



# World Bank Group Archives Exhibit Series

Sir Alec Cairncross – First Director of the  
Economic Development Institute, 1954-1957

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The World Bank Group Archives Exhibit Series contains exhibits originally published on the Archives' external website beginning in 2002. When the Archives' website was transferred to a new platform in 2015, it was decided that older exhibits would be converted to pdf format and made available as a series on the World Bank's external database, [Documents & Reports](#).

These exhibits, authored by World Bank archivists, highlight key events, personalities, and publications in the history of the World Bank. They also bring attention to some of the more fascinating archival records contained in the Archives' holdings.

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## Sir Alec Cairncross – First Director of the Economic Development Institute, 1954-1957

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Alexander Kirkland Cairncross was born in Lanarkshire on February 11, 1911 and educated at Hamilton Academy, winning a scholarship to Glasgow University, where he specialized in economics. He then went to Trinity College, Cambridge. Alec Cairncross took a first in the Economic Tripos, and became a lecturer in economics, under the considerable influence of John Maynard Keynes (author of "The General Theory of Employment, Interest and Money" and one of the leading lights of the 1944 Bretton Woods Conference, which saw the founding of the World Bank and the International Monetary Fund). During World War II most of his work was in the Ministry of Aircraft Production, where he rose to become Director of Programmes. In 1946 he served briefly on the staff of The Economist, and subsequently became adviser to the Board of Trade. He was seconded to be the economic adviser to the Organisation for European Economic Co-operation in Paris in 1949. and he left to become Professor of Applied Economics at his old university, Glasgow, in 1951.



*Sir Alec Cairncross, first Director of the Economic Development Institute*

In the summer of 1954 Sir Alec was engaged by the Bank to study the feasibility of the establishment of what eventually became the Economic Development Institute (EEDI). With regard to the objective of the EDI, he noted that the Bank had already undertaken "a training program designed mainly for young men with only a limited experience of administration and for specialists visiting the United States for training in their own fields." He went on to write:  
But the training of more senior men, not in economic theory or in specific techniques, so much as in the formulation of economic policy, is a far more difficult proposition. But it is a task that is clearly worth attempting; the Bank is in a good strategic position to make the attempt; and no issue of principle would be involved if the attempt were made in view of the schemes of training in which the Bank is already engaged.

Sir Alec was subsequently invited to become the first Director of EDI, an invitation that he accepted. On January 10, 1956, the first EDI classes were held at its headquarters, an old mansion at 1620 Belmont Street, N.W. that belonged



to the wife of the World Bank's first President. Eugene Meyer, and had been used for a time as the Embassy of the Netherlands. Sir Alec saw the new EDI well launched, and returned home in 1957. The subsequent career of Sir Alec Cairncross was replete with achievement. He was Economic Adviser to the British Government, 1961-64, Head of Government Economic Service, 1964-69, and Master of St. Peter's College, Oxford, 1969-78. In 1961 he was elected a Fellow of the British Academy and was President of the Royal Economic Society 1968-70. He was also a prolific author, writing more as he grew older (there are 46 citations in the JOLIS catalog under his name). His "Introduction to Economics" (1944, 66 ed. 1982) was long a standard text for students, and he produced numerous other academic texts. His works on economic history included "The Price War" (1986), an analysis of reparations policy at the end of the Second World War; "Managing the British Economy" in the 1960s (1996); and, with Kathleen Burk, "Goodbye Great Britain" (1992), an account of the economic crisis of the mid-1970s. He edited two volumes of the diaries of Sir Robert Hall, his predecessor as government adviser, and wrote a life of the Cambridge economist Austin Robinson (1993). He also published a book of poetry, "Snatches" (1981). He edited the Scottish journal of Political Economy from 1954 to 1961.



*Participants and faculty in the EDI's first course*



*Sir Alec with an EDI course professor and participant*



*An EDI seminar in action*

His obituary in The Economist stated: "An impression that Sir Alec Cairncross took some pleasure in creating was that really he was a fairly ordinary chap. Don't take too much notice of all those honours, all that learning. Still he would do his best. What was the problem?" In 1954, the problem was to evaluate the embryonic concept of the Economic Development Institute; in 1956 the problem became its establishment and successful launch. In both cases, he succeeded admirably, and the EDI of today is indebted to Sir Alec Cairncross for the soundness of its conception and establishment.



## Sir Alec Cairncross on Planning the Economic Development Institute

"In the late spring of 1954 I was approached by Dick Demuth, whom I had first met in Berlin in 1945-6, to act as a consultant to the World Bank in Washington. He asked me to review a proposal that the Bank should provide some form of training for senior administrators from the less-developed countries. This proposal had been put forward originally by Paul Rosenstein-Rodan [an early World Bank economist] and had strong support from some of the Bank staff who were keenly aware that many of these countries lacked administrators with the skill and understanding to evaluate large capital projects. It was hoped to make the task of Bank loan officers easier (and perhaps increase the flow of capital to creditworthy countries) by a form of management education aimed at key members of staff in these countries. The question was not so much whether there was something that needed doing as whether it might be better done by existing educational institutions. There was a further question, how such a proposal would be viewed in the countries concerned: would there be enough applications from men of the necessary seniority? And might they not prove too heterogeneous in command of English, familiarity with economics, age, seniority, and so on, to form a coherent group for simultaneous instruction?"



