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**Déclaration**

**United Kingdom National Statement**

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**COUNCIL AT MINISTERIAL LEVEL**

**26-27 MAY 1999**

**UNITED KINGDOM**

**Statement**

**United Kingdom National Statement**



**UNITED KINGDOM NATIONAL STATEMENT  
TO  
THE OECD COUNCIL MEETING AT MINISTERIAL LEVEL  
27-27 MAY 1999**

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**STATEMENT TO THE MINISTERIAL COUNCIL MEETING  
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MARGARET HODGE, PARLIAMENTARY SECRETARY OF STATE FOR  
EMPLOYMENT AND EQUAL OPPORTUNITIES; AND  
IAN MCCARTNEY, MINISTER OF STATE,  
DEPARTMENT FOR TRADE AND INDUSTRY  
UNITED KINGDOM  
26 MAY 1999**

As we approach the millennium, it is clear that global economic and financial stability and progress will depend on enhanced levels of co-operation amongst the international community.

World Growth

Recent signs of improvement in the world economy are encouraging and are cause for optimism. But serious challenges remain, and it is important that the international community continues its co-ordinated approach to non-inflationary growth-oriented policies. In Britain, we have taken tough and decisive action to build a platform of stability based on low inflation and sound public finances. Through this we are now laying the foundations for sustainable growth.

All countries, both in the OECD and non-members, need to play their part in contributing to continued growth:

America and its strong economy through embracing open markets;

Europe through sustained growth and engaging in structural reform to tackle unemployment;

Japan with its critical regional role by reviving growth and reforming its banking system; and

all emerging markets through the pursuit of appropriate institutional, structural and macroeconomic policies.

### International Financial Architecture

Another vital task is to continue the international community's reforms of the international financial architecture. We must ensure that we learn the right lessons from the experiences of Asia in 1997, Russia in 1998, and Brazil in 1999. A key aim of the reforms would be to shift the emphasis from crisis management to crisis prevention.

To do this, it is vital that we have new codes of transparency and standards of best practice for both public and private sectors. We applaud the way in which the OECD's expertise has been used to draw up its Principles of Corporate Governance, in consultation with the World Bank and the relevant organisations. Now that the Principles have been completed, it is important that the international bodies build on what has been achieved and encourage broad adoption and implementation of the Principles amongst emerging and industrial countries alike.

A strong international financial architecture will also rely on closer co-operation between the international institutions. We need an enhanced system of surveillance of compliance with the new codes and standards. The OECD is playing an important role through continuing its work of monitoring and surveillance of the economic policies and developments of its members, in particular on structural issues.

We also welcome the contribution that the OECD has played in the successful start made by the new Financial Stability Forum. This is a new process which makes co-operation between international bodies and the regulators a fact of life. Over time, it can develop into the world's early warning system for regional and global financial risk.

### Kosovo

A further immediate concern is to help the countries whose economies have been affected by the crisis in Kosovo. International organisations have an important role to play in this process assessing the damage to the economic and financial structures in

these countries, developing strategies for dealing with these problems and actively playing a part in helping countries to implement these strategies. We look forward to the OECD playing its part through surveillance of economic policies and developments in the region, and examination of key structural issues.

### Employment and Social Cohesion Issues

It is now widely acknowledged that sound economies depend not simply on robust and transparent economic and financial systems but on welfare and social systems that build social cohesion and trust.

The UK remains committed to pursuing a combination of structural reforms to tackle unemployment and promote employability across the fields of labour market, education, social and economic policy. This is in line with the OECD's Jobs Strategy which provides a valuable guide to governments choosing the combination of structural reforms needed to promote employment. The key issue is how such reforms can be made to promote social inclusion and reduce deep rooted problems of social exclusion, whilst at the same time promoting economic prosperity and growth.

At one level, success in tackling persistent unemployment should be a major ingredient of success for tackling poverty and social exclusion. Most people on low incomes in the UK are living in a household without employment - one in five of all households. The danger for too many families is a cycle of worklessness and deprivation which can be passed on from generation to generation. It is the most vulnerable - those marginalised from the world of work by poor basic skills and little job experience, those with disabilities or from minority ethnic communities - who tend to be most at risk through prolonged spells of unemployment.

To tackle both those problems - the problems of worklessness and of social exclusion - we need policies which work coherently with other partners in economic and social life. A new approach to policy making is required - a "joined up" approach - working from the clients upwards rather than the professionals downwards. The UK Government is now addressing seriously the question of how we ensure "joined up" policy making.

