

Development

# OUTREACH

PUTTING KNOWLEDGE TO WORK FOR DEVELOPMENT

23207



## Governance and the Market Economy

**Amartya Sen**  
*on Democracy*

**Joseph E. Stiglitz**  
*on Participation and  
Development*

**Francis Fukuyama**  
*on Cultural Values and  
the Asian Crisis*

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*on Anti Corruption*

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**Walter Russell Mead**  
*on Strategies for Growth*

**Herman Schwartz**  
*on Free Speech*



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# Welcome to *Development Outreach*



I am delighted to welcome you to the first issue of *Development OUTREACH*. This magazine is part of a renewed effort by the World Bank Group to reach out to wide and varied audiences to engage them in a productive exchange of knowledge.

I am particularly pleased to be introducing this first edition because it deals with issues crucial to the Bank's mission. A few months ago I was honored to co-host the conference, "Democracy, the Market Economy and Development," with Korea's President Kim Dae-jung. On that occasion, I found a remarkable consensus among current and former heads of state, leading academics, government officials and civil society representatives on the integral role "good governance" plays in the development process. President Kim in his opening remarks referred to democracy and the market economy as "two wheels of a cart" that must move together simultaneously to ensure fair and equitable growth.

This vivid image has stayed with me. One wheel I interpret to be the wheel which is most often spoken of: fiscal policy, monetary policy, macroeconomics, exchange rates, interest rates. This has been the stuff of all the headlines over the period of the recent international financial crisis. And beyond that it is the way in which, typically, we look at countries. We look at the GDP. We all have an ability to examine countries from economic and statistical points of view and we have their annual accounts, balance of payments, and we have their budgetary deficits. All of that is important, but too often we forget the other wheel. And that wheel is not readily visible if you look on your data screen for rates and figures. The second wheel is the essential element of the structure and of the human aspects of society. As President Kim has pointed out, it cannot be one without the other; the cart needs two wheels to function and we must consider them simultaneously.

This image illustrates what we are trying to achieve in the World Bank through a more holistic, participatory and inclusive approach to development. It is through events such as the Korea conference that the Bank's many learning programs are fostering dialogue on issues crucial to our goal of alleviating poverty in the world.

Similarly, our hope is that *Development OUTREACH* will serve as another vehicle to stimulate discussion on a wide range of topics related to poverty reduction and sustainable development. We look forward to hearing from you.

James D. Wolfensohn  
President  
The World Bank



## Putting knowledge to work for development

Throughout the world, policymakers, educators and civic leaders are exploring ways to harness knowledge and information to advance social and economic development. Indeed, people the world over are becoming more receptive than at any time in memory to acquiring new capacities for learning from each other's experiences.

*Development OUTREACH* is designed to reflect the growing importance of knowledge—more easily accessible through today's communications technology—to the achievement of sustainable development. Its purpose is to expand the reach of the knowledge generated through the World Bank's many learning programs and by the development community at large to an audience that may not be able to physically attend training courses or other learning events. This transfer of knowledge—both from and to the developing world—has the potential to bring new actors into the development process. It enables leaders and societies to draw on the experiences of others in making informed decisions, and encourages the kind of comprehensive and participatory development that is the major theme of this first issue.

As important, is our hope that the magazine will reflect a productive interaction with our readers. Your participation in generating topics for coverage and providing feedback on the articles presented is essential to its long-term success. To ensure such interaction, links to the World Bank's Development Forum, an interactive dialogue site on the World Bank's home page ([www.worldbank.org/devforum](http://www.worldbank.org/devforum)), will be made wherever possible, and an electronic, interactive version of the publication is now under design.



*Vinod Thomas*

Vinod Thomas  
Director  
World Bank Institute

— *Development* —

# OUTREACH

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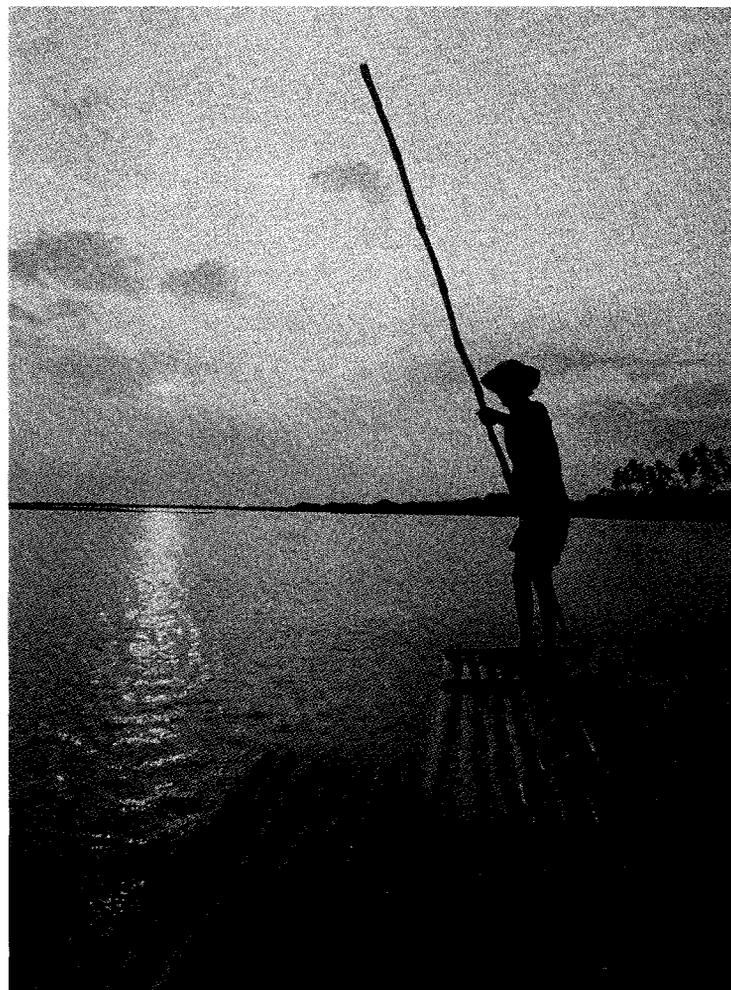
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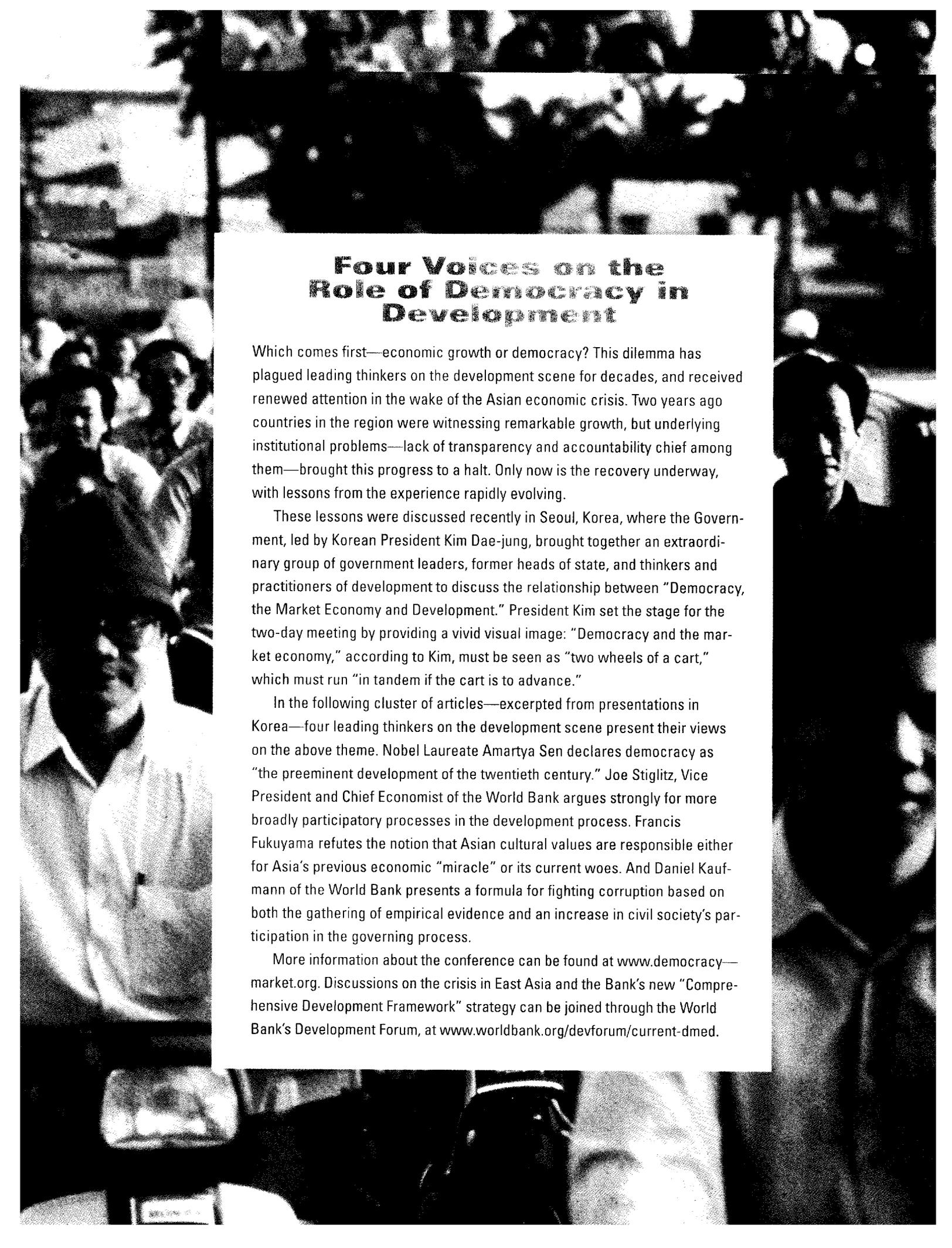
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## Four Voices on the Role of Democracy in Development

Which comes first—economic growth or democracy? This dilemma has plagued leading thinkers on the development scene for decades, and received renewed attention in the wake of the Asian economic crisis. Two years ago countries in the region were witnessing remarkable growth, but underlying institutional problems—lack of transparency and accountability chief among them—brought this progress to a halt. Only now is the recovery underway, with lessons from the experience rapidly evolving.

These lessons were discussed recently in Seoul, Korea, where the Government, led by Korean President Kim Dae-jung, brought together an extraordinary group of government leaders, former heads of state, and thinkers and practitioners of development to discuss the relationship between “Democracy, the Market Economy and Development.” President Kim set the stage for the two-day meeting by providing a vivid visual image: “Democracy and the market economy,” according to Kim, must be seen as “two wheels of a cart,” which must run “in tandem if the cart is to advance.”

In the following cluster of articles—excerpted from presentations in Korea—four leading thinkers on the development scene present their views on the above theme. Nobel Laureate Amartya Sen declares democracy as “the preeminent development of the twentieth century.” Joe Stiglitz, Vice President and Chief Economist of the World Bank argues strongly for more broadly participatory processes in the development process. Francis Fukuyama refutes the notion that Asian cultural values are responsible either for Asia’s previous economic “miracle” or its current woes. And Daniel Kaufmann of the World Bank presents a formula for fighting corruption based on both the gathering of empirical evidence and an increase in civil society’s participation in the governing process.

More information about the conference can be found at [www.democracy—market.org](http://www.democracy—market.org). Discussions on the crisis in East Asia and the Bank’s new “Comprehensive Development Framework” strategy can be joined through the World Bank’s Development Forum, at [www.worldbank.org/devforum/current-dmed](http://www.worldbank.org/devforum/current-dmed).

