



Resolution 1134 (1997)¹

OECD and the world economy

Parliamentary Assembly

1. The enlarged Parliamentary Assembly, composed of delegations of OECD and Council of Europe member states, has examined the recent activities of OECD in the light of the report prepared by the Assembly's Committee on Economic Affairs and Development, and the contributions made by various Assembly committees. It welcomes this annual opportunity to contribute to the achievement of the organisation's objectives.
2. The enlarged Assembly believes that OECD continues to have a vital mission to accomplish in the management of an increasingly integrated and complex global economy. It expects the organisation to be given the necessary resources to carry out this mission. Finally, the enlarged Assembly supports OECD in its efforts to streamline and focus its activities.
3. Economic growth in 1997 in the OECD area is expected to be 3%, slightly up from 2.6% in 1996, with 2.7% predicted for 1998. Against a moderate slackening of the comparatively strong growth in countries such as the United States, Australia, New Zealand and the United Kingdom stands an expected recovery in continental western Europe, Japan, Mexico and the Republic of Korea. Meanwhile, world trade growth has slowed down somewhat, to around 6.2% in 1996, with an expected recovery to 8.1% in 1997 - reflecting a continued strong pace of global economic integration.
4. Inflation in the OECD area remains low, at 4.2% in 1996, with a further slowdown to 3.7% expected in 1997, and 3.4% in 1998, thus reducing any risk that stronger economic growth may lead to an overheating of economies. Short-term interest rates are also at historic lows, especially in Europe and Japan. Here and elsewhere, however, investment and consumer confidence have yet to resume in response. Ratios of public debt to GDP remain at an average of about 70% for the OECD area and will have to be brought down further, not least in the face of the continued ageing of populations.
5. Growth rates in Latin America, Southeast and east Asia, including China, continue to be impressive, and to provide momentum for the world economy. This also holds for several countries in transition in central and eastern Europe.
6. The enlarged Assembly in this context welcomes OECD's successive enlargement in recent years, to include countries such as Mexico in 1994, the Czech Republic in 1995 and Hungary, Poland and the Republic of Korea in 1996. It hopes that negotiations with the Slovak Republic can soon be brought to a successful conclusion and that co-operation can be further intensified also with other countries having applied for membership, leading to timely membership.
7. The enlarged Assembly also welcomes OECD's intensified co-operation with the Russian Federation and hopes that domestic reforms in that country will in due course permit it to become an OECD member. It also welcomes OECD's growing co-operation with China, whose harmonious integration into the world economy is vital for peace and prosperity in the entire region and for the world at large. Finally, it strongly supports OECD's intensified contacts with a host of rapidly developing economies around the world and its work to improve the quality of development assistance through its Development Assistance Committee.

1. Enlarged Assembly debate on 25 September 1997 (30th and 31st Sittings) (see [Doc. 7877](#), report of the Committee on Economic Affairs and Development, rapporteur : Mr Gusenbauer; and [Doc. 7908](#), contribution by the Committee on Culture and Education, rapporteur: Mr Koucky'). Text adopted by the Assembly on 25 September 1997 (31st Sitting)



8. The enlarged Assembly strongly endorses OECD's advocacy of a comprehensive and coherent approach to development, encompassing wide-ranging policy areas such as trade, investment and the environment. It also welcomes the embracing of OECD's New Partnership Strategy by an increasing number of developing countries willing to assume responsibility and ownership for their development programmes. It urges the Development Assistance Committee to continue its efforts to promote and review implementation of the strategy in close co-operation with partner countries, emerging donors and international organisations.

9. The enlarged Assembly calls on OECD member governments to translate their deep concern for unemployment into public policies that give priority to addressing the causes of persistent high unemployment, especially among youth and those disadvantaged by rapid economic changes. Specifically, it urges the implementation of measures recommended by the OECD Jobs Strategy, while recognising that there are different ways to reduce structural unemployment. OECD recommends, in particular: job-creating incentives; investments in education, skills development and social adjustment; and reforms to improve the functioning of dynamic labour markets. In addition, stronger commitments by governments are required to ensure that economic growth in fact produces the jobs that are so needed in all sectors of society. Where private sector expansion is not matched by adequate job creation, governments should take direct action to create jobs through creative uses of employment insurance funds or other means, including the encouragement of private sector employment growth.

10. Certain OECD countries have managed to reduce unemployment considerably and to reach more rapid growth, but at the cost of reduced social protection of certain vulnerable groups, and at the risk of losing social cohesion. Other countries have managed to preserve a high level of social protection and social cohesion, but often at the cost of higher unemployment and slower growth. It is essential for all these countries to compare their experiences in this regard, and to try to reconcile both sets of aims, for the fate of democracy and the market economy may well lie in our answer to the question: "Should man exist for the market, or the market for man?"

11. The enlarged Assembly supports OECD's ongoing work on population ageing, and calls on the organisation to examine further the wide-ranging policy implications of this emerging phenomenon, which is likely to become a major policy challenge in the next century. The enlarged Assembly furthermore supports OECD's efforts to have member countries engage in regulatory reform, in order to undertake needed revisions and modernisation aimed at enhancing economic performance while also serving essential public-interest objectives in terms of health and safety, education, environmental protection, and social well-being.

12. With regard to the field of migration, the enlarged Assembly urges those OECD member countries which do not yet participate in the Continuous Reporting System on Migration (SOPEMI) to do so.

13. The enlarged Assembly recognises the enormous importance for the world economy of the current revolution in information and communication technologies. It calls on OECD to suggest a coherent policy framework for electronic commerce, covering areas such as consumer protection, taxation, transactions, security and privacy. Furthermore, the enlarged Assembly joins OECD in condemning the use of the Internet for criminal behaviour, including child pornography, and calls on it to work with the Council of Europe and other organisations to put an end to the latter abhorrent practice and to bring its contribution to the development of a regulatory framework for this purpose.

14. The enlarged Assembly supports OECD's contribution to the work of the World Trade Organisation (WTO), and to the implementation of the decisions of the WTO's 1996 Singapore Ministerial Conference. It asks OECD to devote particular attention to environmental protection within the context of world trade by adhering to the principles of sustainable development adopted by the 1992 Rio Conference, and to the raising of core labour standards world-wide.

15. The enlarged Assembly in this context urges OECD to finalise the Multilateral Agreement on Investment (MAI), which would set high standards for the liberalisation and protection of investments and include effective dispute settlement procedures, and which would be also open to non-OECD countries. The process towards concluding this agreement should be as transparent and democratically accountable as possible and should ensure that its provisions include OECD's guidelines on multinational enterprises aimed at promoting socially responsible behaviour; support continued regulatory capacity to enforce strong environmental and labour standards in the public interest; and allow governments to continue to pursue national cultural objectives. The enlarged Assembly also requests OECD to pursue an intensified dialogue with non-member countries, particularly those interested in joining the MAI.

16. Finally, the enlarged Assembly supports OECD in its combat against corruption and economic crime, which pose a threat to morals and to world economic development. It in particular welcomes the initiation of negotiations by member states for a convention on combating bribery in international business transactions, including that of foreign public officials. The negotiation should be finalised successfully by the end of 1997.