

American University
SIS 496 & 619-014, Fall 2007
Tuesdays 2:10-4:50PM

INTERNATIONAL ECONOMIC ORGANIZATIONS: PUBLIC AND PRIVATE

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Course description

A study of the entrepreneurial, corporate, and governmental forces and organizations that have shaped international commerce and cross-border finance. The class examines how official and private-sector institutions, in particular, have become more or less relevant in light of fast-paced globalization since the 1960s; the challenges these institutions currently face; and how these institutions interact with, and react to, developments in commodity and financial markets.

Course requirements and grading

During most of each class, Prof. Porzecanski will lecture on the main ideas conveyed (or not) by the assigned readings, and during the remainder he will guide a class discussion of the topic at hand. In order to reap the benefits from the course, students should plan on attending every class and on doing all of the required readings *before coming to class*, because credit will be given for class participation – especially to students who answer the questions raised in class by other students or the professor. All the required readings are posted on Blackboard. The other course requirements are mid-term and final exams to take place on Tuesday, October 16th and December 4th, respectively; and one essay *of a maximum length of 2,000 words*, excluding the bibliography and footnotes, written on one of three topics specified at the end of this syllabus, to be delivered via e-mail by Monday, December 10th at the latest. The quantity and quality of class participation will contribute to 10% of the final grade; the exams will count for 25% each; and the essay will account for the final 40%.

Schedule and readings

August 28: Introduction to International Economic Organizations

Required readings:

- 1) Volker Rittberger and Bernhard Zangl, International Organization: Polity, Politics and Policies (New York: Palgrave McMillan, 2006), chapters 1-2, pp. 3-24.
- 2) Marc Levinson, The Box (Princeton, NJ: Princeton Univ. Press, 2006), Chapter 1, pp. 1-15.
- 3) Deepak Lal, "The Threat to Economic Liberty from International Organizations," CATO Journal, Fall 2005, pp. 503-520.

September 4: Bilateral Investment Treaties and the International Center for Settlement of Investment Disputes (ICSID)

Required readings:

- 1) Martin A. Weiss, "The U.S. Bilateral Investment Treaty Program: An Overview," Congressional Research Service Report RL33978, April 24, 2007.
- 2) Zachary Elkins et al., "Competing for Capital: The Diffusion of Bilateral Investment Treaties, 1960-2000," International Organization, Fall 2006, pp. 811-846.
- 3) Stanimir Alexandrov and Marinn Carlson, "ICSID," Sidley Austin Arbitration 2007, pp. 9-12.
- 4) Luc E. Peterson, "Enron Wins \$106 Million in Financial Crisis Claim Against Argentina," International Institute for Sustainable Development Breaking News, May 27, 2007.
- 5) Damon Vis-Dunbar et al., "Bolivia Notifies World Bank of Withdrawal from ICSID, Pursues BIT Revisions," Bilaterals.Org Investment Treaty News, May 7, 2007.

September 11: The International Finance Corporation (IFC)

Required readings:

- 1) IFC, IFC in Brief (Washington, DC: IFC, 2006).
- 2) IFC, "IFC Strategic Directions, FY08-10: Creating Opportunity," March 21, 2007, pp. 10-35.
- 3) Caren Chesler, "Enhancing Latin America's Debt Markets," EuroWeek, September 2006.
- 4) International Finance Corporation Operations Evaluations Group, "An Evaluation of IFC's Investment Climate Activities," January 24, 2005, pp. 1-52.

September 18: The African Development Bank (AfDB)

Required readings:

- 1) Standard & Poor's, "African Development Bank Credit Research Report," October 5, 2006.
- 2) Karen A. Mingst, Politics and the African Development Bank (Lexington, KY: Univ. Press of Kentucky, 1990), chapters 1-4, pp. 1-67.
- 3) Patricia Adams and Andrea Davis, "The African Development Bank Struggles to Stay Afloat," Multinational Monitor, July-August 1996.
- 4) Center for Global Development, "Building Africa's Development Bank: Six Recommendations," August 2006.

September 25: The Paris Club

Required readings:

- 1) LexRieffel, Restructuring Sovereign Debt: The Case for Ad Hoc Machinery (Washington, DC: Brookings, 2003), chapter 5, pp. 56-94.
- 2) Eurodad, "Skeletons in the Cupboard: Illegitimate Debt Claims of the G7," February 2007.
- 3) Serkan Arslanap and Peter Blair Henry, "Debt Relief," Journal of Economic Perspectives, Winter 2006, pp. 207-220.

October 2: The Bank for International Settlements (BIS)

Required readings:

- 1) Leonard Seabrooke, "The Bank for International Settlements," New Political Economy, March 2006, pp. 141-149.
- 2) Claudio Borio and Gianni Toniolo, "130 Years of Central Bank Cooperation: A BIS Perspective," BIS Working Papers 129, February 2006.
- 3) John Fraher, "Bernanke, Trichet Turn to BIS as Markets Ignore Risk," Bloomberg News, June 19, 2007.

