

DEVELOPMENT
ECONOMICS
THROUGH THE DECADES

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A CRITICAL LOOK AT 30 YEARS OF
THE WORLD DEVELOPMENT REPORT

SHAHID YUSUF

with Angus Deaton, Kemal Derviş,
William Easterly, Takatoshi Ito,
and Joseph E. Stiglitz



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FOREWORD

The 30th anniversary of the *World Development Report (WDR)* is an auspicious event for the World Bank. The report has served as one of the principal and most widely read vehicles for encapsulating the Bank's knowledge of and policy recommendations on key development issues. The very earliest *WDRs* concisely summarized the Bank's views on national and sectoral development priorities with reference to the evolving global context. Since 1980, the reports have acquired a thematic focus and have provided the reader with an overview of current thinking on specific topics complemented with a wide-ranging synthesis of practical experience, all of which is anchored to the Bank's core concerns of sustainable growth and poverty alleviation.

The essay by Shahid Yusuf, himself a former director of a *World Development Report*, takes an erudite, measured, and dispassionate look over 30 years of thinking on development through the prism of the *WDR*. The essay traces the genesis of the report and accounts for its success, explains why particular topics were addressed, sums up the main messages, and distills the themes that recur in report after report. It asks whether the *WDRs* have not just illuminated a topic but also contributed to the science of policy making by delineating choices and showing clearly how

specific actions can lead to predictable outcomes. The essay appropriately acknowledges the huge advances in our understanding of development made possible by empirical research; however, it also rightly notes that the forging of effective policies to promote sustainable growth, reduce poverty, contain inequality, and achieve macrostability, which are the principal objectives of the Bank's member countries, remains a complex task—in fact something of an art—with few precise and reliable rules. The stock of tested policy tools is small, and it grows slowly. Although we can all agree that institutions matter, creating and embedding new institutions remains a forbiddingly difficult exercise. And although knowledge is viewed as the principal driver of growth, policy struggles to find ways to accelerate the generation, transfer, and assimilation of knowledge.

In the final section of the essay, Yusuf discusses the future role of the *WDR* and points to some of the challenges that beckon. The list of development issues deserving the kind of illuminating and constructive attention *WDRs* can provide is a long one, and I can see the *WDRs* continuing to contribute meaningfully to the fund of knowledge and practice on development. I also expect that the reports will continue to evolve in content and focus, as they have done in the past, as the global context changes.

This essay and the crisp insightful commentaries by distinguished contributors not only provide us with fascinating perspectives on the past three decades of the *WDR* and on development economics, they also offer valuable suggestions on the orientation of *WDRs* to come.

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