# THE VALUE OF DEMOCRACY

BY AMARTYA SEN

*A country does not have to be judged to be fit for democracy,  
rather it has to become fit through democracy.  
This is a truly momentous change.*

Some time ago, in the summer of 1997, a leading Japanese newspaper (*Nihon Keizai Shimbun*) wanted me to identify the most important thing that has happened in the twentieth century. I found this to be a thought-provoking question; so many things of gravity have happened over the last hundred years. The European empires—mostly British and French—that had so dominated the nineteenth century came to an end. We witnessed two world wars. We saw the rise and fall of Fascism and Nazism. The century also witnessed the rise of Communism and a mixture of a fall (as in the former Soviet Union) and a radical transformation (as in China). It also saw a shift from the economic dominance of the West, to a new economic balance which is much more dominated by Japan and East and Southeast Asia. Even

# The Two Wheels of a Cart

**We have learned that any solutions to our problems require much more than piecemeal reform measures attempted in the past. It demands nothing less than a fundamental change in our approach to the idea of development, a paradigm shift toward a parallel pursuit of democracy and a market economy. All but neglected in the process of compressed economic development, intrinsically important aspects such as economic justice and social security are now gaining widespread support.**

**Without democracy, we cannot expect development of a genuine market economy under fair and transparent rules of competition. I have long believed economic growth achieved under conditions of political repression and market distortion is neither sound nor sustainable. I believe democracy and a market economy are like two wheels of a cart, and that both must move together and depend on each other for forward motion.**

*— Korean President Kim Dae-jung, opening address, Conference on Democracy, Market Economy and Development*

though that region is going through some financial and economic problems right now, this is not going to nullify the shift in the balance of the world economy that has occurred through many decades (in the case of Japan, through nearly the entire century). There is no lack of major events to focus on.

But I ended up arguing that the pre-eminent development of the period is the rise of democracy. Indeed, in the distant future when people look back at what happened in this century, they would find it difficult, I believe, not to accept the pre-eminence of the emergence of democracy as the most striking development of this period.

This is not to deny that democracy has evolved gradually over a very long period, advanced by many developments: from early Greek theorizing and ephemeral practice (and other early writings on political and civil governance in different societies), to the Magna Carta in 1215, to the French and the American Revolutions in the eighteenth century, to the spread of adult franchise in Europe and North America in the nineteenth century. But it is in the twentieth century that the idea of democracy got established as the “normal” form of government to which any nation is entitled—whether in Europe, or America, or Asia, or Africa. We do not have to establish afresh, each time, whether such and such a country (South Africa, or Chile, or Congo, or Cambodia) is “ready” for democracy (the type of question that was prominent in the discourses in the nineteenth century); we now take that for granted. Indeed, it is appropriate to assert, in this meeting in Seoul, that the fuller emergence of democracy in the Republic of Korea (including the powerfully pro-democratic commitments affirmed by the visionary leadership of President Kim Dae-jung) is itself an excellent example of a step in the direction of consolidating democracy in the contemporary world.

In earlier times, there were lengthy discussions on whether one country or another was yet “fit for democracy” (for example, the British discussed it regularly in denying India independence). That changed only quite recently, with the recognition that the question itself was wrong-headed: a country does not have to be judged to be fit for democracy, rather it has to become fit through democracy. This is a truly momentous change.

### Democracy and development

I want to discuss here the significance of the issue of democracy as a constituent of development—indeed as an integral part of a good society in the contemporary world. I shall argue that democracy has three distinctly positive contributions. First, it enriches individual lives through more freedom (involving political and civil rights). Second, it provides political incentives to the rulers to respond positively to the needs and demands of the people. Third, the process of open dialogues and debates that democracy allows and encourages helps in the formation of values and priorities, and this constructive function of democracy can be very important for equity and justice as well as efficiency.

Markets too have a major function in the process of development—a role that has been much discussed and applauded over the last few decades. The world has benefited plentifully from the increase in productivity and prosperity that the market mechanism has made possible. The economic advantages of the use of markets, which Adam Smith discussed with exceptional clarity more than two hundred years ago, do not have to be freshly acknowledged in the contemporary world. They are part of the standard understanding that economic analysis generates, and this lesson has been widely recognized.

However, while democracy is important—indeed crucial—for development and for social justice, the success of democracy depends not only on the institutional forms that are adopted (important as they are), but also on the vigor of practice. The opportunities created by political and civil rights have to be seized and used in line with our understanding of fairness and justice. The functioning of democracy depends to a great extent on its constructive role, since its achievements depend on the actions of citizens, influenced by values and norms. The success of democracy depends ultimately on the emergence, sustaining and strengthening of values that make responsible democratic practice effective and consequential.

### Democracy's complex role

What exactly is democracy? We must not identify democracy with majority rule alone. Democracy has complex demands, which certainly include voting and respect for election results, but it also requires the protection of liberties and freedoms, respect for legal entitlements, and the guaranteeing of free discussions and uncensored distribution of news and fair comment. Indeed, even elections can be deeply defective if they occur without giving the different sides adequate opportunity to present their respective cases, or without giving the electorate the freedom to



obtain news and to consider the views of the competing protagonists. Democracy is a demanding system, and not just a mechanical condition (like majority rule), seen in isolation.

In evaluating the role of democracy we also have to examine the claim of some commentators that non-democratic systems are better in bringing about economic development. This belief sometimes goes by the name of “the Lee hypothesis,” after the presentation of this point of view by Lee Kuan Yew, the distinguished leader and former president of Singapore. He is certainly right that some relatively disciplinarian states (such as a pre-democratic South Korea, his own Singapore, and post-reform China) have had faster rates of economic growth than

many less authoritarian ones (including Costa Rica, or Jamaica, or India).

But a general relation of this kind cannot be established on the basis of purposefully selective evidence. For example, we cannot really take the high economic growth of Singapore or China in Asia as a “definitive proof” that authoritarianism does better in promoting economic growth—any more than we can draw the opposite conclusion on the basis of the fact that the best record of economic growth in Africa (in fact, one of the finest records of economic growth in the whole world) can be seen in Botswana, which has been an oasis of democracy in that continent over the decades. We need more systematic empirical studies to sort out the claims and counterclaims.

There is, in fact, no convincingly general evidence that authoritarian governance and the suppression of political and civil rights are really beneficial in encouraging economic development, even if we identify development merely with economic growth (which we should not). Indeed, the general statistical picture does not permit any such induction. Systematic empirical studies based on inter-country comparisons (for example, by Robert Barro or by Adam Przeworski) firmly contradict the thesis of any general conflict between political rights and economic performance. Taking into account all the comparative studies that are now available, the hypothesis that there is no relation between economic growth and democracy—in either direction—remains extremely plausible. Since democracy and political liberty have importance of their own, the case for them, therefore, remains untarnished.

### Democracy and security

We must also go beyond the narrow confines of economic growth and scrutinize the broader demands of economic development, including the need for economic and social security. In that context, we have to look at the connection between political and civil rights, on the one hand, and the prevention of major economic disasters, on the other. Political and civil rights give people the opportunity

to draw attention forcefully to general needs, and to demand appropriate public action. The governmental response to the acute suffering of people often depends on the pressure that is put on it. The exercise of political rights (through voting, protesting, criticizing, and so on) can make a real difference to the political incentives that operate on a ruling government.

I have discussed elsewhere the remarkable fact that in the terrible history of famines in the world, no substantial famine has ever occurred in any independent and democratic country with a relatively free press. We cannot find exceptions to this rule, no matter whether we look at the current starvation in Sudan or North Korea, or the recent famines in Ethiopia, Somalia or in other dictatorial regimes, or earlier famines in the Soviet Union in the 1930s, or in China during 1958–61 with the failure of the

Great Leap Forward, or earlier still the famines in Ireland or India under alien rule. It is remarkable also that China, which was doing in many ways much better economically than India, still managed to have the largest recorded famine in history when nearly 30 million died, with the faulty governmental policies remaining uncorrected for a full three years while millions

and millions died each year. The policies were also uncriticized, since there were no opposition parties in parliament, no free press, and no multi-party elections; indeed it is precisely this lack of challenge that allowed the deeply defective policies to continue even when they were killing millions each year.

There are important lessons here. Many economic technocrats recommend the use of economic incentives (which the market system provides) while ignoring political incentives (which democratic systems could guarantee). But to ignore political incentives by concentrating only on economic incentives is to opt for a deeply unbalanced set of ground rules. Indeed, the security provided by democracy may not be much missed when a country is lucky enough to be facing no serious calamity, when everything is running along smoothly.

*The political challenge for people around the world today is not just to replace authoritarian regimes with democratic ones. Beyond this, it is to make democracy work for ordinary people.*

## Democracy and the role of opposition

I turn now to that general issue which I had flagged earlier. The achievements of democracy depend not only on the rules and procedures that are adopted and safeguarded, but also on the way the opportunities are used by the citizens. Fidel Valdez Ramos, the former President of the Philippines, put the point with great clarity in a speech last November at the Australian National University:

“Under dictatorial rule, people need not think—need not choose—need not make up their minds or give their consent. All they need to do is to follow. This has been a bitter lesson learned from Philippine political experience of not so long ago. By contrast, a democracy cannot survive without civic virtue... The political challenge for people around the world today is not just to replace authoritarian regimes by democratic ones. Beyond this, it is to make democracy work for ordinary people.”

Democracy does create this opportunity, which relates both to its “instrumental importance” and its “constructive role,” which were discussed earlier. But with what strength these opportunities are seized depends on a variety of factors, including the vigor of multi-party politics as well as the dynamism of value formation. For example, in India the priority of preventing starvation and famine was fully gripped already at the time of independence (as it had been in Ireland as well, with its own experience of famine under British rule). There was much effectiveness in the activism of political participants in preventing famines and in sharply condemning governments for open starvation, and the quickness and force of this process made the prevention of such calamities an inescapable priority of every government. And yet successive opposition parties have been quite docile in not condemning widespread illiteracy, or the prevalence of non-extreme but serious undernourishment (especially among the children), or the lack of completion of land reform programs legislated earlier. This docility of opposition has permitted successive governments to get away with unconscionable neglect of these vital matters for public policy.

## Democracy with vision

I have tried here to briefly discuss the role of democracy in the contemporary world, arguing that developing and strengthening a democratic system is an essential component of the process of development. The significance of

democracy lies, I have argued, in three distinct virtues: (1) its intrinsic importance, (2) its instrumental contributions, and (3) its constructive role in the creation of values and norms. No evaluation of democratic form of governance can be complete without considering each.

However, while we must acknowledge the importance of democratic institutions, they cannot be viewed as mechanical devices for development. Their use is conditioned by our values and priorities, and ultimately by our sense of justice. Some serious harm has resulted, in the past, from taking the market mechanism to be itself—on its own—a solution to many problems, whereas it is an instrument that can be used in different ways—with or without vision, with or without social responsibility. Indeed, a social commitment to norms and priorities is essential not only for equity, but also for the efficiency of the market mechanism itself.

Public debates and discussions can play a major part in the formation of values. In this sense, the openness associated with democracy is part of the solution of the problems of value failures that hinder the effectiveness of markets. The force of public discussion is not only one of the correlates of democracy, with an extensive reach, its cultivation can also make democracy itself function better. Just as it is important to emphasize the need for democracy, it is also crucial to safeguard the conditions and circumstances that ensure the range and reach of the democratic process. Valuable as democracy is as a major source of social opportunity (a recognition that calls for vigorous defense—not least in Asia), there is also the need to examine ways and means of making it function well, to realize its potentials. The achievement of social justice depends not only on institutional forms (including democratic rules and regulations), but also on effective practice. I have tried to present reasons for taking this issue to be of central importance. This is the major agenda that we face today. ■

*This article is excerpted from a presentation on “Democracy and Social Justice,” delivered at the Conference on Democracy, Market Economy and Development in Seoul, Korea, February 1999.*

*Nobel Laureate Amartya Sen is Master of Trinity College, in Cambridge, UK, and Lamont University Professor Emeritus at Harvard University.*



# *The Role of* PARTICIPATION IN DEVELOPMENT

BY JOSEPH E. STIGLITZ

**T**he relationship between democracy and development has long been debated. In the years immediately following World War II, there was a belief in the tradeoff between democracy and growth. The Soviet Union, it was argued, had grown faster than the countries of the West, but to do so, had jettisoned basic democratic rights. Later, with the enormous success of the East Asian economies in the 1960s and 1970s, the lack of full participatory democracy in many of the most successful countries was once again seen as reflecting these tradeoffs.

The host of factors that interact to impact growth make it difficult to identify the precise role of any particular factor. Even if we could establish a positive correlation, it would be necessary to ascertain a causality: does democracy promote growth or does growth promote democracy? If democracy is a “luxury” good, then those with higher incomes, or who see their incomes rising faster, will want more of this “luxury.”

While the data may leave open the question of the precise relationship between the variables, they have made it clear that there is not the strong kind of tradeoff once envisioned. Furthermore, research at both the macro-economic and micro-economic levels has provided considerable insight into some of the ingredients that contribute to

successful long-term growth. For instance, water projects with participation are not only better designed and constructed, but participation enhances the likelihood of the sustained support required for long term maintenance. And consensus-building processes have been key to efforts to bring down inflation in several countries. Broadly participatory processes (such as “voice,” openness, and transparency) promote truly successful long-term development. An understanding of the centrality of open, transparent, and participatory processes in sustainable development helps us to design policies that are more likely to lead to long-term economic growth and that reinforce the strengths of the processes themselves.

