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3. International political economy

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INTRODUCTION

How can we understand the role of the Organization of Economic Co-operation and Development (OECD) in the global economic system? To answer this question, we critically review how the OECD has been analysed in the field of International Political Economy (IPE). In North American universities, IPE is traditionally taught as a subfield of International Relations (IR), which in turn is a field in Political Science. From time to time, there are discussions about whether the study of IPE differs on each side of the Atlantic (Verdun 2003) with United States (US) scholars being keen on producing more generalised theories, and European scholars having a more diverse range of theoretical and disciplinary approaches. In this tradition, IPE tools are used to focus on issues at the intersection of politics and economics – such as trade, monetary policy, and industrial policy – but also in areas where this intersection is less immediate – such as social policy, governance and identity issues (Jones and Verdun 2003; Cohen 2008). In the 20th century, the debates were dominated by North American and European scholars. More recently IPE has engaged more comprehensively with global issues and included a larger number of scholars from the Global South (Deciancio and Quiliconi 2020).

IPE scholars have stressed that the OECD is at the core of the so-called liberal international order (LIO) that has characterised relations among Western countries since the Second World War (Ikenberry 2011). Yet despite its central role, relatively little work has been done to understand how the organisation contributes to maintaining the global economic system compared to other International Economic Organizations (IEOs) such as the World Trade Organization (WTO), the International Monetary Fund (IMF) and the World Bank, or International Organizations (IOs) with similar membership, such as the European Union (EU). It has remained the “‘forgotten institution” of global governance’ (Woodward 2009: 124).¹ To make sense of this lacuna, we revisit the intellectual debates on why countries cooperate through IOs that took place in early North American IPE. We argue that the OECD has been in one of the blindspots of the young field as scholars did not develop analytical tools to grasp the role played by knowledge in legitimating the liberal international order. The OECD plays an important role in the creation and maintenance of a working consensus over the norms, ideologies, and practices that constitute the LIO, and this role is largely underappreciated by mainstream American IPE. This situation only started to change after the end of the Cold War as the scholarship on IOs expanded beyond IR debates over international cooperation, towards the development of an interdisciplinary study of global economic governance.

¹ To illustrate this point, one of the first book length studies of the OECD only came out in the 21st century (Woodward 2009). Furthermore, the otherwise excellent *Handbook of International Organization* (Routledge) edited by Bob Reinalda only discusses the OECD in less than half a page (Reinalda 2013: 37).

Expanding on the work of one of the founders of IPE (Cohen 2008), the late Susan Strange, we suggest that the OECD's main role in global economic governance is epistemic. Strange (1994) has contributed importantly to our understanding of the role of knowledge in international cooperation, through her important concepts of the 'knowledge structure' and 'structural power' (Mytelka 2000; Haggart 2019). This work has been echoed in a growing scholarship in the last ten to 20 years on transnational knowledge networks (see Sending 2019; and Stone 2020), and the structural power of the policy scripts they produce and diffuse through IOs such as the OECD (Broome and Seabrooke 2021). Following these works, we refine the concept of knowledge structure to analyse the structural power of the OECD, which we identify as being both creative and regulative. This analytical elaboration on the structural power of the OECD in the global economic system then helps illuminate contemporary debates over the crisis of the LIO.

The remainder of the chapter is structured as follows. Section two provides a historical background on classic IPE debates on institutionalised cooperation. Section three looks at what we call the creative power of the OECD by looking at how it has generated new ideas and policy paradigms. The next section examines the regulative power of the OECD by examining policy learning and standard-setting in selected cases. Section five then tries to bridge the gap between IR scholarship on institutionalised cooperation and scholarship on global governance by turning to more recent developments, around the so-called crisis of the Liberal International Order. Finally, in our conclusion, we offer some answers to the questions we set ourselves to review and propose avenues for future scholarship on the IPE of the OECD.

