World Institute for Development Economics Research

# WIDER ANGLE

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## 2002 WIDER Annual Lecture

## Winners and Losers in Two Centuries of Globalization

The **2002 WIDER Annual Lecture** was delivered by *Professor Jeffrey Williamson* of Harvard University on 5 September 2002 at the University of Copenhagen. In his presentation, Professor Williamson noted that while world inequality has been trending upwards for most of the past 500 years, 'globalization' defined in terms of commodity price convergence across regions of the world, only began around 1820. During the 'first global century' up to 1913, lower transport costs and tariffs stimulated trade, which together with relatively free factor mobility created powerful egalitarian forces on a world scale. Professor Williamson stressed that not everyone stood to benefit from a continuation of these policies and the period from 1913-50 was characterized by an anti-globalization backlash under which restrictions on migration and rising tariffs resulted in price divergence across countries.

The period from 1950 until the present day constitutes the second globalization era. It differs, however, from the first global century in one important respect: the mass labour migrations that were the main globalization force in the nineteenth century have been replaced by immigration controls, leaving trade (aided by tariff reductions) as the principal source of international price convergence.

The lecture concludes with four lessons of history and an agenda for international economists, including more attention to the impact of globalization on commodity price structure, the causes of protection, the impact of world migration on poverty eradication, and the role of political participation in the whole process.

This event was sponsored by the Royal Danish Ministry of Foreign Affairs (Danida).

The 2002 WIDER Annual Lecture is published and available in hard copy on request and is also online at:

**www.wider.unu.edu**

## Migration Matters

*by Christina Boswell, Jeff Crisp and George Borjas*


Photo UNHCR/29015/1999/R. LeMoyne

*Kosovar refugees arriving in neighboring Albania and Macedonia*

The globalization of the world economic and social structure - in terms of increased volumes of both immigration and trade - is certainly one of the key characteristics describing how the relationships among countries has changed in the past three decades. There are obvious similarities in the economic impact of immigration and trade: both of these flows bring scarce resources into the country. But there also exist equally important differences. Immigration introduces cultural, political, and economic considerations that are absent when discussing the impact of foreign trade. Simply put, importing workers to harvest tomatoes is not the same thing as importing tomatoes.

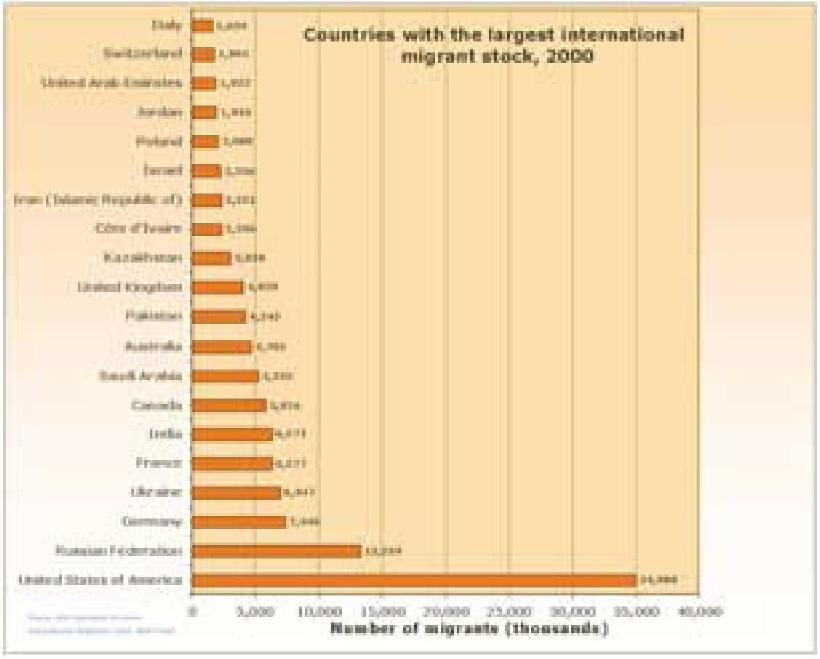
Partly as a result of these differences, the issues of migration and asylum have risen to the very top of the international agenda. This is partly a question of numbers. Around 175 million people now live in a country other than the one in which they were born, and more people than ever are moving - or trying to move - from one country and continent to another. As an example, in the United States, the main immigrant-receiving country, the share of the population that is foreign-born more than doubled in the past thirty years, from 4.7 percent in 1970 to 11.1 percent by 2000.

But it is not simply the scale of international migration that has changed. The motivations for movement have become more complex, blurring the line that traditionally separated economic migrants from refugees. It may no longer be possible to make a simple distinction between countries of origin, transit and destination; many states both generate and admit large numbers of international migrants. And while states generally acknowledge the substantial benefits to be derived from international migration that takes place in an orderly, planned and predictable manner, they have become increasingly alarmed about the phenomena of irregular migration and human smuggling.

To discuss these issues, WIDER convened an international conference in Helsinki on 27-28 September 2002, bringing together over one hundred experts from every part of the world. Significantly, these included specialists on the economics of international labour migration and researchers who focus on the issue of refugees and asylum migration - two groups of experts who have traditionally lived in quite separate intellectual and institutional worlds.

A major purpose of the conference was to take a wide-ranging look at the impact and implications of international migration: for migrants and refugees, for both sending and receiving countries, and for the global economy.

Many of these implications are positive. Migration can contribute to development or reform in countries of origin through the development of transnational migrant networks which transfer resources, information and ideas to those who have stayed at home. Immigration can also bring tangible economic benefits to countries of destination, providing a cheap and flexible source of labour to fill gaps in labour supply or to cushion seasonal and cyclical fluctuations. And immigration improves the allocation of labor resources on a global scale, thereby narrowing global income inequality.




***"How many immigrants should a country admit? And which types of immigrants should be granted the scarce entry visas?"***

Many receiving societies have also recognized that immigration can be culturally enriching, providing a source of fresh talent, ideas and experiences. From the perspective of migrants themselves, temporary or permanent migration can be a means of gaining access to a better standard of living and improved education, while simultaneously supporting family members and communities at home. For refugees and asylum seekers, migration may literally be a matter of life and death, providing them with safety from persecution or armed conflict.

Of course, international migration can also have negative consequences. Emigration can impede development in countries of origin through the loss of educated and skilled workers, or by delaying the need for economic restructuring so as to create more jobs. Moreover, immigrants tend to alter economic conditions in the labor markets of the receiving countries, hurting the opportunities of those workers who are in most direct competition with the immigrants.

In short, the restructuring of the global economy has forced many of the receiving countries to again ask the two fundamental questions in the immigration debate: How many immigrants should the country admit? And which types of immigrants should be granted the scarce entry visas?

Prosperous industrialized countries are only now beginning to address the political, economic, and social implications of answering these two fundamental questions. The answer is likely to vary across countries.

In some countries, the public and the media may have negative views of international migration. Some prosperous industrialized states, for example, perceive themselves to be at risk of a human invasion from countries which are poorer, less stable and which have very different cultures. Other countries, however, value the economic and social diversity that immigrants introduce into the host society, and will likely encourage still more immigrants to enter. Furthermore, in many parts of the world, international migration will be increasingly regarded as a threat to a security and national identity, especially after the events of 11 September 2001.

Responding to these considerations, many industrialized states have sought to obstruct or deter the arrival of asylum seekers and irregular migrants. But this has had the unintended consequence of forcing such people into the hands of human smugglers, thereby compounding the very problem that governments were hoping to resolve.

The mixed implications of international migration raise a number of challenges and dilemmas for policy makers, which include:

how to maximize the positive impact of international migration on development;

how to create better chances at home for those people who would otherwise engage in irregular migration;

how to combat human smuggling and prevent abuse of asylum systems without jeopardising the protection of *bona fide* refugees; and,

how to reconcile the economic impact of immigration with political and public opinion in receiving countries.