## *The broad range of participation*

I will use the term “participation” here in the broadest sense, to encompass transparency, openness, and voice in both public and corporate settings. A variety of institutional arrangements are consistent with “participation” in this sense, and the term “participatory processes” refers not just to those processes by which decisions are made in national government, but also to processes used at local and provincial levels, at the workplace and in capital markets.

Similarly, participation does not refer simply to voting. Participatory processes must entail open dialogue and broadly active civic engagement, and they require that

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individuals have a voice in the decisions that affect them.

Processes—not just outcomes—are key to this broader interpretation of participation. The stress on processes is a natural outgrowth, not only of the increasing emphasis on equity, but also of our greater recognition of agency problems. We now recognize the great importance of potential discrepancies between the actions taken by the party (the government, for example) and the interests that the party is supposed to serve. A government that engages in secrecy, making it impossible for citizens to have informed opinions about policies that are critical to their lives and the well-being of their country, weakens accountability and the quality of decision-making.

### Checks on the abuses of power

In many countries, an absence of the rule of law and a lack of transparency both weaken the economy and undermine participatory processes. In some countries, for instance, while there are “rules” designed to ensure fair treatment of all, the rich and powerful have special access to the seats of political power and use that influence to obtain for themselves special favors and exemptions from the rules. They may also “buy” special access to the legislative and executive branches of government, thereby obtaining favorable rules and regulations.

Concentrations of economic power and wealth will almost inevitably be translated into attempts at political influence. The question is, what can be done about this? Part of any strategy is to limit these concentrations of wealth and economic power. A second prong to the strategy is to strengthen the “checks” on abuses of this power and influence. This prescription encompasses at least three elements. The first is to strengthen civil society, as a source of countervailing power—from political parties, to unions, to consumer groups, to think tanks and to a variety of other NGOs. In the parlance of modern economics, ensuring participatory processes, and promoting the public good more broadly, is itself a public good. As with other public goods, there will be too little provision of such participatory processes in the absence of public support. A strong civil society is an important element in a strategy of implementing meaningful democratic reforms.

Second, governments should not only increase transparency, but also recognize that there exists what I have termed the basic “right to know.” Citizens have a right to know what the government is doing and why. They have a right to know if “exceptions” are made to certain rules and regulations. Third, societies should extend citizens’ rights to legal recourse.

## Former Heads of State Speak out on Democracy and Development

If we desire a future global economy, we have to be intent on establishing its structure, which is neither achieved nor guaranteed automatically by the famous natural law of the “invisible hand . . . ”

*Felipe Gonzalez*

*Former Prime Minister of Spain*

We must not forget that overemphasis on democracy has the danger of causing disorder and, on the other hand, overemphasis on the market economy may destroy a nation’s culture while emphasizing efficiency.

*Yasuhiro Nakasone*

*Former Prime Minister of Japan*

Capitalism and the market economy are like a tiger—we must utilize its power, but also secure that it will not bite the people.

*Poul Schluter*

*Former Prime Minister of Denmark*

What is the challenge globalization poses for us in East Asia? The challenge is for us to reconcile market forces with social justice—to ensure that development and democracy always go together—to balance the market economy with social equity, and to give development a human face.

*Fidel Valdez Ramos*

*Former President of the Republic of the Philippines*

in human history, our societies have always known poverty and suffering.

But what makes the poverty of today so sinister is that this terrible suffering exists alongside tremendous wealth. The three richest people in the world now have assets that exceed the combined gross domestic product of the poorest forty-eight countries.

*Oscar Arias Sanchez*

*Former President of Costa Rica*

*Conference on Democracy, the Market Economy and Development, February 26–27, 1999.*

### Participatory processes and the effectiveness of decisions

I began by referring to the debates earlier in this century concerning the tradeoff between democracy and development. Underlying that debate was the hypothesis that participatory processes inhibited the kind of quick decision-making required for rapid economic growth. Supporters of this view sometimes make an analogy to the military, a highly hierarchical organization in which prices play little role. Few have suggested the use of market mechanisms for the allocation of scarce military resources in the middle of a war. Presumably, there is a belief that over short periods of time and for well-defined objectives, centralized control may be a more effective organizational form.

Earlier in this century, rapid industrialization was viewed very much in the same terms: resources had to be marshalled quickly, which made the military model an attractive one to many societies. The Soviet Union, for example, saw time as of the essence. With the state and society threatened by hostile outside forces, its leaders felt that delay would be costly, and therefore development had to be imposed from above at rapid speed – and, as it turned out, at great cost.

There has been regrettably little work defining the circumstances under which hierarchical decision making is

more effective than decentralized market mechanisms. It appears that while markets may work far more efficiently in the long run, there may be short-run circumstances in which market mechanisms are either too low or too unreliable. Certainly, the experience of extended periods of unemployment and under-utilization of capacity – as illustrated by the Great Depression, and perhaps by the frequent financial crises which have plagued the world’s economies over the past quarter century – suggest that market mechanisms do not always work quickly to allocate resources efficiently.

Open, participatory processes may result in delay. But as maddeningly slow as open political processes sometimes seem to be, it is not clear that less participation yields results – or at least durable results – any more quickly on average. Consider how different types of governments might react when faced with an insolvent banking system. An autocratic government may indeed move quickly and effectively to address the problem, if it chooses to pursue the best interests of society. But if instead it is beholden to financial-sector leaders and fears losing their support, the government may well use public funds to keep a sinking system afloat for as long as possible, before finally being forced into real reform. Compared with the latter case, a participatory political

system—one that represents the interests of depositors and taxpayers as well as moneyed interests—might well mobilize more quickly to confront the problem. In any event, offsetting any potential costs of openness and participation are, I believe, their overwhelming advantages.

### Openness and transparency key

Open, transparent, and participatory processes are important ingredients in the development transformation.

Nowhere are such processes more important than in economic policymaking. While, to be sure, there are certain policies that make everybody worse off or everybody better off, in the real world many of the most important policy decisions entail choices among policies that cannot be so easily rejected or embraced. That is to say, there are real tradeoffs among policies: not only do some people gain more than others, but some actually lose.

Many have remarked on the increase in social tensions that followed upon the Latin American crisis of the 1980s. In many cases, education expenditures were cut back, and inequality and unemployment increased. What is clear is that all too often, the process by which the decisions were made did not comport well with open, transparent, and participatory principles: not only were negotiations that led to adjustment typically conducted in secret, but even the outcomes sometimes were not fully disclosed.

Whether we like it or not, whether it is justified or not, there is now in much of the world a legacy of suspicion and doubt. Opponents see in development conditionality an echo of the colonial bonds that their countries threw off only one or two generations ago. And while conditionality is at least widely perceived to have undermined transparency and participation, there is little evidence that it has achieved much in terms of better policies. The results should perhaps not be that surprising, given that policies imposed through conditionality are seldom politically sustainable. Indeed, in many cases, the policies are at least perceived to have contributed to the country's problems, undermined meaningful participation, and led to further breakdown of social cohesion.

### Obligation to the future

Those who provide funds—including those of us at the World Bank—must recognize that we have a fiduciary and moral responsibility to make sure that the funds are

well spent. Future generations in the borrowing country will be obligated to pay back the loans, and unless the returns are sufficient, borrowing today will impoverish rather than enrich future generations. If funds end up financing capital flight at overvalued exchange rates, for example, it is hard to see how this benefits future generations.

Globalization and economic change provide new challenges for sustainable comprehensive development. They also offer new opportunities and have made open, participatory, transparent processes essential for long-run success. This is as true for the private sector as for the public. As we stand at the threshold of the twenty-first century, there is much to be learned from the failures of the century coming to a close. We cannot shut our eyes to the disasters brought on by totalitarian regimes: similar disasters should be avoided at all costs. Nor can we ignore the link between these failures and the economic and social disorder that preceded them.

We now know more about how to manage an economy than we did seventy-five years ago. While we will probably never be able to avoid all crises, we can make them less frequent and their consequences less severe. We have, I think, the knowledge to avoid severe recessions and depressions. The challenge is to ensure that we use this knowledge and expand it to meet the new situations which continually arise. In pursuing these objectives, more open, participatory, and transparent processes will be key ingredients.

We can hope that in the coming decades, we will make use of this knowledge, of our broad understanding of the development process, and of the new opportunities afforded by the changing economy to strengthen and extend development. Through comprehensive strategies that incorporate social and economic development and that are forged through transparent and participatory processes, we can hope to extend the fruits of development in a sustainable way to all citizens of the developing world. ■

*This article has been excerpted from a presentation delivered at the Conference on Democracy, Market Economy and Development in Seoul, Korea, February 1999.*

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# Asian Values

## AND THE CURRENT CRISIS

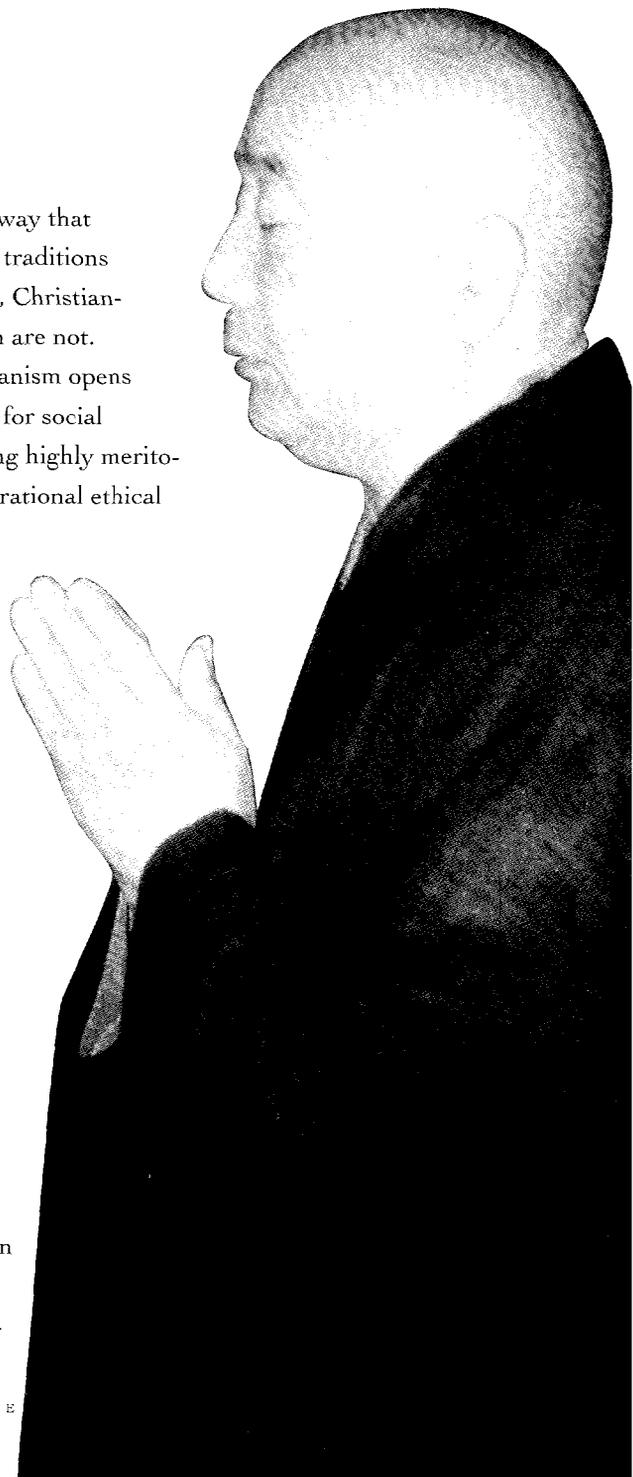
BY FRANCIS FUKUYAMA

**A**re cultural values responsible for Asia's remarkable postwar economic success? A decade ago many observers, including proponents of "Asian values" like Singapore's former Prime Minister Lee Kwan Yew, would have answered affirmatively. Now, in light of the recent crisis that has struck the Asia region, it is useful to revisit the role of cultural values. Many observers today claim that Asian values, far from explaining economic success, are themselves the prime cause of the cronyism that afflicts the Asian countries.

