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Sommersemester 2009

“Economics and Politics of International Financial Organizations”

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Time of Lecture: Tuesday, 16:15-17:45, Oeconomicum – OEC 0.169

First Lecture: Tuesday, April 14, 2009

Exercise: Wednesday, 14.15-15.45h, Verfügungsgebäude – VG 1.108

First Exercise: Wednesday, April 22, 2009

Exam:

There will be a 90-minute exam at the end of the term (July 21, 2009).

Economics and Politics of International Financial Organizations

1. Normative and Positive Theory of International Organizations
 - 1.1. Theory of International Organizations
 - 1.2. Normative Theory
 - 1.3. Positive Theory

2. International Monetary Fund
 - 2.1. Introduction: What is the IMF?
 - 2.2. Who controls the IMF?
 - 2.3. IMF Conditionality
 - 2.4. Why do governments and the IMF enter into agreements?
 - 2.5. What are the effects of IMF programs?
 - 2.6. Which countries comply with IMF agreements?
 - 2.7. Should the IMF be reformed?

3. World Bank Group (IBRD, IDA, IFC, MIGA)
 - 3.1. Introduction: What is the World Bank?
 - 3.2. Who controls the World Bank?
 - 3.3. World Bank Conditionality
 - 3.4. Why do governments and the World Bank enter into agreements?
 - 3.5. What are the effects of World Bank involvement?
 - 3.6. Should the World Bank be reformed?

4. World Trade Organization
 - 4.1. The Political Economy of the WTO
 - 4.2. The Role of Developing Countries in the WTO
 - 4.3. Consequences of the WTO
 - 4.4. Reforming the WTO

5. European Community/ Union
 - 5.1. The Political Economy of the EU
 - 5.2. The European Constitution
 - 5.3. Budget and Financing
 - 5.4. Trade Policy
 - 5.5. Development Aid
 - 5.6. EU Conditionality

1. Normative and Positive Theory of International Organizations

Relevant questions:

Do we need international organizations to secure/enhance cooperation among states?
Why do states delegate part of their sovereignty to international organizations?
Under which circumstances are/ should international organizations be created?
Is there a principal-agent problem in/ with international organizations?
Why do international organizations rarely die?

1.1. Theory of International Organizations

Abbott, Kenneth W. and Duncan Snidal, 1998, Why States Act through Formal International Organizations, *Journal of Conflict Resolution* 42(1): 3-32.

1.2. Normative Theory

Oudiz, Gilles, 1988, Macroeconomic Policy Coordination: Where should we stand? In: Giersch, H. (Ed.), *Macro and Micro Policies for more Growth and Employment*, Tübingen: 278-291.

Stiglitz, Joseph, 2003, Democratizing the International Monetary Fund and the World Bank: Governance and Accountability, *Governance* 16 (1): 111-139.

Vaubel, Roland, 1988, Comment by Vaubel, in: Giersch, H. (Ed.), *Macro and Micro Policies for more Growth and Employment*, Tübingen: 296-300.

*Vaubel, Roland, 1986, A Public Choice Approach to International Organizations, *Public Choice* 51: 39-57.

1.3. Positive Theory

Cupitt, Richard; Rodney Whitlock and Lynn Williams Whitlock, 2001, The (Im)mortality of International Governmental Organizations, in: Paul Diehl (ed.), *The Politics of Global Governance – International Organizations in an Interdependent World*, Boulder 2001: 44-60.

Frattianni, Michele and John Pattison, 1982, The Economics of International Organisations, *Kyklos* 35: 244-261.

Frey, Bruno S., 1984, The Public Choice View of International Political Economy, *International Organization* 38(1): 199-223.

*Frey, Bruno S., 1997, The Public Choice of International Organizations, in: Dennis C. Mueller (ed.), *Perspectives on Public Choice*, New York: Cambridge University Press: 106-123.

Frey, Bruno S. and Alois Stutzer, 2006, Strengthening the Citizens' Role in International Organizations, *Review of International Organizations* 1, 1: 27-43.

Frey, Bruno S. and Alois Stutzer, 2006, Reply to Gordon Tullock, *Review of International Organizations* 1(1): 47-48.

