

Chapter 20 | International Economic Policy and Global Governance

Comic strip idea: Who makes the rules of the global economy—and how can those rules serve people, development, and the planet?

Imagine that a new virus spreads across countries. Medicines are developed in one region, manufactured in another, financed by international institutions, protected by intellectual-property rules, and purchased by governments. At the same time, supply chains are disrupted, migrant workers lose jobs, and countries compete for vaccines and medical equipment. No single government controls the whole system, yet decisions made abroad can affect whether a family has access to medicine, whether a worker keeps a job, and whether a country can respond to a crisis.

Chapters 18 and 19 explained why countries trade and how trade can create both benefits and costs. This chapter takes the next step. International exchange does not occur in a rule-free world. It is shaped by treaties, international organizations, financial institutions, regional agreements, multinational corporations, standards, and negotiations among governments. These arrangements are called international economic governance.

The central question is not simply whether countries should cooperate. They must cooperate because finance, climate change, technology, taxation, disease, migration, and production cross national borders. The harder questions are: Who writes the rules? Whose interests receive the greatest attention? Which decisions remain under national control? And how can international cooperation become more democratic, inclusive, and accountable?

By the end of this chapter, you should be able to explain what international economic governance is and why countries need it; distinguish the roles of major global and regional institutions; describe policy space and the ways international commitments influence national choices; analyze how power and representation affect international decisions; and evaluate policies for making global governance more inclusive, sustainable, and development-oriented.

A. From International Trade to Global Governance

International economic governance refers to the rules, institutions, agreements, and decision-making processes that organize economic relations across borders. It covers more than trade. It includes international finance and debt, development lending, taxation, climate policy, labor migration, intellectual property, digital platforms, data, and standards for products and production.

Governance is broader than government. There is no single world government with complete authority over all countries. Instead, governments voluntarily enter agreements, create international organizations, and participate in forums that coordinate policies. Some commitments are legally binding. Others operate through loans, technical standards, monitoring, peer pressure, or shared expectations.

These arrangements can produce important public benefits. Common rules can reduce uncertainty, prevent harmful disputes, coordinate responses to crises, and make cooperation possible among countries that have different interests. But international rules can also distribute costs and benefits unevenly. A rule

that appears neutral may be easier for a wealthy country or large corporation to follow than for a developing country, small firm, or local community.

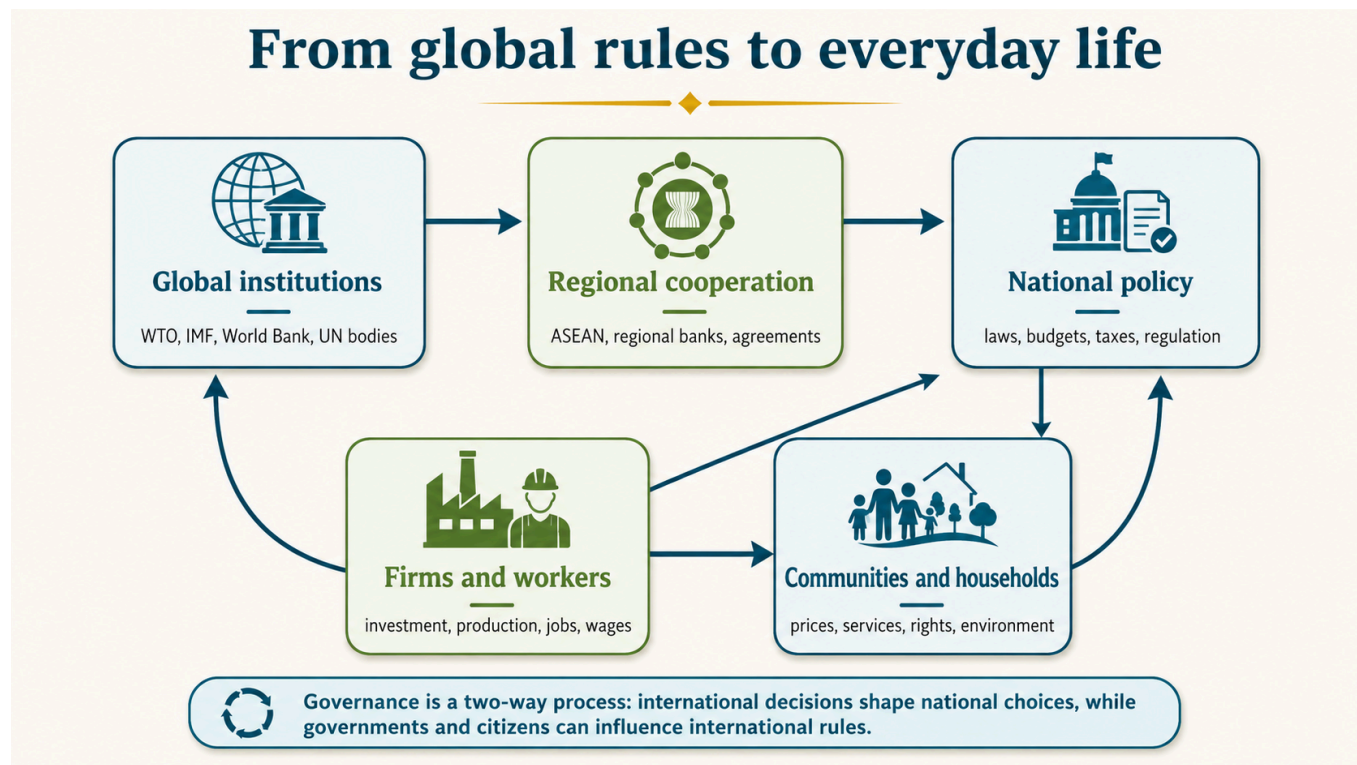


Figure 19.1. International economic governance connects global institutions, regional arrangements, national policy, and everyday economic life.

