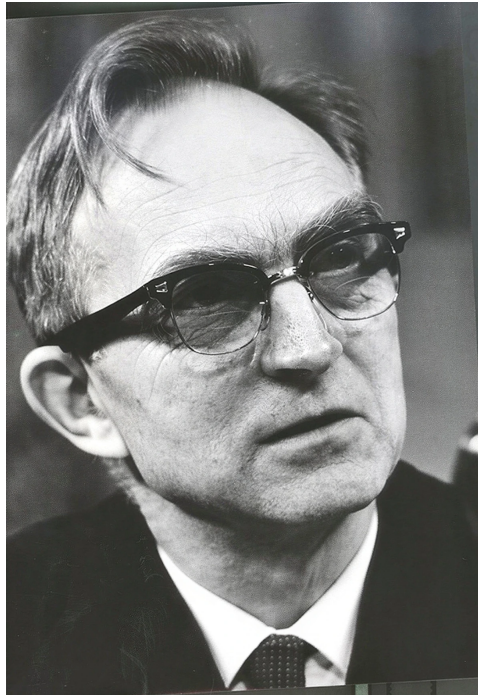




Source: Kristensen, n.d., OECD

KRISTENSEN, Thorkil

Danish politician, third Secretary-General of the Organization for European Economic Cooperation (OEEC) 1960-1961 and first Secretary-General of the Organization for Economic Cooperation and Development (OECD) 1961-1969

By **Matthias Schmelzer** · Version 10 December 2013

Was born 9 October 1899 in Fløjstrup, close to Vejle, Denmark, and passed away 26 June 1989 in Birkerød, Denmark. He was the son of Niels Kristensen, farmer, and Anne Kirstine Thorkilsen, farmer. On 17 July 1931 he married Ellen Christine Nielsen, teacher. They had one daughter and one son.

Sound recordings: <http://lccn.loc.gov/92788675>

Biography

Kristensen was born the second of three children in a farming family in rural Jutland in Denmark and went to school in Vejle and Odense. While his family was quite well off in his early childhood, his parents were forced to sell the farm in 1907 and lost much money due to the inflation of the 1920s. His parents had close ties to the liberal-conservative party Venstre (literally: Left, in the sense of Liberal), the traditional Danish farmers' party. Kristensen became a member of Venstre's youth organization in 1918. For several years he worked as a bookkeeper, but, unlike his parents, he decided to continue his education at the age of 21, for which he first needed to successfully complete his

secondary school exam. With the exam achieved in 1922, he went on to obtain a degree in Political Science and Economics at the University of Copenhagen in 1927. He then taught at a business school in Aarhus, but due to the continuation of childhood hearing problems he had to give up his desired occupation. From 1928 to 1935 he worked as an inspector for Sparekassetilsynet, a public authority that supervised savings banks, and began to write articles about economic issues, both academic and for *Jyllandsposten*, a traditional right-wing paper with close ties to farming interests. In 1931 he married and in 1935 he obtained a grant for a study trip to Cambridge and Oxford. From 1936 onwards he worked at the Statistical Economic Laboratory and was the head of the Economics Department at the Institute for History and Economics of the University of Copenhagen. In 1938 he received a Rockefeller fellowship to study at the London School of Economics. After his return he became professor in Business Economics at the University of Aarhus (until 1945). In 1939 he finished writing his doctoral thesis on the fixed and variable costs in the finances of companies, but due to friction between the universities of Aarhus and Copenhagen he did not officially obtain his doctoral degree until 1986.

During the Second World War and the German occupation of Denmark (1940-1945) Kristensen's role was ambivalent. As an economic expert and advisor he participated in the cooperation policy of the Danish government, in particular as a board member of a body set up by the Parliament to mediate wage negotiations and suppress labour strikes, and as a member of a group comprised of national bank directors, influential members of the Ministry of Finance and economists charged with fighting inflation. However, he also wrote for the illegal newspaper *Plovfuren* (Furrows). Immediately after the war Kristensen, who had not been officially affiliated with a party, successfully ran for election representing Venstre and was a member of the Parliament from 1945 to 1960. He held several influential political posts, most importantly as Minister of Finance in the minority cabinet of Prime Minister Knud Kristensen (1945-1947) and in the liberal-conservative government under Erik Eriksen (1950-1953). He also held a chair at the Copenhagen Business School (from 1948 to 1960) and became an influential personality in Danish politics, widely respected for his broad economic knowledge and his tough negotiation skills. Politically he was both an unconventional conservative with egalitarian leanings, in particular regarding farming interests and employment questions, and an economic technocrat who focused on tight and balanced budgets. As an economist he studied state interventions, highlighting the importance of controlling monopolies and, although he had some planning-friendly ideas and supported Keynesian policies to fight unemployment, he generally favoured the liberal market order. The harsh austerity measures he introduced as Minister of Finance to fight the increasing deficit in the postwar national budget gave him the nickname 'Thorkil Livrem' (Thorkil Belt), which stuck to him all his life. Yet, the austerity measures also made him popular among the general public because he took great pains to explain the necessity of drastic savings measures and other economic matters to the populace. He published widely on both macroeconomics and business economics, focusing on a broad area of issues ranging from financing and banking to business costs, monopolies, price differentiation and the Danish economy. He continuously focused more on international economics, a trend culminating in a large future-forecasting research project, which he directed between 1956 and 1960, on major changes in the world economy until 1980 with regard to the balance between East and West and between the capitalist North and the decolonizing countries in the South. It resulted in the report *The Economic World Balance* (Copenhagen 1960).

