

## Editorial

# Implications of Colombia's Entry into the OECD

**T**he Organization for Economic Cooperation and Development (OECD) emerged in the post-war period from the initiative of European leaders, who considered that to achieve a lasting peace the best thing was to “encourage cooperation and recovery, instead of punishing the vanquished”.

The Organization for European Economic Cooperation (OEEC), predecessor of the OECD, was created in 1948 to administer the Marshall Plan, whose resources were contributed by the United States for the purpose of reconstructing the Old Continent, which was devastated by the war. This organization was a success and its leaders chose its worldwide implementation; this is how Canada and the United States joined the OCEE, when it was transformed into the OECD on December 14, 1960.

The OECD, as it is currently known, emerged on September 30, 1961, when the agreement became official. After, new countries joined the Organization, like Japan in 1964, and later joined others, not only developed, but also underdeveloped. Today, the institution is made up of 37 countries, including Colombia, which was admitted in this group of countries after seven years of negotiations and meeting a series of requirements.

The OECD's main function is to promote public policies that raise the economic and social welfare of the population, and allows different governments to participate in regular discussions in which experiences are shared and also the general difficulties of the various countries are tried to be solved through participatory work.

For a country to become a member of the OECD, must not only receive an invitation, but also to have the acceptance of all other members, since admission is not given by a majority, but by consensus.

Once the country is accepted, it assumes a series of obligations in social, economic and environmental areas; in addition, the Congress of the Republic must legislate on this matter.

Because the OECD operates as a club, each country must provide an annual quota that is determined by two variables: a fixed part, which is the same for all the members and another which is proportional to the size of its economy. Given the contribution made by countries like Chile and others with very similar to the southern economies, the Center for Latin American Studies (CELA) estimates that Colombia should contribute annually with an approximate amount of five million dollars.

However, the greatest commitment of Colombia has to do with the execution of the recommendations of the 23 thematic committees, which cover environmental, commercial, tax, educational, labor issues, among others. According to CELA report, Colombia “will have to invest about 20 trillion pesos annually for the next 15 years, i.e. a figure that could approach 300 trillion pesos or up to three times the estimated amount for the implementation of the peace agreements with the FARC.”

In general terms, belonging to “the club of the new rich” or “of good practices”, as some call the OECD, is a quite expensive privilege. It is therefore interesting to ask which the benefits for Colombia are. In this regard, the opinions are divided. For some analysts, such as Miguel Gómez Martínez, Alejandro Valencia, Diego Guevara, among others, the country has neither the resources nor the disposition to carry out the orientations nor the good practices that the institution demands; and for others, as Salomón Kalmanovitz, Juan Ricardo Ortega and generally for production unions, the country will get a number of benefits that will undoubtedly positively affect the majority of the population.

It is good to clarify that the provisions of the OECD are not binding; the Organization recommends a series of measures and practices that in other countries have been successful and that the interested country is free to execute or not. However, Colombia, in the negotiation phase, implemented a series of reforms to show the OECD that the country can take unilateral reforms and thus meet its requirements; however, there are many issues that the country must adapt to the parameters and requirements of this institution.

The economic team of the Government and President Santos himself have insisted that membership in the OECD generates grate benefits to the country in areas such as foreign investment, protection to union activity, education, health, environment, among others. But we cannot forget that in the second half of the year will be a new Government and that it is possible that the new administration does not have the same priorities and the same goals as Santos. In any case we cannot overlook that Colombia needs deep changes in different areas which, truly, will improve population’s life conditions.

It should be noted that the most worrisome problems have to do with inequality and labor informality. Regarding the first, Colombia is the third most unequal country in the world, with a Gini coefficient in the urban sector of 0.51, and in the rural sector of 0.90; hopefully, education, health and infrastructure reforms, as well as in the financial system and in the rural sector, among the most important, contribute to reduce it.

On the other hand, labor informality presents alarming figures, being more accentuated in the rural sector; while in urban areas (23 metropolitan areas) in 2017 was 50.8 %, in the rural sector was 82 %. It is worth then to ask ourselves: will there be political will of the new administration to resolve a situation as the described? Or will we be left with the diagnosis but not with the solutions?

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