

OECD



• *Tasks , Tools , Trends* //

↳ Organisation for Economic Cooperation and Development. ↴



The principal goals to which OECD Member countries⁽¹⁾ have committed themselves under the Convention which set up the Organisation are:

1. To achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus to contribute to the development of the world economy;
2. To contribute to sound economic expansion in Member as well as non-member countries in the process of economic development; and
3. To contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.

In pursuance of these objectives OECD serves as:

- an instrument for making available all knowledge relevant to the formulation of rational policy in major fields of economic activity;
- a forum, in which meetings are held the year round, at which such policies may be worked out in the light of shared ideas and experience.

In its current programme, the Organisation is deploying its resources with particular heed to:

- the qualitative aspects of growth and the choices involved in the allocation of resources;
- work on the environment, with all its economic implications;
- structural problems affecting agriculture, industry and energy, trade, manpower and social affairs, science and education;
- short-run economic problems: demand management, cost and price performance, balance of payments equilibrium;
- a coherent policy for development co-operation: quantity and quality of aid, trade policies towards developing countries.

(1) See Membership map on page 2.

↳ Paris, 1970 ↴

CHRONOLOGY OF CO-OPERATION

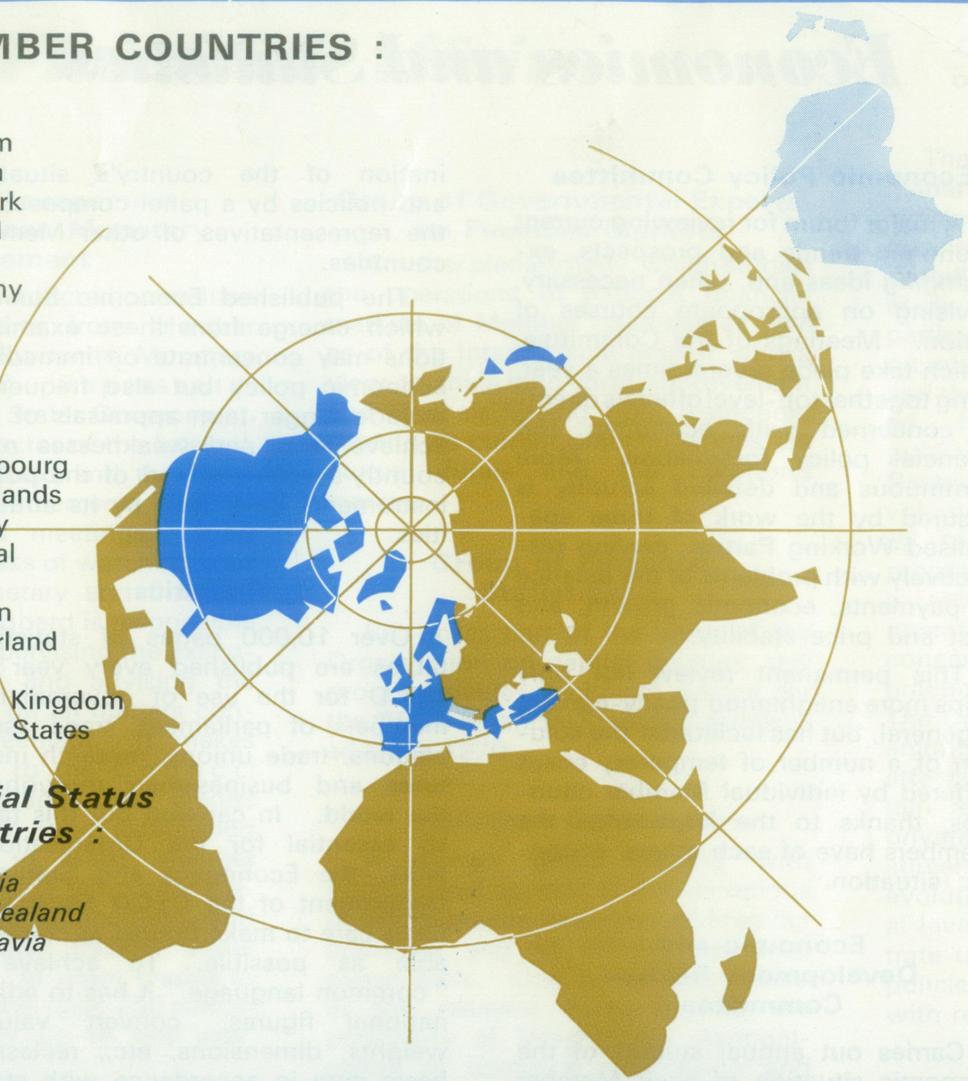
- 1948** - Establishment of the Organisation for European Economic Co-operation (OEEC) to allocate Marshall Plan aid and to co-ordinate work on European economic recovery.
- 1960** - December 14th, signature by 18 European countries, Canada and the United States, of the Convention on the Organisation for Economic Co-operation and Development (OECD).
- 1961** - September 30th, OECD officially comes into operation.
- 1964** - April 28th, Japan becomes the 21st full Member of OECD.
- 1969** - January 28th, Finland becomes the 22nd full Member of OECD.