- Joyce, Joseph P. and Todd Sandler, IMF retrospective and prospective: A public goods viewpoint, *Review of International Organizations*, vol. 3 no. 3, September 2008.
- Tullock, Gordon, 2006, Comment to strengthening the citizens' role in international organizations by Bruno S. Frey and Alois Stutzer, *Review of International Organizations* 1(1): 45-46.
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- *Vaubel, Roland, 2006, Principal-Agent Problems in International Organizations, *Review of International Organizations* 1(2): 125-138.
- Vaubel, Roland; Axel Dreher and Uğurlu Soylu, 2007, Staff Growth in International Organizations: A Principal-Agent Problem? *Public Choice* 133, 3-4: 275-295.
- Dreher, Axel and Stefan Voigt, Does Membership in International Organizations Increase Governments' Credibility? A Test on the Effects of Delegating Powers, *KOF working Paper 193*, ETH Zurich, April 2008.

2. International Monetary Fund

Relevant questions:

- What are the objectives of the IMF and to whom is the Fund accountable?
- Do international political factors influence lending decisions?
- What domestic political characteristics make countries more likely to enter into programs?
- What are the effects of IMF programs on national sovereignty?
- What are the political and economic determinants of compliance with programs?
- Do IMF programs convince recalcitrant recipients to initiate reforms or do they enhance recipients' ability to resist pressures for reform?
- Does the "seal of approval" have catalytic effects?
- What new data are required to pursue research on the IMF, and what methodological approaches should be used to evaluate programs?
- Why do governments and the IMF enter into agreements and with what effects?
- Should the IMF be reformed and, if so, how?

Recommended books:

- De Gregorio, José; Barry Eichengreen; Takatoshi Ito and Charles Wyplosz, *An Independent and Accountable IMF*, Geneva Reports on the World Economy 1, Genf/London 1999.
- Vreeland, James, 2003, *The IMF and Economic Development*, New York: Cambridge University Press.
- *Vreeland, James, 2007, *The International Monetary Fund: Politics of Conditional Lending*, Routledge.

2.1. Introduction: What is the IMF?

- Bird, Graham, 2007, The IMF: A Bird's Eye View of its Role and Operations, *Journal of Economic Surveys* 21, 4: 683-745.
- Dreher, Axel, 2004, A Public Choice Perspective of IMF and World Bank Lending and Conditionality, *Public Choice* 119, 3-4: 445-464.
- IMF, The Articles of Agreement, entire (skim), Available on-line: <http://www.imf.org/external/pubs/ft/aa/index.htm>
- IMF, "About the IMF," Available on-line: <http://www.imf.org/external/about.htm>
- *Joyce, Joseph P., 2004, Adoption, Implementation and Impact of IMF Programmes: A Review of the Issues and Evidence, *Comparative Economic Studies* 46: 451-467.
- *Steinwand, Martin and Randall Stone, 2008, The International Monetary Fund: A Review of the Recent Evidence, *Review of International Organizations*, 3(2):123-149.
- Vaubel, Roland, 1991, The Political Economy of the International Monetary Fund, in: Roland Vaubel und Thomas Willett (Ed.), *The Political Economy of International Organizations, A Public Choice Approach*, Boulder 1991.
- *Vreeland, James, 2007, *The International Monetary Fund: Politics of Conditional Lending*, Routledge, Chapter 1.
- Willett, Thomas D, 2001, Understanding the IMF Debate, *The Independent Review*, v.V, 4: 593-610.

2.2. Why do governments and the IMF enter into agreements?

- *Barro, Robert J. and Jong-Wha Lee, 2005, IMF-Programs: Who Is Chosen and What are the Effects? *Journal of Monetary Economics* 52: 1245-1269.
- Bird, Graham and Dane Rowlands, 2007, Should it be curtains for some of the IMF's lending windows? *Review of International Organizations*, vol. 2 no. 3: 281-299.
- *Dreher, Axel, 2004, The Influence of IMF Programs on the Re-election of Debtor Governments, *Economics & Politics* 16, 1: 53-75.
- Knight, Malcolm and Julio A. Santaella, 1997, Economic Determinants of Fund Financial Arrangements, *Journal of Development Economics* 54: 405-36.
- *Sturm, Jan-Egbert; Berger, Helge and Jakob de Haan, 2005, Which Variables Explain Decisions on IMF Credit? An Extreme Bounds Analysis, *Economics & Politics* 17(2): 177-213.
- *Vreeland, James, 2000, The IMF: Lender of Last Resort or Scapegoat? mimeo.
- Vreeland, James, 2001, The institutional determinants of IMF programs, mimeo.