Photo UNHCR/29004/1999/R. LeMoyne

*In 1999, within two weeks, more than 120,000 refugees had arrived from Kosovo in the Macedonian border region of Blace. Many were forced to leave their homes within minutes, often with little more than the clothes they wore.*

During the conference, it became clear that current migration and asylum policies do not fully address these predicaments. Indeed, in many senses those policies have contributed to the current situation. Expensive and cumbersome asylum systems are failing to ensure protection for those most in need, while creating scope for abuse by those who are not; restricted channels for legal movement have encouraged the growth of human smuggling and irregular migration; dwindling resources for development and refugee assistance in poorer regions of the world have created the conditions for additional migration and displacement.

The urgency of addressing these dilemmas is not going to recede. Indeed, a number of trends suggest that international migration is likely to increase over the coming decades. The process of globalization, if anything, appears to be exacerbating global economic disparities. It may also be contributing to the instability and conflict that force people to flee to other countries. Meanwhile, the availability of cheap communications and transport, coupled with the expansion of transnational social networks created by earlier migratory movements, will increase both the incentives and the opportunities for people to move from one country and continent to another.

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Papers from the conference are available at: **www.wider.unu.edu**

# Poverty Reduction and Economic Growth: A Two-way Causality

*by Nora Lustig*

Developing countries need to return to a strong growth path. They also desperately need to reduce poverty. But where should countries begin? Should they set their sights entirely on boosting per capita income and productivity, or focus on actions to improve conditions for the poor?

Recent research findings suggest yet again the importance of average growth in reducing poverty. They also demonstrate how pro-poor initiatives in turn can propel economic growth.

## Economic Growth and Poverty Reduction

How quickly growth reduces poverty depends both on the initial income distribution and how it evolves over time. In societies with more unequal distributions the same growth rate makes far less of a dent in poverty. Latin America and the Caribbean, for example, have some of the widest income disparities in the world. Given these initial levels of inequality, the region would have to post a 3.4 percent annual growth rate in per capita income (twice that recorded in the past decade), on average, in order to halve the percentage of people living on less than two dollars a day (in purchasing power parity) by 2015.

How efficiently average growth will reduce poverty also depends on how the income distribution shifts as the economy grows. In Mexico, for example, per capita real income rose by 4.8 percent annually between 1996 and 1998, but there was virtually no change in extreme poverty. Yet in Costa Rica, where per capita real income edged up by barely 1 percent annually between 1990 and 1998, poverty was reduced significantly.

Which growth pattern is the most pro-poor? A recent study on India found that growth has a greater impact on poverty when it is concentrated in rural areas and the initial education and infrastructure conditions are more favorable. Generally, a sole focus on maximizing per capita income growth may be less than successful in reducing poverty if the growth bypasses geographic areas or sectors in which the poor are concentrated, or fails to make intensive use of the most abundant factor of production available to the poor, namely, unskilled labor. This is more than twice the 1.5 percent average per capita growth recorded in the past decade, and would call for annual per capita growth rates of between 2 percent and 6 percent depending on the country.

In sum, economic growth is a crucial factor in poverty reduction, but the level of inequality and its evolution affect its impact on poverty. We now offer theoretical and empirical evidence suggesting that the causation runs in the opposite direction as well; that is, reducing poverty can help boost economic growth rates.

## Poverty Reduction and Growth

Poverty can dampen growth when market imperfections (market failures, incomplete or uncompetitive markets) combine with investment indivisibilities, fixed costs, and strategic complementarities.

### Investment Capacity Constraints

Investment is critical for growth and to escape from poverty. Since fixed costs and indivisibilities are the norm, the poor may run into problems when they wish to invest because they are unable to come up with enough cash savings of their own, and they usually find themselves shut out of lending markets. Low-income levels are a fundamental reason why the poor cannot save enough money to finance productive investments.

The poor run up against yet another obstacle when they want to borrow: steep transaction costs and high interest rates that make credit a losing proposition. An analysis of various microfinance institutions showed that those that are financially sustainable have nominal interest rates ranging from 30 percent to 50 percent.

Actions to foster the development of financial institutions and services that truly serve the needs of the poor are a potential growth booster as well. In some cases subsidies to help defray fixed costs for equipment, machinery and human capital can be a more efficient approach to encourage the poor to invest more. Also, actions to lessen the moral hazard and adverse selection problem would help: for example, bolstering property rights for the poor, land market reforms to give poor people readier access, and further development of institutional vehicles such as group credit.

### Constraints for Human Capital Development

Human capital, in its broadest sense, comprises people's educational attainment, their health and nutrition.

There is solid evidence associating more schooling and better nutrition with higher income and with enhanced productivity. Education may generate other important externalities that can indirectly propel growth. For instance, how well a mother is educated is crucial for her children's learning and hence for human capital accumulation in the family.

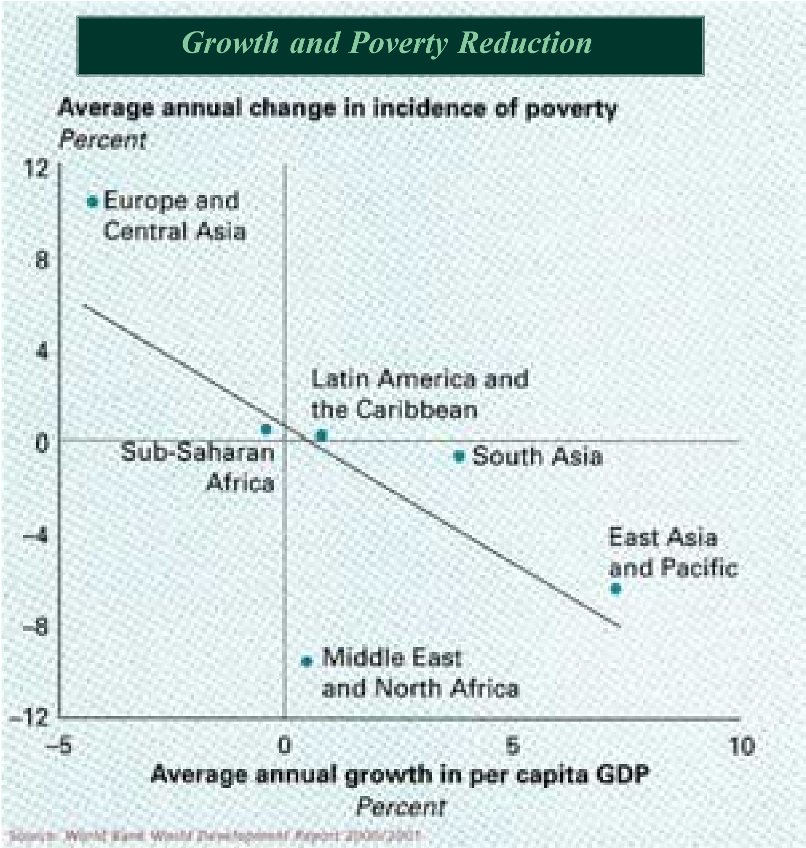
*"Poverty and inequality can affect human capital accumulation in various ways"*

The investment may hold little appeal for poor families primarily because of the opportunity cost of children and young people who could be working in their homes or bringing in outside paychecks.

Hence the importance of education and health interventions both on the supply side (such as public spending on infrastructure and improvements in service and quality) and on the demand side for these services, for instance subsidies tied to investment in human capital for the poor (two examples are Mexico's *Progresa* program now called *Oportunidades*, and Brazil's *Bolsa Escola* grants). Just as crucial are early-intervention programs in health and nutrition and basic infrastructure investment (running water, electricity, transportation) because of the synergies at work between sound nutrition and people's ability to use new learning technologies (distance learning institutes, distance high-school education). Reforms to overhaul the institutional apparatus for social services delivery need to make sure that the poor have access to these services.

### Poverty, Social Instability and Social Ills

Another channel through which poverty can stall growth is by way of its relationship with social and political equilibria. Where social injustice is pervasive and people have no say in the political process poverty can trigger social upheaval




and, ultimately, the kind of sustained violence that puts the brakes on growth. We know from the evidence that poverty and inequality associated with geographic, ethnic, racial and gender factors take an economic toll on society at large that thwarts a country's growth potential. Likewise, the frustration that poverty breeds can trigger dysfunctional behavior and social ills (crime, alcoholism, drug addition, domestic violence, early pregnancy), that trap the poor and exact high economic costs as well.

