

Coevolution of the WTO and the and international business

How do multiple embeddedness and coevolution effect
the decision making of MNE wrt the WTO



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1 | Introduction

Trade has been as old as the Middle Paleolithic (300.000 to 30.000 years ago) and originated with the start of communication in prehistoric times. The first signs of trade have been discovered from around 150.000 years ago [**Barbra-Miller:2006**] [**Watson:2005**] [**Fernandez-Armesto:2003**] [**Mayell:2010**] [**Henahan:2002**]. These first trades were in ochre, an earth pigment, used to dye fabrics. These trades were mainly in the form of bartered goods and services [**OSullivan:2003**] from each other before the innovation of the modern day currency [**Watson:2005**].

The innovation of money meant that barter ¹ was not longer a necessity to trade goods or services. With money medium common between the supplier and the demander became available. This facilitated a wider market and created the possibility of mercantilism [**Heckscher:1936**]. That trade is an important aspect in our history, can be observed from the fact the silk route is still a well known aspect, although this route has been out of commission in the way that was used.

In some way money changed from a means to an objective. Amidst the financial turmoil that engulfed the world in 2012 and 2013, one may assume that "*Money makes the world go round*". The quote has been around for some time now, dating back to the musical *Cabaret* from the 1960s.

From a trade perspective money is still a means As [**Mises:2009**] has defined: "The function of money is to facilitate the business of the market by acting as a common medium of exchange".

¹according to [Merriam-Webster](#): barter is *to trade by exchanging one commodity for another*

By this line of thought the underlying motivation of money is the exchange of goods and later services.

After World War II much needed to change. The world had to come together. Hence two global albeit of truly global organisations have For this purpose the International Monetary Fund (IMF) and World Bank were founded in 1944.

The World Trade Organisation (WTO) was established on January 1 1995. The WTO came into existence after the General Agreement on Tariffs and Trade (GATT) had been dissolved into the WTO.

2 | Literature Review

International business (IB) has long been a favourite topic academic literature. The term IB alone gives over 2M hits in Google Scholar. When [Porter 1980]

When [Barney 1991] introduced the Resource Based View (RBV) in international business literature this view gained a lot of support. The theory has been expanded upon and Institutional Based View (IBV) was introduced by [Kostova et al. 1999; Meyer et al. 2009; Wang et al. 2012]

Appendices

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Acronyms

GATT General Agreement on Tariffs and Trade. [2](#)

IB International business. [3](#)

IBV Institutional Based View. [3](#)

IMF International Monetary Fund. [2](#)

RBV Resourced Based View. [3](#)

WTO World Trade Organisation. [2](#)