2.3. Who controls the IMF?

- Aldenhoff, Frank-O., 2007, Are economic forecasts of the International Monetary Fund politically biased? A public choice analysis, *Review of International Organizations* 2, 3: 239-260.
- *Copelovitch, Mark, 2008, Master or Servant? Agency Slack and the politics of IMF Lending, *International Studies Quarterly*, forthcoming.

- Dreher, Axel and Nathan M. Jensen, 2007, Independent Actor or Agent? An Empirical Analysis of the Impact of US Interests on IMF Conditions, *The Journal of Law & Economics* 50, 1: 105-124.
- Dreher, Axel; Silvia Marchesi and James Vreeland, 2008, The Politics of IMF Forecasts, *Public Choice* 137 (1-2):145-171.
- *Dreher, Axel and Jan-Egbert Sturm, 2006, Do IMF and World Bank Influence Voting in the UN General Assembly? KOF Working Paper 137, ETH Zurich.
- *Dreher, Axel, Jan-Egbert Sturm and James Vreeland, 2009, Global Horse Trading: IMF loans for votes in the United Nations Security Council, *European Economic Review*, forthcoming.
- Faini, Riccardo and Enzo Grilli, 2004, Who Runs the IFIs? CEPR Discussion Paper No. 4666.
- Fратиани, Michele and John Pattison, 2005, Who is Running the IMF: Critical Shareholders or the Staff? In: P. de Gijssel and H. Schenk (eds), *Multidisciplinary Economics: The Birth of a New Economics Faculty in the Netherlands*, Berlin: Springer, 279-292.
- Oatley, Thomas and Jason Yackee, 2004, American Interests and IMF Lending, *International Politics* 41, 3: 415-429.
- Thacker, Strom, 1999, The High Politics of IMF Lending, *World Politics* 52: 38-75.
- *Vreeland, James, 2007, *The International Monetary Fund: Politics of Conditional Lending*, Routledge, Chapter 2.

2.4. IMF Conditionality

- Calvo-Gonzales, Oscar, 2007, Ownership and conditionality in IMF-supported programs: Back to Per Jacobsson's time, *Review of International Organizations*, vol. 2 no. 4: 329-342.
- *Dreher, Axel, 2008, IMF Conditionality: Theory and Evidence, KOF Working Paper 188, ETH Zurich.
- *Dreher, Axel and Nathan M. Jensen, 2007, Independent Actor or Agent? An Empirical Analysis of the Impact of US Interests on IMF Conditions, *Journal of Law & Economics* 50, 1: 105-124.
- Dreher, Axel, Jan-Egbert Sturm and James Vreeland, 2009, Global Horse Trading: IMF loans for votes in the United Nations Security Council, *European Economic Review*, forthcoming.
- Dreher, Axel and Roland Vaubel, 2004, The Causes and Consequences of IMF Conditionality, *Emerging Markets Finance and Trade* 40, 3: 26-54.
- *Marchesi, Silvia, Laura Sabani and Axel Dreher, 2009, Agency and communication in IMF conditional lending: theory and empirical evidence, KOF Working Paper 218, ETH Zurich-
- Marchesi, Silvia and Jonathan P. Thomas, 1999, IMF Conditionality as a Screening Device, *Economic Journal* 109: C111-C125.
- Mayer Wolfgang and Alex Mourmouras, 2007, IMF conditionality: An approach based on the theory of special interest politics, *Review of International Organizations*, vol. 3 no.2: 105-121.
- *Stone, Randall, 2008, The Scope of IMF Conditionality, *International Organization* 62: 589-620.

