

ministers played active roles in directing the OECD to new areas that would promote more effective international economic co-ordination. In 1985, Secretary of State for External Affairs Joe Clark and Finance Minister Michael Wilson chaired the 25th annual OECD Ministerial Conference.

The exchange of information and experience as well as the analysis provided by the secretariat gives Canadian policy-makers valuable insights into the domestic policies of Canada's principal economic partners. The OECD reviews offer critical, impartial outside analysis of Canada's economic performance and policies. As well, OECD discussions permit Canadian policy-makers to influence the policies of member governments and to help formulate solutions to international economic problems. For Canada, then, the OECD is both a cornerstone of the multilateral economic system and an invaluable aid to national policy-making.

#### Co-ordinating Economic Policy

The OECD is best known for its role in macro-economic policy co-ordination. The objective in this field is to encourage policies that will yield sustained economic growth and the fullest possible employment with price stability.

In the Economic Policy Committee, member governments meet two or three times a year to evaluate broad economic policy options, examine and criticize each other's approaches, and share views on the economic outlook. The secretariat provides input by analyzing the implications of members' macro-economic policies for national and international economic performance. Its economic analyses and forecasts are internationally recognized.

The OECD's many publications such as the *Economic Survey* produced on each member country, the biennial *Economic Outlook*, and annual *Employment Outlook* provide governments, business, universities, the press, other media and the general public with a continuous pulse-taking of OECD and world economies.

Canada views the OECD as the key forum for progress on international economic issues. As a member of the Economic Summit Seven and the Group of Seven Finance Ministers, Canada plays an active role in OECD economic discussions.

#### OECD: Economic Challenge and Change

The international economic environment has changed considerably since the organization's founding in 1961. In many ways, the 1960s were a golden age for OECD countries. The first Ministerial Meeting set the target of 50 per cent economic growth for the decade; real GNP actually grew to 70 per cent while inflation rarely went above 3 per cent. The 1970s and the 1980s, however, posed a series of difficult challenges: slow growth rates, the collapse of fixed exchange rates, trade protectionism, oil price and supply shocks, inflation, "stagflation," intractable unemployment, environmental degradation, and a new, more dramatic role for science and technology in economic growth.

The OECD responded to these challenges by refocusing its efforts. Many of the new themes it took on, including structural adjustment, protectionism, technology and socio-economic adaptation, environmental considerations for economic growth, and energy security cut across the traditional, strictly sectoral approaches.

For instance, slow growth in the 1970s raised questions about the capacity of OECD economies to adapt to changing circumstances, create new opportunities and reallocate resources. The OECD took a leadership role in defining the scope of this structural adjustment problem: the Agriculture Committee examined agricultural surpluses; the Industry Committee looked at technological change and shifting patterns of comparative advantage; the Committee on Financial Markets looked at more effective and innovative capital markets; and the Economic Policy Committee probed the impact of increasing public sector spending.

In 1987, the OECD published a synthesis report, *Structural Adjustment and Economic Performance*, bringing together all these themes. The report is a valuable guide for national policy-making, and OECD governments are now taking steps to follow its policy prescriptions.

Commitment to the expansion of trade is one of the key pillars of the OECD Convention. Over the last decade the OECD has sought to maintain and improve the open multilateral trading system by trying to convince governments to resist restrictive actions and to remove trade

Dept. of Foreign Affairs  
Min. des Affaires étrangères

NOV 23 2000

Return to Departmental Library  
Retourner à la bibliothèque du Ministère