THE SECOND DEAL: THE OECD AND ORGANIZATIONAL
LEGITIMACY POST-FINANCIAL CRISIS

By

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ABSTRACT

Following the 2008 global financial and economic crisis, several multilateral organizations, such as the IMF and the WTO, have faced intense public criticism. However, one intergovernmental organization has not: the OECD (the Organization for Economic Cooperation and Development). This project explores how the OECD has maintained organizational legitimacy despite the financial crisis and despite its recent change in mandate. It adopts a co-evolutionary approach to organizational change, showing that the OECD adapts to suit changing social conditions, and, simultaneously, it works with a network of other international organizations to re-shape the world. This project draws upon the legitimation management strategies identified by Mark C. Suchman as well as the global governance legitimation theories outlined by Allen Buchanan and Robert O. Keohane and conducts discourse analysis of the OECD’s prime publication, the OECD Observer for the January 2006 – May 2011 time period. Analysis reveals that the OECD maintains legitimacy by conforming with the expectations of its members, especially its biggest contributing members. It preserves its institutional logic and goals but adopts value-based rhetoric to create a new social reality and a new audience. The OECD is now moving away from its post-World War Two (western) origins to become a ‘post-western’ organization. Subsequently, it has dropped the promotion of ‘democracy’ and ‘free’ market principles from its mandate.

Key words: OECD, legitimacy, western, post-western, well-being
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# ABBREVIATIONS

<table>
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<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>BIAC</td>
<td>Business and Industry Advisory Committee to the OECD</td>
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<td>G8</td>
<td>Group of Eight</td>
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<td>G20</td>
<td>Group of Twenty</td>
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<td>IEA</td>
<td>International Energy Agency (of the OECD)</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>OEEC</td>
<td>Organization for European Economic Cooperation</td>
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<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>OPEC</td>
<td>Organization of the Petroleum Exporting Countries</td>
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<td>TUAC</td>
<td>Trade Union Advisory Committee to the OECD</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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INTRODUCTION

Beginning in the summer of 2007 a striking contradiction of wealth took place in the United States of America, creating a distinct division between the rich and the poor (Reinhart & Rogoff, 2008:4). Housing prices began to fall in most regions, leading to greater mortgage defaults – most notably among the working poor – and ultimately to what has become known as the ‘2007 United States sub-prime financial crisis.’ By late September the financial problem spread and intensified. What first appeared to be an Anglo-Saxon (United States – United Kingdom) issue quickly turned into a ‘global financial crisis’ (The Economist, 2008). Banks around the world refused to lend to each other. Five European banks failed. Stock markets downturned and housing markets in most countries suffered (Reinhart & Rogoff, 2008:4). The world’s twenty-year history of uninterrupted growth appeared to be over. Governments came to realize that “economic players are not always rational, that markets are not self-correcting, and a passive model of capitalism cannot cope with extreme fluctuations and shocks” (Brown, 2010:12). The United States decided to recapitalize some of its banks and other countries followed suit, guaranteeing bank debt, as “the markets couldn’t sort things out for themselves” (ibid:61). The first major economic crisis of the twenty-first century turned out to be depression-sized. In fact, in terms of industrial production, exports and equity valuations, the global economy fared worse than it did during the ‘Great Depression of 1929-30’ (Eichengreen & O’Rourke, 2010). It was later determined that the ‘2008 global financial and economic crisis’ revealed a phenomenon of ‘capitalism without capital’ and
stemmed from the twenty-year-old process of financial deregulation and macroeconomic reform presided over by intergovernmental organizations, such as the International Monetary Fund (IMF), the World Bank, and the World Trade Organization (WTO) (Chossudovsky & Marshall, 2010:4).

The sub-prime-led ‘crisis’ has, therefore, brought the international financial and economic regime into question, including the legitimacy of global institutions, such as the Group of Eight (G8), the IMF, and the World Bank (Brie, 2009:21). However, one very important intergovernmental organization appears to have remained unchallenged: the Organization for Economic Cooperation and Development (OECD). Somehow, the OECD has been able to maintain a low profile. A review of academic and news articles from around the world for the October 2008 – December 2009 time period finds several references to the OECD’s authoritative reports but only two articles criticizing the OECD (see Appendix 1). This starkly contrasts with the number of journal and news articles about the IMF and the WTO during the same time period – when the extent of the ‘global financial and economic crisis’ was becoming known, and the depression was impacting citizens around the world (see Appendix 2). One must, therefore, question how the OECD has seemingly avoided a legitimacy deficit. What makes the OECD above public criticism?

In order to learn more about the Organization and its influence, this project will seek to answer two questions:
1. How has the OECD maintained organizational legitimacy despite the ‘2008 global financial and economic crisis’?

2. How has the OECD maintained organizational legitimacy despite its recent change in mandate?

In so doing, this project will take a co-evolutionary approach to the history of the OECD before exploring several legitimation techniques adopted by the organization. This project will draw upon the theories of Mark C. Suchman as well as Allen Buchanan and Robert O. Keohane in order to conduct discourse analysis of the *OECD Observer*, the OECD’s main publication. This project will conclude with analysis of the organizational changes presently underway at the OECD in order to suggest their importance to geo-political affairs and to neoliberal world order.

**DEFINITIONS**

It is first necessary to establish the context of this project.

**Co-evolutionary approach:**

The Master of Arts in Integrated Studies (MAIS) program at Athabasca University encourages a holistic approach to study. When undertaking analysis of an organization’s behaviour, therefore, the program emphasizes an ‘ecological’ approach (a study of the organization within the context of its greater environment), using Gareth Morgan’s seminal text, *Images of Organization* (2006), as a springboard to understanding how organizations and their environments are socially-constructed phenomena that evolve in a pattern of co-creation and simultaneously operate with others in the construction of the world
(Morgan, 2006:67). This approach is especially helpful when the organization is undertaking a great deal of change and its environment is complex, as one can clearly discern that the organization and its members are involved in ongoing negotiations with external stakeholders for their survival (and maintenance of the social order). This project, therefore, frames its research of the OECD using a co-evolutionary theoretical lens as proposed by Lewin and Volberda (2003). Rather than examining the OECD from a unilinear, evolutionary perspective, which would give weight to classical social evolutionary theory, this project explores how OECD member states both enact and socially construct their environment (Lewin & Volberda, 2003:580).

**Organizational legitimacy:**

As the OECD is an intergovernmental organization with global influence, this project adopts the often-cited concept of legitimacy developed by Buchanan and Keohane (2006) in their paper entitled *The legitimacy of global governance institutions*. Generally, it is accepted that there are three main challenges to institutional legitimacy: gaining legitimacy, maintaining legitimacy, and repairing legitimacy (Suchman, 1995:586). This project will focus on the OECD’s ability to maintain legitimacy.

**Neoliberal political order:**

Following the ‘2008 global financial and economic crisis’ – and an ensuing questioning of the international economic regime – scholars have qualified that the current capitalist political era can be considered as a “second stage of
neoliberalism” (Nullmeier, 2011). The ‘crisis’ demonstrated that neoliberalism’s free market and open competition principles lead to socio-economic disaster. Nevertheless, neoliberal politics has continued despite the failure. Critics say this acceptance is no longer based upon the attractiveness of neoliberalism as a means for socio-economic prosperity. It is based upon the inability of governments to exit out of neoliberal economic policy.

