

# **Economic Governance and the Government-Market Interface: An International Conference**



**Economic Governance Research Group, University of Greenwich, London**

## **Call for Papers by 15 March 2010**

### **Economic Governance: The Context**

**Economic governance** is an encompassing concept for studying and comparing the relationship between institutional quality and economic performance, and the transitions from one set of governance institutions to another. As such, it bears upon issues in many areas such as investment, labour market, economic development/growth, industrial organization, law and economics, political economy, and comparative economic systems.

Although economic governance has a long history in economics, it has become a central theme in economics research mainly in the last decade. This development has been reflected and underpinned not only by a significant increase in the volume of economic governance literature, but also by the award of the 2009 Nobel Prize to two institutional economists for their economic governance research into the problem of the commons and the boundaries of the firm.

The financial crisis of 2008-08 has rendered the study of economic governance even more relevant compared to previous decade. The stylized facts of the financial crisis and the ongoing policy debate point out clearly that the crisis and its consequences have been very much related to the 'quality' of the economic governance institutions that have shaped the cost and incentive structures faced by economic agents. As such, economic governance is as much an analytical concept as an ongoing policy issue.

There is now a wealth of evidence indicating that differences in economic governance quality are a significant source of cross-country differences in economic outcomes. Economic governance institutions influence not only the size of the aggregate pie, but also how this pie is divided among different groups and individuals in society. In addition, there is evidence suggesting that economic policy choice and design may be largely shaped by existing institutional structures.

That is why, economic governance (as a concept and as a research agenda) has the potential of enabling economists to address the institutional determinants of and solutions to perennial issues such as commitment, moral hazard, principal-agent problems, information/power asymmetries, public-private contracting, and regulatory and competition policy design.

### **Economic Governance and the Government-Market Interface**

In this conference, we aim to bring together researchers who examine the economic implications of the governance institutions that regulate the interaction between governments and markets. We define the institutions of the government-market interface as rules, norms, regulations, legislation,

and formal and informal 'ways of doing things', etc. that affect the cost/incentive structures faced by public and private economic agents making policy and/or economic decisions.

We aim to contribute to the debate in three ways. First, we would like to discuss the extent to which economic policies and/or business decisions may be endogenous choices shaped by existing economic governance institutions. Secondly, we would also like discuss the extent to which micro- or macro-economic outcomes may be affected by existing institutions. Thirdly, we would like to discuss the scope for or barriers to institutional change as a necessary mechanism for resolving collective action problems and/or reducing the risk of sub-optimal policy choices and economic/business outcomes.

The economic governance institutions of the government-market interface bear upon fiscal policy, monetary policy, regulation, competition policy, and public-private contracting. Although these policy areas have been studied widely, existing studies tend to focus on policy similarities/differences and the implications of policies for efficiency and equity. This conference aims to take the debate further by examining the economic governance structures that may be underpinning (and perhaps determining) the differences/similarities between policies. As such, economic governance institutions may be also underpinning (or determining) the economic outcomes usually associated with particular policy choices and with changes in those policies.

To be blunt, we aim to insert economic governance institutions as an additional explanatory variable into our economic analysis of fundamental problems such as credible commitments, contracting, moral hazard, conflict resolution, collusion, rent seeking, capture, power and/or information asymmetries, etc.

We believe this nuanced focus is both necessary and timely, given the stylised facts of the recent financial crisis, the debate on the future path of macroeconomic policy, the proliferation of regulatory agencies in privatised/liberalised network industries, and the spread of public-private contracting for delivery of essential services of general economic interest in both developed and developing countries.

We would like to invite contributions in the following areas.

