a country, the more explosive was the great spurt of its industrialization. . . . Moreover, the higher degree of backwardness was associated with a stronger tendency toward larger scale of plant and enterprise and greater readiness to enter into monopolistic compacts of various degrees of intensity. Finally, the more backward a country, the more likely its industrialization was to proceed under some organized direction; depending on the degree of backwardness, the seat of such direction could be found in investment banks, in investment banks acting under the aegis of the state, or in bureaucratic controls” (1957: 44). Insofar as historical analysis could inform new policies, an “organized great spurt” became the framework not only in which to understand paths of industrialization in prewar Europe, like Gerschenkron had done in his path-breaking studies, but also to draw development plans for backward European regions in the postwar era. In 1954, Gerschenkron was one of the most prominent participants in the international conference on the problems of backward areas held in Milan (Centro Nazionale di Prevenzione e Difesa Sociale 1954), and his 1957 article, cited above, was originally published in an Italian journal. If this approach promised to pull Southern Italy out of poverty, there was all the more reason to think it could help Greece.

As Rosenstein-Rodan had argued for Italy, in Greece, too, great emphasis was placed on the use of domestic resources, in order to protect the balance of payments from potentially inflationary disequilibria. Like in the Italian plan, foreign exchange reserves and foreign aid would be limited to covering the impact of the domestic investment plan on the balance of payments, and the attempt at increasing agricultural productivity and absorbing agrarian overpopulation relied on the intensive development of

the industrial and service sectors.<sup>16</sup> The active involvement of an entrepreneurial state was deemed necessary, especially for the establishment of “industrial zones” (Paul Rosenstein-Rodan’s term) in the production of capital goods that, it was hoped, would create the prerequisites for the subsequent establishment of intermediate and consumer goods factories.<sup>17</sup> Services would develop as a function of the industrial sector.<sup>18</sup>

Finally, technological unemployment suggested the need to establish programs of professional qualification. As a report stated, “The skills of individuals are no longer unrelated to, and independent of, the economic progress of society, but they become a method and a means for facilitating the process of development, indeed making it possible in the first place”<sup>19</sup>. Here one can start to see the link between economic development, professional qualification, and the development of human capital, which we will discuss more in depth below.

As Mark Mazower has noted, it is possible to chart the increasing hegemony of the new creed of growth in Europe with some precision. In the early 1950s, OEEC reports highlighted the importance of improving productivity as a necessary means for expansion. The locution “economic growth” appeared in a OEEC report for the first time in 1956, and when OECD was established in place of OEEC, Article 1 of its charter stated the organization’s goals in very clear terms, namely, achieving “the highest

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<sup>16</sup> See “Il finanziamento degli investimenti nel programma di sviluppo dell’economia ellenica”, Svimez, box 90. Notably, the goal of full employment was less prominent in Greece than in the rest of Europe, perhaps because of the fragile democracy and political under-representation of the subaltern classes that characterized the country, see Giulio Fossi, “Notes”, Svimez, box 90.

<sup>17</sup> “Programma di sviluppo e politica di bilancio”, Svimez, box 90.

<sup>18</sup> “Obbiettivi generali del piano”, pp. 7-8 and 26, Svimez, box 91.

<sup>19</sup> “La politica di formazione professionale”, Svimez, box 90: 1.

sustainable economic growth and employment and a rising standard of living in Member countries” (Mazower 2000: 297).

In a similar vein, if one traces the emerging awareness of backwardness within the European continent, one discovers that it precedes even the growthmanship creed. A 1952 OEEC report, for example, for the first time listed among the underdeveloped areas are not only the overseas territories of European empires, but also Western European countries: “it must never be forgotten that . . . countries such as Greece and Turkey are included in the under-developed areas. Parts of other European countries, e.g. the South of Italy, are in a similar position” (OEEC 1952, 169). The same concepts were articulated by other multilateral organizations. A World Bank report on the Italian South, for example, remarked in 1954 that “The Mezzogiorno is the only underdeveloped region of its size in Western Europe . . . An area larger than Benelux and Denmark combined, the most vulnerable point of social stability in Western Europe”.<sup>20</sup>

A 1955 OEEC report highlighted the many problems that had remained unsolved after European reconstruction had been completed, and described the complex map of regional and national differences by emphasizing the “structural problems *of a different kind*” that characterized Southern European countries (OEEC 1955).<sup>21</sup> By the late 1950s, the development question increasingly overlapped with more recent discussions centered on the role of education for increasing human capital and fostering economic growth. The next section will discuss these developments.

