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COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

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Reply to the Seventh Annual Report of O.E.E.C.

Report[1]
Committee on Economic Affairs and Development
Rapporteur: Mr Neil MCBRIDE, United Kingdom

1. See Doc. 479 (Report of O.E.E.C).
Adopted unanimously by the Committee.

Draft Resolution[2]

1. The Consultative Assembly of the Council of Europe expresses its thanks to the O.E.E.C. for its Seventh Annual Report and to the Vice-Chancellor of the Federal Republic of Germany, M. Blücher, for his presentation of the Report.

2. The Assembly also wishes to record with satisfaction the steadily growing closer and more harmonious collaboration which has characterised relations between O.E.E.C. and the Council of Europe. In particular, the Assembly desires to voice its appreciation of the searching and constructive comments made by O.E.E.C. on its Recommendation 77 of 9th July, 1955, concerning the economic integration of Western Europe, and of the changes made in the procedure for co-operation between the two organisations which, on a number of important points, have met the wishes expressed by the Assembly. The Assembly hopes that this functional co-operation will continue to develop and be increasingly beneficial to both organisations.

3. The Assembly notes that the vigorous economic expansion characteristic of the Western European economy since 1953 has continued throughout the year 1955, but considers it its duty to repeat the warning against complacency which it gave in its Reply to the Sixth Annual Report of O.E.E.C. in view of certain dangers inherent in this economic expansion. In particular, the Assembly calls upon O.E.E.C. to direct its attention in formulating its policy on the following problems, which are discussed in the Report and which cause concern as to the future.

a. While the inflationary pressures in evidence throughout most of Europe necessitate concerted measures to prevent an acceleration of the forces of disequilibrium, such action must take into account the need for a sustained high level of agricultural and industrial investment – which remains a pre-requisite for the longer-term growth of the European economy.

b. In some of the countries whose state of economic development has not yet reached the desired levels a sustained high level of investment in the infrastructure of the economy should be encouraged.

c. In view of the lack of substantial progress in the abolition of quantitative restrictions during 1955, further advances towards freer intra-European and world trade should be sought by attacking the remaining barriers to trade as a whole. In this connection, the Assembly urges the particular need not only to consolidate this liberalisation and to carry it forward, but also to take early and effective action to reduce present inequalities in tariff protection and to lower the level of tariffs in general on goods predominantly traded between the countries of Western Europe and between them and the overseas countries with which they have constitutional links.

d. The Assembly also again stresses the urgent necessity of ensuring the removal of trading practices, such as dual pricing in the export of raw materials and export subsidies, which – whether disguised or open – are frequently the cause for the adoption and maintenance of protective counter-measures.

e. Satisfaction with the improvement over the last three years in the dollar balance of payments of Western Europe is qualified by the fact that the surplus achieved is essentially due to the substancial and – during 1955 – growing military revenue from the United States. In particular, it must be a matter of concern that, while imports from the United States have shown a very considerable expansion, European exports to that country remained inadequate in spite of the continued economic expansion in the United States. It therefore remains urgent to find means of improving the dollar balance of trade and commercial transactions through the common efforts of European countries, the United States and Canada.

f. While expanding production has in most European countries absorbed the available labour force and led to an increasing shortage of skilled manpower, considerable unemployment still persists in several member countries. The Assembly, having regard to the influence of lower birth-rates in some countries on the labour supply in years to come, emphasises the importance to a continued growth of the European economy of a larger measure of intra-European labour mobility and urges O.E.E.C. to pursue this matter actively.

g. While noting with interest the positive attitude taken in the Report as regards the responsibility of O.E.E.C. and of national Governments for contributing towards a solution to the needs of under-developed areas both in Europe itself and overseas, the Assembly urges O.E.E.C. to take the lead in formulating concrete proposals for constructive and effective assistance. In this connection, the Assembly draws the attention of O.E.E.C. to its proposal for the creation of a European Development Fund, which is contained in Recommendation 95, adopted by the Assembly on 20th April, 1956.

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2. See 12th Sitting, 21st April, 1956 (draft Resolution adopted) and Resolution 98.