Turning from politics to economics, Brenner, Peck, and Theodore (2010) consider neoliberalization to be one of several tendencies of regulatory change that has developed across the global capitalist system since the 1970s based upon Anglo-Saxon advice (329). It is based upon the belief that government should adopt a ‘laissez-faire’ attitude towards the market economy in order to create ‘growth.’ It favours market responses to regulatory problems, such as food security, and it seeks to commodify all realms of social life (such as education and eldercare), often using financial speculation for capitalist profit-making (ibid, 330).

Basically, neoliberalization reorganizes the state’s relationship to the economy so that most aspects of society are ‘freed’ for capitalist ‘development.’ The process is associated with patterns of related activities across the global political economy, including globalization. Neoliberalization has three dimensions, namely: regulatory experimentation, policy transfer between jurisdictions (via knowledge networks, such as the OECD), and transnational rule regimes, which put parameters around the activities of institutions and their actors (ibid, 335). It, therefore, develops unevenly across countries and across the globe.
THE OECD – AN OVERVIEW

Mandate:
The Organization for Economic Cooperation and Development is an intergovernmental organization that forms part of the post-World War Two global architecture. It is based in Paris, France and has centres in Berlin, Mexico City, Tokyo, and Washington D.C. The OECD brings together official representatives from thirty-four of the world’s wealthiest nation states (Appendix 3), including Canada, with a mission to “promote policies that will improve the economic and social well-being of people around the world” (OECD, About the OECD, 2011). It is primarily focused on creating and generating ideas, statistics and rules to further economic liberalization (Williams, 2008:117). The past few decades, this has meant furthering economic globalization (global economic integration).

Originally, the OECD was modeled after the United States’ desire for “democratic unity” (Griffiths, 1997:242) against communism. During the Cold War period the Organization regarded itself as “the economic branch of NATO” (Asbeek Brusse, 1997:175), yet Article 1 of the OECD Convention, which establishes the aims of the Organization, makes no reference to Cold War involvement. Rather, the OECD’s mandate is surprisingly broad:

Article 1
The aims of the Organization for Economic Cooperation and Development shall be to promote policies designed:

(a) to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus to contribute to the development of the world economy;
(b) to contribute to sound economic expansion in Member as well as non-member countries in the process of economic development; and

(c) to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.

(OECD, Convention, 1961)

Size:
The OECD is one of the largest international bureaucracies (Porter & Webb, 2008:45). It has a secretariat of two thousand and five hundred permanent staff, including over seven hundred recognized experts in a wide range of disciplines (economists, lawyers, scientists, and others) (Woodward, 2009:50). As the OECD represents thirty-four member states, this means that there are roughly seventy-four staff per each member state (Appendix 4). The OECD has over two hundred and sixty committees, working groups and expert bodies. Every year more than forty thousand delegates from a range of public, private, and civil bodies (including other international organizations) attend OECD committee meetings in Paris. The committees and the Secretariat are overseen by a Council, which is made up of an ambassador from each member state as well as an ambassador from the European Commission (EC). A Secretary-General, who is appointed for a five-year period, presides over the Council and manages the Secretariat.

Network:
The OECD is a complex web of inter-networking groups. The Organization is divided into twelve departments, and it has ten special bodies that operate semi-
autonomously (Appendix 5). Some of these bodies have become very famous research institutions in their own right, including the International Energy Agency (IEA) and the Nuclear Energy Agency (NEA). The OECD also has two small permanent secretariats in Paris through which it consults with civil society groups: BIAC (the Business and Industry Advisory Committee to the OECD) and TUAC (the Trade Union Advisory Committee to the OECD). The OECD’s engagement with non-government organizations and non-member states is, otherwise, generally restricted to its annual forum, global forum, and peripheral committees (Woodward, 2009:54). However, the OECD has extensive information-sharing agreements with other intergovernmental institutions (Appendix 6). Each year the OECD is required to present an organizational update to the Council of Europe and an economic update to the NATO Parliamentary Assembly (Economics and Security Committee) (OECD, Parliamentarians, 2011). As shown in future paragraphs, the Organization operates within “an increasingly dense web of transnational networks” (Mahon & McBride, 2008:3).

Budget:
Unlike the World Bank or the IMF, the OECD does not dispense grants or make loans (OECD, Budget, 2011). Its budget is directed at its research and programs. Member states annually contribute according to the size of their economies. For 2011, for instance, the OECD’s administrative budget is EUR 342 million (about USD 500 million). The United States is the biggest contributing member (at 22.21 per cent of the OECD’s budget or USD 111
million), Japan is second (at 12.22 per cent or USD 61.1 million), while members states with the smallest gross domestic products – Luxembourg (at 0.29 per cent) and Iceland (at 0.23 per cent) – contribute far less to the Organization’s administrative costs (USD 1.45 million and USD 1.15 million respectively) (OECD, Member Countries Budget Contributions for 2011, 2011). True to the OECD’s reputation as an “exclusive club” (Friends of the Earth, 2005), such figures evidence that even the smallest member states must contribute at least one million dollars to participate in OECD affairs – a financial barrier for many of the world’s nations – and a testament to the OECD’s influence.

**Output:**

While the OECD is a large and costly organization, it is a productive organization. The OECD has published two hundred and fifty books and papers this year (more than eight thousand to date) (OECD, iLibrary, 2011). It maintains statistics on four hundred and seventy-five public policy topics, covering everything from household broadband access to prison population rates. The OECD has also developed more than two hundred and thirty-one legal instruments over the years, including conventions, declarations, and decisions (OECD, Database, 2011). While the majority of its legal instruments are recommendations, they do constitute an extensive body of soft law (non-legally-binding accords) and demonstrate the substantive work carried out in the Organization’s committees. Many of the topics tend to be very specialized and, therefore, not generally addressed by other intergovernmental organizations (Mahon & McBride, 2008:10). Recently, for instance, the OECD has produced recommendations on

**HISTORY OF THE OECD**

A co-evolutionary examination of the OECD over the past six decades is very telling and probably best summarized graphically, beginning with the Organization’s forerunner, the Organization for *European* Economic Cooperation (OEEC), which formalized into the OECD (a ‘western’ alliance) during the Cold War era, and gradually incorporated new members over the years for strategic purposes.

