ADDRESS BY MR. STAFFAN SOHLMAN,

ACTING SECRETARY-GENERAL OF THE OECD,

TO THE SYMPOSIUM ON THE ROLE OF THE OECD IN THE 21st CENTURY

Tokyo, Thursday 20th October 1994
Address by Mr. Staffan Sohlman, acting Secretary-General of the OECD to the Symposium on the role of the OECD in the 21st Century

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I am honoured to address you on this celebration of the 30th anniversary of Japan’s accession to the OECD and on such an important topic as the future of the OECD. The occasion and the topic seem particularly well matched because Japan has taken a special interest in building on the intellectual foundations of this Organisation and casting forward to examine its future. As far back as the mid-1970s, it was Japan’s initiative that launched Interfutures. This was an insightful project. Indeed, it produced some predictions that were rejected at the time but later proved fundamentally right. In the late 1980s, Japan was an early and strong supporter of a study that guided us into new approaches to the non-OECD world -- a study which was the foundation of the kind of successful dialogue that we have had this week. And today we have the Linkages Study. With important Japanese impetus, this study has laid the foundation for thinking about OECD’s role and relations in the next century.

This Symposium is an occasion to look forward to the future of the OECD. In the spirit of stimulating discussion, I would like to offer you some personal reflections and questions that do not in any way represent an official view.

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The OECD helps like-minded nations to reinforce their own economic growth and social progress by working together on their economic and social policies. That has been the OECD’s role for more than three decades. But today we are as close to what lies ahead in the year 2045 as we are far from 1945 when present economic relationships were defined. Our vision for the OECD must be shaped by the future.

The OECD must retain its fundamental vocation of helping the major players in the world economy to identify, analyse and interact on problems before they become serious and perhaps insoluble. But the OECD can no longer rely only on discussions among our own members to improve our own performance. OECD countries are increasingly a part of a globalised world which they both affect and are affected by. The combined GDP of China, India and Indonesia is already 80 percent of the GDP of the United States. Many countries -- from Eastern Europe to Asia and Latin America -- are building successful, industrialised, market economies, often working from the blueprints of postwar OECD development. In that process, new major economic players are emerging. The list of major players is no longer the list of OECD members.

The changes in the world will mean changes for the OECD -- its mandate, operations and programme.
Some view the OECD as one element of the redefinition of all international organisations after the Cold War and as globalisation takes hold. They would say that the OECD can no longer limit itself to promoting better management of its own economies. Rather, it should very much expand its current mandate, and become much more involved with encouraging other countries to move towards full market economies. The OECD already co-operates closely with countries of eastern and central Europe. The dialogue with non-Members in Asia and Latin America now covers virtually all areas of OECD work. The Organisation’s long-standing role of monitoring and improving quality of aid to developing countries continues. Some have argued that this kind of established outreach qualifies the OECD to become a more formal, institutionalised bridge between the traditional economic powerbrokers of the post-industrial world -- especially the G7 -- and the new economic powerhouses of the newly industrialised world.

Some others argue that security is now defined in economic arsenals and that the OECD could become the Organisation that reflects the new priorities. They have even proposed that the OECD should be redesigned to include new members and to take on some security functions and geopolitical analysis, human rights, some aid-giving. That, they say, would create a single, centralised and streamlined body that would do away with duplication of other organisations.

Perhaps: certainly such ideas are interesting for the longer-term future. But for the moment we should focus on building the OECD’s future upon what it does best at the present. So let me re-emphasise the OECD’s main attributes. The OECD mirrors the policy-making structures of governments; yet it has a capacity to synthesise macro and microeconomic analysis and amalgamate multiple elements of policy from environment to labour and social policy, from agriculture to taxation. The OECD has a particular capacity to identify and deal with issues that cross policy lines. And it is good at collecting, analysing and preparing information, and provides a forum for discussion that often clears misunderstanding and stifles spurious arguments before they damage negotiations on a more public platform. To create a joint perspective is often to suppress a conflict.

In virtually all areas of government policy-making, the OECD brings nations together to consider domestic problems; to examine how one country’s policy affects other countries; to address global issues by co-operation with, and influence on, other international bodies. And increasingly, the dialogue reflects a multicultural perspective. From its origins as an American initiative for European co-operation, the OECD now thrives on diversity, starting with Japan joining in 1964 and, most recently, Mexico joining this year.

The OECD policy dialogue is an information process -- one of the most valuable commodities in our information age. The OECD is an assembler, sometimes a generator, an analyst, and a disseminator of knowledge. The OECD must evolve with world changes in its approach to seeking out and purveying information. The method has so far been clear: this group of fairly homogeneous countries has exchanged, discussed, participated as equals.
Consensus has been the rule in decision-making. All countries accept the need to ultimately agree. Will the same system be effective when more OECD effort is diverted to help non-Members? When essential information will increasingly have to be collected from the world outside the OECD? When the OECD expands contacts to countries with very different economic and cultural traditions?

The challenge will be to cover the same ground over more geography; to remain cohesive with more members; and to serve members’ needs while sharpening the focus on the world outside the OECD.

That will necessarily mean reshaping priorities. Most prominence will be accorded to the concerns that cross borders and weave together threads of many policy areas in a host of issues: what are the fundamental causes of unemployment and the policy keys to more and better jobs; how will the cost of health and the numbers of old people play into social and economic policy; is migration good or bad for economies; how can environmental policy be as far-reaching as the pollution it tries to prevent? At the same time, relations with non-member countries will be built on new attention to trade policy and relationships, foreign direct investment, financial markets, analysis of economic prospects and the meshing of economic policies.

Activities will evolve, and the very structure of the OECD will also have to develop in tandem. The principle of equal voices, with each country able to veto, might have to be abandoned in favour of a voting system that better reflects the majority of views amongst more diverse countries. With more members in the future, perhaps a selective system of representation on committees should be considered so that not all members are represented at all activities and discussions.

Very soon we will have to find a system for interacting with non-members. It might be a system that defines various levels of contact. One could well envisage a circle of countries that is close to the nucleus of membership, taking part in the work of committees with a view to relatively early full membership in the Organisation. A second circle of countries would be partners in regular dialogue on matters of shared interest but without any direct role in OECD work. The number of countries and amount of contact in this second circle is likely to grow as more economies move to market systems and shed their traditional isolation. For a third group of countries, mainly developing countries, contact would be more limited. It would involve occasional seminars on policy issues, as sponsored now by the OECD Development Centre.

Perhaps in the longer term the OECD might be restructured quite fundamentally to draw economic co-operation from a much broader base. One could envisage regional clones of the OECD to analyse and interact on regional issues. Each of the regions would then be represented in a central, global body -- a sort of "mother-OECD" -- where they would provide input and draw implications on the international perspective. Building on existing trading blocs such as NAFTA, the European Union and APEC, such an Organisation would operate less through individual countries than through groupings of countries with a synthesised message.
The future of the OECD looks bright even if not yet clearly defined. As the world becomes more interdependent, there is an ever deeper need for an Organisation founded on its credible, interdisciplinary work with a global scope. If an Organisation like the OECD did not exist, we would have had to invent it. Fortunately, it does exist, but today we have to reinvent it.