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THE ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Meeting the Challenges of the Twenty-First Century?

1. INTRODUCTION

Since 1961 the Organization for Economic Co-operation and Development (OECD) has assisted states in managing intensified interdependence. The OECD spends the majority of its time engaged in prosaic, yet valuable, tasks including surveillance, providing a forum for policy dialogue, identifying and analysing emerging issues, and supporting government bureaucracies and other international organizations. However, the OECD and its predecessor, the Organization for European Economic Cooperation (OEEC), have played a pivotal, if frequently unacknowledged, role at some of the critical junctures in post-war economic history. Initially the OEEC oversaw the implementation of the Marshall Plan while the OECD was a crucial intermediary in the resolution of the 1973 oil crisis. More recently, the OECD's path breaking analytical work on agricultural subsidies was vital to the completion of the Uruguay Round (Cohn, 2002: 181–185) and it has played a major part in assisting the transition of the former communist countries of Eastern Europe from centrally planned to market oriented economies.

Despite its achievements the OECD is now confronted by formidable challenges which threaten its very existence. This chapter briefly outlines the OECD's principal functions before going on to look at how changing circumstances are testing the organization's ability to deliver them. Next, the chapter sketches the strategy being employed by the OECD to tackle these challenges concentrating in particular on enlarging the membership and reconsidering the OECD's relations with civil society. Finally, the likely impact of the proposed reforms is reviewed. The chapter concludes that the OECD's response is understandable but that sown within the reforms are the seeds of further problems that may ultimately prove the organization's downfall.

2. THE OECD AND GLOBAL GOVERNANCE

Most major texts on global governance allude to the importance of the OECD as a source of rules for governing global economic, social and political activity. Nevertheless, although there are abundant approbations to the institution's significance there are remarkably few substantive analyses of precisely what it is the organization does and the extent of its influence on global governance (see Woodward, 2007: 59–61). With 'no widely agreed *raison d'être*, no clear purpose, few very precise commitments which governments were pledged to carry out, and no simple goals which commanded public understanding' (Camps, 1975: 10), the remit of the OECD is the least well defined of the key international economic institutions. Rather than seeking a rigorous distillation of the OECD role many authors simply apply vague soubriquets to the institution including 'rich man's' or 'rich country club', 'consultative forum', 'think tank', and 'pool of statistical and economic expertise' (Woodward, 2004: 114). None of these labels provide a synoptic view of the OECD's undertakings.

This chapter adapts the insightful framework developed by Marcussen (2004) (see also Woodward, 2008) in which he argues that the OECD draws upon three interrelated modes of governance – cognitive, legal, and normative. In addition, it is argued that the OECD has a fourth mode which, for want of a better phrase, is referred to as 'palliative governance' whereby it greases the wheels of international decision making by providing an assortment of 'support services' (Woodward, 2004: 115) to other international bodies and plugging gaps in existing structures of global governance. The OECD's role in *cognitive* governance consists of its ability to generate amongst its members a shared set of values, perspectives, and discourses about global governance. This engenders a sense of community and cohesion among OECD member countries defining who and what they are and identifying the 'the others'. Theoretically, OECD membership is open to any country committed to the principles of the market economy and pluralistic democracy. Today, these two conditions are less uncontested, but originally this was a deliberate ploy to disbar membership of communist countries. Effectively the OECD was the economic equivalent of NATO (OECD, 2004b: 8) representing the largest group of non-communist industrialized countries and standing 'as a colossal, and colossally successful, challenge to Soviet and Chinese Communism' (Sullivan, 1997: 33).

From the outset the OECD symbolized a consensus about the superiority of capitalism and democracy as the organizing principles for global governance. However, the OECD recognized that rules were a prerequisite for states to prosper in an increasingly interdependent capitalist system. The promulgation of international rules and standards, '*legal* governance', is the one for which the OECD is probably best known. The OECD has passed Acts across an entire range of economic activities (see Table 1). The standards established by the OECD are generally held in high regard. Notably, many of the rules that begin life at the OECD