Recent growth theory has posited various links between poverty, social and political instability, and growth. This being the case, initiatives targeted at reducing poverty and fostering social mobility do more than benefit individuals and society at large; they can enhance an entire nation's growth potential.

In sum, clearly economic growth is good for the poor. As important, reducing poverty is good for growth.

Rather than being alternative paths, pro-growth actions and those directly targeted at improving the lives of the poor are very often mutually reinforcing. The more this complementarity is tapped the more effective economic growth can be in reducing poverty. And the more countries do to eliminate constraints that are keeping the poor from being active, constructive partners in society, the greater the potential for growth and efficiency.

This article is an abridged version of Poverty Reduction and Economic Growth: A Two-Way Causality, by Nora Lustig, Omar Arias, Jamele Rigolini; Inter-American Development Bank, Sustainable Development Department, Technical Papers Series, Washington, D.C.

Professor Nora Lustig delivered a public lecture on this topic in Helsinki on 17 June 2002.

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# A Lost Half-Decade in Latin America

*by José Antonio Ocampo*

With economic activity falling by close to 1 percent in 2002, Latin America will complete a lost half-decade in terms of economic growth. Per capita output for this year will be 2 percent less than in 1997. Although the crisis in Argentina explains part of this result, slow growth is a widespread phenomenon. In the past five years, half the region's countries have experienced a decline in per capita output and all the countries that enjoyed rapid growth throughout the 1990s (Chile and the Dominican Republic, in particular) have experienced a marked slowdown.

The causes of such a widespread trend can only be found in a common source, the international economy. Among the possible explanations, one clearly stands out: the behaviour of international capital markets. The recovery of economic growth from 1990 to 1997 was associated with the return of private capital flows, whose flight had generated the "lost decade" of the 1980s. Capital flows once again fell off sharply, though less dramatically than in the 1980s, as a result of the 1997 Asian crisis. In particular, since 1998, interest payments have exceeded net financial inflows, and net resource transfers have thus been negative. This phenomenon was offset for some years by large amounts of foreign direct investment, but this is no longer the case. In 2002, direct investment flows stand at half the maximum level reached in 1999.

The volatility of financial markets has been devastating for the developing world, and for Latin America in particular. Inherent to their functioning are periods during which risk is alternately under- and overestimated – that is, periods of "irrational exuberance" (as the Chairman of the Federal Reserve, Alan Greenspan, has called them) followed by "irrational panic". For some countries – including Brazil and Uruguay – debt levels that until recently were considered manageable have suddenly been interpreted as unsustainable, leading

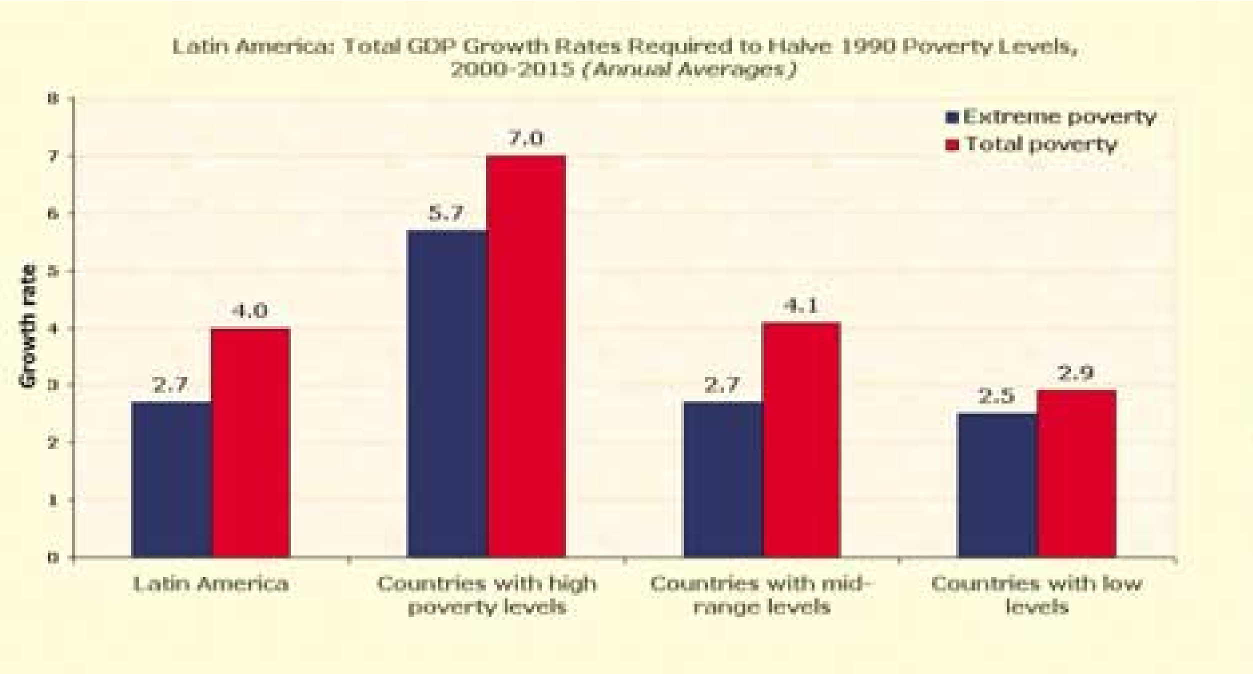
Lehtikuva/EPA Photo AFPI/Daniel Garcia/dc/rix


Financial crisis in Argentina

to excessively high country risk premiums and net financial capital outflows. This panic behaviour is a serious matter of concern because, as the financier George Soros has pointed out, the market can sometimes impose its own expectations, even when they are irrational.

Given these serious market failures, a profound reform of the international financial system is urgently required. In recent years, this reform process has been desperately slow, and has suffered some major setbacks as well. The delay in the International Monetary Fund's support for Argentina in 2002 is a manifestation of this regression. It has generated hypersensitivity to events in Latin America on the part of financial markets. This can be explained, no doubt, by the importance of Argentina as a destination of capital flows throughout the 1990s. There have obviously been some exceptions, but investors have been cautious even with respect to countries that continue to have access to capital markets on reasonable terms, and none of these countries has experienced rapid growth. Through several channels – capital flows, trade linkages, tourism flows, reduced remittances from foreign workers residing in Argentina and losses by Latin American firms that invested in that country – the Argentine crisis has spread to other countries in the region. The idea that it was possible to isolate that country's crisis without generating "contagion" has collapsed like a house of cards.

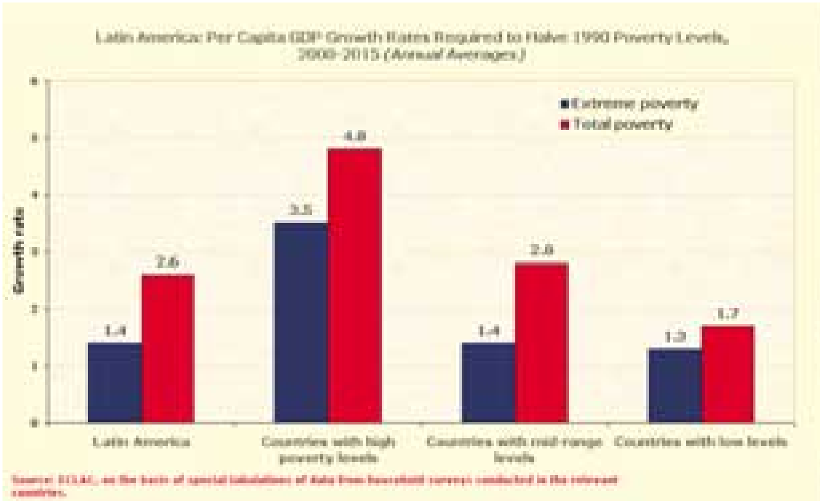
Faced with the current tension between the recovery of the real economy in the United States and financial uncertainty, the hope is that the first of these processes will prevail, generating a recovery of economic growth in 2003. But recovery from the current circumstances is not enough. An offensive on the part of the developing world in general is required, pushing towards an international economic order that




provides more guarantees against financial turbulence, real openness to trade in the industrialized world, faster technological transfers and international agreements on migration.