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<th>Members</th>
<th>External Environment</th>
<th>Organization</th>
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<td>1948-1958</td>
<td>17 European states</td>
<td>Post-World War II</td>
<td>OEEC</td>
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<td></td>
<td>- Austria</td>
<td>Keynesianism</td>
<td>goal = creating economic and social stability in Europe</td>
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<td></td>
<td>- Belgium</td>
<td>re-building Europe</td>
<td>forming bilateral agreements with the USA to receive ‘Marshall aid’</td>
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<td></td>
<td>- Denmark</td>
<td>Russia and USA</td>
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<td></td>
<td>- France</td>
<td>emerging as world leaders (start of Cold War)</td>
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<td>- Greece</td>
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<td>- Switzerland</td>
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<td>- Turkey</td>
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<td></td>
<td>- United Kingdom</td>
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<td></td>
<td>- West Germany (1949–)</td>
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<td>Associate members</td>
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<td></td>
<td>- Canada</td>
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<td>- United States</td>
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<td>Year</td>
<td>Events</td>
<td>20 member states ('Northern' states)</td>
<td>Cold War</td>
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<td>1961</td>
<td></td>
<td>Austria, Belgium, Canada, Denmark, France, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States, West Germany</td>
<td>construction of the Berlin Wall (1961)</td>
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<td>Cuban Missile Crisis (1962)</td>
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<td>threats of nuclear war</td>
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<td>Vietnam War (1959~)</td>
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<td>growing dichotomy (East vs. West)</td>
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<td>1964</td>
<td>+ Japan</td>
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<td>1964 Summer Olympic Games held in Tokyo, Japan (First Olympics held in Asia)</td>
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<td>Japan’s post-war economic 'miracle' (1960s – 10%+ per year) following USA-imposed measures</td>
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<td>1970s</td>
<td>+ Australia (1971)</td>
<td>Cold War continues</td>
<td>USA involvement in Vietnam War ends (1973)</td>
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<td>+ New Zealand (1973)</td>
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<td>collapse of Bretton Woods system (1971-73) and floating of national currencies</td>
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<td>1973 oil crisis (energy)</td>
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<td>1989 – 1991</td>
<td>same</td>
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<td>End to the Cold War</td>
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<td>Berlin Wall falls (1989)</td>
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<td>German reunification (1990)</td>
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<td>Communist empire breaks up</td>
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<td>Soviet Union becomes a new Commonwealth of Independent States (1991)</td>
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<td>Victory for OECD convictions</td>
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<td>‘proven’ superiority of capitalism and democracy as organizing principles for government</td>
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<th>1990s</th>
<th>5 new members</th>
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<tr>
<td></td>
<td>+ Mexico (1994)</td>
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<td></td>
<td>+ Czech Republic (1995)</td>
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<td>+ Hungary (1996)</td>
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<td>+ Poland (1996)</td>
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<td>+ South Korea (1996)</td>
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<td>Post-Cold War era</td>
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<td>Vaclav Havel elected president of Czech Republic (1993)</td>
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<td>European Union created (1993)</td>
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<td>WTO created (1995)</td>
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<td>Asian Financial Crisis (1997)</td>
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<td>G20 created to address international financial problems (1999)</td>
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<td></td>
<td>NATO expanded to</td>
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<th>1990s</th>
<th>Modernization mandate</th>
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<tr>
<td></td>
<td>OECD emphasizes Foreign Direct Investment</td>
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<td></td>
<td>Canadian Donald Johnston (an ardent supporter of free trade) is appointed Secretary General (1996)</td>
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<td>Internal reorganization (1996 and 1999)</td>
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<td>Outreach to global civil society</td>
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Milton Friedman's *laissez-faire* ideas begin to catch on as a result of high inflation (UK & USA). OECD policies begin to take a neoliberal approach in the mid 1970s. OECD promotes ‘flexible’ employment, completely adopting a neoliberal paradigm (1977).
<table>
<thead>
<tr>
<th>21st century (Jan 2001 ~)</th>
<th>4 new members</th>
<th>More Interconnected World</th>
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<tbody>
<tr>
<td>+ Chile (2010)</td>
<td></td>
<td>September 11th attacks on World Trade Centre and Pentagon (2001)</td>
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<tr>
<td>+ Estonia (2010)</td>
<td></td>
<td>New Media (Web 2.0) - YouTube, MySpace, Facebook, twitter</td>
</tr>
<tr>
<td>+ Slovenia (2010)</td>
<td></td>
<td>‘Rise of the Rest’ (several large non-OECD countries are experiencing high economic growth, especially: China, India, Brazil, Indonesia, Russia, and South Africa)</td>
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<tr>
<th>Globalizing organization</th>
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<td>Global forums initiated (2001)</td>
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<td>Angel Gurria of Mexico becomes first OECD Secretary-General from a ‘non-western’ country (2006)</td>
</tr>
<tr>
<td>OECD invites Russia to open discussion for membership (2007)</td>
</tr>
<tr>
<td>Brazil, China, India, Indonesia, and South Africa are offered enhanced engagement to become members (2007)</td>
</tr>
<tr>
<td>OECD begins directly communicating with citizens via social media (Facebook, twitter, Youtube, flickr) (2009)</td>
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<tr>
<td>more focus on social policy (well-being)</td>
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<td>OECD marks its 50th anniversary (2010-2011)</td>
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<td>‘Your Better Life Index’ is launched (2011)</td>
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(OECD, History, 2011)
Promise of Growth
The OECD commences its narrative with a famous speech delivered at Harvard University in Cambridge, Massachusetts on June 5, 1947 by then United States Secretary of State George C. Marshall – a speech now commonly referred to as ‘the Marshall Plan’ (OECD, Marshall Speech, 1947). However, as David W. Ellwood (1997) has noted, the real story of the OECD can be traced back a couple of years earlier to the signing of the Charter of the United Nations in San Francisco on June 26, 1945, when fifty-one nations, including the United States, Canada and several European countries, promised to promote “higher standards of living, full employment, and conditions of economic and social progress and development” (Article 55a, Chapter IX: International Economic and Social Co-Operation, Charter of the United Nations, 2011). By ratifying the Charter, signatory states on both sides of the Atlantic Ocean committed to providing their peoples with economic security and progress (Ellwood, 1997:99). The concept of ‘growth,’ thus, became a political and social goal in ‘western’ countries. It also became a source of political credibility. Governments began to think about their responsibility towards society as a collective (ibid:99). OEEC and OECD countries institutionalized their relationships in order to increase ‘productivity’ and expand their markets, thereby raising wage levels and increasing wealth (Tassava, 2008). Member states believed that they could keep their citizens happy with the socio-political order by creating sufficient jobs and social programs (Klein, 2008:62).

LEGITIMACY
Definition
In 1995, Dr. Mark C. Suchman, of the University of Wisconsin-Madison, conducted a synthesis of the literature on organizational legitimacy and determined that ‘legitimacy’ is a perception or assumption, basically a reaction of observers to an organization. As it is either normatively created through sociopolitical endorsement (such as by legal enactment or government declaration) or sociologically produced by perception of the organization’s right to rule (Buchanan & Keohane, 2006:405), legitimacy is socially constructed (Suchman, 1995:574). Legitimacy, thus, affects how people act towards organizations, so organizations seek legitimacy in order to receive financial and personnel support (ibid:575). Continuity often depends upon an organization’s ability to become culturally accepted as having meaning or value (ibid:576). The normative form of organizational legitimacy is fairly straightforward, as it is objectively created. However, the sociological form of organizational legitimacy is more complex to analyze, as it is subjectively based upon internal judgments (Buchanan & Keohane, 2006:408). Morally speaking, these internal judgments about the organization’s activities are based upon the viewer’s value system and commonly include evaluations of the following:

- the organization’s outputs
- its techniques and procedures
- its structures
- its leaders and representatives.

In other words, the organization is judged by what it accomplishes, how it accomplishes it, within what context, and by whom. These evaluations often draw upon the consequences of the organization’s behaviour, the myths under which it
performs, the larger institutional context within which it operates, and the charisma of its leaders (Suchman, 1995:581). Cognitively speaking, these internal judgments about an organization’s activities are based upon cultural accounts or cultural notions that the viewer uses to draw conclusions about his or her experienced reality (in dealing with the organization). In this way, these perceptions also form part of the viewer’s larger belief system (ibid:582).

**Legitimacy of global governance institutions**

As Allen Buchanan and Robert O. Keohane (2006) note, the legitimacy of global governance institutions is a bit more complex than that of other organizations, for it involves the observations of both states and individuals (411). From a sociological perspective, the legitimacy of global governance institutions refers to a moral notion of their ‘right to rule’ (and to issue public rules). Traditionally, there have been three standards of legitimacy for global governance institutions:

- state consent (based upon the Westphalian principle of sovereignty)
- consent of democratic states (assumed public endorsement) and
- global democracy (equal rights to participation).

