# The OECD: A Classic Sunset Organisation

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**A Response to 'From ''Club of the Rich'' to ''Globalisation à la Carte''? Evaluating Reform at the OECD' Judith Clifton and Daniel Díaz-Fuentes***

Response to Article

Yes, there was a time when the OECD was proud to have been described as 'The Rich Man's Club'. This probably coincided with the zeitgeist of the 'Greed is Good' era, captured so well in the famous *Wall Street* movie. Of course, no OECD official would have admitted that his or her work was to be the defender of the rich. But during three decades of interaction with OECD representatives, I constantly sensed that they viewed with condescension all the views expressed by 'Third World' representatives. They were confident that they were the real custodians of the 'holy grail' of economic development.

This arrogance and condescension would have been understandable if the 'Organisation for Economic Cooperation and Development' had developed a sterling record of promoting either economic *cooperation* or *development*. Sadly, the OECD has never fulfilled the mission suggested by its name. Its predecessor, the OEEC, as documented by Clifton and Díaz-Fuentes, may have fulfilled its role of managing and implementing the Marshall Plan for Europe. But the OECD has no success story to speak of.

Clifton and Díaz-Fuentes have done the OECD and the world a favour by documenting what the organisation has and has not achieved. They describe well the historical context in which the role of the OECD evolved. As they write, 'Contemporary scholars understood that the purpose of the OECD was to help consolidate the transatlantic military and economic alliance between North America and Europe in a context of the Cold War and of increased interdependence' (p. 303). But the Cold War ended over 20 years ago. The OECD should have reinvented itself to stay relevant. It failed to do so and thereby confirmed that it was destined to become a 'sunset organisation'.

The tragedy here is that the OECD could have played a valuable role globally. Each year, the OECD countries dispense billions of dollars in aid. If these billions of dollars had been well spent, billions of people could have been rescued from poverty. Instead, most official development assistance (ODA) was wasted. Countries like Tanzania and Zambia, which received more aid per capita than most countries, had little to show for it. What happened? Why did billions of dollars fail to foster economic *cooperation* and *development*? Institutionally there was no better global organisation than the OECD to solve this mystery. But it failed.

Clifton and Díaz-Fuentes explain the institutional factors that prevented the OECD from providing independent and objective analysis. It was funded by donor countries. It was also staffed by donor countries. Indeed, as the article documents, for a long time, three countries, France, the US and the UK, provided most of the staff. No organisation bites the hand that feeds it. Hence, instead of reviewing objectively the failures of the donor countries, OECD officials assumed that all the flaws were the fault of the recipient countries. The following telling line from the Clifton/Díaz-Fuentes article captures well the attitudes of the OECD analysts: 'OECD reports on nonmembers took the form of ''unidirectional'' recommendations, since it was assumed that its members and staff enjoyed superior policy ''know-how'' based on the assumption of the superior functioning of their economies'(p. 305).

In short, despite its name and ostensible mission, the role of the OECD was *not* to serve the interests of aid recipient countries. This is why it kept its deliberations as secret as possible. As Clifton and Díaz-Fuentes write,

> The tradition of holding 'secretive' meetings dates back to the OEEC's organisation of meetings to discuss the sensitive topic of Marshall Plan aid allocation. But their opaque nature has aroused suspicion and criticism from observers, who have claimed that they served as places where the richest member countries could forge common postures with their allies before taking

***Clifton, J. and Díaz-Fuentes, D. (2011) 'From ''Club of the Rich'' to ''Globalisation à la Carte''? Evaluating Reform at the OECD', Global Policy, Vol. 2, No. 3, pp. 300–311. DOI: 10.1111/j.1758-5899.2011.00103.x**

their agenda on to other international organisations or back home (p. 305).

Equally and importantly, the authors point out that the OECD was not completely honest about what the 'developed' countries did when they were 'developing countries': 'economists such as Chang and Grabel (2004) and Rodrik (2008) have argued how western countries' insistence on "best practice" policy such as free trade for the developing world amounts to denying their own use of trade instruments in the past' (p. 306).

The big existential question that the OECD faces is what its future role will be in a world where 'economic cooperation and development' is going on well and especially well without any major OECD contribution. The one region in the world that is now excelling in 'economic cooperation and development' is Asia. Trade is growing much faster in East Asia than in Europe or North America. No Asian policy maker I have met (and I have met several) has ever said to me that the OECD has made any kind of contribution to the greatest success story in economic cooperation and development.

This is why it is appropriate for Clifton and Díaz-Fuentes to end with the question: 'if the OECD does not reform substantially, it faces a decisive challenge: the organisation needs the emerging economies, but do they need the OECD?' (p. 310) The truly sad answer to this question is that the OECD may be beyond repair. Even if it substantively reformed itself, the world would continue to progress well without it. Frankly, the best thing that the OECD countries could do is to shut down the OECD and use all the money saved to set up think tanks and schools of public policy in the developing world. When I served as Ambassador to the UN, western officials complained frequently that many UN bodies were set up without any 'sunset' provisions. Since the OECD is clearly a sunset organisation, the west could lead by example by shutting it down. If that were to happen, the money now spent on the OECD could actually help to promote economic cooperation and development if it were channelled directly to think tanks in the non-western world.