B. Why Do Countries Need International Cooperation?

Many economic problems are cross-border problems. Air pollution and greenhouse-gas emissions do not remain inside national borders. A banking crisis in one country can reduce investment and employment elsewhere. A multinational corporation may operate in many countries while reporting profits in a low-tax jurisdiction. A digital platform can sell services to Philippine users without maintaining a large physical office in the country. Migrant workers may be recruited in one country, employed in another, and protected by agreements involving both governments.

Economists describe some shared benefits as global or regional public goods. These are benefits—such as financial stability, pandemic preparedness, a safe climate, or reliable international standards—that are difficult for one country to provide alone. Cooperation is needed because each government may be tempted to rely on the efforts of others, even though everyone benefits when countries act together.

Why countries need international cooperation

Cross-border issue	Why national action alone is insufficient	Examples of cooperation
 1. Financial instability	Capital moves quickly across borders, and crises can spread through banks, currencies, and trade.	 IMF surveillance and financing, regional funds, central-bank coordination.
 2. Climate change	Emissions produced in one country affect the entire planet.	 Paris Agreement, climate finance, technology cooperation.
 3. Corporate taxation	Multinational firms can shift profits and organize transactions across several tax systems.	 Tax treaties, information exchange, global minimum-tax rules, UN tax negotiations.
 4. Labor migration	Workers cross borders, but their rights depend on both sending and receiving countries.	 ILO standards, bilateral labor agreements, consular and migrant-worker services.
 5. Digital platforms and AI	Data, algorithms, content, and services move across jurisdictions.	 Data rules, consumer protection, cybersecurity cooperation, Global Digital Compact.
 6. Pandemics	Disease, supply chains, vaccines, and medical knowledge cross borders.	 WHO coordination, technology transfer, trade and intellectual-property flexibilities.
 Global problems cross borders, so effective solutions require rules, coordination, and shared responsibility. 		

International cooperation does not eliminate national responsibility. A treaty cannot substitute for a competent health system, a fair tax administration, or strong environmental enforcement. International rules work best when they reinforce capable and accountable national institutions.

C. Institutions That Shape the Global Economy

International institutions have different mandates and methods. Some establish rules. Some provide loans and grants. Some collect data, set standards, or help countries negotiate. Understanding these differences prevents us from treating “global governance” as one single authority.

The World Trade Organization

The World Trade Organization, or WTO, provides a framework for rules governing trade in goods, services, and intellectual property. It also offers a forum for negotiations, trade-policy reviews, and dispute settlement. WTO decisions are generally made by consensus, so each member formally has a voice. The agreements also contain special provisions for developing and least-developed countries (WTO, 2026).

Formal equality, however, does not always mean equal practical influence. Negotiations require lawyers, economists, scientific experts, data, and constant participation in meetings. Countries with larger delegations and deeper technical resources may be better able to shape complex rules or pursue disputes.

The International Monetary Fund

The International Monetary Fund, or IMF, focuses on international monetary cooperation and financial stability. It monitors economies, provides policy advice, and lends to countries facing balance-of-payments or foreign-exchange crises. IMF financing is intended to provide breathing room while a country restores stability. Loans are normally accompanied by policy commitments known as conditionality (IMF, 2023).

Unlike the WTO's consensus-based system, voting power in the IMF is linked partly to each member's quota. Quotas influence financial contributions, access to financing, and voting shares. This gives larger economies greater voting power and creates continuing debates about whether governance adequately reflects changes in the world economy and the voice of developing countries (IMF, 2026).

The World Bank and regional development banks

The World Bank and regional institutions such as the Asian Development Bank provide development financing, technical assistance, and policy knowledge. Their support can fund transport, energy, education, health, agriculture, public administration, climate adaptation, and other investments. Some financing is provided on concessional terms, while other loans are closer to market-based lending (ADB, 2026; World Bank, 2026).

Development banks can help finance projects that a country cannot immediately afford. At the same time, loans must be repaid, projects may have environmental and social effects, and policy-based financing can influence national reforms. Citizens should therefore ask whether projects are transparent, economically justified, environmentally sound, and consistent with national priorities.

The United Nations, UNCTAD, and specialized agencies

The United Nations system provides forums where countries develop international norms and coordinate action. UN Trade and Development, commonly known as UNCTAD, gives particular attention to trade, finance, investment, technology, debt, and the development concerns of lower-income economies. Other specialized institutions include the International Labour Organization for labor standards, the World Health Organization for health cooperation, and the United Nations Framework Convention on Climate Change for climate negotiations .

