5. The Organization for Economic Cooperation and Development

Without doubt the trade liberalization programme of the Organization for European Economic Cooperation... still stands out as one of the more solid achievements in the efforts towards Western European integration.

Gunnar Myrdal

As the Organization for Economic Cooperation and Development (OECD) is the successor to the Organization for European Economic Cooperation (OEEC), we should study the latter as a preliminary to any discussion of the former.

THE ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION

1. ORIGINS

The second World War had left Europe in critical economic situation. Agricultural and industrial production had fallen to a low level, open or repressed inflation was the general rule, and the necessary imports — especially those from the United States — could not be paid for. The hard winter of 1946—47 and the following dry summer did nothing to alleviate matters. The tough economic conditions furthered the growth of communism, which extended its influence more particularly in France, Italy and Greece.

After the unsuccessful attempt in Moscow in March 1947 (the conference between the United States, the USSR, Britain and France) to reach agreement on cooperation for the reconstruction of Europe, the American Secretary of State, G. C. Marshall, conceived the idea of a European recovery programme. On 5 June 1947 he enlarged on this idea in a speech at Harvard University, suggesting that the United States should be prepared to aid the European countries within the framework of a coordinated pro-
gramme that the Europeans would draw up themselves. The proposal was favourably received in Europe but met with opposition from the Soviet Union. On 3 July 1947 the Foreign Ministers of France and the United Kingdom invited all European states except Spain to a conference in Paris in order to formulate a recovery programme (The Soviet Union and its Eastern European satellites declined the invitation).

The conference opened on 12 July, attended by sixteen countries, and led to the establishment of the Committee of European Economic Cooperation (CEEC) and of committees for food and agriculture, energy, iron and steel, transport, timber, manpower, balance-of-payments problems and finance. The CEEC was set up to work out the principles of the recovery programme, ways and means of implementing it, and how much foreign aid was required; on 22 September 1947, it adopted a report for submission to the American government.

In the United States the aid programme was examined by committees presided over by A. Harriman, J. Krug, E. Nourse and C. A. Herter. In the meantime the Interim Aid Programme supplied the most urgent of European needs. On 3 April 1948 the Economic Cooperation Act was signed by President Truman; for the first year (1948/49) 5 055 million dollars were allocated to the European Recovery Programme. During its entire period (1948—1952), Marshall aid amounted to 12 817 million dollars; 677.7 million went to Austria; 559.2 million to Belgium and Luxembourg; 273.1 million to Denmark, 2 713.8 million to France; 706.7 million to Greece; 29.3 million to Iceland; 147.4 million to Ireland; 1 508.6 million to Italy; 982.1 million to the Netherlands; 255.2 million to Norway; 51.3 million to Portugal; 107.2 million to Sweden; 225.1 million to Turkey; 3 819.9 million to the United Kingdom and 1 390.5 million to West Germany.

An Economic Cooperation Administration, with headquarters in Washington, and an Office of the Special Representative, in Europe, were set up to implement the Act. On 15 March 1948 the CEEC met to facilitate contacts between the Special Representative and the European countries and to ensure adequate coordination. After a working party composed of representatives of the sixteen countries and the Western Zones of occupied Germany had been formed to study the structure and functions of a possibly permanent organization, the Convention for European Economic Co-operation, which established the OEEC, was finally signed on 16 April 1948.

2. OBJECTIVES

The aim of the OEEC was to build up a sound European economy through economic cooperation between its member states. For this purpose, it needed to ensure the success of the European Recovery Programme (Article 11), whose object was to enable OEEC countries to achieve, without any extraordinary outside aid, a satisfactory degree of economic activity and to increase their exports to non-member states as far as possible (Article 1).