Kristensen also came to shape Denmark's foreign policies. While initially sceptical towards the Marshall Plan of 1947, which he criticized for the increasing influence of the United States (US) on Danish politics, he soon came to play a key role in Denmark's Western integration. When the European Movement was founded in The Hague in May 1948, he acted as the chairman of the Danish delegation in favour of European political cooperation. He also persuaded a large majority in Parliament to vote for an unpopular law that included financing the North Atlantic Treaty Organization (NATO), set up in 1949. Parliament elected him as the Danish representative in the Consultative Assembly of the Council of Europe (1949-1958). He was president of the Foreign Policy Society

(1948-1960) and became a member of the Foreign Affairs Commission (1953-1960) and the Nordic Council (1953-1960). As Minister of Finance he proved his tough and relentless negotiation skills in the Ministerial Councils of both the Organization for European Economic Cooperation (OEEC) and NATO, which earned him a considerable reputation among other member states. His career in Danish politics ended abruptly in 1960, at a time when he could have become Minister of Finance or Foreign Minister of the new conservative government. However, he left Venstre due to internal disagreements about the direction of European integration, being the only member of the opposition to vote for Danish accession to the European Free Trade Association (EFTA), which was established in May of that year. Isolated within his party, he renounced his candidacy for the elections.

On 1 September 1960 Kristensen started his tenure as Secretary-General of the OEEC, which at the time was in the midst of a deep organizational crisis. While the organization had successfully administered the distribution of Marshall Plan aid and had proved quite effective in liberating intra-European payments through the European Payments Union, it was unable to solve the intra-European trade dispute that erupted in the late 1950s between the six countries of the European Economic Community and the other Western European countries in favour of the EFTA. To prevent the spread of protectionism in Europe, and to rescue the moribund OEEC, the US government under President Dwight D. Eisenhower took the initiative to remodel the Paris-based institution as the key forum for Western economic cooperation in the fields of economic policy making, balance-of-payments questions and aid to the global South. The decision to mandate the 61 year-old Kristensen with the difficult task of managing the transition to and building up of a new international organization was highly sensitive, not least because the last Secretary-General of the outgoing OEEC, the French official René Sergent, was widely regarded as a weak leader and partly responsible for the OEEC's dissolution. After it had been decided that the Secretary-General of the new organization should come from a small country, Kristensen was not among the favoured candidates. However, the member states could not agree on either the Dutch Foreign Minister Joseph Luns (whom the US rejected because of his role in European trade negotiations and decolonization), the former Dutch Foreign Minister and permanent representative to NATO, Dirk Stikker (who was regarded as too old), or the Dutch international diplomat Emile van Lennep (who was regarded as lacking in reputation then, but would succeed Kristensen in 1969). Thus, rather than being the candidate of choice, Kristensen was selected as the least problematic compromise after lengthy negotiations about his age and his ability to manage a large international organization.

In the early 1960s Kristensen's major task was to define a role for the Organization for Economic Cooperation and Development (OECD), the OEEC's successor organization on 30 September 1961, within the broader ecology of postwar international organizations and to closely link the work of his organization to the political and economic interests of its member states, in particular the key players the US, the United Kingdom and France. Besides continuing the detailed work of coordinating policies in a variety of special committees, the main challenges that the young organization faced were situated within the changing Cold War dynamics and the process of decolonization. The OECD had to boost Western economic growth in order to keep ahead of the faster growing Soviet Union and to bind the emerging South to the West through a capitalist growth path financed by development aid. During the 1960s the OECD successfully asserted its role in these two fields. The first months of the organization were dominated by controversy over US President John F. Kennedy's initiative to have the OECD launch and coordinate a collective growth target for the 1960s, one that would avert the threat of a catch-up by the socialist economies. Kristensen became one of the key opponents of these US efforts, because he deemed the US forecasts unrealistic, feared that growth policies of expansionary budgets would cause a return of high rates of inflation and was not eager to endanger the technocratic expert reputation of the OECD through an openly political Cold War initiative. However, at its first Ministerial Meeting in November 1961 the OECD officially proclaimed the ambitious goal to raise its combined Gross National Product (GNP) by 50 per cent within ten years. During the 1960s the OECD's Economic Policy Committee and its working parties on balance of payments (WP-3) and economic growth (WP-2) became important sites for Western policy