THE OECD IN IPE: A BRIEF INTELLECTUAL HISTORY

There have been various debates in IR on why states cooperate through international institutions. The first debate, between 'Realism and Liberalism' focused on the motivations of actors. The Realist tradition advanced the view that actors in the international arena are primarily self-interested, seek power and will engage in conflict to achieve their goals of national security in an anarchical international system. The Liberal view assumed that actors understand themselves as part of a community interested in an orderly international system that would ensure human rights, law, economic order. The second debate in the 1960s between 'Traditionalism and Behaviouralism' was mostly focused on research methodologies. New Behaviouralists argued that, just as natural sciences, social science research should be subject to hypothesis testing, causality and the ability to falsify findings, as opposed to the methods used by traditional approaches to IR coming from the humanities. In the 1970s, the third debate between neorealism and neoliberalism (or liberal institutionalism), merged the tenets of the previous two debates, as neorealism recasted realist principles with specific hypotheses relying on more sophisticated methods. Likewise, neoliberalism or liberal institutionalism argued that international cooperation among states is possible if international institutions are properly designed. This third debate marked the origin of modern IR and American IPE, and centred around the possibility of institutionalised cooperation through IOs in an anarchic international system. Finally, the fourth debate in the 1980s–1990s opposed rationalist (positivist) approaches that stress the possibility for the researcher to observe facts objectively, to reflective approaches that argue that researcher and researched are part of the same social world

and difficult to disentangle (constructivism), emphasising instead the role of history, context, interpretation, knowledge, norms and rules.

These debates provide important context about the differences in the field on institutionalised cooperation. Indeed, the relative lack of theoretical analyses of the OECD in IPE reflects the stronger emphasis on materialist and rationalist approaches in the discipline since its creation at the expense of a focus on ideas, norms and knowledge (LeBaron et al. 2021; Lake et al. 2021). This way of approaching world politics led scholars to view the OECD as a largely ‘impotent’ organisation (Woodward 2010). Indeed, the OECD does not rely on the governance tools traditionally identified by dominant IR theories to explain cooperation between states. Neither does it have coercive mechanisms enabling the collective use of force such as those depicted in UN peacekeeping missions, the financial leverage necessary to provide material incentives such as aid conditionality and loans of the World Bank or the IMF, or the legal capacity to make binding commitments as the WTO can. Instead, the OECD depends on ‘soft’ modes of governance that essentially involve the production and diffusion of knowledge in transnational knowledge networks through idea production, policy evaluation and data generation for policy-making (Mahon and McBride 2008; Martens and Jakobi 2010; Niemann and Martens 2018). Scholars agree that its influence in global economic governance ‘depends critically on the OECD’s identity as an unbiased expert source of knowledge and advice’ (Porter and Webb 2008: 52). Thus understanding its role in the global economic system requires to address seriously the role of knowledge and institutionalised expertise in global governance.

Early IPE theories in the 1970s did not consider knowledge and expertise as important factors of institutionalised cooperation in world politics. Instead, scholars focused on whether IOs could facilitate cooperation between states through the provision of material incentives able to alter actors’ rational cost/benefit calculations in a political environment characterised by the absence of a centralised authority with monopoly over the legitimate use of force, or what IR scholars referred to as ‘anarchy’. The young discipline was largely polarised between two dominant perspectives. On the one hand, neorealist scholars considered that IOs were merely *instruments* (or *resources*)² in the hands of their most powerful member states and did not make any significant difference in world politics. (Neo)liberal and institutionalist scholars on the other hand, conceived of IOs as *forums* that could facilitate the making of reciprocally binding commitments among member states (Keohane 1984). In the 1970s and 1980s, neorealists and (neo)liberals debated *hegemonic stability theory* (HST), whether the material dominance of a hegemonic state was necessary to ensure institutionalised cooperation among sovereign states. In the context of what was then perceived as a systemic shift in the distribution of material capabilities in the global system, with a perceived decline of the US relative to the Soviet Union, IPE scholars discussed whether the power shift could potentially trigger the outbreak of a hegemonic war. To many, systemic stability was only possible under the leadership of a hegemon both willing and able to pay the costs involved in the creation and maintenance of international institutions to conserve their hegemonic domination over the international system at a relatively lower cost than coercion (Gilpin 1981).

In that view, the OECD was created to further the geopolitical interests of the US, the hegemon, by coordinating the policies and interests of its allies against the Soviet Union. Created in 1948 as the Organisation for European Economic Cooperation (OEEC), it was

² This typology of three ontologies of IOs as actors, forums or resources has been popularised by Ian Hurd in his introductory textbook (2011).

meant to administer the Marshall Plan (see Leimgruber and Schmelzer 2017 and Chapter 2 in this volume). The young organization was an important component of Truman's containment strategy in the early Cold War, and it was largely considered as the 'economic NATO' (Carroll and Kellow 2011) to help contain the spread of communism in Western Europe. In 1961, the US became a member state and it has played a major influence in the organisation ever since, notably over its budget and informal negotiations at the Council level, despite the unanimity rule that regulates decision-making in its various committees (Clifton and Díaz-Fuentes 2011). In sum, for realists, the OECD was created and maintained to further the strategic interests of the American hegemon in Western Europe.