In Latin America, the lessons learned over the past decade of intensive reforms should be the basis for a reorientation of development strategies. The achievements of the reform period, particularly price stability and dynamic export growth, should be maintained. However, it should also be recognized that the expectation that economic liberalization would generate rapid growth in the region has not materialized. Indeed, growth rates since 1990 have been half of what Latin America achieved during the period of State-led industrialization from the mid-1940s through the 1970s. Growth volatility has also been high and income distribution has worsened in several countries.

International reform should thus be accompanied by the launching of renewed national development strategies based on three primary elements: counter-cyclical macro-economic polices aimed at reducing the intensity of the business cycle and, particularly, the




vulnerability of the region's economies to external financial cycles; active productive development strategies suited to today's open economies, which would strive to improve their international competitiveness and offer more opportunities to small firms and microenterprises; and more ambitious social development policies that would help to ensure that the benefits of growth reach the entire population. An ambitious political leadership committed to a deep regional integration process should also be part of the solution. This mix between global reform, strong open regionalism and more active national development policies is the essence of the ECLAC proposals put forward in recent years, the latest of which appear in its report "Globalization and Development", available at: www.eclac.org.

Professor José Antonio Ocampo delivered a public lecture on this topic in Helsinki on 19 October 2001.

*José Antonio Ocampo is the Executive Secretary, United Nations Economic Commission for Latin America and the Caribbean (ECLAC). He is a contributor to the WIDER project on 'Capital Flows to Developing Countries since the Asian Crisis: How to Manage their Volatility?', co-directed by Professors Ricardo Ffrench-Davis and Stephany Griffith-Jones.*

# Poverty, Income Distribution and Well-Being in Asia during the Transition

*Manuel Montes*

Active social protection policies that address issues of the health, education, safety, and security of the general population are necessary to sustain efforts at dismantling state planning in order to expand markets.

This seemingly paradoxical proposition is the key conclusion of the study on "Poverty, Income Distribution, and Well-Being in Asia during the Transition" which evaluated the social impact of market-oriented reforms among both "successful" market reformers and those that experienced deep recessions during transition. Inattention to these issues puts at risk the determined efforts of countries as diverse as Uzbekistan, Mongolia, and Vietnam to improve the lot of their peoples by joining the world economic community. Failures in these efforts have potentially wide-ranging consequences not only in terms of social violence and the spread of illegal activities, but also in terms of the freedoms and economic prospects of the affected populations.

Department of International Development Cooperation, MFA, Finland/Matti Remes

*Inequality in China*

The study analyzes the pattern of significant increases in inequality, temporary or permanent regressions in health and education coverage, the emergence of a large, floating migrant population (with the attendant spread of urban slums), the erosion of social cohesion, and the spread of anti-social activities in both successful countries and those countries experiencing deep recessions. Because the sample of Asian transition economies included economies that experienced sharp declines, those that experienced rapid growth, and those that only grew more slowly, it provided a laboratory that permitted researchers to distinguish the social impact of the transition itself, the nature of the transition strategy, and the role of social policies. The WIDER study shows that even countries which experienced sustained growth in the process of economic reform such as China have show unmistakable signs of deep social strain.

The study takes a serious look at the impact on social outcomes of the different patterns of transition in the Asian countries, from the 'Asian gradualist-model' (as in China and Vietnam), a 'Russian-type' reform model characterized by rapid liberalization and stabilization and severe output losses (as in Kazakhstan, the Kyrgyz Republic, and Mongolia) or the 'unsustainable procrastinating approach' characterized by limited liberalization, slow stabilization, no structural reforms and limited output losses over the medium term (as in Turkmenistan and Uzbekistan).

In those countries where growth has been rapid, as in China and Vietnam, poverty declined substantially. However, these benefits were not evenly spread and have created the risk of leaving certain sectors of the populace in a permanent state of poverty, a situation that did not exist during the central planning period. In countries where output had shrunk, people at the low end of the income ladder have slipped into poverty, often in a situation of 'shallow poverty' where people move easily back and forth, into and out of poverty. In these cases, the creation of new avenues of employment and the return to growth can reduce the incidence of poverty.

However, output collapses have severely curtailed the ability of the state to support social programs and to undertake growth-oriented interventions. The restructuring of the role of the state in the economy has been accompanied by changes in the responsibility of state-related agencies in the provisioning of health, education and other basic social services, both at the national and sub-national levels. Where cutbacks in public provision have been severe, the impact has been dramatic. Maternal mortality increased in Central Asia and in Mongolia as healthcare systems collapsed, contraceptive provision was reduced and abortion rates increased.

The imposition of user fees in education in many countries and loss

**Classification of Developing Member Countries by their Total Fertility Rate and Infant Mortality Rate** (most recent year for which data are available)

| Infant Mortality Rate | Total Fertility Rate: Less than or Equal to 2.1 | Total Fertility Rate: Greater than 2.1 to 3.9 | Total Fertility Rate: 4 or More |
|---|---|---|---|
| 100 or More | | | Afghanistan |
| 50-99 | Azerbaijan Kazakhstan | Bangladesh, India, Kyrgyz Republic, Mongolia, Myanmar, Tajikistan, Turkmenistan, Uzbekistan | Bhutan, Cambodia, Kiribati, Lao PDR, Maldives, Nepal, Pakistan, Papua New Guinea |
| 20-49 | China, People's Rep. of Thailand | Cook Islands, Indonesia, Philippines, Tuvalu, Viet Nam | Marshall Islands, Micronesia, Fed. States of Nauru, Samoa, Solomon Islands, Vanuatu |
| Less than 20 | Hong Kong, China, Korea, Rep. of Singapore, Sri Lanka, Taipei, China | Fiji Islands Malaysia, Tonga | |

*Source: Table 4 of ADB, Key Indicators 2002.*

of teachers to better paying jobs in successful transition countries such as Vietnam have created new and widening gaps in access to education.

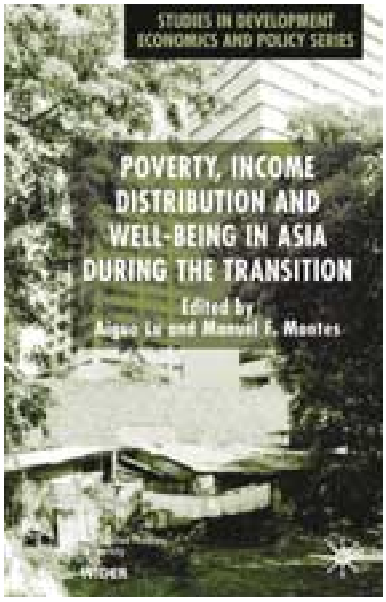
Rising crime has been a common feature in the Asian transitions, whether it was accompanied by growth or deep recession. Registered measures of murder, rape, muggings and armed robberies have soared in many of the countries studied. The weakening ability of the state apparatus to fight crime is one reason for the trend, along with increased opportunities for corruption. Higher crime rates also reflect the growing tensions created by the broader social outcomes of the transition, including the widening income gap, rising unemployment and the acceleration of social stratification.

Because women almost everywhere experience discrimination and suffer from poorer health indicators, literacy rates, enrollment ratios, and contend with limited political participation, gender equality is an important indicator of overall well-being.

In Asian countries where the transition has been accompanied by growth, the welfare of women has improved in some respects, such as in the choice of employment, though worsened in others, such as in the provision of healthcare for children. In countries that experienced sharp economic downturns, the adverse effects have been more pronounced among women than among men. Women accounted for a larger share of layoffs linked to economic restructuring, especially in state-owned enterprises.

*Manuel F. Montes is the co-author of a recent WIDER study 'Poverty, Income Distribution and Well-Being in Asia During the Transition', with Lu Aiguo, who is a Senior Fellow at the Institute of World Economics and Politics, Chinese Academy of Social Sciences in Beijing. Manuel Montes is currently Programme Officer for International Economic Policy at the Ford Foundation in New York.*

This article is based on the study *Poverty, Income Distribution and Well-Being in Asia During the Transition* edited by Aiguo Lu and Manuel F. Montes, published in the series Studies in Development Economics and Policy, by Palgrave Macmillan, 2002.