coordination. While Kristensen was a restraining force in terms of expansionary growth policies, he advocated the organization's development work. In 1960 Western capital exporting countries founded the Development Assistance Group, which was integrated as the Development Assistance Committee in the OECD's committee structure. Kristensen and other OECD officials were pushing to increase the OECD's operational role in development assistance through project financing and technical missions to developing countries, but found the member states rejecting their attempt to break into an operational field already occupied by other international organizations such as the International Bank for Reconstruction and Development and the United Nations Regional Commissions in Africa, Asia and Latin America. Under Kristensen's guidance the OECD nonetheless pioneered important aid standards (including Official Development Assistance, ODA), benchmarks (ODA as a percentage of GNP), statistics and country reviews. In 1963 the OECD established a Development Centre as a subsidiary to study development issues and to advance the transfer of technology and knowledge from the global North to the global South.

When Kristensen's term at the OECD was to end in 1966, the member states started a frantic search for an alternative candidate to be the new Secretary-General. But all the other candidates discussed – the Swiss trade representative Paul Jolles, the Belgian OECD delegate Roger Ockrent, the Austrian National Bank President Reinhard Kamitz and again Emile van Lennep – did not get sufficient support. The final compromise was to re-elect Kristensen for a second, but shorter, term that would end on 30 September 1969 shortly before his 70th birthday. Kristensen's efforts across his two terms at the OECD led to a period of continuous increase in resources and staff, although this was largely in response to the demands of the member states. However, in spite of his considerable achievements, Kristensen only received lukewarm support from the member states, which did not welcome his efforts to realign the OECD as a research-oriented think tank, nor his insistence on the autonomy of the organization. Key players, in particular the US, complained that the OECD suffered from insufficient policy leadership and criticized Kristensen for lacking the talent to run such a large organization. The member states also criticized Kristensen as an 'academic' economist, who stayed in his ivory tower in the Château de la Muette in Paris, was disconnected from national delegations and his own bureaucracy and had difficulties acting as a proactive initiator of the OECD work. Kristensen, however, had considerable leeway in managing the OECD, as the role of the Secretary-General in the new organization had been deliberately strengthened in order to give more autonomy to the OECD *vis-à-vis* its member states, and he adamantly defended the autonomy of the Secretariat. Kristensen not only successfully navigated the conflicts during the foundational negotiations among the varied coalitions of member states, but also increased his influence during his two terms, in particular regarding the organization's modes of governance. In Kristensen's view the OECD should work as an avant-garde think tank with a 'catalytic role' that provided innovative ideas that member states could pick up if they became interested. Consequently, under his leadership the OECD increasingly focused on soft power mechanisms such as the production, legitimation and diffusion of policy ideas and conceptual frameworks as well as on policy harmonization through peer pressure and naming-and-shaming techniques. Turning the organization's weakness (it lacked coercive legal power or financial leverage) into a strength, the OECD thus became the 'economic conscience of the free world' (National Archives and Records Administration, Washington DC, RG 59, Entry 5304, Box 22, Folder OECD Ministerial Meeting 1962, Remarks by Ball, 27 November 1962) and a transnational forum in which civil servants from industrialized non-communist countries developed, harmonized and collectively legitimated economic expertise, standards, norms and policies.

At the same time, rather than strengthening the organization's role in policy making and policy cooperation and streamlining the work of the different directorates in order to directly influence member states, as was done later, Kristensen gave considerable autonomy to the various directorates. As stated by a British OECD official in 1970, he 'ran his office on a shoestring, allowing the various Directors to develop into Robber Barons' (The National Archives, London, FCO 55/417, Chadwick to Combs, OECD: Current Round-up, 15 June 1970). As such Kristensen proved to be the hands-off leader, who the member states had accepted because he would not do any damage. He

