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Assessing the Policy Prescriptions in *The Bottom Billion*

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In *The Bottom Billion* Paul Collier provides an accessible, innovative and controversial analysis of why some countries are trapped in poverty and the possible strategies for overcoming these difficulties. It has been widely read and is being taken seriously by many in development policy circles. In this series of In Focus briefs a group of academics, primarily from IDS, assesses Collier's policy recommendations. There is much that is useful in the grand sweep of Collier's prescriptions, but by bringing to bear a multidisciplinary array of research, these briefs add dissents, nuances and qualifications needed for operational decisions.

An overall appraisal

The Bottom Billion has many admirable qualities. First, it highlights traps and discontinuities – concepts that economists are not terribly comfortable with in their analyses. This perspective helps introduce concepts of time and phasing into policy implications (e.g. how much, how quickly and for how long will aid have to be allocated in post-conflict situations?) – something that is not second nature to policy analysts. It also helps to remind policymakers that the allocation of external development resources should not be driven solely by expected impacts upon the Millennium Development Goals (MDGs), but also by the availability and quality of domestic development resources. MDG impact per dollar of aid money is likely to be lowest in the Bottom Billion and global targets, therefore, fail the Bottom Billion.

Second, the book moves effortlessly

Collier's central thesis

In *The Bottom Billion* Paul Collier argues that the focus of development attention should be on those poor countries – largely in Africa and central Asia – whose economies are not growing. Places such as China and India, whose growth is robust, are generating the resources to handle their own poverty problems in the future. But the countries containing the poor Bottom Billion will be unable to provide such attention, because the economies of agglomeration attached to Asian economic success will deny them the option of exporting cheap, labour-intensive manufactures.

Collier posits that the Bottom Billion

beyond the narrow aid, debt and trade focus of 2005–2007 to a more balanced set of development instruments – aid, conflict prevention and resolution, trade

states are caught in four, sometimes interlocking traps – conflict, the Dutch disease of natural resources, the inadequate access to global markets which comes from being landlocked, and poor governance – and that they will need special assistance if they are to escape from these problems. He argues for new approaches to aid and trade, for international military interventions in the face of domestic conflict, and an expanded regime of international law and charters. One of Collier's most valuable contributions is his demonstration that reforms undertaken in the global North can significantly help the Bottom Billion.

and, most interestingly, international laws and charters. The last three of these instruments highlight the fact that it is not only how much the North gives

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the South in terms of aid that matters, it is also about the extent to which the North is prepared to stop doing some things that inhibit the South from developing.

Third, the book connects the instruments to the traps, further highlighting the fact that different countries need different strategies. So much for the one-size-fits-all Washington Consensus. For instance, aid is very important for the landlocked countries, but not the natural resource trap countries. Trade is critical for the coastal countries who are trying to compete against the Asian giants, but it is not so immediate a concern for countries in the governance trap. Military policy is only really important in post-conflict situations, not in a failing state situation, and so on.

Finally, the book is an easy read with some memorable lines: ‘Growth is not a cure-all, but the lack of growth is a kill-all’ (2007: 190), ‘we need to narrow the target and broaden the instruments’ (2007: 192), and the ‘mistake with aid to post-conflict situations has been that it has been too little and too soon’ (2007: 106).

But, as this set of briefs explains, there are some major blind spots – what about climate change (In Focus 03.4)? And are the socially excluded and the poor within India and China really embedded in traps that income growth can soon alleviate? Moreover, the focus on the Bottom Billion can serve to sidetrack the development community from the increasingly important role that the emerging economies can play in constructing or dismantling the traps that grip the Bottom Billion, however defined (In Focus 03.3). The briefs also show that many of Collier’s prescriptions are often lacking when they are brought

down to the level of specific countries or detailed policies. This is fair enough – the days of expecting an overarching narrative to work in every context are over. But by bringing to bear a much wider array of research and disciplinary perspectives on development policy than Collier provides, these briefs add more of the subtlety and qualifications needed for operational decisions. Some of Collier’s conclusions are endorsed and enhanced, but some are rejected.

The evidence for *The Bottom Billion’s* prescriptions

Collier’s sweeping analysis is rooted in his own research, which has both a great strength but also some potential weaknesses. He relies heavily on cross-country regressions and good economics. A number of teams of economists and political scientists have been engaged in the assembly of cross-national data for multiple purposes in recent years and since the unit of analysis generally has been the state, Collier has been able to connect these data sets to answer questions well beyond those their creators originally envisaged. Collier has a very good eye for key questions and his methods give him the ability to move across a dazzling array of them, offering coherent analysis, empirical conclusions and connections on a wider variety of matters than any other single research group using alternative methods would be able to offer.

But cross-national econometrics are highly sensitive to the quality of the data used and to the specification of what is being measured. They also are limited in the amount of location-specific nuance they can handle and partly for that reason are only one of the many methods social scientists use. These problems are not insurmountable and

critics of Collier always should be asked to specify and justify their problems with the econometric patterns he has found, rather than dismissing them with a wave of the methodological hand.