MEMBER COUNTRIES :

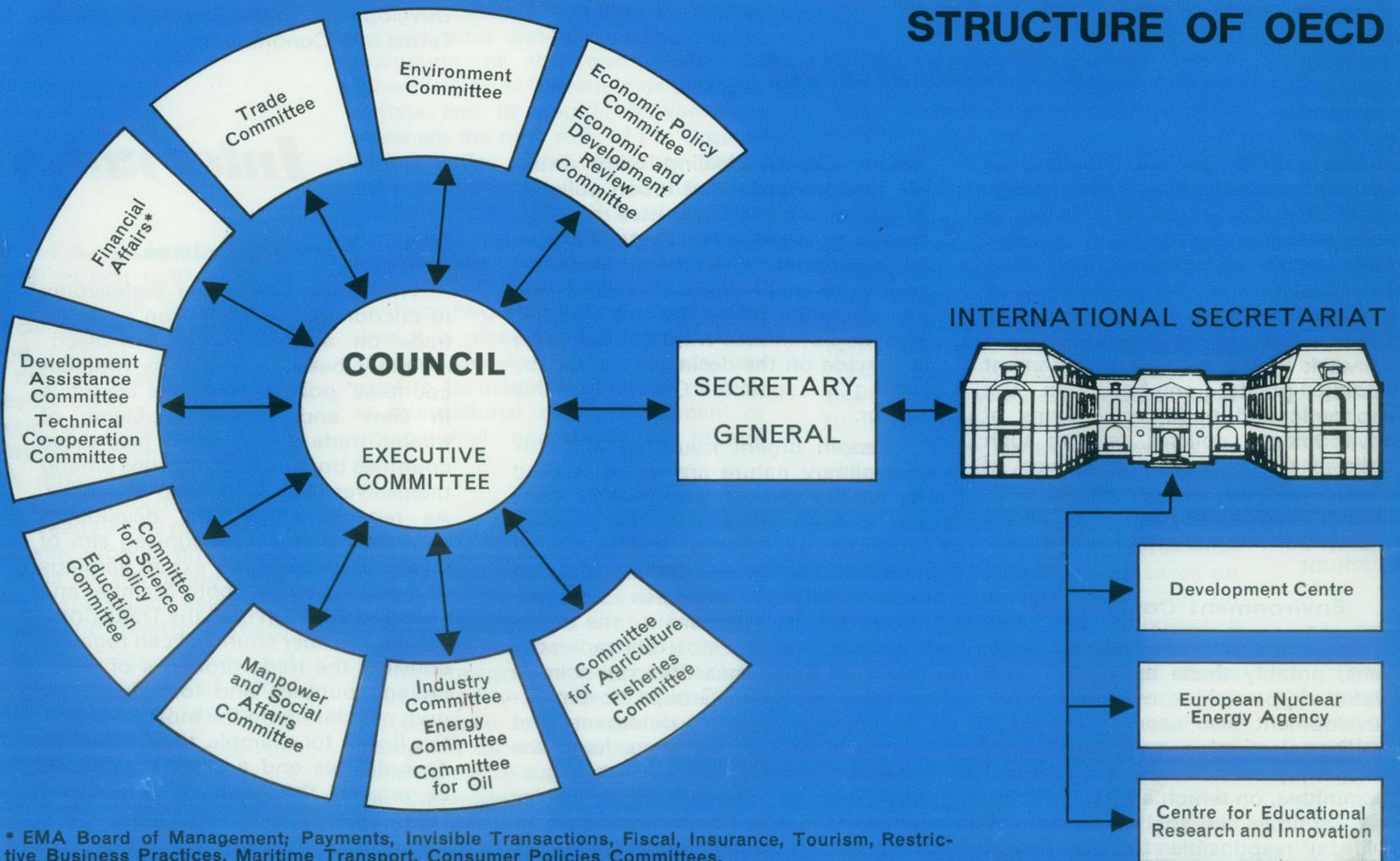
Austria
 Belgium
 Canada
 Denmark
 Finland
 France
 Germany
 Greece
 Iceland
 Ireland
 Italy
 Japan
 Luxembourg
 Netherlands
 Norway
 Portugal
 Spain
 Sweden
 Switzerland
 Turkey
 United Kingdom
 United States