preferred to isolate himself from daily routines and administrative drudgeries and to undertake research he deemed important or interesting. With regard to administrative questions, he was largely dependent on his deputies and the various Directors. Yet, during his time as the head of the OECD, Kristensen wrote dozens of articles in newspapers and magazines and held series of lectures. In 1966 he even took a long leave of absence to write a report on *The Food Problem of Developing Countries* (Paris 1968). To publicize the expert knowledge produced by the dozens of OECD committees and in the organization's hundreds of yearly reports, he also initiated the launch of the *OECD Observer* in 1962. The journal has served as a communication channel with policy makers in national administrations and other international organizations. Furthermore, Kristensen consciously strengthened the OECD's soft power role in a variety of key policy fields in order to secure a place for the remodelled organization in international governance. The OECD started influential work not only in the areas of general economic policy and development aid, as was intended by the key member states, but also in areas that he personally deemed important, such as agriculture, science policy and environmental policies. The OECD became an important agenda setter in the field of science policy. Kristensen's close associate, British science expert Alexander King, headed the involved directorate. The OECD spearheaded the human capital revolution in policy making and initiated the foundation of science ministries in most of its member states. All OECD Council meetings at the Ministerial level until 1974 dealt with agriculture (a life-long interest for Kristensen) or with science policies, an area in which he became particularly interested during his time at the OECD. Finally, Kristensen also shaped the organization's overall outlook. Shortly before leaving the organization in 1969 he initiated a debate about what he termed the 'problems of modern society' (Schmelzer 2012). In close collaboration with King and a network of science and futures experts around the OECD's science directorate and committee, Kristensen questioned the dominance of the focus on increasing quantitative economic growth within what during the 1960s had been labelled a 'temple of growth for industrialized countries' (King, cited in: R.S. Peckham, 'Alexander King' in *The Independent*, 26 March 2007). Rather than focusing on quantitative growth for growth's sake, he and King argued that the organization should study the long-term environmental and social costs associated with GNP growth and aim at 'qualitative growth'. Along with initiating a profound debate among government experts from OECD countries that contributed to the foundation of environmental ministries in most member states, this group also founded the Club of Rome in 1968, whose first report in 1972 launched a global debate about the limits to growth.

While Kristensen was not an active and energetic external leader, his long-term influence on the OECD turned out to be quite important. In particular his keenness for research, his vision of the organization as a research-oriented think tank and laboratory to produce and disseminate ideas influenced and helped define the specific outlook of the OECD during the 1960s and after. In this regard political scientist Martin Marcussen (2002: 67) is correct in characterizing Kristensen as the 'personified role-model' of the OECD. Government observers have described him as a soft-spoken man, whose lack-lustre and strictly professional personality concealed at first meeting his courage, economic expertise and good judgment (NARA, RG 59, Entry A1 5605, Box 27, Folder OECD, Kristensen Visit 1963, Memorandum of conversation, 1 October 1963). He was an excellent moderator and sharp thinker. His ascetic and haggard appearance was often interpreted as indicative of his personality, both in political and financial affairs and in private matters. Kristensen was a political lone wolf, who, however, was able to build powerful alliances and initiate important actions due to his stubborn and rigid negotiation skills. Interestingly, his final initiative to redefine the organization's overall policy outlook through the debate on the 'problems of modern society' earned him considerable respect from most member states, even though the project was most characteristic of his style of governing the organization as a relatively autonomous and provocative think tank raising fundamental policy questions. Kristensen himself had by then grown quite frustrated with what he perceived as the inability of intergovernmental institutions such as the OECD to tackle the most important problems of the planet's long-term future. Both within the Club of Rome and within other private think tanks, Kristensen pursued these interests further after he left the organization.

After his return to Denmark in 1969 Kristensen remained influential in Danish politics until his death in 1989, using his experience from working in an international organization. He founded CIFS, the Copenhagen Institute for Futures Studies, one of the first futures research institutes in Europe, which he led as managing director until 1988. Between 1969 and 1972 he was also the director of the Institute for Development Research in Copenhagen, a research institute founded in 1968 and financed by the Danish government. He initiated a pressure group that successfully lobbied for Danish membership in the European Communities for the referendum in 1972 (Denmark joined in 1973). Furthermore he participated as an expert in the OECD's Ad Hoc Group on New Concepts of Science Policy, an outfit that he had created just before leaving his post and whose 1971 report became a watershed in shifting the OECD's science policy outlook towards qualitative questions that included societal and environmental dimensions. Kristensen continued to publish widely, most importantly a book on *Development in Rich and Poor Countries: A General Theory with Statistical Analyses* (New York 1974, simultaneously published in Denmark) that highlighted the importance of social harmony over GNP growth.

June 2015: last day in office specified

Archives

- Papers Thorkil Kristensen in Danish National Archives, Copenhagen, see www.sa.dk/content/dk/daisy/arkivskaber_eller_arkivserie_liste?c=Thorkil+Kristensen&d=1&e=2013
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 - Faste og variable omkostninger i en virksomheds økonomi, Copenhagen 1939 (doctoral dissertation)
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 - Danmark og de europæiske markedsplaner (Denmark and the European Market Plans), Copenhagen 1958 (with others)
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 - Inflation and Unemployment in the Modern Society, New York 1981
 - Nature and Prospects of the Present Economic Crisis, New York 1983
 - The Earth's Fragile Systems: Perspectives on Global Change, Boulder 1988 (edited with J.P. Paludan)
 - Erindringer (Memoirs), Odense 1989
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(all websites accessed on 2 December 2013)

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