Parliamentary Assembly
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COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Resolution 930 (1989)[1]

Reply to the report on the activities of the Organisation for Economic Co-operation and Development (OECD) in 1988

Parliamentary Assembly

The Assembly,

1. Having regard to the report on the activities of OECD in 1988 (Doc. 6097) and the reply thereto presented by its Committee on Economic Affairs and Development (Doc. 6118), as well as the opinionsof its Committee on Science and Technology(Doc. 6107), its Committee on the Environment, Regional Planning and Local Authorities (Doc. 6109), its Committee on Migration, Refugees and Demography (Doc. 6108), its Committee on Agriculture (Doc. 6092) and its Social, Health and Family Affairs Committee (Doc. 6122) ;

A. Economic policies and co-operation in related fields

2. Noting with satisfaction the generally robust state of the economies of OECD member countries, characterised by continuing growth, high business activity and investment, relatively modest inflation and considerable new employment ;

3. Aware that the above is largely due to a number of underlying factors present during the last few years, such as comparatively low oil prices, continued confidence that inflation can be checked, moderate wage increases in most countries, higher profits and sounder finances in many enterprises, flexible, yet strict monetary policies, continued structural reform, and intensive economic co-operation between OECD countries ;

4. Recognising, on the other hand, that the effect of these forces is likely to subside in 1990, as the margin of unused production capacity shrinks and the labour supply tightens ;

5. Concerned in particular by the paramount need to restrain the inflationary tendencies already manifest or discernible in a number of countries ;

6. While welcoming recent reductions in unemployment, concerned nevertheless about the, historically speaking, elevated overall OECD unemployment rate of 7,2%, and anxious that everything should be done to fight unemployment and to avoid the ‘‘stagflation'' situation characteristic of the early 1970s, when high inflation coincided witha decline in economic activity and rising unemployment ;

7. Convinced that the structural reform of OECD economies is essential to ensure non-inflationary growth, create new employment, improve the efficiency of the public sector, and make product, labour and capital markets more responsive to a rapidly changing environment ;

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1. Assembly debate on 28 September 1989 (20th Sitting) (see Doc. 6097, report of OECD ; Doc. 6118, report of the Committee on Economic Affairs and Development, Rapporteur : Mr Jessel ; Doc. 6122, opinion of the Social, Health and Family Affairs Committee, Rapporteur : Mr Roseta ; Doc. 6092, opinion of the Committee on Agriculture, Rapporteur : Dame Peggy Fenner ;Doc. 6107, opinion of the Committee on Science and Technology, Rapporteur : Mr Lenzer ; Doc. 6108, opinion of the Committee on Migration, Refugees and Demography, Rapporteur : Mr Grussenmeyer ; Doc. 6109, opinion of the Committee on the Environment, Regional Planning and Local Authorities, Rapporteur :Mrs Hilpelä). Text adopted by the Assembly on 28 September 1989 (20th Sitting).

8. Preoccupied by the continuing substantial current-account surpluses of Japan and the Federal Republic of Germany, in particular, and the persistent deficit of the United States, and believing that it is a priority task to reduce these imbalances ;

9. Recognising that the foreign debt of the major debtor countries in the Third World as well as in Eastern Europe seriously impedes their development, apart from testing the capacity of the world's banking system in the event of large-scale non-repayment ;

10. Concerned about present protectionist pressures, and desirous to see the benefits from regional trade liberalisation - such as the European Community's planned completion of its internal market by 1993 and the recently concluded Canada-United States free trade agreement - accrue not only to participating countries, but to the world economy at large ;

11. Warmly welcoming the steps towards economic and political reform taken in several East European countries ;

12. Concerned about the increasing threats posed to the environment, both world-wide in the form of the interrelated phenomena of destruction of tropical forests and of the ozone layer, ‘‘global warming", desertification and soil erosion, and at local level immediately affecting the everyday life of citizens ;

13. Welcoming OECD's close co-operation in the preparation of the 7th Parliamentary and Scientific Conference (Ottawa, June 1990), one of the principal themes of which will be the economic dimension of changes in the world environment ;

14. Welcoming the recent contacts between OECD and the industrialising economies of Hong Kong, Singapore, South Korea and Taiwan, seeing that these increasingly share the same concerns and challenges as the OECD countries themselves,

15. Calls on OECD member countries :

15.1. to do their utmost to ensure that the ongoing Uruguay Round is concluded successfully and in a way that will herald the beginning of a strengthened and rejuvenated open multilateral trading system for the world, encompassing all aspects of international commerce ;

