EU Political Economy Bulletin – Issue 15, Winter 2011

A publication of the EUSA EU Political Economy Interest Section

http://www.eustudies.org/pesection.html

Section Co-Chairs: Michele Chang (College of Europe)
George Menz (Goldsmiths College, University of London)
Mitchell Smith (University of Oklahoma)

Chief Editor: Patrick Leblond (University of Ottawa)

Forum Editor: David Cleeton (Christopher Newport University)

Message from the Chief Editor of the EU Political Economy Bulletin:

Dear Section Members,

As you have probably realized by now, the fall 2010 issue of the *EU Political Economy Bulletin* was not published as scheduled, owing to a series of unfortunate events involving the editors. I sincerely apologize for any disappointments, frustrations and inconvenience that this may have caused you.

The current winter issue is meant to be a combination of the fall 2010 and spring 2011 issue and the timing of its publication, a day before the beginning of the 12th EUSA biennial conference, is only appropriate. I strongly encourage you to read through the Bulletin as you travel to Boston today and tomorrow (for our North American members) or cannot find sleep in the middle of the night (for our overseas members who are already on their way to Boston). I am sure you will enjoy its content.

I wish you a great conference and look forward to seeing you in Boston.

Patrick Leblond

Greetings from the co-chairs of the EUSA Political Economy Section:

Michele Chang, Political and Administrative Studies Department, College of Europe
michele.chang@coleurope.eu
Georg Menz, Department of Politics, Goldsmiths College, University of London
sss02gm@gold.ac.uk
Mitchell Smith, Department of Political Science, University of Oklahoma
mps@ou.edu

Dear Section Members,

As the Twelfth Biennial International Conference of EUSA takes flight, there is significant progress to report in the activities of the section. First, the research project on the Lisbon decade launched in the wake of the 2009 EUSA conference is coming to fruition. The edited volume, *Europe and National Economic Transformation: From the Lisbon Decade to EU 2020*, is to be published in the *Palgrave Studies in European Union Politics* series. The contributors are a truly transatlantic group; participants (in the order in which they will appear in the volume) are: David Cleeton (Christopher Newport University); Mehmet Ugur (University of Greenwich) and Umit Güner (Dumlupinar University); Richard Deeg (Temple University); Vince Della Sala (University of Trento); Mitchell Smith (University of Oklahoma); Maurits van der Veen (College of William and Mary) and Christopher S. Allen (University of Georgia); Waltraud Schelkle (London School of Economics and Political Science), Deborah Mabbett (Birkbeck College, University of London) and Max Freier (London School of Economics and Political Science); Georg Menz (Goldsmiths College, University of London); Petia Kostadinova (University of Florida); and Ramunas Vilpisauskas (Vilnius University). Several of the contributors presented preliminary versions of their chapters at the September 2010 UACES conference in Bruges, Belgium.

The section is sponsoring two panels at the 2011 EUSA conference, so we strongly encourage you to attend:

Panel 1E: Thursday, 8:30 – 10:15 a.m., Room Plymouth

Competitiveness Framing and Policymaking in the EU

Chair and Discussant: Mitchell P. Smith (University of Oklahoma)

Competitiveness as an Agenda-Setter in Higher Education: The Case of the European Higher Education Area in Comparative Perspective
Barbara Haskel (McGill University)

Competitiveness or Reciprocity? To What Extent Does the Lisbon Process Drive the EU's External Trade Policies
Bart Kerremans (Katholieke Universiteit Leuven)
Johan Adriaensen (Katholieke Universiteit Leuven)

Framing Competitiveness: The Advocacy of Articulating Migration as a Human Resources Strategy
Georg Menz (Goldsmiths College, University of London)

A Discourse Analysis of Institutional: Change: European Competition Policy under the Modernization Reform
Takeshi Ito (European University Institute)

Panel 8K: Friday, 4:00 – 5:45 p.m., Room Nantucket

Roundtable: "European Economic Governance and Policies, Volume I and Volume II"