# From Conflict to Recovery in Africa

*Tony Addison*

The period 1990-2000 saw 19 major armed-conflicts in Africa, ranging from civil wars to the 1998-2000 war between Eritrea and Ethiopia. Peace has been elusive, and the term 'post-conflict' is often a sad misnomer.

Achieving peace has received much attention. But 'post-conflict' recovery needs a hard look as well. Peace does not guarantee a better life for the poor. War may leave the poor too weak to share in recovery. And those who control the post-war state may be unable (or unwilling) to ensure that reconstruction benefits the majority. A narrow elite, including former warlords, may instead reap most of the gain. Recovery's benefits will then be narrow rather than *broad-based* in their distribution.

A forthcoming UNU/WIDER book, *From Conflict to Recovery in Africa* (Oxford University Press 2003) looks at how to achieve a broad-based recovery from war using examples from Angola, Eritrea, Ethiopia, Guinea-Bissau, and Mozambique – all countries that have suffered terribly from conflict.

The Finnish Refugee Council (FRC)/Tiina Kirkas

*Liberian refugees returning home*

## Communities, the Private Sector, and the State

Unless communities rebuild and strengthen their livelihoods, then neither reconstruction nor subsequent growth will be broad-based, and poverty will remain deep. But communities cannot prosper unless private investment recreates markets and employment. And neither communities nor the private sector can do their best without better state institutions and the public goods that they provide. Aid donors, NGOs, and international business can help (or hinder) but success ultimately depends on the three national actors: communities, the private sector, and the state.

Community needs must be a focus of attention. War fractures communities, destroying human and social capital. But unless the state disintegrates completely, it is still possible to manage the wartime economy to contain poverty. Helping poor communities during wartime improves their prospects once post-conflict reconstruction begins. However, the necessary political commitment may be missing. Angola's government has achieved less for the poor than Mozambique's wartime government despite Angola's far greater resources (from oil).

Aid donors can do much to increase the resources available to meet the post-war needs of poor communities (through greater and faster debt relief for example). But even so, there will be many demands on domestic and external resources. Core priorities that give the most return to broad-based recovery must be identified using good-quality information on poor people and their needs.

'Community' is a useful shorthand for discussing common problems, nevertheless there is significant stratification (and conflict) within and between communities (the Rwandan genocide is the most tragic example). War also accentuates inequalities. In Mozambique, households with access to the wartime black-market and connections to local-level elites gained and accumulated assets which facilitated their post-war recovery. In contrast, the poor often fell further behind (losing land and livestock, for instance), thereby weakening their ability to participate effectively in reconstruction projects and to adapt to economic reforms. And women can face special problems due to discrimination in access to land, education, and employment.

## Recovery depends on Strong Private Investment

A rapid rebound from war requires strong and sustained private investment, both domestic and foreign. Macro-economic stability, legal reform to protect property rights (including the rights of the poor), and public investment in infrastructure are vital.

At the same time as encouraging private investment, the state must regulate the private sector to protect the public interest (for example, prudential supervision of the financial system). Unfortunately, favouritism may dominate policy resulting in narrow rather than broad-based reconstruction. For example, non-transparent privatization in Angola and Mozambique led to large asset transfers that sometimes favoured influential elites.

Despite its virtues, multi-party politics can degenerate into 'money politics'. Private contributions to political parties may buy measures that are anti-poor: for example, concessions of valuable natural capital – land, fisheries, and forests – to influential commercial interests, leading to loss of access and livelihoods for communities. Meanwhile, economic reform has sometimes weakened trade unions and other groups that can act as countervailing powers to big business. And the independent media may be underfunded and harassed.

In summary, strong private investment is critical to recovery but the relationship between the post-war private sector and the state must be set within a framework that protects the public interest and defends the poor. This capacity can be weak when democratic institutions are only just emerging (the case with parliamentary committees to oversee public-sector budgeting and accounting).

## Reform is Critical to Broad-Based Recovery

Countries attempting to move from conflict to recovery face a daunting range of tasks – including conflict resolution, peace-enforcement, demobilization, and refugee resettlement (to cite just four priorities). Moreover, this reconstruction agenda interacts with the agenda of reform (both economic and political).

Post-conflict reconstruction is too often seen as a matter of simply rebuilding damaged infrastructure. But if recovery is to be broad-based then *policies* must change as well. For instance, rebuilding rural infrastructure has low returns if policy continues to discriminate against smallholders.

> Peace does not guarantee a better life for the poor, and they may be too weak to share in recovery
>
> Unless communities are helped to rebuild and strengthen their livelihoods then neither reconstruction nor growth will be broad-based
>
> Reducing discrimination against women and improving their human capital will raise their participation in reconstruction
>
> Increased private investment is essential to recovery, but the public interest must be protected by regulating the private sector
>
> If recovery is to be broad-based then economic policies must be reformed, particularly discriminatory policies that inflame grievances
>
> The quality of state institutions is critical to making economic reform work for broad-based recovery

Moreover, pre-war economic policy may have led to conflict, for example by discriminating against particular ethnic or religious groups (or regions) in the allocation of public spending. Thus public expenditure reform is especially important. All of this requires changes in *institutions* as well, for example investment in more effective and transparent mechanisms of budgetary management and taxation.

Economic reform should start soon after peace (or during war if possible). But urgency must be tempered by the need to get reform right: badly designed and implemented reforms add to the war-induced misery of the poor (the case in Angola). For instance, an excessively tight target for the fiscal deficit can endanger essential pro-poor development spending (a task made easier if aid flows are generous). Hence, the quality of state institutions is critical to making economic reform work for broad-based recovery

To conclude, if resources are available, then rebuilding shattered infrastructure is a reasonably straightforward task. Reassembling pre-war institutions may not be too difficult either. But it is a lot harder to *change* institutions and policies, especially when these favour one social group over another. Unless this is done, recovery will be narrow rather than broad in its benefits, poverty will remain high, and conflict is likely to return.

*Tony Addison is Deputy Director of UNU/WIDER. He is the editor of the forthcoming UNU/WIDER book* From Conflict to Recovery in Africa, *published in the series UNU/WIDER Studies in Development Economics, by Oxford University Press, 2003.*

# Does the New Economy Need All the Old IPR Institutions?

*by Paul A. David*

In the knowledge-driven economy the continuous search for new, reliable knowledge and the generation and absorbing of new information are centrally responsible for structural change and material progress. The focus of attention in the search for improved efficiency has moved from perfecting the management of routine to sustaining the capacity for problem-identification and their solution. Accordingly, an increasing share of society's domestic resources comes to be devoted to activities of the latter sort, in the course of which heterogeneous intangible knowledge-assets are formed and recombined to generate further knowledge-assets.

Recent decades have seen a significant acceleration in the pace of this extended historical transition. A developmental surge has been quite evidently associated with the dramatic advances in ICT, especially with the progress of digital computing and its convergence with telecommunications. The cluster of convergent innovations that has made possible the phenomenon of the Internet – very large integrated circuits on silicon wafer, digital switches, electro-optical networks, and computer operating systems and applications – may be conceptualized as having provided a new and potent general purpose technology (GPT). This is a tool set that may be utilized in many ways, combining with, transforming, and thereby enhancing the productivity and profitablity of other, pre-existing technologies and organizational modes. The digital GPT cluster is not displacing "the old economy" but instead manifesting its potential for "renewal".

