Parliamentary Assembly
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COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Resolution 1833 (2011)[1]

The activities of the Organisation for Economic Co-operation and Development (OECD) in 2010-2011

Parliamentary Assembly

1. For the purpose of debating the activities of the Organisation for Economic Co-operation and Development (OECD), the Parliamentary Assembly of the Council of Europe meets annually in an enlarged forum including delegations from the non-European member states of the OECD and the European Parliament. The enlarged Parliamentary Assembly has reviewed the activities of the OECD in 2010-2011 in the light of the OECD's latest annual report, the report submitted by the Assembly's Committee on Economic Affairs and Development, and the contributions of other Assembly committees in the fields of health and social policy, the environment, agriculture, migration, education and science.

The OECD at 50

2. The enlarged Assembly welcomes the 50th anniversary of the creation of the OECD. For the past fifty years, the OECD has provided a unique setting where governments can come together to share policy experiences, identify good practices, find solutions to common problems and collaborate on addressing global challenges. This anniversary comes at a very significant moment for the OECD – and in a strangely turbulent period for the world economy – as the organisation expands both its core membership and its broader audience and develops new strategies for building stable long-term growth in an increasingly complex and interconnected world. In this context, the enlarged Assembly also welcomes the OECD's valuable contribution to the evolving global architecture, including the G20. The OECD's active participation in the work of the G20 – some of whose members are not OECD members – underlines the transformation in its role and its increasingly global dimensions. The enlarged Assembly encourages the OECD to further enhance international co-operation to address common concerns with the Bretton Woods institutions (International Monetary Fund, World Bank), as well as with the World Trade Organization (WTO) and the International Labour Organization (ILO). The enlarged Assembly welcomes the OECD 50th Anniversary Vision Statement which sets out its renewed identity, orientation and activities.

3. The enlarged Assembly welcomes the continued OECD enlargement process, reflected in last year's accession of four new members: Chile, Slovenia, Israel and Estonia. In the same vein, it welcomes the progress made towards full membership of the Russian Federation, as well as the enhanced engagement with Brazil, China, India, Indonesia and South Africa, and the endeavours of the organisation to engage in varied and flexible relationships with countries and institutions so as to build a global policy network. The enlarged Assembly reiterates its belief that full respect for democracy, human rights and the rule of law, including international law, should constitute an essential criterion for judging whether a candidate country should be invited to join the OECD.

1. Assembly debate on 5 October 2011 (32nd Sitting) (see Doc. 12683, report of the Committee on Economic Affairs and Development, rapporteur: Ms Vėsaitė; Doc. 12731, contribution from the Social, Health and Family Affairs Committee, spokesperson: Ms Karamanli; Doc. 12729, contribution from the Committee on Migration, Refugees and Population, spokesperson: Ms Osborne; Doc. 12739, contribution from the Committee on Culture, Science and Education, spokesperson: Mr Falzon; and Doc. 12745, contribution from the Committee on the Environment, Agriculture and Local and Regional Affairs, spokesperson: Mr Papadimoulis). Text adopted by the Assembly on 5 October 2011 (32nd Sitting).

4. The enlarged Assembly is satisfied with the OECD's view of its relationship with parliamentarians as a vital element in its mission to help policy makers implement reform. It takes note that the OECD is expanding the breadth and depth of its parliamentary contacts to include not only its long-standing links with the Parliamentary Assembly of the Council of Europe and the NATO Parliamentary Assembly, but also a strategic partnership with the European Parliament and the OECD's high-level parliamentary seminars held twice yearly. It also encourages the efforts made to explore the development of an OECD parliamentary network that could improve parliamentary involvement in the OECD's work.

Global economy

5. The enlarged Assembly welcomes the OECD's assessment that global gross domestic product (GDP) rose by 4.6% in 2010, with growth expected to continue at 4.2% in 2011 and 4.6% in 2012. Global trade volumes have now exceeded their pre-recession peak, and are expected to grow by over 8% both this year and next. It should be noted, however, that this dynamism is very much driven by the larger non-OECD economies, and particularly China, India and Brazil. Economic recovery appears to have come almost to a halt in the major industrialised economies, with falling household and business confidence affecting both world trade and employment. Thus, the global shifts in growth, wealth and influence continue, as a major impact of the crisis has been to hasten the decline in weight of the major developed countries within the world economy.

6. The enlarged Assembly is concerned that in most OECD economies the recovery is surrounded by a great many uncertainties and risks. These risks include concerns about public debt sustainability in some OECD countries, as well as continued financial fragility in the euro area where sovereign debt problems are still looming high. Similarly, these threats to the economic outlook stem from a rise in commodity prices, possible overheating in emerging economies coupled with increasing property prices, consumer credit and bank profits hitting all-time highs. The enlarged Assembly is conscious that the global economy is by no means returning to business as usual. In the aftermath of an unprecedented crisis, there is now a considerable challenge to be taken up, in order to establish stable, healthy and fair global growth.