ASEAN and regional governance

For the Philippines, regional institutions are especially important. ASEAN economic integration influences trade, investment, transport, digital cooperation, professional mobility, standards, and supply chains. The ASEAN Community Vision 2045 describes a future that is resilient, innovative, dynamic, and people-centered, while the ASEAN Economic Community Strategic Plan for 2026–2030 emphasizes a future-ready economy, sustainability, inclusion, and technological change (Association of Southeast Asian Nations [ASEAN], 2025a, 2025b).

ASEAN usually relies on consultation and consensus. This can help preserve cooperation among countries with different political and economic systems, but it can also slow decisions or produce commitments that depend heavily on national implementation.

Different institutions use different tools



Figure 19.2. Major institutions influence the global economy through rules, finance, standards, research, and regional cooperation.

Institution	Main role	Important governance question
WTO	Trade rules, negotiations, policy review, and disputes	Do all members have sufficient capacity to use and shape the rules?
IMF	Financial surveillance, crisis lending, and adjustment programs	How should stability be balanced with employment, social protection, and national ownership?
World Bank and ADB	Development finance, technical support, and policy knowledge	Are projects accountable, sustainable, and aligned with public priorities?
UN and UNCTAD	Global norms, research, development advocacy, and negotiation forums	Are developing-country concerns reflected in the international agenda?
ASEAN	Regional integration and cooperation	Can consensus produce timely action and inclusive implementation?

Institution	Main role	Important governance question
ILO, WHO, and UNFCCC	Labor, health, and climate standards and coordination	How can commitments be translated into enforceable national action?

D. International Agreements and National Policy Space

Countries join international agreements because predictable rules can expand markets, reduce conflict, attract investment, and make cooperation more credible. However, every agreement also affects national policy choices. A trade agreement may limit certain tariffs or subsidies. An investment agreement may establish protections for foreign investors. Intellectual-property rules affect medicines and technology. Digital agreements can influence data flows, privacy, and taxation.

Policy space refers to the freedom and practical ability of a government to identify and pursue an appropriate mix of economic and social policies. UNCTAD emphasizes that policy space includes both legal room under international commitments and the national capacity to design and implement policy (UNCTAD, 2024).

Preserving policy space does not mean rejecting all rules or allowing government to act without limits. National policies should still be evidence-based, transparent, lawful, and subject to democratic debate. The goal is to avoid agreements that prevent countries from responding to emergencies, developing productive capabilities, protecting rights, or addressing inequality.

