

**PSCI 688: GOVERNANCE OF THE GLOBAL ECONOMY**

Fall 2009

Wednesdays 9:30-12:20 in HH 259

Course Instructor: **DR. B. MOMANI**

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**Course Description:** How is the global economy governed? This course addresses this question through an examination of contemporary policy-oriented debates relating to: international trade, foreign direct investment, international financial institutions, global money and finance, global poverty and inequality, emerging economic powers, the illicit world economy, and economic knowledge. The course is designed for students with a strong background in the study of international political economy at the undergraduate or graduate level, and/or for students studying Global Governance at the M.A or Ph.D. level. The course is not recommended for students who do not have either of these backgrounds.

**Course Evaluation:**

		<u>Due Date</u>
1 Oral Presentation	15%	Sign Up Sheet in Class
Participation in Class Discussions	15%	
10 Reaction Papers	10 x 3% = 30%	Sign Up Sheet in Class
Research Paper	40%	Dec 2nd

Oral Presentations

Each student is required to present on a topic that fits the themes in each week. Each presentation should be approximately 20 minutes. The presentation can be on one of your reaction papers, but it must go beyond the reaction papers and be researched, structured, and contribute to the knowledge of the class and generate interesting discussion afterwards (another 10 minutes or so). The sign up sheet will be available in class (please do not email me your requests). The purpose of the presentation is to go beyond the readings and examine the academic literature on the examined policy area. What is the big picture of the readings? What are we to learn from the readings in the study of IPE? What is missing? What is the political dimension that is perhaps ignored or overlooked? Who are the political stakeholders, national, regional, and international? What are the policy implications of the article, if left unspecified?

Participation

This grade is based on attendance, participation in class question and answer sessions, paying attention to your colleagues who are presenting, and general classroom manner.

**Note:** participation grades cannot be made-up due to missed classes, regardless of the reason (illness, interviews, etc). If you are not there, then you did not participate. That said, after the first class, one missed class will be a >freebie=. Please do not email me your reasons for simple

absences. You will be rewarded for both physical attendance of the class and intellectual Attendance@ in the class

### Weekly Reaction Papers

Every week, you will produce a reaction papers- each to be one page, single spaced. This may take the form of commentary, questions, agreements, disagreements, and points of discussion. But, this is not about providing a summary of the readings. This is to help you recognize your own interests in and questions about the course material and to help direct the instructor toward issues that are of interest to the class or questions that need to be more fully explored in class. Try not to make your comments too specific, i.e. if you choose to concentrate on only one or two of the readings, be sure to try to link your ideas to the broader themes being addressed that week. The papers are not research papers - there is no need to consult any sources beyond the required readings assigned that week. Please note that these reaction papers are due the day before class, by 3 pm on Wednesday and must be dropped off in the political science drop box outside of Hagey Hall 311. After 3pm, you will lose 50% of the mark, and 10% per day thereafter.

### Research Paper and Proposal

Your research proposal should be 1 page single spaced and is due in class on October 28. Tell me what you want to do, how you plan to examine the topic, and your planned argument. This will be discussed further in class. There is no grade assigned for this assignment, but failure to submit this will result in a 3% deduction off your research paper.

Your research paper should be 8 pages *single spaced*, using 12 pitch Times New Roman font and 1 inch margins top, bottom, and sides. This means that you must be concise, effective, and remember that every word counts. Do not be repetitive. You will be graded on research, argument, structure, and writing. Please use parentheses method of referencing, for example: (Smith, 1998:2). This assignment is due on the last class, December 2nd. Papers received after class will be considered one day late. Note that a 5% late penalty will be deducted per day, including every day of the weekend. Late papers can be placed in the assignment drop box in the political science department. Please do not email me your assignment. A hardcopy must be received. Note that no extensions will be granted, so please do not ask. Computer failure or other technical difficulties will not count as a valid excuse. Note that no assignment will be accepted one week after the due date and a mark of zero will be assigned.

## COURSE SCHEDULE AND REQUIRED READINGS

Note: All readings can be obtained electronically online.

### **Sept. 16. Introduction and Organization**

#### **September 23. Governance of the Global Economy: the issues**

United Nations (2009). UN Conference on the World and Economic Crisis and Its Impact on Development, June 2009. Available at:

<http://www.un.org/ga/president/63/interactive/financialcrisis/PreliminaryReport210509.pdf>

Rodrik, D., Easterly, W., & Kruger, A. O. (1999) Governing the Global Economy: Does One Architectural Style Fit? [With Comments and Discussion]. *Brookings Trade Forum*, 105-139.

<http://www.jstor.org/stable/25063139?seq=1>.

#### **September 30. The International Financial Crisis: Governing the way out**

Subramanian, A., & Williamson, J. (2009) The World Crisis: Reforming the International Financial System. *Economic and Political Weekly* (Mumbai, India), 1-7.