15.2. in this context, to make effective use of and strictly abide by the improved GATT dispute-settlement mechanism and, in general, to avoid any discriminatory or unilateral measures which erode the principles of the GATT and the multilateral trading system ;

15.3. to use the present favourable economic climate to pursue structural reform, in particular through tax reform to encourage productive investment, a reduction in subsidies to agriculture and industry and in protectionism, the achievement of a leaner and more productive public sector, increased competition, a lessening of regional disparities, and better-functioning financial munemployment and better equipped to tackle the complex social problems of the future ;arkets both nationally and internationally - all for the purpose of rendering economies more efficient, more capable of reducing

15.4. in this context, to lay particular emphasis on the development of human resources as a tool for structural reform, especially basic education, vocational education and training, considering that they not only lead to greater personal satisfaction, but also permit greater adaptability of the work-force to more and more rapid changes in society ;

15.5. to take special measures to combat poverty among people who, in spite of an extensive network of social protection, suffer considerable drawbacks, and among specific groups such as some retirement pensioners and single-parent families ;

15.6. to reinforce the capacity of the international financial system to withstand sudden pressure in the securities markets, so as to avoid a repetition of the 1987 stock market collapse ;

15.7. to pursue, in spite of the temporarily stable situation in the energy sector, efforts at greater energy conservation and efficiency, diversification of supply, improved energy technology and emergency preparedness ;

15.8. to intensify efforts, including within OECD's Development Assistance Committee, to resolve the international debt crisis, both by showing generosity in granting debt relief, debt cancellation or new credits on a case-by-case basis and by requesting, in return, structural reforms in recipient countries necessary to ensure long-term development - such as strengthening the effectiveness of public administration, the private sector and the role of markets, tackling poverty, and enhancing human resources ;

15.9. to establish mechanisms for an improved evaluation of future scientific and technological choices, similar to the parliamentary assessment offices which already exist in certain countries, so as to introduce the concerns of the general public to a greater extent into such choices ;

15.10. to draw particular attention to the environmental implications of economic activity, and to face up to and act upon the whole range of environmental problems, including those of a global nature ;

16. Encourages the United States to seek a steady and substantial reduction in its budget deficit through a combination of fiscal, structural and monetary actions in close co-operation with other OECD member countries, thus alleviating the burden on monetary policy and contributing to the achievement of a better balance between domestic savings and investment ;

17. Invites OECD :

17.1. to continue, in accordance with the communiqué of the 1989 OECD Ministerial Council meeting, to develop and strengthen its surveillance of structural reforms and policies ;

17.2. to pursue and further strengthen its pioneer work aiming at the incorporation of environmental considerations into economic policy and into estimates of national wealth, and the formulation of environmental indicators, so as to make explicit the real cost of pollution and to help ensure sustainable economic development and an improved quality of life ;

17.3. to assist Central and East European countries in their difficult process of economic and political reform, and to help co-ordinate OECD member countries' efforts in this regard, so as eventually to integrate the countries concerned into the world's community of democratic and free-trading nations ;

17.4. to strengthen its forward-looking analysis of longer-term developments and policy issues common to all OECD member countries, thus enhancing their capacity to anticipate problems likely to arise in the years ahead ;

B. Agriculture

18. Stressing the important role of OECD in providing its members with a framework for their discussions on agricultural policies, markets and trade ;

19. Stressing that important progress will have to be made towards a successful conclusion with regard to international trade in agricultural products within the GATT multilateral negociations during the ongoing Uruguay Round, following the agreement reached in the mid-term review ;

20. Regretting that most OECD countries still practise a policy which prevents an adequate transmission of market signals to farmers, although a reduction in consumer and producer subsidies has taken place during 1988, but noting that this was primarily due to high world prices caused by the North American drought, and that little comfort should be taken from this fact ;

21. Welcoming the ongoing work in the OECD towards a reform of agricultural policy and for policies for rural development and the environment ;

22. Concerned that there are still major imbalances between the supply and the demand of agricultural products,

23. Calls on the governments of the membercountries of OECD, as well as, whenever relevant, on the Organisation itself :

23.1. to continue their work aiming at increasing the role of market signals in orienting agricultural production ;

23.2. to increase their work on health and sanitary standards for food products ;

23.3. to give more emphasis to environmental problems when reviewing agricultural policies ;

23.4. to establish closer links between agricultural, environmental and rural development policies ;

23.5. to work towards increased trade in agricultural products in such a way as to facilitate the participation of developing countries ;

23.6. to expand present work on fisheries and aquaculture to include all exploitation and management of living marine resources, and to link policies in this field to environmental policies for the economic development of coastal regions, and to work out science and technology policies to help this development ;

