

OECD - UPSC Notes

The **Organisation for Economic Co-operation and Development (OECD)** is an international, intergovernmental economic organization of 36 countries. OECD was founded in the year 1961 to stimulate world trade and economic progress. The topic finds importance in the [UPSC exam](#).

About OECD

Most OECD members are high-income economies with a very high Human Development Index (HDI) and are regarded as developed countries. OECD members are democratic countries that support free-market economies.

- It provides a platform for its member countries to compare policy experiences, seek answers to common problems, identify and share best practices and coordinate domestic and international policies of its member nations.
- OECD is an official United Nations observer and is referred to as a think-tank or as a monitoring group.
- The OECD's headquarters are at the Château de la Muette in Paris, France.
- The OECD member states collectively comprised 62.2% of global nominal GDP (US\$49.6 trillion) and 42.8% of global GDP (Int\$54.2 trillion) at purchasing power parity in 2017.
 - **The international dollar:** It is also known as Geary–Khamis dollar.
 - It is a hypothetical unit of currency that has the same **Purchasing Power Parity (PPP)** that the U.S. dollar had in the United States at a given point in time.
 - It is widely used in economics and financial statistics for various purposes, such as to determine and analyze the PPP and the GDP of various countries and markets.
 - It is based on the twin concepts of PPP of currencies and the international average prices of commodities.

OECD History

- OECD originated in 1948, as the Organisation for European Economic Co-operation (OEEC).
- The Organisation for European Economic Co-operation (OEEC) was founded to govern the predominantly US-funded Marshall Plan for post-war reconstruction on the continent.
- The OEEC was instrumental in helping the European Economic Community (EEC). The EEC has evolved into the European Union (EU) to establish a European Free Trade Area.
- OEEC was renamed as the OECD in 1961 when the USA and Canada joined to reflect a broader membership.

OECD Objectives

The objectives of the OECD include fostering economic development and cooperation and fighting poverty through the promotion of economic stability.

- It also ensures that the environmental impact of growth and social development is always considered.
- Over the years, OECD has raised the standards of living in multiple countries.
- It has also contributed to the expansion of world trade.

OECD Functions and Responsibilities

The OECD plays an integral role in promoting economic stability on a global scale. The OECD publishes and updates a model tax convention that serves as a template for allocating taxation rights between

countries.

- The OECD is responsible for publishing economic reports, statistical databases, analyses, and forecasts on the outlook for economic growth worldwide.
- The group analyzes the impact of social issues on economic growth and makes recommendations to foster economic growth globally. These recommendations extend forethoughts to the environmental concerns associated with economic development too.
- The organization endeavors to eliminate bribery and other forms of financial crimes worldwide.
- The OECD also maintains a "**blacklist**" of nations that are considered uncooperative tax havens.
- It also took efforts to eradicate tax avoidance by profitable corporations and in the G-20 countries. It also encourages the G-20 countries to promote tax reforms.

Significance of OECD

The OECD provides its members with a forum in which governments can work together to share experiences and seek solutions to common problems.

OECD Composition

- The OECD is composed of Member Countries, Substantive Committees, and the OECD Secretariat.
- The OECD Secretariat is led by the Secretary-General and provides support to Standing and Substantive Committees. It is organized into Directorates.
- OECD currently has 36 member nations and the Member Countries are each represented by a delegation which is led by their ambassadors.
- The 36 Member Countries consist of Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, South Korea, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.
- The European Commission participates in the work of the OECD alongside the EU member states.
- Colombia has been invited to join while six other countries' (Argentina, Brazil, Bulgaria, Croatia, Peru, and Romania) request to join is under the consideration of the OECD.

UPSC Questions related to OECD

What is the OECD?

The Organization for Economic Cooperation and Development (OECD) is a unique panel where the governments of 36 member states with market economies work with each other, as well as with more than 70 non-member economies to promote economic growth, prosperity, and sustainable development.

What is the main role of the OECD?

The main purpose of the OECD is to improve the global economy and promote world trade. It provides an outlet for the governments of different countries to work together to find solutions to common problems.

Who funds the OECD?

OECD is funded by its member countries. National contributions are based on a formula that takes account of the size of each member's economy. Countries may also make voluntary contributions to financially support outputs in the OECD program of work.

Is India a member of the OECD?

No, India isn't a member of OECD yet. This is because India is being cautious about what kind of signal its membership in OECD would give to other emerging countries located in the South Asian continent.

What is the OECD average?

The OECD average, sometimes also referred to as the country average, is the mean of the data values for all OECD countries for which data are available or can be estimated. The OECD average can be used to see how a country compares on a given indicator with a typical OECD country.