<http://www.piie.com/publications/papers/subramanian-williamson0309.pdf>.

Rossi, V. (2009). Towards a Post-Crisis Global Economy: Not out of the Woods yet, Europe now the Key Risk? *Chatham House International Economics Programme Paper 09/01*, 1-19.

[http://www.chathamhouse.org.uk/files/14343\\_pp0709globalec.pdf](http://www.chathamhouse.org.uk/files/14343_pp0709globalec.pdf).

Cooper, A. F., & Schwanen, D. (Eds.) (2009). CIGI Special G20 Report: Flashpoints for the Pittsburgh Summit, September 24-25, 2009, 7-79.

<http://docs.google.com/fileview?id=0B11nMigicMGiMjIzNGJjMWMtNWQ5OC00NmQ3LTk4MDUfM2UwYzU4YmRjNDgw&hl=en>.

### **October 7. The Role of Financial Regulation**

Goldman Sachs Global Markets Institute (2009) *Effective Regulation: Part 1 Avoiding Another Meltdown*, 1-31.

<http://www2.goldmansachs.com/citizenship/global-initiatives/research-and-conferences/recently-published-research/effective-regulation-part-1.pdf>

Tarullo, D. K. (2008). Introduction. In D. K. Tarullo (Ed.) *Banking on Basel: The Future of International Financial Regulation*, 1-14.

[http://www.piie.com/publications/chapters\\_preview/4235/01iie4235.pdf](http://www.piie.com/publications/chapters_preview/4235/01iie4235.pdf).

Tarullo, D. K. (2008). Conclusion and Recommendations. In D. K. Tarullo (Ed.) *Banking on Basel: The Future of International Financial Regulation*, 259-284.

[http://www.piie.com/publications/chapters\\_preview/4235/08iie4235.pdf](http://www.piie.com/publications/chapters_preview/4235/08iie4235.pdf).

Morris, S. (2008). Financial Regulation in a System Context. *Brookings Papers on Economic Activity 2008-2*, 229-259 (plus discussion and comments).

[http://muse.jhu.edu/journals/brookings\\_papers\\_on\\_economic\\_activity/v2008/2008.2.morris.html](http://muse.jhu.edu/journals/brookings_papers_on_economic_activity/v2008/2008.2.morris.html).

#### **October 14. The G20 and the new power of the Emerging Market Economies**

O'neill, J. (2009). Some Advice for the G20. *Goldman Sachs Global Economics Paper No: 181*, 3-25. <http://www2.goldmansachs.com/ideas/public-policy/some-advice-for.pdf>.

Bradford, C., Linn, J., & Martin, P. (2008) Global Governance Breakthrough: The G20 Summit and the Future Agenda. *Brookings Policy Brief Series #168*, Brookings Institution, 1-5. [http://www.brookings.edu/~media/Files/rc/papers/2008/12\\_g20\\_summit\\_bradford\\_linn/12\\_g20\\_summit\\_bradford\\_linn.pdf](http://www.brookings.edu/~media/Files/rc/papers/2008/12_g20_summit_bradford_linn/12_g20_summit_bradford_linn.pdf).

Aryeetey, E. et. al. (2009). The G-20 London Summit 2009: Recommendations for Global Policy Coordination. Brookings Institution, 1-33. [http://www.brookings.edu/reports/2009/~media/Files/rc/reports/2009/0326\\_g20\\_summit/0326\\_g20\\_summit.pdf](http://www.brookings.edu/reports/2009/~media/Files/rc/reports/2009/0326_g20_summit/0326_g20_summit.pdf).

Agarwal, M. (2008). The BRICSAM Countries and Changing Economic Power: Scenarios to 2050. *CIGI Working Paper No. 39*, 1-32. [http://www.cigionline.org/sites/default/files/Paper\\_39-web-1.pdf](http://www.cigionline.org/sites/default/files/Paper_39-web-1.pdf)

#### **October 21 Search for a world currency**

Cohen, B. J. (2003). Chapter One: The Changing Geography of Money. In Cohen (Ed.) *The Future of Money* (pp.1-32). Princeton University Press. <http://press.princeton.edu/chapters/s7653.pdf>.

\*Ingham, G. (2002) Chapter 5: New Monetary Spaces? In *The Future of Money*. The Organisation for Economic Co-operation and Development, 123-140. <http://www.oecd.org/dataoecd/40/31/35391062.pdf>.

Cohen, B. J. & Subachi, P. (2009). Is the Euro Ready for 'Prime Time'? *Chatham House International Economics Programme Briefing Paper 08/03*, July 2008, 108. [http://www.chathamhouse.org.uk/files/11792\\_bp0708euro.pdf](http://www.chathamhouse.org.uk/files/11792_bp0708euro.pdf).