*Sir Alec makes a point*



*Visiting a dam*



*American Museum of Atomic Energy*

"I discussed the proposal with as many members of the staff of the Bank as possible and went in search of academic opinion to Harvard and elsewhere. What I suggested in the end was a staff college to consider case studies drawn from the wealth of material which must exist in the Bank; a maximum of 25 participants, and a course lasting six months. These recommendations were found acceptable.

"There were other recommendations in my report that created more difficulty. It was simply not possible to find accommodation of the kind I had suggested and the Bank in the end settled for a mansion house in Belmont Street that had



belonged to its first President, Eugene Meyer. On the grounds of cost I had made no allowance for the transport and housing of wives and families. But as the French Executive Director, Mr. Roger Hoppenot, was quick to point out, this Anglo-Saxon view of life was somewhat unrealistic and less than human.

"However, the scheme was approved and the Ford and Rockefeller Foundations offered to meet a substantial part of the cost, which worked out at \$10,000 per participant, exclusive of the cost to his government of releasing him. The new institution was christened the Economic Development Institute and was scheduled to begin operations in January 1956."



*At the Tennessee Valley Authority*

### **Launching the Economic Development Institute**

[On January 6, 1966 Sir Alec Cairncross returned to deliver the Anniversary Lecture, in the course of that lecture he described the beginning of EDI]

On January 10, 1956 the Economic Development Institute was launched, quite literally, with a splash. The previous evening, one of the participants in the first course at the Institute arrived late, rather tired, and decided to have a bath and go to bed. Unfortunately he forgot to turn off the bath water, which in due course found its way through the ceiling on to the beautiful new carpet that had been laid for the opening ceremony.



*Baltimore & Ohio Railroad Museum*

Dampening though it was, it did not delay the proceedings. But it was not only the bath water that dripped through. A large invited audience arrived in installments throughout the delivery of the inaugural address by the Director because it happened to be one of those winter days in Washington when a little ice here and there throws traffic into utter confusion. Thus,

although it was heartening to see the audience grow rather than melt away, it was impossible not to reflect, as newcomers dropped in all the way to the final paragraph, on the obstacles to development -- in this case the development of a theme -- that persist even in advanced societies and on how much, momentarily at least, the Institute had in common with a cinema.



"Apart from the need for a continuous performance when there is a message to be got across, the events of the morning pointed a number of salutary morals. One was that interest in economic development tends to increase rather than to decline. Then there was the obvious fact that plans are apt to go awry and that one must exercise constant vigilance to adapt them to new circumstances. But above all, the cold water poured on the Institute by one of its own participants prompted the reflection that it might not be a bad way of studying economic growth to look at it in the light of the Institute's own experience, the impulses that made it grow and the obstacles that it had to overcome."



*Oak Ridge Atomic Energy  
Commission installation*



*Checking for radiation*



*Sir Alec, John Adler and EDI  
participants*

### **Sir Alec Cairncross on the Economic Development Institute**

The founding of EDI had not only a deep personal interest for me -- it might have been the beginning of an entirely different career -- but it provided a case study in the creation of new educational institutions. At the final session of the first course I pointed out that much could be learned about economic development from reflection on that case study. The establishment of the Institute had been itself an effort of development in which one could observe as through a microscope the elements that made for success and failure. The theories that economists had devised in order to explain development could be brought to the test of their own recent experience. If they imagined that it would be easier to develop their countries than to develop the Institute they would find themselves mistaken. To make a success of the Institute meant that everybody had to be emotionally involved in making it work; and in the same way successful development of a country called for a general feeling of participation in the process. That process, moreover, was essentially educational; at the root of the problem of development was the need to organize the transfer of knowledge and experience. This could be done in many different ways; and the best way to do it preoccupied many different institutions from the World Bank to the various national planning agencies. It was the essential concern of the EDI. The experience of the EDI



might have lessons, therefore, of much wider significance than its own immediate future."



*EDI course participants at the B&O Railroad Museum*



*EDI Faculty and participants*

Building on the solid conceptual foundation established by Sir Alec Cairncross and his colleagues, the Economic Development Institute has become the Bank's key instrument for delivering learning programs on the full range of development issues to Bank clients. Its mission continues to be to help build the capacity of clients in their development efforts through learning programs. However, instead of just 14 participants in a single course in Washington, EDI learning programs are now active in 149 countries and reach 20,000 direct participants in member countries through some 430 activities annually.