Yet, Buchanan and Keohane explain that these standards of legitimacy are inadequate. Many nation states are non-democratic and do not respect the rights of all of their citizens. Most global governance institutions do not have the consent of all nation states, and even democratic states do not represent the views of all of their constituents (ibid:415). While ‘democracy’ is widely considered to be the “gold standard for legitimacy in the case of the state” (ibid:416), at the global level the social and political conditions for democracy do
not yet exist. Rich countries still unfairly dominate global governance institutions (ibid:425). Broad transparency is, therefore, needed in order to judge the legitimacy of these institutions. Yet, at the global level, organizational legitimacy does not only depend upon the values and actions of the organization itself. Legitimacy also depends upon the broader institutional environment within which the organization operates (ibid:432). Therefore, a better approach to sociological perceptions of global institutional legitimacy is to examine whether those to whom the organization addresses have “content-independent, non-coercive reasons for complying with its rules” (ibid:411) (in other words, addressees have moral, not just self-interested, reasons for complying with the organization’s rules).

**Maintaining legitimacy**

According to Suchman viewers do not give much thought to reassessing legitimacy and, therefore, do not question a relationship as often once it is in place unless significant changes arise (ibid:594). He has identified two overall strategies for maintaining organizational legitimacy:

- perceiving future changes, and
- protecting past accomplishments.

**Perceiving future changes**

In order to recognize external developments that might bring the legitimacy of the organization into question, the organization must create ‘bridging’ techniques that allow it to gauge viewers’ reactions and foresee emerging challenges (595). Preemptively, an organization may decide to conform to new social expectations,
pursue a new group of supporters, or manipulate its environment – usually in
consort with other organizations – in order to create new legitimating beliefs
(591).

**Protecting past accomplishments**

An organization may also maintain legitimacy by seeking to protect the legitimacy
that it has already acquired, focusing on continual, rather than episodic,
maintenance. In this case, its task is not to win viewer acceptance. Rather, the
organization should refrain from ‘reawakening scrutiny’ and provide viewers
“evidence of ongoing performance vis-à-vis their interests and with periodic
assurances of ‘business –as-usual’” (596). Any new legitimation initiatives
should be selected very carefully, employing only subtle techniques. In terms of
communication, then, it is best to use taken-for-granted explanations –
statements often referred to as ‘common knowledge.’ These messages do not
usually cause viewers to revisit their values and, therefore, often avert scrutiny.
Perhaps most importantly, the organization should avoid publicly treating any
unforeseen event as a threat (596).

**THE OECD AND ORGANIZATIONAL LEGITIMACY**

**Establishing legitimacy**

First, turning to Buchanan and Keohane (2006)’s point that the legitimacy of a
global governance institution depends upon whether those to whom the
organization addresses have “content-independent, non-coercive reasons for
complying with its rules” (411), it is necessary to establish the party or parties to
whom the OECD addresses its rules. It is also necessary to determine whether or not these parties have moral reasons for complying with the OECD’s rules.

A review of the OECD’s database of legal instruments finds that they address OECD member states and other adhering governments. According to a significant body of work compiled by Rianne Mahon and Stephen McBride, The OECD and Transnational Governance (2008), OECD members do have content-independent, non-coercive reasons for complying with the OECD’s rules. As a ‘club’ originally connected to the Cold War, the OECD promotes itself as an organization of like-minded countries that are committed to democratic and free market forms of governance. Members are said to uphold the values of liberal, democratic governance as sacrosanct and promote them as model values for the world (McBride & Mahon, 2008:278). If a member state were not to abide by the OECD’s rules, it would be seen as a renouncement of these values (and possibly as support for socialism or state ownership). Instead, by abiding by the OECD’s rules, a member state is able to uphold OECD values as those of the ideal, modern state (Williams, 2008:118). So, it is not the content of the Organization’s rules, in and of itself, that entices members into compliance. Rather, it is a sense of solidarity and a “shared understanding” (Porter & Webb, 2008:49) that ‘advanced’ countries need to participate in the relentless western strive for improvement and ‘modernization’ (Pal, 2008:75).

Maintaining legitimacy
Now that it is established that the OECD is ‘legitimate’ from the viewpoint of its member states (and other adhering governments), it is possible to turn to an examination of the Organization’s legitimation techniques.

**Perceiving future challenges**
As one ‘hub’ of the global governance architecture established after World War Two, the OECD is intimately connected with a “constellation of institutions” (Woodward, 2009:xiv) with which it regularly shares information. As the OECD often provides analytical assistance to the G8, the G20, and others leading up to their summits, it is privy to key world developments before they are played out on the global stage (ibid:8). Operating in consort with its network of institutions, the OECD is able to detect issues at the micro level and preemptively deal with them before they reach the macro level (Mahon & McBride, 2008:6). Therein lies the influence of the OECD, as both a hub of knowledge experts and a hub of international civil servants.

**Reporting techniques**
Furthermore, the OECD has formalized many checks and balances into its surveillance practices. Under Article 3(a) of the OECD Convention, members are required to “furnish the Organisation with the information necessary for the accomplishment of its tasks” (OECD, Convention, 1961). The Secretariat analyzes a member state’s information, identifying trends and causations. This analysis is often presented to OECD committees and working groups for their discussion. External parties are often invited to participate in these committees to support or debunk policy approaches. After the issues are clarified, the
information is often published in a report or formalized into a legal instrument (OECD, What we do and how, 2011). A key part in this process – and a role that the OECD is often commended for – is spotting new problems. The OECD is said to be very good at detecting connections through its comparative analysis and committee discussions (Woodward, 2009:79).

Civil society

As the OECD’s membership base has grown, it has developed regional contacts (OECD Centres) in Berlin, Mexico City, Tokyo, and Washington D.C. These centres do not only promote the OECD, they provide an invaluable channel for monitoring regional developments in vitro. The OECD also has two civil society groups that operate independently and advise the OECD of emerging issues: BIAC (the Business and Industry Advisory Committee to the OECD) and TUAC (the Trade Union Advisory Committee to the OECD). As these two advisory committees interact directly with labour and business groups, they are much better able to identify emerging problems and gage best responses. And, perhaps most importantly, ‘OECD Watch’ acts as an “external epistemic actor” (Buchanan & Keohane, 2006:432), feeding social responses back to the OECD from all regions of the world. OECD Watch is an international network of civil society organizations that oversees the effectiveness of the OECD Guidelines for Multinational Enterprises in order to promote greater corporate social accountability. Members engage with several European governments and transnational corporations, as well as the OECD’s Investment Committee. Their feedback provides the OECD with an invaluable means for gauging civil society
support (Buchanan & Keohane, 2006:432). When complaints arise regarding transgressions of *the Guidelines*, OECD Watch summarizes the information and records it in its online case database (OECD Watch, Case database, 2011). This database provides a one-stop shop for OECD policymakers. It enables them to quickly discern patterns that are developing around the application of *the Guidelines*. Such feedback is an invaluable reference for determining legal clarifications and future updates to *the Guidelines*.

**New media**

Lastly, now that the OECD is making full use of Web 2.0 social media tools and is fully collaborating on the World Wide Web, the Organization is able to instantaneously receive feedback on its initiatives and ideas. At this year’s 2011 Annual Forum, for instance, while twelve hundred people could attend in person, over two and a half million people could pose questions and participate via twitter (OECD, Forum 2011, 2011). By participating in topics of concern to them, citizens from around the world are creating another “transnational civil society channel of accountability” (Buchanan & Keohane, 2006:432) for the OECD. The Organization is able to quickly receive feedback on its policy options from a diversity of stakeholders and maintain its image as a trendsetter.