Special Status Countries :

Australia
 New Zealand
 Yugoslavia



STRUCTURE OF OECD



* EMA Board of Management; Payments, Invisible Transactions, Fiscal, Insurance, Tourism, Restrictive Business Practices, Maritime Transport, Consumer Policies Committees.

Economics and Statistics

Economic Policy Committee

A major forum for reviewing current economic trends and prospects, exchanging ideas and, when necessary, advising on appropriate courses of action. Meetings of the Committee, which take place several times a year, bring together top-level officials directly concerned with economic and financial policy formulation. More continuous and detailed scrutiny is ensured by a number of three specialised Working Parties, dealing respectively with problems of the balance of payments, economic growth, and cost and price stability.

This permanent review not only helps more enlightened policy-making in general, but has facilitated the solution of a number of temporary crises suffered by individual Member countries, thanks to the knowledge the Members have of each others' economic situation.

Economic and Development Review Committee

Carries out annual studies of the economic situation of each Member country in turn, by the use of the confrontation method — cross-exam-

Environment

The OECD Council, meeting at Ministerial level in May, 1970, recognised that governmental interest in maintaining or promoting an acceptable human environment must now be developed in the framework of policies for economic growth; the Organisation should therefore pursue its work in the field of environment putting greater emphasis on the economic and trade implications of environmental policies, relating such policies to qualitative objectives of growth policies, and proposing concerted solutions to problems having substantial international implications.

Environment Committee

The study of environmental problems, notably those associated with water, air, pesticides, noise and urban development, has been a feature of the Organisation's programme of work for many years. A new Environment Committee, on which all OECD Member countries are to be represented, will be responsible for the overall direction of the work of OECD

Development

Development Assistance Committee

OECD is concerned not only with economic relations between its own Members but also with development of the less-developed countries of the remainder of the world. Members of OECD supply over 95 per cent of the net flow of assistance and private capital to the less-developed countries. The principal providers of assistance among the OECD Members co-operate in the Development Assistance Committee (DAC).

The DAC is concerned with problems of increasing the volume of development assistance; of indebtedness of the less-developed countries and the appropriate terms of assistance; and of increasing the effectiveness of assistance, both capital and technical, through exchange of information on policies and procedures and co-ordination of assistance efforts.

A central working method of the DAC is the Annual Aid Review, in which each country's aid programme is submitted to detailed examination and discussion. The DAC also holds meetings on particular subjects of current concern. Some discussions have led to formal recommendations to Members — e.g. on Assistance and Development Efforts and on Financial Terms and Conditions.

International Trade

Trade Committee

The Trade Committee endeavours to encourage the expansion of world trade on a multilateral, non-discriminatory basis; it examines Member countries' policies with this objective in view and studies problems of foreign trade policy which face these countries both in their relations among themselves and with third countries. As regards trade with developing countries, it is the recognised aim of OECD to increase the export earnings of these countries, both Member and non-member. Within the Trade Committee, Member countries can together consider the trade problems of developing countries and formulate their own policies along the most constructive lines: for example, the Committee co-ordinates and advises on policies as regards the grant of generalised tariff preferences to developing countries.

