



BY INVITATION

Why We Need a World Financial Authority

by John Eatwell and Lance Taylor

Butcher shops and banks make an interesting contrast, as the late Cuban-American economist Carlos Diaz-Alejandro pointed out. Both may sell tainted products, and both are subject to public inspection and controls. The difference is that the butcher can only poison his customers, while the banker's wares can be based on non-performing assets anywhere in the world. Their own failure can damage the economic health of us all. This is why national financial regulation is necessary to protect the system. The regulator must detect systemic risks arising from a position that an individual firm - say the Long Term Capital Management hedge fund in the United States a few months ago - cannot cover. Thanks to good surveillance and a timely injection of liquidity, LTCM's uncovered debts did not bring down Wall Street, although the fund's erstwhile principals will have to live with their collapsed personal fortunes for quite some time. Effective regulation stemmed contagion.

The IMF and the World Bank were established 50 years ago to handle balance of payments and development problems worldwide. They are not the right organizations to deal with today's capital markets.

The surveillance, regulatory, and intervention capabilities on view in the case of LTCM do not grow on trees. The development of liberal financial markets in national economies, including the 19th century USA, was accompanied by exactly the same sort of volatility and contagion currently afflicting the economies of Asia and Latin America. The response was the establishment of national banking and securities regulators, deposit insurance, and lenders of last resort. The creation of these authorities permitted the growth of healthy financial markets, which would have been impossible without them.

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Amartya Sen, a Founder of UNU/WIDER, Wins Nobel Prize



The director and staff of UNU/WIDER are delighted by the news that Professor Amartya Sen, a founder of the Institute, has been awarded the 1998 Nobel Prize for economics. Professor Sen was a member of the original mission that established UNU/WIDER, and has made major contributions to the Institute's research programme.

His UNU/WIDER publications include a series of highly influential books on famine and its causes, together with studies of India's development, the quality of life, and social security in developing countries. Professor Sen, who is Master of Trinity College, University of Cambridge, is the fifth Nobel Prize winner to contribute to the work of UNU/WIDER. The others are: Robert William Fogel, John C. Harsanyi, Douglass C. North, and Robert Solow. ■

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The current global situation closely resembles that of individual industrialized economies in the past. Existing international agencies are not up to the task of regulating the system. The IMF and World Bank were established 50 years ago to handle balance of payments and development problems worldwide. They are not the right organizations to deal with today's capital markets. Fortunately, there is an organization that can do the job. It is the Bank for International Settlements (BIS) based in Basle, Switzerland.

The BIS should be transformed into a World Financial Authority, with major new powers to establish best practice financial regulation and risk management throughout international financial markets. Its mandate should be expanded by giving it new powers and responsibilities beyond its present tasks of simply setting capital standards for banks and co-ordinating international regulation in investment and insurance markets.

The WFA is needed because three decades of international financial liberalization have removed almost all distinctions between national and international capital markets. If liberal finance is to thrive, the same regulatory tasks required in national markets are now needed internationally. That is why the BIS pioneered international financial regulation with the formation of the Committee on Bank Supervision and Regulation in 1975. It was that Committee which formulated the capital adequacy requirements for

banks in the 1980s to which all 13 then BIS members agreed to observe, and to keep out of their markets foreign banks not adhering to the requirements.

The result was that more countries voluntarily signed on to BIS standards in order to achieve market credibility.

Recent events have demonstrated that these first steps toward global regulation were not adequate. First, no link has been forged between effective regulation and 'bail-outs', a vital precondition for minimization of 'moral hazard' or the temptation that high-risk projects pose for investors who think they can count on public financial support. Second, surveillance powers are (as we all have seen) inadequate. Third, capital requirements and best-practice risk management techniques such as computer simulation of 'worst case' scenarios (an exercise that LTCM apparently did not undertake) need to be generalized from banks across the now seamless financial services industry.

If there had been a WFA to enforce regulatory standards, backed by high-profile surveillance, then some of the horrors revealed in the Asian collapse would have been picked up much earlier (many of them were in fact flagged by the BIS, but its warnings were ignored).