**The OECD’s Response to the Financial Crisis**

As an intergovernmental organization, the OECD exists to further the interests of its members, especially its highest-contributing members (Woodward, 2009:43). This fact greatly determines the way that the Organization responds to external
challenges. As a means of methodically investigating the OECD’s perception of the ‘2008 global financial and economic crisis,’ this project examines the electronic back issues of the OECD’s main publication, the *OECD Observer*, from January 2006 to May 2011. Aside from its website, the monthly magazine is the OECD’s public ‘face.’ It is distributed to thirty thousand people in English and French and is accessed online by more than eighty thousand people a month (OECD, *About OECD Observer*, 2011).

December 31, 2006 -- *United States: Long-term challenges*

In December 2006, the OECD notices a downturn in the American housing market and expresses concerns that the decline could materialize elsewhere. However, the OECD predicts that the United States can handle the recession and claims that the world is experiencing a “rebalancing phase” in the economy.

July 26, 2007 – *Why measuring progress matters*

The idea of ‘progress’ as a concern for policymakers enters the OECD public discourse. The OECD Council held its annual ministerial meeting in May 2007, where the OECD Secretary-General encouraged the measurement of social welfare, in addition to the usual focus on national output, as an indicator of economic health. The idea was then pursued at the second OECD world forum in June (at the start of the United States’ sub-prime crisis), where the *2007 Istanbul Declaration on Measuring and Fostering the Progress of Societies* was signed by the European Commission, the OECD, the United Nations, the World
Bank and others (OECD, 2nd World Forum – Istanbul 2007). The OECD indicates that, “Progress must increasingly be measured against criteria more closely aligned with public aspirations and notions of what a better life means.” (The author, OECD Chief Statistician Enrico Giovannini, becomes a key member of the Commission on the Measurement of Economic Performance and Social Progress, brought together under the direction of Nobel-prize winner Joseph Stiglitz at the request of French President Nicolas Sarkozy in February 2008 in order to address the inadequacy of GDP as a measurement of a nation’s standard of living.) (Commission on the Measurement of Economic Performance and Social Progress, 2009).

September 23, 2008 – The financial crisis and its aftermath
OECD Secretary General Gurría extends the Organization’s support for the United States government’s adoption of a “systemic rescue plan,” indicating that the plan will help return the financial markets to “normal” and “preserve employment.”

October 25, 2008 – From the financial crisis to the economic downturn
The OECD claims that “these are exceptional circumstances” and governments have “no choice but to take action” in order to “restore the conditions for growth.” Rather than admitting its role in economic liberalization (and, therefore, that it has contributed to the problem), the OECD presents itself as a solution to the turmoil,
claiming that it “offers a place for governments to solve the crisis together.”

November 27, 2008 – *Tackling the crisis*

OECD Secretary-General Gurría announces that the Organization is continuing its work with governments in order to develop policies for tighter financial market oversight and risk management. The OECD is contributing its recommendations to the G20 Action Plan.

January 2009 – *Economic crisis: The long term starts now*

The OECD is continuing its “strategic response” to the crisis, working with world governments and other international organizations “to stop such failures happening again.” Secretary-General Gurría reinforces the need to maintain the status quo (market capitalism), claiming that “we need healthy financial markets for our prosperity.”

November 12, 2010 – *Better policies for better lives*

Upon the occasion of its upcoming fiftieth anniversary, the OECD announces a new mandate: ‘better policies for better lives.’ Without mentioning its old mandate, the OECD claims that it will now be focusing on the well being of citizens. It declares that the rest of the world is changing, so it must as well: “As the OECD reaches fifty, it must continue to become more relevant, useful and open within a new architecture of global governance.” Yet, the core of the OECD’s work will remain the same “as a source of evidence-based advice for
governments and a standard setter to address many global challenges.” Though the OECD will still be focusing on increasing economic growth, growth alone is no longer sufficient “after the dramatic events we have witnessed since 2008.” The OECD is going to begin measuring and defining “what is understood as well being in the twenty-first century” in order “to overcome the effects of the crisis” and “to lift millions of people around the world out of poverty.”

May 21, 2011 – Your better life index, try it, 24 May!
The OECD releases a new video, announcing its upcoming interactive ‘tool’ directed at citizens (instead of government officials). It asks them two main questions: ‘How’s your life?’ and ‘What’s important to you?’ Citizens can rank what they consider to be important factors for measuring quality of life and view how their countries rate in providing those factors.

May 24, 2011 – Better measures for better lives
As a highlight of its fiftieth anniversary forum, the OECD launches its ‘Better Life Initiative,’ part of a long-term OECD project called ‘How’s Life?’ The project is a result of French President Nicolas Sarkozy’s ‘Commission on the Measurement of Economic Performance and Social Progress’ in 2008 and 2009. The initiative attempts to address the loss of public confidence in democratic governance by involving citizens in the formulation of public policy. The ‘Your Better Life Index,’ the main component of the initiative, “puts people front and centre,” making them the focus of ‘better policies for better lives.’ When announcing the new,
interactive webpage, OECD Secretary-General Gurría associates the Organization’s new emphasis on social progress with Bobby Kennedy, indicating that GDP does not account for complex realities. Quoting Bobby Kennedy’s famous words in 1968, Gurría says, “Gross national product counts air pollution, and cigarette advertising. It counts …. It measures everything, in short, except that which makes life worthwhile.” By linking the OECD’s new policy approach to Bobby Kennedy and the 1960s, the article creates a sense of continuity as well as change. It makes readers feel that a revolution – a social revolution – is underway in the true sense of American tradition.

**Overview of the OECD's response to the financial crisis**

Analysis of these *OECD Observer* articles leads one to realize that the OECD perceived of a significant threat to the world economy in the last quarter of 2006 (yet it seems that it did not foresee the true magnitude of the financial crisis). Before the financial crisis started to hit the United States, OECD member countries were contemplating policy measures to address the growing social inequities brought about by increased globalization and the ‘rebalancing of growth’ across G20 nations. The OECD appears to have conformed with the expectations of its members by maintaining its relatively high level of quality output while at the same time assisting them deal with the effects of the crisis and plan a new public policy agenda to regain citizen trust. In order to live up to these expectations, the OECD pursued a new audience, directly reaching out to citizens for the first time (Gooch, 2011). Working in tandem with a network of
international organizations and backed by the influence of a powerful member state (France), the OECD claims that it is responding to citizens’ demands that they be regarded and not just the economy (ibid). The OECD has now shifted much of its communication platform, attempting to make citizens believe that their welfare is important, that their governments care about their needs and wants and hopes for the future. According to the OECD, while the economy is still a main focus of public policy, it is no longer to be the central focus.

Traditionally ‘modern’ governments have been able to ‘prove’ themselves by nurturing strong economies. Now, however, governments must realize that this is not enough. In order to regain the trust of their citizens, liberal governments must begin protecting what their citizens value – be it the natural environment, public health care or quality education. The OECD has started making use of new media tools in order to recreate the public policy domain. In so doing, it is giving citizens the unrealistic impression that by expressing their opinions to an intergovernmental organization their views will be heard and can, ultimately, affect public policy. Ironically, as the OECD is calling upon citizens to say what they feel makes for a ‘better life,’ as a result of the global financial and economic crisis, most OECD governments are cutting back on social goods rather than increasing them.

