

Book Review

Paul Collier

The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It
New York: Oxford University Press, 2007

Reviewed by Howard A. Doughty

Strategies for economic development have varied from place to place and from time to time. While points of emphasis may differ, most theories uniformly applaud the objective of industrial growth and the utility of entrepreneurship, high technology, urbanization and other hallmarks of the struggle for prosperity. Whether approached from the left or the right of the shifting political spectrum, the acquisition of material wealth is commonly associated with progress toward modernity, and the factors leading to it are explored in the hope of designing a workable “roadmap” to an affluent society. Existing global corporations, triumphant neoliberal ideologues and the superannuated apologists for the several now seemingly obsolete variations on the theme of “command” economies are at least agreed on this much: growth is good – for private companies which embody the ethic of greed, for state enterprises that once lurched from five-year plan to five-year plan with limited detectable success, and for the populations blessed with advanced (private or state) capitalism whose boats were presumed to float on the rising tide of economic achievement.

There are, of course, dissenters. Citing the issues of environmental degradation, neocolonial exploitation and egregious inequities in the distribution of goods and services, there is a small but enduring contingent, which stresses indigenous traditions and eco-friendliness, while advocating organic farming methods and small-scale communitarian models of production as a viable alternative to expansionist “westernization.” They advocate what they believe to be a qualitatively better way to enhance living conditions. They revere Gandhi’s spinning wheel as more than a symbol of Indian liberty, but as a token of a different definition of development. They endeavour to share the bounty of human labour while simultaneously living in harmony with the Earth. They are often admired, but rarely emulated. In the main, the lure of such voices has been limited, frequently dismissed as unrealistic, impractical and

irrelevant to the aim of economic advancement, and contemporarily capable of winning supporters only as an adjunct to organized opposition to chemical fertilizer companies with dubious records with respect to human betterment. More broadly, it is also fair to say that comprehensive, visionary approaches to social, political and economic development such as the notions of “African socialism” once contemplated by the likes of Julius Nyerere, are rarely recalled. They once inspired a generation who sought a better route to the future and a different concept of the future. They distanced themselves from the struggle between the two brutal contestants – US capitalism and Soviet communism – for the resources of poor countries and the souls of their citizens. Their appeal today is for the most part nostalgic.

Now, a new discussion is under way. It involves people whose disagreements are seldom those of fundamental principles or competing ideologies. They tend to be about specific analyses and particular tactics dedicated to what are mainly common ends. Sometimes they focus on what social scientists refer to as a locus of inquiry. Sometimes they concern matters of process. At present, for example, critics of Jeffrey Sachs’ *The End of Poverty* acknowledge that his “is a beguiling read, earnest and honest and bursting with energy and confidence, but behind it all,” it is said, Sachs is guilty of a sort of [International Monetary Fund] orthodoxy ... in his single-minded emphasis on economic development. In his macho bravura that economic development is everything he is more of a traditional economist than he would have his readers believe.” This seems almost a critique of rigidity of style more than severity of substance. The same could not be said of Paul Collier.

Collier may not be a traditional economist, if by that is meant someone who believes in a Whiggishly linear pathway to the material comforts of modern society. At the same time, Collier is no fuzzy utopian; his writing is as hard-nosed and practical as any investment banker’s. He is no idealist; his methods are statistical and about as “scientific” as any empiricist could wish. As an insightful reviewer in the British newspaper, *The Guardian*, wrote: “As an economist, Collier’s call to arms is founded on hard-headed cost-benefit analysis, not post-colonial guilt or emotional hand-wringing. He calculates, for example, that the cost of a badly governed ‘failing state’ to itself and its neighbours in lost economic

growth is a staggering \$100 billion. On that basis, spending a few million on parachuting in skilled administrators to support the government, bankrolling infrastructure projects or even sending in troops to put down an incipient coup looks like a bargain.” Humanitarianism is not discounted, but it is not crucial to Collier’s fundamental argument.

Collier’s contribution to the debate over poverty in the underdeveloped world is singular because it reverses our attention. Rather than identifying a destination which is almost universally understood to be desirable, and setting out the way to arrive at the storied site, he looks at the crashes and seeks to explain what drove those travelers off the road. Or, to switch metaphors, Collier’s work implies that it is less helpful to describe physical fitness and a healthy lifestyle than it is to understand pathology and therapy. No diagnosis? No prospects for recovery.