Chair: Shawn Donnelly (University of Twente)

Roundtable Participants:

Kenneth Dyson (University of Cardiff)
Lucia Quaglia (University of Sussex & Max Planck Institute)
Uwe Puetter (Central European University)
Dermot Hodson (Birkbeck College)
Patrick Leblond (University of Ottawa)
Tal Sadeh (Tel Aviv University)

The roundtable will discuss two volumes recently published by Oxford University Press:

- *European Economic Governance and Policies, Volume I: Commentary on Key Historical and Institutional Documents*, Kenneth Dyson and Lucia Quaglia, OUP, 2010, 800 pp. (http://www.oup.com/us/catalog/general/subject/Politics/ComparativePolitics/EuropeanUnion/?view=usa&ci=9780199594511)
- *European Economic Governance and Policies, Volume II: Commentary on Key Policy Documents*, Kenneth Dyson and Lucia Quaglia, OUP, 2011, 900 pp. (http://www.oup.com/us/catalog/general/subject/Politics/InternationalStudies/InternationalPoliticalEconomy/?view=usa&ci=9780199594528)

Uwe Puetter will discuss volume I while Dermot Hodson, Patrick Leblond and Tal Sadeh will discuss volume II.

Finally, Erik Jones has authored a penetrating analysis of fiscal discipline and the prospects for eurozone stability as the section's contribution to the Forum section of the Fall 2010 issue of the

EUSA Review (http://www.eustudies.org/files/eusa_review/fall10final3.pdf). We encourage section members to look for Erik's insightful piece. Moreover, it should be noted that David Cleeton also contributed a piece to the same issue of the Review analyzing the Lisbon Agenda's economic performance in the EU.

As always, there will be a section meeting and reception at the conference. The meeting of the Political Economy Interest Section will take place on Friday, March 4 from 5:45 to 6:30 p.m. in room Concord. We encourage all members to attend and to come forward at the meeting with ideas for future section initiatives.

We look forward to seeing many of you in Boston this week.

With best wishes,

Michele Chang

Georg Menz

Mitchell P. Smith

Forum Section

David Cleeton, Forum Editor

The Forum is open to all members of the EUSA Political Economy Interest Section who wish to share their views on empirical, theoretical and policy questions relating to EU political economy.

One for All and All for One? The Eurozone's Bailout Arrangements

Patrick Leblond
University of Ottawa

Bartholomew Paudyn
University of Victoria

Introduction

The extreme volatility surrounding Greece's fiscal woes in spring 2010 escalated fears of the potential disintegration of Economic and Monetary Union (EMU). Debt securities of euro area countries – most notably the 'Club Med' economies – were attacked by massive short selling as speculative investors wagered that a sovereign credit default was imminent. Not a day passed by without the threat of or an actual downgrade by one of the three main credit rating agencies. As a result, beleaguered member states found themselves overwhelmed by bond market conditions, which they had to satisfy in order to refinance their debts. The spreads between the yields of German debt on the one hand and Greek, Irish and Spanish debts on the other soared to new highs, threatening Italy and Portugal in their wake. Even the euro took a tumbling, from US$1.46 for the month of December 2009 on average to a low point of US$1.22 for June 2010.

In spite of the Greek government's multifarious attempts to restore market confidence with new budgetary cuts and fiscal reforms, it is not until the EU stepped in with a bailout package – after a lot of dithering – that the situation began to stabilize. But it took an even bigger bailout commitment on the EU's part, in the form of the European Financial Stability Facility (ESFS), to quell the crisis (to some extent). This one was engineered mainly to protect the other member states from the so-called 'periphery', especially Portugal and Spain, which had not been able to convince markets that they were immune from contagion from Greece's fiscal crisis because they could bring their public finances under control.

This short article examines the EFSF in terms of its mechanics and its evolution into a permanent fixture of European economic and monetary integration. It also provides an assessment of its broader meaning for the euro and the European integration project more generally.

