Parliamentary Assembly
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COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Resolution 1518 (2006)[1]

The OECD and the world economy

Parliamentary Assembly

1. The Parliamentary Assembly of the Council of Europe, enlarged to include delegations from the parliaments of non-European member states of the Organisation for Economic Co-operation and Development (OECD), debated the recent activities of the OECD on the basis of the 2006 report on the OECD and the world economy, presented by the Committee on Economic Affairs and Development and contributions from other Assembly committees.

2. The enlarged Assembly welcomes the continued resilience of the world economy in the face of such challenges as higher energy prices, incipient inflation and trade and fiscal imbalances in certain countries. These challenges require vigilant economic oversight with a view to taking timely and balanced corrective action where necessary.

3. The enlarged Assembly considers that the liberalisation of international trade is one of the most effective measures for stimulating world growth. For this it is necessary to revive the Doha Round and continue working towards the elimination of the customs barriers and government subsidies to producers that undermine the free market, whilst recognising the special situation of the least developed countries in promoting fair trade.

4. To stimulate growth and prosperity, it is also necessary to ensure the stability and transparency of an increasingly efficient global capital market. To promote foreign investment, which is vital to guaranteeing more stable and balanced worldwide economic development, countries must guarantee a minimum of legal certainty so that political risks are not added to those which are specifically business-related.

5. Controlled migration flows may have a positive effect on world growth due, on the one hand, to labour mobility towards the dynamic economies where labour is in greatest demand and, on the other, the foreign currency remittances which these immigrants send back to their countries of origin. To keep control of this process of labour market globalisation, the countries of origin and destination must jointly pursue more appropriate immigration policies, including those for the integration of immigrants into society, and adopt measures to combat illegal immigration.

6. World economic growth is threatened by certain imbalances which may prove detrimental in the long term. Those countries which have an excessive and increasing public debt must accordingly be called upon to control their public expenditure. The excessive balance of trade disequilibrium in some countries may also prove, in the long term, to be a risk factor for the whole of the world economy.

7. The sharp increase in the price of energy products is an obstacle to the growth of the world economy and a risk for the future if the trend persists. The enlarged Parliamentary Assembly underlines that predictions of a steady increase in energy demand make it necessary to call for the development of renewable energy sources (solar, wind and bio-energy) and new generations of nuclear power, improved energy efficiency and increased investment in research and development on new, safer and cleaner energy sources. An increase in oil extraction and refinement capacity would also be necessary in the short and medium term.

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1. Assembly debate on 4 October 2006 (28th Sitting) (seeDoc. 11012, report of the Committee on Economic Affairs and Development, rapporteur: Mr Cosidó). Text adopted by the Assembly on 4 October 2006 (28th Sitting).

8. The widening gap between rich and poor countries, which is especially dramatic in the case of Africa, calls for both an increase in the funds earmarked by the developed countries for co-operation and development aid and a far-reaching reorientation of that aid in line with the 2005 Paris Declaration on Aid Effectiveness. The priorities should be to improve environmental protection, conditions for women, education, health care, good governance and trade-related infrastructure, as well as promoting growth benefiting the poor, in the countries concerned. The fight against corruption, a real cancer eating away at economic development in poor countries, must be another priority on the international agenda. When providing development aid, it is important to be in line with national development strategies and priorities identified by recipient countries, and to adapt to differing country situations. Greater involvement of civil society is also needed, through such initiatives as the fair trade movement.

9. Agriculture and rural development are keys to development in the less advanced countries. The OECD countries must mobilise to enable agriculture to develop and these countries to prosper. Access to the world market for their agricultural products would also make it easier to curb the move away from the countryside and emigration, while ensuring a more balanced distribution of the population.

10. Generally, but more specifically in the case of the European Union, whose growth, year after year, has fallen short of its own expectations, greater efforts must be made to implement the Lisbon 2000 Agenda. The pace of reform should be stepped up with a view to promoting sustainable economic growth together with a quantitative and qualitative improvement in employment and greater social cohesion. Such reforms should aim, among other things, at a better adjustment of the labour market to the needs of the business and other sectors, more flexible regulation of the economy so as to increase competitiveness, greater support for research and development, raising the standard of education and vocational training, and modernisation of the social welfare system in order better to combat social exclusion.

11. The reform processes across Europe that have been caused by European integration and the process of globalisation encompass the whole sphere of economic activity today. Working relations, social security systems, distribution of income – all have been put to the test and have faced pressure for massive change over the course of the last fifteen years. The European response must not be a race towards a lowering of social standards. Peace, prosperity and social cohesion are based on the protection of those high standards. Instead, intelligent solutions must be developed which make gains in efficiency possible and which are generally acceptable to the people at the same time. It is therefore a matter of urgency to devise a common approach to meeting the three major challenges of globalisation, technological evolution and demographic change. The crux of the matter is clear: the European social model (which is distinguished by a specific balance between economic growth and social justice) must demonstrate its ability to respond creatively to these challenges.

12. Quality of life is more than financial prosperity and the price of humanity more than a pay cheque. In an increasingly interdependent world it is important to maintain the focus on culture and ensure that educational processes are adjusted to living as well as earning a living. For this reason the enlarged Assembly continues to insist on the complementarity of the work of the OECD with other more culturally oriented organisations such as the Council of Europe. It looks forward with interest, therefore, to the contribution of the OECD to the overview of European co-operation that will be made by the Standing Conference of European Ministers of Education when it meets next in Istanbul in May 2007.

13. Sustainable development requires that economic growth and social rights be reconciled with the protection of the environment. To this end, the Assembly calls for full implementation of the Kyoto Protocol commitments with regard to climate change. Those countries that have not signed the protocol should do so and new instruments of international co-operation should be conceived where necessary to meet other major challenges of environmental protection.

14. Democracy, political liberty and human rights are realities inseparable from economic and social development. Political instability and such human rights violations as child labour, human trafficking and discrimination against women all have an economic as well as a political impact. All Council of Europe and OECD member states should therefore reaffirm their commitment to democratic and human rights principles and values and step up their efforts to raise awareness of them across the globe.

15. The enlarged Assembly believes that the OECD is uniquely positioned to serve as the hub for global economic policy co-ordination, bringing together the expertise and experience it has acquired across the spectrum of economic policy. The enlarged Assembly therefore calls on the OECD to facilitate discussion among key member countries, the European Union, leading economies of non- OECD members, and

developing countries with the goal of reaching agreement on the core elements of a new global economic agenda. This agenda would be based on the OECD's mandate, namely the promotion of sustainable economic growth, trade liberalisation and development.