The Committee also studies the

Financial Affairs

Committee of Experts on Restrictive Business Practices

The Committee carries out a permanent review of Member countries' legislation and policies on restrictive business practices and studies the specific problems arising from the application of such legislation. In particular, it has carried out studies on refusal to sell and on market power and the law; these have been published. It is also responsible for the publication of a Guide to Legislation on Restrictive Business Practices whose volumes are periodically brought up to date. On the Committee's proposal, the Council in 1967 adopted a recommendation instituting co-operation between Member countries concerning private restrictive business practices affecting international trade. The Committee is at present studying, among other matters, the unfavourable effects on international trade of certain restrictive business practices of private and particularly of export agreements. It is also studying the evolution, on national and international levels, of the tendency to concentrate undertakings, and examines the policies adopted by Member countries with regard to mergers.

Group of Financial Statisticians

Set up as part of the work of the Organisation on capital markets, this group provides technical advice for the OECD Financial Statistics, published since 1970.

Insurance Committee

A plenary group dealing with international aspects of the operations of the insurance industries of Member countries and of official insurance supervision. One of its main tasks at the moment is to explore the possibility of international harmonisation of domestic supervision and to work out practical proposals to this end. The Committee also advises the Committee for Invisible Transactions on the technical aspects of liberalisation of international insurance transactions between Member countries and of the admission of insurers from one country to establishment in another.

Committee for Invisible Transactions

A restricted Committee of twelve experts who watch over the implementation of the two Codes of Liberalisation of Current Invisible Operations and of Capital Movements; these are the only Acts of the Organisation under which Member States have accepted specific liberalisation commitments. The Committee also examines to what extent it is opportune and possible to increase existing liberalisation of international exchanges in these two sectors. From time to time it is given special mandates on subjects on which its members are experts, for instance questions relating to international direct investment or international operations by mutual funds.

Fiscal Committee

The Organisation will shortly be putting into operation a wider fiscal programme dealing especially with the fiscal aspects of international capital movements, the international effects of taxing concerns and the standardised classification of fiscal receipts. For the moment, work on taxation questions is handled by the Fiscal Committee. The Fiscal Committee is charged with the study of international fiscal questions from the point of view of double taxation. It has drawn up two Draft Double-Taxation Conventions respectively on taxes on income and capital (1963) and on taxes on estates and inheritances (1966); the Council has recommended Member countries to adopt these arrangements in their bilateral conventions on double taxation. It has also published a report on fiscal incentives for private investment in developing countries. The Committee is currently continuing its work on the completion and improvement of these Draft Conventions.

Maritime Transport Committee

The Committee is responsible for keeping the Organisation informed on significant developments regarding maritime transport. Regular consultations are held concerning the relevant policies of Member and non-member countries. In this connection the Committee also examines all shipping questions raised in the United Nations

Conference on Trade and development (UNCTAD). The Committee studies the growth of world maritime transport, technical developments and structural changes, especially regarding problems of maritime policy which may arise in these fields.

Committee on Consumer Policy

In the light of the increasing importance of consumer policy in Member countries, in particular the need to provide consumers with effective protection and objective information, a Committee on Consumer Policy was created within OECD at the end of 1969 for an initial period of two years. At its first meeting in May 1970 it decided to prepare a comparative survey of legislation and activities in the field of consumer protection and information in Member countries which will form the basis for the mutual exchange of ideas and experience between Member countries and thus help to develop more comprehensive consumer policies. In addition the Committee has selected two major areas for specific investigation, namely comparative testing of products and product-related services, and labelling of products other than food and drugs, with special reference to textiles. Special emphasis will be placed on the international aspects of consumer policy particularly with a view to avoiding

Tourism Committee

International tourist movements are expanding every year and the forms they take are rapidly changing. The annual report of the Tourism Committee provides governments with a detailed analysis of new developments in international tourism which enables these governments to make the appropriate adjustments in their tourism policies and programmes of tourist facilities. The Committee deals with the improvement of statistics relating to international tourist movements and to tourist receipts and expenditures, and publishes yearly statistics on these matters. The Committee also studies governmental measures concerning visas, passports, customs facilities, currency allowances, publicity and promotion of tourism, state aid to the tourist industry, the protection of tourists, and the spreading out of holidays. It follows the evolution of the various means of tourist transport and accommodation.