The WFA could also monitor and mediate the imposition of capital controls by national governments. At the moment, a rash of new controls is spreading, and the end of the attack on functioning markets is not yet in sight. By negotiating the need for temporary measures, and adjudicating disputes, the WFA could prevent the attack from escalating into a beggar-my-neighbour disaster.

National regulators are necessary to maintain efficient national capital markets. A World Financial Authority is necessary for the survival of an efficient international regime.

World Financial Reform: Key Points

Effective regulation is essential to avoid financial contagion

Transform the Bank for International Settlements into a World Financial Authority (WFA)

Give the WFA powers to establish best practice financial regulation across the world

WFA should enforce regulatory standards backed by high profile surveillance

WFA could monitor and mediate the imposition of capital controls

John Eatwell and Lance Taylor are co-authors of 'The Performance of Liberalized Capital Markets' (available on the website www.newschool.edu/cepa). John Eatwell is President of Queens' College at the University of Cambridge, Chairman of the Institute of Public Policy Research in London, and a member of the House of Lords. Lance Taylor, the Arnhold Professor of International Cooperation and Development at the New School for Social Research in New York, is also the Director of its Center for Economic Policy Analysis.

BY INVITATION

Women Are the First Victims of the Asian Crisis

by Noeleen Heyzer and Martin Khor

The debate on the Asian crisis continues. There are two sets of reasons given to explain why the 'Asian Miracles' have so quickly become crisis economies, with rising poverty including hardship for women.

One view emphasises domestic causes; weak financial institutions and regulatory mechanisms; investment in very risky projects (especially real estate); weak corporate governance; and a credit boom, which led to very large foreign debts. Another viewpoint argues that the Asian Miracles were not fatally flawed. The crisis arose out of an uncontrolled global financial system, and currency speculation. These factors led to large destabilizing flows of capital in the Asian region. The quality of IMF policy advice in the initial stages of the crisis has also been questioned.

Whatever its causes, the Asian crisis has demonstrated the dangers of volatile capital flows to the economic and social stability of developing countries. Small and medium-sized enterprises (SMEs) have gone bankrupt due to high interest rates, currency devaluation and the credit squeeze. The social consequences include mass unemployment, return migration to the rural areas, food riots, cutbacks in education and health services, shortages of basic goods, and rising crime. The mutual support systems of communities have reached breaking point, and the old fault lines of ethnicity, class and gender have opened. Ethnic riots and the rape of Chinese women accompa-



Women Micro-entrepreneurs are severely affected by the crisis

nied the turmoil in Indonesia earlier this year.

When societies experience such pressure, women face especially intense demands to devise ways of coping for their families and communities. Yet women are the first to be hit by economic crisis. The labour of women is seen as 'flexible' to the needs of a competitive global market (in the electronics and textile export sectors for example) and they are often the first to be fired in a downturn. Women are the majority of owners and workers in SMEs, and are therefore hit by the contraction of the SME sector. Women have the main responsibilities for children and the care of the sick and elderly, and therefore they feel the immediate effects of cuts in basic services; this raises their workload and can adversely affect their nutritional and health status, for example.

Recovery strategies have generally ignored women's livelihoods. Efforts to cushion the impact of crisis

by creating jobs and supporting community initiatives have concentrated mainly on public works, ignoring the sectors where most women work. Women are therefore doubly victimized: they are hardest hit in a crisis not of their making and are by-passed by the 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 to move forward? We cannot wish away globalization. The challenge is therefore to understand and reshape the globalization process - trade, investment, finance and technology - to make it more people-centred and sustainable. What kind of globalization will support stable lives in healthy communities and a world free from gender-based poverty and violence? It

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clearly cannot be a 'champagne glass' globalization where 20 per cent of humanity controls 85 per cent of the world's income and the bottom 20 per cent survives on only 1.45 per cent. The widening gap between the new super rich and the global poor, with a diminishing middle class, must be addressed. We need to rethink how markets and states best interact to improve human life chances and how people can build their skills and power to hold both the global market and their states accountable.

The current kind of globalization must be transformed into one that allows small producers control over their economic and social environment as they become economic players in global markets. In this regard, UNIFEM's support for the transnational network of home-based workers is innovative in building capacity and power among women producers.