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<sup>20</sup> “Italy—Proposed Third Loan”, Sidney P. Wheelock, SLC/0/708 (3 Sept. 1954), ITALY—Loan (117IT) Negotiations I, 182606B/N-472-1-02/A1995-173/7, World Bank Group Archives.

<sup>21</sup> See OECD-Historical Archive (henceforth OECD-HA), C(55)35, March 16, 1955: 8, emphasis added.

### **3. Development and Human Capital in Southern Europe: Politics and Economics at OECD**

As we have seen, the Italian South provided the most visible and renowned case study for the new focus on the problem of regional backwardness. The Mezzogiorno was the largest underdeveloped area in Europe, and throughout the 1950s Italy was thus a natural laboratory for both intra-European and global development discourses. The OEEC was a very important sounding board for the analyses that were produced at the domestic level and, like in the case of economic cooperation with regard to the Marshall Plan, was instrumental in brokering intra-European cooperation with regard to development policies aimed at fostering economic growth and social change in less developed European areas.

During the 1950s, in other words, the separation between advanced economies in need of reconstruction (the European countries) and backward economies in need of developmental policies (the overseas Imperial or post-imperial backward territories) was superseded by a new and more realistic assessment of both advanced and backward regions *within* the European continent. The Cold War framework was obviously instrumental in the emergence of this new dichotomy, for economic and social backwardness, in the eyes of both national governments and international organizations, was the potential prelude to social disruption and political turmoil. Southern Europe, or the Mediterranean countries, was increasingly viewed as a region characterized by a distinctly deeper level of underdevelopment than other European regions (tellingly, France was not considered part of the Mediterranean group).

The first analysis of intra-European backwardness was produced in 1954 by the Economic Commission for Europe of the United Nations (UNECE), headed by Gunnar Myrdal (Stinsky 2017). The 1954 UNECE's *Economic Survey* highlighted the specific underdevelopment problem of Mediterranean Europe, consisting of Turkey, Greece, Yugoslavia, Southern Italy, Spain, and Portugal. Though clearly underdeveloped in comparison to central and northern European countries, Mediterranean Europe could not be entirely assimilated to traditional non-European backward countries, for it still was part of a larger European community of countries that was markedly more advanced than other regions in the world. Moreover, this disparity was visible even within certain countries (e.g., the divide between Northern and Southern Italy). The intra-European backwardness problem, in other words, overlapped with the notion of European "integration" (UNECE 1954).

At the same time, already in early 1955, the European Council and OEEC also put the Mediterranean region, and in particular Greece, Turkey, and Italy, under the spotlight.<sup>22</sup> The flow of information, as described earlier, moved from the domestic level to the multilateral one. The occasion was the discussion of the Italian so-called Vanoni Plan—from the name of the Italian Minister for the National Budget, Ezio Vanoni—at the European level. In other words, the domestic solution to the underdevelopment of the Italian South became the blueprint for European coordination about the problem of economic backwardness for the OEEC region. The Vanoni Plan addressed the problem of economic backwardness and underemployment in the Italian South through a ten-year investment plan in infrastructures and agrarian capitalization (irrigation plans), and was drafted principally

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<sup>22</sup> Parliamentary Assembly, *Economic development of Southern Europe*, recommendation 91, 1955; see also OECD-HA, C/M(55)1.

by Svimez economists, with later contributions by an OEEC working group headed by Cambridge economist Austin Robinson. As Vanoni put it at the OEEC presentation of the plan,

One of the principal aims of our Organisation is to promote a prosperous economy in Europe by close economic cooperation between the Member and the Associated Countries. . . . The fact that in certain Member countries, particularly in Southern Europe, there are whole areas which have not yet succeeded in catching up with the economic development necessary for their social and economic equilibrium is a major problem in the pursuit of the aims which we set ourselves as members of the Organisation. . . . We [the Italians] are not merely undertaking a task which is necessary in our own interests, but we are making a major contribution to the strengthening of the economic and political unity of Europe.<sup>23</sup>

This was not (or not only) self-serving rhetoric on the part of the Italians, as the Vanoni plan quickly became a standard reference for development policies in several other European countries, with the further goal of triggering a process of intra-European convergence. The problem of underdeveloped regions in Europe thus became part of the larger question of European integration.

