



Resolution 25 (1953)¹

Opinion on the Fourth Annual Report of the O.E.E.C.

Parliamentary Assembly

1. The Consultative Assembly of the Council of Europe expresses its thanks to the O.E.E.C. for submitting its Fourth Annual Report to it for comment. It notes with interest that the United States and Canada have played a role identical with that of the member countries of O. E. E.C. in its preparation and it expresses the hope that the co-operation between those nations and the countries of Western Europe will continue to grow in the future. Nevertheless, the Consultative Assembly regrets that the Report has not already been translated into a concrete plan of action, and hopes that when this is done it will be accepted and put into practice in the same spirit of co-operation.

2. The Consultative Assembly notes with particular satisfaction the overall progress achieved in the four years since the beginning of the Marshall Plan. Supported by the generosity of the American people, the countries of Western Europe have by their joint action re-established their economies after the war. Large investment programmes have been undertaken ; industrial production has surpassed the levels reached in 1938; trade within Europe was restored by the twin policies of liberalisation commitments and the establishment of a payments system extending beyond Western Europe herself; and the annual dollar deficit has been reduced from over \$7 billion in 1947 to \$ 21/2 billion.²

3. But In spite of this progress there is no ground for complacency today. The present situation is precarious. A dangerous dollar deficit still remains. In their attempts to balance their hard currency budgets some European nations have felt forced to take measures such as curtailing intra-European trade, slowing down their defence expenditure, cutting their investment programmes, and embarking on deflationary policies which have halted the rise in their production and in some cases resulted in unemployment of productive resources.

4. In such grave circumstances Europe, as stressed by the Report, must be prepared herself to do all she can to secure her economic independence as soon as possible. But no single policy can solve her problems. Inflation is at an end in most European countries and in the present situation deflationary policies may only too easily be intensified to such an extent that social equilibrium and full employment policy are affected and the level of production falls. The nations of Europe should adopt a selective investment policy giving priority to the production of coal, power, steel, capital goods using all appropriate and food means whether fiscal, monetary or physical. Capital must be made more mobile within Europe and new capital attracted from without by suitable measures taken jointly by all the O.E.E.C. nations. The obstacles to intra-European trade must be resolutely attacked and competitive prices on extra-European markets must be assured by greater productive efficiency, while in some cases a more flexible foreign exchange policy will have a part to play. The export drive not only to the United States but also to Canada and the rest of the dollar world must be intensified.

5. The dollar problem cannot be solved by Europe alone, nor can it be solved satisfactorily merely by bilateral trade arrangements. The Assembly thus welcomes the importance attached by the O.E.E.C. to a return to a triangular pattern of trade between North America, Europe and the world's under-developed countries. The Assembly would emphasize again that raising the standard of living of the peoples of those

1. This Resolution was adopted by the Assembly at its thirty-second Sitting, 16th January, 1953 (see [Doc. 102](#), Report of the committee on Economic Questions).

2. The "billion" here is used in the meaning of thousand millions, as is customary in the United States and among economists.



countries and safeguarding their economies is a duty to be shouldered by all those whose standard of living is higher. It reemphasises the political importance of this task and the means it offers of solving the problem of the world's dollar shortage. This conception, which lies at the root of the proposals known as the "Strasbourg Plan", must become the essence of a new moral and economic impetus in world relations.

6. The nations of Europe have special responsibilities in this field. Those which have constitutional links with under-developed countries have already invested much capital overseas. More may be forthcoming if way and means can be found for European countries without such political ties to participate in the effort. The Consultative Assembly has already suggested that the establishment of a European Investment Bank for the overseas territories would constitute the best means of ensuring such additional flows of capital without affecting the political status of the overseas countries. Capital might also be attracted in even greater quantities if the market for raw materials and foodstuffs were stabilised and widened by the negotiation of further multilateral agreements supplemented by such measures as international buffer stocks.

7. Europe must do her part, but the field is too great for her to cover it alone. The under-developed countries cannot be advanced without the participation of American capital whether it be in the form of grants, public loans or private investment under some form of guarantee against non-commercial risk. As expenditure on rearmament levels off, it may be possible to devote a growing proportion of the resources of the free world to this task of development. But the problem of the dollar deficit cannot be solved unless the dollar deficits overseas are "untied" and may be spent in Europe. Nor can a triangular pattern of trade be restored unless the United States is prepared to accept more goods from the outside world for her own use by reviewing her import and shipping regulations. Without such action on the part of the United States there is no hope for multilateralism, and the economic future facing the western world may well be dark.

8. In sum our present economic problems cannot be solved by anything short of a concerted effort on the part of Europe, of the overseas countries and of America. The O.E.E.C. Report, the conclusions of the Commonwealth Conference and the Strasbourg Plan all point in the same direction. It is imperative that the Governments which have agreed unanimously to the O.E.E.C. Report should implement its recommendations. They must act simultaneously and soon. For the problem is urgent, and only thus can the productive capacity of each of their peoples be harnessed to the full for the common good of the whole free world.