**Protecting past accomplishments throughout the crisis**

As the *OECD Observer* articles demonstrate, the OECD remained predictable throughout the financial crisis, drawing upon matter-of-fact statements and its “institutional vocabulary” (Suddaby & Greenwood, 2005:36) to make the crisis
appear to be under control and ‘the market’ seem to be something that exists apart from society. The Organization did not admit to any role in causing the global downturn (though it has always actively encouraged countries to ‘free up’ their markets, and it “has contributed to the construction of an international investment regime to promote free movement of capital) (Williams, 2008:117). Instead, the OECD emphasized its role in “tackling” the crisis by assisting its members and the G20 formulate a “strategic” response. Several times it also alluded to its main functions, reinforcing the role that the OECD was playing in overcoming the challenge: “devising better policies, better regulations and better institutional frameworks that enable businesses to flourish and public interests to be safeguarded in a stronger, cleaner and fairer world economy” (January 26, 2009 – Economic crisis: The long term starts now). Interestingly, the OECD also maintained its emphasis upon ‘open’ markets and ‘restoring economic growth.’ It never shifted from its key messages, only gradually incorporated ‘social well being’ into its usual refrains.

The OECD did not rush to promote a shift in its policy agenda. Rather, it gradually introduced its new mandate over a three-and-a-half year time period, giving constituents ample time to adjust, and, thereby, making the shift seem natural – something that had evolved alongside society and the ‘new birth’ of the OECD, rather than something that had been imposed. As the Organization introduced its new mandate, guiding values, and slogan within the context of its fiftieth-year anniversary, the changes, themselves, seemed celebratory. In fact,
as its website was completely revamped, most viewers would not have noticed the subtle change to its mission statement, as it maintained its traditional ‘look and feel.’ However, this change to the OECD’s mission statement has significant implications, as discussed in future paragraphs. For now, it should be stressed that the OECD was able to maintain organizational legitimacy throughout the financial and economic crisis by maintaining consistent, predictable communications regarding its members, especially the United States, which it publicly supported from the onset of the crisis. By working closely with its members and frequently interacting within its greater network of organizations, the OECD was able to portray an appearance of ‘business-as-usual’ and then spearhead a new project to improve public trust.

The OECD’S RECENT CHANGE IN MANDATE

As previously mentioned, upon the occasion of the OECD’s fiftieth-year anniversary, the Organization has changed its mission statement. According to its former mission statement, the OECD has a clear mandate:

The OECD brings together the governments of countries committed to democracy and the market economy from around the world to support sustainable economic growth, boost employment, raise living standards, maintain financial stability, assist other countries’ economic development and contribute to growth in world trade (Public Policy Forum, 2011).

The OECD’s new mission statement has a much broader mandate:

The mission of the OECD is to promote policies that will improve the economic and social well-being of people around the world (OECD, About the OECD, 2011).
While the OECD’s new mission statement adopts the recommendation of Joseph Stiglitz that governments focus public policy on both economic and social well-being (Commission on the Measurement of Economic Performance and Social Progress, 2009) – and many might argue that its brevity is preferable to the length of the OECD’s former mission statement – one should not overlook the fact that the OECD has dropped its commitment to ‘democracy’ and the market economy from its mandate. This omission should not be seen as a casual oversight. As a twentieth-century organization, the OECD was considered to be the economic branch of NATO (Woodward, 2009:63). As a twenty-first century organization, the OECD would like to become more global (ibid:122). The OECD is in accession talks with Russia and in enhanced engagement with Brazil, China, India, Indonesia and South Africa to become full members (OECD, Members and Partners, 2011). Not all of these nation states espouse ‘democracy’ and ‘free’ market capitalism. The governments of China and Russia, for instance, “define their national identity partly in opposition to existing OECD countries’ western liberal values” (Porter & Webb, 2008:57-58). If the OECD had not changed its mandate and yet accepted China, Russia, and others as full members, the Organization would not have been seen as legitimate in its promotion of ‘democratic’ and ‘free’ market principles. Therefore, the advent of the OECD’s fiftieth anniversary and its shift towards the promotion of social progress are very timely. Not only do they help the OECD maintain organizational legitimacy despite the ‘global financial crisis,’ but they also enable
the OECD to maintain legitimacy despite moving away from its ‘western’ roots.

**Perceiving future changes**
Based upon addresses that United States Secretary of State Hillary Clinton and French Prime Minister François Fillon delivered at the commemoration of the fiftieth anniversary of the OECD in May 2011, the Organization has been under considerable pressure from its member states to extend full membership to ‘the Big Six’ (China, India, Brazil, Russia, Indonesia and South Africa). The G20, in which these countries participate, is now recognized as a quasi-formal network and much more reflective of “the true state of international relations” (Najam, 2001:5), as it does not maintain the post-war status quo. The OECD has been providing analytical support services to the G20 and participating in its forums for the past few years, yet as the OECD does not represent all of the G20 member states, its legitimacy to do so is often questioned (Leão, OECD 50th Anniversary Forum, Emerging Economies, 2011). Therefore, the OECD is conforming to the expectations of its G8 member states by engaging with the Big Six in the accession process.

**Protecting past accomplishments**
In addition to the legitimation techniques already mentioned, attention should be drawn to the manipulation of language and its role in changing reality (Suchman, 1995:596). Suddaby and Greenwood (2005) have found that there are two elements to rhetoric that help to legitimate profound institutional change: institutional vocabularies and rhetorical strategies (36). If ‘rhetoric’ can simply be
considered “the art of persuasion” (ibid:40), ‘rhetorical strategies’ are strategies that persuade. ‘Institutional vocabularies,’ on the other hand, are words, phrases and texts based upon an institution’s professional logic – its model of expertise or its history of understanding (ibid:36). This language is very persuasive, both to people inside and outside the organization. As the OECD is an economic policy organization, it frequently draws upon ‘scientific’ economic theories and terms to make persuasive arguments and deter criticism. In order to legitimate its new position, value-based rhetoric is best, for it makes the change seem natural (ibid:60). In western culture, economic rationality is tied to goal-oriented behaviour and to notions of linear ‘progression’; therefore, by crafting its new mission statement to highlight its role in promoting policies that will improve human well being, the OECD is using language charged with deeply-held western values. Constituents are much more likely to accept the organizational change, as they become personally included in the new mission statement and, therefore, accepting of the new ‘reality.’ Yet, while the OECD has changed its rhetoric, its institutional logic has remained the same. The OECD may now give the impression that it is putting social values at the center of its policy concerns; however, the Organization is, and always has been, focused on ‘growing’ its members’ economies, and for this reason, it is able to maintain organizational legitimacy.

