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## Economic Confucian

By Annie Maccoby Berglof

In a rare interview, the chief economist tells what the World Bank can learn from classical Chinese philosophy



Lin working outdoors on his balcony, where he can hear birdsong and frogs

**W**hen Justin Yifu Lin packed up and moved from Beijing to Washington DC in 2008 to become chief economist of the World Bank, he had three requirements for a place to live. “I wanted to go to the office in 15 minutes. I wanted a quiet place where I could enjoy the nature. And it had to be affordable,” says Lin, 59, who was the first economist from an emerging market picked for the post.

Lin and his wife Yunying Chen – who, as a member of the National People’s Congress and TV psychologist, is also a high-profile figure in China – settled on a rented house on the edge of Georgetown. Part of a new brick-fronted development in the grounds of a former mansion, it has views of thick foliage, and Lin spends as much time as he can working outdoors on his computer. “When I come down I can hear the birds sing and the frogs,” he

says, pointing to a large wooden deck just off the light-flooded living room. “Sometimes there are deer running.”

Lin was born in Taiwan and met his wife while he was studying agricultural engineering at Taiwan University. Aged 27, Lin, by then a lieutenant in the Taiwanese army and stationed on an island near the mainland, decided to swim to the People’s Republic of China. Once ashore he was confronted by surprised soldiers. Why the unusual decision to leave Taiwan? “I wanted to participate in China’s development,” says Lin, shrugging off the legendary swim. “It’s just like moving from Hawaii to the US mainland.”

Lin was reunited with his wife in the US where he got his PhD in economics at the University of Chicago before going to Yale as a post-doc while Chen earned a PhD at George Washington University. “I commuted between Chicago, New Haven and Washington for four years,” says Lin, who pitched in with the cooking on visits to Washington while Chen raised the couple’s two children.

Having returned to Beijing in 1987, Lin founded the Centre for Economic Research at Beijing University in 1994, and later helped shape the Chinese response to the currency crisis of 1998. “All the neighbouring economies including Korea and Taiwan depreciated their currency. One of the hardest topics was whether the Chinese currency was going to depreciate or not. We are an integrated world. I thought depreciating would destabilise other economies. We needed to help other east Asian economies to recover.”

Lin brought only two suitcases with him to his World Bank job, leaving the furniture in Beijing. Two beige leather sofas and a set of traditional Chinese tables and lamps in the living room were bought in Washington, where Lin and Chen were amused to discover stores selling not only made-in-China western furniture but also good Chinese-style pieces made in the west. Many of the objects on display were local finds picked out by Lin, who adds that when he returns to Beijing he will “take back some local treasures.”

A large ceramic apple on the mantelpiece was bought in a craft shop in Ocean City, Maryland. On another shopping expedition, Lin came across a pair of red porcelain horses, “nice copies from the Tang dynasty.” They are wedged into a bookcase, under classical Chinese texts. An unexpected piece of furniture is an electric massage chair with a red pillow, by the glass doors. “We may have to leave it here,” says Lin.

In the opposite corner is a 5ft (1.5m) high porcelain cylinder in light green and blue, a piece of decorative art with painted landscapes of the jagged and smoky mountains of the



Justin Yifu Lin arrived in Washington DC with just two suitcases, leaving the rest of his furniture in Beijing

Chinese south. "It's a gift from a Chinese friend," he explains. "Chinese intellectuals enjoy going to the mountains, the lakes. You cannot do that every day so we have these representations. When people send you such a landscape it's like giving you the whole world."

I ask Lin whether, after years of introspection, China now relishes taking a leading role in international financial institutions. "China benefited from being a member of the World Bank. In the early stages of reform, the bank brought funds and knowledge. For example, before 1984, China didn't have a highway system. The first highway from Beijing to Tianjin was funded by the Bank in 1984/85 and was only 100km long. China now has the second-largest highway system in the world and builds infrastructure in developing countries. China can share its experience with other countries through institutions like the World Bank."

As chief economist, Lin, whose research has traced China's super-speed evolution from agrarian economy to the world's manufacturing powerhouse, is urging a deeper look at government-facilitated development: what he calls "a new structural economics". He is also enthusiastic about "open-knowledge" initiatives that transfer learning about development between regions and even cities. One project tackled urban joblessness by shifting knowledge from Mexico City to New York. "Developing countries can now offer lessons to developed countries," says Lin.

Yet isn't it a paradox that China is both a developing country and the developed world's potential lender of last resort? "China has become a middle income country and past the threshold for high-middle income. But it is still a transition economy."

Over the staircase to the dining room, a painted scroll features a tiny figure clambering up a mountain. A Chinese-style dining room table, bought from Ethan Allen, is festooned with a gold embroidered silk runner with depictions of the seasons, which they brought from Beijing. These days, with long working hours, Lin does less cooking in the kitchen than jogging: the space doubles as a makeshift gym, complete with treadmill. Yet Lin still manages to make Chen her daily cup of coffee.

So does Lin think China will finally help bail out the beleaguered countries of the eurozone? "That's a wish. But China won't be able to do that because this is a global co-ordination problem," he says. "All the problems have solutions. You need political wisdom and political will. Although you have a debt issue, money is not the main constraint. It's the wisdom to mobilise resources and put that in ways to create confidence about the future."

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### **Favourite thing**

Scroll of Confucius's "The Great Harmony": "I didn't bring many things with me from Beijing but I did bring this," says Lin, pointing to a large scroll of painted Chinese

characters of Confucius's sayings hanging over the living room sofa. "It is a present from the economist Larry Lau who was vice-chancellor of the University of Hong Kong. When I gave a speech, he gave me this scroll made by his grandfather who wrote it out. This copy was made in 1962. The red mark is the seal of the calligrapher and right below it is the signature, Yu Youren."

Lin, who tries to integrate classical Chinese philosophy into his own thinking, cites Confucius's depiction of a strife-free, respectful society as inspiration. "The Great Harmony is the ideal world for the intellectual. It advocates a world in which everyone trusts each other, cares for others and not only for himself. That's the idea of The Great Harmony. It inspired me when I was young.

"We should do our best for society. This was my vision for the World Bank. I carried this [scroll] with me because I wanted it to inspire me and my colleagues. We try to work on poverty reduction and promote sustainable growth." Has he achieved some of that vision?

"I do my best. There's a lot we need to do."

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