



OECD Hosts High-Level Parliamentary Seminar on 'Sustaining a Global Recovery'

18 February, 2010

Orientation

The Organization for Economic Cooperation and Development (OECD) on 18 January hosted a High-Level Parliamentary Seminar to discuss how to sustain the global economic recovery. Parliamentarians from over 40 countries discussed topics including the economic outlook, the social impact of the crisis, transparency and integrity in the public and corporate sector and green growth during the seminar, which takes place twice annually in Paris.

Themes

Economic Outlook

OECD Chief Economist and Deputy Secretary-General Pier Carlo Padoan highlighted the fact that the crisis brought to light the strong interdependence between emerging market and mature economies. Despite some evidence of economic growth owing to a rebound of international trade, recovery for the OECD area remains fragile and the labor market weak, with continuous high unemployment. However, developing countries – which were initially heavily affected by the global economic crisis – are now reaping the benefits of strong recoveries, thanks to well-implemented policy reforms.

The current global challenge is to ensure that recovery is self-sustained while stimulus policies are withdrawn. An MP raised the question of *generational unfairness* -- the notion that future generations will be left with large tax burdens due to current high levels of government spending. Many of the parliamentarians present also considered unemployment and existing social imbalances among the most urgent issues to address.

Coping with the Social Impact of the Crisis

Stefano Scarpetta, Head of the OECD Division for Employment Analysis and Policy, Directorate for Employment, Labour and Social Affairs (ELS) explained that the financial crisis has turned into a job crisis, with unprecedentedly high levels of unemployment across OECD countries. Despite the different policies applied in each country to deal with the effects of the crisis, the effects of the recession will likely be felt for a long time to come.

The labor market in OECD countries faces short- and long-term challenges ranging from determining the adequacy of safety nets to preventing unemployment from persisting. Most OECD countries have implemented measures to support labor demand, but these should be eventually withdrawn once recovery is firmly established. When asked about the effects of the crisis on migration, Mr. Scarpetta explained that migrants were generally the first people to lose their jobs and that this was in fact the main reason for migration.

According to Mr. Scarpetta, the priority should now be helping job seekers to find adequate employment through effective back-to-work policies. Vulnerable groups such as youth should be targeted with decisive policy actions.

Ms. Pervenche Berès, Chairwoman of the Committee on Employment and Social Affairs and Rapporteur of the Special Committee on the Economic, Financial and Social Crisis at the European Parliament, called for a solidarity and sustainability strategy that would take into account the social origins of the crisis, its impact in various countries and focus on providing training programs for youth.

Transparency and Integrity in the Public and Corporate Sector

Rolf Alter, Director for Public Governance and Territorial Development, OECD, drew attention to the risks associated with lobbying. While it is a necessary tool for informed decision making, it can also create an unlevel playing field due to lack of transparency and privileged access. In response, the OECD created an instrument to address transparency and integrity in lobbying and to provide guidance to legislators.

During the session, a participant suggested that the definition of corporate governance should be refined. Participants also noted that lobbying is particularly problematic in countries where private campaign financing is still allowed, such as in the U.S, and that solutions to the negative aspects of lobbying cannot be universal, but should be considered on a country-by-country basis.

Daniel Blume, Senior Policy Analyst, Corporate Affairs, Directorate for Financial and Enterprise Affairs, OECD, discussed the role the OECD could play in fostering better corporate governance. He indicated that principles on corporate governance should take into account the interface between markets and governance and that the financial crisis has exacerbated issues of governance for nearly all large companies.

Parliamentarians have an important role to play in the issue of corporate governance reform as effective legislation remains a challenge when it comes to the intricacies of corporate governance. Legislation, however, should be accompanied by regulatory impact analyses to avoid negative consequences that could stem either from under- or over- regulation, according to Blume.

Consultation Session on Green Growth

Rob Visser, Acting Director, Environment Directorate, OECD, presented the organization's Green Growth Strategy, which was commissioned by ministers in June 2009 and is comprised of three elements: a policy framework, a growth-accounting model and a toolkit of policies and approaches. The strategy brings together economic, environmental, technological and development aspects to guide future growth.

A number of parliamentarians spoke of their concerns surrounding green growth in developing countries, where green growth strategies could hinder growth. Mr. Visser responded that he considers that this will be a short-term effect during the transition period to green growth.

Proposal for an OECD Parliamentary Network

The Chair of the seminar, Anthony Gooch, Director, Public Affairs and Communication Directorate, OECD, presented a proposal to create an OECD parliamentary network, an initiative to further engage with parliamentarians, creating a continuous dialogue of information, ideas and feedback. The idea was generally welcomed by parliamentarians who were present and a number of participants pointed out that it is crucial to have precise and objective information when deciding on

legislation. Conversely, an OECD parliamentary network would allow the organization to stay informed about policies discussed in Parliaments.

Angel Gurría, Secretary General of the OECD, emphasized the importance of OECD cooperation with parliamentarians in order to make its work better known to policy makers and to aid in the implementation of policy reforms in OECD Member countries.

Implications for PNoWB

The day-long seminar, attended by PNoWB members and staff, was an important opportunity for Parliamentarians to give their input to the work of the OECD. The questions currently treated by the organization around transparency and integrity in the public and corporate sector are of direct relevance to PNoWB's work, and the seminar was an occasion to gain further insight into the concerns of parliamentarians on these issues. It also highlighted the possibility for PNoWB to apply OECD policy recommendations to its work.

The topic of green growth currently tops many political agendas, including in developing countries. The work of the OECD should look into the various potential impacts of green growth, especially for Least Developed Countries (LDCs). PNoWB could be a source of information for the organisation as well as act as a facilitator between the OECD and Parliamentarians - most notably our members - interested in global economic and development issues.

As pointed out by a participant, OECD reports and recommendations are of utmost importance for parliamentarians and government members, as one of the most objective knowledge source available. It is therefore critical for policy makers to develop strong links with OECD, while preserving its independence and neutrality.

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