

ty of the German delegates. For example, a query as to how one could expect a better than 4 percent growth-rate with a projected increase of real disposable income of only 2.5 per cent produced the embarrassment and chagrin that led to the public German retort.

Two aspects of the situation that arose out of the EPC talks disturbed insiders. First, the fact that the German delegation was placed in a position of having to defend established policy was regarded as unfortunate, since such a situation ran counter to the tradition of free-wheeling discussions in which differences of opinion were never considered as matters of disagreement on policy. As the forecasting exercise necessitates the assumption of policy positions, many observers feel that it should be abandoned forthwith or the value of the EPC as a "talk-shop" could disappear. Even more disturbing to some participants was the fact that, during these meetings, the defence of national interests no longer seemed to be tempered by a consciousness of the international interest. As the struggle for comparative advantage in a difficult situation became more undisguised, the predisposition at least to consider the common good became submerged, if not temporarily lost. Some observers even perceived the re-emergence of autarkic tendencies reminiscent of the Twenties and Thirties.

Trade area

A deterioration in the ability of the market-economy states to harmonize their policies is also discernible in the area of trade. Historically, the Trade Committee of the OECD has reflected a high degree of consensus among members on the desirability of the expansion of world trade on a multilateral, non-discriminatory basis. On trade matters, the OECD countries have always appeared to maintain a common front in rejecting protectionist or "beggar-my-neighbour" policies. Symbolic of this unanimity was the adoption of the Trade Pledge at ministerial level in May 1974 at a time of mild recession. This declaration, which is of considerable psychological importance but is not legally binding, expresses the determination of member governments "to avoid recourse to unilateral measures, of either a general or a specific nature, to restrict imports or having recourse to similar measures on other current account transactions". The official premise of OECD trade activity is, therefore, that unilateral trade or other measures designed to deal with current-account problems would in all probability

be both self-defeating and have a depressing effect on the world economy.

The impression of a consensus on trade matters is somewhat deceptive, for the members of the Trade Committee are divided on some very fundamental issues. Of greatest significance is the fact that, while everyone in theory is in favour of freer trade, the trend is clearly towards what the French have called "organized trade" – a euphemism for selective protectionism and market-sharing agreements. Thus one finds that the Americans, Canadians and Australasians continually press for freer trade in agricultural products, but the European Economic Community members of the OECD will have none of it. It took The Nine many years of hard bargaining to establish an internal agreement on agricultural trade, and they have no wish to see the whole matter reopened to accommodate external interests. For their part, the Americans, while championing freer trade, have placed restrictions on imports of such commodities as textiles, footwear, electronic equipment and steel products. The unilateral decision of the U.S. Government to assign an arbitrary floor-price to steel imports was, to understate the point, a source of some concern to the Japanese. The latter, in turn, continue to protect the domestic market for their secondary manufacturers, much to the chagrin of the Americans, who wish to eliminate their sizeable bilateral-trade deficit with Japan.

It would be a grave distortion of reality to suggest that all these trade problems are thrashed out *in camera* at meetings of the OECD – they are not. In fact, the Trade Committee is in a state of temporary suspension for as long as the Multilateral Trade Negotiations continue in Geneva. However, the OECD has proved a useful institutional framework for the conclusion of sectoral trade agreements. The OECD Council's Working Party (No. 6) on Shipbuilding has managed to work out a production-quota agreement acceptable both to the Japanese and to the members of the EEC. As a result, a mutually-disadvantageous price war due to overproduction of ship tonnage has been avoided. Similarly, when overproduction of steel threatened to disrupt existing market patterns, Emile van Lennep, Secretary-General of the OECD, set up an *ad hoc* group to study the global steel situation. By the ineluctable law of large organizations, the group became a standing committee, which is currently seeking to work out a long-term market-sharing agreement between the major steel-producers. While the Trade Committee is not directly concerned with

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