While the US has played a significant role in the organisation, its impressive resilience in the face of repeated institutional crises cannot solely be explained by US dominance (Carroll and Kellow 2011). In the late 1970s, liberal and institutionalist scholars argued that IOs created after 1945 could actually perform some of the functions traditionally fulfilled by hegemonic leaders to facilitate international cooperation. To them, IOs are *forums* that reduce the material costs of cooperation and provide collective goods for the benefit of all member states (Keohane 1984). As a result, every member state has a rational interest in institutional maintenance, as long as IOs are efficiently designed in such a way as to grant material incentives to comply with multilateral rules. John Ikenberry further added that once created, international institutions become 'sticky' and tend to perdure even in the face of major systemic changes, because institutional costs reduce over time. They also help expand the core of hegemonic followers by coopting new states into preserving the institutional status quo. To him, this institutional stickiness explains the resilience of the 'liberal international order' under the benign US liberal hegemony since 1945 (Ikenberry 2011).

In this sense, the OECD is a core institution of the liberal international order that has helped buy the cooperation of states in the Western community by giving all member states exclusive privileges and material benefits in exchange for compliance with principles such as the free movement of goods and capital, multilateralism and liberal democracy (Lake et al. 2021: 229). For instance, its Trade Committee played an important role in negotiating trade concessions such as the removal of quantitative restrictions among OEEC countries and the preparation of negotiations over tariff barriers that would be conducted at the GATT/WTO (Wolfe 2008). Likewise, its Codes of Liberalization of Capital Movement and of Current Invisible Operations have also played an important role in pushing for global financial liberalization since the 1970s (Porter 2010). As a result, the organisation contributed to expanding the liberal international order beyond the narrow club of early Cold War US allies, by increasing the material benefits of integration for outsider countries such as Japan or Finland, and after the end of the Cold War, Central and Eastern European countries that used to be affiliated to the Soviet Block. In sum, for liberal institutionalists, the OECD contributed to expanding the zone of liberal peace by providing incentives to comply with rules and principles of the LIO.

Only in the 1990s did knowledge start to play a central role in IPE theories of institutionalised cooperation. To many, the resilience of IOs after the end of the Cold War was not just a result of member states' cost-benefit calculations. Rather, it had to do with how IOs shape actors' perceptions and interpretations of their own identities and interests in the global economic system. Reflexive theories rapidly gained in popularity stressing that IOs are *actors* in their own right and on their own terms rather than instruments or forums (Barnett and Finnemore 2004). They are part of a network in which states and non-state actors together shape global governance, a loose framework of regulation over global economic affairs relying on 'the

exercise of authority across national borders as well as consented norms and rules beyond the nation state, both of them justified with reference to common goods or transnational problems' (Zürn 2018: 3–4). Scholars now study how IOs are entangled in complex webs of overlapping, symbiotic or conflicting authority that involve different kinds of non-state and state actors (Strange 1996: 99) and through which they influence the global economic system by shaping knowledge about the world economy.

These new theoretical approaches have provided productive ways to conceive of the role of the OECD in world politics due to the unique structure of the organization as a 'global policy network' (Carroll and Kellow 2011; Pal 2012). Michael Zürn qualifies the organisation of a 'politically assigned epistemic authority', a transnational or international institution that does not make binding decisions, but rather rules through interpretations grounded in technocratic and legal expertise (Zürn 2018: 53, 81). In other words, the organisation shapes what Susan Strange called the 'knowledge structure' of the global economy, in that it defines 'what knowledge is discovered, how it is stored, and who communicates it, by what means to whom and on what terms' (Strange 1996: 121). It does so through two main modes of governance: one that involves the *creation* of knowledge, and the other one that involves the *regulation* of knowledge through processes of policy evaluation, coordination and harmonization (Schmelzer 2016; Haggart 2019). The next two sections discuss each of these modes of governance respectively.

