

Welcome to this special event

This is indeed a special session for this conference.

We are honoring Professor Jean-Jacques Laffont, one of the greatest economists of his generation who died last year on May 1st after two years of fight with cancer. He had just turned 57.

*Why do we do this at a Conference on
Development?*

For those of you who followed the conceptual debates:

1. on the effectiveness of privatization of public services in developing countries and
2. on the design of their regulation as policy instruments in these countries,

it is probably clear why we do it here.

For those of you who may not be as familiar with the academic debate on these two issues, this session is taking place because it could be argued that Prof. Laffont was the best theoretician to put some serious thoughts on paper on these two topics central to the reform of the public sector in developing countries.

Professor Laffont's publication record shows that he was one of the first academics to argue most effectively for the need to avoid dogmatism in the debate and to do a better job at looking at the facts and the constraints in developing economies.

Laffont was so concerned about the relevance of this debate for the poorest of the world that in the last 10-15 years of his life he had spent an increasing amount of time:

- thinking and publishing about these issues,
- sponsoring researchers from developing countries,
- visiting developing countries,
- advising policymakers in developing countries
- working with international organizations specializing on developing countries and
- eventually offering a huge first step towards a comprehensive theory of regulation of network industries for developing countries.

This theory is presented in his last book called Regulation and Development, published in January 2005 by Cambridge University Press. A lot of what you will hear today is a by-product of that book and of his many collaborations which led to that publication.

With that context in mind, the session has 3 main purposes:

1. The first is to honor a unique researcher and an academic godfather to many of us working on microeconomic issues in developing countries
2. The second is to provide an overview of his main contributions to the field of development
3. The third and final one is to show that his intellectual and human contributions are very much alive both in the Economics Departments of this world and in the policy debates on and in developing countries.

Before letting the panelists take over the floor, let me just briefly provide you with a quick reminder of who Jean-Jacques Laffont was and of his academic credentials.

For many of us he was first of all an amazing human being:

- in love with his wife and his four children
- in love with the region in which he was born (Toulouse, in the South-West of France for those of you who don't know)
- and in love with good food and good wine.

Prof. Laffont was also an amazingly creative researcher, keen to make the most of his ability as an economist to help make the world a better place to live in for the many poor left behind by growth and progress.

Everything Jean-Jacques Laffont has accomplished academically is somewhat out of proportion:

- he had two PhDs, one in math in France and one in economics from Harvard (+ a bunch of honorary doctorates from around the world)
- he had been a professor, full time or visiting, in the top universities of each continent
- he had been editor or associate editor in 12 of the top economic journals,
- he had written over 20 books and published close to 200 articles,
- he has created one of the top economic research centers in the world and based it in Toulouse, close to his roots
- and of course, he used his academic credentials to help into the real world as well: he had been advisor to the prime Minister of France, to policy makers in developing countries as well as to many international organizations working on development.

Let me turn now to how this session will try to take stock of his contribution to the field of development economics. While we are not going to be able to do full justice to his contribution, the 5 panelists present here should be able to give you a good sense of the major impact made by Professor Laffont in this field and of the major research agenda he has left us with.

Let me now introduce the panel.

First, we have Paul Seabright who is now a Professor of Economics at the University of Toulouse. Paul was actually "stolen" by Prof. Laffont from Cambridge University as part of his plan to have the cream of the cream in economics live in Toulouse. He will provide an overview of the impact that Laffont's research had on the analysis of regulation in developing countries

Next, we have 4 graduates from Toulouse, who are now at different stages of their own professional career but who all have been associated with Laffont's research on developing countries and have witnessed first hand his interest in their countries.

1. The wisest one, but I really mean the oldest one, is Waly Wane. Waly is from Senegal and after graduating from Toulouse, he joined the World Bank's research department, ... in spite of the high academic hopes Laffont had for him!!! Wally will describe how Laffont's work has changed the way we talk about corruption in the delivery of public services in developing countries
2. Lucia Quesada is from Argentina and is the first graduate of Toulouse brought by Laffont from a research center he helped establish in Buenos Aires. She was until recently at the University of Wisconsin and is moving back home for a while to teach at a couple of Universities in Argentina. Lucia will present the main lessons that Laffont left us with on the relevance of auction theory for the effectiveness of the delivery of public services. Lucia will emphasize in her presentation what the weakness of institutions means for contract design, enforcement and renegotiations in infrastructure sectors
3. Anastasia Kartasheva is the most recent of our group of graduates. She is from Russia. She is currently with Georgia State University where she is helping scale up the coverage of incentive theory being taught at the business school. Anastasia will provide us with a brief overview of Laffont's contribution to the discussion on how to finance development. This was one of his latest interests just before he died. Anastasia was the first student to work with him intensively in this field he wanted to explore more.

4. Last but not least, you will hear from Xinzhu Zhang. Xinzhu is also graduate from Toulouse (and like professor Laffont, he also has a couple of Ph.Ds and a bunch of other diplomas). In addition to being a professor of Economics at the Chinese Academy of Social Sciences and the University of Beijing, Xinzhu is director of research center on competition and regulation Professor Laffont helped establish in Beijing. Laffont was indeed particularly committed to China and reforms in that country. To conclude the session, I asked Xinzhu to share with you some of the policy impact Laffont had and continues to have in China.

The rest of the session will take place as follows:
Paul Seabright and Waly Wane each have 20 minutes to present a global overview of Prof. Laffont's impact in the field. Lucia, Anastasia and Xinzhu have about 5 minutes each to complement the presentation. We will then open the floor to questions and comments.