We need to use a rights-based approach to development as a counter-force to powerful interests and as the ethics to guide a globalizing world. The leaders of civil society, government, international agencies and the private sector must understand how to shape the globalization process in a constructive way to move us forward. There is no luxury of choice. Too much damage has already been done.

Noeleen Heyzer is the Executive Director of the United Nations Development Fund for Women (UNIFEM) and Martin Khor is with the Third World Network.

The Human Cost of Asia's Crisis

by Tony Addison and Giovanni Andrea Cornia

Asia's Crisis Has Halted Social Progress

The human development indicators of East Asia and South-East Asia have shown dramatic improvement over the last thirty years, a product of the much-discussed 'Asian Miracle'. But, deep recession in Indonesia, Malaysia, South Korea and Thailand together with political turmoil now threaten these achievements.

The region has little in the way of formal unemployment insurance, but has instead relied on fast growth to avoid unemployment and its social effects. But now UNCTAD forecasts that growth in Asia will amount to only 1.8 per cent in 1998 (compared with 5.9 per cent in 1997). Consequently, unemployment is rising, and real wages are falling.

The cost of living has also increased substantially. Many Asian currencies have fallen sharply since mid-1997, resulting in higher food prices. Indonesia is in the worst situation; inflation is now above 50 per cent. Rioting in May also disrupted the food distribution system.

Asia's educational achievements are under threat; children (especially girls) drop out of school during recession. By damaging the human capital of the poor, recession increases poverty. It also lowers future economic growth since investment in education has high returns. Every effort must be made to

protect the human capital of the poor because, as in the case of Latin America's crisis in the 1980s, damage to human capital is often irreversible.

Higher Mortality

Recent UNU/WIDER research shows that in countries with histories of low unemployment and weak social insurance systems, such as Eastern Europe and the Former Soviet Union (FSU), sudden job losses cause considerable psycho-social stress. This in turn increases the incidence of circulatory diseases and suicides. In crisis, households turn to desperate coping strategies (prostitution and crime both increase) leading to the spread of disease, family breakdown, increased violence, and ethnic hatred. These effects have contributed to the higher mortality seen in Eastern Europe and the FSU.

Asia's countries have entered their crises with stronger community ties than those that exist in Eastern Europe and the FSU. But the depth of the crisis is severely testing these informal safety nets and Asia is now starting to experience rising mortality. In South Korea, for example, the suicide rate jumped by 36 per cent over 1997-98. Moreover, UNU/WIDER research on the causes of humanitarian emergencies shows that high inflation, rising inequality of income and wealth, and economic recession can ultimately

lead to social breakdown and conflict.

Reducing the Social Costs

Asia needs to redress the lack of institutional investment in formal unemployment insurance. Public works programmes, child feeding programmes, and other forms of targeted assistance are also essential to provide income for the poor and to protect their nutrition and health status. Allowing the poor to cultivate unused farm land can help to alleviate hunger and could absorb some of the urban unemployed as well. It is also critical to avoid any reduction in school enrolment. Indonesia is trying to keep children in school by reducing and waiving school fees and providing more scholarships to poorer children.

Inevitably this assistance has large fiscal costs. Unlike Latin America's debt crisis in the 1980s, most Asian governments entered the crisis in 1997 with low fiscal deficits (and in some cases fiscal surplus). Asia's crisis did not originate in reckless public spending. Therefore, at first sight the deep cuts in public expenditures that characterized Latin America's crisis in the 1980s might be avoided.

However, the IMF's policy conditionality at the start of the crisis in 1997 has limited governments' ability to protect basic social expenditures and increase spending on safety nets. The IMF's treatment of the crisis on a nation-by-nation basis (instead of dealing with the more fundamental problem of financial contagion), its insistence on a sharp rise in interest rates, and its requirements of fiscal restraint, combined

to produce deeper recessions than would be expected given Asia's initial problems.

As a result, tax bases have contracted sharply along with the level of economic activity (dramatically in the case of Indonesia). This increases the revenue problem of governments precisely at the time that they need to be spending more on social safety nets. The IMF has belatedly realized that countries in deep recession need a less restrictive fiscal policy. But, the damage has been done.