My presentation to the WIDER Conference on "The New Economy in Development" concerned the growing importance of digital data and information goods in scientific and technological research, and the ways in which the extension and protection of intellectual property is affecting access to knowledge critical for sustained economic growth in the developed and developing regions of the world. A central feature common to the multiplicity of diverse processes of economic renewal that presently are underway is their intensified

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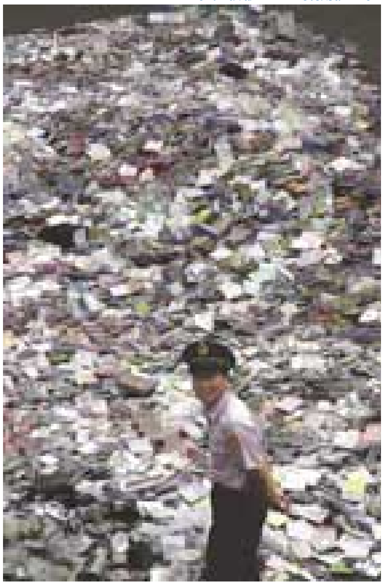

Pirated items to be destroyed in Taiwan

dependence upon the generation, capture, processing, transmission, storage and retrieval of information. The spectacularly declining costs of performing those activities promotes this intensification. It induces the search for still newer uses which, the accumulating bodies of information can be put to in order to form the capabilities that we refer to as "knowledge" – which included the capacity to find order (information) – in the myriad streams of data that now can be captured and subjected to systematic analysis.

The collection of data and the preservation of information extracted from them hardly are new human activities. Scientific and scholarly inquiry has long created collections of objects, and observations, as a means of preserving materials that could form the basis of later study and forming the necessary support for the collective memory that allows the cumulative advancement of knowledge. In former times scientific databases were comparatively small (10 kilobytes), and feasible for individuals and small groups of researchers to compile, annotate and maintain by labor intensive methods; they often were published as typeset tables or simple, on-line documents. Recently, however, the size and complexity of scientific databases have grown explosively. With them have grown the potentialities of linking distributed databases to create vast new "discovery spaces" that may be searched for new regularities and hitherto unsuspected phenomena, as well as mobilized to test hypotheses and re-calibrate well-established statistical relationships. They constitute a critical part of the emerging infrastructure for globally organized collaborative research activities, many of which are essential for genomic research and the understanding of scientific phenomena relating to global geophysical, climatic and atmospheric changes. Those a just some among the spheres in which the developed and developing countries have aligned interests in the creation of reliable, publicly accessible knowledge resources, and the formation of capabilities to participate in the process of scientific discovery and its application to solve common human problems.

It is for some of the same reasons that distributed databases and the software tools to work with them have grown increasingly prominent on the landscape of the digitally "renewed economy". The knowledge-driven society is coming to rely more heavily upon, and find new and more productive uses of digitized forms of the rather mundane collections of materials that we now call "databases". Accordingly, the perception of their value as research tools, and foundations for the provision of information services and the management of commercial and financial transactions, has made it increasingly attractive in some quarters to press for the protection of private rights to exploit the contents of databases as legally owned intellectual property. The European Commission Directive on the Legal Protection of Databases, issued in March of 1996, responded to pressures of this kind; it broke new ground by mandating creation of a *sui generis* property right by the member states of the EU, and also provoked the introduction of parallel legislative initiatives in the U.S. House of Representatives – proposed laws that remain under legislative consideration.

To many writers in the business press, academic economists, lawyers and policy makers, the centrality of information technologies and information goods in the phenomena that are associated with the New Economy has suggested that the world has now entered the epoch of "Intellectual Capitalism". It is claimed that the inherited regime of intellectual property rights institutions must be protected from the disruptive effects of the rapid advance of digital information technologies and computer-mediated telecommunications; this need for further strengthening and global harmonization is said to arise because the same techniques that facilitate the generation and transmission of data and information are facilitating the expansion of digital "piracy". Yet, much of the justification for that view, and hence for the sanguine (and in some quarters enthusiastic) view of recent trends in the elaboration and extension of IPR protections, rests on little evidence and inadequately careful economic analysis. There are respects in which the new technological setting is increasing the seriousness of the drawbacks of using legal monopolies to solve the problems that the "public goods" features of information pose for competitive markets. Yet, the latter problems, although long familiar to economists, are beginning to look increasingly tractable without recourse to IPR protection.

A case therefore can be made that the developed and developing economies have a common interest in halting, and, indeed, reversing the encroachments upon the public knowledge commons that have resulted from the excessive application of copyright and copyright-like protections. Their interest lies not only in reducing the impediments that the enforcement of recent IPR provisions poses to global scientific collaborations. It lies also protecting the public domain in cultural information, and preserving opportunities for future business innovations for the commercial exploitation of emerging peer-to-peer networking technologies. In the particular instance of databases, a variety of corrective policies (see Box) can be offered as a basis for discussions of concerted policy action.

*Professor Paul A. David is Professor of Economics at Stanford University, and Senior Research Fellow of All Souls College, Oxford. Professor David participated at the WIDER Conference on the New Economy in Development, 10 - 11 May 2002 and presented a paper entitled 'Does the New Economy Need all the old IPR Institutions? Digital Information Goods and Access to Knowledge for Economic Development'.*

The "property" solution possesses a number of definite virtues. These may be quickly adumbrated for the case of patents:

The patent provides an obvious and recognised solution to the economic problem of the intellectual creator. By increasing the expected private returns from innovation, it acts as an incentive mechanism to private investment in knowledge production.

Patents facilitate the market test of new invention because they allow disclosure of the related information while (in principle) protecting against imitation.

Patents create transferable rights (by granting a license, the owner of the knowledge allows it to be exploited by other agents) and, therefore, it can help to structure a complex transaction that also concerns unpatented knowledge.

Patents are a means to signal and evaluate the future value of the technological effort of the companies that own them (which is particularly useful in the cases of new or young companies for which other classes of "intangibles" cannot be used for proper evaluation).

This way of providing market incentives for certain kinds of creative effort leaves the valuation of the intellectual production to be determined *ex post*, by the willingness of users to pay; it thereby avoids having society try to place a value on the creative work *ex ante* - as would be required under alternative incentive schemes, such as offering prospective authors and inventors prizes, or awarding individual procurement contracts for specified works.

# Productivity, IT, and the New Economy

*Kevin J. Stiroh*

The strength of the U.S. economy in the second half of the 1990s has led many observers to assert that something fundamental had changed, that this expansion was intrinsically different, that there was a "new economy". These claims were largely motivated by the surge in output and productivity growth, relatively subdued inflation, and rising stock market seen in the U.S. from to 1995 to 2000. To explain these events, these observers pointed to the growing role of information technology, as well as the beneficial effects from globalization and deregulation. While opinions varied in the details, these are the essential components of the "new economy" position that was so widely discussed in recent years.

More recent events in the U.S., of course, have taken some of the luster off of this view. The U.S. stock market, particularly high-tech issues, plummeted from their highs in March 2000 and the U.S. economy entered recession in March 2001 with unemployment rising to 6 percent in 2002. Not all aspects of the economy have deteriorated so badly, however. Most prominently, labor productivity (output per hour) has held up remarkably well and information technology is still seen as a key driver of these gains.

My presentation at the WIDER Conference on "The New Economy in Development" focused on the recent performance of U.S. productivity growth and the role of information technology (IT) in the post-1995 resurgence. In particular, I addressed three questions: Was the U.S. productivity revival real? Did IT play a key role in the productivity revival? Can strong productivity growth continue? As discussed below, the answer to all three questions appears to be yes.

Lehtikuva/SIPA/GINIES


## Was the U.S. Productivity Revival Real?

The resurgence of U.S. productivity growth in the mid-1990s is one of the most important recent developments in macroeconomics. After growing only 1.4 percent per year from 1973 to 1995, nonfarm business productivity growth jumped markedly to 2.5 percent per year from the end of 1995 to the middle of 2002, according to the most recent estimates by the U.S. Bureau of Labor Statistics.[1] Due to downward revisions in U.S. GDP growth rates in recent years, these estimates are somewhat below those originally reported, but they remain quite impressive nonetheless: a 1 percentage point increase in trend productivity growth can have enormous macroeconomic consequences in terms of a higher standard of living and reduced inflationary pressures.

It is important to emphasize that this strong 2.5 percent average annual growth covers a period of 6½ years that includes a recession. This is significant because productivity growth is very procyclical and moves with the economy as a whole. Had robust productivity growth been confined only to a booming economy, one could more plausibly argue that the majority of the gains were cyclical in nature and not reflective of an improvement in the underlying trend. Over the four quarters ending June 2002, which include the 2001 recession, however, U.S. productivity grew a very strong 4.7 percent. This impressive performance in the midst of overall economic weakness provides compelling evidence that we have indeed seen an improvement in trend productivity and that the U.S. productivity revival was real.