THE CREATIVE POWER OF THE OECD: KNOWLEDGE CONSTRUCTION AND HEGEMONIC CONSENSUS

The OECD contributes to forging an epistemic consensus about the legitimacy of the core rules and norms of the liberal international order by producing knowledge about appropriate policymaking. In that sense, it legitimates the knowledge structure of the global economy by producing beliefs which 'shap[e] the terms on which we engage with the world' (Haggart 2019: 32). This process of knowledge production and legitimation corresponds to what OECD scholars call the 'meditative' mode of regulation of the OECD (Mahon and McBride 2008), as an arena 'where all kinds of experiences can be transmitted and compared, where ideas are generated and shared' and whose activities are 'mainly framed as discussions among experts about what is the best way or ways of doing something' (Jacobsson 2006: 208). It involves the OECD Secretariat's power to classify, fix meanings, and diffuse norms (Mahon and McBride 2008: 7) through activities of production, legitimation, and dissemination of policy ideas, conceptual frameworks, expertise, and values (Schmelzer 2016: 17).

For constructivists, these meditative activities play an important role in the first stages of the international norm life cycle (Finnemore and Sikkink 1998). In the process of norm emergence, the OECD often acts as a normative entrepreneur in articulating and diffusing new ideas about appropriate policies. In its early years, the OECD has acted as an 'ideational artist' (Marcussen 2004) as its first Secretary-General, Kristensen, had the ambition to make it an 'ideational agent' capable to 'think the unthinkable', and to 'speak truth to power' (Ron Gass, quoted in Schmelzer 2016) by proposing innovative policy ideas capable of shaking the political establishment for better social and economic outcomes. Some of these ideas effectively led to important normative changes in global economic governance, in particular until the late 1980s, as the OECD's soft mode of governance and expertise provided a leverage in

comparison with other IOs often paralysed by Cold War politics. In the late 1940s and early 1950s, it played a particularly important role in the area of development economics in shaping the policy paradigm of Keynesianism (Schmelzer 2016) and in anchoring embedded liberalism as the normative compromise around which post-WWII international order was established (Ruggie 1982).

In the 1970s, the OECD was in the vanguard of the shift towards neoliberalism and the embrace of price stability programs. In 1978, a committee of independent economists close to the Mont-Pelerin Society and gathered by the OECD published the McCracken report, entitled *Towards Full Employment and Price Stability*, one of the earliest articulations of anti-inflationary policies by an IO (Keohane 1978). Following the publication of the McCracken report, Rawi Abdelal showed that the OECD acted as an institutional entrepreneur on financial liberalisation in the 1980s. Technical discussions between OECD economists and members states' national representatives within the OECD Committee on Capital Movements and Invisible Transactions (CMIT) led member countries to accept a degree of financial liberalisation much deeper than what they were initially ready to commit (Abdelal 2007; Howarth and Sadeh 2011).

This role of a normative entrepreneur is made possible because the OECD creates a shared sense of identity among its members who perceive each other as part of a group of like-minded developed market economies. The OECD is a 'paradigmatic example of an identity-defining international organization' for states that 'seek to identify themselves as modern, liberal, market-friendly and efficient', aspiring to represent the ideal modern state (Porter and Webb 2008: 43). Furthermore, critical scholars stress that IEOs shape hegemonic knowledge about the world economy, by producing paradigms and ideologies that are taken for granted as neutral facts and parameters guiding policymakers' behaviour (e.g., Cox and Jacobson 1973). The OECD is more than a creative think tank; it also produces a 'common policy culture' (Wolfe 2008: 41) around a 'liberalizing agenda' (Ougaard 2010: 35) among the people who attend its activities. Since its creation in 1961 the OECD has maintained an 'underlying belief in open markets and trade as the basis for peace' as its unquestioned ideological core (Wolfe 2008: 50), a common denominator across the varieties of liberalism represented in its publications (Mahon 2011; Gayon 2022).

For instance, the polluter pays principle (PPP) emanated from the OECD Environment Committee under the leadership of Jim MacNeill in 1972. While this constituted an important normative innovation, it also helped limit the changes that the concept of PPP would bring to global economic governance. Indeed the PPP constituted a technocratic compromise between environmental regulations and free international markets, constitutive of an early articulation of a liberal form of environmentalism (Bernstein 2001: 51). It was notably instrumental in legitimising the idea that environmental protection and economic growth were compatible, hence diluting the radical ecological critique articulated in the 1972 *Limits to Growth* Report published by the Club of Rome (see Schmelzer 2016). In sum, the OECD plays an important role in producing the commonsensical representation of the global economy. Its epistemic creativity then works as a compromise by proposing reforms to a set core of liberal principles that stay untouched, at best redefining hegemonic knowledge rather than transforming it (Bernstein 2001: 15).