To facilitate collaboration and the circulation of analyses and policies, scholars and government officers at the national and supranational levels strengthened network relationships. It is in those years that Paul Rosenstein-Rodan and Jan Tinbergen, renowned pioneers of development and long-term OEEC consultants, and Robert Marjolin, the OEEC secretary

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<sup>23</sup> OECD-HA, C/M(55)1: 81. See also OECD-HA, C/M(55)2.

general, became members of the board of Svimez, involving in turn other economists from MIT, the Ford Foundation, and the Rockefeller Foundation (e.g., Richard Eckaus and Beniamino Andreatta). Likewise, the International Economic Association (IEA), established in 1950, promoted intellectual exchange among scholars involved in European planning (the first meeting of IEA was held in Rome in 1956 under the chairmanship of Swedish economist Erik Lindhal, and the president of IAE in the years 1959-62 was Austin Robinson).

According to the OEEC, the “underdevelopment” of European Mediterranean countries was a “major problem in the free world” and as a consequence a working group (the OEEC working party n. 9) was established to study the Italian Vanoni plan during its implementation, alongside a number of other committees and advisory boards on the problem of underdevelopment that mushroomed in a variety of OEEC departments.<sup>24</sup> The work of these groups made Southern Europe and the underdevelopment problem common currency in OEEC reports.<sup>25</sup>

The definition of underdevelopment was quite loose. Its main characteristic was in its effects: a region was deemed underdeveloped when the standards of life were, “irrespective of the reasons for this”, so low as to compromise permanently the development prospects of the entire country.<sup>26</sup> The OEEC thus focused on the causes for lack of increasing productivity, individuating a number of variables, among which the educational level of specific countries or regions figured particularly

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<sup>24</sup> Ibid.: 88; see also OECD-HA, C(55)4.

<sup>25</sup> See, for example, OECD-HA, C(55)4; OECD-HA, C(55)35; OECD-HA, C/WP9(56)7. The working party n. 9 was composed of representatives from Belgium, France, Germany, Greece, Italy, Norway, Switzerland, Turkey, United Kingdom, and USA, see OECD-HA, C(55)9; OECD-HA, C/M(55)20; OECD-HA, C(55)128.

<sup>26</sup> OECD-HA, C(55)261: 3. See also OECD-HA, C(55)273; OECD-HA, C/M(55)33: 4.



prominently. In this perspective, in 1958 the OEEC established the Committee for Scientific and Technical Personnel (CSTP), which eventually become part of the Directorate for Scientific Affairs (DAS), when OEEC morphed into OECD.

The establishment of CSTP-DAS has been explained as the typical manifestation of a “Cold War ideology” and the direct consequence of the intensifying scientific race between the two superpowers after the Soviet launch of Sputnik (Trohler 2014, 11; and 2015: 751; Elfert 2019). A focus on the development debate in Europe, however, shows that this “educationalization of the cold war” (Trohler 2013, 146) was also, and more simply, a natural evolution of the OEEC agenda after the exhaustion of the reconstruction phase. As a OEEC officer put it, the “attention shifted to structural issues, certainly less dramatic than the major bottlenecks tackled in the recovery period, but nonetheless crucial in building up capacity to sustain the momentum of the economic take off” (Papadopoulos 1994, 22). In this perspective, education and research capabilities in Southern Europe became crucial themes of the OEEC activity (OEEC 1960). The DAS, headed by British government official Alexander King (in 1968 a co-founder of the Club of Rome with Aurelio Peccei), made a first attempt at forecasting the prospective demand of skilled workforce, technicians and engineers, and more generally explored ways to develop a “rational utilization of the scientific and technical training necessary for meeting the needs arising from economic growth” (Papadopoulos 1994, 8). These were the beginnings of the economic reflection on the role of “human capital” for economic growth, which quickly became very fashionable. The major attempt at developing this kind of inquiry was the Mediterranean Regional Project (MRP).

