

# *Organization for Economic Co-operation and Development*

**M**EETING under the chairmanship of the Canadian Minister of Finance, Mr. Donald M. Fleming, the Council of the Organization for Economic Co-operation and Development held its first session at ministerial level on November 16 and 17, 1961. It therefore seems appropriate to review the events that brought about the establishment of this new international organization, its objectives and future activities.

The Organization for Economic Co-operation and Development (OECD) began its official existence on September 30, 1961, when it took the place of the 13-year old Organization for European Economic Co-operation (OEEC). The change of title from OEEC to OECD reflected the fact that two non-European countries — Canada and the United States, which since 1950 had been associate members of the OEEC — had become full members. It also underlined the significance of the changes in the world economic situation since the former organization had been set up, on April 16, 1948, to administer Marshall Plan Aid and, through co-operative efforts, to rebuild the European economy after the Second World War.

By 1960 the Western European countries, members of the OEEC, and Canada and the United States as associate members had entered a new phase in the recovery of their economies. The reconstruction of the European economy had been successfully accomplished and the external convertibility of most European currencies had been achieved. Freer trade and payments, combined with rapid technological programmes had created a new interdependence of the economies of the individual countries and had rendered international co-operation on a wider basis increasingly urgent. In this connection the declaration made in Paris by President Kennedy in June 1961 is of special significance:

All of the power relationships in the world have changed in the last 15 years, and, therefore, our policies must take these changes into account. First is the change in Europe itself. In the 1940's, in Europe much of it was destroyed, its productive capacity liquidated, divided by a bitter war, inflation rampant, and only those who were optimists of the most extreme sort could have ever predicted the astonishing renaissance of Western Europe today. Its people have energy and confidence. Its economic growth is higher than that of the New World, either Canada or the United States. Its dollar shortages have been converted into balances which have even disturbed the monetary stability of the United States.

Here, then, were the factors that influenced the decision that Canada and the United States should join Europe in further common and co-operative efforts towards a continuing economic growth. But there was, in addition, another factor that made the remodelling of the OEEC a matter of urgency.