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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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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**Angus Deaton** is Dwight D. Eisenhower Professor of Economics and International Affairs at Princeton’s Woodrow Wilson School and Department of Economics. He has previously held appointments at the Universities of Bristol and Cambridge in England. In 2006, he chaired a panel charged with the evaluation of World Bank research over the previous decade. He is a Fellow of the British Academy, of the Econometric Society, and of the American Academy of Arts and Sciences. He earned bachelor’s and master’s degrees and a Ph.D. from the University of Cambridge, and he holds honorary degrees from the University of Rome, University College London, and the University of St. Andrews. He will serve as President of the American Economic Association in 2009.

**Kemal Derviş** is head of the United Nations Development Programme. He is also the Chair of the UN Development Group, a committee consisting of the heads of all UN funds, programs, and departments working on development issues around the world. Derviş was a member of the Turkish Parliament from 2002 to 2005 and was Minister for Economic Affairs and the Treasury from 2001 to 2002. From 1977 to 2001 he held various positions at the World Bank, including Vice President for the Middle East and North Africa Region and Vice President for the Poverty Reduction
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Joseph E. Stiglitz is University Professor at Columbia University, Chair of Columbia University’s Committee on Global Thought, and Co-founder and President of the Initiative for Policy Dialogue. Stiglitz was awarded the Nobel Memorial Prize in Economics in 2001 for his analyses of markets with asymmetric information and was a member of the Intergovernmental Panel on Climate Change that was awarded the Nobel Peace Prize in 2007. He served as chairman of President Clinton’s Council of Economic Advisers and was Senior Vice President and Chief Economist of the World Bank. His latest book, *The Three Trillion Dollar War*, coauthored with Linda J. Bilmes, was published in 2008.