Committee for Science Policy

The Committee ensures permanent co-operation among Member countries on the various aspects of science policy at national and international levels: confrontation of national science policies, links between science and economic growth, the role of technical progress, standardisation of statistics concerning research and development, science in the developing countries, the activities of public authorities in fundamental research and the social sciences, use of computers and studies on the nature of the technological innovation process.

The Committee is also charged with the preparation of ministerial meetings on science which are held approximately every two years. The third of these meetings, which took place in 1968, was chiefly devoted to technological gaps, the promotion of fundamental research and the setting up of systems of information on scientific and technical questions. The 4th meeting of Ministers of

non-tariff barriers to trade. Furthermore the question of product safety and the protection of consumers with regard to consumer credits will be considered by the Committee.

The Consortia for Turkey and Greece

The Consortium for Turkey was set up in 1962 under the aegis of OECD to provide financial assistance for the long-term economic development of Turkey. There are at present fourteen members of the Consortium including almost all the developed countries in OECD. The International Bank for Reconstruction and Development is also a member. The International Monetary Fund and the European Investment Bank attend as observers.

The Consortium exercise is a special activity of OECD in addition to the normal work of the Organisation with regard to Turkey as one of its Member countries. Financial support for Turkey's development efforts through the Consortium during the first seven years, from 1963 to 1969, amounted to some \$2 billion as regards agreements for aid and to some \$1.7 billion in disbursements.

The Consortium for Greece was also set up in 1962 with the same purpose of providing long-term assistance to that country.

Science and Education

Science is planned to take place in 1971.

Committee for Education

A Committee for Education has been set up to continue the work of the former OECD Committee for Scientific and Technical Personnel. In its educational planning and policy work, the Committee will direct the effort in educational statistics and model-building to the practical needs of policy analysis and to providing guidance and basic indicators to those concerned with decision-making and the allocation of resources in education.

These approaches will be closely integrated into the examination of national educational policies under the Country Review procedure, which will be increasingly concerned with assessment of goal structures and its implications for the allocation and use of resources.

Specific substantive issues in future educational policy will include problems of resources and finance to

meet the growing demand for education; and the structural consequences which the growth resulting from this demand has on the educational system, and its relation to the labour market and the educational process. The special problems of the developing countries in these respects will receive separate attention.

The Centre for Educational Research and Innovation

CERI was set up in July 1968 for an initial period of three years. Its role is to bolster the efforts of Member countries, to encourage experiments

of an advanced nature in educational innovation and to stimulate co-operation in research and development work on educational problems. To achieve these objectives CERI has identified a series of leading current problems in education, around which it has developed its programme of work. Projects under way deal with educational growth and equality of opportunity, particularly in the case of socially disadvantaged groups, innovation and improved management in higher education, the content and methods of education at all levels, and policies and structures designed to promote innovation in the educational system and process.

Agriculture and Food-Fisheries

Committee for Agriculture

The Committee for Agriculture is concerned with:

- the adjustment of agricultural policies in the context of a rapidly expanding economy — to this end its Working Party on Agricultural Policies discusses problems facing Member countries in developing their agricultural policies, especially as regards their international implications;

- the short-term market outlook, the long-term problem of adjusting production and demand, and the promotion of trade;

- programmes aimed at stimulating the adaptation of farm structures, education, research advisory services and marketing;

- technical assistance to Member

The Committee for Fisheries

Besides catching about half of the world fish landings, OECD Member countries provide a major market for fish and fish products. It follows that the Committee is closely concerned in economic development affecting national and international fisheries. This is reflected in its work covering confrontation of fishing policies, exploitation of the sea's resources, utilisation, marketing and international trade in fishery products.

Manpower and Social Affairs

Manpower and Social Affairs Committee

An active manpower policy, advocated by OECD as a means for promotion of economic and social progress, includes measures to facilitate the occupational and geographic adaptation of workers to the ever-changing needs of the economy, to draw disadvantaged groups into gainful occupation, and to create employment opportunities in labour surplus areas.