2.5. What are the effects of IMF programs?

- Abouharb, M. Rodwan and David L. Cingranelli, 2009, IMF programs and human rights, 1981–2003, *Review of International Organizations* 4:47-72.
- Atoyan, Rouben and Patrick Conway, 2006, Evaluating the impact of IMF programs: A comparison of matching and instrumental-variable estimators, *Review of International Organizations* 1: 99-124.
- *Barro, Robert J. and Jong-Wha Lee, 2005, IMF-Programs: Who Is Chosen and What are the Effects? *Journal of Monetary Economics* 52: 1245-1269.
- Bird, Graham and Dane Rowlands, 2004, Financing Balance of Payments Adjustment: Options in the Light of the Illusory Catalytic Effect of IMF Lending, *Comparative Economic Studies* 46, 3.
- Boockmann, Bernhard and Axel Dreher, 2003, The Contribution of the IMF and the World Bank to Economic Freedom, *European Journal of Political Economy* 19, 3: 633-649.
- Conway, Patrick, 1994, IMF Lending Programs: Participation and Impact, *Journal of Development Economics* 45: 365-91.
- Dreher, Axel, 2004, The Influence of IMF Programs on the Re-election of Debtor Governments, *Economics & Politics* 16, 1: 53-76.
- Dreher, Axel, 2005, Does the IMF Influence Fiscal and Monetary Policy? *The Journal of Policy Reform* 8, 3: 225-238.
- *Dreher, Axel, 2006, IMF and Economic Growth: The Effects of Programs, Loans, and Compliance with Conditionality, *World Development*, 34, 5: 769-788.
- *Dreher, Axel and Martin Gassebner, 2008, Do IMF and World Bank programs induce government crises? An empirical analysis, KOF Working Paper 200, ETH Zurich.
- Dreher, Axel and Sarah M. Rupperecht, 2007, IMF Programs and Reforms – Inhibition or Encouragement? *Economics Letters* 95, 3: 320-326.
- Dreher, Axel and Roland Vaubel, 2004, Do IMF and IBRD cause moral hazard and political business cycles? Evidence from panel data, *Open Economies Review* 15, 1: 5-22.
- *Dreher, Axel and Stefanie Walter, 2009, Does the IMF Help or Hurt? The Effect of IMF programs on the likelihood and outcome of currency crises, *World Development*, forthcoming.
- Goldstein, Morris and Peter J. Montiel, 1986, Evaluating Fund Stabilization Programs with Multicountry Data: Some Methodological Pitfalls, *IMF Staff Papers* 33: 304-344.
- Przeworski, Adam and James Vreeland, 2000, The Effect of IMF Programs on Economic Growth, *Journal of Development Economics* 62: 385-421.
- Smith, Alastair and James R. Vreeland, 2006, The Survival of Political Leaders and IMF Programs, in Gustav Ranis, James Vreeland, and Stephen Kosack (eds.), *Globalization and the Nation State: The Impact of the IMF and the World Bank*, New York: Routledge.
- Vreeland, James, 2003, *The IMF and Economic Development*, New York: Cambridge University Press, chapter 5.

*Vreeland, James, 2007, *The International Monetary Fund: Politics of Conditional Lending*, Routledge, Chapter 4.

2.6. Which countries comply with IMF agreements?

Arpaca, Ozlem; Graham Bird and Alex Mandilarasa, 2008, Stop Interrupting: An Empirical Analysis of the Implementation of IMF Programs, *World Development* 36, 9: 1493-1513.

Bird, Graham, 2007, The implementation of IMF programs: A conceptual framework, *Review of International Organizations* 3, 1: 41-64.

Bird, Graham; Mumtaz Hussain and Joseph P. Joyce, 2004, Many Happy Returns? Recidivism and the IMF, *Journal of International Money and Finance* 23, 2: 231-251.

Bird, Graham and Thomas D. Willett, 2004, IMF Conditionality, Implementation and the New Political Economy of Ownership, *Comparative Economic Studies* 46, 3.

*Dreher, Axel, 2003, The Influence of Elections on IMF Program Interruptions, *The Journal of Development Studies* 39, 6: 101-120.

*Ivanova, Anna; Wolfgang Mayer; Alex Mourmouras and George Anayiotos, 2005, What Determines the Implementation of IMF-Supported Programs? In: Ashoka Mody and Alessandro Rebucci (eds.), *IMF-Supported Programs: Assessing Program Design, Implementation, and Effectiveness*, Chapter 10, 160-186, Washington DC: International Monetary Fund.