## Did IT Play a Key Role in the Productivity Revival?

The emerging consensus is that both the production and the use of IT made substantial contributions to the U.S. productivity gains. Recent studies have extended the standard growth accounting approach, which quantifies the growth contribution from capital, labor, and the technology residual, to isolate the impact of IT-production and IT-use. The contribution from IT-production is measured as the part of aggregate total factor productivity originating in the production of IT equipment and software, while the contribution from IT-use is measured as the capital deepening effects related to IT investment.

As shown in the accompanying table, U.S. private labor productivity increased from 1.44 for 1973-1995 to 2.36 percent for 1995-2000, an increase of 0.92 percent. The growth accounting methodology attributes about 0.3 percent of this to IT-production, i.e., the enormous technological progress in the relatively small part of the economy that produces computers, semiconductors, and other high-tech gear. The relentless technological progress in these sectors has also driven the price of IT equipment down at unprecedented rates, and provided powerful incentives for firms to invest in IT. This IT-use effect can be seen in the 0.4 percent contribution to the U.S. productivity revival from IT capital deepening. Thus, IT-production and IT-use account for a sizable portion of the U.S. productivity gains.

Disaggregated studies provide an alternative perspective on this question. The industries that use IT most intensively, for example, have shown the strongest productivity gains in the post-1995 period, which is consistent with the notion that the use of IT has real productivity benefits. Similarly, firm and plant-level studies have typically found large gains associated with IT investment and capital accumulation. Of course, IT is not a panacea and complementary investments in human capital, changes in organizational structure, and improved workplace practices are all needed to maximize the productive impact of IT, but the evidence from the macro and micro studies clearly points to an important role for IT.

**Sources of U.S. Labor Productivity, 1973 - 2000**

| | 1973-1995 | 1995-2000 | Change |
|---|---|---|---|
| **Labour Productivity** | 1.44 | 2.36 | 0.92 |
| **IT Capital Deepening** | 0.32 | 0.76 | 0.44 |
| **Other Capital Deepening** | 0.56 | 0.64 | 0.08 |
| **Labor Quality** | 0.23 | 0.17 | -0.06 |
| **IT TFP Growth** | 0.24 | 0.51 | 0.27 |
| **Other TFP Growth** | 0.08 | 0.29 | 0.20 |

Notes: All figures are average annual percentages. Capital deepening and labor quality contributions are share-weighted growth rates. IT capital includes computer hardware, software, and telecommunication equipment. IT TFP growth is the share-weighted growth rate of total factor productivity (TFP) in the production of those IT assets.

*Source: see endnote 2*

## Can Strong Productivity Growth Continue?

The third, and most challenging, question centers on the outlook for future productivity growth. This is obviously an important policy topic and a number of productivity analysts have recently presented projections of future productivity growth. Despite different methodologies, these studies seem to be converging around an estimate of sustainable productivity growth of about 2.2 percent per year over the next decade or so. This is somewhat below the recent experience and acknowledges the possibility of both slower investment in IT goods and slower growth in labor quality.

Economic projections are always difficult, however, and productivity projections are no exception. Most importantly, technological progress, which is the key driver behind productivity growth, is subject to considerable uncertainty. As a result, the majority of recent studies present a range of possible outcomes that varies based on the underlying assumptions about factors like the rate of technological progress in high-tech industries and the responsiveness of business investment. As a concrete example, a recent paper by Jorgenson, Ho, and Stiroh (2002) reports a base-case projection of productivity growth of 2.2 percent per year, with a plausible range of 1.3 to 2.9 percent.[2] Despite considerable uncertainty, most analysts expect relatively strong productivity for the medium term.

## Conclusions

The "new economy" has clearly not lived up to all of the hype – recent events have proven that the U.S. economy is not immune to recession and that stock market values can decline. Nonetheless, one of the cornerstones of the new economy – strong productivity growth – has held up remarkably well in recent years. The latest data show the growth rate in the post-1995 period was 2.5 percent per year and various projection exercises report only slightly slower growth for the foreseeable future. Moreover, information technology, another cornerstone of the new economy discussions, is seen as a critical driver of this success. Through both the direct technological gains in the production of high-tech assets and through the benefits accruing to the most intensive users, information technology has made an important contribution to the resurgence of U.S. productivity growth.

*Kevin J. Stiroh is a Research Officer at the Federal Reserve Bank of New York. The views expressed in this paper are those of the author only and do not represent those of the Federal Reserve Bank of New York or the Federal Reserve System.*

[1]Note that these revised estimates, released in August 2002, differ from these reported at the WIDER conference on the New Economy in Development, Helsinki 10-11 May 2002.

[2]Jorgenson, Dale W., Mun S. Ho, and Kevin J. Stiroh. "Projecting Productivity Growth: Lessons from the U.S. Growth Resurgence". *Economic Review*, Federal Reserve Bank of Atlanta, forthcoming 2002.

# Launch and Presentation of WIDER Studies and Publications at International Forums

During 2001 and 2002 WIDER has actively launched and presented new studies and publications at various venues and with partners associated in the studies.

UN DPI Photos

*The presentation of Governing Globalization in New York*
*From left Joseph Stiglitz, Nitin Desai, Deepak Nayyar and Jacques Fomerand*

*Governing Globalization: Issues and Institutions* was presented on 21 October at the Dag Hammarskjöld Library, UN, New York, by the director of the project and editor of the book, Professor Deepak Nayyar with a co-author Professor Joseph Stiglitz from Columbia University. The session was chaired by Mr Nitin Desai, UN Under-Secretary-General for Economic and Social Affairs. An audience of over 150, comprising representatives of UN delegatations, specialized UN agencies, NGOs, academic and policy communities, and the media attended this event.

This study was also presented by Professor Deepak Nayyar and Professor Yilmaz Akyüz, co-author, and Director of UNCTAD's Division on Globalization and Development Strategies on 15 October 2002 to the representatives of the UN delegations in Geneva at Palais des Nations, and on 16 October at a press conference in the United Nations.

The publisher of the book, Oxford University Press (OUP) also organized the presentation of the study at the India International Centre on 25 October to a large audience that included Mr K.R. Narayanan, the former President of India.

On 23 September 2002 *Group Behaviour and Development - Is the Market Destroying Cooperation?* was presented at the Overseas Development Institute in London by the directors of the project and editors of the book Professors Judith Heyer, Frances Stewart and Rosemary Thorp. The session was chaired by Dr Adrian Wood from DFID. Dr Simon Maxwell, Director of the ODI, Dr Kevin Watkins, Head of Research (OXFAM) and Tony Addison, Deputy Director of WIDER, acted as discussants. Over sixty members of the academic and policy communities, NGOs, and the media attended this event along with representatives from the publisher of the book, OUP.

This study was also presented by Professor Frances Stewart and co-author Dr Sabine Akire at the UN in New York on 11 November 2002. The session was chaired by Dr Sakiko Fukuda-Parr, Director of the UNDP's Human Development Office. Professor Paul Streeten acted as discussant.

On 18 September 2002, the WIDER study *'Capital Flows to Developing Countries Since the Asian Crisis: How to Manage their Volatility?'* was presented by the directors of the project Professors Ricardo Ffrench-Davis and Stephany Griffith-Jones, and co-author Professor Randall Dodd, Director, Derivatives Study Center, to a group of specialized journalists in New York. This press conference was jointly organized by WIDER and Brown Lloyd James, New York. The study is a forthcoming publication with Palgrave Macmillan.

*The Prevention of Humanitarian Emerencies* was presented on 24 April 2002 by the directors of the project and editors of the book, Professors E. Wayne Nafziger and Raimo Väyrynen in New York. The event was co-organized and hosted by the International Peace Academy in New York. The session was chaired by Mr Edward Mortimer, Special Advisor to the UN Secretary General, with Dr Iain Levine, Chief of Humanitarian Policy and Advocacy, Office of Emergency Programme, UNICEF, acting as discussant. Over eighty members of the academic and policy communities, NGOs, and the media attended this event. This book is published by Palgrave Macmillan.

