

## Dirk Stikker, OEEC, a Great Factor in European Co-operation

**Caption:** In 1954, Dirk Stikker, Chairman of the Organisation for European Economic Cooperation (OEEC) from 1950 to 1952, analyses the work of the organisation during its early years.

**Source:** Road to recovery, The Marshall Plan. Its Importance for the Netherlands and European Cooperation. The Hague: Ministry of Foreign Affairs. Directorate-General for the Economic and Military Aid Program, 1954. p. 64-68.

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**Last updated:** 06/01/2017

## OEEC, a Great Factor in European Co-operation

D. U. Stikker

Although there are many international organizations nowadays their number is not always in proportion to the achieved result. I am, however, very glad to be able to say something about one of these, the Organization for European Economic Co-operation, because I believe that during the short period that has elapsed since its inauguration this organization has proved capable of undertaking serious work in the interest of the economic co-operation of the West. The significance of this work is sometimes underestimated by those who believe that a genuine solution can only be found by means of supra-national organizations.

This organization — with which I had the privilege of being closely associated during an important period of its existence — unites the countries of Western Europe, and the United States and Canada also have been included as associate members since 1950. As a result, the most important production areas of the world have been united in one single economic union. We can see their importance in the fact that 70 percent of world exports originates from these areas, so that it is clear that when the affiliated and associated members can achieve a common policy, this will have an enormous influence on all economic relations.

I shall first give a short description of the way OEEC works. The decisions of the Organization, which must be passed unanimously, are taken by the Council in which all member countries serve. This board, which is therefore the highest authority deciding the policy of OEEC, regularly meets at deputy level. In addition, at longer intervals, Council meetings at the Foreign Ministers level are held when highly important decisions must be taken.

Does the demand for unanimity mean that it is never possible to arrive at a common policy? In my opinion the contrary has been proved. When nearly all members are in agreement, it has seldom occurred that the veto of only a few have prevented decisions from being taken. The soundness of the proposals coupled with the power of persuasion of chairman and secretariat (which sometimes had to be exerted in what has been called “the chairman’s torture chamber”) always have triumphed.

How far a majority decision of a supra-national organ would produce better results will have to be proved in practice.

The Council in effect constitutes a political forum where the Ministers of the OEEC countries can sound out their ideas and proposals connected with international co-operation. In the case of several important decisions of the Organization in the field of intra-European trade and payments, the idea was first presented in Council meetings at ministerial level. There, for the first time in history, we have achieved a system by which the Ministers of a large number of countries regularly meet not only to discuss problems but also actually to justify the economic policy of their countries.

If one compares this with the chaotic conditions existing in the thirties when countries tried to solve economic difficulties independently of each other without considering for a moment the consequences these solutions would have for the others, it will be clear how much we have advanced toward an ordered international society. There are times when one is apt to forget this.

The Council is assisted by the Secretariat-General and the Executive Committee.

During the years since the inauguration of OEEC, the Secretariat-General, very ably led by Mr. R. Marjolin, has produced many important documents and has also rendered additional technical support by compiling all kinds of reports published by several special working groups and *ad hoc* committees. As result of its permanent character, it has gradually developed into a center in which a great measure of expert knowledge has been concentrated and which is capable of expressing a sound and well founded judgment on the numerous complicated economic problems occurring in Europe, America and Canada.

The Executive Committee, which consists of seven members, appointed annually by the Council, has an advisory task and, by virtue of delegation by the Council, an executive task as well. Almost all problems placed before the Council by lower organs first pass the Executive Committee which examines and judges the proposals according to instructions of the Council.

Under the jurisdiction of the Executive Committee there are five “horizontal” and many “vertical” committees for dealing with separate problems. Among the “horizontal” committees are the Economic Committee, the Trade Committee and the Intra-European Payments Committee. These have all certainly obtained favorable results. For example, the Payments Committee has undertaken important preparatory work for the European Payments Union, while the Trade Committee had a great share in creating the Code of Liberalization of intra-European trade.