The European Financial Stability Facility

Once the Greek rescue package was in the bag, sovereign bond investors shifted their attention to other euro area countries experiencing fiscal difficulties, most especially Portugal and Spain. There were fears that Portugal and Spain would be next in line asking for bailout money from their eurozone partners and the International Monetary Fund (IMF). As a result, volatility in financial markets remained and the cost of refinancing sovereign debt for countries such as Ireland, Italy, Portugal and Spain was making it difficult, if not impossible, to get back on the path of fiscal sustainability. As with many other financial crises, investors' perceptions were turning into a self-fulfilling prophecy; sharp sell-offs would produce further 'cliff effects'. In order to end this destructive panic, eurozone member states had to take immediate and bold action.

On 9 May 2010, when EU finance ministers got together in an extraordinary ECOFIN Council meeting to find a solution to the ongoing debt crisis, they came up with a massive rescue package plan of €750 billion. This sum is meant to be at the disposal of EU member states facing public finance difficulties. It includes €60 billion in balance-of-payment help from the European Commission (known as the European Financial Stability Mechanism), €440 billion in eurozone-backed loan guarantees (known as the European Financial Stability Fund), and, finally, €250 billion in loans from the IMF. All funds and guarantees extended are subject to strict IMF conditionality rules. Furthermore, the European Central Bank (ECB) contributed to this rescue operation by putting together a 'securities markets programme' whereby it purchases government bonds on financial markets in order maintain (not increase) liquidity in eurozone credit markets. In the end, after some effervescence related to the package's ratification by national governments, this 'shock and awe' operation managed to calm financial markets' nerves to some degree and stabilize a situation that was rapidly getting out of hand.

As a limited liability company registered in Luxembourg, the EFSF has the capacity to issue bonds – at the request of eurozone member states (the EFSF's shareholders) – and use the proceeds as loans to eurozone countries experiencing a liquidity crisis in terms of being unable to refinance sovereign bonds on international capital markets. Corresponding to their share in the ECB's paid-up capital, eurozone member states guarantee on a pro rata basis the EFSF's bond issues (up to a maximum of €440 billion). Eurozone member states' guarantees in fact correspond to 120 percent of their pro rata contribution to the scheme. This means that in the case of an EFSF's default, each member state is liable up to 120 percent of its share in the EFSF. This overcollaterization was done to ensure the best possible credit rating for the bonds issued by the EFSF, especially since only six out of 17 eurozone member states have AAA credit ratings: Austria, Finland, France, Germany, Luxembourg and the Netherlands. With France, Germany and the Netherlands representing about 50 percent of the EFSF, the 20 percent extra buffer means that about two thirds of the bonds issued by the EFSF are guaranteed by triple-A eurozone member states.

As a lender of last resort for the eurozone, the EFSF finally secured the necessary guarantee commitments of 90 per cent of its shareholders to enter into force on 4 August 2010. On 20 September 2010, the EFSF received the sought-after AAA credit rating from Fitch, Moody's and Standard & Poor's. On 25 January 2011, the EFSF issued its first bonds, for a total amount of €5 billion with a five-year maturity. Given that the issue was oversubscribed by about €40 billion, the bonds' yield was 2.8 percent, 56 basis points (or 0.56 percentage points) over the benchmark German bunds. This result was better than expected since it was thought that the EFSF would have to pay a premium of 70 basis points over German sovereign bonds. The big questions now concern the amounts that can actually be lent to eurozone member states experiencing liquidity difficulties and the interest rates that the EFSF charges in such circumstances.