Mercer-Blackman, Valerie and Anna Unigovskaya, 2004, Compliance with IMF Program Indicators and Growth in Transition Economies, *Emerging Markets Finance and Trade* 40, 3: 55-83.

*Nsouli, Saleh M.; Rouben Atoian and Alexandros Mourmouras, 2004, Institutions, Program Implementation, and Macroeconomic Performance, IMF Working Paper No. 04/184.

Schadler, Susan (ed.), 1995, IMF Conditionality: Experiences Under Stand-By and Extended Arrangements, Part I: Key Issues and Findings, Occasional Paper 128, Washington: International Monetary Fund.

Schadler, Susan (ed.), 1995, IMF Conditionality: Experiences Under Stand-By and Extended Arrangements, Part II: Background Papers, Occasional Paper 129, Washington: International Monetary Fund.

Schadler, Susan, 1996, How Successful are IMF Supported Adjustment Programs? *Finance and Development* 33: 14-17.

Vreeland, James, 2006, IMF Programs Compliance: Aggregate Index versus Policy Specific Research Strategies, *Review of International Organizations* 1, 4: 359-378.

2.7. Should the IMF be reformed?

*Bordo, Michael and Harold James, 2009, The Past and Future of IMF Reform, mimeo.

*International Financial Institution Advisory Commission, IFIAC, 2000, *Report of the International Financial Institution Advisory Commission*. Washington, DC: U.S. Government Printing Office.

- Krueger, Anne O., 1997, Wither the World Bank and the IMF? *Journal of Economic Literature* 36(4): 1983-2020.
- *Krueger, Anne O., 2006, A response to Allan Meltzer, *The Review of International Organizations* 1, 1: 61-64.
- *Meltzer, Allan H., 2006a, Reviving the Bank and the Fund, *The Review of International Organizations* 1, 1: 49-59.
- *Meltzer, Allan H., 2006b, Reply to Anne Krueger, *The Review of International Organizations* 1, 1: 65-67.
- Momani, Bessma, 2007, IMF staff: Missing link in fund reform proposals, *Review of International Organizations* 2, 1: 39-57.
- Vreeland, James, 2003, *The IMF and Economic Development*, New York: Cambridge University Press, chapter 7.
- *Vreeland, James, 2006, Self Reform: The IMF Strategy, Yale University, Prepared for the Reinventing Bretton Woods Committee and World Economic Forum conference, "The International Monetary Fund in Transition: Rediscovering its monetary role?" Cape Town, 29-30 May 2006.
- Vreeland, James, 2007, *The International Monetary Fund: Politics of Conditional Lending*, Routledge, Chapter 6.

3. The World Bank Group (IBRD, IDA, IFC, MIGA)

Relevant questions:

- What are the objectives of the World Bank and to whom is it accountable?
- Do international political factors influence lending decisions?
- How did the role of the World Bank change over time?
- What domestic political characteristics make countries more likely to enter into programs?
- What is the difference between IMF and World Bank?
- What are the effects of World Bank involvement on national sovereignty?
- (How) can we measure whether the World Bank is successful?
- Why do governments and the World Bank enter into agreements and with what effects?
- Should the World Bank cooperate with other international organizations? If so, how?
- Should the World Bank be reformed and, if so, how?

3.1. Introduction: What is the World Bank?

- Gilbert, Christopher; Andrew Powell and David Vines, 1999, Positioning the World Bank, *Economic Journal* 109: 598-31.
- Vaubel, Roland, 1996, Bureaucracy at the IMF and the World Bank: A Comparison of the Evidence, *The World Economy* 19: 195-210.

3.2. Why do governments and the World Bank enter into agreements?

- Abouharb, M. Rodwan and David L. Cingranelli, 2007, The Effects of Structural Adjustment Agreements on Government Respect for Workers' Rights, 1981-2003, mimeo.
- Dasgupta, Dipak and Dilip Ratha, 2000, What factors appear to drive private capital flows to developing countries? And how does official lending respond? Policy Research Working Paper Series 2392, The World Bank.
- *Frey, Bruno S. and Friedrich Schneider, 1986, Competing Models of International Lending Activity, *Journal of Development Economics* 20, 3: 225-245.
- Morrison, Kevin M., 2004, The Determinants of World Bank Flows to Africa, 1977-1998, Presented at 2004 International Studies Association.
- Ratha, Dilip, 2005, Demand for World Bank Lending, *Economic Systems* 29(4):408-421.
- Schneider, Friedrich; Bruno S. Frey; Henrik Horn and Torsten Persson, 1985, A Formulation and Test of a Simple Model of World Bank Behavior, *Weltwirtschaftliches Archiv* 121, 3: 438-447.