7. The enlarged Assembly notes with concern that the financial and economic crisis has left many Council of Europe member states, as well as other OECD member states, with a legacy of modest growth, weak public finances and persistently high unemployment. New economic strategies are imperative to address the problems stemming from this predicament. High unemployment cannot be accepted as the "new normality". Indeed, the enlarged Assembly regards combating unemployment as one of the central challenges confronting the OECD economies today.

8. The enlarged Assembly takes note that, if the economic crisis – and the food crisis – affects everyone, its impact on the poor is particularly strong. If the volatility of commodity prices, especially in energy and metals, has been a consistent feature of recent global economic growth, severe instability in pricing of food commodities – particularly basic foodstuffs – has become an increasingly important issue for the most vulnerable economies in the last couple of years. The enlarged Assembly shares the OECD's view that the best way to prevent this would be to improve planning, boost the flow of information about stocks available, remove restrictions, and put in place timely and effective assistance programmes, in order to maintain reasonable stability, and prevent abuse of the commodity trading system by speculators, to the detriment of the world's most vulnerable consumers.

9. The enlarged Assembly is convinced that today's key challenge is to strike the right balance between policies aiming at achieving fiscal consolidation and those which promote a job-rich recovery with decent work and decent standards of living. The enlarged Assembly therefore calls on the OECD to continue its work and to develop appropriate policy advice in order to tackle youth unemployment and to prevent high long-term unemployment rates from becoming entrenched. The greatest threat to our economies is a persistent period of modest growth, or prolonged stagnation, with negative long-term structural consequences. The enlarged Assembly therefore calls on the OECD to become more creative and proactive in its proposals for future policy options in this crucial field.

10. The enlarged Assembly believes that among the necessary "paradigm shifts" in economic policies, a key issue is to tackle inequality. Disparities in society existed before the financial crisis, but they have worsened as a result of the recession. These include discrimination, income inequalities and gender imbalances. Wages as a share of global output have fallen to their lowest level in decades, while unemployment has remained persistently high, threatening to prevent a resurgence of consumer demand. Growing inequalities in society are a major obstacle for economic development. Moreover, in a longer perspective there should be no contradiction between measures to ensure economic growth and stability, and measures to protect and care for the most vulnerable. Austerity measures which exacerbate inequalities will

only postpone problems and in some fields make it even more costly to resolve them at a later stage. The enlarged Assembly encourages the OECD to develop policy responses which address these societal problems directly and thus help to restore public trust in the governments after the crisis.

11. The enlarged Assembly therefore deems it crucial to put into practice the OECD's various policy tools designed to counter the effects of the crisis in a range of areas, notably the measures to improve tax transparency, the need to align financial sector regulations and incentives, so as to achieve more effective oversight and risk management and better corporate governance. It encourages the OECD to explore the options for introducing a global tax on financial transactions.The enlarged Assembly considers that international co-operation is particularly important to build at global level a stronger and more consistent supervisory and regulatory framework for the financial sector so that it serves the real economy, promotes sustainable enterprises and decent work and better protects savings and pensions. The avoidance of future crises requires strengthened legislation for the operations of financial institutions and the regulation of financial markets and capital flows in order to increase their transparency and effectiveness. This should include rating agencies, where serious conflicts of interest have become apparent.

12. The enlarged Assembly notes with concern that, according to new OECD estimates, global imbalances are likely to increase in the near future. It therefore calls on governments to address the problem of economic imbalances and structural limitations highlighted by the crisis, through co-ordinated reform of national policies. Such imbalances, both in trade and finance, risk provoking a protectionist response, and this would be disastrous for economic recovery. This policy challenge – which implies not abolishing global imbalances, but keeping them at a level that is both sustainable and amenable to an efficient allocation of resources across the globe – requires a co-operative response. The enlarged Assembly believes that the OECD could become instrumental in devising policy advice on how to successfully manage, and restrain, global economic imbalances.

13. The enlarged Assembly welcomes the conclusions of the OECD Council meeting of 25 and 26 May 2011, including the new update of the OECD Guidelines for Multinational Enterprises which extended the reach of this leading international corporate responsibility instrument in the areas of human rights and supply chains, and considerably reinforced its unique implementation procedures. The OECD's conclusions are relevant for all open market economies and place strong emphasis on implementing structural reforms, fiscal consolidation and the need to strengthen their commitment to the fundamental principles of propriety, integrity and transparency. These policies and strategies are essential to ensure that the recovery takes hold and is transformed into environmentally sustainable and socially balanced growth.