Given that only countries not receiving bailouts are able to guarantee EFSF bonds, the EFSF's ability to borrow and lend can become rapidly constrained if many countries experience liquidity problems at the same time or if one large member state faces such difficulties. Hence, as demands on the EFSF mount, its ability to deal with them decreases. Moreover, the EFSF has to retain a cash reserve on any loan that it makes as a liquidity buffer in case a borrower is unable to meet its payments. Finally, the EFSF has to take into account the 120 percent overcollateralization of its guarantors, which again means that it cannot disburse all the funds that it borrows. As an indication, the EFSF estimates that in order to provide Ireland with the promised €17.7 billion bailout funds, it will have to borrow about €27 billion in total (see the January 2011 EFSF Newsletter, p. 2). This means that the EFSF's true maximum lending capacity is no more than €300 billion in reality. Consequently, there are fears that should Spain come to require a bailout, which looks unlikely for the time being, the EFSF would not have the sufficient funds to help. Thus, the EFSF is at present a rescue mechanism whose scope applies only to small eurozone economies such as Greece, Ireland and Portugal, for example.

Since the EFSF was created in order to reassure sovereign bond investors that their investments were safe and, therefore, they did not need to panic and drive yields through the roof, it is no wonder that when there were doubts about Spain's ability to meet its debt commitments in the fall of 2010, it fell on the Spanish government to implement strong austerity measures to convince investors that Spain's fiscal deficit would come down rapidly and its public debt would stabilize. In essence, the EFSF was useless in reassuring holders of Spanish sovereign debt that their investments were safe. This is why the European Commission and the ECB are now calling for the eurozone member states to agree to allow the EFSF to increase its actual lending capacity. So far Germany, with support from the Netherlands, has rejected such a change to the EFSF's operations unless it is accompanied by a broader package of reforms to the eurozone's governance of member states' fiscal and economic policies: the so-called 'grand bargain'.

Compounding the uncertainty is the opacity surrounding the interest rate to be charged to member states borrowing from the EFSF. The Facility can be activated only upon the request of a member state and when that 'country is unable to borrow on markets at acceptable rates'. What this actually entails remains ambiguous. In Ireland's case, yields on ten-year bonds reached a high of more than 8 percent just before it received its €85 billion bailout at the end of November 2010. Currently, there are strong expectations that Portugal will end up having to request a bailout since yields on its ten-year bonds are hovering around 7.5 percent. Hence, the 'acceptable rate' threshold seems to be around 7 percent. As for the interest rate charged to member states that borrow from the EFSF, it has to cover not only the Facility's own cost of capital (i.e. the cost at which it borrows on capital markets) but also a 'service fee' to cover the EFSF's operating costs. In the case of Ireland's rescue, the interest rate charged by the EFSF is close to 6 percent, which is certainly not cheap. In fact, it now appears that such an interest rate may itself not be sustainable for Ireland, which is why the new incoming Irish government has announced that it will seek to renegotiate a lower rate. It is however true that the EFSF was never considered to be an alternative funding mechanism for eurozone member states, whereby they could finance their debt at a cheaper cost than on financial markets. The EFSF is meant to be a temporary funding mechanism to prevent eurozone member states from defaulting on their debt and, as a result, destabilize the euro. For now, it is not meant to become the eurozone's common debt issuance mechanism, as a backdoor alternative to the creation of the eurobond scheme supported by Italy, Luxembourg and the ECB.

Making the EFSF Permanent: The European Stability Mechanism

The EFSF is scheduled to end in June 2013, as it is a temporary mechanism for dealing with the eurozone's debt crisis, triggered by Greece. It quickly became obvious, however, that the current fiscal problems experienced by Greece and others would not be resolved in three years' time. In fact, almost as soon at the EFSF became official sovereign bond investors began worrying about what would happen when the current Greek bailout and the EFSF would expire. Would a new debt crisis resurface and recent European history would simply repeat itself? Had the eurozone simply pushed back the problem and bought some but not enough time for Greece and those to follow?

Discussion of making the EFSF permanent took place in the fall of 2010. At the end of November 2010, while the EU was busy bailing out Ireland, an agreement was finally reached between France and Germany – the EFSF's main pillars – at an ECOFIN meeting to create a permanent European Stability Mechanism (ESM) to replace the EFSF when it expires at the end of June 2013. The European Council adopted the ESM in principle at its meeting on 16-17 December 2010, though a minor amendment to the Treaty on European Union is required to make it official. This amendment is scheduled to be officially adopted at the March 2011 European Council meeting and will then have to be ratified by parliaments in all 27 EU member states before 1 January 2013 for the ESM to be in operation in June 2013.

