

Annual World Bank Conference
on Development Economics—Global
2010

Lessons from East Asia and the Global Financial Crisis

Edited by
Justin Yifu Lin
and Boris Pleskovic



THE WORLD BANK
Washington, D.C.



Contents

ABOUT THIS BOOK	ix
INTRODUCTION	1
<i>Justin Yifu Lin and Boris Pleskovic</i>	
OPENING ADDRESS	15
<i>Jeung-Hyun Yoon</i>	
OPENING ADDRESS	
Learning from the Past to Reinvent the Future	19
<i>Justin Yifu Lin</i>	
KEYNOTE ADDRESS	
The Global Financial Crisis: Causes and Policy Responses	31
<i>Il SaKong</i>	
KEYNOTE ADDRESS	
Development Prospects in Light of the Global Financial Crisis	37
<i>Anne O. Krueger</i>	
KEYNOTE ADDRESS	
The Global Crisis: Is It Over Yet?	47
<i>Simon Johnson</i>	
Industrial Policy and Development	
Industrial Policy and Development: A Political Economy Perspective	61
<i>James A. Robinson</i>	
COMMENT	80
<i>Bert Hofman</i>	

Industrial Policy: Can We Go Beyond an Unproductive Confrontation?	83
<i>Ha-Joon Chang</i>	
COMMENT	110
<i>Karen R. Polenske</i>	
Social Capital, Institutions, and Development	
A Matter of Trust: Social Capital and Economic Development	119
<i>Partha Dasgupta</i>	
“Individual” Social Capital, “Social” Networks, and Their Linkages to Economic Game	157
<i>Masahiko Aoki</i>	
COMMENT	174
<i>Mariano Tommasi</i>	
Financial Crisis and Regulation	
Reform of the Global Regulatory System: Perspectives of East Asia’s Emerging Economies	187
<i>Yung Chul Park</i>	
Financial Crisis and the Paradox of Underregulation and Overregulation	213
<i>Joshua Aizenman</i>	
COMMENT	235
<i>Jong-Wha Lee</i>	
The Road Ahead to a Sustainable Global Economic System	
Lessons from the Recent Financial Crisis for Reforming National and International Financial Systems: The Road Ahead to a Sustainable Global Economic System	241
<i>Stijn Claessens</i>	
COMMENT	275
<i>Yoon Je Cho</i>	
A Sustainable Global Economic System after the “Great Recession”? Some Lessons from History	281
<i>Giovanni Zanalda</i>	
COMMENT	301
<i>Jeromin Zettelmeyer</i>	

Innovation and Competition

Innovation and Financial Globalization	309
<i>Philip R. Lane</i>	
Innovation, Competitiveness, and Growth: Korean Experiences	333
<i>Sungchul Chung</i>	
COMMENT	358
<i>Jean-Jacques Dethier</i>	
CLOSING SUMMARY	367
<i>Alan Gelb and Shahrokh Fardoust</i>	
CLOSING REMARKS	373
<i>Young Geol Lee</i>	