



# DEVELOPMENT ECONOMICS THROUGH THE DECADES

A CRITICAL LOOK AT 30 YEARS OF  
THE WORLD DEVELOPMENT REPORT

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SHAHID YUSUF

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



THE WORLD BANK

“The 30th anniversary of the *World Development Report* 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 trends.”

—Justin Lin, *Senior Vice President and Chief Economist, The World Bank*

Since 1978, the World Bank’s annual *World Development Report (WDR)* has provided in-depth analysis and policy recommendations on a specific and important aspect of international development from agriculture, the role of the state, economic growth, and labor to infrastructure, health, the environment, and poverty. In the process, it has become a highly influential publication that is consulted by international organizations, national governments, scholars, and civil society networks to inform their decision-making processes.

In this essay, Shahid Yusuf examines the past 30 years of development economics, viewed through the *WDRs*. The essay begins with a brief background on the circumstances of newly independent developing countries and summarizes some of the main strands of the emerging field of development economics. It then provides a sweeping examination of the coverage of the *WDRs*, reflecting on the key development themes synthesized by these reports and assessing how the research they present has contributed to policy making and development thought. The book then looks ahead and points to some of the big challenges that the World Bank may explore through future *WDRs*. The essay is followed by five commentaries, each written by a distinguished economist or development practitioner,

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which further explore this terrain from different perspectives.

Together, the contents of this volume provide an extraordinary and remarkably compact tour of development economics through, around, and beyond the *WDR*. It will be invaluable to anyone interested in the evolution of development economics over the past three decades as well as to students, scholars, and policy makers in the field of development.

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To commemorate the 30th anniversary of the *World Development Report*, this book is being simultaneously published with *The Complete World Development Report, 1978–2009*. This DVD is a fully searchable digital archive containing the complete collection of *WDRs* in HTML and PDF formats. For more information about the DVD or the *World Development Report*, visit [www.worldbank.org/wdr](http://www.worldbank.org/wdr).

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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.

Justin Lin  
Sr. Vice President and Chief Economist  
The World Bank

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