There is no scholarly disagreement on the proposition that Asian cultural values are more hospitable to paternalistic authoritarianism than to Western-style democracy. Confucianism entails an ethical world in which people are born not with rights but with duties to hierarchically arranged authorities, beginning with the family and extending all the way up to the state and the emperor. Westerners sometimes forget the key role of Judeo-Christian transcendent monotheism in their political and social lives. The idea that there is an eternal realm of divine law superior to positive law gives the individual grounds for revolt against all forms of secular authority.

In the Asian religions there is no concept of individual rights. On the other hand, there are a number of values characteristic of Asian societies, which, while having separate roots from their Western counterparts, are quite supportive both of a modern economy and of democratic politics. Asian religions and ethical systems are remarkably

tolerant in a way that monotheistic traditions like Judaism, Christianity, and Islam are not. And Confucianism opens up prospects for social mobility, being highly meritocratic. It is a rational ethical system with an emphasis on education, and thus responsive to the needs of a modern technological economy. Moreover, the Confucian family system provides a certain protected sphere of pri-



*One cultural theme that runs through current analyses of the crisis is the tendency of many Western observers to lump all countries in Asia together under the broad heading of “crony capitalism,” and to blame the latter for a serious misallocation of resources.*

vate life that is relatively free of state intrusion. Like all complex value systems, it is to some extent possible to separate political Confucianism from the Confucianism of everyday life, rejecting the former while practicing the latter.

#### **Weaknesses in the argument**

The first and most important problem with the Asian values argument is that it fails to see Asia as a diverse place, where values vary considerably from country to country. Confucianism is interpreted very differently in Japan, Korea, and China, and kinship ties vary in importance throughout Asia—they play a minimal role in Japan and a very important one in southern China. The second weakness of the Asian values argument is the emphasis it places on the direct impact of values on behavior. In fact, values must be mediated through a variety of institutions to make themselves manifest. Asian cultural values existed in their present form long before Asian societies began their periods of explosive economic growth. The causes for that growth are much more likely to be found in the institutions that were created in the process, like stable governments, systems of property rights and commercial law, as well as in the macro- and sometimes microeconomic policies.

With regard to political institutions, it is not at all clear that Asian values constitute any kind of insuperable obstacle to modern democracy. The empirical record in Asia is relatively supportive of the democracy/development

correlation, where wealthier societies tend to expand political participation. The first three Asian countries to become industrialized, Japan, South Korea, and Taiwan, now have functioning democracies. On the other hand, two of the highest per capita income entities, Singapore and Hong Kong, are not democratic, while the Philippines has been a democracy while remaining one of the region's poorer countries. These anomalies can be explained by other factors.

As for the economic institutions, some are unique to the region and could not have been created in any other cultural settings. These include the so-called Japanese development model in which a technocratic elite oversees sectoral transitions through control over credit; Japan's system of lifetime employment among large corporations and their *keiretsu* networks; the *chaebol* in Korea; and the family-based networks of overseas Chinese businesses in southern China and Southeast Asia. While many of these institutions are clearly dysfunctional today, it is difficult to know in retrospect the degree to which they either contributed to or constrained development during Asia's high-growth period. The most basic explanation for Asian economic development lies in conventional factors, like inputs of capital and labor, combined with political stability and reasonably good government. The least we can say is that those institutions were not as harmful to economic growth, as many Western economists asserted, but have clearly become obstacles to growth now.

### Why the current crisis?

Just as explanations for Asian growth lie in the realm of conventional economics rather than culture, so too do explanations for Asia's current crisis. It is impossible for a cultural factor, which changes very slowly, to account for rapid and unexpected developments, such as the loss of foreign currency reserves or the sudden buildup of short-term credit. There is, however, one cultural theme that runs through current analyses of the crisis, the tendency of many Western observers to lump all countries in Asia together under the broad heading of "crony capitalism," and to blame the latter for a serious misallocation of resources.

Throughout East Asia business relations are conducted on a more personalistic basis than in North America or Europe, and there are cultural practices such as reciprocal gift-giving, that often shade over into what many Westerners would label corruption. But it is impossible to generalize and say that Asian societies are somehow more corrupt or more given to cronyism than their Western counterparts. In fact, cultural factors contributed to a relatively low rate of corruption in Northeast Asia. One of the interesting features of industrial policy in Japan, Korea, and Taiwan is precisely the low level of corruption during the high-growth period in light of the enormous powers given to planning bureaucrats, and the opportunities for corrupt or rent-seeking behavior. The problem in these countries was therefore not a cultural proclivity towards personalism and corrupt dealings, rather a lack of institutional checks which over time could serve to control corrupt behavior.

While Asian values have produced distinct economic and political institutions, their most notable impact is social. Western social patterns have no counterparts anywhere in Asia, including the region's most highly developed societies. Japan and Korea, in particular, look quite distinct from Western countries at a similar level of development. Here, crime rates are very low relative to Europe and particularly the United States, and invalidate any general theory that urbanization and industrialization inevitably encourage higher levels of criminal behavior.

Asian exceptionalism is also apparent in data on family structure. Modernization had very different effects on family structure in Asia than in Europe and North America. In the Western countries, family breakdown was accompa-

nied by soaring rates of illegitimacy, from the American rate of 32 percent currently to rates well over 50 percent in Scandinavia. While divorce rates have been rising slightly in Japan, they remain low in other OECD countries, and the problem of poor, mother-headed families, that is so pronounced in the United States, is all but unknown in either Korea or Japan. The reason for this difference has a great deal to do with the role of women in Western as

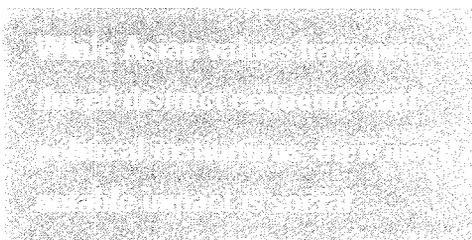
opposed to Asian societies. Just as in the case of Asia's distinctive economic institutions, it is likely that there will be a convergence with Western practices over the next two generations in the social sphere as well. Due to its sharply declining fertility rate, Japan faces a shrinking labor pool. This may lead to encouraging women to enter the workforce, not just prior to marriage but throughout their working lives. If that happens, many of the social problems, like family instability that have plagued Western countries, may come to affect Japan as well.

### Future perceptions

In conclusion, Asian values in all their diversity have played a role in shaping the economic and political institutions of East Asia, and in giving Asian societies a social order that is different from that of the West. The impact of these factors can be easily overstated, however, both in terms of the degree to which they facilitated Asia's post-war economic growth, and of the extent to which they are responsible for the region's current troubles. However, in all three areas—economic, political, and social—there are good reasons for thinking that the distinctive institutions and practices fostered by Asia's cultural systems will converge over time with the patterns seen in the West. Far from reinforcing Asian exceptionalism, the current economic crisis will accelerate the homogenization of trends. ■

*This article is excerpted from a presentation on "Asian Values in the Wake of the Asian Crisis," delivered at the Conference on Democracy, Market Economy and Development in Seoul, Korea, February 1999.*

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THE NEXT STAGE OF

# Anti-Corruption

BY DANIEL KAUFMANN

## Ukraine.

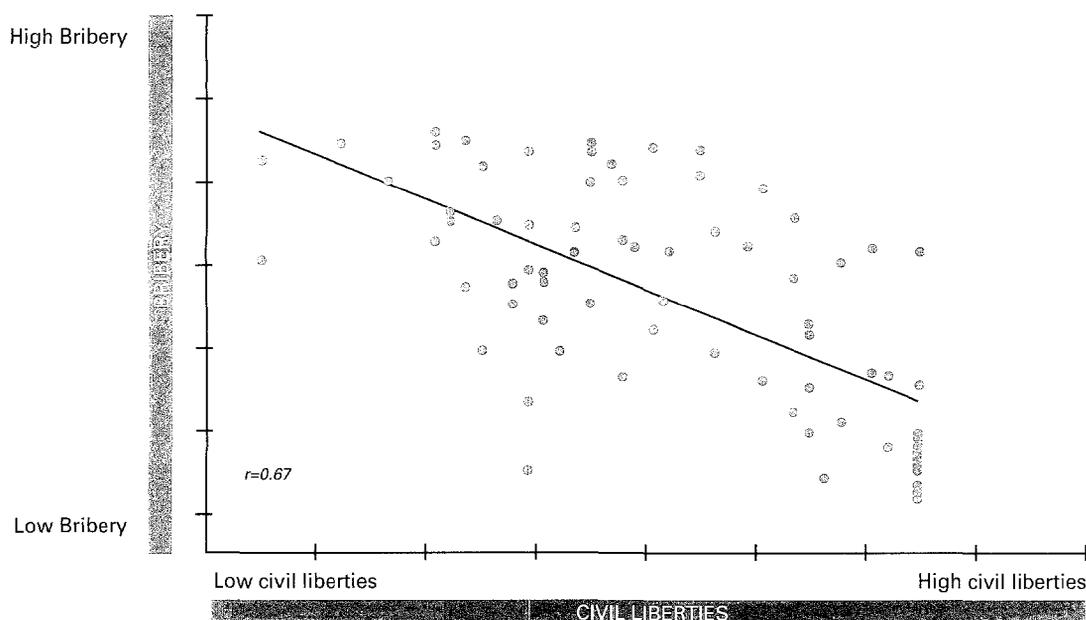
ONE OF THE MOST PROMINENT JOURNALISTS IN THE COUNTRY CHALLENGES THE VICE PREMIER BY POINTING OUT THAT NO MATTER WHAT MACRO-ECONOMIC REFORMS THE NEW CABINET MANAGES TO IMPLEMENT, PROSPECTS FOR GROWTH REMAIN DIM.

The journalist eloquently states that growth only evolves from a thriving private sector. Yet such prospects do not exist, he says, because of the private mafia, which extracts a high toll on any private enterprise.

The new vice premier calmly concurs with the need to focus on small enterprises in the emerging private sector. Furthermore, he agrees that there is a private mafia that extracts a "tax" from private businesses. He has made "back of the envelope" calculations suggesting that on average such a tax is about 10 percent of a firm's revenues. While this is far from negligible, he continues, it pales in comparison with the predatory behavior of the "government mafia." His quick calculations indicate that this private sector tax exceeds 50 percent!



**Figure 1: Bribery and Civil Liberties**



**Progress in the fight against corruption requires the protection of civil liberties and the involvement of civil society.**

Four years have since elapsed. Unfortunately, recent accounts suggest that little has changed—and not only in Ukraine. The challenge of addressing government predation is not universal, but it is ubiquitous. It is worthwhile to consider the subtle wisdom conveyed by the vice premier in that Thursday roundtable and ask whether his advice has been heeded or a great challenge still remains.

The vice premier showed a basic understanding of the power of transparency in a participatory public forum, as he admitted to government fallibility so early in the post-Soviet era. He also exhibited unusual foresight in conceptualizing corruption as a public sector developmental challenge, rather than merely as a private criminal activity. In addition, he implicitly challenged us to quantify the problem at hand—generalized pronouncements on the harm inflicted by different factors was not enough. He demonstrated that blaming the private mafia instead of predatory politicians and bureaucrats only diverted attention from the true problem.

And last but not least, he hinted at the desirability of anchoring the understanding of corruption within a seemingly unconventional discipline, namely public finance, perhaps unwittingly challenging the prevailing views on institutional and legal “fixes” and the myriad of soft ethi-

cal exhortations. He suggested that we examine taxation, bribery, dwindling public revenues and absence of rule of law in an integrated fashion by framing the problem in terms of the “tax burden.” He challenged us all to address corruption on a sounder analytical basis.

### Global progress

There has been progress in the struggle to combat corruption in many corners of the world. But the lion’s share of the broad challenge posed by the Ukrainian vice premier’s salvo four years ago remains. Participatory approaches still require more rigorous integration with concrete reforms of incentives, systems and institutions. The role of in-depth and detailed empirical work needs to be expanded. And bribery and corruption need to be examined within a broader analytical framework, whether through public finance or other established disciplines or through an interdisciplinary approach.

In this paper we discuss four broad challenges emerging from the lessons of our recent collaborative work, which are illustrated in the above anecdote. These challenges share in common the “primacy of empiricism.” Yet since the growing field of empirical investigation into causes, consequences and “cures” to corruption is still in

its infancy, the intention here is not to present definitive answers but to raise questions and issues on upcoming challenges in the field.

