

# KEY INTERNATIONAL INSTITUTIONS: BUILDING A GLOBAL SYSTEM

The new global system that is under construction is a deliberate product of the actions of national governments, business communities, labor unions, and others who are working to shape a rules-based system of international life. The international institutions shaping the structure of globalization are:

□ *The World Trade Organization (WTO)* is the successor to the General Agreement on Tariffs and Trade. The WTO is an intergovernmental organization whose rules are set by binding treaties among governments. Although the WTO does have a staff and a series of working groups—including groups that adjudicate disputes between members—the WTO has no authority to enforce decisions of its panels or to create new rules. These decisions must be made by consensus of the member governments. Web site: [www.wto.org](http://www.wto.org)

□ *The International Monetary Fund (IMF)* is another intergovernmental organization that is often seen as setting policy or enforcing decisions on countries. All IMF actions must be taken as a result of negotiations between the Fund and a borrowing country, and all lending decisions (including loan conditions) must be approved by the Fund's governing body composed of representatives of national governments. The IMF often is seen as having the power to force countries to accept harsh economic reforms as a condition for securing badly needed loans. While this is true, it should not be forgotten that the IMF's governing body (especially the representatives of the United States, Japan and key European countries) is the one making the IMF decisions. Web site: [www.imf.org](http://www.imf.org)

□ *The World Bank* and its affiliates work in much the same way as the IMF with policy direction and overall lending patterns subject to the approval of member governments. Recently, the World Bank has undertaken a set of new policy priorities centered on poverty reduction and on a comprehensive development framework (see [www.worldbank.org](http://www.worldbank.org)). Through the leadership of its current president, James

Wolfensohn, the Bank has been able to develop a consensus around these initiatives, as well as on the need to combat corruption and foster democracy, both of which are welcome changes in the Bank's policy.

□ *The International Labor Organization (ILO)* in Geneva is another key intergovernmental body, but it is one that also includes a formal role for business and labor in its structure. The ILO was formed during an earlier wave of globalization in the wake of World War I and within the context of the League of Nations. Today, the ILO is advancing the concept of core labor standards as one of the pillars of a rules-based international economic system. Although there are and will continue to be fundamental debates on labor standards, there is growing international consensus around the core standards developed within the ILO's tripartite decision-making body. Web site: [www.ilo.org](http://www.ilo.org)

□ *The Organization for Economic Cooperation and Development (OECD)* is an intergovernmental group that is playing a larger role on the world stage as a vehicle for the developed nations to craft key standards. For example, the OECD's recent convention on anti-bribery sets new standards for member countries to adopt in order to prevent their national companies from bribing foreign government officials. The convention is a form of treaty that national governments can agree to join, and then pass their own implementing legislation. Although the OECD's membership is limited to developed, democratic nations, non-members can agree to join the convention. Several have done so, including Bulgaria and Romania. In addition to its anti-bribery convention, the OECD has also developed corporate governance principles that are quite useful to developing countries as they struggle to integrate into the international business system. Web site: [www.oecd.org](http://www.oecd.org)

□ *The Bank for International Settlements (BIS)* located in Basle, Switzerland, represents the world's major central banks. It is a forum for interna-

tional monetary and financial cooperation and a bank for central banks, providing them a broad range of financial services for managing their external reserves. The BIS has worked with its members to develop banking standards, including standards on capital adequacy. The BIS is also a center for monetary and economic research, contributing to a better understanding of international financial markets and the interaction of national monetary and financial policies. Web site: [www.bis.org](http://www.bis.org)

□ *The International Organization for Standardization (known as ISO)* is an international nongovernmental organization whose members represent the most important standards-setting bodies in their countries. Although the mix varies from country to country, the standards organizations are usually nonprofit entities that work with both public and private sector representatives. The ISO is a key part of globalization since it is the body that makes it possible to produce many international goods. For example, the ISO standard on film speeds is known throughout the world to professional photographers and photo buffs alike. Two newer ISO standards on quality processes (ISO 9000) and environment (14,000) are very instrumental. Web site: [www.iso.ch](http://www.iso.ch)

There are many other international organizations heavily involved in creating the infrastructure of globalization. They set the rules, norms and laws or treaties that form the basis for a globalized world. They range from the International Accounting Standards Committee, which is working to craft a common set of accounting principles, to numerous specialized groups within the United Nations system attempting to deal with food security and biodiversity. Overall, the process of globalization is being built deliberately although it may be that very few governments or experts have a full grasp of the dimensions of the undertaking. 🌐