The principles, strategy, and sense of direction that Jim brought to the Bank, encapsulated in the two pillars, have reshaped the institution's approach to development. They have also advanced the understanding of development far beyond where it was in the mid-1990s when Jim arrived at the Bank. Ideas and insights that lead to strategies for effective action provide the most enduring of legacies.

The CDF's intellectual structure—by Joseph Stiglitz

Jim Wolfensohn's Comprehensive Development Framework (CDF) represented a major advance in development thinking and practice. Previously, development thinking and practice had been a quixotic quest for that single, quick fix that would ensure development success. At one time, that quick fix was money. It was thought that since developing countries had less capital than more developed countries, supplying more capital would do the trick. Indeed, that thinking provided part of the rationale for the World Bank: if a shortage of funds was the problem, clearly a bank was a key part of the solution.

Later, in the 1980s, there was a switch from projects to policies: the new watchword was structural adjustment, which involved trade liberalization, privatization, and macroeconomic stabilization. (Revealingly, "stabilization" typically meant stabilizing prices, not employment or output.) But these policies proved neither necessary nor sufficient for growth. We can see this in the experience of East Asian countries, which followed quite different policies but were more successful than other developing countries in terms of growth and poverty reduction. Education was another "single policy" solution that grabbed attention for a while but proved similarly incomplete as a tool for spurring development.

Early on at the Bank, Jim emphasized that developing countries were separated from developed countries by more than their lack of resources. There was also a gap in knowledge, which inspired Jim's emphasis on the need for a Knowledge Bank. He recognized that the world had moved into the Knowledge Economy, and that among the countries that had thrived in the new environment were India and the countries of East Asia—countries that had invested heavily not just in primary education but also in secondary and tertiary education, and especially in technology and science. This represented a major change in the Bank's approach to education, which previously had focused on primary education, and it was reflected in the *World Development Report 1998: Knowledge for Development.*

Jim's campaign against corruption also represented a major and much-needed advance in thinking about government, as the focus shifted from downsizing the state to improving the state. Failed and ineffective states were no less of an impediment to development than were overbearing states. The *World Development Report 1997* reflected this new attempt at finding the balanced role of the state, reflecting an understanding of the limitations both of markets and of the state.

These insights about development contributed to the CDF. The framework emphasized the need for each country to identify the facets of its economy—and of society more broadly—that were most in need of being strengthened. Identifying and acting on these key bottlenecks would yield returns elsewhere because of the strong linkages among the sectors. For example, improved productivity in the rural sector or better access to export markets would do little good if the country lacked roads and harbors for transporting crops. More positively, in a malaria-infested country, a malaria eradication program could increase production and even increase the effective land supply, as parts of the country that were almost uninhabitable because of infestation become livable. And if more individuals live longer because of better health, that would increase the returns to education and hence the incentive to invest in it.

The CDF also called for each developing country to participate more actively in identifying what needed to be done, as well as for greater collaboration among the donors in helping each country realize its objectives. As Jim put it, the CDF entailed "putting the country in the driver's seat," which marked a significant change in traditional relationships. It also enhanced the benefits from Jim's earlier initiative to decentralize the Bank's operations by moving country directors and staff into developing countries, bringing the Bank into closer contact with those living in the countries served by the Bank.

Some criticized the CDF as leading to a lack of focus. Those critics wanted a return to the good old days when the same prescriptions were applied to every country—and worked almost nowhere. On the contrary, the CDF was meant to sharpen the focus—but a focus that differed from one country to another, depending on country circumstances and objectives.

It is worth noting the contrast between the CDF and the shock-therapy approach that had failed so often. Shock therapy often seemed to emphasize comprehensiveness, in that it prescribed broad and rapid transformation of an economy on many fronts—though in practice the set of issues it focused on was relatively narrow. Shock therapy ignored the importance of the institutional infrastructure, which could neither be created overnight nor imposed from the outside. Indeed, even when not imposed from the outside, shock therapy too often entailed a top-down approach to reform. An essential aspect of the CDF, as conceived by Wolfensohn, was participation—a movement toward meaningful, participatory democracy that did not substitute for, but went well beyond, electoral democracy.

Jim has always emphasized the enormous scale of the task of eliminating poverty in the developing world. He has spoken repeatedly of the need to go beyond projects and policies—and of the importance of scaling up. The Comprehensive Development Framework provided an intellectual structure that was essential in accomplishing these ambitious goals. We have gone only a little way down the road that he helped lay out. There is much yet to be done.

Reducing global poverty—by Angus Deaton

Five or six years ago, around the middle of Jim Wolfensohn's time at the Bank, I attended a consultation in Delhi about the preparation of the *World Development Report 2000/2001: Attacking Poverty*. The World Bank manager who introduced the consultation explained to the audience that every 10 years the World Bank devoted the WDR to poverty to take stock of progress toward the Bank's ultimate mission.