In sum, the legitimisation function of the OECD includes both the creation of new ideas, paradigms and policies and the maintenance of a hegemonic consensus over the core rules and principles of the global economic order. However, many have expressed scepticism regarding

how much ideational creation is really at play at the OECD since the end of the Cold War. For Marcussen (2004), now the organisation has become more of an ‘ideational arbitrator’, playing an important role in policy regulation more so than in ideational creation. The next section discusses this ‘inquisitive’ mode of regulation (Jacobsson 2006; Mahon and McBride 2008).

THE REGULATIVE POWER OF THE OECD: POLICY LEARNING AND STANDARD-SETTING

Since the end of the Cold War, the OECD has played a more important role at the level of its committees by influencing transnational policymaking through practices of deliberation and socialization of member and partner countries’ bureaucrats (Marcussen 2004). It has governed the economy through the regulation of knowledge produced elsewhere, more so than through the creation by its Secretariat of new knowledge about the world economy. We call this form of structural power *regulative* to differentiate it from power of ideational *creation* discussed in the previous section. These regulative epistemic activities encompass the formal and informal rules governing the standardisation and dissemination of policy knowledge (cf. Haggart 2019: 32). For constructivist scholarship, then the OECD is now more active in the later stages of the international norm life cycle, namely norm cascade, diffusion and internalisation by national policymakers (Finnemore and Sikkink 1998). The OECD global policy network socialises member countries bureaucrats into a certain working culture ‘because its committees and other subsidiary bodies bring together on a regular basis staff from a much wider range of policy domains than just economics, so the social “glue” it encourages help provide an important degree of coherence in the system of global governance’ (Carroll and Kellow 2011: 1–2; also Pal 2012). It contributes to the creation of a transnational bureaucratic culture around everyday governance practices of monitoring, standard-setting and benchmarking.

These activities make the OECD an important actor of transnational policy transfer through mechanisms of policy learning and emulation (Dobbin et al. 2007). Leslie Pal (2012) showed that these mechanisms have played an important role in the transnational transfer of policies of New Public Management since the 1980s. Here the working methods of the OECD committees, notably its activities of multilateral surveillance through peer review (Schäfer 2006; Porter and Webb 2008; see also Chapter 9 in this volume) have been key to incite policy change through the effects of international comparisons. As Clifton and Díaz-Fuentes (2014: 251) argue the OECD has a ‘unique’ way of operating: policies are created through dialogue and exchange between OECD staff and national policy representatives. Once a mutual agreement is reached, the transfer of policy occurs through technical reports. Its work of compilation of data also standardises knowledge about best policymaking practices and makes possible the production of international rankings of government performance. These rankings and standards in turn constitute important tools for diverse actors to incite policy change at the national level (see Cooley and Snyder 2015; Kelley and Simmons 2020). For instance, Jason Sharman showed how this form of power was at play in the OECD’s policy on tax evasion by making national fiscal policies more ‘legible’ at the global level, successfully standardising fiscal administration through the work of the OECD Committee on Fiscal Affairs (Sharman 2012: 28). Furthermore, by publishing data on national fiscal policies in blacklist, the OECD project on Harmful Tax Competition incited policy compliance through mechanisms of

naming and shaming (Sharman 2009). Kudrle (2010) concludes that the OECD 'has served far more as a transmitter than a generator of ideas' over international tax policy (Kudrle 2010: 76).

One of the most remarkable recent influences of the OECD on policy learning and standard-setting across the globe, is perhaps illustrated by a case study pertaining to the field of high school education. In 1999, the OECD launched a Programme for International Student Assessment (PISA), which measures the ability of students at 15 years of age (9th graders) in reading, mathematics, science and other relevant skills. Its formal aims were to assess 'aspects of preparedness for adult life' (OECD 2000: 3). The attraction was that a common standard was created that could compare learning outcomes in high school students across a variety of countries. It provided evidence-based data that could be used for benchmarking, comparison and policy change. Member countries were eager to use the outcomes to see where their country 'ranks', but also within countries, and where strengths and weaknesses lay within its educational system (Morgan and Shahjahan 2014). The PISA study has generated a lot of attention, in policy circles and in academic literature (Hopfenbeck et al. 2018), not least because the results of the tests challenged some established ideas about the relationship between economic and educational development (Sellar and Lingard 2013: 717). Given that the various PISA rounds have generated data at the country level and over time, the temptation is to make broad statements about quality of education and to make the necessary policy changes to improve a country's performance (Volante, Fazio and Ritzen 2017; Kelley and Simmons 2020).