3.3. Who controls the World Bank?

- Andersen, Thomas B.; Henrik Hansen and Markussen, Thomas, 2006, US politics and World Bank IDA-lending, *Journal of Development Studies*, 42(5):772-794.
- Dreher, Axel; Stephan Klasen; James Vreeland and Eric Werker, 2009, The costs of favoritism: Is politically-driven aid less effective? Mimeo.
- Dreher, Axel and Jan-Egbert Sturm, 2006, Do IMF and World Bank Influence Voting in the UN General Assembly? KOF Working Paper 137, ETH Zurich.
- *Dreher, Axel; Jan-Egbert Sturm and James Vreeland, 2009, Development Aid and International Politics: Does membership on the UN Security Council influence World Bank decisions? *Journal of Development Economics*, 88: 1-18.
- Faini, Riccardo and Enzo Grilli, 2004, Who Runs the IFIs? CEPR Discussion Paper No. 4666.
- Fleck, R.K., and Christopher Kilby, 2006, World Bank Independence: A Model and Statistical Analysis of U.S. Influence, *Review of Development Economics* 10, 2: 210-223.
- *Kaja, Ashwin and Eric Werker, 2008, Institutionalized Insiders: Board membership and loan commitments at the World Bank, mimeo.

3.4. World Bank Conditionality

- Dreher, Axel, 2004, A Public Choice Perspective of IMF and World Bank Lending and Conditionality, *Public Choice* 119, 3-4: 445-464.
- *Kilby, Christopher, 2009, The Political Economy of Conditionality: an Empirical Analysis of World Bank Loan Disbursements, *Journal of Development Economics* 89, 1:51-61.
- Mosley, Paul; Farhad Noorbakhsh and Alberto Paloni, 2003, Compliance with World Bank Conditionality: Implications for the Selectivity Approach to Policy-Based Lending and the Design of Conditionality, CREDIT Research Paper No. 03/20.

Operations Evaluation Department, 2005, Review of World Bank Conditionality, World Bank, Washington DC.

World Bank, 2007, Conditionality in Development Policy Lending, Washington DC.

3.5. What are the effects of World Bank involvement?

Abouharb, M. Rodwan and David L. Cingranelli, 2006, The Human Rights Effects of World Bank Structural Adjustment, 1981–2000, *International Studies Quarterly* 50, 2: 233-262.

Boockmann, Bernhard and Axel Dreher, 2003, The Contribution of the IMF and the World Bank to Economic Freedom, *European Journal of Political Economy* 19, 3: 633-649.

*Dollar, David and Jakob Svensson, 2000, What Explains the Success or Failure of Structural Adjustment Programs? *Economic Journal* 110, 466: 894-917.

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*Easterly, William, 2005, What did structural adjustment adjust? The association of policies and growth with repeated IMF and World Bank adjustment loans, *Journal of Development Economics* 76, 1-22.

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*Flores, Thomas Edward and Irfan Nooruddin, 2009, Financing the peace: Evaluating World Bank post-conflict assistance programs, *Review of International Organizations* 4:1-27.

Nielson, Daniel and Tierney, Michael, 2003, Delegation to International Organizations: Agency Theory and World Bank Environmental Reform, *International Organization* 57, 2: 241-276.

3.6. Should the World Bank be reformed?

*Einhorn, Jessica, 2006, Reforming the World Bank, *Foreign Affairs*, January/February.

*International Financial Institution Advisory Commission, IFIAC, 2000, *Report of the International Financial Institution Advisory Commission*. Washington, DC: U.S. Government Printing Office.

Krueger, Anne O., 1997, Wither the World Bank and the IMF? *Journal of Economic Literature* 36(4): 1983-2020.

*Meltzer, Allan H., 2006a, Reviving the Bank and the Fund, *The Review of International Organizations* 1, 1: 49-59.