The Bottom Billion begins with the rejection of the implicit premise of most literature on economic development, which is that we live in a world divided between the one billion people who live in advanced societies and the five billion who live in societies variously described as “developing” or “underdeveloped,” “traditional” or “backward” depending on the optimism and the political correctness of the observer. A legacy of old-fashioned imperialism, this view of the world suggests that only people in the so-called “West” (now including Japan and several other “westernized” nations) have (and merit) the material abundance that flows from reliable surplus economies. Except for those which have been persuaded or coerced into conforming to neoliberal economic policies and therefore alleged placed on the path out of penury, the apparent fate of the most deprived nations is said to be continuing or even worsening conditions. The practical consequence of this premise is that societies living in poverty are well-advised to study their Samuelson and moved purposefully toward the establishment of those beliefs and practices that characterize the more advantaged members of their species. In almost every account, globalization is understood to be the mechanism through which this movement may not only be stimulated but, in effect, made inevitable.

This scenario is patently false. Setting aside the fact that there are a number of nations that have climbed the ladder of productivity and commercial success, one of Collier's main insights is that there is also a great divide within the community of poor countries. Some are advancing rather quickly. Some are lagging behind. And some are not merely being left behind, but are apparently in danger of collapsing. To the rich and the improving economies we must add the desperately impoverished nations which endure not only economic hardship but problems of epidemic diseases, frequent civil strife and often tyrannical governments. They are down and out on the big blue marble (Earth). Their inhabitants number about one billion. Most of them live in Africa, and in sub-Saharan Africa to be precise. Their fate is not yet sealed, but the odds are very much against them. They are entrapped, and the obstacles to their improvement are formidable and not of their own making.

Typical accounts of the distress of the bottom billion blame either indigenous political leaders (with or without the collusion of foreign agents and arms dealers) or foreign agents and arms dealers (with or without the collusion of indigenous political leaders) for the plight of the destitute. Paul Collier dissents. Internal conflict, government ineptitude and political corruption are all important contributors to the woe of the world's losers. They are significant proximate causes; but, in the end, it's the economy that defines the dimensions of the jail in which they are trapped. The economy is the key to comprehending the plight of the very poor, and it holds the keys to escape.

Economics, it must hastily be added, involves more than the production and distribution of goods and services. It must be seen in an environmental context – both natural and human, geographical and cultural – to be properly understood.

No one, after all, can be a successful ocean fisher in a land-locked country. No one can be a successful miner on a coral atoll. We must all work with the conditions and the resources at hand to engage and overcome the essential problems of survival. Likewise, Max Weber was surely on to something when he wrote eloquently of the "protestant ethic," just a little over a century ago. Lenin, Mao and Ché Guevara were less successful with their musings on the "new socialist man"; still, they were all attuned to the idea of a link between the mode of

production and human motivation. Perhaps the socialists will have better luck next time. Meanwhile, both non-human and human nature are crucial for our purposes, chiefly as they relate to economic production and distribution in those countries sometimes contemptuously written off as “basket cases.”

Collier advances a number of hypotheses. What, he asks, are the determinants of distress, deprivation, destitution and, ultimately, of disaster? The answers he finds are generally related to weak economic growth rates and to the overall structure of the economy.

Refining these factors further, he points to the issue of resource dependency and, more particularly, to reliance on a single natural resource for the bulk of a country’s income. Eighty percent of developing nations rely on the export of natural resources. The same applies to failing societies, only more so. As well, he takes into account being land-locked, especially when surrounded by similarly poor neighbours. In addition, he considers the existence or imminent threat of civil conflict, often fuelled by ethnic and religious tensions that frequently arise over the issue of which groups control or do not control valued resources. Finally, he speaks of ineffective and illegitimate authorities which may siphon off any potential investment in public goods to the forces of political repression and social control, permit or participate in a grotesquely inequitable distribution of income, and allow or encourage politics to be reduced to grim power struggles over who gets to be in charge of, and thereby to profit from, resource extraction and export revenues.

Seemingly paradoxically, there appears to be a greater danger of extreme poverty in countries and political insecurity where available resources are extremely valuable, and therefore constitute a greater prize for those with the wit, the will and the mendacity to monopolize them at the expense of the common weal. In resource-rich nations that have had their boundaries drawn by colonial governments along capricious lines rather than according to ethnic concentrations or even basic geographical considerations, there is a good chance that some tribal or ethnic communities will be favoured over others. The result will often be secessionism. Biafra, which fought a failed war of independence from Nigeria in 1967-1970, and Katanga, which declared its independence from Congo in 1960 are instructive cases in

point. Moreover, the ability to control elements of the resource economy by force can give warring factions the capacity to become self-financing and therefore self-sufficient for an indeterminate time. Whereas internal factions once needed to appeal to friendly foreign governments for their weapons, thus permitting the influence of external intelligence agencies bent on covert operations, contemporary fighters with access to profits from legal or illegal exports are now in a position to be independent. Osama bin Laden and the Taliban may once have needed CIA help; they can now be self-supporting thanks in the latter instance to the harvesting of poppies.