The UK is embarking on a major programme of welfare reform to help people of working age to break the traditional dependency on benefit and to make work pay for those on lower wages. We are creating greater coherence in services. We are bringing together the process of receiving benefits with the process of improving employability and finding work by structuring help through pilots of single work focussed gateway to benefits. Our public Employment Service, in close local partnerships with the Benefits Agency, private sector companies and voluntary organisations, plays a key role through active management, linking benefit payment with the job-broking process. We welcome the emphasis given to this in the OECD Jobs Strategy.

The biggest change is to move from passive support to active policies to re-skill the workforce, improve employability and create a new work ethos, especially among those who have traditionally been marginalised or excluded from the labour market. The New Deal is doing this for those most disadvantaged in the labour market: young unemployed, long term unemployed and disabled people, lone parents, partners of unemployed people, and older workers.

### Education and Training

Education and training are the foundation stones of employability and we value the link that the OECD has made between education and employment issues. Our drive to raise standards in basic education - from pre-school through to tertiary education - is motivated both by a desire to ensure better opportunities through better education for the many not the few, and to reduce the number of people who leave school inadequately prepared for working life. A key part of our strategy is to increase the coherence and quality of the transition from school to work and to promote learning throughout life. OECD work in both these areas is making a valuable contribution. We would welcome a new phase of OECD work on basic skills and lifelong learning.

For the most deep-seated problems of social exclusion, extra action may be required to make a real difference. For people who, because of their families and circumstances or because of the accidents of life, find that they are exposed to multiple deprivation and who find themselves on the margins of society, an even more "joined-up" approach may be needed. In the UK, we have set up a Social

Exclusion Unit at the centre of Government, reporting directly to the Prime Minister, to focus on some of the most difficult problems.

Crucially, we are aiming to shift the focus of policies towards preventing social exclusion rather than dealing with its consequences. In the first phase of its work, the Unit has concentrated on truancy and exclusion from school, people who are forced to sleep rough, and housing estates with multiple deprivation problems. The second phase of its work is to tackle problems of teenage parenthood and the risk of social exclusion for vulnerable teenage parents and their children; and producing proposals for reducing the numbers of 16-18 years not in education, work or training. Such an approach necessarily involves looking across all Government departments to ensure that every aspect of policy - from housing and policing through to welfare and education - operate effectively for individuals on the margins of society. The OECD might consider bringing together Ministers with an interest in social exclusion issues, to look at how such issues can best be tackled.

#### Trade & Investment

Our support for a fully comprehensive WTO Round is long established. The positive outcome from last year's Geneva Ministerial allows us to work towards securing that objective at the Seattle Conference this year. It is important that the OECD today sends a strong message about the importance and benefits of a new Round of trade liberalisation negotiations, both to non-members and to the general public. We must not allow individual trade disputes to overshadow this central objective or the very considerable achievements of the world trading system and the WTO in particular.

In terms of the modalities of a new round, the UK believes that the overriding priority for the Seattle Conference should be to secure agreement to:

comprehensive multilateral negotiations in a Round, embracing subjects and issues of interest to all WTO members;

a short, time limited round, lasting in principle for three years; and

the "single undertaking" concept where all participants will accept the whole outcome of the negotiations rather than pick and choose - while, at the same time, not ruling out earlier results in some areas.

The UK's priority areas for negotiation in the Round include agriculture, services, investment, trade and the environment, trade facilitation, technical standards, electronic commerce, industrial tariffs, TRIPS, public procurement, competition, and trade defence instruments. We still support the inclusion of investment in the new round but we must make clear that the draft MAI text will not and cannot be the basis for negotiation in the WTO, and that we do not expect anything like the draft MAI to emerge.

We also believe that the new WTO round will be critical for sustainable development. We must facilitate the participation of all countries in the world trade system. This will require responding effectively to difficulties with implementing existing agreements, making real market access commitments which benefit developing and least developed countries, and being prepared to look constructively at the whole question of special and differential treatment in future negotiations.

Integration of developing countries, particularly the least developed, into the world trade system must be a priority. This will require capacity building to help ensure developing countries are able to take advantage of the new opportunities, and meet the new challenges, presented by the world trading system. It will also require greater policy coherence towards developing country partners in the national policy making framework and between international organisations. The OECD, World Bank and UNCTAD/UNDP have a significant role to play in achieving these objectives.

Up to and at the Seattle Ministerial itself, we must make all efforts to communicate effectively with all interested groups, including non-governmental organisations and business trade associations so that we represent the balance of interests at Seattle and in the subsequent negotiations. At the same time we must continue to work to ensure greater transparency within the WTO, without compromising it as an effective negotiation forum.