Perhaps not surprisingly, the ESM is modeled after the EFSF. The main issue surrounding the ESM's discussion was what to do if debt-laden eurozone member states require some form of debt restructuring (e.g., maturity extensions, interest rate cuts, write downs ['haircuts']) rather than temporary liquidity assistance. This is something that the EFSF does not address even though it is certain that Greece will have to restructure its public debt by the time its current bailout arrangement comes to an end in 2013. Contrary to the EFSF, the ESM will not be limited to providing funding to member states experiencing a liquidity crisis; it will also be able to come to the rescue of member states needing to restructure their public debt.

It has been decided that the ESM will deal with such restructuring problems on a case-by-case basis rather than in an automatic fashion after some fiscal thresholds has been reached, thereby (hopefully) preventing market investors from making one-way bets (as was the case, for instance, with the crisis in the European Monetary System in 1992-93). The ESM's notable feature in terms of debt restructuring is the fact that bonds issued by eurozone member states and the ESM after June 2013 will contain collective action clauses. Such clauses are already in use in the UK and the US and allow the issuer of the bond to handle any debt restructuring by treating bondholders as a whole rather than having to negotiate with them individually, which means that creditors are able to accept changes to bonds' terms of payment with a qualified-majority vote.

Whether a country's debt position is considered unsustainable and a restructuring necessary – called the debt sustainability analysis – will be determined by the IMF and the Commission, in liaison with the ECB. As for the procedures to follow in order to restructure a member states' debt, they will adopt those used by the IMF. In such a case, the ESM may provide financial assistance as part of a restructuring package negotiated with creditors.

Conclusion

What are we to make of the EFSF and the ESM? What do these bailout mechanisms tell us about the eurozone and European integration more generally. As Philip Stephens, the *Financial Times* columnist, recently reminded us, the debt crisis of spring 2010 'was in part a bet against the political resolve of eurozone governments' (*Financial Times*, 11 February 2011, p. 9). So far, eurozone governments have shown a significant amount of resolve in front of market pressures, except that it has been the reactive kind of resolve rather than the proactive one. Only when the pressure from market forces has mounted sufficiently high have governments felt compelled to respond with a united front and come to each other's help; otherwise, it has been the politics of dithering as usual. Perhaps not surprisingly, the eurozone's dithering has usually unnerved investors, which created the crisis conditions that force bold solutions like the Greek and Irish bailouts, the EFSF and the ESM. Maybe it is only under such critical circumstances that it becomes politically acceptable for government leaders in Germany, France and the Netherlands, for instance, to commit their countries to supporting financially some of their eurozone partners experiencing fiscal troubles. The message, however, should by now be clear enough: Germany et al. will not let the euro and the eurozone fail!

But by no means is these bailout arrangements' success guaranteed if member states continue to engage in excessively profligate behaviour; however, to be sustainable conditionality clauses must establish an adequate balance between fiscal austerity and socio-politically palatable reforms. There are only so many strikes and street demonstrations that an economy and a government can tolerate. People in Greece, Ireland, Portugal and Spain generally recognize that something must be done to correct their country's current fiscal situation. They understand that austerity is necessary, but only up to a point. Finding the proper mechanism for governing this delicate balance between fiscal austerity and discipline on the one hand and economic growth and political legitimacy on the other is the eurozone's next big political battle, which is currently framed in the context of the so-called 'competitiveness pact'. To find out how that story ends, please stay tuned for a future issue of the *EU Political Economy Bulletin*.

Members' Recent Publications

Coen, David, Wyn Grant and Graham Wilson, eds, *The Oxford Handbook of Business and Government*, Oxford University Press, 2010.