A prolonged crisis will jeopardize Asia's past success in developing institutions for poverty alleviation and the delivery of basic services. These institutions might be able to withstand a temporary loss of funding, but any sustained erosion in the real salaries of teachers, health operators, and other key personnel, will undermine service delivery (the outcome in much of Latin America in the 1980s).

Lessons

Asia's past investments in human development provide a capacity to shelter the most vulnerable people from the worst effects of crisis, provided that swift action is taken and international support is forthcoming. At the start of 1998 it was therefore possible to hope that Asia's crisis would not be as severe as those of Latin America in the 1980s or of Eastern Europe and FSU in the 1990s.

But now, the picture is much more uncertain. Asia was expected to stage an export-led recovery. Instead, high real interest rates and bank failure (both of which constrain the investment response necessary for export-

led recovery) have combined with a sharp rise in import costs (induced by devaluation) to cut domestic demand and employment.

The international community must give more support to Asian governments to ensure that their macro-economic strategies support an early return to growth. Otherwise, the region's achievements in human development will be endangered.

Minimizing the Human Cost: Key Points

Build formal safety nets such as unemployment insurance

Target the poor through public works programmes and food transfers

Protect public spending on basic social services

Avoid excessive fiscal restraint and high interest rates

Redesign macro-economic frameworks to ensure their compatibility with poverty reduction

Giovanni Andrea Cornia is the Director of UNU/WIDER and also the Director of the research project on 'Rising Inequality and Poverty Reduction: Are they Compatible?' Tony Addison from Warwick University, UK, is the Director of the research project on 'Underdevelopment, Transition and Reconstruction (UTR) in Sub-Saharan Africa'.

1998 Public Lectures

One of the ways in which UNU/WIDER tries to stimulate as much public debate as possible on development issues is through its public lecture series which are very popular. Details of past and future lectures can be found on our website (<http://www.wider.unu.edu>).

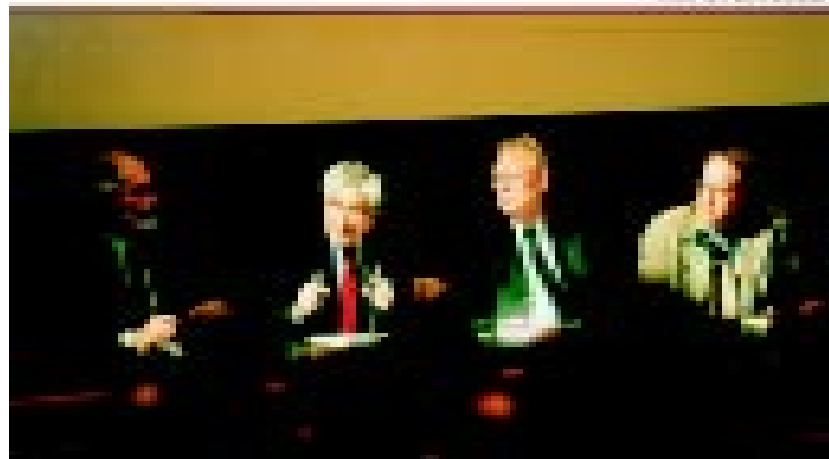
The World Food Situation: Recent Developments, Emerging Issues, and Long-Term Prospects

Although global food production will probably exceed the growth of world food demand during the next twenty-five years, many millions of people will still go hungry. Food insecurity and malnutrition continue to be among the most important problems facing us today, and are especially severe in Sub-Saharan Africa. Degradation of the natural resources which provide the basis for expanding food production still continues. Major challenges arise from urbanization in China and other developing countries. This raises food demand, changes consumption patterns, and alters the pattern of world food trade. The International Food Policy Research Institute (IFPRI) is a world leader in the analysis of food and hunger issues. IFPRI's director, Dr Per Pinstrup Andersen, discussed the results of recent IFPRI research on the world food situation at a public lecture on 2 April.

