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Spring 2009

DIPL 6113 International Financial Institutions

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**JOHN C. WHITEHEAD SCHOOL OF DIPLOMACY AND
INTERNATIONAL RELATIONS
Seton Hall University**

**DIPL 6113: International Financial Institutions, Spring 2009
Tuesday: 8:35 pm. to 10:45 pm.**

Professor Robert Chandross

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Office Hours: Tues.: 7:30 p.m. to 8:30 p.m. and by appointment

This course has been designed to provide a better understanding of international financial institutions with a particular emphasis on the International Monetary Fund and the World Bank. Just six months ago, serious questions were being raised about the relevance of the IMF and the need for its traditional activity dealing with countries experiencing severe financial problems. Now that the global financial crisis has burst on the scene, the fund is as busy as ever.

Activities and background of the Fund and the World Bank will be examined with emphasis on arguments about their relevance and proposals for reform. In addition, we will examine the role of various other multilateral development finance institutions. Discussions of reform of the international financial architecture have intensified as the current global financial crisis has unfolded, so we will devote considerable attention to this issue and to some proposals that have been made.

Textbook: There is no required text book, but students are urged to buy

Woods, Ngaire: "THE GLOBALIZERS: The IMF, The World Bank, and Their Borrowers". This book is available in paperback format and has been ordered by the bookstore.

Except for the Woods book, all of the articles assigned for the course are available free of charge online, and students are expected to be diligent in their reading. Where web addresses are not provided, articles can be located through author's name or title of article. From time to time, students will be required to lead a class discussion of an assigned reading or to hand in a brief two-page write up of an assigned article.

Each student is expected to select a research topic and to complete a research paper 15-20 pages in length. Before the final paper is submitted, students will prepare a 15 minute presentation on the topic to be delivered in class. For each presentation two other class members will have been in touch with the presenting student for the purposes of providing detailed comments on the research paper.

For those students who wish to do so, the instructor will read and provide suggested revision to a draft of the paper; provided that the draft is submitted at least one week before the final due date. Guidelines and suggestions for the selection of topics will be discussed in class.

Some Rules of the Game:

Since the enrollment in graduate courses is limited, classes will be conducted in seminar format in which students will be expected to participate actively. While the instructor reserves the right to change the syllabus, with at least one week's notice, it is anticipated that there will be one examination that will account for 40% of the final grade. The remainder of the grade will be based equally on class participation, including the Article IV assignment, and the research paper. Attendance is expected and unexcused absences will be counted in computing the final grade.

Plagiarism and the Honor Code

It goes without saying that as in all courses at Seton Hall academic integrity is a high priority in this course. Plagiarism will not be tolerated and will result in a failing grade and likely damage to academic standing and enrolment in The Whitehead School and the University.

Students with Special Needs

Under the Americans With Disabilities Act and Section 504 of the Civil Rights Restoration Act, Students at Seton Hall University who have a disability may be eligible for accommodations in this course. Should a student require such accommodations, he or she must self identify at the Office for Disability Support Services (DSS) and work with DSS to develop a plan for accommodations

Class 1: Introduction

Discussion of the course outline, the contents and format and the rules of the game. We will also discuss briefly the notion of an international financial institution and the general sphere of operation.

Classes 2 and 3 January 20-27

Globalization 101.org. *The IMF and the World Bank*,
<http://www.globalization101.org/issue/imfworldbank>

Woods, Introduction and chapters 1 and 2

How the IMF describes its role: www.imf.org/external.work.html

How the World Bank describes its role: www.worldbank.org/aboutus

2008 Annual Reports of the IMF and the World Bank,
Students should read descriptions of the activities of these institutions and
examine their financial statements to get an idea of the size of them

Boughton, James, The IMF and the Force of History: Ten Events and Ten Ideas
that Have Shaped the Institution, Revised September 2006, access through
internet entry entitled James M. Boughton, summary biography.

Gavin, M., and Rodrik, D., "The World Bank in Historical Perspective" American
Economic Review, May 1995.

Weiss, Martin, "The World Bank's International Development Association (IDA)",
CRS Report for Congress, April 2007.
www.fpc.state.gov/documents/organization/84308.pdf

Bordo and James, "The International Monetary Fund: Its present role in historical
perspective," NBER Working Paper, 7724, 2000. Copies will be emailed to
students

Classes 4 - 6, February 3-10 -17

Krueger, A., "Whither the World Bank and the IMF?" Journal of Economic
Literature, vol. 36, No. 4, Dec. 1998

"The IMF's Interactions with its Member Countries", Issues Paper for an
Evaluation by the Independent Evaluation Office, December 2008

IMF Independent Evaluation Office, "Evaluation of Structural Conditionality in
IMF-Support Programs", January 2008.

