

International Economic Policy | Lecture 5

1. Theoretical approaches on international organizations

- Rationalist approach. This approach relies on the agent-principal framework developed in economics. In particular, international organizations are viewed as opportunistic entities (the “agents”) trying to achieve their own goals in the framework of interests, demands and constraints established by states (the “principals”) and, possibly, other organizations and institutions (non-governmental organizations, other multilateral organizations, political parties and other political forces, mass media, private financial institutions...).
- Constructivist approach. This approach is based on sociological organization theory. It conceptualizes international organizations as (i) independent entities, that (ii) are not just extensions of states or groups of interest, though (iii) have their decisions potentially affected by outsiders (powerful states, private financial institutions, non-governmental organizations...). In this framework international organizations are subject to rules and principles (on what is considered an appropriate response), develop specific institutional characteristics and traditions (the organization’s ‘personality’) and erect ideological views that justify, or legitimize, their decisions. Once an institution has established a certain organizational culture, subsequent decisions or their orientation do not change easily or quickly.

2. Original purposes of the IMF

- Promotion of international monetary cooperation
- Promotion of exchange rate stability and avoidance of competitive exchange depreciations
- Expansion and balanced growth of international trade
- Establishment of a multilateral system of payments
- Provision of financial resources to member states with balance of payment problems

Bessema Momani; Mark Hibben (2017): *What’s wrong with the IMF and how to fix it.*

3. Complementary currencies

A complementary currency is a currency not issued by a national public authority (a government, a central bank: state-issued currency) having the monopoly to issue currency. A complementary currency is not supposed to necessarily satisfy all the usual properties of money (medium of exchange, store of value, unit of account, means of payment, means to settle debts): it suffices for the currency to satisfy at least one of them. Complementary currencies help to protect local economies and local communities and contribute to separate the global financial sector from the local/regional real sector (as big corporations cannot send complementary currency abroad to avoid paying taxes). Two examples of complementary currencies are the Bristol pound (a community currency launched on 19 September 2012 in Bristol, UK) and the WIR franc (a private, electronic currency issued and managed by the Swiss WIR Bank).

https://en.wikipedia.org/wiki/Community_currency

https://en.wikipedia.org/wiki/Bristol_Pound | https://en.wikipedia.org/wiki/WIR_Bank

https://en.wikipedia.org/wiki/Complementary_currency

Blanc, Jérôme; Marie Fare (2013): "Understanding the role of governments and administrations in the implementation of community and complementary currencies," *Annals of Public and Cooperative Economics* 84(1), 63-81.

Meyer, Camille; Hudon, Marek (2017): "Alternative organizations in finance: Commoning in complementary currencies," *Organization* 24(5), 629-647

Peacock, Mark S. (2014): "Complementary currencies: History, theory, prospects," *Local Economy* 29(6-7), 708-722.

Seyfang, Gill (2000): "The euro, the pound and the shell in our pockets: Rationales for complementary currencies in a global economy," *New Political Economy* 5(2), 227-246

Spano, Alessandro; John Martin (2018): "Complementary currencies: What role should they be playing in local and regional government?," *Public Money and Management* 38(2), 139-146.

4. Think tanks (public policy institutes)

"A think tank or policy institute is a research institute/center and organisation that performs research and advocacy concerning topics such as social policy, political strategy, economics, military, technology, and culture. Most policy institutes are non-profit organisations, which some countries such as the United States and Canada provide with tax exempt status. Other think tanks are funded by governments, advocacy groups, or corporations, and derive revenue from consulting or research work related to their projects."

https://en.wikipedia.org/wiki/Think_tank | https://en.wikipedia.org/wiki/List_of_think_tanks

The following is a sample of think tanks relevant for this course:

- Centre for Economic Policy Research (CEPR, UK)
- Center for Economic and Policy Research (CEPR, US)
- Center for International Policy
- European Centre for International Political Economy (ECIPE, <http://ecipe.org/about-us/>)
- Economic Policy Institute
- Global Governance Institute
- Global Trade Watch
- New Economics Foundation, <http://neweconomics.org/> (*Growth isn't working: Why we need a new*

