

# Contents

Preface.....	vii
<i>Global Integration, Regional Development, and the Dynamics of Urbanization: An Introduction .....</i>	ix
<i>Simon J. Evenett and Shahid Yusuf, the World Bank</i>	
Globalization and Growing Regional Inequalities.....	ix
Supranational Ramifications of Globalization: Regional Integration and International Environmental Concerns.....	xi
The Rise of Local Politics and the Implications for National Governance Structures.....	xii
Poverty Alleviation in an Era of Urbanization.....	xiv
Concluding Remarks.....	xv
References .....	xv
<i>Part I. Global Systems and the New Dynamics.....</i>	1
1. <i>Finance, Financial Regulation, and Economic Development: An International Perspective .....</i>	3
<i>Lawrence J. White, Stern School of Business, New York University</i>	
Finance Is Special.....	3
The Opaqueness-Transparency Paradigm.....	4
Implications of the Opaqueness-Transparency Paradigm.....	6
Conclusion .....	8
References .....	8
2. <i>Globalization, Foreign Direct Investment, and Urbanization in Developing Countries.....</i>	11
<i>Victor F. S. Sit, University of Hong Kong, China</i>	
Testing the Relationship between Urbanization and Foreign Direct Investment.....	15
The Case of Exo-Urbanization.....	18
Mega-Urban and Extended Metropolitan Regions .....	23
Cities as Centers for New Opportunities and Competitiveness.....	32
Conclusion: Response to the Asian Financial Crisis and Policy Suggestions .....	39
References .....	42
3. <i>Global Environmental Imperatives and Institutions to Ensure Sustainability.....</i>	47
<i>Gernot Klepper, Kiel Institute of World Economics and Center for Economic Policy Research</i>	
Growth, the Environment, and Sustainability .....	47
The Issues Ahead .....	48
Global Environmental Imperatives .....	51
Conclusion .....	53
References .....	53
<i>Part II. East Asia and Globalization .....</i>	55
4. <i>The Greater China Growth Triangle in the Asian Financial Crisis.....</i>	57
<i>Yak-yeow Kueh, Lingnan College, Hong Kong</i>	
Greater China as a Process of Economic Integration .....	57

Capital Flows within Greater China during the Asian Financial Crisis.....	59
Impact on Trade Flows within Greater China.....	64
Government Policies, Economic Consequences, and Longer-Term Implications.....	68
Prospects for Further Economic Cooperation within Greater China.....	73
References .....	76
 5. <i>Regional Development Policies in Brazil, China, and Indonesia</i> .....	79
<i>Junichi Yamada, Japan Bank for International Cooperation</i>	
Regional Disparities .....	80
Reasons behind Regional Disparities.....	81
Current Regional Development Strategies .....	88
Conclusion .....	91
References .....	92
 6. <i>The Impact of Globalization on China's Economy</i> .....	93
<i>Shuqing Guo, People's Bank of China</i>	
The Effects of Openness .....	94
Meeting the Challenges of Economic Globalization .....	96
Policy Responses to the Asian Financial Crisis.....	99
Perspectives on the Process of Globalization .....	101
References .....	103
 7. <i>Globalization and Urbanization in the Republic of Korea</i> .....	105
<i>Sang-Chuel Choe, Seoul National University, and Won Bae Kim, Korea Research Institute for Human Settlements</i>	
Korea's Urbanization Path.....	106
Policy Responses.....	111
Current Issues and Prospects .....	115
Conclusions.....	117
References .....	118
 8. <i>Cities and Governments</i> .....	121
<i>Edward L. Glaeser and Jordan Rappaport, Harvard University</i>	
What Does Sound Urban Policy Entail?.....	122
Nine Empirical Issues .....	123
Lessons for Central Government.....	136
Lessons for Local Government Behavior from Economic Theory.....	140
Conclusion .....	144
References .....	144
 9. <i>Urban Governance and Politics in a Global Context: The Growing Importance of Localities</i> .....	147
<i>Richard Stren, Centre for Urban and Community Studies, University of Toronto</i>	
Components of the Local: Urban Civil Society .....	147
Components of the Local: Democratization .....	156
Components of the Local: The New Localism .....	161
Conclusions.....	163
References .....	165
 10. <i>Crime As a Social Cost of Poverty and Inequality: A Review Focusing on Developing Countries</i> .....	171
<i>F. Bourguignon, The World Bank and École des Hautes Études en Sciences Sociales, Paris</i>	
Crime and Crime Trends: International Comparisons of Orders of Magnitude.....	172

Crime, Poverty, and Inequality: What Economic Theory Has to Say.....	175
The Limited Available Evidence on the Relationships among Inequality, Poverty, and Crime.....	181
Conclusion .....	189
References .....	190
 11. <i>Urban Poverty: Some Thoughts About its Scale and Nature and About Responses to It</i> .....	193
<i>Diana Mitlin and David Satterthwaite, International Institute for Environment and Development</i>	
Defining Urban Poverty .....	193
Seeking to Explain the Influence of Key Economic and Spatial Trends on Urban Poverty .....	196
Community Initiatives and Poverty Reduction.....	204
Measures that Increase Access to Jobs.....	208
Central Government's Future Role in Alleviating Urban Poverty.....	212
References .....	215
 12. <i>Urban Poverty Alleviation in the Age of Globalization in Pacific Asia</i> .....	221
<i>Yue-man Yeung, Chinese University of Hong Kong</i>	
Urban Poverty Status .....	221
Poverty Alleviation Initiatives .....	223
Factors Affecting Urban Poverty .....	228
Social Polarization in Hong Kong .....	231
A Policy Framework .....	233
References .....	234
 13. <i>Financing of Subnational Public Investment in India</i> .....	237
<i>Rakesh Mohan, National Council of Applied Economic Research, India</i>	
State Government Financing of Investment .....	238
Financing of Investment by Local Governments.....	246
A New Approach to Financing Public Investment .....	251
Annex A.13.1.Extracts from the 74th Constitutional Amendment, 1992 .....	255
References .....	257
 14. <i>Analysis of Spatial Organization and Transportation Demand in an Expanding Urban Area: Sendai, Japan, 1972–92</i> .....	259
<i>Naohiro Kitano, Japan Bank for International Cooperation</i>	
Analysis of Spatial Organization and Transportation Demand in the City of Sendai .....	260
Policy Issues in City Planning and Urban Transportation Infrastructure Provision.....	267
Conclusion and Policy Implications.....	272
Appendix 14.1. Spatial Statistical Methods.....	274
References .....	277