THE OECD AND HEGEMONY

Turning to the global financial and economic crisis, the OECD has been able to maintain legitimacy despite the challenge to its authority due, in great part, to its
position in a “hegemonic historical bloc” (Lears, 1985:580) or “transnational capitalist class” (Xing & Hersh, 2006:47) – a network of leaders that have formed alliances based upon economic and cultural ties (Lears, 1985:580). According to Xing and Hersh, a ‘transnational capitalist class’ is a ruling class that operates at the international level and now encompasses the globe (Xing & Hersh, 2006:47). This network is not only made up of the leaders of multinational conglomerates; it is made up of a wide range of decision-makers and people of influence, such as political leaders, media magnates, technocrats, and policy-makers. The OECD, as a hub of policy-makers, technocrats ad political leaders, falls comfortably into this ‘transnational capitalist class.’ Its great influence lies in its ability to propagate ideology, thereby shaping social attitudes and common values, defining them as universal values (Woodward, 2008:84). As the OECD’s judgments are formed by renowned experts, they are often upheld as ‘best’ practices, framing ‘common-sense’ norms (ibid:85). Constituents accept the OECD’s ‘logic’ often unconsciously, adopting its institutional vocabulary and reproducing it in their home countries, thereby introducing its ideas into public discourse and public consciousness (Porter & Webb, 2008:51). As previously discussed, the OECD responded to the global financial crisis (which posed a challenge to its authority) by offering citizens a ‘compromise’: maintenance of the existing (neoliberal) capitalist order BUT greater consideration for citizen well being. This ‘social compromise’ was not the response of the OECD alone. Many of its member states responded in similar fashion. France launched an initiative to gauge ‘quality of life’ (2009); the United Kingdom announced its ‘happiness
index’ (2010); Germany declared its support for alternative measures of prosperity (2011), and the European Union adopted a ‘Resolution on GDP and beyond’ (2011). In this way, the elite class adapted to the threat (posed by the financial crisis) rather than giving it the opportunity to change the basis of the (capitalist) social order. As the OECD and other members of its elite network effectively define the language and ideological framework by which the financial crisis was and is perceived, they greatly determine the ways in which the crisis can be responded to, thus reinforcing their position of power – if not increasing their position of power, as in times of ‘crisis’ expert knowledge and leadership are all the more necessary. Though the financial crisis has caused many members of the mass public to question the ‘effectiveness’ of the market capital system (especially its current neoliberal form) (Nullmeier, 2011), it is not easy to exit the system altogether, and a better alternative does not yet seem available. The general public have few means at their disposal to counter with a system of their own, as they have learned to think individualistically under the liberal democratic order, and capitalism keeps them in competition with one and other, making joint action less likely, especially against those in control (Lears, 1985:575). As Alex Demirovic notes, “individuals are ‘individualized’” (2009: 46). They have been ideologically shaped by the market-driven logic of neoliberalism and have learned to think of themselves in an entrepreneurial way, rationalizing themselves in relation to employability (ibid:47). Though many citizens now find themselves worse off as a result of the world financial crisis – having lost their pension, home, or job -- most still support the capitalist system (either
consciously or unconsciously) having known no alternative and having learnt to believe in it and its leaders (Xing & Hersh, 2006:39). After all, capitalism always holds the promise of a better future. As globalization increases, it juxtaposes the ‘haves’ and the ‘have nots,’ making the ‘haves’ (consciously or subconsciously) happy that they support the elite class’s position, and the ‘have nots’ working towards the opportunity to become the ‘haves.’

**RE-SHAPING THE WORLD**

After a discussion of hegemony and how it has enabled the OECD to maintain organizational legitimacy, it is now timely to examine the legitimating relationship at play between the organization, its new mission statement and the external environment and how they reveal a passive acceptance of a new global identity in the West. Where the Organization was previously focused on the promotion of democracy and ‘free’ market capitalism (‘western’ values and principles), it is now concerned with promoting “policies that will improve the economic and social well-being of people around the world” (OECD, About the OECD, 2011). This project does not seek to criticize the Organization’s shift away from promoting ‘democracy.’ The debate surrounding ‘democracy’ and the West is so multifaceted that it requires separate exploration. This project does seek, however, to criticize the OECD’s shift away from its identity as a ‘western’ organization, without affording citizens the opportunity to re-shape themselves in their own image (should they wish to discard their ‘western’ identity, that is) (Harvey, 2006:77). Ironically, upon the launch of its ‘Your Better Life’ initiative,
the OECD has shifted its communications platform to directly interacting with citizens (Gooch, OECD Forum 2011). The OECD claims to be seeking citizen input into its decision-making. Yet, surely, if this were the case, the OECD, an organization formerly committed to the promotion of democracy, would have consulted with the citizens that it represents before making such a drastic change. For, in moving away from its ‘western’ identity, the OECD (in concert with its member states and other global governance institutions) is, in effect, re-shaping the identity of ‘western’ citizens, and it is re-shaping the identity of these citizens in its own view (Harvey, 2006:89). During the Cold War period, the OECD helped form the identity of ‘the West’ together with other ‘western alliances,’ such as NATO (Wolfe, 2008:27). This identity, thus, served political and economic purposes. Now, during the post-Cold War period, geopolitical circumstances have changed, and Russia is in accession talks to become a member of the OECD. To the ignorance of most western citizens, a new identity is once again being imposed upon them, this time in the name of twenty-first century ‘efficiency’ (economic globalization) (Harvey, 2006:84).

CONCLUSION

In summary, this project has explored two main questions:

1. How has the OECD maintained organizational legitimacy despite the ‘2008 global financial and economic crisis’?

2. How has the OECD maintained organizational legitimacy despite its recent change in mandate?
A co-evolutionary approach to organizational change uncovered some of the Organization’s historical sources of legitimacy, many of which are rooted in the Organization’s identity as a ‘western’ organization. Yet, it is this identity that the OECD is now trying to shed. Its new mission statement drops references to the Organization’s role in promoting ‘democracy’ and ‘free’ market capitalism. The OECD is currently in enhanced engagement with ‘The Big Six,’ several large non-western states to extend them full membership, namely: China, India, Brazil, Indonesia, Russia, and South Africa; therefore, the Organization is trying to appear more ‘global’ in its pursuits. Yet, “Western-centred capitalism” (Harvey, 2006:72) is still its raison d’être. The shift in the OECD’s mandate is cause for concern. In deemphasizing the importance of ‘western’ values and principles, the Organization is deemphasizing the importance of liberal human rights – the basis of the Charter of the United Nations and the ‘social contract’ between ‘western’ governments and their citizens. Furthermore, by altering its identity, the OECD (in concert with its member states and other global governance institutions) is also re-shaping the identity of ‘western’ citizens, thereby showing them to be incapable of shaping their own future.

Discourse analysis of OECD Observer articles dating from January 2006 to May 2011 finds that the OECD has been able to maintain organizational legitimacy despite the global financial crisis and despite its change in mandate by conforming to pressure from its wealthiest member states and
agreeing to accept ‘The Big Six’ as full members. These countries are considered to be great sources of future economic growth (OECD, Economic Outlook 2011, 2011:230). By inviting them into ‘the club,’ the OECD will have much more influence over the financial and economic governance of their states, as all members are expected to adopt similar practices and processes (Porter & Webb, 2008:45). Other OECD members will also have increased opportunities to develop new markets for their corporations (as was the case with the United States and the OEEC). As Allen Buchanan notes, “To a large extent, the legitimacy of institutions depends upon their instrumental value” (2011:8). As the OECD is able to fulfil its purpose by ensuring new sources of economic growth for its members, the Organization is able to maintain legitimacy. Despite all of the rhetoric, the OECD is not an organization for social and economic cooperation. It is an organization for better economic coordination and capital development.
REFERENCES


from http://www.oecd.org/site/0,3407,en_21571361_31938349_1_1_1_1_1,00.html


APPENDIX 1

International media and journal analysis:

An analysis of international media and journal articles was conducted for the October 1, 2008 to December 31, 2009 time period. This date range was selected, as the crisis publicly became of concern after Lehman Brothers announced, on September 14, 2008, that it would file for bankruptcy and the United States Congress passed a $700-billion-dollar asset relief bailout on October 2, 2008 (Guillén, 2010:7). The world economic crisis continued for much of 2009 (ibid:47).