Has Africa Turned the Corner? Sub-Saharan Africa (SSA) has failed to fulfill its development potential; many countries now have per capita incomes lower than

in the 1960s. This 'growth tragedy' has contributed to high levels of poverty and dismal human development indicators. However, there are some signs of better times ahead. For the past four years, the average growth of output in SSA as a whole has been higher than the region's population growth rate. Inflation has come down. Botswana, Mauritius, and Uganda have averaged growth rates of 6-8 per cent over the last decade. Do these glimmers of hope signal the start of an African economic renaissance? What obstacles must Africans overcome to secure economic and social progress? These were just some of the issues discussed by UNU/WIDER Senior Research Fellow Professor

creasingly connected by large flows of trade, finance, and investment. But not all economies benefit equally. Much depends on the access of countries to new technologies, and their human capital investments. Some people are left behind; the benefits of globalization for the poor of developing countries are still uncertain. These, and other aspects of globalization, were discussed at a public lecture on 10 June. The distinguished panel, chaired by Professor Giovanni Andrea Cornia, consisted of Dr Jorma Ollila (President and CEO, Nokia Corporation), Professor Deepak Nayyar (Jawaharal Nehru University, New Delhi), and Professor Hans J.A. van Ginkel (Rector, UNU). Professor Nayyar



At the public lecture on Governing Globalization, from left, Giovanni Andrea Cornia, Deepak Nayyar, Hans J.A. van Ginkel, and Jorma Ollila

Nguyuru H. I. Lipumba at a public lecture on 19 May.

Governing Globalization Globalization is one of the most hotly contested issues of our time. National economies are becoming in-

creasingly connected by large flows of trade, finance, and investment. But not all economies benefit equally. Much depends on the access of countries to new technologies, and their human capital investments. Some people are left behind; the benefits of globalization for the poor of developing countries are still uncertain. These, and other aspects of globalization, were discussed at a public lecture on 10 June. The distinguished panel, chaired by Professor Giovanni Andrea Cornia, consisted of Dr Jorma Ollila (President and CEO, Nokia Corporation), Professor Deepak Nayyar (Jawaharal Nehru University, New Delhi), and Professor Hans J.A. van Ginkel (Rector, UNU). Professor Nayyar

News and Activities

The Russian Crisis: Which Way Out?

On 6 October, Dr Robert McIntyre and Dr Vladimir Mikhalev, UNU/WIDER Project Directors, discussed the current crisis in Russia. Dr McIntyre focused on the means and outcomes of the privatization of state owned enterprises, and Dr Mikhalev discussed the social costs of the transition. Dr McIntyre emphasized a stronger role for the state in controlling the privatization of enterprises and regulating the market. He was critical of the role of international financial institutions in the transformation of the Russian economy into a market economy. Dr Robert McIntyre is the Director of the UNU/WIDER project on Small and Medium Size Enterprises in Transition Economies, ('Transition from Below: The Role of the New Private Sector'). Dr Vladimir Mikhalev is the Director of the project on 'Income Distribution and Social Structure during Transition'.

The Impact of EMU On 26 October, Professor Charles Wyplosz discussed the future role of the European Central Bank (ECB) and its management of European monetary policy. He argued that the ECB does not have enough power to direct European monetary policy during a crisis. Professor Wyplosz argued that it is wrong to assume that European national central banks will simply follow the will of the ECB, especially during a crisis. He said that the main obstacle to ECB responding rapidly to problems is the fact that it has so many decision makers. Professor Wyplosz commented that the ECB's main objective will be to keep inflation low, the same priority as the German Central Bank, but it should also pay more attention to the issue of unemployment in Europe. Professor Charles Wyplosz is the Director of the research project on the 'Impact of EMU on Europe and Developing Countries'. ■

Pre-launch of 1998 UNDP Human Development Report

On 8 September, WIDER organized a pre-launch for the presentation of the 1998 UNDP Human Development Report to UNU/WIDER staff. The report was introduced by the Director of the UNDP report team, Dr Sakiko Fukuda Parr. The 1998 HDR report focused on changing consumption patterns and their impact on future world development. The Report emphasized environmental impacts and the importance of raising consumption of the world's poorest people. Professor Tony Addison presented the report on behalf of UNDP to a meeting of the Advisory Board for Relations with Developing Countries at the Finnish Ministry for Foreign Affairs (KESU).