Pisani-Ferry, J. & Sapir, A. (2009). Euro Area: Ready for the Storm? In Pisani-Ferry & Posen, A. S. (Eds.) *The Euro at Ten: The Next Global Currency?* The Peterson Institute for International Economics/Bruegel, Washington, 85-102. [http://www.bruegel.org/fileadmin/files/admin/publications/books/2009/Euro\\_at\\_Ten\\_June\\_4.pdf](http://www.bruegel.org/fileadmin/files/admin/publications/books/2009/Euro_at_Ten_June_4.pdf).

De Lacea, A. (2009). Is the Present Crisis the Moment for the Euro's Global Emergence?: A Panel Discussion with Antonio de Lacea, Leszek Balcerowicz, C. Fred Bergsten, Erkki Liikanen and Lawrence H. Summers. In Pisani-Ferry & Posen, A. S., *The Euro at Ten: The Next Global Currency?* The Peterson Institute for International Economics/Bruegel, Washington, 181-197. [http://www.bruegel.org/fileadmin/files/admin/publications/books/2009/Euro\\_at\\_Ten\\_June\\_4.pdf](http://www.bruegel.org/fileadmin/files/admin/publications/books/2009/Euro_at_Ten_June_4.pdf)

#### **October 28 Future of the IMF**

Masson, P. & Pattison, J. (2009). International Financial Policy Reform and Options for Canada: Think Globally, Act Locally. The Conference Board of Canada, 1-32.

[http://www.conferenceboard.ca/documents.aspx?utm\\_source=insideedge&utm\\_medium=web&utm\\_campaign=article&did=2938](http://www.conferenceboard.ca/documents.aspx?utm_source=insideedge&utm_medium=web&utm_campaign=article&did=2938).

Truman, E. M. (2006). Introduction and Summary. In E. M. Truman (Ed.) *Reforming the IMF for the 21<sup>st</sup> Century*, Peterson Institute, April 2006.

[http://www.piiie.com/publications/chapters\\_preview/3870/01iie3870.pdf](http://www.piiie.com/publications/chapters_preview/3870/01iie3870.pdf).

Helleiner, E. & Momani, B. (2007). Slipping Into Obscurity? Crisis and Reform at the IMF. *CIGI Working Paper No. 16*, 1-37.

[http://www.cigionline.org/sites/default/files/Paper16\\_Helleiner\\_Momani.pdf](http://www.cigionline.org/sites/default/files/Paper16_Helleiner_Momani.pdf).

Kumar, R. C. (2007). Poverty Reduction and the Poverty Reduction Facility at the IMF: Carving a New Path or Losing its Way? *CIGI Working Paper No. 18*, 1-28.

[http://www.cigionline.org/sites/default/files/Paper18\\_Ramesh%20Kumar.pdf](http://www.cigionline.org/sites/default/files/Paper18_Ramesh%20Kumar.pdf).

*NOTE: your research paper proposal is due today*

#### **November 4. Contemporary Trade Governance**

de Jonqueires, G. (2008). After the Doha debacle. *Chatham House International Economics Program Briefing Paper 08/05*, 1-7.

[http://www.chathamhouse.org.uk/files/12060\\_bp0908doha.pdf](http://www.chathamhouse.org.uk/files/12060_bp0908doha.pdf).

Wolfe, R. (2007). Can the Trading System be Governed? Institutional Implications for the WTO's Suspended Animation. *CIGI Working Paper No. 30*, 1-67.

[http://www.cigionline.org/sites/default/files/Paper\\_30-web.pdf](http://www.cigionline.org/sites/default/files/Paper_30-web.pdf).

Rollo, J. & Holmes, P. (2009). Trade and the Global Economic Crisis: Immediate Challenges and Long-term Threats. *Chatham House International Economics Program Briefing Paper 2009/01*, 1-8. [http://www.chathamhouse.org.uk/files/13765\\_bp0309trade.pdf](http://www.chathamhouse.org.uk/files/13765_bp0309trade.pdf).

CIGI. (2009) Down and Almost Out in Geneva: A Time for Reflection on the Future of the Multilateral Trading System. *CIGI: Conference Report*, 1-8.

[http://www.cigionline.org/sites/default/files/Conf\\_Report.pdf](http://www.cigionline.org/sites/default/files/Conf_Report.pdf).

Adler, M. et. al. (2009). What's on the Table? The Doha Round as of August 2009. *The Peterson Institute Working Paper Series 09-06*, 1-31.

<http://www.iie.com/publications/wp/wp09-6.pdf>.

#### **November 12-16. Class Cancelled- Time to work on Research Paper**

#### **November 18. Global Imbalances**

\*Lane, P. R. (2009). *Global Imbalances and Global Governance*. In R. Portes (Chair), *Macroeconomic Imbalances. Paper presented at CERP Global Economic Governance: Systematic Challenges, Institutional Responses, and the Role of New Actors Conference*, Brussels, 2-18.