Search terms = OECD (for English media) & OCDE (for French and Spanish)

Criteria:
Three popular daily newspapers (with online archival search functions) were selected from each of the following countries:
- Canada (location of the study)
- USA (largest financial contributor to the OECD)
- France (site of the OECD)
- Spain (OECD member, another language group within Europe)
- Japan (second-largest financial contributor to the OECD, an Asian country)
- Turkey (OECD member, Asian-European state)
- Russia (in accession for OECD membership)
- India (in enhanced engagement for OECD membership)
- Argentina (non-OECD member)

Journal directories were selected based upon the scope of their journals, with preference being given to European-based directories, as the OECD is based in Europe.
*Toronto Star articles were electronically accessed via the CPI.Q database.
*Globe & Mail articles were electronically accessed via Athabasca University archives.
Summary of Findings:

Only two news articles criticizing the OECD were located:

- One article was published in Russia (*The Moscow Times*, 2008/10/27)
- One article was published in Argentina (*La Nación*, 2009/02/22)

Other articles commented favorably on the OECD's work or cited its authoritative findings.

**CANADA:** *Globe & Mail, National Post, & Toronto Star* – citing OECD stats

**USA:** *New York Times, USA Today, & Washington Post* – citing OECD

**FRANCE:** *Le Figaro, Le Monde, & Le Parisien* – citing OECD forecasts

**SPAIN:** *El País, El Mundo, & El Correo* – talk about Chile’s accession

**JAPAN:** *Daily Yomiuri, Mainichi, & Japan Times* – citing OECD stats

**TURKEY:** *Daily News, Sabah & Today’s Zaman* – only positive

**RUSSIA:** *Moscow Times, St. Petersburg Times, Moscow News* – 1 neg*

**INDIA:** *Times of India, India Daily, Hindustan Times* – citing stats

**ARGT.:** *La Prensa, La Nación, Crónica* – 1 critical article found*

**Directory of Open Access Journals:** only articles citing OECD’s figures

**European Journal of Social Sciences:** only citing comparative stats

**Social Europe Journal:** no references to the OECD

**Europe’s World Journal:** no references to the OECD
APPENDIX 2

International media and journal analysis:

In order to determine if the legitimacy of other international economic organizations was brought into question during the same time period, two organizations similar in mandate to the OECD were selected: the International Monetary Fund and the World Trade Organization.

Search terms= IMF & WTO (for English media)
= FMI & OMC (for French and Spanish media)

Criteria:
All other search criteria remained the same for comparative purposes (the same newspapers and directories were consulted in the same nine countries as for the OECD study.)

Summary of Findings:
All in all, a total of 333 articles critical of the IMF and 118 articles critical of the WTO were located for the October 1, 2008 – December 31, 2009 time period. These figures sharply contrast with the two articles found critical of the OECD for the same time period. (North American and European OECD member countries appear to be most critical of the IMF). Examples of the critical nature of these articles include the following:

- “IMF: Feared, then ignored” (Globe & Mail, 2009/04/21)
- “IMF needs some Facebook friends” (New York Times, 2008/10/17)
- “Nicolas Sarkozy plaide pour une réforme du FMI et de la Banque mondiale (Le Monde, 2009/09/25)
- “Lula da Silva: ‘Hoy somos nosotros los que decimos al FMI lo que hay que hacer” (El Pais, 2009/08/04)
- “Drive to recast IMF faces legitimacy hurdle” (Daily News & Economic Review, Turkey, 2009/10/07)
- “The Myth of the IMF” (DOAJ, Melnick, 2009)
APPENDIX 3

The OECD presently has thirty-four member states:

<table>
<thead>
<tr>
<th>Australia</th>
<th>Netherlands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>New Zealand</td>
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<tr>
<td>Belgium</td>
<td>Norway</td>
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<tr>
<td>Canada</td>
<td>Poland</td>
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<tr>
<td>Chile</td>
<td>Portugal</td>
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<td>Czech Republic</td>
<td>Slovak Republic</td>
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<td>Denmark</td>
<td>Slovenia</td>
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<td>Estonia</td>
<td>Spain</td>
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<td>Finland</td>
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<td>France</td>
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<td>Germany</td>
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<td>Greece</td>
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<td>Hungary</td>
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<td>Korea</td>
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<td>Luxembourg</td>
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<td>Mexico</td>
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</table>

(OECD, Members, 2011)
APPENDIX 4: SIZE OF THE OECD

The following figures indicate the size and budget of the OECD and are listed alongside similar intergovernmental organizations for comparison sake. All figures are provided for the 2011 fiscal year. (*Budget figures represent administrative annual budgets)

<table>
<thead>
<tr>
<th>Organization</th>
<th>Staff</th>
<th>Members</th>
<th>Budget ($1=.69€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OECD</td>
<td>2,500</td>
<td>34</td>
<td>$500 million USD</td>
</tr>
<tr>
<td>IMF</td>
<td>2,400</td>
<td>187</td>
<td>$933 million</td>
</tr>
<tr>
<td>World Bank</td>
<td>10,000</td>
<td>187</td>
<td>$1,777.5 million</td>
</tr>
<tr>
<td>WTO</td>
<td>637</td>
<td>153</td>
<td>$232 million</td>
</tr>
<tr>
<td>Commonwealth Secretariat</td>
<td>275</td>
<td>54</td>
<td>$24.6 million</td>
</tr>
</tbody>
</table>

All data has been sourced from the organizations’ public websites:

http://www.oecd.org/pages/0,3417,en_36734052_36734103_1_1_1_1_1,00.html
http://www.imf.org/external/about.htm
http://www.wto.org/english/thewto_e/thewto_e.htm#secretariat
http://www.thecommonwealth.org/Internal/190945/34492/funding/

Per its number of members, the OECD is relatively well equipped with resources. This could provide one explanation for the Organization’s sound reputation for quality and consistency of output (thus contributing to the maintenance of its legitimacy).
APPENDIX 5

OECD – List of Departments and Special Bodies

Secretary-General
   - General Secretariat
     - Departments
       Centre for Entrepreneurship, SMEs and Local Development
       Centre for Tax Policy and Administration
       Development Co-operation Directorate
       Directorate for Education
       Directorate for Employment, Labour and Social Affairs
       Directorate for Financial and Enterprise Affairs
       Directorate for Science, Technology and Industry
       Economics Department
       Environment Directorate
       Public Governance and Territorial Development Directorate
       Statistics Directorate
       Trade and Agriculture Directorate
       - Special Bodies
         Africa Partnership Forum
         Development Centre
         Financial Action Task Force
         Global Project ‘Measuring the Progress of Societies’
         Heiligendamm L’Aquila Process Support Unit
         International Energy Agency
         International Transport Forum
         Nuclear Energy Agency
         Partnership for Democratic Governance Advisory Unit
         Sahel and West Africa Club
APPENDIX 6

OECD Partnerships with International Organizations

The OECD has partnership agreements with the following organizations:

- Asian Development Bank
- European Investment Bank
- Inter-American Development Bank
- International Labour Organization
- United Nations Conference on Trade and Development
- World Bank
- World Health Organization

The OECD regularly cooperates with these organizations:

- African Development Bank
- Asia Pacific Economic Cooperation
- Food and Agriculture Organization of the United Nations
- International Labour Organization
- International Monetary Fund
- United Nations Development Programme
- United Nations Economic Commission for Africa
- United Nations Educational, Scientific and Cultural Organization
- World Trade Organization

These exchanges are in addition to the OECD’s close relationships with

- The G8 and G20
- Council of Europe Parliamentary Assembly, and
- NATO Parliamentary Assembly

(OECD, Partnerships with International Organizations, 2011)