

Current economic stresses strain the fabric of OECD

By Mike Henderson

It has become apparent to even the most of casual observer of the international economic system that the management of economic affairs among the advanced industrial market-economy states has fallen upon evil days. Despite periodical remedial action by the International Monetary Fund, currency fluctuations have destabilized trade patterns and fuelled inflation in many countries. Despite the efforts of donor nations through the World Bank, the United Nations itself and many regional-development banks, the income gap between the developed and developing countries continues to grow rapidly. In spite of the framework of the General Agreement on Tariffs and Trade, major disputes on trade policy have risen between such economic giants as the United States and Japan. Finally, despite the macro-economic planning conducted through the Organization for Economic Co-operation and Development, the market-economy countries have not been able to pursue a consistent recovery-path from the recession years of 1974-75. The general economic picture in the world market economy is bleak; growth and profits are low, while inflation and unemployment levels are high.

Not surprisingly, hard times have placed strains on prevailing patterns of international co-operation. A good example of this is to be found in an examination of recent events within the OECD. Historically, the OECD has been an important instrument for its 24 member states, providing a forum in which they could present their national positions on a wide range of economic subjects, including growth, monetary, trade and development-assistance policies, in a relaxed, informal and confidential manner. The committees of the Organization have been forums for information-sharing and consultation, rather than settings for negotiation. Moreover, because the OECD does not have an operational role in world affairs, it has always been possible for its members to discuss any subject without concern either

about assuming a legal liability or about establishing a position they would feel constrained to defend. As a result, Organization discussions have always been characterized by informality, civility and unusual candour. According to many old OECD hands, both in the Secretariat and in various national delegations, the resultant atmosphere has been one to engender a spirit of moderation, compromise and even, on occasion, concession. There has been, it seems, a tendency not only to defend national interests but to consider the common good. Given growing economic interdependence, it has been assumed that the harmonization of national policies was the *sine qua non* of general prosperity and stability and everyone has behaved accordingly.

Changed mood

Inside observers of OECD affairs now agree that this situation, atmosphere, mood or "ambiance" – whatever one may wish to call it – has changed dramatically in the last few years. In many of the major committees of the Organization, discussions have now become debates, opinions have hardened into policy positions, and candid suggestions have in many cases been taken as blatant attacks. In short, the conduct of OECD affairs has become increasingly "politicized". Senior members of the Secretariat lament that few questions are dealt with as purely technical matters any longer. The prescriptions of economic theory have foundered on the rocks of national self-interest. Consideration of the "general good" has become increasingly rare. Indeed, some officials

Discussions have become debates

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