

The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It

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In this detailed yet easy to read book, Paul Collier focuses on a group he calls the “bottom billion.” According to Collier, the bottom billion represents fifty countries with 980 million people, which have not experienced significant economic progress, and appear to be trapped at the bottom. Collier argues that these fifty failed states pose the real challenge of the developing world in the twenty-first century. This is because the rest of the developing world is growing and the income gap between the bottom billion and everyone else is rising precipitously. Hence, focus needs to be drawn towards this group.

The book is made up of twelve chapters divided into five sections. In the first section, chapter one provides both a motivation for looking at the bottom billion and a quick overview of the issues facing this group. Many casual readers of this book might assume the bottom billion consists of countries solely in Africa. However, part of the bottom billion live in Bolivia, Myanmar, Cambodia, Haiti, Laos, North Korea, and Yemen, though seventy percent live in Africa.

The second section consists of four chapters. Here, Collier highlights four traps that make it extremely hard to escape from the bottom and why the traps matter for G8 policy. He stresses that these four traps condemn these countries to their current status and, if left unchecked, define their future. In chapter two, the “conflict trap” is expounded. Collier argues, based on his research, that once a country has had one civil war, they are likely to have more. In addition, the poorer a country becomes, the more likely it is to succumb to civil war. The “natural resource trap” is discussed in chapter three. This trap is paradoxical to non-economists who are unaware of the Dutch disease and the difficulty of managing volatile resource revenue. In chapter four, Collier discusses the “landlocked with bad neighbors trap,” which is similar to the geography thesis of Jeffery Sachs. He then outlines eight strategies which these landlocked countries can use to improve their chances of growth. Chapter five gives examples of the “bad governance in a small country trap.” One of the interesting findings based on his research, noted in this chapter, is that the probability of turnaround in any year is extremely low for failing states. In the same

vein, he notes that democracy and political rights are not preconditions for a sustained turnaround in failing states. In contrast, turnarounds are more likely to be launched and succeed in countries having a larger population, and a higher proportion of that population with a secondary education.

In the third section of the book, Collier shares his views on globalization and how globalization affects the bottom billion. Collier suggests that globalization will not help the countries in this group because they have already been left behind by other developing countries. One of his controversial suggestions is giving these countries protection against competition from Asia. Collier's argument is that countries in Asia have become relatively wealthy by providing extremely cheap labor to the developed world, but as long as labor costs in these countries are still low, it will not be worthwhile for Western companies to move to bottom billion countries.

In the fourth section (chapters seven through ten), the different possible instruments to help the bottom billion break free from the four traps are discussed. Collier applies each of the instruments to each trap and highlights where each instrument's use has the most potential for success, and where they are more or less unproductive. In chapter seven, Collier argues that aid in most forms is ineffective and is only a small part of the solution. He provides arguments in support of a moderate shift from direct foreign aid to more technical assistance. The case for military intervention, despite controversy surrounding the use of this instrument, is put forward in chapter eight. Chapter nine is a discussion on laws and charters and how these can work as instruments. Collier emphasizes the need to establish a set of international standards for different important issues and scenarios facing the bottom billion, like natural resource extraction, democracy, budget transparency, investment, and post conflict recovery. Trade policy as an instrument is discussed in chapter ten. Collier highlights why trade openness is needed by the bottom billion. He emphasizes the flaws in the view that trade in general is bad for this group. However, Collier does not fail to mention how rich countries' trade policy impedes the development of the bottom billion and how their own trade barriers also amplify the problem.

In the final section, chapter eleven, Collier puts forth suggestions on what needs to happen if the plight of the bottom billion is going to change and who should make it happen. His two main recommendations, succinctly put, are, "narrow the target the world is focusing on to one billion versus five billion and broaden the instruments by shifting focus from aid to other policy choices."

Collier provides important lessons and insights in *The Bottom Billion*. One of the strengths of the book is its focus on the least developed countries as over against the developing countries in general. However, there are some shortcomings.

First, the focus on poor countries instead of on the very poor in any developing country could be an issue. The problem with the country approach is that a sizeable number of the very poor in countries that have high growth rates but high or medium inequality and an average human development index (HDI) get ignored. A good example is India, which is not part of the bottom billion. However, over thirty-four percent of its one billion population lives on less than one dollar a day. Similarly, Collier's view that the core problem in the bottom billion is growth raises some concern. I believe that, though growth is a condition for development, the main focus should still be development. For example, Botswana is cited as one of the success stories of Africa but inequality in Botswana is high. Additionally, the number of people below the poverty line in Botswana, despite over two decades of significant growth, is significantly high. Botswana has a life expectancy of less than forty years and its HDI is ranked 124th while its per capita income is ranked sixtieth. Development is still far off for Botswana and many other slow-growing African countries, though growth has continued steadily over time.