<http://www.cepr.org/MEETS/LTM/2399/Lane.pdf>.

Cooper, R. N. (2007). Living with Global Imbalances. *Brookings Papers on Economic Activity*, 2007-2, 91-110.

[http://muse.jhu.edu/journals/brookings\\_papers\\_on\\_economic\\_activity/v2007/2007.2cooper.pdf](http://muse.jhu.edu/journals/brookings_papers_on_economic_activity/v2007/2007.2cooper.pdf).

Cooper, R. N. (2007). Understanding Global Imbalances. *Brookings Papers on Economic Activity*, 2007-2, 237-261. <http://www.bos.frb.org/economic/conf/conf51/conf51f.pdf>.

Helleiner, E. (2008). International Payments Imbalances and Global Governance. *CIGI Policy Brief No. 8*, 1-8. [http://www.cigionline.org/sites/default/files/Policy\\_Brief\\_no8-web.pdf](http://www.cigionline.org/sites/default/files/Policy_Brief_no8-web.pdf).

Eichengreen, B. (2006). The Blind Men and the Elephant. *Issues in Economic Policy*, No. 1, The Brookings Institutions, 1-24.

[http://www.brookings.edu/~media/Files/rc/papers/2006/01macroeconomics\\_eichengreen/200601\\_iiep\\_eichengreen.pdf](http://www.brookings.edu/~media/Files/rc/papers/2006/01macroeconomics_eichengreen/200601_iiep_eichengreen.pdf).

### **November 25. Sovereign Wealth Funds: Threat or Savior?**

Cohen, B. J. (2009). Sovereign Wealth Funds and National Security: the Great Tradeoff. *International Affairs*, 85(4), 713-731.

Truman, E. M. (2008). A Blueprint for Sovereign Wealth Fund Best Practices. *Peterson Institute Policy Brief 08-03*, 1-15. <http://www.iie.com/publications/pb/pb08-3.pdf>.

Truman, E. M. (2007). Sovereign Wealth Funds: The Need for Greater Transparency and Accountability. *Peterson Institute Policy Brief 07-6*, 1-9. <http://www.iie.com/publications/pb/pb07-6.pdf>.

Gomes, T. (2008). The Impact of Sovereign Wealth Funds on International Financial Stability. *Bank of Canada Discussion Paper 2008-14*, 1-15.

<http://www.bankofcanada.ca/en/res/dp/2008/dp08-14.pdf>

### **December 2. Governing Foreign Direct Investment: Regulating States or Corporations?**

Ward, H. (2004). The OECD Guidelines for Multinational Enterprises and nonadhering countries: Opportunities and Challenges of engagement. International Institute for Environment and Development, 1-15. <http://www.iied.org/pubs/pdfs/16008IIED.pdf>.

\*Kirkpatrick, C., Parker, D., & Zhang, Y. (2006). Foreign Direct Investment in Infrastructure in Developing Countries: Does Regulation Make a Difference? *Transnational Corporations*, 15(1), 143-167. [http://www.unctad.org/en/docs/iteiit20061a6\\_en.pdf](http://www.unctad.org/en/docs/iteiit20061a6_en.pdf).

## Notices:

To protect course integrity, as well as to provide appropriate guidance to students, all course outlines in the Faculty of Arts **must** incorporate the following note on **avoidance of academic offences**:

**Academic Integrity:** To create and promote a culture of academic integrity, the behaviour of all members of the University of Waterloo is based on honesty, trust, fairness, respect and responsibility.

**Discipline:** A student is expected to know what constitutes academic integrity, to avoid committing academic offenses, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offense, or who needs help in learning how to avoid offenses (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek guidance from the course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 – Student Discipline. For information on categories of offenses and types of penalties, students should refer to Policy 71 - Student Discipline, <http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm>

**Grievance:** A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read Policy 70 - Student Petitions and Grievances, Section 4, <http://www.adm.uwaterloo.ca/infosec/Policies/policy70.htm>

**Appeals:** A student may appeal the finding and/or penalty in a decision made under Policy 70 - Student Petitions and Grievances (other than regarding a petition) or Policy 71 - Student Discipline if a ground for an appeal can be established. Read Policy 72 - Student Appeals, <http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm>

There is also a website available ([AAvoiding Academic Offences@ - www.arts.uwaterloo.ca/arts/ugrad/academic\\_responsibility.html](http://www.arts.uwaterloo.ca/arts/ugrad/academic_responsibility.html)) and **the web address is mandatory** on all undergraduate course outlines (motion passed at UGAG, 4 Oct 2007). It is important for students to be aware that one may commit plagiarism inadvertently, through ignorance of appropriate citation methods, so checking this website prior to submitting a paper is to the student=s advantage.