Launch of UNCTAD 1998 Trade and Development Report

On 16 September Professor Tony Addison and Professor Giovanni Andrea Cornia presented UNCTAD's Trade and Development Report 1998 to the media at a launch organized in Helsinki. This report examines the current performance and prospects in the world economy with special reference to the present financial turmoil. The report discusses ways to regulate the world trade and financial systems, especially to meet the development needs of the poorer nations, including Sub-Saharan Africa.

Internship Programme

The second 1998 internship programme for Ph.D. students came to an end in November. Ms Jane

Golley from Australia, Mr Kang-Kook Lee from Korea, Mr Anthony Tsekpo from Ghana, Mr Paolo Verme from Italy, and Ms Elena Zabelkina from Russia have all completed their research work successfully and returned to their respective universities.

The Institute is in the process of offering 3-5 internships for 1999 (applications are now closed). The internship programme is for students working on their Ph.D. thesis on topics which are related to the current research themes of the Institute. The objective is to provide the students supervision on their work and close interaction with the resident researchers. In addition to completing independent research reports, the interns also make presentations on their research findings. The Institute also aims to publish the work of the interns in its publication series.

Sabbatical Programme

Dr Daniele Checchi, Associate Professor of Political Economy from the University of Milan spent a period of about one month in October 1998 at UNU/WIDER as a sabbatical scholar. His research on 'Inequality in Income and Inequality in Education: What is the Nexus?', was presented at a seminar.

For the 1999 short-term sabbatical programme, the Institute is in the process of inviting 3-4 visitors to contribute to its research programme.

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Staff News

Professor Nguyuru H. I. Lipumba, the Co-Director of the research project on the 'Impact of Liberalization on Key Markets in Sub-Saharan Africa' left the Institute in July 1998, to return to Tanzania.

Dr Terry McKinley from the UNDP New York office joined the Institute as a visiting scholar in September 1998 for a period of one month. His research focus was on 'Increasing Inequality and Changing Social Structure in Rural China 1988-1995', under the project on 'Income Distribution and Social Structure during Transition'.

Dr Laixiang Sun from the International Institute for Applied System Analysis (IIASA), Laxenburg, Austria, joined the Institute as a visiting researcher in September 1998 for a period of three months. His research work will contribute to the project on 'Small and Medium Size Enterprises in Transition Economies'.

Visitors to UNU/WIDER

Ms **Yakin Ertürk**, Director of INSTRAW, for discussions on cooperation between INSTRAW and UNU/WIDER (14 July).

Professor **Derek Jones** from Hamilton College, New York, for presenting a paper on 'Small size enterprises in transition' (7 August).

Professor **Bengt Holmström** from MIT to discuss research work (24 August).

Dr **Noeleen Heyzer**, the Director of UNIFEM to discuss possible areas for joint cooperation (8 September).

Mr **Peter Fisch** from the European Commission to discuss possible collaboration on WIDER research (10 September).

Dr **Luis de Mello** from OECD for discussions on research collaboration (18 September).

Dr **Stefan Bogdan Salej**, the President of Federacõ das Indústrias do Estado de Minas Gerais, Brazil, to explore research collaboration (18 September).

Mr **Jagdish Saigal**, Senior Programme Manager, UNCTAD for discussions relating to WIDER's involvement in the UNDP/UNCTAD project on 'Globalizaion, liberalization and sustainable development' (13-14 October).

Professors **Tapio Palokangas**, **Erkki Koskela**, **Seppo Honkapohja**, **Pekka Ilmakunnas** and **Pertti Haaparanta** to discuss the further development of UNU/WIDER courses in development and transition economics at the University of Helsinki and Helsinki School of Economics (2 November).

Groups of students from the University of Helsinki, University of Jyväskylä, University of Tampere, University of Turku and the Helsinki UN Association visited the Institute during the autumn of 1998.

Donor Contributions

This year has seen an increase in the number of donors providing financial contributions to UNU/WIDER research programmes.

The Institute gratefully acknowledges the financial contributions to its projects by the Governments of **Denmark** (Department for Development Cooperation, Royal Danish Ministry of Foreign Affairs), **Finland** (Ministry for Foreign Affairs), **Italy** (Directorate General for Development Cooperation, Ministry of Foreign Affairs), **Sweden** (Swedish International Development Cooperation Agency - Sida), and the **United Kingdom** (Department for International Development).