Dyson, Kenneth and Lucia Quaglia, *European Economic Governance and Policies, Volume I: Commentary on Key Historical and Institutional Documents*, Oxford University Press, 2010.

Dyson, Kenneth and Lucia Quaglia, *European Economic Governance and Policies, Volume II: Commentary on Key Policy Documents*, Oxford University Press, 2011.

Dür, Andreas and Gemma Mateo, "Bargaining Power and Negotiation Tactics: The Negotiations on the EU's Financial Perspective, 2007–13", *Journal of Common Market Studies*, vol. 48, no. 3, 2010, pp. 557-578.

Dür, Andreas, Gemma Mateo and Daniel C. Thomas, "Negotiation theory and the EU: the state of the art", *Journal of European Public Policy*, vol. 17, no. 5, 2010, pp. 615-620.

Dür, Andreas and Gemma Mateo, "Choosing a bargaining strategy in EU negotiations: power, preferences, and culture", *Journal of European Public Policy*, vol. 17, no. 5, 2010, pp. 680-693.

Elsig, Manfred, "European Union trade policy after enlargement: larger crowds, shifting priorities and informal decision-making", *Journal of European Public Policy*, vol. 17, no. 6, 2010, pp. 781-798.

Grossman, Emiliano and Patrick Leblond, "European Financial Integration: Finally the Great Leap Forward?", *Journal of Common Market Studies*, vol. 49, no. 2, 2011, pp. 413-435.

Leblond, Patrick, "The Canada-EU Comprehensive Economic and Trade Agreement: More to it than meets the eye", *Policy Options*, vol. 31, no. 7, July-August 2010, pp. 74-78.

Menz, George, "Stopping, Shaping and Moulding Europe: Two-Level Games, Non-state Actors and the Europeanization of Migration Policies", *Journal of Common Market Studies*, vol. 49, no. 2, 2011, pp. 437-462.

Mügge, Daniel, *Widen the market, narrow the competition: banker interests and the making of a European capital market*, ECPR Press, 2010.

Posner, Elliot, "Sequence as explanation: The international politics of accounting standards", *Review of International Political Economy*, vol. 17, no. 4, 2010, pp. 639-664.

Walter, Stefanie, "Globalization and the Welfare State. Testing the Microfoundations of the Compensation Hypothesis", *International Studies Quarterly*, vol. 54, no. 2, 2010, pp. 403-426.

Special Issue of the *Journal of European Public Policy* (17:7 October 2010)

"At the Frontier of the Single European Market: the Political Economy of Market Integration in the Early Twenty-First Century"

Guest editors: David Howarth and Tal Sadeh

The approaching silver anniversary of the Single European Act and the tenth anniversary of the Lisbon Agenda provide cause to assess the state of European market integration and, more specifically, focus attention upon those economic sectors where integration is far from complete or has stalled at the 'frontier' of the Single European Market. David Howarth and Tal Sadeh have edited a special issue that brings together nine articles that apply the tools of political economy and political science to explain the success and failure of recent efforts to further market integration in a range of economic sectors.

The articles of this special issue originated as papers submitted to a project of the EUSA Political Economy Interest Section of launched at EUSA's Tenth Biennial Conference in Montreal in Spring 2007. Conference panels were organized by the editors of this special issue at the University Association of Contemporary European Studies (UACES) Annual Conference in Edinburgh in September 2008 and at EUSA's Eleventh Biennial Conference in Los Angeles in Spring 2009.

Table of Contents

Let's get physical: the European Commission and cultivated spillover in completing the Single Market's transport infrastructure

Achim Kemmerling
Does Europeanization Lead to Policy Convergence? The Role of the Single Market in Shaping National Tax Policies

Special Issue of the *Journal of European Public Policy* (17:3 April 2010)

"Europe and the Management of Globalization"

Guest editors: Wade Jacoby and Sophie Meunier

Table of Contents

Members' Recent News

There are for sure some newsworthy announcements to make but, unfortunately, none were communicated to the Chief Editor.

