

Governance, Equity, and Global Markets

The Annual Bank Conference on Development Economics-Europe

Edited by
I • JOSEPH E. STIGLITZ
PIERRE-ALAIN MUET

OXFORD
UNIVERSITY PRESS

Contents

<i>List of Contributors</i> ^	xi
Introduction	xiii
<i>Pierre-Alain Muet and Joseph E. Stiglitz</i>	
Opening Speech	xx
<i>Lionel Jospin, Prime Minister of France</i>	
Opening Speech	xxvi
<i>James D. Wolfensohn, President, World Bank</i>	

Part One. Markets, Development, and Institutions

Transition

1. Transition: The First Ten Years	5
<i>John S. Flemming</i>	
Comment	18
<i>Olivier Blanchard</i>	
2. <i>Quis Custodiet Ipsos Custodes?</i> : Corporate Governance Failures in the Transition	22
<i>Joseph E. Stiglitz</i>	

Institutions and Markets

3. Privatization and Institutions in Developing and Transition Economies	57
<i>Mustapha K. Nabli</i>	
4. Different Approaches to Bankruptcy	67
<i>Oliver Hart</i>	
5. The Institutional Infrastructure of Competition Policy	77
<i>Jean Tirole</i>	
6. The Evolution of Legal Institutions and Economic Regime Change	83
<i>Katharina Pistor</i>	

New Thinking on Security in Labour Markets

- | | |
|---|-----|
| 7. Cross-Sectional Wage and Employment Rigidities versus Aggregate Employment | 93 |
| <i>Giuseppe Bertola</i> | |
| Comment | 102 |
| <i>Jose Luis Machined</i> | |
| 8. Institutions and the Workings of the Labour Market | 105 |
| <i>Stephen Nickell</i> | |
| Comment | 108 |
| <i>JuanJ. Dolado</i> | |

Power and Corruption

- | | |
|--|-----|
| 9. Separation of Powers and Development | 113 |
| <i>Jeanjacques Laffont</i> | |
| Comment | 117 |
| <i>Paul Seabright</i> | |
| 10. Bureaucratic Corruption and Political Accountability | 120 |
| <i>Susan Rose-Ackerman</i> | |
| Comment | 131 |
| <i>Augustine Ruzindana</i> | |
| 11. Independence and Accountability of Central Banks | 137 |
| <i>Paul de Grauxve</i> | |
| Comment | 143 |
| <i>Norbert Walter</i> | |

Part Two. Equity, Public Goods, and Global Governance

Poverty

- | | |
|---|-----|
| 12. Poverty and Inclusion from a World Perspective | 151 |
| <i>Anthony B. Atkinson and Francois Bourguignon</i> | |

Social Insurance and Social Security Reforms

13. Safety Nets, Savings, and Informal Social Security Systems in Crisis-Prone Economies 167
Stefan Dércon
- Comment 179
Peter R. Orszag
14. Pension Reform and Demographic Trends: Is Funding the Solution? 184
Orazio P. Attanasio and Giovanni L. Violante
- Comment 196
Alessandro Cigno

"Regional Integration

15. Regional Integration Agreements: A Force for Convergence or Divergence? 201
Anthony J. Venables
16. Asymmetric Regionalism in Sub-Saharan Africa: Where do we Stand? 215
Olivier Cadot, Jaime de Melo, and Marcelo Olarreaga
- Comment on Chapters 15 and 16 225
Pierre Jacquemot
17. Benefits and Costs of EU Enlargement: Theoretical and Practical Considerations on Trade Policy Issues 227
András Inotai

Environment

18. The Precautionary Principle: Different Cases and Viewpoints 237
Olivier Godard, Pierre-Henri Gouyon, Claude Hairy, and Patrick Lagadec
19. Energy Crisis versus Climate Change: Is there a Lesson to be Learned? 245
Olli Tahvonen
20. Global Governance for Environment: Equity and Efficiency 248
Laurence Tubiana

21.	Protecting the Global Environment: Towards Effective Governance and Equitable Solutions	•	258
	<i>Rajendra K. Pachauri</i>		
	Comment on Chapters 20 and 21		262
	<i>Charles Perrings</i>		
Knowledge and Development			
22.	R & D in Developing Countries: What Should Governments-Do?		271
	<i>Peter Neary</i>		
Gender Economics			
23.	Gender Economics: Just Another Dummy Variable?		281
	<i>Diane Elson</i>		
	Comment		287
	<i>Olga Vershinskaya</i>		
The Global Financial Crisis			
24.	Financial Fragility, Crises, and the Stakes of Prudential Control		293
	<i>Michel Aglietta</i>		
	Comment		302
	<i>Uri Dadush</i>		
Capital Flows and Development			
25.	Growth and External Debt: A New Perspective on the African and Latin American Tragedies		309
	<i>Daniel Cohen</i>		
	Comment		321
	<i>Tchetche N'Guessan</i>		