The Institute has also received project contributions from the Finnish National Fund for Research and Development (**SITRA**), **Oracle Nordic (Finland)**, and the UN's **Department of Economic and Social Affairs**, Division for Social Policy and Development.

UNU/WIDER 1999 Calendar of Events

(preliminary, subject to change)

Public Lectures

2 February, 15:00-17:00 hrs, public lecture on 'A World Financial Authority' by *Lord John Eatwell* at the Finnish Film Foundation, Helsinki.

25 February, 15:00-17:00 hrs, public lecture on 'The Asian Crisis: The End or the Beginning?' by *Professor Jomo K. S.*, at Nautica conference room, Marina Congress Center, Helsinki.

25 March, 15:00-17:00 hrs, public lecture on 'Social and Political Consequences of Globalisation' by *Professor Erik Allardt*, at Nautica conference room, Marina Congress Center, Helsinki.

Project Meetings

8-9 January, to discuss the final contributions and review the overall conclusions of the project and to formulate the project manuscript of 'Information Technology and Growth' in Helsinki.

Project Director, Professor Matti Pohjola.

16-17 April, to discuss the first drafts of papers on the project 'Underdevelopment, Transition and Reconstruction in Sub-Saharan Africa', in Helsinki.

Project Director, Professor Tony Addison.

14-15 May, to discuss the drafts of papers on the project 'Income Distribution and Social Structure during the Transition', in Helsinki.
Project Director, Dr Vladimir Mikhalev.

23-24 May (tentative dates), to discuss the drafts of papers on the project 'New Roles and Functions for the UN and Bretton Woods Institutions', in Helsinki.

Project Director, Professor Deepak Nayyar.

18-19 June, to discuss the drafts of papers on the project 'Small and Medium Enterprises in Transition: How Does Entrepreneurship Develop in Post-Socialist States. (Transition from Below: Small and Medium Term Enterprises)', in Helsinki.

Project Director, Professor Robert McIntyre.

23-24 June (tentative dates), to discuss the first drafts of papers on the project 'European Monetary Union (EMU) and its Impact on Europe and the Developing Countries', in Helsinki.

Project Director, Professor Charles Wyplosz.

Late June (tentative), to discuss the first drafts of papers on the project 'Rising Income Inequality and Poverty Reduction: Are they Compatible?', in Helsinki.

Project Director, Professor Giovanni Andrea Cornia.

2-3 July, to discuss the drafts of papers on the project 'Environmental, Export and Human Development Problems in Natural Resource-based Growth Models', in Helsinki.

Project Director, Professor Richard Auty.

10-11 September, to discuss the drafts of papers on the project 'Institutions and Development' in Helsinki.

Project Directors, Professors Judith Heyer, Frances Stewart and Rosemary Thorp

Board Meeting

14-15 June 15th Session of the Board of UNU/WIDER in Helsinki.

University Lecture Series

The Economics of Development, at the University of Helsinki, 3 November - 10 December 1998 by *Professors Giovanni Andrea Cornia and Tony Addison.*

The Economics of Development (Advanced Course) at the University of Helsinki 16 March - 22 April 1999, Tuesdays and Thursdays at Porthania 607, by *Professors Tony Addison and Richard Auty.*

The Economics of Transition at the Helsinki School of Economics and Business Administration 8 March - 30 April 1999, Mondays and Fridays 12:00-14:00 hrs, by *Professors Robert McIntyre and Vladimir Mikhalev.*

UNU/WIDER Publications

New Titles July - December 1998

Research for Action

USD 8.00 / FIM 30.00

RFA44 Resource Abundance and Economic Development: Improving the Performance of Resource-Rich Countries by Richard M. Auty, September 1998.

RFA45 Underdevelopment, Transition and Reconstruction in Sub-Saharan Africa by Tony Addison, October 1998.

RFA46 Real Exchange Rate Policy and Non-Traditional Exports in Developing Countries by Ibrahim A. Elbadawi, November 1998.



Working Papers

USD 5.00 / FIM 20.00

WP148 Computers and Economic Growth in Finland by Petri Niininen, August 1998.

WP149 The Role of Knowledge and Capital in Economic Growth by Sergio Rebelo, September 1998.