As the introductory section to the project put it, “the proposition that the knowledge and skills embodied in a labour force have something to do with its productivity is hardly revolutionary or profound. What is novel, however, is the idea of establishing a kind of quantitative relationship between education and economic growth, in other words, the notion that it is possible broadly to ascertain the investments in education required for achieving specified economic objectives” (OECD 1965, 5). The document recognized that the focus on the link education-productivity was not new, yet the MRP functioned as a catalyst to operationalize theoretical reflections on the education-productivity link. “In the annals of the OECD operational activities”, wrote a senior OEEC officer, “no project was endowed with more extensive support—financial, intellectual and political—or received more sustained critical scrutiny, conceptual and methodological, or greater public attention, and publicity” (Papadopoulos 1994, 43).

The MRP was launched in July 1961 as a “pioneering” experience and a “good example of a technical assistance project of the new type”.<sup>27</sup> As mentioned, the Italian case had offered the initial connection between a national development plan and specific educational policies. Svimez and the Italian Ministry of Education had prepared a ten-year educational plan to go hand in hand with the development plan, and the head of DAS, King, had often visited Svimez to remain up to date on the plan’s advancement (Medici 1958; Svimez 1960; Svimez 1960b).<sup>28</sup> The formal approval of the MRP took place on June 1960, involving Greece, Italy, Portugal, Turkey and

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<sup>27</sup> OECD-HA, DAS/MRP/61.13 (1st. Rev.). See also OECD-HA, DAS/MRP/61.7.

<sup>28</sup> Personal communication from Giuseppe De Rita, in those years a senior scholar at Svimez, July 12, 2018.

Yugoslavia (Markovic and Obadic 2017).<sup>29</sup> One year later, though it was not part of OEEC, Spain also joined the program.<sup>30</sup>

Each country had a “national study team” that coordinated with other country teams through an OECD secretariat (Parnes 1967, 151).<sup>31</sup> As often happened for social and economic inquiries in those years, the teams found that, before analyzing data, they had to produce them from scratch. Not only were aggregate data often rough, but sectoral information about employed population, school attendance, and so on—not to speak of more sophisticated indicators correlating social and educational dimensions—were entirely missing. And that was not all. The MRP also suffered from methodological weaknesses on how to forecast future demand of skilled labor in the long run. To address this issue, Herbert B. Parnes of Ohio State University, an economist specializing in the analysis of labor markets and in particular labor mobility, joined the Project (Parnes 2001).

The OECD offices considered the MRP a first step from theoretical analysis to policymaking (Hollister 1967).<sup>32</sup> The choice of Parnes, who would be remembered by colleagues as the major driver of the analytical effort within the MRP framework and indeed the founding father of the Project itself, marked the victory of a strictly productivist approach to educational questions (the “manpower requirements method”) over a more social

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<sup>29</sup> OECD-HA, DAS/MRP/61.1, 12/6/1961.

<sup>30</sup> With a special status as it was not a OECD member (OEEC 1958); see also OECD-HA, STP/GC(60)34, add. 3.

<sup>31</sup> OECD-HA, DAS/MRP/61.1, 12/6/1961. See also OECD-HA, DAS/MRP/61.9; OECD-HA, DAS/MRP/61/8.

<sup>32</sup> OECD-HA, DAS/MRP/62.4, p. 6; OECD-HA, OSTP/PD/60.6; OECD-HA, DAS/MRP/61.4; OECD-HA, DAS/MRP/61.5.

perspective advocated by pedagogists (the so-called “social demand approach”) (Papadopoulos, 1994, 46).<sup>33</sup>

While the latter insisted on the importance of education per se as the starting point for a stronger inclusion of the lower strata of the population in civic life and on the contribution of education to economic growth as a positive spillover of this holistic vision, the former aimed at substituting forecasting precision and educational planning for social goals that were perhaps more appealing but non-operational.<sup>34</sup> As Parnes put it, “If Hydro-electric capacity is to be increased by 50 per cent, one can feel reasonably confident of estimating the requirements for additional engineers and of assessing the implications of these requirements for enrolment in engineering colleges. In the social sphere, however, it is difficult even to conceive of the analogous questions. Can one reasonably talk about raising the level of citizenship by 50 per cent? And even if one were to answer this affirmatively, how would one quantify the needs for additional education implied by this objective?” (Parnes 1967, 154).