### The participation of civil society

The growing involvement of civil society and nongovernmental organizations (NGOs) in the fight against corruption is an undisputed fact, as is their role in increasing awareness and mobilizing support. Progress in the fight against corruption requires at least two conditions: a minimum level of organization in civil society, and an environment in which civil liberties are safeguarded. In many countries neither of these conditions exists. Yet the evidence is clear about the importance of civil liberties. Current empirical research indicates that countries with improved civil liberties are significantly more successful in addressing corruption, even after controlling for other determinants.

Promoting a more effective civil society when there is little tradition of so doing is a major challenge. We must recognize and fully utilize the power of data and technology to mobilize civil society and apply pressure on political structures. The use of survey data, as well as public workshops and in-country focus groups, combined with the involvement of the media and other stakeholders, builds momentum and spearheads new activities by civil society and NGOs.<sup>1</sup>

Second, although it may seem paradoxical, many in the public sector can become significant allies—however silently at first—in fighting corruption. Collaboration between reform-minded public officials and NGOs may be particularly productive when civil society is not fully developed. Survey results from over 60 countries reveal a remarkable degree of consensus between civil society and the public sector regarding the severity of the corruption challenge.

Third, the empowerment of women to mobilize civil society, particularly in the context of anti-corruption, needs further attention. Data analysis suggests that corruption is more prevalent when women's rights are restricted.



## CORRUPTION AS A SYSTEM

BY ROBERT KLITGAARD

Consider two analytical points. First, corruption may be represented as following a formula:  $C=M+D-A$ .

Corruption equals monopoly plus discretion minus accountability. Whether the activity is public, private, or nonprofit, and whether it is carried on in Ouagadougou or Washington, one will tend to find corruption when an organization or person has monopoly power over a good or service, has the discretion to decide who will receive it and how much that person will get, and is not accountable.

Second, corruption is a crime of calculation, not passion. True, there are both saints who resist all temptations and honest officials who resist most. But when bribes are large, the chances of being caught small, and the penalties if caught meager, many officials will succumb.

Combating corruption, therefore, begins with designing better systems. Monopolies must be reduced or carefully regulated. Official discretion must be clarified. Transparency must be enhanced. The probability of being caught, as well as the penalties for corruption (for both givers and takers), must increase.

Each of these introduces a vast topic. But, notice that none immediately refers to what most of us think of first when corruption is mentioned—that is, new laws, more controls, a change in mentality, or an ethical revolution. Laws and controls prove insufficient when systems do not exist in which to implement them. Moral awakenings do occur, but seldom by the design of our public leaders. If we cannot engineer incorruptible officials and citizens, we can nonetheless foster competition, change incentives, and enhance accountability—in short, fix the systems that breed corruption.

competition, change incentives, and enhance accountability—in short, fix the systems that breed corruption.

*Excerpted from a presentation on "International Cooperation Against Corruption," delivered at the Conference on Democracy, Market Economy and Development in Seoul, Korea, February 1999. This article originally appeared in Finance and Development 35 (1), March 1998.*

*Robert Klitgaard is Dean and Ford Distinguished Professor of International Development and Security at the RAND Graduate School.*

Fourth, new tools and insights are emerging regarding participatory approaches to fighting corruption. These approaches have been explored by others, such as national chapters of Transparency International and NGOs in India (using the citizens “scorecard” approach).

Fifth, the intricate links between politics and civil liberties need to be better understood in order to deepen our understanding of the roots of corruption. The degree of political liberties, i.e., democracy, has a positive correlation with improved control of corruption, yet the relationship may be less potent than in the case of civil liberties. Where executive political will exists, the role of NGOs and civil society may be akin to being partners with government in the implementation of anti-corruption programs. Where such political will is absent, civil society’s role has a different dimension — it needs to foster the willingness to reform among the political leadership.

Finally, how relevant is it to consider the political ideology of the ruling government in addressing corruption? A review of the evidence shows that a government’s ideology is not a relevant parameter, and that on average the extent of corruption is the same whether the government is classified as left or right wing. The challenges lie elsewhere, as suggested previously.

### Integrating participatory process with institutional reforms

For too long we economists underestimated the central importance of participation in development. The evidence is now clear that participation in development projects is

key. As a result, in the context of anti-corruption efforts, major strides are taking place in developing and applying a well-structured technology to grass-roots participation.

Parallel strides have been made in the understanding of economic and institutional reforms. Further, there is growing awareness of the relevance of such broad economic and institutional reforms in controlling corruption. These two approaches are essential complements to each other, not substitutes. Any participatory process should lead to concrete results beyond enhanced participation and heightened awareness. Equally important, the implementation of institutional reforms benefits from the participatory process that has been developed for anti-corruption.

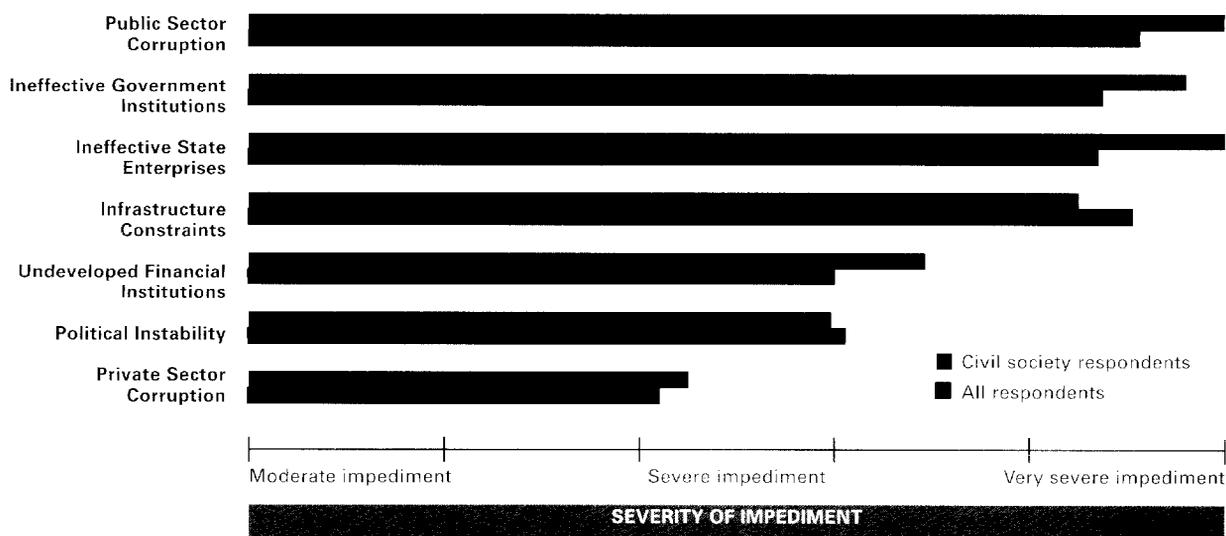
### Towards methodological rigor

Serious anti-corruption action programs are in their infancy and are rife with myths regarding strategies and policy implications. These misconceptions often result from the absence of in-depth analytical and empirical underpinnings for the proposed anti-corruption actions.

Consequently, research on corruption must probe further not just into data from an economic standpoint, but also into its multi-disciplinary facets. A better understanding of the causes and costs of corruption will most likely reveal that improved measurement of corruption indicators is also necessary.

Furthermore, a rather basic challenge — and one not yet addressed — is the best approach to corruption as a field of inquiry. Should it be a freestanding field of investigation and academic training, consistent with its belated yet

**Figure 2: What do elites view as crucial impediments to development?**



Based on a survey of 165 high-level public officials and civil society representatives in 63 countries. For details see D. Kaufmann, “Corruption: The Facts,” in Foreign Policy, no. 107, summer 1997.

acknowledged importance for development and social welfare? Or, since corruption is increasingly recognized as an important symptom of fundamental institutional weakness, should it be integrated within existing fields of inquiry that heretofore have not paid sufficient attention to corruption? If so, into which fields of inquiry should corruption be mapped?

As the Ukrainian vice-premier's remarks suggested, a strong case exists for expanding the treatment of corruption within a public finance framework. By so doing, it will be easier to determine a) the most costly types of corruption, b) the costs and benefits of different government interventions, c) the losses to public finance resulting from corruption, d) the role and costs of regulatory intervention and e) the correct incentives to discourage bribery by foreign investors.

#### **The empirical challenge: the empowerment of data**

Not long ago the notion that corruption by its "intrinsic nature" was impossible to measure was accepted as a truism. The advent of a myriad of new surveys and other data gathering techniques helped dispel this belief. A rich empirical body of data is emerging on governance variables and government performance in general, and on corruption in particular. The challenge ahead is to improve the gathering, analyzing, and disseminating of this new data.

Increasingly, the media and opposition politicians are utilizing and interpreting these indices as if they provided an accurate account of a worldwide corruption ranking (even though typically only about 50 countries or so are covered by most indices, and the margin of error in the ranking of a particular country can be very large). Thus, sounder survey data and methodologies are needed to help make responsible choices about programs to control corruption.

#### **The challenge of concrete and informed action**

The challenges discussed here are by no means exhaustive. We still need to understand why there is a paucity of successful public sector reform in developing countries. In those countries where reforms have been successful, we need to identify the particular measures and institutions

accounting for the lion's share of success. Poland might be an interesting case study—a country whose governance and economic performance have been rather remarkable, particularly in contrast to many other countries in the region. Which specific areas produced the most remarkable

results? Indeed, what actually accounts for the remarkably superior governance performance of Poland as compared to neighbors to the East, including the former vice-premier's home, Ukraine?

We have made a case for significantly expanding the overall empirical approach to controlling corruption and improving governance. We need to con-

tinue to probe, explore, and innovate, recognizing that we are only in the midst of a fast-paced learning process. What we do know is that working in partnership with local institutions and experts is essential. Citizens of the country—be they in or out of government—know their context better than outsiders.

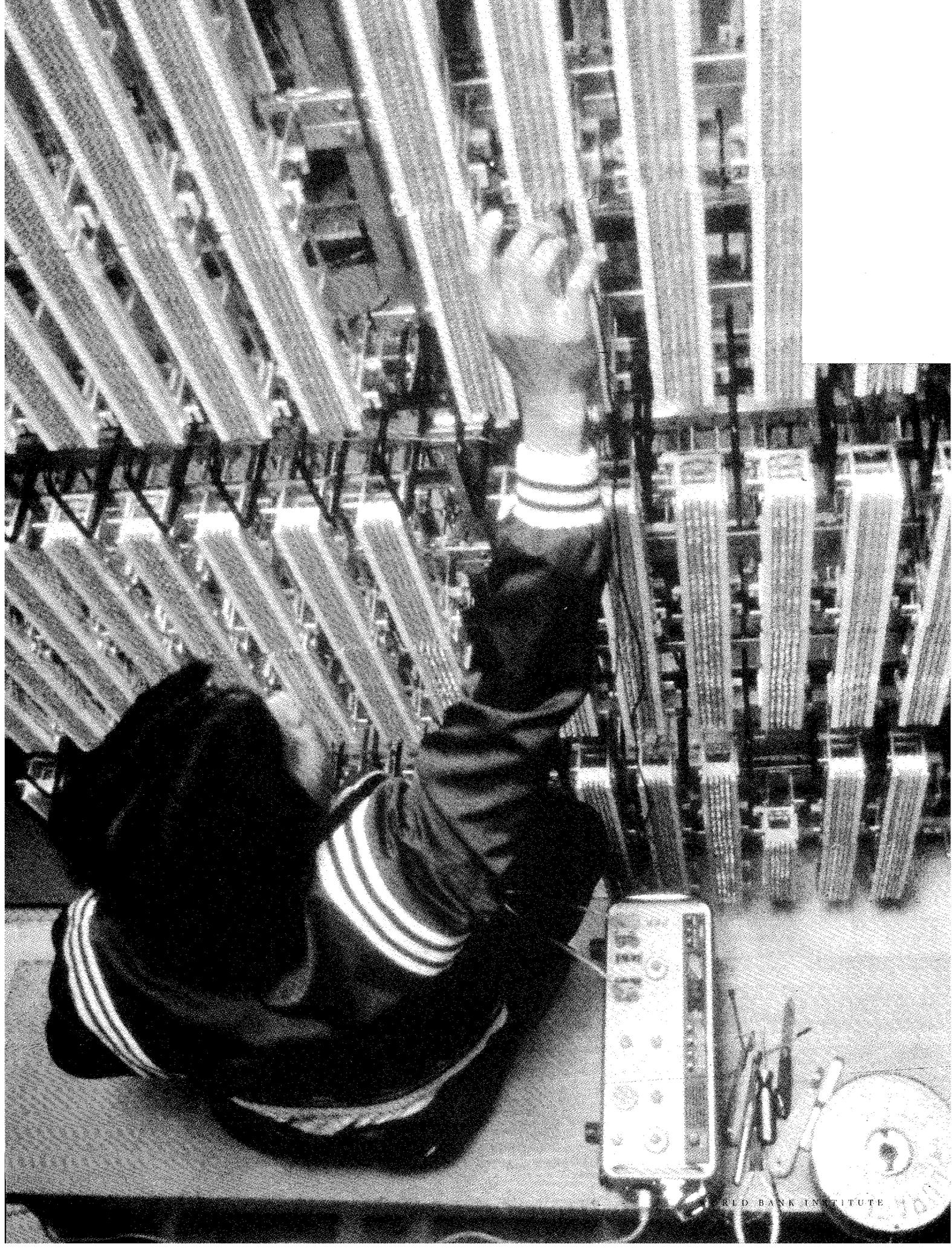
At the same time, the data and lessons gathered from experience worldwide are beginning to provide some very clear insights that need to be disseminated confidently and widely. These insights, if effectively adapted to country conditions and complemented by political will, could prove decisive in yielding concrete results. The challenge for the political leadership, civil society, and the donor community is to capitalize on the insights and momentum generated by the diagnostics, move from diagnostics to action, and make meaningful progress on difficult institutional reforms. ■