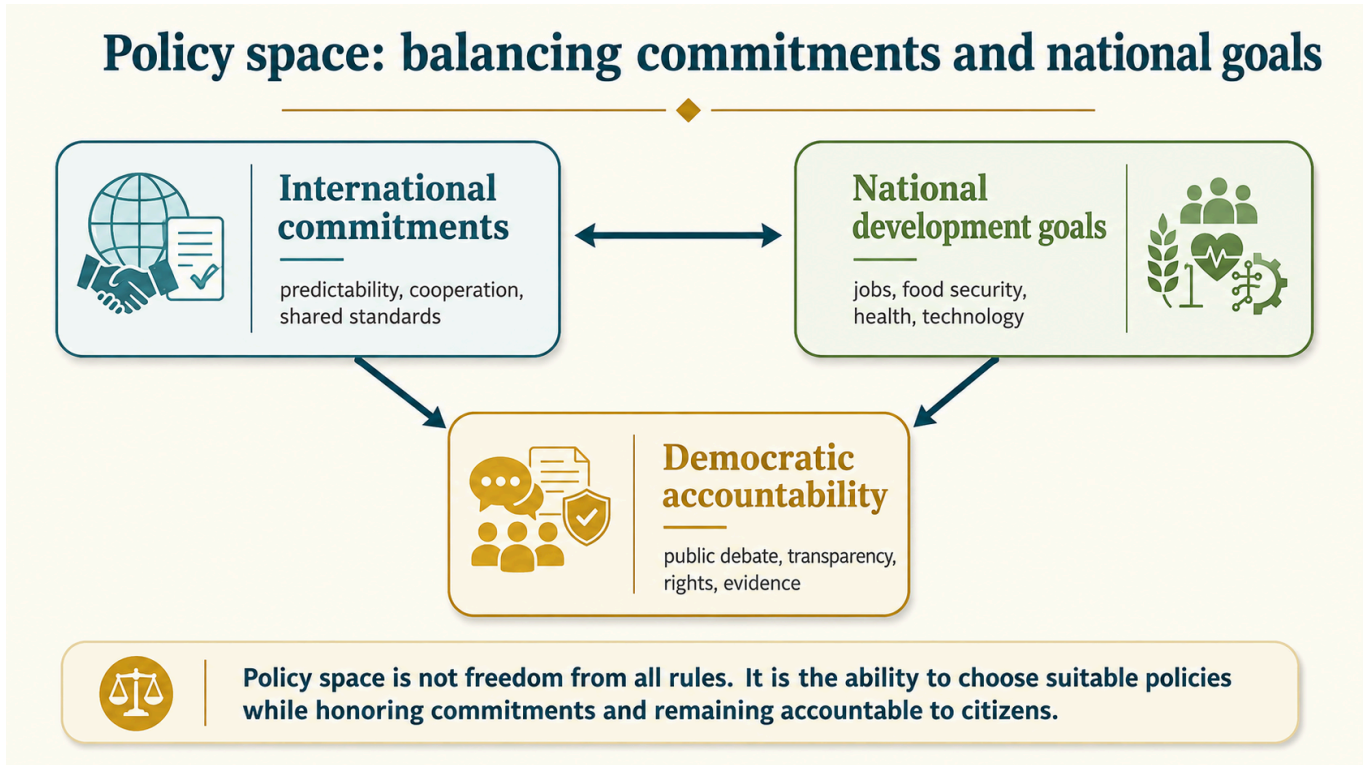


Figure 19.3. Good policy space balances international cooperation, national development priorities, and democratic accountability.

Policy area	Possible international commitment	National policy concern
Industrial development	Limits on tariffs, subsidies, or local-content rules	Can government still support learning, innovation, and new industries?
Public health	Patent and intellectual-property protections	Can medicines be made affordable and supplied during emergencies?
Public procurement	Rules on equal access for foreign suppliers	Can procurement support local capability while still preventing corruption?
Investment	Protections and dispute procedures for investors	Can government regulate for health, labor, environment, and public welfare?
Digital economy	Cross-border data and service rules	Can government protect privacy, competition, consumers, and tax revenues?
Agriculture	Market-access and subsidy rules	Can government support food security and small farmers?

Case Study 19.1 | Vaccines, Intellectual Property, and Public Health

During the COVID-19 pandemic, countries needed vaccines at the same time, but production capacity, technology, and purchasing power were unevenly distributed. Intellectual-property rules were one part of a larger system that also included research funding, manufacturing knowledge, raw materials, regulatory approval, and supply contracts.

In June 2022, WTO members adopted a decision clarifying and temporarily easing certain patent-related requirements for the production and export of COVID-19 vaccines to developing members. Supporters viewed the decision as a way to expand policy flexibility; critics argued that it was too narrow or that patents were not the main barrier. The debate showed that innovation and access do not have to be treated as opposites. Public investment, fair licensing, technology transfer, regional manufacturing, and predictable rules can support both (WTO, 2022).

The World Health Organization's mRNA technology-transfer program takes a capability-building approach by sharing knowledge and training with producers in lower- and middle-income countries. This aims not only to supply a single product, but to build lasting regional capacity for future health emergencies (WHO, 2026).

E. Power, Voice, and Representation

International negotiations take place among sovereign states, but countries enter the room with very different resources. A large economy may offer access to an enormous consumer market. A financial center may influence investment flows. A technology-producing country may control important patents or standards. A mineral-rich country may possess strategic resources but still lack refining technology or bargaining capacity.

Power also operates through expertise. Rules on finance, taxation, digital trade, or product standards can be highly technical. Countries that can maintain large negotiating teams, commission research, and participate continuously are better positioned to influence detailed provisions. Smaller states often respond by forming coalitions, sharing technical resources, or negotiating through regional groups.

Source of influence	How it affects negotiations	Possible response by smaller countries
Market size	Other countries and firms value access to consumers.	Negotiate collectively through regional or issue-based coalitions.
Finance and reserve currencies	Creditors and financial centers can influence borrowing conditions.	Diversify financing and strengthen regional safety nets.
Technology and intellectual property	Control of knowledge can shape production and standards.	Invest in research, use lawful flexibilities, and negotiate technology transfer.
Natural resources	Strategic minerals, energy, or food can create leverage.	Coordinate policy, require responsible investment, and move into higher-value activities.
Expertise and negotiating capacity	Technical knowledge affects the details of agreements.	Build permanent teams, public data systems, and independent research capacity.
Public legitimacy	Transparent and inclusive positions can be more credible.	Consult workers, firms, communities, scholars, and civil society before negotiations.

Multinational corporations and civil-society organizations also influence global governance. Firms may provide expertise and investment but may lobby for rules that protect their own market position. Worker organizations, environmental groups, public-health advocates, consumer groups, and Indigenous peoples can bring affected communities into debates that might otherwise be dominated by governments and corporations.

Participation should therefore be meaningful rather than symbolic. Publishing negotiating objectives, disclosing major commitments, conducting impact assessments, and consulting affected sectors can improve both legitimacy and policy quality.

F. International Finance, Debt, and Conditionality

Countries borrow internationally to finance infrastructure, respond to disasters, stabilize the economy, or cover temporary shortages of foreign currency. Borrowing can support development when funds are invested productively and debt remains manageable. It becomes dangerous when interest costs grow faster than public revenue, borrowed funds are wasted, or a country depends on repeated borrowing to pay old obligations.

The IMF is part of the global financial safety net. It does not normally finance individual roads or schools; instead, it provides foreign-exchange support to countries facing external financing problems. The World Bank and ADB more often finance projects, programs, and institutional reforms. Regional arrangements, bilateral credit lines, foreign-exchange reserves, and strong domestic financial systems provide other layers of protection.