23.7. to include forestry policies among the items to be considered in the context of agricultural policy reform ;

23.8. to develop and increase the use of non-economic indicators for the monitoring of new agricultural policies, and to analyse the relative importance of prices paid to farmers and to intermediaries in the final prices of agricultural commodities ;

C. Education

24. Welcoming the holding of the Colloquy on the financing of universities in Barcelona, from 4 to 6 September 1989, by the Council of Europe (Standing Conference on University Problems and the Assembly's Committee on Culture and Education) in co-operation with OECD, on which the Committee on Culture and Education will report separately to the Assembly at its next part-session,

25. Invites OECD and the Council of Europe to identify and prove other similar subjects of common interest, to which each can make its specific and characteristic contribution ;

D. Migration and demography

26. Noting with satisfaction the work carried out by OECD on migration and demography ;

27. Commending the publication of the 16th report of the Continuous Reporting System on Migration (SOPEMI), which provides governments with valuable information for defining migration policies ;

28. Noting with interest OECD's publication of the new study series on demographic trends and government policies, aimed at allowing governments to take demographic phenomena into account when formulating their policies,

29. Invites OECD :

29.1. continue its co-operation and exchange of information on migration and demography with the Council of Europe, in particular with the Assembly's Committee on Migration, Refugees and Demography ;

29.2. to investigate further the correlation between migration phenomena and demographic trends in the member countries ;

29.3. to improve the dissemination of information on its activities in these fields to parliamentarians and local and regional elected representatives ;

29.4. to promote coherent statistical methods allowing a better knowledge of migrant and asylum-seeker flows ;

E. Environment, urban and rural management

30. Noting with satisfaction that the efforts of OECD in recent years have had a significant bearing on the incorporation of environment policy into sectoral policies such as energy, industrial and agricultural policies, and considering that this approach guarantees an effective policy in favour of the environment and should be amplified in future OECD activities ;

31. Inviting the OECD agencies, particularly NEA, to continue their activities and research on the safety of nuclear installations and the management of radioactive waste, and wishing to receive more detailed information, especially regarding the dangers of burying waste in geologically stable sedimentary foundations ;

32. Considering that the evaluation of the costs and technical conditions of the demolition of obsolete and unserviceable nuclear power stations has not been made with the required exactitude in the past, and that these costs, more realistically calculated, should be included in profitability calculations for any future nuclear installations ;

33. Having regard to the experience acquired after the Chernobyl accident, considers that prompt public information in clear and easily understandable terms is of the highest importance, and asking that OECD intensify its work to develop programmes and manuals for national authorities in order to help them inform and educate the public in the event of a nuclear hazard or accident, also taking account of the need for transfrontier information in such an emergency ;

34. Welcoming the conclusion of the Basle Convention on the Control of Transboundary Movements of Hazardous Wastes, to which OECD made a substantial contribution, and inviting OECD to provide its technical support henceforth for the implementation of the convention and its backing to the future international secretariat to be set up in Geneva ;

35. Noting the difficulties encountered in applying the ‘‘polluter pays" principle, nevertheless considers that liability funding should be introduced and that the international organisations should combine their efforts to make this principle gradually prevail at international level,

36. Invites the OECD agencies to join in the Assembly's effort to promote active co-operation with the countries of Eastern Europe as regards the protection of the natural and human environment for all Europeans ;

37. Encourages OECD actively to pursue its policy fostering a new rural policy and balanced rural development, and to formulate definite proposals on the subject without delay ;

F. Social and labour-market policies

38. Paying tribute to the valuable work done by OECD in analysing labour-market developments ;

39. Worried about the increasing discrepancy between the skills of the unemployed and the requirements of the available jobs, as evidenced by continued high unemployment combined with a substantial rise in registered vacancies ;

40. Concerned that unemployment is particularly affecting specific groups in society, which may therefore be unable to share in the benefits of renewed growth and prosperity ;

41. Noting that the position of women on the labour-market is still far from satisfactory ;

42. Stressing the importance of comprehensive and comparable unemployment statistics, in order to evaluate the importance of this issue correctly,

43. Calls on OECD member countries :

43.1. to devise new combinations of work and welfare, in particular through a closer and more active co-ordination of social, employment, education and training policies, and by paying particular attention to the needs of the most disadvantaged groups in society ;

43.2. to continue vigorously to pursue policies to improve the situation of women on the labour-market ;

43.3. to follow proposals by OECD to include more specific and comparable information in labour-market surveys, so as to enable a better evaluation of unemployment statistics.