*This article is excerpted from a presentation on "Challenges in the Next Stage of Anti-Corruption," delivered at the Conference on Democracy, Market Economy and Development in Seoul, Korea, February 1999.*

*Daniel Kaufmann is Manager of the Governance, Regulation and Finance Division of the World Bank Institute.*

<sup>1</sup>Data is far more than a passive research tool. When well gathered, analyzed and presented, survey data complemented by hard financial information is virtually impossible for authorities to ignore.

## CORRUPTION HAS NOW BEEN CONCEPUALIZED AS A PUBLIC SECTOR DEVELOP- MENTAL CHALLENGE, RATHER THAN MERELY AS A PRIVATE CRIMINAL ACTIVITY



# Needed: A New Growth Strategy for the Developing World

BY WALTER RUSSELL MEAD

**A**s most but not all of the East Asian economies struggle towards recovery from the devastating financial shocks of the last two years, it is more and more clear that the crises of 1997–98 signaled the end of the Asian miracle. That miracle, a burst of economic growth and rising prosperity unprecedented since the original industrial revolutions in North America and Europe more than a century ago, transformed the world's political and economic structure. In a generation or less, a significant number of Asian economies moved from poverty to affluence, from technological backwardness to sophisticated users of cutting edge technologies, and from rural societies still tied to age-old agricultural and seasonal rhythms to urban societies fully participating in all the cultural storms and upheavals of the late twentieth century.

For twenty years, East Asia's rapid growth transfixed the world. Wealth rose, inequality shrank, and East Asia's share of world trade steadily grew. It seemed that Asia had discovered the secrets of King Midas, the ancient Near Eastern monarch who turned everything he touched to gold.

Many observers described the region's economies as a flock of geese sweeping across the sky in a 'V'-formation: Japan in the lead, with Taiwan, South Korea, Hong Kong and Singapore close behind. Farther back—but flying very fast—were Malaysia, Indonesia, Thailand, China and

the Philippines. The other Asian economies, it was widely believed, would follow the trail blazed by Japan and other early developers, moving through light consumer assembly industries like textiles, toys and cheap electronics, ultimately to build steel, automobile and finally high tech and financial service industries.

Beyond East Asia, developing country governments, international financial and development institutions and western governments looked at East Asia's success and sought to duplicate it elsewhere. Policy guidance from all these sources counseled developing countries to introduce

reforms that would put them on the path toward export oriented growth and allow ever greater numbers of geese to follow Japan.

### The collapse of the bubble economy

Unfortunately it now seems clear that export-oriented growth strategies, like the import substitution strategies popular two and three decades ago, do not work forever. The problems of Asia's developing economies have many structural problems in common with the collapse of Japan's bubble economy a decade ago, and point to deep flaws in what only recently looked like an answer to persistent problems of underdevelopment and poverty.

Most of the commentary on the economic problems of the export-oriented economies has centered on financial system issues: lack of transparency in lending, lack of effective oversight, government interference in credit allocation, failure to hedge properly against currency risk, mismatches between short-term debts to skittish foreigners and long-term loans to domestic borrowers, and failure to properly assess credit risks at a time of speculation and over-investment.

All of these things are true in varying degrees among the troubled economies, and financial sector overhauls will be necessary before the region's prospects can decisively improve. Other developing countries would be wise to learn from Asia's example and monitor their financial sectors carefully to prevent the excesses and errors that have so greatly exacerbated East Asia's economic woes.

### The end of the magic of export

These problems are complicated and solving them will be politically difficult and economically expensive—but with sufficient determination they can and will be solved. It is the non-financial obstacles to growth that cause the most concern to those interested in a return to rapid growth in Asia and economic progress in other developing countries. The chief problem here is that Asia's basic economic pattern—high levels of domestic savings and investment combining with foreign investment (both direct and port-

folio) poured into the creation of a manufacturing sector designed to produce goods for export to developed market economies—will not work as well in the future as it has in the recent past.

The villain is no longer western protectionism, though that continues to be a worry. The new problem is a combination of over capacity in the developing world and structural change in the developed market economies that looks set to reduce growth in demand for traded manufactured goods for decades to come.

Over capacity among producers of manufactured goods is a serious problem across a wide range of industries. State allocation of credit has greatly exacerbated the problem in many export-oriented economies; new, policy driven investments continued to be made in industries like automobiles and steel long after world wide over capacity problems had developed. State directed credit allocation succeeded in building industrial bases in many countries, but these countries now face difficult and painful reforms and restructuring given that their financial systems are now weak, while powerful political interests seek to defend an unsustainable status quo.

The problem with over capacity is more than a cyclical one. Fundamentally, export-oriented manufacturing in developing countries cannot expand at rates greater than overall growth in demand for such products. When only a handful of economies, most of them in small countries, were pursuing export oriented growth strategies, the size of foreign markets was not a constraint. That is no longer true. When Taiwan's trade surplus with the United States peaked in 1987, it had reached \$800 per capita—\$800 of trade surplus for every man, woman and child on the island. For the United States, this trade deficit—totaling \$16 billion, was manageable.

If mainland China were to achieve an \$800 per capita trade surplus with the United States, however, the US trade deficit with China would reach \$988 billion—\$3,000 for every person in the United States. If Indonesia, Pakistan, India and Bangladesh follow the model, the US trade deficit with these countries would reach \$2.1 trillion.

**While exports will and should play important roles in development strategies, successful development will have to rely more on internal markets and on south-south trade.**

This, alas, is not possible and the implication is clear. Other countries cannot expect to achieve the same level of benefit from exports as the early adopters of export oriented growth strategies did. While exports will and should play important roles in development strategies in the future, successful development strategies in years to come will have to rely more on internal markets and on south-south trade.

The economic problem of excess capacity and therefore poor profitability for developing producers of manufactured goods is likely to be with us for the long term. It was once difficult to start up industrial production in developing countries. Now both the hardware and software aspects of industrial migration are well understood, and more and more countries are technically able to build export platforms.

Structural changes in the developed market economies will further limit the possibilities for exports of manufactured goods. Populations in most rich countries are stable or actually declining, reducing the prospects for economic growth overall and especially for growth in demand for manufactured goods. As these populations age, their consumption patterns change—away from traded manufactured goods like new cars, and new stereos and computers and towards non-traded services such as medical care.

### **Manufacturing is out, services are in**

Moreover growth in the developed market economies has shifted decisively out of manufacturing and into services. To understand how this works, look at food consumption patterns in rich countries. Past a certain point, consumers don't increase their consumption of food as incomes increase. What happens is that less of the food budget is spent on ingredients and more is spent on service: preparation. People eat out more and eat at fancier restaurants. As they choose more expensive foods—meat and fish instead of grain, exotic fruits and vegetables rather than staples—some additional income is possible for farmers. But most of the increase in spending goes for non-traded services: chefs, busboys, sommeliers, valet parking attendants and waiters.

As incomes continue to rise in advanced countries, consumers are likely to spend a relatively smaller proportion of their incomes on manufactured goods and other traded commodities, and more of their income on non-traded services. That is bad news for developing countries generally, and poses particular problems for

countries whose growth strategies depend heavily on rapid increases in manufactured exports to the industrial market economies. We are probably at the beginning of a long term deterioration in the terms of trade for producers of manufactured goods comparable in some ways to the decline in terms of trade for commodity producers over the last century.

### **The governance challenge**

At the same time, East Asian countries and other rapid developers face new and difficult governance problems. Economic development makes societies more complex and harder to govern well. An urban industrial society is harder to govern than a rural and agricultural one. Governments in East Asia and elsewhere today must cope with a myriad of difficult problems—land use, urban management, environmental protection, and so forth—which were less urgent and less complex only two decades ago.

Effective regulation of financial markets needs to be seen as part of this broader governance challenge. Financial markets in rapidly developing economies are more complicated than they used to be, they do more things, and they involve more complex transactions and different classes of risk. With respect to financial regulation as well as to other areas of the 'new governance agenda' of rapidly developing countries, the political obstacles for modernizers are deeply rooted and quite difficult to overcome. Current institutions and practices are deeply rooted in political power structures, and the resistance to change is determined and resourceful.

All this suggests that the developing exporters of manufactures face immense challenges. Faced with stiff competition, tight goods markets and complex governance issues, these countries need more than superficial reforms to get back on a sustainable growth path. Fortunately, the entrepreneurial drive, technical skills and pragmatic approach of East Asia's rapidly developing countries have found creative solutions to equally difficult problems in the past and after a somewhat difficult and complex period of adjustment and reform, East Asia is likely to emerge once again as one of the most dynamic regions in the global economy. ■

*Walter Russell Mead is Senior Fellow for U.S. Foreign Policy at the Council on Foreign Relations and directs a Ford Foundation project at the Council on the new global economy.*