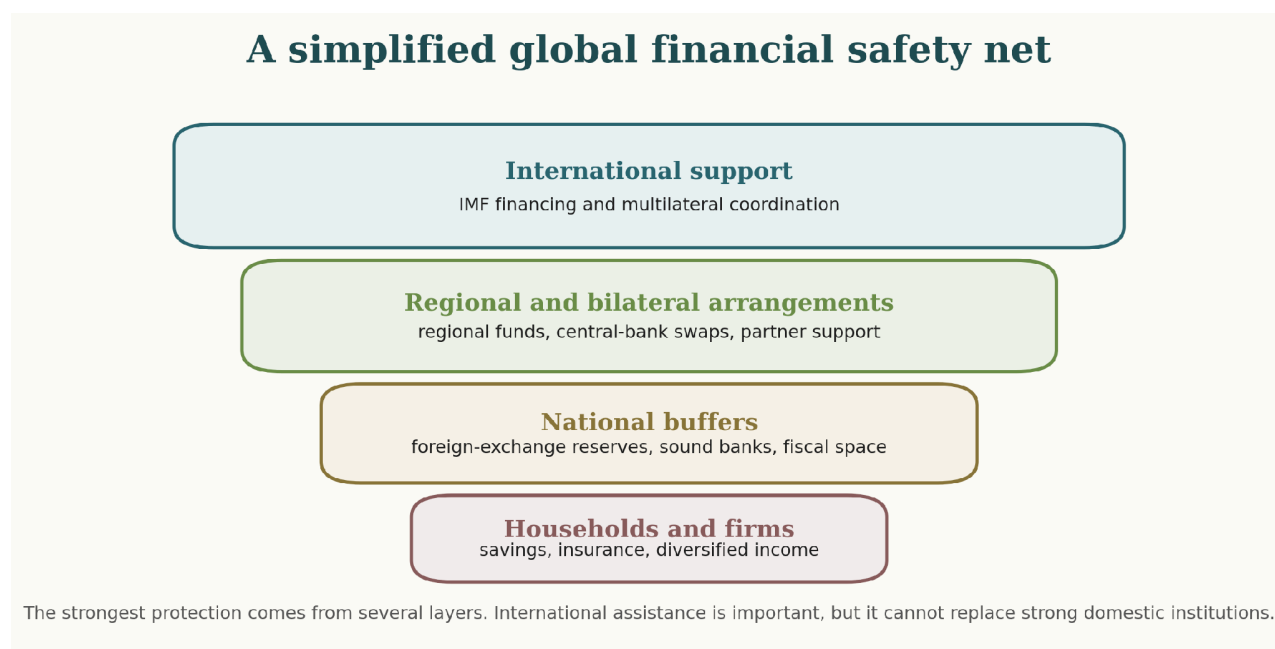


Figure 19.4. Financial resilience depends on several layers, from household security and national institutions to regional and global support.

Debt is not only a financial issue. It is also a question of distribution and public priorities. UNCTAD reported that developing countries paid record levels of interest on public debt in 2024. When debt service absorbs a growing share of government revenue, less may remain for schools, hospitals, climate adaptation, and social protection (UNCTAD, 2025).

Conditionality refers to policy measures agreed between a borrowing country and the IMF or another lender. Supporters argue that conditions help correct the causes of a crisis, restore confidence, and protect shared financial resources. Critics warn that rapid spending cuts, tax increases, privatization, or financial reforms can impose large social costs, especially when programs underestimate unemployment, poverty, or institutional weakness. The quality of a program therefore depends on diagnosis, sequencing, social protection, transparency, and genuine national ownership.

Case Study 19.2 | The Asian Financial Crisis and the Philippines

The Asian financial crisis began in 1997 and spread through currencies, banks, firms, and investor confidence. Thailand, Indonesia, and the Republic of Korea received major IMF-supported programs. The Philippines was less severely affected than the hardest-hit economies, but the peso depreciated, growth slowed, and financial stress increased. The crisis showed how quickly capital movements and expectations can transmit shocks across countries (IMF, 2000).

The policy lesson is not that countries should completely close themselves to finance. Rather, openness requires strong banking supervision, careful management of foreign-currency debt, adequate reserves, transparent corporate governance, and regional and global mechanisms that can respond quickly. It also requires protection for workers and households who did not cause the crisis but may bear its costs.

G. International Tax Cooperation

Tax systems were largely designed when production and sales were easier to locate. Today, a multinational company may develop an idea in one country, own the patent in another, manufacture in several places, sell through a digital platform, and record profits where taxes are low. This creates opportunities for base erosion and profit shifting—arrangements that reduce taxable profit in countries where economic activity takes place.

International tax cooperation seeks to close gaps between national systems, exchange information, prevent abuse, and decide how taxing rights should be shared. The OECD/G20 project on base erosion and profit shifting developed common actions and later advanced a global minimum tax framework for large multinational enterprises. The minimum tax is intended to reduce incentives for profit shifting and place a floor under corporate tax competition (OECD, 2013, 2022).