Stiglitz, Joseph E., 1999, The World Bank at the Millennium, *Economic Journal* 109: 577-597.

Williamson, John, 1999, What Should the Bank Think About the Washington Consensus? Institute for International Economics, July.

4. World Trade Organization

Relevant questions:

Why seemed an international trade agreement to be necessary after 1945?
 Is unilateral liberalization not enough? What is reciprocity?
 Was the GATT successful? How can success be measured?
 Why was the WTO established?
 Has the Uruguay Round and the creation of the WTO been successful?
 How are WTO-rules enforced?
 One country, one vote?
 Erosion of non-discrimination?
 “Single Undertaking” or “variable geometry”?
 How could the WTO be more efficient?
 Should the WTO be more transparent?
 How could the WTO be more democratic?

Recommended book:

WTO, 2003, *Understanding the WTO*, Geneva.

4.1. The Political Economy of the WTO

*Finger, Michael J., 1991, The GATT as an International Discipline over Trade Restrictions: A Public-Choice Analysis, in: Roland Vaubel and Thomas D. Willett (Ed.), *The Political Economy of International Organizations*, Boulder, Westview: 125-141.

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4.2. The Role of Developing Countries in the WTO

Bown, Chad, 2004, Developing Countries as Plaintiffs and Defendants in GATT/WTO Trade Disputes, *The World Economy* 27(1): 59-80.

Hoekman, Bernhard, 2003, Economic Development and the WTO: Back to Basics? *Intereconomics* 5: 232-234.

Hoekman, Bernhard; Constantine Michalopoulos and Alan Winter, 2004, Special and Differential Treatment of Developing Countries in the WTO: Moving Forward after Cancun, *The World Economy* 27(4): 481-506.

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Srinivasan, T.N., 2001, Developing Countries and the Multilateral Trading System after Doha, Yale Discussion Paper 842.

Stiglitz, Joseph and Andrew Charlton, 2004, A Development Round of Trade Negotiations? Paper presented to Annual World Bank Conference on Development Economics-Europe, Brussels,

11 May 2004. Forthcoming in Annual World Bank Conference on Economic Development - Europe, B. Pleskovic (ed), Washington: World Bank, 2004.

4.3. Consequences of the WTO

- Antkiewicz, Agata and John Whalley, 2006, BRICSAM and the Non-WTO, *Review of International Organizations* 1(3): 237-262.
- Busch, Marc and Edward Mansfield, 2003, Multilateral Determinants of Regionalism: The Effects of GATT/WTO on the Formation of Preferential Trading Arrangements, *International Organization* 57(4): 829-862.
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- Subramanian, Arvind and Shang-Jin Wei, 2005, The WTO Promotes Trade, Strongly But Unevenly, CEPR Discussion Papers 5122.

4.4. Reforming the WTO

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- Hoekman, Bernard and Michael Kostecki, 1995, The Political Economy of the World Trading System: From GATT to WTO, Oxford 1995, S. 9-46.
- Irwin, Douglas, 1995, The GATT in Historical Perspective, *American Economic Review* 85: 323-328.
- Jackson, John, 1994, Managing the World Trading System: The World Trade Organization and the Post-Uruguay Round GATT Agenda, in: Peter Kenen (Ed.), *Managing the World Economy, Fifty Years after Bretton Woods*, Washington.
- Krueger, Anne: The WTO as an International Organisation, Chicago 1998.
- Pauwelyn, Joost, 2005, The Sutherland Report: A Missed Opportunity for Genuine Debate on Trade, Globalization and Reforming the WTO, School of Law Duke Law School Legal Studies Paper No. 68.
- Sally, Razeen, 2004, The End of the Road for the WTO? A Snapshot of International Trade Policy after Cancún, *World Economics* 5(1): 1-14.
- Schott, Jeffrey, 1994, The Uruguay Round: An Assessment, Institute for International Economics, Washington.
- Winters, Alan, 1990, The Road to Uruguay, *Economic Journal* 100: 1288-1303.

5. European Community/ Union

Relevant questions:

Why did the European Constitution fail?

Who has the power in the EU?

Does EU conditionality work? Does it work better than those of the IFIs?

Is EU aid effective?

5.1. The Political Economy of the EU

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