Calls for Papers

International Workshop

Inequality in Global Governance: Causes and Consequences of Unequal Representation and Decision-making in Global Governance Institutions

8-9 November 2011, Leuven (Belgium)

As part of a Scientific Research Community on Globalisation, Regionalisation and Economic and Social Inequality supported by the Research Foundation Flanders, the Leuven Centre for Global Governance Studies (University of Leuven) is organizing an international workshop on inequality in global governance, with a specific focus on the unequal presence or involvement of States in contemporary global governance structures and processes. The aim of this workshop is to assess the current state, causes, and effects of States' inequality in global governance institutions. The papers should present the current state of affairs, but may also address proposals for reform. This is a call for proposals for papers.

Aims and Focus of the Workshop

The goal of this interdisciplinary workshop is to bring together scholars from a wide variety of disciplines (political science, law, economics, area studies, political philosophy, history, …) to address issues regarding the current state, causes, and effects of States' inequality in global governance institutions. The global governance institutions discussed may be found at the **multilateral level**, such as G20, the Organization for Economic Co-operation and Development (OECD), the World Bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO), but also at the **regional level**, such as the European Union (EU), the Association of Southeast Asian Nations (ASEAN) or the Asia-Pacific Economic Cooperation (APEC). In addition, the current state, causes, and effects of States' inequality vis-à-vis global **private** governance institutions may be addressed. The focus of the workshop will be both to understand the criteria for membership of these organizations, as well as their internal functioning (decision-making processes) and, by way of comparison, assess whether certain organizations provide for a more 'inclusive' approach.

Proposed Paper Topics

The following is a list of indicative, but not exhaustive, topic areas. We welcome both theoretical and empirical papers.

A. General Papers

The aim of the general papers is to provide a general overview of the problem of inequality in contemporary global governance institutions; to provide an overview of different disciplinary approaches to the study of inequality in global governance; and/or to trace recent trends in the development of the phenomenon. Examples of topics/questions:

- **Analyzing inequality in global governance regimes both in terms of representation and decision-making.** Papers can focus either on one or two cases (preferably over time) or can compare several institutions. In addition, papers might focus on conceptualizing and measuring inequality in global governance institutions.

- **Analyzing the causes and consequences of inequality in global governance institutions**. How can we explain inequality in global governance institutions and what are the main consequences (for the winners and the losers)?

- Analyzing the **impact of recent changes in the global governance architecture on (in)equality**. For instance: what are the effects of the rise of new state-powers (BRICs) and new actors (NGOs) on the decision-making processes of global governance institutions and do they have an impact on inequality in global governance institutions?

B. Inequality in Multilateral Organizations

The aim of these papers is to assess the problem of inequality within a specific multilateral institution (G20, WTO, IMF, World Bank, UN Security Council, ILO...). The papers should present the current state of affairs but can also address proposals for reform. Examples of topics/questions:

- **G-20 as a prototype or contradiction to equal representation in global governance?** papers could focus on the recent emergence of the G-20 and address questions such as whether the G-20 could provide a forum to further more equality or whether it rather further institutionalizes the already existing inequality? How can the G-20 be made more legitimate: should the G20 organize itself along the lines of constituencies (like the IMF)?

- **Deadlock in the WTO:** Trade Negotiations with 153 Members – The Case of the Doha Development Agenda

- **IMF/Worldbank:** what is the effect of the recently agreed changes on the representation of countries in the Bretton Woods institutions?

- **UN Security Council:** how sustainable is the system of “permanent” vs. “non-permanent members”, including the veto right of the former?

- **ILO:** how inclusive and representative is the tri-partite structure?