A second process is taking place at the United Nations. Member states are negotiating a United Nations Framework Convention on International Tax Cooperation from 2025 to 2027, together with early protocols including taxation of income from cross-border services in an increasingly digitalized economy. The process is important because all UN member states can participate, including countries that have argued for a stronger voice in writing global tax rules (UNDESA, 2026).

Case Study 19.3 | A Digital Platform Earns Income in the Philippines

Imagine that a global platform earns money from Filipino users, advertisers, delivery services, or subscriptions. Its software may be owned abroad, its payments processed elsewhere, and its legal headquarters located in another country. Which country should collect corporate income tax? Should the answer depend on physical offices, users, sales, data, or where the technology was created?

No single national tax authority can solve this problem alone. Countries need information exchange, common definitions, and rules for allocating income. Yet the final rules also affect who receives revenue: countries where companies are headquartered, countries where users and consumers are located, and countries where production occurs. International tax governance is therefore not merely technical. It determines which governments have resources for public services.

H. Climate Governance and the Transition-Mineral Economy

Climate change is a clear example of the need for global governance. Every country benefits from a stable climate, but emissions and vulnerabilities are unequal. The Paris Agreement aims to keep global warming well below 2 degrees Celsius and pursue efforts toward 1.5 degrees. It recognizes equity and the principle of common but differentiated responsibilities and respective capabilities: all countries must act, but their obligations and support needs differ according to national circumstances (UNFCCC, 2015).

Climate governance involves more than emission targets. It includes climate finance, technology transfer, adaptation, reporting, loss and damage, carbon markets, and trade measures. Developing countries often argue that stronger climate action must be accompanied by predictable finance and access to technology, especially because they contributed less to historical emissions but may face severe climate impacts.

The energy transition is also increasing demand for copper, nickel, lithium, cobalt, graphite, and rare earth elements. The International Energy Agency reported strong recent growth in demand for several energy-transition minerals and continued concentration in mining and refining (IEA, 2025). This creates opportunities for resource-rich countries but also raises governance questions about land, water, Indigenous peoples, labor, taxation, environmental rehabilitation, and control of technology.

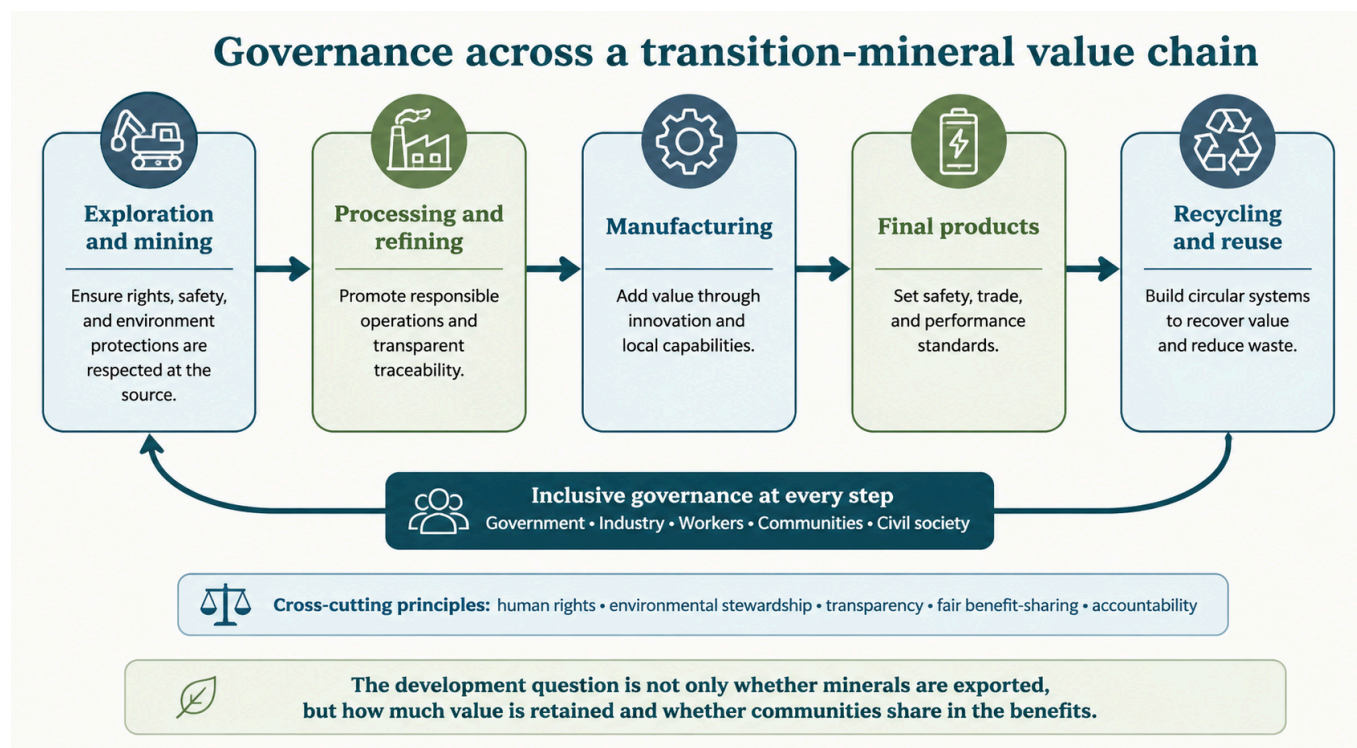


Figure 19.5. Rules for investment, trade, technology, taxation, labor, and the environment affect every stage of a transition-mineral value chain.