The Manpower and Social Affairs Committee is the OECD body in which ideas and experience of the different countries in this field are discussed.

Industry and Energy

Industry Committee

The Industry Committee has overall responsibility for all the Organisation's work in the field of industry.

It studies problems in the field of industry which require co-operation and confrontation among Member governments. To this end, it examines major developments and trends in industry, the industrial and regional policies of Member governments, and problems of industrial adaptation.

In addition, the Committee normally holds one special session each year in order to bring out salient trends in industrial branches, and to identify problems of general interest arising from particular industrial sectors.

Energy and Oil Committees

The energy policies of Member

countries in process of economic development. The Committee is also paying increasing attention to the implications for OECD of food problems in the rest of the world and is co-operating closely with the Food and Agriculture Organisation and other interested bodies in OECD.

Nuclear Energy

The European Nuclear Energy Agency (ENEA), set up in 1957 to promote co-operation among the Western European countries in the use of nuclear energy for peaceful purposes, groups 18 European Member countries of OECD. Canada, Japan and the United States are associate members of the Agency and Euratom also participates in its work. ENEA's objectives are:

- Organisation of joint undertakings: the Eurochemic Fuel Reprocessing Company at Mol in Belgium; the Halden boiling heavy reactor Project in Norway; and the Dragon high-temperature reactor Project at Winfrith in the United Kingdom. Joint research programmes: the wholesomeness of food preserved by irradiation, and the development in Europe of radio-isotopic power sources — especially miniature isotopic batteries for specialised applications such as pacemakers. Common services: ENEA has set up a Neutron Data Compilation Centre at Saclay (France), and a Computer Programme Library at Ispra (Italy) for nuclear energy calculations; nuclear information and data have greatly contributed to studies on the overall problems of handling increasing quantities of all forms of scientific information.

- Examination of the contribution nuclear energy may be expected to make towards meeting Europe's growing energy demands, by studying fuel cycle characteristics of different power reactor types, and the implications in terms of nuclear fuel resources of adopting different "combinations" of these reactor types in the future programmes of the European countries.

ENEA collaborates with other international organisations in the nuclear field, in particular with the International Atomic Energy Agency (IAEA) and Euratom.

countries are systematically considered at confrontations organised by the Energy Committee. The Committee's analysis of events and acquired experience helps it to prepare energy policy decisions and to harmonise measures to balance the estimated trend of supply and demand of energy in Western Europe, Japan and North America. Special studies are also undertaken on international power exchange, natural gas and coal supplies and on environmental questions.

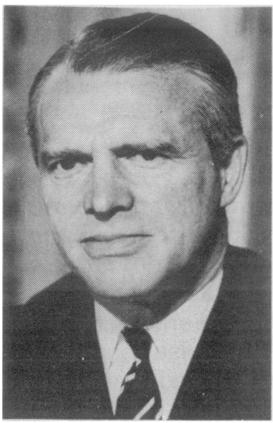
The Oil Committee keeps Member countries' oil policy under review and studies supply and demand prospects for the OECD area. It is also responsible for the regular monitoring of the OECD stockpile programme which was set up as a consequence of the Suez Crisis in 1956.

Committee (EANDC); the European-American Committee on Reactor Physics (EACFP); the Committee on Reactor Safety Technology (CREST); international liaison groups on magnetohydrodynamic electrical power generation and thermionic electrical power generation.

- Work towards the development in Western Europe of a uniform administrative and regulatory regime for nuclear energy, especially for health and safety; nuclear liability; and the transport of nuclear substances. Studies have also been undertaken on problems of radioactive waste management, particularly from the point of view of safety and the different methods available for the final disposal of wastes. Two international operations for the disposal of packaged wastes in the deep Atlantic Ocean have taken place under the aegis of ENEA.

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POLICIES FOR ECONOMIC PROGRESS IN THE SEVENTIES

by Emile van Lennep,
Secretary General of OECD

The layout and extent of the present Committee structure of OECD is shown opposite. It is framed to deal with all major aspects of economic policy. Our tasks, and the machinery employed by the international OECD Secretariat to deal with them, are explained in greater detail in these pages.