C. Regional Actors and Inequality in Global Governance

These papers aim to investigate whether and how regional actors might provide a solution to the problem of inequality in global governance. Examples of topics/questions:

- **Global inclusiveness through regional bodies**: Can regional actors provide a solution to the inequality by including marginalized countries? Specific focus could be on the role of the European Union, but also on other regional actors such as ASEAN, MERCOSUR, …
- The **role of the different regional development banks** in addressing inequality issues.
- Is the **involvement of regional organizations** (as observer or member organization) in global governance in any way improving equality?

D. The Role of Private Actors

With regard to private actors special attention might be paid to mapping the formal role given in global governance institutions and the actual degree of participation and influence on output and implementation. Specific topics which can be addressed include:

- **Private actors currently involved at the global governance level:** Are private actors originating from certain states unequally represented at the global governance scene? What interests are represented (or not represented) by private actors?
- **Public vs. Private Standard Setters:** Do private sector standard schemes offer a more inclusive and more responsive alternative to traditional standard setting regimes?

Submission of proposals

- Proposals for papers (abstracts) should not exceed 500 words (excluding affiliation and contact details).
- Proposals should be sent as an email attachment to Mr. Sven van Kerckhoven: sven.vankerckhoven@ggs.kuleuven.be.
- Deadline for proposal submissions (abstract): 25 April 2011.
- Selection of papers will be completed by the end of May 2011.
- Full papers are to be delivered by 21 October 2011.

Publication

Selected papers will be invited for a contribution to an edited volume by a leading publisher. Please indicate, when submitting abstracts, if your paper will be available for publication.

Academic Conveners

Prof. Dr. Jan Wouters, Professor of International Law and Director Leuven Centre for Global Governance Studies, University of Leuven

Axel Marx, Research Manager Leuven Centre for Global Governance Studies, University of Leuven

LEUVEN CENTRE FOR GLOBAL GOVERNANCE STUDIES, established in 2007, is an interdisciplinary research centre and a University of Leuven Centre of Excellence.

GRESI is a Scientific Research Community on Globalisation, Regionalisation and Economic and Social Inequality supported by the Research Foundation Flanders. The network consists of researchers from the universities of Antwerp, Brussels (VUB), Ghent, Lille, Maastricht and UNU-CRIS.

5th Annual Conference on the
Political Economy of International Organizations
January 26-28, 2012, Villanova University, Philadelphia, PA, USA

Submissions are invited for the fifth annual conference on the political economy of international organizations, to be held at Villanova University, Philadelphia, USA, on January 26-28, 2012. The conference brings together economists and political scientists to address political-economy issues related to international organizations such as the World Trade Organization, the United Nations, the International Monetary Fund, the World Bank, and the European Union, and also other international organizations that have received less attention in the academic literature.

Distinguished Guest Speaker for 2012: Jagdish N. Bhagwati, Professor of Economics and Law, Columbia University

Submission of Papers

Both empirical and theoretical papers will be considered. Please submit full papers to conference@peio.me. The deadline for submission is **30 September, 2011**. Decisions will be made by 31 October, 2011. This year's special issue of the Review of International Organizations will be focusing on Informal Governance in International Organizations, edited by Randall Stone. Please indicate in your submission to the conference whether you are interested in also submitting to the special issue.

Conference Format, Attendance, Registration, and Accommodation

The number of participants will be limited to about 50, which allows for in-depth discussion of each paper. Authors of accepted papers are expected to attend the entire conference. There is no registration or conference fee. Travel and accommodation are at the expense of participants. The organizers will assist you in finding suitable/affordable accommodation.

Conference Venue: Villanova University, Philadelphia, PA, USA

Conference Website: http://www.peio.me/

Deadline
for submissions to the Fall 2011 issue:

- **Friday, 30 September 2011**

Please direct all correspondence to the appropriate editor:

- Patrick Leblond, Chief Editor: pleblond@uottawa.ca
- David Cleeton, Forum Editor: Cleeton@cnu.edu

In particular we are looking for:

- Members' recent publications (since this issue)
- Members' news (since this issue)
- Calls for papers (due dates prior to 15 February 2012)
- Notice of forthcoming events (taking place prior to 15 February 2012)