Case Study 19.4 | Philippine Nickel: Export Opportunity or Development Strategy?

The Philippines is a major producer of nickel ore, a mineral used in stainless steel and some battery technologies. Rising international interest can bring investment, exports, taxes, and jobs. But exporting raw or lightly processed ore may allow other countries and firms to capture more value from refining, battery materials, manufacturing, finance, and technology.

A development-oriented minerals policy would ask more than how much can be extracted. It would examine whether communities give meaningful consent, whether environmental standards are enforced, whether government collects a fair share of resource rents, whether firms develop local suppliers and skills, and whether processing is economically and environmentally viable. Regional cooperation can also help producer countries avoid competing mainly by offering the lowest taxes or weakest standards.

The goal is not simply to replace dependence on imported fossil fuels with dependence on extractive supply chains. A just transition should combine responsible mining, recycling, technology development, community rights, and a fair distribution of benefits.

I. Labor Migration and the Governance of Work

International labor migration connects households, employers, recruitment agencies, and governments. Workers may gain higher income and valuable experience, while receiving countries fill labor shortages. But migrant workers can face excessive recruitment fees, contract substitution, unpaid wages, unsafe conditions, discrimination, restrictions on movement, or difficulty seeking legal remedies.

The International Labour Organization develops standards that apply to all workers and has specific conventions concerning labor migration. These standards emphasize decent work, equality of treatment, and protection from exploitation (ILO, 2026).

The Philippines combines international standards with domestic institutions and bilateral arrangements. Republic Act No. 11641 created the Department of Migrant Workers and assigned it responsibilities covering recruitment, protection, assistance, international cooperation, and reintegration. Philippine law also recognizes the importance of labor laws, multilateral standards, and bilateral agreements in destination countries ("Republic Act No. 11641," 2021).

Case Study 19.5 | Why Bilateral Labor Agreements Matter

A Filipino nurse, domestic worker, engineer, or seafarer may be protected by Philippine law, the law of the receiving country, an employment contract, international labor standards, and a bilateral agreement. These layers can establish rules on recruitment, wages, documentation, social security, dispute resolution, and repatriation.

An agreement is useful only when workers know their rights and institutions can enforce them. Ethical recruitment, accessible complaint systems, legal assistance, reliable labor attachés, cooperation with worker organizations, and reintegration support are therefore part of economic governance—not separate from it. The Department of Migrant Workers maintains records of Philippine bilateral labor agreements covering different destinations and occupations (DMW, 2026)

J. Digital Governance and Artificial Intelligence

Digital technologies cross borders at high speed. A video, payment, algorithm, online class, software service, or artificial-intelligence model can be supplied internationally without a cargo ship. This creates opportunities for education, entrepreneurship, public services, and Philippine service exports. It also creates concerns about privacy, cybersecurity, misinformation, competition, labor displacement, taxation, and unequal access to computing power and data.

The United Nations Global Digital Compact, adopted in 2024, provides a broad framework for international digital cooperation and artificial-intelligence governance. It emphasizes an open, safe, secure, and inclusive digital future and recognizes the need to govern AI in the public interest (United Nations, 2024).

International digital rules should not be designed only for technology companies or advanced economies. Developing countries need affordable infrastructure, digital skills, local-language systems, public data capacity, cybersecurity, and room to regulate platforms. Workers whose tasks are automated also need training, income support, and pathways to better jobs.

Digital-policy question	Efficiency concern	Justice and governance concern
Cross-border data flows	Data movement supports services and innovation.	Who controls personal data, and can regulators protect privacy?
Platform competition	Large networks can reduce transaction costs.	Do dominant firms exclude competitors, workers, or small sellers?
Artificial intelligence	Automation can increase productivity.	Who owns the models and data, and who bears job-displacement risks?
Digital taxation	Simple rules can encourage investment.	Can countries tax income generated from their users and markets?
Online content	Open communication supports learning and participation.	How should societies address deception, harassment, and manipulation without suppressing rights?

K. How Should the Philippines Engage in Global Economic Governance?

The Philippines cannot choose between complete isolation and passive acceptance of global rules. It needs an active international economic strategy that links diplomacy with domestic development. The

Philippine Development Plan 2023–2028 identifies trade, investment, productive capabilities, and stronger participation in global value chains as important parts of national transformation (NEDA, 2023).

Effective engagement begins at home. Negotiators need clear national objectives supported by data, capable agencies, and public discussion. A country cannot bargain successfully for digital-tax rights if its tax administration lacks data, or demand responsible mineral investment if domestic environmental rules are weak. International influence grows when domestic institutions are competent and credible.

