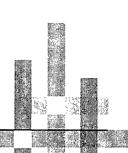


Frontiers in Development Policy

A Primer on Emerging Issues

Raj Nallari, Shahid Yusuf, Breda Griffith, and Rwitwika Bhattacharya





CONTENTS

Preface	xi
About the Authors	xiii
Abbreviations	xiv
PART I. DEVELOPMENT CHALLENGES IN A POSTCRISIS WORLD Section 1. Overview	1
Raj Nallari	
Section 2. What Is Development? Breda Griffith	9
Section 3. Poverty Traps and the MDGs <i>Breda Griffith</i>	25
Section 4. Middle-Income Trap Breda Griffith	39
Section 5. Pathways to Development Shahid Yusuf	45
Section 6. Why Is Development Blocked? Raj Nallari	55
Section 7. Development Challenges Raj Nallari	61
Section 8. Political Economy Raj Nallari and Rwitwika Bhattacharya	67

PART II. PRIVATE ENTERPRISE AND DEVELOPMENT	71
Section 9. Overview Shahid Yusuf, Breda Griffith, and Raj Nallari	73
Section 10. Firms Are the Prime Movers Shahid Yusuf	79
Section 11. Industrial Mix, Research Intensity, and Innovation by Firms Shahid Yusuf	87
Section 12. Investing in Technology and Human Capital: An Example from Asia Shahid Yusuf	95
Section 13. Impact of Regulation on Growth and Informality Breda Griffith and Raj Nallari	105
Section 14. Private Sector Regulation and Financial Regulation Breda Griffith and Raj Nallari	111
PART III. GROWTH AND DEVELOPMENT STRATEGIES AND RETHINKING DEVELOPMENT	115
Section 15. Overview Breda Griffith, Raj Nallari, and Shahid Yusuf	117
Section 16. Why Is Growth Higher in Some Countries? Breda Griffith	125
Section 17. The Role for State Intervention Raj Nallari	131
Section 18. Private Participation in Infrastructure Breda Griffith	135
Section 19. Changing Development Paradigms Breda Griffith	143

Section 20. Aid Effectiveness Breda Griffith and Raj Nallari	151
Section 21. Enhancing Competitiveness Raj Nallari	159
Section 22. Land Policy and Effective Use of Natural Resources Breda Griffith and Raj Nallari	165
Section 23. Cities as Engines of Growth Shahid Yusuf	171
Section 24. Rethinking Macroeconomic Theory Raj Nallari	179
Section 25. Macro-Fiscal-Monetary Policies <i>Breda Griffith and Raj Nallari</i>	185
Section 26. Fiscal Activism Raj Nallari	193
Section 27. Fiscal Multipliers Raj Nallari	201
Section 28. Preventing Future Credit Bubbles Raj Nallari	205
Section 29. Revisiting Exchange Rate Regimes Raj Nallari	209
Section 30. Reexamining Trade Policy Raj Nallari	213
PART IV. HUMAN DEVELOPMENT POLICIES	217
Section 31. Overview Raj Nallari	219
Section 32. Early Childhood Development: The First Thousand Days Are Most Important Rai Nallari	221

Contents

Section 33. Education Access and Quality: What We Know and Don't Know Raj Nallari	225
Section 34. Health Care Policy Raj Nallari	231
Section 35. Labor Market Trends Raj Nallari	235
Section 36. Labor Market Policies Raj Nallari	247
PART V. MANAGING RISKS	255
Section 37. Overview Raj Nallari	257
Section 38. Managing the Climate Crisis Raj Nallari	259
Section 39. The Role of Macroprudential Regulations <i>Raj Nallari</i>	263
Section 40. Managing Capital Flows Raj Nallari and Ababyomi Alawode	269
Section 41. Triple Crisis: Rising Food Prices, Global Financial Crisis, and Climate Change Issues Raj Nallari and Rwitwika Bhattacharya	277
Section 42. Catastrophes and Economic Growth Raj Nallari and Rwitwika Bhattacharya	283
Index	287
Figures 2.1 Income and Happiness, 1980s and 1990s 2.2 Income and Happiness in the United States 2.3 Relationship between Well-Being and Income within	18 19
Individual Countries, Gallup World Poll, 2002	20