### **1. Economic governance and macroeconomic policy**

- What are the determinants of monetary policy credibility? Is credibility exogenous or endogenous? Are monetary policy rules credible if they are based on power asymmetries between policy recipients in the financial, product and labour markets?
- What determines the choice and outcomes of inflation targeting across countries?
- Who bears the cost of adjustment compatible with alternative targeting rules?
- Do fiscal rules resolve the government's commitment problem? At what costs and for whom?
- Is there a (mis)match between the causes of fiscal deficits and corrective policies? Why?
- What are the mechanisms of private access to the budgetary process?
- What is the relationship between budget transparency and income distribution?
- Is the 'New Macroeconomic Consensus' an optimal economic governance institution? Why?

### **2. Economic governance, risk and regulation**

- Economic governance approach to risk: are there institutional determinants of the trade off between 'individual' and 'systemic' risks in financial markets?
- Economic governance approach to risk: are there institutional determinants of the relationship between risk-taking and innovation?
- What is the relationship between risk appetite, systemic risks and economic governance institutions?

- Is there an optimal regulatory contract – and what are the *ex ante* and *ex post* indicators of optimal regulation?
- Are *ex ante* and *ex post* regulatory quality indicators correlated?
- Banking regulation or banking reform?
- Are current accountability structures adequate for optimal/effective regulation?
- What are the institutional determinants of the conflicts between the objectives and instruments of regulators?
- Is optimal regulation an elusive quest?

### 3. Economic governance and public-private contracting

- Are public-private partnership (PPP) contracts (in)complete? Why?
- Are high-powered incentives effective in the supply of services of general economic interest?
- Are public-private contracts for purchase of professional services (legal, medical, consultancy, etc.) enforceable? Why?
- Are public-private contracts for supply of infrastructure enforceable? Why?
- What determines the risk of rent seeking or cost escalation in public-private contracting?

### 4. Economic governance and international public goods

- How to address collective action problems at the international level? The (mis)match between political jurisdiction and functional jurisdiction (spill-over range) of international public goods/public bads?
- Financial stability as an international public good: do we have the institutional set-up to produce it?
- Poverty reduction as an international public bad: do we have the institutional set-up to reduce it?
- The 'Washington Consensus' as an economic governance institution: is it optimal? Why?

## Proposal Submission

We look forward to receiving your paper proposal on the research areas/questions indicated above or on other questions that you may consider as compatible with the conference theme. We encourage all proposals that focus on economic governance institutions/arrangements that '*regulate*' the economic interaction between governments and their societies; and thereby affect economic outcomes.

In terms of methodology, we welcome proposals utilising quantitative/empirical or qualitative/case study methods. However, we would look forward for proposals that are analytically rigorous/explicit and empirically rich.

Submission should include:

- Title
- 300-word abstract
- Approximately 4-5 Key Words
- Name and contact details of author

Conference timetable:

- Deadline for proposal submission : 15 March 2010
- Deadline for selection feedback : 22 March 2010
- Deadline for draft paper submission : 17 May 2010 (appr. 8 pages)
- Conference date : 4 June 2010

Proposals will be evaluated by the conference organisation committee, which consists of 4 senior members of the Economic Governance research Group at the University of Greenwich: Dr Mehmet Ugur; Dr David Sunderland; Dr Tesfa Mehari; and Dr Helen Mercer.

Selection will be made on the basis of 3 criteria:

- a. Compatibility of the proposal with the conference theme
- b. Potential to contribute to the literature on economic governance
- c. Potential to combine analytical rigour with empirical richness

### **Publication Plans**

The conference proceedings (consisting of draft papers and discussant comments) will be published as discussion papers on the Economic Governance Research Group Website.

The conference organisers aim to publish the revised papers as a special issue of the *Regulation and Governance* journal and an edited book at the same time. Failing that, the papers will be published as an edited book in 2011/12.

### **Travel and Accommodation Costs**

The conference organisers will pay for economy-class return tickets and two-night accommodation in historic Greenwich Village, London.

### **Correspondence**

For proposal submission and all correspondence, please contact: [Ecg47@gre.ac.uk](mailto:Ecg47@gre.ac.uk)

We look forward to receiving your proposal – and seeing you at the conference.

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