Top Think Tanks Worldwide (Non-US)
Table 2

1.	French Institute of International Relations (IFRI) (France)
2.	Bruegel (Belgium)
3.	Chatham House (United Kingdom)
4.	International Institute for Strategic Studies (IISS) (United Kingdom)
5.	Korea Development Institute (KDI) (Republic of Korea)
6.	Danish Institute for International Studies (DIIS) (Denmark)
7.	Fundação Getúlio Vargas (FGV) (Brazil)
8.	Centre for European Policy Studies (CEPS) (Belgium)
9.	China Institutes of Contemporary International Relations (CICIR) (China)
10.	German Institute for International and Security Affairs (SWP) (Germany)
11.	Konrad Adenauer Foundation (KAS) (Germany)
12.	Friedrich Ebert Foundation (FES) (Germany)
13.	Carnegie Middle East Center (Lebanon)
14.	Stockholm International Peace Research Institute (SIPRI) (Sweden)
15.	European Council on Foreign Relations (ECFR) (United Kingdom)
16.	Asian Development Bank Institute (ADBI) (Japan)
17.	Amnesty International (AI) (United Kingdom)
18.	Transparency International (TI) (Germany)
19.	Clingendael, Netherlands Institute of International Relations (Netherlands)
20.	Carnegie Moscow Center (Russia)
21.	Fraser Institute (Canada)
22.	Centre for Economic Policy Research (CEPR) (United Kingdom)
23.	Chinese Academy of Social Sciences (CASS) (China)
24.	German Development Institute (DIE) (Germany)
25.	Barcelona Centre for International Affairs (CIDOB) (Spain)

economic direction, 2010; *Where Does Money Come From* by Josh Ryan-Collins et al., 2013; Happy Planet Index, <http://happyplanetindex.org/>).

For data on think tanks and their role in the policymaking process, see *2017 Global Go To Think Tank Index Report* (James G. McGann, 2018, https://repository.upenn.edu/think_tanks/13/).

5. Fair trade

Laura T. Reynolds, Jennifer Keahey (2011): "Fair trade," in *The Routledge Companion to Alternative Organization*.

6. Global trade

Bhagwati, Jagdish N.; Pravin Krishna; Arvind Panagariya; eds. (2016): *The world trade system: Trends and challenges*, The MIT Press, Cambridge, MA.

Stern, Robert M. (2009): *Globalization and international trade policies*, World Scientific Publishing, Singapore.

7. Immigration

Chomsky, Aviva (2018): *'They take our jobs!' and 20 other myths about immigration*, Beacon Press, Boston.

8. Financial Stability Board (FSB)

The FSB is an international organization that monitors the global financial system and suggests recommendations. It was created in April 2009 as the successor to the Financial Stability Forum, which was established in 1999 by the G7 Finance Ministers and Central Bank Governors. The FSB aims at promoting international financial stability by: (i) coordinating national financial authorities and international standard-setting organisms; and (ii) encouraging a coherent implementation of financial sector policies across jurisdictions and sectors.

<http://www.fsb.org/about/>

9. Bank for International Settlements (BIS)

Founded in 1930, and now owned by 60 central banks, the missions of the BIS are: (i) "to serve central banks in their pursuit of monetary and financial stability"; (ii) "to foster international cooperation in those areas"; and (iii) "to act as a bank for central banks".