The Organisation and the policies it sets itself to carry out must straightaway be put into proper perspective. Its plans are essentially forward-looking — but they are rooted in the experience gained since, in the Forties, the Marshall Plan convincingly demonstrated for the first time the practicability and value of international economic co-operation. The concept of interdependence has since become generally accepted by the twenty-two Member countries, belonging to three continents, which today constitute OECD.

OECD has certain characteristics peculiar to itself. Neither a regional organisation (such as, for example, the European Economic Community) nor a worldwide grouping of the United Nations type, its twenty-two Member countries share the market type of economy. An expression of the collective will of its Members, the Organisation is designed for inter-governmental co-operation; it has no ambition to submit national economic policy decisions to supra-national decision-making. As an organisation, it seeks to influence the economic policies of Member states in such a way that basic growth and welfare objectives can be met not only within the single country but within the whole OECD area and in the world economy as a whole.

In a rapidly changing world, economic policies are subject to constant transition. They call for the shedding of economic approaches that have outgrown their usefulness, the substitution of new thinking and new methods. This belief underlies the work programmes of OECD.

The broad lines of present policy were laid down at a meeting of the Council at Ministerial level held in May 1970. These included the objective of an increase in real national product for the OECD area of the order of 65 per cent as a collective growth target for the 'Seventies.

This ambitious objective is essential if full employment is to be achieved and claims on real resources met. But the question must be faced squarely: What is the point of "more" unless more means "better"? In pursuing its activities on the qualitative aspects of growth the Organisation will seek to incorporate in its work on the overall allocation of resources the results attained in specific fields: science policy, education policy, manpower and social affairs, environment. This is new ground for economists; it is encouraging to note that in most Member countries the first steps are being taken to establish indicators that go beyond measuring economic achievement in the traditional quantitative terms.

To take problems of the environment as an example of the present OECD approach, among new bodies recently set up is an Environment Committee. The Organisation

already has considerable experience in scientific research into environmental problems. But we now have to bring fully into our analysis the consequences for economic policy.

In assessing the costs of various possible counteractions to problems caused by pollution, for instance, it must be possible to form some estimate of the benefits which are likely to accrue from their being put into effect. But who is going to pay for a better environment — the taxpayer, the consumer, the enterprises causing the pollution? What will be the effects on the existing socio-economic structures of countermeasures, and how will any necessary structural changes be implemented? Many of these problems, too, have international implications; and decisions involving the allocation of resources and shifts in industrial production and activity are ultimately political and not to be solved on national or piecemeal lines.

Another instance of a field in which OECD has much experience, but which it is now necessary to integrate into the overall approach to the qualitative aspects of growth, is that of education. Here again a new Committee of the Organisation has been set up.

These are the kinds of problems facing the OECD group of Member countries with respect to policies affecting their own economy. The other major preoccupation is the discharge of their responsibilities toward the developing countries. OECD countries form by far the largest suppliers of aid both financial and technical — some 95 per cent of the global total of such aid from official and private sources together.

At the May 1970 Ministerial Council meeting it was agreed that the OECD should play its full part in the Second Development Decade of the United Nations. This means an effort to increase the financial flows to developing countries, especially with regard to official development assistance, and to increase contributions to multilateral agencies.

But this is not the whole story: efforts must also be made to improve the *quality* of aid. Improved geographical distribution of aid; a fairer adjustment of the financial terms of assistance to the economic and financial situation of the recipient countries; the "untying" of aid; generalised, non-reciprocal and non-discriminatory tariff preferences in favour of developing countries — these are some of the measures designed to ensure that OECD countries and developing countries alike become partners in development.

The development of international economic co-operation on a multilateral basis over the last twenty-five years is a great achievement. The various organisations all have their role to play as bearers of the hope for a still better organised international community. The importance of a balanced progress of the world economy is recognised as a prerequisite for avoiding serious conflict in the remaining years of this century. This is the challenge facing the Member countries of OECD. This is the challenge facing OECD on its tenth anniversary.

Organisation for Economic Co-operation and Development



Extension of OECD's Headquarters in Paris, completed in 1969/70.