And yet, the manpower requirements approach was not immune from almost insurmountable statistical difficulties, especially in economies that were quickly changing in every possible way: the relative importance of macro-sectors such as agriculture, industry, and the tertiary; the birth of entirely new industries; the reorganization of sub-sectors; the technological solutions adopted in each sector; the regional distribution of productive facilities and population; the emergence of new jobs and the

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<sup>33</sup> The definition of Parnes as the founding father of the project is in Bereday, Lauwerys and Blaug 1967: 135, who also discuss the two different approaches, especially at pages 85-134. Parnes would later publish a number of books on the project, such as Parnes 1962; 1963.

<sup>34</sup> *Methodology for projection of educational requirements* (See OECD-HA, DAS/MRP/62.6).

demise of old ones; and so on. Nobody knew how it would be possible to forecast the educational requirements for this changing economic landscape. Perhaps for this reason, the opposition of different approaches was quickly superseded by a general agreement that both sides of the issue (the productive and the social) were equally important. Crucial though the construction and elaboration of new data and information was, the goal of precise quantifiable forecasting was to be approached with a good dose of patience (Parnes 1967).<sup>35</sup>

These limits notwithstanding, the MRP provided a first comparative analysis of the complex linkages between education and economic development in a vast sub-continental areas.<sup>36</sup> The country studies and the MRP final report highlighted for the first time in a systematic way, and with more data than ever before, the shortcomings of the educational systems of several Mediterranean countries. Perhaps more important, however, they triggered important debates and policy initiatives in many countries. “In spite of the many difficulties encountered”—stated an OECD assessment of the working groups of the participating countries—“it is now generally recognised that the first stage of the MRP has been a success and that the resulting six national reports are having an increasingly large impact on educational policy in the countries concerned”.<sup>37</sup> A review of these policies is beyond the reach of this paper, but it may be useful to note that in Italy, admittedly the most advanced country in the MRP group and hence not necessarily the most representative, the early 1960s witnessed a deep

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<sup>35</sup> Herbert S. Parnes, “A suggested occupational classification system for the Mediterranean regional project”, OECD-HA, DAS/MRP/62.5; OECD, “The Mediterranean regional project, various countries”; “The methodology for forecasting requirements for skilled manpower”; “Human resource development within economic planning”; “The approach to expenditure and costs”; OECD-HA, DAS/MRP/62.4.

<sup>36</sup> OECD-HA, DAS/MRP/63.4.

<sup>37</sup> Cfr. OECD-HA, DAS/MRP/65.1 p. 3.

reform of the curricula of the primary and secondary schools and the promulgation in 1962 of a law that established the unified secondary school for the entire nation, superseding the previous system that favored class and regional segmentation.<sup>38</sup>

Whether specific national educational legislations were the direct effect of MRP cannot be determined. Only further archival research at the national level could provide relevant information. Parnes himself admitted as much, when he stated that it was impossible to ascertain to what extent the MRP had influenced the public debates in participating countries (Parnes 1967, 159). What is of interest to us here is the way the intellectual debate and the multilateral collaboration that originated from the MRP in the OECD framework developed further, both as an element of European integration and as a contribution to the new economics of education that was taking shape in those very years.

#### **4. Education in the Global Development Discourse: The Theoretical Dimension**

The European experience soon transcended European borders. A number of working groups and seminars were established not only to reinforce intra-European collaboration, but to export the experience of MRP to the near East and Latin America.<sup>39</sup> With the help of the Ford Foundation, the

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<sup>38</sup> For an introduction to this fascinating subject by a scholar who was also politically active and eventually the Italian Minister of Education, see (De Mauro 2010). The MRP was prolonged for another two years, until 1965, to build on the results of the first phase. In particular, the sub-national focus of this second phase allowed a better understanding of the social and economic dualism that characterized several Mediterranean countries. See OECD-HA, DAS/MRP/63.9; OECD-HA, DAS/MRP/63.4; OECD-HA, DAS/MRP/65.1.