Some of the consequences of being blessed by a singular rich resource leech into political cultures and establish a routine of corruption in the form of financial kick-backs from corporations to politicians and blackmail of corporations by politicians. At this point matters become murky. To remain in power, political leaders completely alienate their citizens at their own peril. Foreign companies can therefore be cajoled into providing health care and educational facilities in the territories where they operate. As well, they have been known to offer higher than average wages to people who will work for them in the field. What might seem to be “positives” are, according to Collier, far from genuine benefits. High wages, he says, “mess up the labour market and so costs jobs” in the long run. Also, as he quite rightly insists, it ought to be the responsibility of governments to produce public goods. To become beholden to private sector interests for essential public services is a recipe for catastrophe.

There are, on the basis of Collier’s analysis, a number of therapeutic options. One, of course, is well-planned and well-considered external intervention. The record of foreign powers seeking to redeem failed regimes is spotty, but Collier holds up Sierra Leone as an example of a clearly targeted military intercession that achieved salutary results. He also contends that foreign investors fear, above almost all else, consumer boycotts of their products. Pressure can thereby be applied to transnational enterprises to behave as authentically responsible corporate citizens. This, it should be added, might well be in the self-interest of those corporations if they calculate that their long-term goals will be more easily achieved with a stable rather than an unstable political situation. Collier is not, however, enthusiastic about the moral conceits of rock concert performers and young people sporting coloured wrist-

bands or ribbons that call warmheartedly for consumer action and unfettered aid. Instead, he holds out a set of all-inclusive and highly structured policy reforms that range from long-term commitments to infrastructural assistance through preferential trade policies to international standards for public-private relationship that he would like to see formalized in an “Extractive Industries Transparency Initiative.”

Collier contends that adequate funding for countries in extreme poverty is an absolute necessity, but it is not sufficient to accomplish the task at hand. In the end, he places much of the responsibility for the future of the bottom billion upon the people and the leaders of the pertinent countries. The struggle, he says “is not a contest between an evil rich world and a noble poor world. It lies within the societies of the bottom billion.” Local scrutiny in matters such as transparency in competitive bidding for government contracts, openness in extraction licensing, as well as effective demands for untainted political elections and respect for human rights must be entrusted to the citizens themselves. This is a sizable burden for people who may lack the capacity to feed and house themselves. Collier is nonetheless firm. Financial assistance and political support for indigenous reformers can and must come from outside, but these can never be enough in the absence of internal reform, the extension of the rule of law, and governments skilled in the exercise of power and committed to the public interest. Although he is unafraid to advocate a form of “ethical imperialism,” a controversial option that might give skeptics pause, his emphasis is on using political means to reshape economies. The primacy of private over public interest emerges as one of the greatest challenges to those who seek to overturn a culture of corruption as a means to restore a healthy economy.

In addition to the obstacles to indigenous reform, it is well to reflect upon the trustworthiness of those eligible (if not always prepared or willing) to act as global police forces. Allocating to international powers the right and the duty to intervene on behalf of the oppressed people of failed and failing states assumes an internationally accepted definition of what constitutes a worthy or an unworthy regime. Unfortunately, the record of the ability of the world leaders to tell who is a reformer and who is not is problematic. Given the choice, Western nations have historically preferred Mohammad Reza Pahlavi to Mohammad Mossadegh, Bao Dai to Ho Chi Minh, Carlos Castillo Armas to Jacobo Arbenz, Augusto Pinochet to Salvador

Allende and, of course, Mobutu Sese Seko to Patrice Lumumba. A plausible case can be made that the fate of Iran, Vietnam, Guatemala, Chile and Congo and innumerable others would have been no worse under the leadership of those of whom Western powers disapproved and displaced. Sceptics may be forgiven for doubting their wisdom.

Paul Collier has given us a thoughtful and a thought-provoking book. His position certainly merits careful and considered reading. His research and its implications are compelling. Even if there are elements of his narrative with which reasonable people might reasonably disagree, he at least guides us to a consideration of the ultimate problem of poverty. Newspaper headlines display a preference for magnetic personalities who may be cast as heroes, villains or, in the cases of Osama bin Laden and Saddam Hussein, either and both depending on whether they were attacking Soviet forces in Afghanistan and the Ayatollah Ruhollah Khomeini's Islamic Revolutionary forces in Iran or whether they were killing Americans at home and abroad. Collier's strength is that he guides us away from those dominant personalities and triggering events. They are of immediate interest and importance, but they do not finally determine the problems that we face. Instead, he steers us toward the basic conditions that set the stage and impose the theatrical structure within which memorable but contingent speeches are made, guns conditionally blaze and random people irreversibly die in numbers prescribed as if by law.

Howard A. Doughty is Book Reviews Editor of *The Innovation Journal* and teaches at Seneca College of Applied Arts and Technology, King City, Canada.