<https://www.bis.org/about/index.htm?m=1%7C1>

https://en.wikipedia.org/wiki/Bank_for_International_Settlements

Top International Economics Think Tanks
Table 23

1.	Peterson Institute for International Economics (PIIE) (United States)
2.	Bruegel (Belgium)
3.	Brookings Institution (United States)
4.	Vienna Institute for International Economic Studies (WIIW) (Austria)
5.	Korea Institute for International Economic Policy (KIEP) (Republic of Korea)
6.	Institute of Developing Economies, Japan External Trade Organization (IDEJETRO) (Japan)
7.	Adam Smith Institute (ASI) (United Kingdom)
8.	National Bureau of Economic Research (NBER) (United States)
9.	RAND Corporation (United States)
10.	Chatham House (United Kingdom)
11.	Korean Development Institute (KDI) (Republic of Korea)
12.	Institute of World Economy and International Relations (IMEMO RAS) (Russia)
13.	Institute of World Economics and Politics, Chinese Academy of Social Sciences (China)
14.	Kiel Institute for the World Economy (IfW) (Germany)
15.	American Enterprise Institute for Public Policy Research (AEI) (United States)
16.	Center for Strategic and International Studies (CSIS) (United States)
17.	Centre for European Policy Studies (CEPS) (Belgium)
18.	India Council for Research on International Economic Relations (ICRIER) (India)
19.	Berkeley Roundtable on the International Economy (BRIE) (United States)
20.	Cato Institute (United States)
21.	Council on Foreign Relations (CFR) (United States)
22.	Fraser Institute (Canada)
23.	European Centre for International Political Economy (ECIPE) (Belgium)
24.	Economic Research Institute for ASEAN and East Asia (ERIA) (Indonesia)
25.	Heritage Foundation (United States)
26.	Australian Institute of International Affairs (AIIA) (Australia)
27.	Carnegie Endowment for International Peace (CEIP) (United States)
28.	Institute for International Economic Studies (IIES) (Sweden)
29.	Center for Social and Economic Research (CASE) (Poland)
30.	Center for Global Development (CGD) (United States)

10. Global shadow banking (Global Shadow Banking Monitoring Report 2017)

<http://www.fsb.org/2018/03/global-shadow-banking-monitoring-report-2017/>

Cornel Ban; Daniela Gabor (2016): "The political economy of shadow banking," *Review of International Political Economy*, 23(6), 901-914.

11. Is chronic poverty the product of elite-dominated policymaking?

Timberman (2018) holds this view for the Philippines.

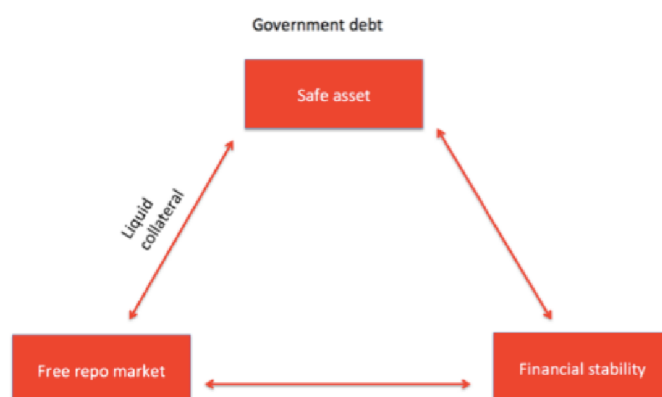
Timberman, David G. (2018): "Persistent poverty and elite-dominated policymaking," in *The Roudledge Handbook of the Contemporary Philippines*.

12. The repo trinity

The repo trinity is the expression of the accepted view among central bankers that financial stability demands liquid government bond markets and liberalized repo markets. After the 2008 financial crisis, free repo markets are presumed subject to cycles of leverage, fire sales and elusive liquidity.

Central banks appear to accept that financial stability requires providing liquidity in repo markets in times of stress instead of providing that liquidity to banks.

Daniela Gabor (2016): "The (impossible) repo trinity: the political economy of repo markets," *Review of International Political Economy*.



13. Two views on the impact of globalization on world income (Erik S. Reinert)

- Orthodox view (Paul Samuelson). Unrestricted international trade leads to factor-price equalization: the prices paid to the production factors (capital, labour) will tend to converge around similar values around the world. In particular, wages in poor countries should converge to wages in rich countries.
- Heterodox ('the other canon') view (Gunnar Myrdal). International trade reinforces existing income differences between richer and poorer economies. In this view, the gains from trade are not symmetrically distributed. For example, economies accumulating more human capital are in better position to attract more physical capital, which will become more productive in those economies and will increase the accumulation of human capital there.

14. Two categories of intellectuals (Chomsky, Noam (2016) : "Who rules the world?")

- Conformist (technocratic) intellectuals. Those who line up in support of established powers and official aims, and ignore or rationalize official crimes.
- Dissident (value-oriented) intellectuals. Those that condemn the crimes of the powerful, conduct critical analyses of official decisions and actions, and side with the poor and those treated unfairly. They aim to advance the causes of freedom, justice, mercy, peace...