<sup>39</sup> OECD-HA, DAS/MRP/62.4; OECD-HA, DAS/MRP/63.9; OECD, *Problems of educational and manpower planning in the Arab countries and in the Mediterranean regional project countries*, Paris: OECD, 1967.

OECD established a “human resources fellowship program” to form both European and non-European governmental officers with expertise in educational and human resource planning, in addition to funding training courses in Argentina and other Latin American countries, and to translating several of its reports on educational issues into Spanish.<sup>40</sup>

From a theoretical perspective, the OECD commitment to educational issues offered an important contribution to the then nascent sub-field of the economics of education.<sup>41</sup> In his presidential address to the American Economic Association in 1960, Theodore Schultz pointed to the postwar European experience as a turning point for the study of human capital and education in connection to economic development. Given his role in the elaboration of the economics of education (Schultz would go on to earn a Nobel prize in 1979 for these studies), it is worth quoting his passage at length. As a young economist, he told his colleagues, he had been sent to assess the implication of wartime damage for European recovery and was convinced that the recovery would be long and difficult. As it happened, that was not the case, and the recovery was in fact rapid:

The toll from bombing was all too visible in the factories laid flat, the railroad yards, bridges, and harbors wrecked, and the cities in ruin. . . . In retrospect, it is clear that [we] overestimated the prospective retarding effects of these losses. Having had a small hand in this effort, I have had a special reason for looking back and wondering why the judgments that we formed soon after the

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<sup>40</sup> OECD-HA, DAS/MRP/61.7; OECD-HA, DAS/MRP/63.9; OECD, *Human resources, education and economic development in Peru*, Paris: OECD, 1967; OECD, *Education, human resources and development in Argentina*, Paris: OECD, 1967; OECD, *Problems of human resources planning in Latin America and in the Mediterranean regional project countries*, Paris: OECD, 1967.

<sup>41</sup> For a fine discussion of the economics of education, see Teixeira 2000.

war proved to be so far from the mark. The explanation that now is clear is that we gave altogether too much weight to nonhuman capital in making these assessments. We fell into this error, I am convinced, because we did not have a concept of *all* capital and, therefore, failed to take account of human capital and the important part that it plays in production in a modern economy (Schultz 1961: 6-7).

Only in the late 1950s, however, did the new sub-discipline begin to take shape. As we know, growth economics, and in particular Robert Solow's famous 1956 model, had shown that increases in conventional factors of production such as capital and labor could explain only a minor part of economic growth. Solow's "residual" was an attempt to individuate that large, unexplained source of growth, which was essentially identified with technological advancement. More properly, however, as Moses Abramovitz once quipped, that residual was in fact "some sort of measure of ignorance", a black box that did not offer a real examination of the sources of economic growth (Abramovitz 1993: 218). Technological change may well be an important factor, but certainly the sources of growth were more than one, and in particular the concept of residual was unable to explain the causal links.

Schultz and others thus started to focus on what are called intangible factors of production, such as education, on-the-job training, and, in the advanced economies, research and development. Especially in the case of less developed economies, scholars highlighted the importance of the changing quality of factors of production—and specifically of workers' skills—to explain economic growth. Criticizing the central role that investment in non-human capital was given by national governments and multilateral organizations such as the World Bank and the Inter-American



Development Bank, Schultz advanced a completely new perspective. Only investment in education and vocational training, he claimed, would make it possible for poor populations to exploit the benefits of technological advancements: “It simply is not possible to have the fruits of a modern agriculture and the abundance of modern industry without making large investments in human beings” (Schultz 1961: 16).

In 1961, as the first event after OEEC had been transformed into OECD with the new membership of the United States, OECD organized a conference at Brookings Institution in Washington, DC on the relationship between economic growth and investment in education. The conference was prepared by a working group headed by the director of the Danish National Institute for Social Research, Henning Friis, that included, among others, economists Seymour Harris (USA), Selma J. Mushkin (USA), John Vaizey (UK), Ingvar Svennilson (Sweden), and Jan Tinbergen (Holland), educationalists Friedrich Edding (Germany) and Michel Debeauvais (France), and civil servant Raymond Poignant (France). Others would join the group in a 1960 preparatory conference held at the Rockefeller Foundation Villa Serbelloni in Bellagio, Italy (Granata 2020; Schmeltzer 2016). Several participants are now considered pioneers of the economics of education (Teixeira 2019).