A second shortcoming is Collier's omission of the low human capital trap in his discussion on why these groups of countries are stuck in a poverty trap. Human capital is transmitted through health and education. Lack of education and poor health and nutrition create a vicious circle of low productivity and low growth and development. Hence, issues of health and education for the bottom billion are too critical to be left out in a discussion of traps faced by this group.

Third, and most significant, the book sometimes does not present the whole picture. This is quite worrisome because most people reading this book will assume that Collier is providing a thorough account of the events he depicts; this is not always the case. For example, Collier's account of the success of military intervention in Sierra Leone, achieved solely by the effort of the British Army, is one sided (see United Nations 2005). His account ignores the very important role of the ECOWAS Ceasefire Monitoring Group (ECOMOG) and United Nations Mission in Sierra Leone (UNAMSIL) in helping to restore order in this country over time. Another example is the elections in Togo mentioned in chapter eight. Collier makes the claim that Faure Gnassingbe did not win the election, but there is no substantial evidence to this effect. Though the election had

some problems—as do most elections in Africa and some elections in other developing and developed countries—there is no substantiated evidence that Gilchrist Olympio would have won. This is why this opposition leader, despite trying to rally protests post-election as is common in many parts of Africa when the opposition loses (the present violence in Kenya provides a classic example), agreed to work to end the violence quite quickly. Togo, since its independence, has maintained relative peace and, despite its small size and limited resources (hence its slow growth), has a medium HDI and medium inequality. I feel strongly that it is inappropriate for Collier to say that the only decisive contribution Faure (a graduate from George Washington University) would make is dying. There is little doubt that many people within this country supported his election and, in the two years following his election (2006 and 2007), GDP growth has at least increased between two to three percent, despite the negative effect of rising oil prices and volatile commodity prices for nonoil producing small African countries.

The last gap in Collier's book is the lack of mention of the role of past institutions with respect to some of the problems faced by the bottom billion today. Collier talks about the corruption of some governments of poor nations, but he does not rightly trace this extractive culture to its roots, which are found in colonialism. The recent work by Robinson, Acemoglu, and Simon (2002) provides evidence of the extractive institutions set up in Africa by the colonialists. Corrupt leaders are definitely one of the problems faced by the bottom billion. However, the growth and persistence of this kind of leadership is linked to the enduring nature of the extractive institutions put in place in Africa via colonialism. Understanding the starting point of this kind of extractive culture is important because it may provide insight into possible channels for changing this culture, which is paramount for this group's growth and development.

Is Collier's book of special significance to Christian economists? It depends on how you look at it. As Christian economists, we are concerned with not only the optimal or efficient use of scarce resources, but also living according to the principles of our faith as expounded in the Bible. This sometimes creates a dilemma for Christian economists in terms of what is the best policy action to prescribe or how to approach a given situation, proposal, or research agenda. The proper response to issues like those illustrated in *The Bottom Billion* depends on the knowledge of the economist, whether Christian or not, of the group of people this book is about, and expertise on issues related to economic development. One lesson economists, especially Christian economists, can take away from

Collier's book is the importance of providing accurate economic research that can withstand peer scrutiny.

That said, a Christian economist's utility function may look different from others and this means we may not always come up with the same approaches and policy solutions. One of the main theses from Collier's book is that aid is not effective and that other instruments should be used. However, the ineffective nature of aid in these countries is linked primarily to its medium of transfer—corrupt governments. If the Christian economist can provide an alternative medium of transfer, which has been proven over time to be effective, then direct aid could be a viable instrument from the point of view of the Christian economist. What might this medium of transfer be? We might explore faith-based, non-governmental organizations. Though there are arguments against the choice of faith-based organizations, the benefits of using these organizations are likely to far outweigh the potential concerns. However, there is a need to provide evidence of the effectiveness and successes of these organizations, not just with narratives, case studies, and descriptive statistics, as we commonly do now, but with rigorous econometric analysis. Who better to attack such a research agenda than a Christian economist, who has foreknowledge of the credibility of some of these organizations, and the success of programs in many countries in the bottom billion.

References

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