



**Resolution 666 (1977)<sup>1</sup>**

## **Reply to the report on the activities of the Organisation for Economic Co-operation and Development (OECD) in 1976**

Parliamentary Assembly

The Assembly,

1. Taking note of the report on the activities of OECD in 1976 ([Doc. 39%](#)) and of the reports of the committees concerned ([Docs. 4031](#), [4022](#), [4026](#) and [4036](#)) ;

*1. Economic problems and international cooperation*

2. Deeply concerned at the present situation and at the foreseeable trend of the economies of most of the OECD countries, particularly with regard to unemployment which may increase further to levels unknown since the war ;

3. Noting that, while certain heads of state and government who met in London in May 1977 declared their intention of raising their growth targets, particularly where the United States, the Federal Republic of Germany and Japan were concerned, it may be asked whether the extra effort they will thus have to make will enable them to cope with the grave problems raised by the crisis ;

4. Considering that the choice "unemployment or inflation" is a false one, since the two phenomena are not at opposite poles, as is clearly demonstrated by the state of "stagflation" in certain countries today ;

5. Considering accordingly that national employment policies should not be subordinated to anti-inflation policies, nor be directed solely towards reducing frictional unemployment, but should comprise in addition a set of coherent measures designed to increase overall employment and at the same time the number of jobs, for example by a reduction of working hours graduated according to the sector concerned and to production conditions ;

6. Believing that the persistence of high rates of inflation at a time of economic recession reveals, in addition to short-term economic causes, the existence of structural causes of inflation such as- in certain countries at least- the unequal distribution of incomes and wealth, the monopolistic or oligopolistic structure of certain markets, and wastages of energy ;

7. Believing that the present situation in the industrial countries imposes new responsibilities on the authorities in regard to steering economic activity- in particular by a selective credit policy, and a better use of budgetary and planning instruments appropriate to each type of economy- as well as in regard to employment policy and structural action on markets in goods, especially foodstuffs, and services ;

8. Concerned at the unsettled state of international payments and its effects on the disequilibrium of current balances, both in the OECD zone as a whole and in most individual countries, as well as on the uncoordinated growth of international liquidity ;

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1. Assembly debate on 10 October 1977 (13th Sitting) (see [Doc. 4031](#), report of the Committee on Economic Affairs and Development). Text adopted by the Assembly on 11 October 1977 (14th Sitting).



9. Recalling that the OECD Council has adopted on 21 June 1976 a declaration containing "guidelines for multinational enterprises", as well as three decisions aiming at a strengthening of member countries' co-operation in the field of international investment, and hoping that they may serve as a basis for the introduction in the countries concerned of a certain number of converging national practices ;

10. Emphasising the need for governments to promote a consensus among the various sections of the population in favour of devising and applying, with the help of management and labour, an effective policy to end the recession, restrict inflation and reduce unemployment,

11. Invites the governments of OECD member countries, whether or not they belong to the Council of Europe :

- a. to implement economic policies which give equal importance to the fight against inflation and to the fight against unemployment, which are inseparable, bearing in mind that the persistence of a high rate of unemployment constitutes not only an intolerable economic waste, but above all an affront to human dignity ;
- b. to combine the necessary policies to regulate overall demand with action to combat the structural causes of inflation, taking due account of the special features of each sector ;
- c. to formulate and implement policies to reduce disparities in the distribution of income and wealth ;
- d. to take action, within the competent international organisations, to prevent irregular or unfair trade practices, which threaten to cause serious harm in certain member countries or groups of countries owing in particular to the sudden disappearance of certain sectors of industry, and to develop concerted mechanisms permitting structural changes in world trade which minimise adverse social consequences ;
- e. to work towards an improved organisation of international payments, particularly by striving to reduce fluctuations of exchange rates of purely speculative origin, and by establishing smooth-running and equitable machinery for the creation and control of international liquidity ;
- f. to keep a strict watch on any failures to observe the guidelines for multinational enterprises laid down by OECD, to follow up the declaration of 21 June 1976 by other agreements designed to promote complementary co-operation with regard to international investment and multinational enterprises, and to make a concerted effort in the appropriate international organisations to harmonise, develop and increase the effectiveness of national rules in this area ;
- g. to make efforts to ensure that the UNCTAD negotiations related to the new international economic order should lead to a balance of interests between the industrialised and developing countries and permit progress towards "productive results from negotiations about the stabilisation of commodity prices and the creation of a common fund for individual buffer stock agreements" envisaged in the declaration adopted by the Conference of Heads of State and Government in London in May 1977 while avoiding world-wide state planning ;

## *II. Other activities of OECD*

12. While congratulating OECD on the surveys and studies carried out in the field of trans-frontier pollution and environmental management in frontier areas, nevertheless considers that the adoption of recommendations is not enough to solve these complex problems, and that lasting solutions to the difficulties of abating transfrontier pollution can be achieved only through the implementation of international legal instruments, and by encouraging scientific research and the application of its findings ;

13. Urges OECD and the intergovernmental bodies of the Council of Europe to pursue the close collaboration established in this field, and expresses the hope that such co-operation may lead to the preparation of international legal instruments to supplement, where necessary, the Council of Europe's outline convention on trans-frontier co-operation and its model agreements ;

14. Calls on the governments of the OECD member states :

- a. to take all necessary measures to facilitate within the framework of OECD a rapid exchange of information on market fluctuations of agricultural commodities ;
- b. to provide OECD with all the necessary information for the establishment of economic and social indicators for agriculture, thus facilitating assessment of the social situation of the European farmer ;

15. Notes the decision to examine the consequences of technological developments on industrial structures and the role government can play in influencing such changes, and welcomes the fact that the purpose of this work is to formulate policy guidance to member governments ;
16. Notes the setting up of a new management body on information, computer and communications policy, which will examine inter alia the impact of advanced EDP systems on socio-economic relations, and welcomes the fact that this aims at assisting OECD governments in developing policy at national and international level ;
17. Recalls the concern of the Parliamentary and Scientific Conferences to find ways of improving the democratic decision-making procedures of government, parliament and society, in order to be able to implement measures with the participation and consensus of the public, and welcomes having at its disposal the synthesis report on the problems and prospects of using the social sciences in governmental decision-making entitled "The Utilisation of Social Sciences in Policy Making" ;
18. Invites OECD to provide the Parliamentary Assembly of the Council of Europe with all information necessary for the drawing up of a full study of public involvement in scientific and technological decision-making.