The chairman of the Washington conference, US Assistant Secretary of State Philip H. Coombs, argued that “mankind is entering a new and bolder environment where poverty need no longer exist and where education is the vital prerequisite” both for processes of democratic deliberation and for “adapting science and technology for human betterment” (Coombs 1961: 5). The point was reiterated in the Summary Report: “investment in education is a prerequisite of economic growth” (OECD 1962: 9).

Furthermore, the report highlighted a virtuous circle between education

and economic growth, each creating the conditions for the growth of the other: “It is only with economic advance, itself dependent on education, that a nation can progressively give more substance to the ultimate ideal of equal opportunity for every individual to develop his latent ability through learning” (OECD 1962: 9).

Besides Schultz, other leading development economists such as Jan Tinbergen, Pitambar Pant, and W. Arthur Lewis had prepared papers that brought together development and educational economics. Also, in addition to a crowded OECD delegation, representatives from major multilateral organizations intervened (UNESCO, ILO, IDB, OAS, and others), as well as representatives from a number of national think-tanks, including Svimez, which had been among the most active institutional actors in developing the educational issue in Europe.

The timing of the OECD conference and its participants are important. Schultz’s AEA presidential address, delivered in 1960 and published in 1961, was immediately recognized as the manifesto of the new field, not only because of the occasion on which it had been delivered, but also because of its programmatic contents. In that address, Schultz advanced a strong criticism of growth economics, then fashionable. When in 1968, Mark Blaug—the author of a milestone book on education and a collaborator of OECD on educational issues—edited the first collection of works on the economics of education, Schultz’s presidential address was the oldest contribution in the table of contents (Blaug 1968). The volume’s section on further readings confirmed that, with a couple of exceptions, the work on the economics of education was almost entirely a 1960s affair (and it should be added that Blaug cannot be accused of the usual economist’s bias in favor of referring only to the most recent literature: he was an accomplished historian of economic thought) (Blaug 1968).

The OECD, in other words, played a pivotal role in facilitating the international conversation on the role of education for economic development. It was, as many have underscored before us, an “agenda-setter” (Schmelzer 2016: 16). As Teixeira has recently argued, the OECD soon diverged from mainstream human capital theory, for the approach privileged by OECD experts was of clearly Keynesian flavor, confident of planning and skeptical of excessive reliance on the automatic virtues of the market system (Teixeira 2019). For the present discussion, however, the crucial point is that, despite soon-to-emerge critical repositioning, several economists who were shaping the new disciplinary field of the economics of education found a particularly favorable environment in the workshops and conference organized by the OECD in 1960-61. Moreover, not only did the conference offer a valuable opportunity for scholarly discussion, but it also gave the opportunity to strengthen links between the academic world and governmental institutions, and between theoretical research and policy implementation, granting the new disciplinary field immediate institutional legitimacy.

The theoretical debate within OECD mirrored discussions on the operational side. The question of whether educational policies should focus strictly on manpower needs or instead address more encompassing civil and political rights, was paralleled almost instantaneously in a theoretical debate between advocates of education as strictly a productive input, and those who considered education also to be a consumption good for individuals. In the former case, education was only seen as a factor of production and a means to increase productivity. In the latter, education also became a direct means to a higher standard of living. From the perspective of politicians in the center and on the progressive side of the political spectrum, moreover, higher levels of education (at least in Europe)

would help increase the participation of individuals in the democratic political process, hence providing a much-needed vaccine against the threat of Communist takeover.

Like for the operational side, in the theoretical debate the different positions often overlapped, for a number of reasons. First, as we mentioned, the policy dimension was influential in steering the theoretical debate in specific directions. If at the policy level the two approaches—the strictly economic and the humanistic—were in practice getting closer, there were consequences also at the theoretical level. Moreover, this was facilitated by the fact that there was actually no theoretical incompatibility between the two positions. The question was more one of policy priorities than of theoretical opposition. Finally, the very difficulties in assessing with strong precision the causal links between educational policies and their social and economic effects defused the potential for doctrinarian fights, and helped scholars committed to this new field of research to collaborate on how to refine their analytical instruments instead of fighting about intellectual primacy. Very soon, the economics of education adopted the methodology of cost-benefit analysis, which in those years was thriving, and which also contributed to create a common language (Weisbrod 1962; Becker 1964; Blaug 1965). If anything, an even deeper theoretical fracture emerged much later, between Theodore Schultz and the new generation of endogenous growth economists whose analysis of knowledge as a source of growth was very different from Schultz's.