14. The enlarged Assembly welcomes the OECD's innovation policies and the Green Growth Strategy launched at the OECD Council meeting in May 2011. It is convinced that green growth tools and indicators can help expand economic growth and job creation through sustainable use of natural resources, efficiencies in the use of energy and the appropriate evaluation of ecosystem services. A turn towards green growth is indeed essential to prevent further destruction of natural capital, including increased scarcity of water and other resources, more pollution, climate change and biodiversity loss, all of which are bound to undermine stable future growth. The enlarged Assembly encourages the OECD to further develop its policy advice for countries to "go social" and also to provide them with the tools to increase economic opportunities for women in education, employment and entrepreneurship. The enlarged Assembly shares the view that innovation, supported by a strong intellectual property rights system, is a key to countries' abilities to achieve economic growth, create green jobs and protect the environment.

15. The Enlarged Assembly in particular praises the OECD's efforts to promote green growth through its Green Growth Strategy designed to build on the rapidly growing private sector interest in low-carbon development and renewable energy. The OECD believes that by assessing economic and environmental policies together, a practical and effective platform can be created for achieving a low-carbon economy that is compatible with growth. At the same time, the enlarged Assembly recalls that these kinds of initiatives should contribute to states' fulfilment of, and further commitment to, international environmental obligations.

16. The enlarged Assembly also welcomes the development by the OECD of a new interactive tool called the Better Life Index, designed to model well-being in OECD countries, which provides a comparative guide to how well countries perform against 11 criteria – such as education, housing, income, safety and health – identified by the OECD as essential to quality of life. The Better Life Index indeed demonstrates the necessary interplay between these different enabling factors that combine to create more sustainable societies. The enlarged Assembly hopes that the OECD will continue to work on better measuring the well-being of society

and that the new tool will help to strike a better balance between social justice and economic competiveness when formulating economic policies, as well as incorporating environmental concerns through the "Tools for Delivering on Green Growth" developed by the OECD.

International development

17. The enlarged Assembly is concerned that in 2011, and for the first time in history, the global population will reach 7 billion. Unbridled demographic growth in many developing countries is likely to outstrip the gains of economic development. The enlarged Assembly therefore calls on donor countries to invest far more seriously in family planning policies, otherwise much of the progress achieved over the last decades in fighting poverty, climate change and preventing conflicts in sub-Saharan Africa and developing countries may be lost.

18. The enlarged Assembly welcomes the new comprehensive approach to development across the OECDwhich will be reflected in a new OECD strategy for development currently under preparation**.** It should be noted that in 2010, development was formally added to the G20 agenda and at the Seoul Summit the Development Consensus for Shared Growth was adopted. The enlarged Assembly welcomes the significant input the OECD provided to the making of the Seoul Consensus in six out of the nine action areas, including the encouragement of more robust and effective tax systems, steps to reduce corruption, better labour and regulatory practices and steps to mitigate volatility in the price of basic foodstuffs.

19. The enlarged Assembly fully subscribes to the conclusions of the OECD Council that the OECD should focus its development strategy on the following areas: innovative and sustainable sources of growth; mobilisation of domestic resources for development, including by fostering a favourable investment climate; good governance; and measuring progress for development. Corruption, lack of transparency, and poorly functioning tax systems are major barriers to long-term growth in many developing countries. Hence the importance of the OECD's Tax and Development Programme which will help countries to develop more effective tax systems and combat offshore tax evasion. The enlarged Assembly also hopes that this new OECD approach can help shape the international development co-operation architecture that should emerge from the Busan High-Level Forum on Aid Effectiveness, in South Korea in November 2011. Additionally, taking into account the enlargement process of the OECD, as well as its increasingly global focus, the enlarged Assembly underlines the relevance of the OECD's international development approach, which promotes the experiences of South-South co-operation and triangular co-operation as tools that make a decisive contribution to the achievement of the Millennium Development Goals.

20. In this context, the enlarged Assembly also underlines the need for a successful completion of the Doha Round of trade negotiations, not least in a spirit of solidarity with the least developed countries. It reaffirms the importance of the multilateral trading system and that this strong, fair and rules-based system is an essential source of sustainable economic growth, development and job creation. It shares the deep concern expressed by the OECD regarding the difficulties confronting the Doha Development Agenda negotiations, and calls on all parties to reinforce their commitment to resist economic nationalism and protectionism, and reaffirms the commitment made by all WTO members in 2001 in the sense that the Doha Development Agenda aspires to achieve a more equitable share of opportunities and welfare gains generated by the multilateral trading system among all peoples and countries.