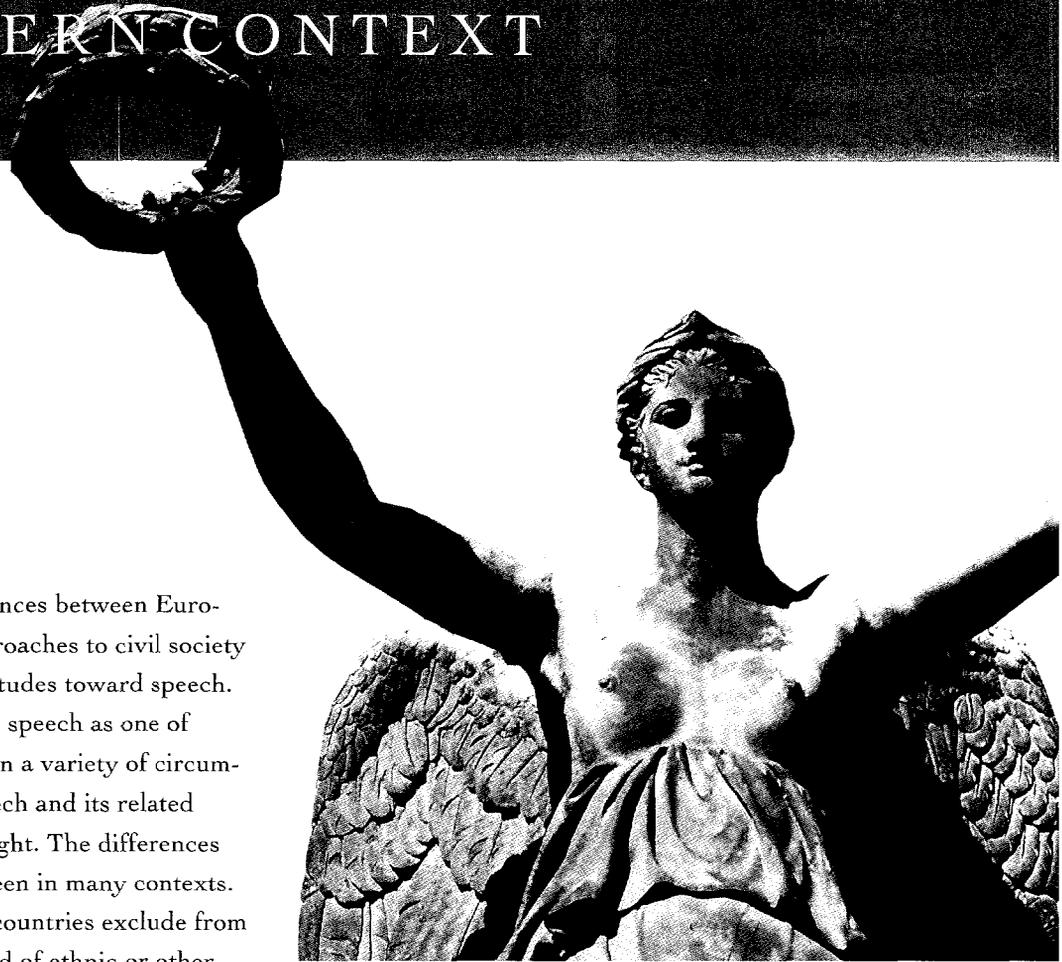
# FREE SPEECH IN DEMOCRACIES

## THE WESTERN CONTEXT

BY HERMAN  
SCHWARTZ

One of the striking differences between European and American approaches to civil society is in their respective attitudes toward speech. Whereas Europeans apparently see speech as one of many rights, subject to limitations in a variety of circumstances, Americans tend to see speech and its related right, association, as the primary right. The differences between the two cultures may be seen in many contexts. For example, almost all European countries exclude from protection speech that incites hatred of ethnic or other groups. In the United States, although we have struggled with what we call “hate speech,” such speech is normally protected unless it is likely to incite or produce “imminent lawless action.” We, thus, allow American flags to be burned in protest, Nazis to march in neighborhoods where Holocaust survivors live, and hoodlums to burn crosses to show their hatred of Black people. Non-Americans with whom I have discussed this from all parts of the world find our approach unbelievable. To them, speech is a vital part of the political process, but like other parts of that process, instrumental and subject to conventional regulation. For Americans, speech is much

more. In our Bill of Rights, it comes first, together with freedom of religion. It involves the freedom to express not just ideas but emotions, and not just for political reasons but for individual self-realization. In this aspect, the differences in treatment of speech may well reflect differences between the highly individualistic society that is America, and the more communitarian societies of Europe and elsewhere. In almost all European countries, positive economic and social rights are enshrined in the Constitution; in the United States, nothing like that can be found in the federal Constitution.



## Freedom of the press: Europe vs. USA

On such matters, our different histories and situations may justify different approaches. But in one area, at least, European practice is starkly inconsistent with any notion of freedom of expression, particularly where the press is concerned. I refer to the many laws against defamation or insult of the President, the State, and the Government.

No government official likes to be criticized.

Indeed, there seems to be a direct correlation between the eminence and power of officials and the thinness of their skin. In America, however, public officials can rarely get any legal remedy for criticism, no matter how vicious and unfair it may be.

We tried that once, in the last years of the eighteenth century when we enacted the Alien and Sedition Laws. That lasted only a few years and was quickly repudiated. Since then, public debate has been robust to the point of harshness, and that has received constitutional sanction.

In the 1960s an effort was made by public officials to use private defamation suits to block criticism; they knew official action in the form of criminal proceedings was constitutionally out of the question. In Alabama a suit was brought by a racist police commissioner against the *New York Times* for an advertisement by civil rights leaders (four clergymen) that contained a few trivial mistakes. After the commissioner won his suit before sympathetic local courts and juries and obtained a very large sum in damages, the United States Supreme Court stepped in. The Court ruled that public officials could not maintain a defamation action unless the official could prove not only that the allegedly defamatory statement was false, but that the person uttering the falsehood either knew it was false or was recklessly indifferent to whether it was true or false. Mistakes are inevitable in any heated controversy, the Court observed, and the right to make good faith mistakes must be protected. It is important to stress that this applies only to statements about public officials, or those in the public arena, about matters of public concern, and not about private people. Regardless of the many difficulties we've had in applying this standard, the basic principle is clear: public officials are not immune to criticism, no matter how sharp, unpleasant, and caustic it may be.

European practice is very different. Leaders are using defamation and insult laws to stifle genuine criticism. Perhaps because the press in Europe has been more overtly ideological and party-oriented than in the United States, perhaps because of European traditions of individual honor, defamation and insult laws have been invoked against hostile speech by journalists and others. Early English law started it, setting the course for much of Western Europe, and later, the Western Hemisphere. A 1606 Star Chamber ruling, *de Libellis Famosis*, introduced into seditious libel the proposition that defamation of "great men" was a more serious offense than simple defamation, in that "it concerns not only the breach of the peace, but also the scandal of Government."

Today in France, all public officials enjoy statutory protection against insults, abuse, or defamation, and if they bring a civil suit, alleging insult or defamation of high government officials, it carries a higher penalty than that against private persons. In Germany, public figures are considered "more offendable" by virtue of their prominent positions and can recover greater damages. These laws are not unusual, and are especially common in East Central Europe. Freedom House, an American organization dedicated to freedom of speech and market-oriented democracy, compiled a survey of civil society, democracy, and markets in East Central Europe and the Newly Independent States. With few exceptions, in one country after another—Albania, Hungary, the Czech Republic, Georgia, Poland, Romania, Serbia—the law condemns libel or insult of public officials.

In its *New York Times* opinion, the U.S. Supreme Court commented that "even a false statement may be deemed to make a valuable contribution to the public debate, since it brings about the clear perception and livelier impression of truth, produced by its collision with error." One can justify some defamation laws by insisting on basically truthful statements. But there is nothing to be said in favor of laws against "insulting" a president, other public officials, or the country. Such insults are merely inarticulate forms of disagreement, what we in America call "blowing off steam." Freedom of expression thus serves as a safety valve, reducing the danger of an explosion from pent-up resentment.

## Limits to freedom of speech

Admittedly, some of these statutes are not enforced. But many are. A few of the many examples, not just in East Central Europe but elsewhere, will illustrate the point. In Poland, two students ran afoul of the law when, after a demonstration in 1992, they shouted “down with Walesa—Communist agent.” They were convicted and fined. In Indonesia, a legislator was sentenced to 34 months in prison for a speech in Germany in which he called former Indonesian presidents Suharto and Sukarno “dictators.” In Romania, a journalist compared President Iliescu to a pig, and was charged with “offending State authority.” In Russia, a newspaper reporter, who called Russian Defense Minister Pavel Grachev “a thief,” was convicted of “insulting” Grachev, though he was promptly amnestied. A court in Azerbaijan sentenced six employees of a satirical newspaper for prison terms up to five years for “insulting the honor and dignity” of President Heydar Aliyev.

Elsewhere, journalists in Turkey have been punished for comparing parliamentary deputies to “Pavlov’s dogs.” Journalists in Croatia were charged with “spreading false information” for parodies highlighting President Franjo Tudjman’s authoritarian tendencies. In Belarus, the opposition newspaper *Svoboda* was charged with libel for criticizing government officials and fined. In the Czech Republic, there is an odd combination. Articles 102–03 of the Criminal Code permit prosecutions for defaming the republic, its government, the parliament, the Constitutional Court, and the President. Even when such laws are not enforced, as is often the case in the Czech Republic, they serve to chill and deter criticism. Journalists and others who try to expose corruption are especially frequent targets. For example, in Ghana, journalists have been charged or threatened with criminal libel prosecutions for alleging drug peddling by the ruling party. In Slovakia, a journalist was convicted for charging that the Labor Minister’s brother was involved in dishonest business practices.

## At odds with the democracy principle

In conclusion, these laws would seem blatantly inconsistent with many of the high-sounding protections for speech and the press in the new constitutions. Equally important, many are inconsistent with the European Convention. Even though looser than American doctrine, the Convention has been interpreted by the European Court of Human Rights to bar the denial of a defense of truth, and as requiring government tolerance of criticism. The requirement that the speaker support his opinion infringes on freedom of opinion itself because a careful distinction must be made between facts and value judgments—facts can be determined, but value judgments are not susceptible to proof. All of the countries in East Central Europe are members of the Council of Europe and accordingly have adopted the Convention on Human Rights. Use of the defamation and insult laws described here thus violates not only the constitutions of these countries but also their international obligations.

Democracy presupposes difference, and exists to allow those dif-

ferences to determine public policy in a peaceful non-violent manner. Freedom of speech to express those differences, to persuade, to debate, to criticize, to condemn, to let off steam—all these are necessary to a functioning democracy. Even if one sees speech as purely instrumental, valuable only to promote the democratic process, those in power may not use the euphemism of “respect” to suppress speech by libel and insult laws, for that usually masks an attempt to keep themselves in power and to frustrate democracy. Surely we have had enough of that in this bloodiest of centuries. ■

*This article appeared in a longer version in The Parker School Journal of East European Law 3, no. 2 (1996): 217–26.*

*Herman Schwartz is Professor of Law at The American University. He is also a Co-Director of the Washington College of Law Human Rights Center, and a member of the boards of the Foundation for a Civil Society, the Congressional Human Rights Foundation and Helsinki Watch.*

DEMOCRACY  
PRESUPPOSES DIFFER-  
ENCES THAT ALLOW US  
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## Globalization and the Way Forward

BY NOELEEN HEYZER,  
WITH  
MARTIN KHOR

The debate on the Asian crisis continues. The list of causes varies in importance and has different impacts among the different countries affected. Whatever the causes or combination of causes, the Asian crisis has shown us the dangers of volatile and large short-term capital flows to the economic stability of developing countries, with major social consequences and threats to sustainable human well-being. Many of the economies affected have descended suddenly into social and political chaos.

To make sense of the senseless, the tendency is to search for old enemies. The fault lines of ethnicity, class and gender are the first to emerge. The ethnic riots in Indonesia, the massive rapes of Chinese women, and the burning of small shop-houses selling rice and food-stuff accompanied the turmoil of changing political leadership that could no longer respond to the needs of its people.

When societies, communities and families collapse or are in danger of collapse, women are expected to be the extraordinary heroes of everyday life, devising individual and collective strategies of survival. Yet, they are the first to be hit by an economic crisis. As the backbone of the export sector in electronics and textiles, working frequently as a "flexible" workforce or engaged in sub-contract or "casual" work, women workers are often regarded as "expendable." Women are also the ones who feel the immediate effects of cuts in basic services. Because of their responsibility in social reproduction, from childcare to care of the sick and elderly, their lack of access

to essential resources and services means longer hours of work, heavier workloads and a fall in their nutritional status. Despite the impact of the crisis on women and girls, including the trafficking of young women, recovery strategies or "rescue packages" have ignored women's livelihoods. Women are therefore doubly victimized; they are hardest hit in a crisis not of their making and are by-passed in any economic recovery process.

The Chinese character for crisis consists of two components: an element of danger and an element of opportunity. We have experienced the dangers. How do we seize the opportunity of moving forward? At this stage we do not have the option of wishing away

economic and social environment as they become economic players in global markets. In this regard, UNIFEM's support for the shea butter nut collectors in Western Africa and our support for the trans-national network of home-based workers are innovative and transforming. We need to create new possibilities in the globalization process, to share effective policies and strategies of how to intervene, to advocate and expand spaces for sustainable livelihoods. At the end of the day we need leaders of civil society, government, international agencies and the private sector itself who understand how to shape the globalization process in a constructive and effective way to move us forward. There is no luxury of



globalization. The harder challenge therefore is to understand the four different aspects of globalization – trade, investment, finance and technology – and participate in reshaping the globalization process so that it becomes more people-centered and sustainable. The current kind of globalization has to be transformed into one that has three components: ecological, economic and social sustainability. It has to allow small producers control over their eco-

choice. Too much damage has already been done.

*This is an excerpt from a longer contribution that appeared in Development Forum, "Speaker's Corner" ([www.worldbank.org/devforum](http://www.worldbank.org/devforum))*

*Noeleen Heyzer is Executive Director of UNIFEM. Martin Khor is Director, Third World Network.*

## The Comprehensive Development Framework Sparks Cyber Dialogue

The World Bank Group is sponsoring an electronic discussion on the Comprehensive Development Framework, which was first unveiled in October 1998 by World Bank President James Wolfensohn. The proposal seeks a more realistic and participatory approach to development, with both social and economic factors being given equal consideration.