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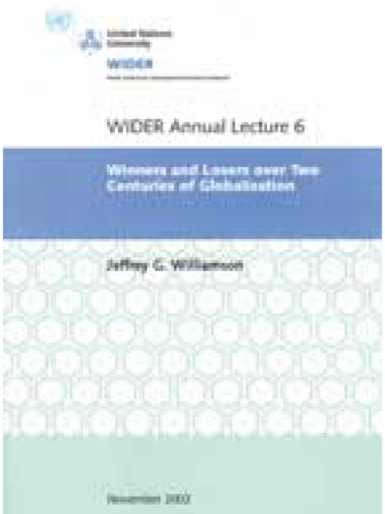
Jeffrey G. Williamson, 2002

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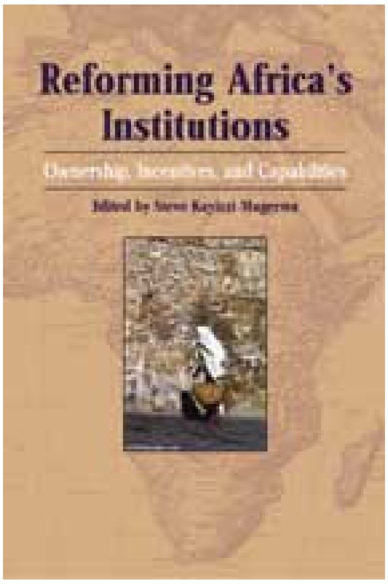
### Books

*Reforming Africa's Institutions: Ownership, Incentives and Capabilities*

Edited by Steve Kayizzi-Mugerwa

paperback 92-808-1082-1

United Nations University Press, December 2002



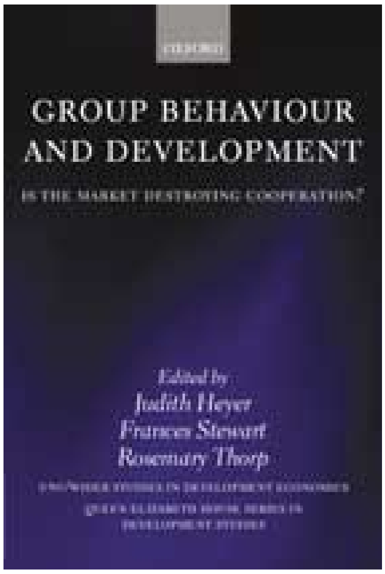

*Reforming Africa's Institutions* is presented in three parts: the first part focuses on the issue of reform ownership; the issues of governance, the political economy of reform ownership as well as the contradictions inherent in using aid as an instrument for enhancing domestic reform ownership. The second section looks at the nature of incentives in the African civil service and the reforms undertaken in recent years to raise public sector efficiency in Africa. Essays in the third section focus on issuing related to institutional capabilities in Africa and how they have been impacted on by the reforms undertaken in the 1990s, including privatization and movement towards political pluralism.

*Group Behaviour and Development - Is the Market Destroying Cooperation?*

Edited by Judith Heyer, Frances Stewart and Rosemary Thorp

hardback 0-19-925691-8
paperback 0-19-925692-6

WIDER Studies in Development Economics; Queen Elizabeth House Series in Development Studies, Oxford University Press, September 2002



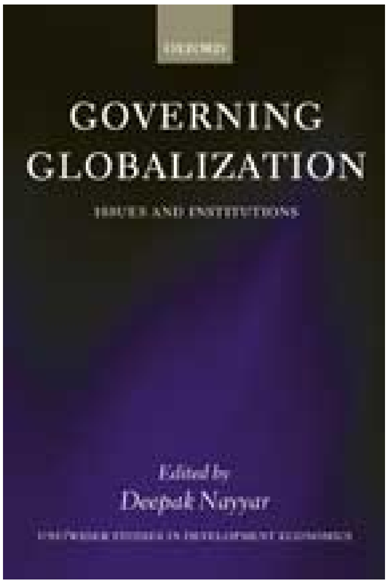

The book explores group behaviour in developing country contexts. The recent shift towards a heavier reliance on market forces has exerted powerful pressure on such groups to use more financial incentives, undermining the cooperation essential to achieve both efficiency and equity. The authors conclude that the universal presumption in favour of material incentives needs to be abandoned and cooperation supported if markets and groups are to function well and in an equity-friendly direction.

*Governing Globalization - Issues and Institutions*

Edited by Deepak Nayyar

hardback 0-19-925403-6
paperback 0-19-925404-4

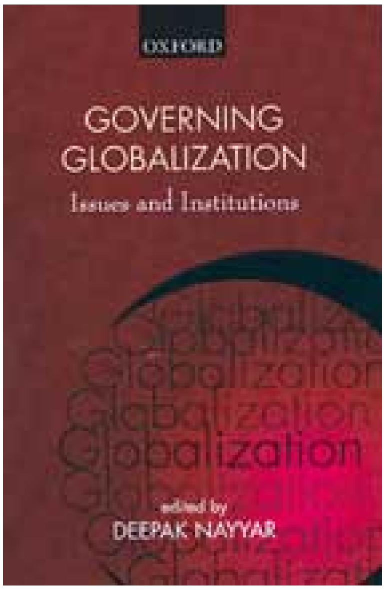
WIDER Studies in Development Economics, Oxford University Press, July 2002




This book examines, in depth, the governance needs of the world economy and polity. It evaluates the experience of institutions, with a focus on the UN, the IMF, the World Bank and the WTO, to sketch contours of reform and change necessary in the existing system. It analyses issues of emerging significance, such as global macroeconomic management, transnational corporations, international capital movements and cross-border movements of people, to suggest that there are some missing institutions which are needed. This important book, which comes at a critical time, would be essential reading for scholars, policy-makers, diplomats and journalists, with an interest in global governance.

This book is also published by Oxford University Press India, for in-country book sales.

hardback 019-566457




*Globalization, Marginalization and Development*

Edited by S. Mansoob Murshed

hardback 0415288509

Routledge, July 2002


Containing contributions from a number of leading experts, this book is the result of the UNU/WIDER project on Globalization and Low-income Lountries. The discussion focuses on how to harness globalization for the benefit of present day marginalized countries and enhance their meaningful participation in the globalization process. Vital reading for students and academics interested in development economics, this collection will also prove an invaluable tool for policy-makers.

## Journal

*Journal of Comparative Economics*
Vol. 30, No. 4, December 2002
ISSN: 0147-5967

Symposium papers from the research project Property Rights Regimes, Microeconomic Incentives, and Development, directed by Laixiang Sun

## Forthcoming Books

*From Conflict to Recovery in Africa*

Edited by Tony Addison

hardback 0-19-926103-2

WIDER Studies in Development Economics, Oxford University Press, March 2003

*Utility Privatization and Regulation – A Fair Deal for Consumers?*

Edited by Cecilia Ugaz and Catherine Waddams Price

hardback 1-84376-202-1

Edward Elgar in association with WIDER, May 2003

*Small and Medium Enterprises in Transitional Economies*

Edited by Robert J. McIntyre and Bruno Dallago

hardback 1-4039-0800-1

Studies in Development Economics and Policy, Palgrave Macmillan, June 2003

*Inequality and Social Structure During the Transition*

Edited by Vladimir Mikhalev

hardback 1-4039-0801-X

Studies in Development Economics and Policy, Palgrave Macmillan, June 2003

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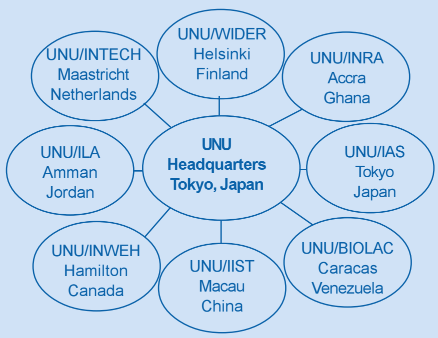


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