21. The enlarged Assembly also notes the importance of investment as a major driver of trade flows and job creation. In this context, it welcomes the recent update of the OECD Guidelines for Multinational Enterprises, which include a new chapter on addressing human rights, and encourages the organisation to send the guidelines not only to the OECD countries but also to stakeholders in non-OECD economies.

Social and health policy

22. The enlarged Assembly requests greater commitment by the OECD in the field of social policy, and particularly calls on the OECD to:

22.1. study the positive and negative effects of the taxation of wealth as a means of driving social justice, in order to reduce inequalities and ensure efficiency and economic stability, and make introducing equitable taxation of all profits in order to achieve a fairer distribution of wealth the subject of more particular attention;

22.2. advise member states to adopt ambitious policies to combat poverty, particularly through the building of social housing and through access to essential goods (water, energy, etc.);

22.3. provide support to member states, in co-operation with the International Labour Organization, in the effort to develop a coherent policy on negotiations on labour issues, taking account of the fact that improved action against unemployment and fairer pay depend at present on negotiating procedures involving employers and trade unions, sometimes at international level;

22.4. promote health policies which respect everyone's right to benefit from appropriate health care of high quality at reasonable prices for all categories of the population;

22.5. encourage all member states to maintain social rights, particularly in times of crisis;

22.6. call on all states to ensure young people's access to education, training and employment.

Environment and agriculture

23. The enlarged Assembly welcomes the co-operation between its Committee on the Environment, Agriculture and Local and Regional Affairs and the OECD in the preparation of the 6th World Water Forum in Marseille in 2012, and looks forward to the OECD's participation in the transversal conference on climate change and human rights, which will be organised at the Council of Europe in the autumn of 2012.

24. The enlarged Assembly welcomes the long-lasting co-operation between the Council of Europe and the OECD, including in researching and addressing the challenges posed by the financial crisis to local and regional governments. It notes with satisfaction that the OECD Secretary General, Mr Angel Gurría, is invited to take an active part in the 17th Session of the Council of Europe Conference of European Ministers responsible for local and regional governments, which will take place in Kyiv, Ukraine, from 3 to 5 November 2011.

Migration and population

25. The enlarged Assembly expresses its concern over the impact of the lingering economic and job crisis on international migration. It welcomes the OECD's continuing analysis of how the economic situation affects the origin and destination countries in both the short and medium term, as well as in advising governments on specific policy responses to meet this challenge. In this respect, it particularly welcomes the recent publication of the International Migration Outlook 2011.

26. The enlarged Assembly recognises that Europe is an immigration continent – and it is in its interest to be one. Care should be taken to ensure that the tightening of border controls and the denying of opportunities for legal entry or family reunification do not increase irregular migration and public resentment of foreigners. This could lead to xenophobia and sow the seeds of social conflict, as well as tension in inter-state relations.

27. The enlarged Assembly is convinced that the present economic crisis could be turned into a great opportunity for laying the basis for the sound management of human mobility in the future. The current potential dangers could be minimised through timely preventive measures. It therefore calls on the member states to adopt flexible immigration policies congruent with current and anticipated labour needs; to avoid populist, inward-looking policies; and to introduce proactive labour-market measures, notably through job creation.

Education and science

28. The enlarged Assembly takes note with interest of the new outcomes of the latest PISA studies (Programme for International Student Assessment), in particular the analysis of the positive reactions of disadvantaged students when encouraged to apply themselves to PISA tests and training and the indications showing that repetition of grades and transfer of under-performing students often has a negative effect on overall educational levels.

29. The enlarged Assembly welcomes the new Skills Strategy adopted at the OECD's May 2011 ministerial-level meeting, which emphasises the need to promote lifelong learning as a condition for lifelong employability. It also shares the general thrust of the OECD's approach to "21st-century learning", emphasising the growing need for creative and critical approaches to problem solving and decision making, for new ways of working, including communication and collaboration, and new tools, such as the capacity to exploit the potential of new technologies or to avert their risks. The enlarged Assembly agrees fully with the need to provide more incentives for education across disciplines and to develop the capacity and motivation to identify, understand, interpret, create and communicate knowledge.

30. Considering the concerted and co-ordinated drafting of the OECD Guidelines on the Protection of Privacy and Transborder Flows of Personal Data and the Council of Europe Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data (ETS No. 108), the enlarged Assembly invites both organisations to pursue their close co-operation in order to maintain the consistency and convergence of the respective frameworks. The OECD is in particular invited to encourage participation of its non-European member states in the modernisation of Convention No. 108 and to promote accession to this instrument. The enlarged Assembly also encourages the further common development of the Global Privacy Enforcement Network.