Willett, T., "Understanding the IMF Debate" The Independent Review, Spring
2001

Truman, E., "On What Terms is the IMF Worth Funding?" Peterson Institute for
International Economics, December 2008, www.petersoninstitute.org

Kenen, P.B. "Reform of the International Monetary Fund", Council on Foreign
Relations, May 2007

Bordo, M. and James H., "The Past and Future of IMF Reform: A proposal"
Michael. Bordo.googlepages.com/The past and Future of IMF Reform.
September 2008.

Evrensel, A. "Effectiveness of IMF-supported stabilization programs in developing countries", Journal of International Money and Finance April 2002

Domenico Lombardi and Ngaire Woods "The Politics of Influence: An Analysis of IMF Surveillance,"

www.globaleconomicgovernance.org/docs/Lombardiwoods_ripe.pdf

Dreher, A. "IMF and Economic Growth: The Effects of Programs, Loans, and Compliance with Conditionality",

Easterly, An Identity Crisis: Testing IMF Financial Programming, NYU Development Research Institute, working paper #6, 2004

Eichengreen, B. "Strengthening the International Financial Architecture, 2004

Mercer-Blackman and Unigovskaya, "Compliance with IMF Program Indicators and Growth in Transition Economies, IMF working paper 00/47

Selection of topics and outlines for term project due.

Class 7, February 24

Article IV project: students will select a country and review the IMF Article IV report for it with the objective of discussing it in class.

Woods, chapters 4, 5, IMF programs in Mexico and Russia

Class 8, March 3

Congressional Research Service, IMF Reform and the International Financial Institutions Advisory Commission, January 2001,

<http://www.ncsweonline.org/nle/crseports/finance/fin-2.pdf>

Jonathan Sanford and Martin Weiss, "The International Monetary Fund: Future Directions, Congressional Research Service, June 2004,

www.opencrs.com/document/RL32432

James Vreeland, Self Reform: The IMF Strategy; May 2006

Willett, T. "The IMF and Capital Account Crisis: The case for a separate lender of last resort and conditionality functions, Claremont College Working Papers in Economics #2005-1.

Raghuram G. Rajan. "The Role of the International Monetary Fund in a Changing World, Lecture delivered at the Kiel Institute, April 6, 2006.

Rodrigo de Rato, "The IMF's Medium Term Strategy for Low-Income Countries, remarks by the IMF Managing Director delivered at the regional roundtable on Policies for Growth and Development and the Challenge of Scaling Up Aid, Lusaka, Zambia, March 2006.

March 17, no class, study for exam and work on term projects

Class 9 March 24,

Exam 1.5 hours

Discussion of term projects

Class 10, March 31

Andrew Hansen, The World Bank and International Development Lenders, Backgrounder, Council on Foreign Relations, 2007

James B. Burnham, "Understanding the Multilateral Development Banks", October 2000.

Jessica Einhorn, "Reforming the World Bank", *Foreign Affairs*, February 2006

World Bank 2008, Annual Review of Development Effectiveness, executive summary, chapters 2, 5.

World Bank Annual Report 2008, pg. 11-29.

Class 11, April 7

Lex Rieffel, "The IMF and the World Bank: A Case for Separating the Conjoined Twins," Brookings Institution, October 2008

Michael Fabricus, Merry Sisterhood or Guarded Watchfulness? Cooperation Between the International Monetary Fund and the World Bank, Peterson Institute for International Economics, December 2007. www.petersoninstitute.org

Government Accountability Office." Multilateral Development Banks, Profiles of Selected Multilateral Development Banks", GAO-01-665, May 2001.

Class 12, April 14

Continuation of discussion of activities of other multilateral development institutions.

Reforming the International Financial Architecture --Summing up what we know and thoughts about proposed changes in aftermath of the global financial crisis.

"New International economic architecture: No shortage of blueprints"

www.brettonwoodsproject.org

Ngairé Woods, *The Globalizers*, The IMF, The World Bank and Their Borrowers, chapters 6 and 7,

Students to begin presenting term paper projects

Classes 13 and 14

Students to continue presenting term project reports.

Remember if you want to turn in a draft of paper for comments it must be provided by April 28

DEADLINE for turning in finished papers is Friday May 1.