WP150 State-Owned versus Township and Village Enterprises in China by Enrico C. Perotti, Laixiang Sun and Liang Zou, September 1998.

WP151 Unemployment, Labour Policies and Health in Transition: Evidence from Kazakhstan by Paolo Verme, October 1998.

WP152 Computers and Labour Markets: International Evidence by Francis Kramarz, October 1998

WP153 Information Technology and Economic Development: An Introduction to the Research Issues by Matti Pohjola, November 1998

WP154 Costa Rica: Policies and Conditions for Export Diversification by Ennio Rodríguez, December 1998

Research in Progress

free of charge

RIP17 Budgetary Institutions and Fiscal Consolidation in Ghana: Lessons for Transition Economies in Africa by Anthony Tsekpo, September 1998

RIP18 Rebuilding Post-Conflict Africa: Reconstruction and Reform by Tony Addison, November 1998

Order Instructions

The publication series are priced as indicated, postage inclusive.

Payment should be made by one of the following methods:

(1) Bank draft in USD payable to UNU/WIDER;

(2) Credit card (American Express, Eurocard, Mastercard, OK, Visa). Please provide the following details: card name and number, expiry date, and card holder's name and address;

(3) In FIM or in USD directly to UNU/WIDER bank account in Merita Bank Ltd, Olavinkatu 1, 00100 Helsinki, Finland (FIM account 157330-19447 - USD account 157352-11363). Please send us a copy of the payment receipt.

Please send your inquiries and orders to Ms Tuula Haarla, Publications Assistant, at the address provided on the back page of this newsletter or to the following e-mail address: Tuula@wider.unu.edu.

Dissemination and Publication News

A new policy of UNU/WIDER is to encourage publication of translations made of its studies, and the publication of its research results in international economic journals to enable wide and fast dissemination.

Here are a few examples of developments in this area in 1998.

The special issue of **MOCT-MOST**, Vol. 8, No. 1, 1998, entitled *Neglected Key Issues in the Transition Debate* edited by Giovanni Andrea Cornia and Vladimir Popov, presents results of research findings from the UNU/WIDER project on 'Economic Theories and Strategies of the Transition'.

The **1998 WIDER Annual Lecture**, *More Instruments and Broader Goals: Moving toward the Post-Washington Consensus* presented by Professor Joseph E. Stiglitz, has been or is being translated into the following languages: Russian, Spanish and Polish.

The Russian translation was published in the journal 'Voprosy Ekonomiki' (No. 8, 1998) issued by the Russian Academy of Sciences. The Spanish translation, by the International Institute on Governance (IIG), Barcelona, Spain, was published in the first issue of 'Instituciones y Desarrollo' (October 1998) issued jointly by IIG and UNDP. The Spanish translation will also be published in the journal 'Desarrollo Económico' in Buenos Aires, Argentina. The Polish translation will be distributed at a public discussion on the topic, organized by the Banking and Finance Research Institute-Learned Society in Krakow, Poland.

Book Manuscripts Submitted to Publishers in 1998

The following manuscripts are outcomes of the UNU/WIDER research programme for 1996/97 with the exception of the manuscripts authored and edited by Aiguo Lu and Valentine M. Moghadam, which result from the 1994/95 programme. The publication details will be made available in due course.

Please note that the titles given below are subject to change.

To Catch Up: China and the Global Economy Since 1840 by Aiguo Lu

The Origins of Humanitarian Emergencies: War and Displacement in Developing Countries (Volume I), edited by E. Wayne Nafziger, Frances Stewart and Raimo Väyrynen

Weak States and Vulnerable Economies: Humanitarian Emergencies in the Third World (Volume II), edited by E. Wayne Nafziger, Frances Stewart and Raimo Väyrynen

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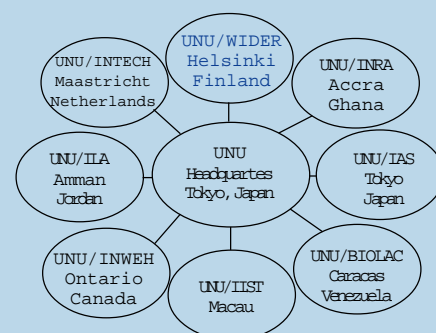
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