Some argue that the OECD contributed to this tendency by publishing league tables (Hopfenbeck et al. 2018: 347). In the EU, PISA led to an interest in policy cooperation in Higher Education which eventually triggered the change-over, through a bottom-up process, from a very diverse landscape to a much more standardised system referred to as the Bologna Process (Haskel 2009). The increasingly strong performance of China, especially in comparison to some leading advanced economies, such as Germany and the US, has given further credence to the reputation of the growth of China as a world power. At the same time, scholars have been critical to point to an increasing 'exam culture' and pressure on student performance in cities and states such as Shanghai, where PISA scores were high (Tan and Reyes 2018). The outstanding performance of China has however continued into the next edition in 2020 when the scores from China came top in all three categories. Again, scholars have scrutinised these exceptional performances and pointed to the result not being representative, because only the four wealthiest states of China (Beijing, Shanghai, Jiangsu and Zhejiang) participate. The strong increase between 2015 and 2020 is also a concern to some (Gruijters 2020). Yet voices point to a growing dominance of China as a superpower, with these rankings being yet another metric to make that point. In so doing, China has improved its standing in the above-mentioned knowledge structure. In sum, the OECD has contributed to standard setting in a number of areas, and education is one such example. Countries such as China, in a race to win global superpower status, have appeared to ensure that they 'show off' their dominance by doing well on these standards.

THE OECD AND THE CRISIS OF THE LIBERAL INTERNATIONAL ORDER

As our discussion has showed, the scholarship on the role of the OECD in global governance has tended to focus on policy change as its main object of study and it has slid away from early IPE debates about how IOs affect broader relations of power in the global economic system. In this last section, we try to bridge the gap between traditional American IPE debates over institutionalised cooperation introduced in section 1, and global governance scholarship on transnational policy change introduced in sections 2 and 3. In order to make sense of how IOs adapt to current challenges to the LIO, a closer look at the OECD would help illuminate how everyday practices of global policymaking structure enduring relations of power in the global economic system.

The OECD has been seen as a core institution of the LIO that fosters a transnational consensus about the legitimacy of its core ‘international economic philosophy’ (Schmelzer 2016: 17). The LIO has been taken for granted as something that advanced economies (ergo OECD countries) aspired to. For neo-Gramscians, the OECD ‘develop[s] and organize[s] the global hegemonic leadership of the community of industrialized market democracies’ (Ougaard 2010: 45–6). The production of this shared sense of identity constitutes and maintains relations of domination in the global economic system, notably between the Global North and the Global South (see Cox and Jacobson 1973). OECD membership has historically identified the Global North and the richest countries of the world economy (Clifton and Díaz-Fuentes 2015) and during much of the Cold War the organisation has been the ‘warden of liberal capitalism and the West’ (Schmelzer 2016: 29). This assumption was of course never fully unchallenged. For instance, during the Cold War a number of OECD countries were left unaligned (e.g., Austria, Ireland, and various Scandinavian countries). Still, in the period following the end of the Cold War the LIO seemed much more stable: a number of European member states joined the EU and countries such as China gradually integrated into the LIO. Cooperation via the OECD expanded and some forms of coordination were particularly salient such as the PISA study discussed prior.

However, in recent years, the LIO seems to have come under threat. In a recent Special Issue of the journal *International Organization*, the editors identify the challenges to the LIO as coming both from inside, with the spread of transnational right-wing populism, and from outside the LIO, with the emergence of new rising powers outside of the core of Western countries (Lake et al. 2021; also Luce 2017). The OECD has been working actively on both the internal and external challenges to legitimate the foundations of the LIO. Internally, the election of Donald Trump as the 45th President of the United States in 2016 and the decision of the United Kingdom to leave the EU revealed that one of the most pressing political economic challenges to the neoliberal form of the LIO came from its asymmetric distributive effects. Indeed, nationalist movements and populist parties have flourished in a context of widening income inequality within advanced societies that could be traced back to the lack of fairness in reaping the fruits of economic globalisation. Populism has also advanced an anti-elitist rhetoric, including disdain for established institutions and knowledge, which has led to a growth in conspiracy thinking and anti-establishment movements. Liberalism has also intrinsically contained its own critics. In recent years the public has become more sceptical of technocracy and high-level governance like the OECD.