1. Build permanent negotiating and research capacity

Government needs teams that understand economics, law, science, technology, labor, the environment, and diplomacy. Expertise should be maintained between negotiations rather than assembled only when a meeting is about to begin. Universities, research institutes, and civil-society organizations can contribute independent analysis.

2. Coordinate across government

Trade, tax, climate, migration, health, finance, and digital policy are closely connected. Agencies should share information and develop coherent positions. For example, a minerals agreement should consider industrial policy, environmental protection, community rights, taxation, energy, and foreign relations—not only export volume.

3. Use ASEAN and developing-country coalitions

Collective negotiation can increase influence. ASEAN cooperation can help members develop regional standards, share infrastructure, coordinate supply chains, strengthen bargaining capacity, and avoid harmful competition. Coalitions among developing countries can also place debt, tax, technology, and climate-finance issues more firmly on the global agenda.

4. Protect democratic participation

International agreements can affect prices, jobs, public services, regulation, and future governments. Negotiating objectives and major commitments should therefore be explained to the public. Congress, local governments, workers, businesses, communities, Indigenous peoples, consumer groups, and experts should have meaningful opportunities to participate.

5. Judge agreements by development outcomes

Success should not be measured only by the number of treaties signed, foreign visits held, or investments announced. The better questions are whether agreements create productive jobs, strengthen local firms, increase public revenue, protect rights, reduce vulnerability, and support environmental sustainability.

L. Principles for Fair and Effective Global Governance

Principle	What it means in practice
Representation	Countries and affected groups should have a meaningful voice, not merely formal attendance.

Principle	What it means in practice
Transparency	Negotiating goals, financing terms, major commitments, and likely effects should be publicly explained.
Accountability	Institutions and governments should be answerable for results, harms, conflicts of interest, and misuse of resources.
Policy space	Countries need room to pursue development, public health, resilience, and social protection within clear and lawful commitments.
Equity	Responsibilities and support should reflect unequal capabilities, historical contributions, and vulnerability.
Human rights and decent work	Economic cooperation should protect dignity, safety, equality, and freedom of association.
Environmental sustainability	Decisions should account for climate, biodiversity, pollution, and future generations.
Capability building	Cooperation should transfer knowledge, strengthen institutions, and increase local productive capacity.
Resilience	Rules should prepare countries for financial crises, pandemics, disasters, and supply disruptions.
Evidence and review	Policies should be monitored and revised when outcomes differ from promises.

Global governance is sometimes presented as a choice between national sovereignty and international cooperation. In reality, sovereignty can be strengthened through cooperation when countries use international institutions to manage problems they cannot solve alone. It can be weakened when governments enter commitments without public scrutiny, negotiating capacity, or a clear development strategy.

The goal is therefore not less cooperation, but better cooperation: rules that are predictable without being inflexible, institutions that are effective without being unaccountable, and agreements that recognize both shared interests and unequal starting points.

Economics and Justice: Big Questions

Pause and Reflect

Who makes the rules? International institutions are created by governments, but voting systems, negotiating capacity, market power, and corporate influence affect whose preferences shape the final outcome.

Who benefits? Cooperation can produce stability, investment, knowledge, and shared solutions. Yet benefits may flow mainly to countries and firms that own capital, technology, brands, data, or financial networks.

Who bears the risks and adjustment costs? Workers, taxpayers, small producers, migrant families, Indigenous peoples, and ecosystems may carry costs that are not visible in trade or investment totals.

How can governance become more inclusive? Stronger representation, transparency, domestic consultation, policy space, capability building, social protection, and enforceable labor and environmental standards can distribute both voice and benefits more fairly.

Let's Review!

- International economic governance consists of rules, institutions, agreements, and decision-making processes that organize economic relations across borders.
- Countries cooperate because many problems—financial instability, climate change, tax avoidance, migration, pandemics, and digital regulation—cannot be solved effectively by one government alone.
- The WTO, IMF, World Bank, ADB, UN institutions, ASEAN, ILO, WHO, and UNFCCC have different mandates and use different tools, including rules, loans, standards, research, and coordination.
- Policy space is the legal and practical ability of government to pursue suitable economic and social policies while honoring international commitments and remaining democratically accountable.
- Countries participate formally as sovereign equals, but market size, finance, technology, expertise, natural resources, and voting systems create unequal influence.
- International borrowing can support development and crisis response, but debt service and poorly designed conditionality can reduce resources for public services and place costs on vulnerable groups.
- International tax cooperation is necessary because multinational and digital businesses operate across several tax systems.
- Climate governance must combine shared action with equity, finance, technology, and recognition of different national capabilities.
- Labor migration governance requires cooperation among sending and receiving countries, ethical recruitment, enforceable rights, and accessible remedies.
- Digital and AI governance should expand innovation while protecting privacy, competition, workers, public revenue, and democratic rights.
- The Philippines needs strong domestic institutions, regional coalitions, technical expertise, democratic consultation, and clear development goals to participate effectively in global governance.

Chapter Key Idea

International economic rules shape national policies, business decisions, jobs, public services, and community well-being. Good global governance should balance international cooperation with national development goals, democratic accountability, environmental protection, and a fair sharing of benefits.

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