Gradually, however, a need was felt for bodies with a restricted number of members who could act as experts and whose work could insure more efficient working methods. This led to the institution of the Managing Board of EPU and the Steering Board for Trade, which supervise execution of measures adopted for liberalizing payments and trade. Very recently the European Productivity Center was founded to give a suitable form to economic co-operation in the productivity field.

Activities of the “vertical” (the so-called technical) committees <sup>(1)</sup> in general are of a far less spectacular character. They follow developments in the separate sectors so that when necessary they can make constructive proposals for the expansion of production, counteracting disequilibria etc. Experience has shown that this specialization in different branches of industry proved to be a useful setup.

It should be mentioned that not only government officials serve on these committees but also industrial experts in contrast to the “horizontal” committees which consist solely of government delegates. In addition to these committees, *ad hoc* working groups are created for studying incidental problems.

To enable it to obtain advice when necessary on such matters as labor problems or problems connected with the increasing of production and productivity, OEEC has also recognized a number of non-governmental organizations <sup>(2)</sup>.

Owing to the fact, as we have previously seen, that the nations are represented at OEEC by permanent missions, co-operation takes place from day to day. This unique form of organization for international deliberation has led to better contact and has made it possible for immediate action to be taken to meet often rapidly changing conditions. Therefore, regularly discernible is a shifting of emphasis in the problems demanding the attention of OEEC. Originally, paramount problems for the OEEC countries were connected with the division of Marshall aid. Gradually, however, the main emphasis was transferred from this problem to that connected with the solution of the dollar deficit.

Moreover, in the years 1950, 1951 and 1952, in consequence of the dislocation of financial and monetary conditions in a large number of countries, the problem of internal financial stability came forward. During these years OEEC advised the member countries how to restore the stability of their national economies. In so doing, this organization has often, although unfortunately not in every case, achieved important results. Unless internal political circumstances make it impossible, no member can permanently ignore how important it is to look after this internal financial stability. Not only is this in the interest of the whole group of countries but also equally of a single country itself.

Finally, in 1950, the Organization directed its activities toward locating essential raw materials when the shortage became acute after the outbreak of the Korean conflict. The “vertical” committees have had a great share in this, and particularly the Coal Committee has performed valuable work in this connection. A Supply and Distribution Sub-Committee, specially created for this purpose, fixed quarterly allocations, while the Ministerial Coal Production Group founded in January, 1952 published a report in which a number of recommendations were made to the member countries to stimulate coal production and to restrict consumption. These measures have contributed greatly to an improvement in the serious coal situation in Europe. The improved situation is illustrated by the fact that although in the fiscal year 1951/52 about

30 million tons of coal <sup>(3)</sup> had to be imported from the United States to cover the shortage, in 1952/53, despite greatly reduced freight rates, this import had been reduced to about 10 million tons.

It is this sort of measure of flexibility of the OEEC that has enabled it to fulfill its task in such a satisfactory way.

Besides geographically covering the most important production areas the Organization comprises co-operation in the entire economic field, as a result of which the strongly interdependent economic phenomena are not seen as isolated cases but in their mutual relationship. This guarantees that the various problems are dealt with in the widest possible way.

This international center has made it possible to act in a co-ordinated manner and, by means of mutual deliberation, to find a solution to the various problems which have developed in postwar Europe. As co-operation within OEEC is based on the principle of unanimity once a decision is taken, it will have a great binding force. Of course, it is sometimes difficult to arrive at a decision. Compromises are inevitable, but will remain so in any other form of international organization. International co-operation is necessarily a laborious process, but experience has demonstrated how much can be achieved by free countries on the basis of voluntary co-operation.

In reviewing the entire field I feel that, without exaggeration, I can state that in the future it will appear, despite certain imperfections, that OEEC has performed pioneer work in many fields and that this pioneer work will prove of essential importance for further European integration.

(1) The committees for transport by land and by sea, tourism, coal, textile, chemical products, etc.

(2) These include the ERP Trade Union Advisory Committee, the European Committee of the International Federation of Agricultural Producers, the Council of European Industrial Federations and the European Council of Independent Enterprises, Trades and Crafts.

(3) To the value of \$ 700 million, an amount equal to about three quarters of total economic aid to Europe that year.