

STATEMENTS AND SPEECHES



INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 61/1 ORGANIZATION FOR ECONOMIC CO-OPERATION
AND DEVELOPMENT

A statement to the House of Commons on December 16, 1960, by the Minister of Finance, Mr. Fleming.

I should like to offer the House a report on the successful outcome of the meeting held in Paris on December 13 and 14 to consider and sign a Convention under which the Organization for Economic Co-operation and Development is to be established next year.

The Minister of Trade and Commerce (Mr. Hees) and I represented the Government and signed the Convention on behalf of Canada. Other representatives signed on behalf of Austria, Belgium, Denmark, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, the United States, and the three European communities; that is to say, the Coal and Steel Community, the Atomic Energy Community and the European Economic Community. It is the intention of the Government to seek Parliamentary approval of the convention at this session.

On January 18 last I made a report to the House on the events that had led to the establishment in 1948 of the Organization for European Economic Co-operation in connection with the Marshall Plan, to the subsequent associate membership of Canada and the United States in that Organization in 1950, and to the recent decision to reconstitute the Organization to meet the needs of the future and to provide for the full membership of these two countries. It is gratifying to be able, less than a year later, to report to the House that the task of reconstitution has been accomplished, subject to the necessary processes of ratification.

Negotiations have proceeded very actively throughout the past year. In July a second Ministerial meeting was held in Paris in order to give guidance and direction to the negotiators. My report on that meeting was read to the House by my Parliamentary Secretary on July 25.

The aims of the newly constituted Organization, as set forth in Article 1 of the Convention, are to promote policies that are designed: (a) to achieve the highest sustainable economic growth and employment and a rising standard of living in member countries, while maintaining financial stability and thus to contribute to the development of the world economy; (b) to contribute to sound economic expansion in member as well as non-member countries in the process of economic development; and (c) to contribute to the expansion of world trade on a multilateral non-discriminatory basis in accordance with international obligations.

The activities of the Organization may be broadly classified under three heads: trade, aid, and the harmonization of the economic policies of member governments. Of these, the third is the least familiar but it might well emerge as the most important. Therefore I should like to speak of it first.

In the field of economic policy there is growing recognition of international inter-dependence. National economies have become more sensitive to changes in world trends and to measures taken in other countries. Actions taken by individual governments often have external repercussions and, indeed, the efficacy of national action is to a large extent dependent upon the policies followed in other countries. Accordingly, it has been agreed that in the new Organization the economic and financial situation in member countries and policies pursued by member governments will be kept under review. Special attention will be paid to the international effects of national policies. And, as set out in the Convention, member countries have undertaken to pursue, both individually and jointly, "policies designed to achieve economic growth and internal and external financial stability and to avoid developments which might endanger their economies or those of other countries".

Similarly, in the field of trade, member countries agree to review together their general policies and practices and to devote special attention to the international effects of their actions. The Organization will provide a continuing forum for consideration of the effects, on member countries and on others, of the trade groupings that are emerging in Europe. I refer, of course, to issues arising from the formation of The Six and The Seven. Such matters as these are of concern currently and for the future. On the other hand, it has been decided that much of the earlier activity of the OEEC in the field of trade, which was of regional character and often discriminated against the rest of the world, should be discontinued. The new Organization is, as I have said, to promote the expansion of trade on a multilateral and non-discriminatory basis, thus contributing to the achievement of the purposes of the General Agreement on Tariffs and Trade.

Turning finally to the field of aid, it should be explained that the existing Organization, the OEEC is already engaged in useful programmes of technical assistance in the less fully developed countries amongst its own membership; these are countries bordering the Mediterranean Sea. Such programmes may be expected to continue. However, the Organization also includes the most fully industrialized countries of the world, and, under the new constitution, these countries are recognizing a responsibility for aid not only to their less developed neighbours and associates but also to under-developed countries throughout the world. Without awaiting the new constitution, the chief aid-providing countries of Europe, along with representatives of Japan, have already during the course of the past year held three meetings, two in Washington and one in Bonn. This group is to become the Development Aid Committee of the new Organization. Its purpose is to promote, by means of consultation and harmonization, an improved flow of aid to under-developed countries.

The new OECD provides great hope for the economic future of the free world. The significance of its role will depend on the willingness of all member countries to make their full contribution and, through co-operation and consultation, to ensure effective use of their capacities and potentialities, and to promote the highest sustainable growth of their economies and those of other countries. It will be the intention of the Canadian Government to make the Organization an effective instrument for the betterment of our own people and of people throughout the world....

s/c