The OECD has proved relatively successful in managing these internal challenges to the LIO. As an international organisation, the OECD has been much less in the spotlight than other international organisations, such as the World Trade Organization or the United Nations (see Zürn 2018). In a sense the OECD benefits from being an organisation that does not have hierarchical rule at its core, where no executive power is demonstrated. As the criticism on the liberal order has been mostly voiced by populist or nationalist politicians and their supporters, much less by bureaucracies or elites themselves, the work of the OECD has continued. In fact, during the COVID-19 pandemic, organisations such as the World Health Organization and the OECD were valuable sources of knowledge exchange (OECD 2020).

It is rather on the external challenges to the LIO that criticism on the OECD has concentrated, focusing on its narrow ‘club-like’ membership, its Western origins, and its tendency to be biased towards the norms and values of the original membership (Clifton and Díaz-Fuentes 2015). In the early 2000s it selected a few countries (Brazil, China, India, Indonesia, and South Africa (BRICS)) to make closer linkages to, through its ‘Enhanced Engagement Programme’. The new program is meant to integrate rising economies and BRICS countries through pragmatic engagement in the everyday working methods of the organisation – its peer review and surveillance system – rather than through traditional membership enlargement (Clifton and Díaz-Fuentes 2015). The goal of these outreach activities is to enlarge and strengthen the hegemonic core consensus of the global economic system (Ougaard 2011). Yet Clifton and Díaz-Fuentes (2014) find varied success in the ability for the OECD to succeed in transferring policy to these emerging non-Western countries, and that the OECD faces considerable struggle to be noticed by these countries.

CONCLUSION

This chapter discussed how the field of IPE makes sense of the role the OECD plays in the global economic system. We identified two strands of scholarship, one originating in American IPE debates on institutionalised cooperation and another one in global governance research. A critical reading of both scholarships highlights that the organisation shapes and sustains an epistemic consensus around the core norms, principles and practices that constitute the LIO. We argued that an important shortcoming of current OECD research in IPE came from a lack of engagement between these two scholarships. Indeed, the organisation does not rely on the governance tools traditionally highlighted by IPE theories of institutionalised cooperation, namely, material incentives or binding commitments. As a result, scholars of global governance have tended to focus on its effects on national and transnational policymaking, but they have rarely analyzed how its soft mode of governance shapes the power structure of the global economic system. A better understanding of the role of the OECD in the global economic system then requires IPE scholars to analyse how expertise shapes and legitimates the knowledge structure of the global economy. We proposed that a deeper engagement with the works of Susan Strange could contribute to such developments by identifying how the OECD modes of governance through policy knowledge creation and regulation enact structural power in the global economy (Broome and Seabrooke 2021; see also Mytelka 2000). Two avenues of future research, empirical and theoretical, would help further bridge this gap.

At the empirical level, further research on the OECD would help understand the interplay between material and non-material sources of the resilience of the LIO (Lake et al. 2021). First,

it would help uncover the colonial history of IPE. Indeed, the OECD is key to understanding how post-1945 IOs have shaped the history of colonialism and decolonisation considering the central role the OECD played in the North-South dialogue. Second, further research on the OECD could help understand how global governance institutions address existential global threats like climate change, pandemics and global economic crises that require a multidisciplinary approach to global policy problems. It is also a key window into the making of hybrid governance that mixes both public and private interests notably through the transnationalisation of managerial governance practices.

At the analytical level, further research on the OECD would help address several gaps in IPE. First, the OECD could illuminate how IOs are constructs that rest on social foundations notably by uncovering the political effects of institutionalised expertise in global governance. Second, research on the OECD would help analyse the distributive effects of institutionalised cooperation, by conceptualising how IOs provide club goods that sustain inequalities and exclusion in the ILO. Finally, further analysis of the OECD could look at the ambivalent role IOs play in fighting but also preserving systemic inequalities in the international order, between the Global North and the Global South, but also gendered and racial inequalities, through engagement with recent development in decolonial and feminist IPE. Tackling these issues would require what LeBaron et al. call an ‘engaged pluralism’ in IPE (2021: 292) able to foster conversations with theoretical perspectives traditionally marginalized in the field. This would ultimately contribute to decenter the IPE of global governance and institutionalised cooperation.

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