October 9: Mid-term Exam: Multiple-Choice Questions

October 16: The Organization of the Petroleum Exporting Countries (OPEC)

Required readings:

- 1) OPEC, "Brief History, Functions, FAQs, etc.," undated.
- 2) OPEC, OPEC Long-Term Strategy (Vienna: OPEC, undated).
- 3) James L. Smith, "Inscrutable OPEC? Behavioral Tests of the Cartel Hypothesis," Energy Journal, 2005, pp. 51-82.

- 4) Cyrus Bina and Minh Vo, "OPEC in the Epoch of Globalization: An Event Study of Global Oil Prices," Global Economy Journal, 2007, pp. 1-49.

October 23: The International Organization for Standardization (ISO)

Required readings:

- 1) ISO, ISO in Brief (Geneva: ISO, 2006).
- 2) Michael Bohlman, "Tribute to Malcolm McLean," ISO Press Release, February 2002.
- 3) Ann Teerlak and Andrew A. King, "The Effect of Certification with the ISO 9000 Quality Management Standard," Journal of Economic Behavior and Organization, 2006, pp. 579-602.
- 4) Joseph A. Clougherty and Michal Grajek, "The Impact of ISO 9000 Diffusion on Trade and FDI," CEPR Discussion Paper #6026, January 2007.
- 5) Matthew Potoski and Aseem Prakash, "Green Clubs and Voluntary Compliance: ISO 14001 and Firms' Regulatory Compliance," American Journal of Political Science, April 2005, pp. 235-248.

October 30: Credit Rating Agencies

Required reading:

- 1) Thomas Keller, "The Role and Function of Rating Agencies," BIS Papers #26, February 2006, pp. 39-44.
- 2) Standard & Poor's, "Sovereign Credit Ratings: A Primer," October 19, 2006.
- 3) Standard & Poor's, "Introduction of Sovereign Recovery Ratings," June 12, 2007.
- 4) Alexander W. Butler and Larry Fauver, "Institutional Environment and Sovereign Credit Ratings," Financial Management, Autumn 2006, pp. 53-79.
- 5) Nada Mora, "Sovereign Credit Ratings: Guilty Beyond Reasonable Doubt?," Journal of Banking and Finance, 2006, pp. 2041-2062.

November 6: The Basel Committee on Banking Supervision (BCBS)

Required readings:

- 1) Kern Alexander et al., Global Governance of Financial Systems (New York: Oxford Univ. Press, 2006), chapters 1-2 and 9, pp. 14-78 and 227-238.

- 2) Financial Stability Institute, "Implementation of the New Capital Adequacy Framework in Non-Basel Committee Member Countries," Occasional Paper #6, September 2006, pp. 1-13.
- 3) Basel Committee on Banking Supervision, "Report on Recent Developments in Banking Supervision," Report #15, September 2006, pp. 1-13.
- 4) Richard Podpiera, "Does Compliance with Basel Core Principles Bring Any Measurable Benefits?," IMF Staff Papers, 2006, pp. 306-325.

November 13: Sophisticated Financial Intermediaries (e.g., investment banks, hedge funds and private equity funds)

Required reading:

- 1) IMF, Global Financial Stability Report (Washington, DC: IMF, April 2007), chapter 2 and annex 1.4, pp. 63-97 and 54-62.
- 2) K. Thomas Liaw, The Business of Investment Banking, 2nd edition (Hoboken, NJ: Wiley, 2005), chapters 1-2 and 5, pp. 1-24 and 65-85.
- 3) Angel Ubide, "Demystifying Hedge Funds," Finance and Development, June 2006.
- 4) Sebastian Mallaby, "Hands Off Hedge Funds," Foreign Affairs, January-February 2007.
- 5) Geoffrey Colvin and Ram Charam, "Private Equity, Private Lives," Fortune, November 27, 2006.

November 20: No Class Meeting: Thanksgiving

November 27: Discussion of Final Essay and Exam

December 4: Final Exam: Multiple-Choice Questions

December 10: E-mail Versions of Essay Due by 6AM

Choose from among the following three topics for your *maximum 2,000-word paper* (excluding footnotes and bibliography), which should include citations to a bibliography of *at least five (5) academic or official sources* beyond those listed in this syllabus.

1. Your boss, a Senator with considerable international economic expertise, has been invited by multinational business executives to give a speech entitled "The IMF: Time to Reform It or Time to Abolish It?" Write a memorandum explaining to her in what ways

the IMF has been or is being reformed already; and what are the main reasons why the Fund should be reformed further OR what are the main reasons why the Fund should be closed down.

2. Your boss, a multinational business executive, has been invited by the Joint Economic Committee of the U.S. Congress to testify on the question “The World Bank: Time to Reform It or Time to Abolish It?” Write a memorandum explaining to him in what ways the Bank has been or is being reformed already; and what are the main reasons why the Bank should be reformed further OR what are the main reasons why the Bank should be closed down.
3. Your boss, a senior lawyer with considerable international expertise, has been invited by the U.S. Chamber of Commerce to give a speech entitled “The WTO: Time to Reform It or Time to Abolish It?” Write a memorandum explaining to her in what ways the WTO has been or is being reformed already; and what are the main reasons why the WTO should be reformed further OR what are the main reasons why the WTO should be closed down.