In the 1960s, in any case, the economics of education benefited from the contributions of many fine economists belonging to different schools of thought, who were able to build a promising new disciplinary field in a few years. They did not remain within the ivory tower of theoretical speculation, but shaped their field as applied economics, and were often

much more than just collaborators with economic governmental and multilateral organizations, actually holding leading roles in the policy elaboration and implementation of educational plans. In turn, these organizations—and especially the OECD—were fundamental to the institutionalization of the specific discourse on the centrality of human resources for development that informed the development discourse thenceforth.

## **5. Conclusions: from the European “Mezzogiorno” to the Global South**

In the early postwar years, the OEEC emerged as the central arena to coordinate reconstruction policies of the European countries. When the reconstruction phase ended and growthmanship took off, the OEEC and later the OECD remained the principal organization vested with the task of coordinating European policies. But the rise of growthmanship was accompanied by a parallel increasing awareness that backwardness was a powerful problem within Europe itself—not only a characteristic of its overseas territories. Southern Italy became, it was customary to say, a “laboratory” of development policies, and this is why it was considered an obvious source of information and reflections to be applied to other less developed regions. This process of transfer of competencies often happened at the level of intergovernmental cooperation, as we discussed with reference to the cooperation between Greece and Italy.

But this bilateral dimension was embedded in a broader, multilateral dimension. The OECD, because of its mission, history, and resources, was the natural embodiment and propagator of this multilateral dimension. From the mid-1950s on, the OECD was particularly receptive of the Italian experience, and, with special emphasis on the educational issue, it became

a crucial actor in the dissemination of lessons from specific experience to a coordinated group of countries. In a sense, the OECD worked as an amplifier, organizing, supporting and coordinating at the continental level what had formerly been a strictly national inquiry. In turn, this experience was one of the springboards—not the only one, but an important one—that helped the birth and quick diffusion of the economics of education in global development discourse. In this sense, the experience and reflections about education in the Mezzogiorno became an important building block for the global debate on the connection between education and development.

As this paper has argued, the specific channels through which this body of new knowledge and experiences was institutionalized took shape in a web of personal contacts among scholars, working relationships between independent think-tanks, governmental institutions (such as, for example, national Central Banks or specific ministries), and multilateral conferences (permanent and ad-hoc). This is particularly true for Svimez, arguably one of the most important think-tanks on economic and social issues in postwar Europe, and a liaison institution between Italy, Greece, and OECD. Likewise, this is true for the personal histories of officers and scholars we have mentioned, but it appears also indirectly from the web of crossing references between national and international reports, the many roles (national or international, public or independent, operational or research-driven) held by many other individuals who, for the sake of synthesis, can only appear in footnotes. During its gestation, the Italian national economic plan (the Vanoni Plan) was actively shaped by a dialogue between national Italian officers and OEEC economists, and later adopted at the international level as a template plan. The network, in other words, facilitated the constant flows of information among different countries, from the national to the supranational level and back.

Moreover, not unexpectedly, the issues of development and education were approached from the then fashionable perspective of the huge, comprehensive, multi-year plan (either national or regional, where regional referred to a vast territory). As far as the OECD was concerned, such a holistic approach was not surprising. In its search for instruments to address the multidisciplinary dimension of backwardness, the OECD became the natural incubator for new approaches to the study of development processes and attempts to operationalize theoretical analyses. For the same reason, the OECD was particularly open to the contribution of academic scholars at a time when other institutions—most prominently the World Bank—appeared instead explicitly to discourage cooperation between “applied” officers and academicians. The efforts on the development-education connection, and the implementation of the Mediterranean Regional Project are particularly clear examples of this intricate network of relations and ideas that travelled from a national, to a broad regional, to a global dimension in the matter of a few years, establishing education as indispensable to the development process.

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