Following is a sampling of opinions voiced during the first three weeks of the on-line dialogue. Questions have focused



on the three main principles underlying the CDF—country ownership, partnership, and the holistic approach

to the structural, social and human aspects of development. For a more comprehensive view, visit the "Archives" of Development Forum ([www.worldbank.org/devforum](http://www.worldbank.org/devforum)).

### On Country Ownership

*The CDF asserts that ownership by the country (not only by the government but also civil society, the private sector and other development actors) is essential and that countries must be in the drivers seat owning and directing the development agenda.*

I am a Canadian, an accountant working for three years with a church based NGO in Zambia. My observations have brought me to the conclusion that most development here does not go deep enough into the people to be truly effective... A small group of Zambians in Lusaka have organized an informal school in a compound where there is

completely inadequate schooling space. The idea for the school was originated by a group of people from outside the community who chose this site because they felt it offered the best chances of attracting funding for an actual school building. However, they simply cannot get the parents to pay the minimal school fees (65 cents US per month). It is becoming clear that a significant reason is that the parents do not "own" the school.

*David Pankratz*

The image of the countries in the driver's seat brings to mind the following scenario:

"Here is the driver's seat."

"Where is the vehicle?"

"Times are difficult for donor agencies. The steering wheel will arrive in the second tranche. Meantime, use your initiative."

*Yvonne McCalla Sobers*

*Practitioner in community development and participatory research  
Jamaican based in Jamaica*

### On the Holistic Approach

*The CDF proposes a holistic approach to development, where structural, social and human aspects are considered together with the economic and financial, as prerequisites for stable, sustainable and equitable development.*

The World Bank could take its cue from the community development programs of the 1960s which, because they focused upon the local community for the identification of needs, the setting of priorities, planning, and even implementation, were necessarily holistic. But that did not mean, and does not need to mean, that a project or program at a particular place and time must take on more than it can manage. It does mean that donors/funders and implementing organizations must avoid the ubiquitous practice of promoting their pet solutions and actually allow a significant degree of local autonomy.

*Donald E. Voth*

*Professor of Rural Sociology*

*HOEC 118*

*School of Human Environmental Science  
University of Arkansas*

It is important for us to examine four pillars of modern, primarily Western, society/ civilization: individualism, subjectivism, relativism, and instrumentalism. However, these four concepts have been taken to their extreme and their debased forms have become major weaknesses and breakdowns in the West. We need to retrieve the essence of these pillars and see how they can be adopted, modified, translated and integrated with the best values and practices of other cultures—and not just force them down the throats of these cultures.

*Ravi Pradban*

*Karuna Management*

*Kathmandu, Nepal*

### On Partnership

*The CDF calls for a partnership among the government, the international development community, civil society, and the private sector to prepare and implement the country's own development strategy.*

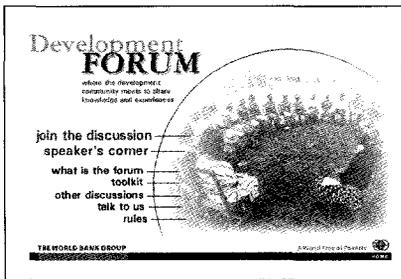
I have been president of a community based organization of 10 villages in the Department of Mbour, Region of Thies in Senegal. Administered by volunteers residents, BLOC DES 13 DE MBOULEME. To alleviate poverty, partnership is a key word since many stakeholders are involved in the process. My idea is that it is critical to focus on "Civil society in all its forms," more specially on community based organization. I strongly believe that poverty cannot be alleviated without full "ParticipAction" of poor people themselves....

*Bakary Diallo*

*University of Ottawa*

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[www.worldbank.org/devforum](http://www.worldbank.org/devforum)

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**Democracy, Market Economy and Development**

[www.worldbank.org/devforum/current-dmed](http://www.worldbank.org/devforum/current-dmed)

**Social and Environmental Impact of Privatization**

[www.worldbank.org/devforum/current-seimpact](http://www.worldbank.org/devforum/current-seimpact)

**Ending Violence Against Women**

[www.worldbank.org/devforum/current-elimate](http://www.worldbank.org/devforum/current-elimate)

**Gender and Law (GENDER-LAW)**

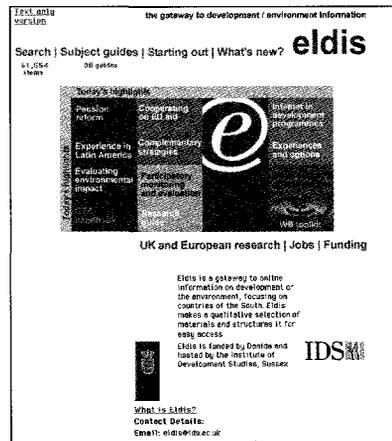
[www.worldbank.org/devforum/current-gender](http://www.worldbank.org/devforum/current-gender)

Look in the Development Forum Archives for Dialogues that have recently ended.

Other Development Sites:

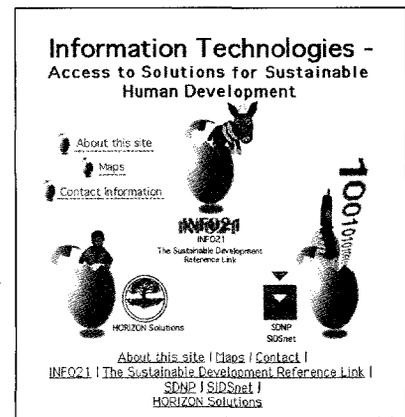
**Eldis** (Electronic Development and Environment System) is a gateway to online information on development or the environment. It makes a qualitative selection on materials and structures it for easy access. Eldis is hosted by the Institute of Development Studies, Sussex.

[www.ids.ac.uk/eldis/eldis.html](http://www.ids.ac.uk/eldis/eldis.html)



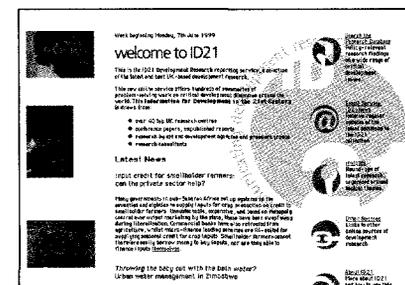
**CIDI** (Inter-American Council for Integral Development) operates under the umbrella of the Organization of American States to promote new forms of development cooperation. It supports activities to strengthen policy dialogue, broaden the exchange of knowledge and experience, and facilitate joint action between American States countries and their institutions, as well as the international community. [www.cidl.oas.org](http://www.cidl.oas.org)

**Senegal Contact** is a server hosted by the Centre SYFED REFER in Dakar, and includes the Africa Virtual University site, among others. Areas of interest are: education, research, economics, culture, media, and civil society. [www.refer.sn/accueil](http://www.refer.sn/accueil)



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**ID21** (Information for Development in the 21st Century) is a fast-track research reporting service backed by the UK Department for International Development. It offers hundreds of summaries of problem-solving work on critical development dilemmas around the world. It also lists e-mail addresses, other direct contact details, hotlinks, and printed sources to ease the direct flow of knowledge between researcher and research user. [www.id21.org](http://www.id21.org)



*Our Continent, Our Future: African Perspectives on Structural Adjustment* by Thandika Mkandawire and Charles C. Soludo. Trenton, N.J., USA, and Asmara, Eritrea: Africa World Press, Inc., 1999.



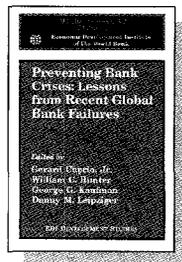
This book is a very good attempt by two of Africa's best known scholars to present the challenges that Africa faces at the turn of the century, from an African perspective.

The book is written mainly for development professionals, analysts, and researchers. For those who are not used to the complexity of the development debate, it is not easy reading. This may limit its circulation and popularity, which is regrettable because the authors make a rather passionate plea for all Africans to realize that only they can develop Africa.

While making it clear that they are writing this book as Africans—re the title, *Our Continent, Our Future*—the authors managed to give a fairly balanced view of the situation, placing the blame right and left, wherever they think it lies. With convincing statistical evidence, the authors dispel the notion that Africa has been on the decline from the start of the post-colonial era—a notion that the Berg Report made popular. African economies as a whole actually grew until the mid-seventies. They do stress that external shocks and deteriorating terms of trade contributed to the decline from the mid-seventies, but they also reveal the dynamic characteristics that made post-colonial performance unsustainable. Features of the pre-crisis performance are examined with care. Africa's potential, as well as the inherent limitations of the policies pursued in the period before the structural adjustment programs starting in the early eighties, are rigorously scrutinized. This should allow policy makers and development agencies to learn from the lessons.

Not surprisingly, the authors criticize adjustment programs, not because they were inherently flawed, but mainly because those programs assumed that the African countries were “in the driver's seat”, which was not the case. They argue against the “cookie cutter approach” and stress the need to be more sensitive to each country's particular history and situation. A very good book.—*Guy Darlan, Regional Coordinator for Africa, The World Bank Institute*

*Preventing Bank Crises: Lessons from Recent Global Bank Failures* by Gerard Caprio Jr., William C. Hunter, George G. Kaufman, and Danny M. Leipziger. Washington, DC: The World Bank, 1998.



It has been nearly two years since the onset of the East Asian financial crisis, and lessons learned from the crisis are still emerging. The papers in this volume were prepared for a confer-

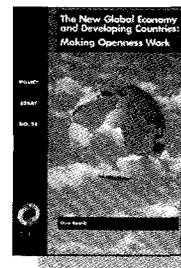
ence that took place only a few months before the crisis erupted. The conference, jointly organized by the Federal Reserve Bank of Chicago and the World Bank Institute of the World Bank, pulled together globally known and highly regarded academicians, former and current regulators, and financial market practitioners to analyze the causes of past banking system crises and to suggest measures for preventing or, at the very least, minimizing the impact of future crises.

This volume provides a great deal of insight into the causes of past banking crises, highlights the common elements found in each, and offers prescriptions for preventing the occurrence of future banking system distress. It is interesting to note, however, that during the conference there were very few indications or suggestions by either presenters or participants that a major crisis was about to unfold in a region of the world where selected countries were being portrayed as models to be emulated.

Likewise, there was insufficient focus on the growing role played by non-bank financial institutions, both domestic and foreign (i.e., finance companies, securities institutions, and institutional investors) and their possible effects on either past or future crises.

Notwithstanding, this volume, along with subsequent papers that have and will certainly be written about the East Asian crisis, is a “must read” by regulators worldwide and students of financial sector development.—*Joseph E. Pegues, Senior Banking Sector Specialist, The World Bank Institute*

*The New Global Economy and Developing Countries: Making Openness Work* by Dani Rodrik. Washington, DC: Overseas Development Council, 1999.



A general orientation toward openness in trade and capital flows has generated new dilemmas for policymakers in developing countries. This new globalization model suggests

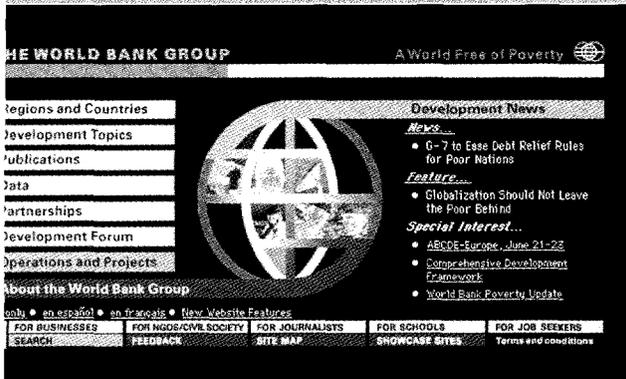
that policymakers will no longer play a primary role in promoting economic development. In the globalized economy, foreign investors and a small group of domestic exporters are those that determine whether an economy will prosper. But can international financiers and local entrepreneurs driven by special interests produce desirable socioeconomic outcomes, or will their strategies worsen inequality?

In this book, Dani Rodrik argues that policymakers will still have an essential role, as long as they stop thinking of international economic integration as an end in itself. Rather, they must reinforce their external liberalization strategy with an internal set of policies that place substantial responsibility on the state in building physical and human capital and mediating social conflicts.

—*Staff, Development OUTREACH*

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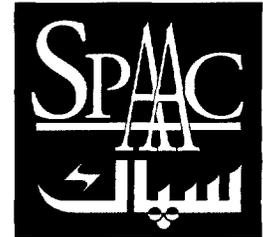
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