On the other hand, such difficulties do mean that one wants to proceed with caution with Collier’s findings, all the more because he hasn’t released the details on all the country categories he used. Any single social science method by itself is subject to challenge; confidence in a new result increases with each independent study that produces confirming evidence, particularly when it uses a different methodology. Conversely, when other methods produce conflicting conclusions, serious thought is warranted about how the tensions in the results can be resolved.

In these briefs we therefore have assembled a diverse set of scholars connected to IDS to examine the other social science literatures related to the conclusions Collier draws and to seek to report what they corroborate, what needs reformulation, and what should be used only with very great caution.

Refocusing the development challenge

Collier offers a distinctive perspective on the appropriate focus of development effort, the causes of weak economic growth and the suitable prescriptions for dealing with them. All of them are addressed in the briefs that form this set.

The Bottom Billion argues that economic growth is the key problem of development. Economists Andy McKay and Andy Sumner (In Focus 03.2) agree that growth is a pre-condition to alleviating poverty but caution that wealth is only a *means* to the improvement of the human condition and that growth does

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not *automatically* result in poverty reduction. They welcome a renewed emphasis on growth but warn us that the relationships between growth, poverty and other human development outcomes vary substantially across outcome, place and time. This means that public policy has to avoid complacency about the nature of these relationships and be alive to all opportunities to enhance the depth and breadth of the development impacts of growth. As Collier says, growth is not a ‘cure-all’, but public action can influence its ability to be a greater or lesser positive force for development.

Collier also asserts that rapidly-growing developing countries in the future will be able to handle their own substantial poverty problems themselves. He further feels that the least developed states will not be able to break into the market for labour-intensive manufactures that the current success stories have captured. For these reasons he wishes to focus development attention on the countries (largely in Africa and Central Asia) that contain what he calls the Bottom Billion. Jeffrey Sachs shares Collier’s Africa focus. However, sociologist John Humphrey (In Focus 03.3) cautions that India and China still should be of concern to the development community. Their own pockets of poverty often are regional and it is far from automatic that they will be dealt with adequately. Just as important, these countries are major international actors in their own right and it is important that aid donors stay close enough to them to learn from their innovative approaches to poverty alleviation. Political scientist Anna Schmidt (In Focus 03.10), energy policy expert Merylyn Hedger and geographer Thom Tanner (In Focus 03.4) concur that these emerging giants are too consequential to be left aside. Thus

priority to the Bottom Billion is in order, but for causes and prescriptions we must cast a much wider net.

The causes of the Bottom Billion’s stagnation

Collier attributes the lack of growth in the states of the Bottom Billion to four development traps. The conflict trap is analysed by economist Patricia Justino and political scientist David Leonard (In Focus 03.7), the natural resource trap by anthropologist James Fairhead (In Focus 03.5), being landlocked by geographer Fiona Wilson (In Focus 03.6), and poor governance by political scientist Mick Moore (In Focus 03.9). We agree that all four traps do indeed present serious problems but that Collier’s analyses of some of them has an edge or a lack of nuance that is unhelpful for policy purposes. For example, for conflict Collier insists that rebels are motivated by predation and not by grievances. However, the full range of studies suggests instead that grievances are universal, but that they most often become mobilised into rebellion only when the resources to support it are available; oil is distinctive among the natural resources in its ability to start, rather than just sustain conflicts, no doubt because of its geostrategic significance; and the variety of landlocked conditions defies Collier’s uniform analysis. Thus we point to literature that would help in developing more balanced and subtle approaches.

Climate change is ignored by Collier and it also needs to be added to the four traps in understanding the development challenges facing the Bottom Billion. It is a serious and worsening problem which will impact the Bottom Billion most severely. The poorest will need co-operation from the richest to overcome its dire consequences. Hedger and

Tanner (In Focus 03.4) point out that this makes the geographical challenges of poverty alleviation broader than Collier argues but that it reinforces his search for non-manufacturing paths to development for the Bottom Billion.

Prescriptions for escaping the development traps

- **Aid:** Economists Sam Jones and Finn Tarp (In Focus 03.12) agree with Collier that aid can have a positive effect on development but that it cannot end poverty without complementary policy reforms. They are less confident than he, however, that the riddles about how to shape and target aid have been solved. Our understanding of the dynamic interactions between aid and development remain weak. And making *ex post* policy conditionality work, as Collier advocates, is neither straightforward nor consistent with host country ownership of policy.
- **Military intervention:** Weak and failed states have no way to make binding commitments either to democracy or to bargains that end or avert domestic conflicts. In the face of such ‘security dilemmas’ both parties may wish a settlement but avoid it out of fear that it won’t be enforced. Collier is right that credible promises of external military intervention can end such ‘security dilemmas’. Political scientists Niagalé Bagayoko and David Leonard (In Focus 03.8) point out that these guarantees are much more effective in preventing conflict than in resolving it, however. Collier also is unrealistic in effectively ignoring the sovereignty issues raised by his prescriptions and he downplays the value of regional bodies, even ones with multilateral backing, despite their enjoying the best international legitimacy.

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• International laws and charters:

A large portion of the problems facing the Bottom Billion are rooted in, or require collaboration by, Northern actors. Collier proposes the mobilisation of international law and opinion to end Northern and Southern practices that are destructive to development. Moore (In Focus 03.9) strongly supports the analysis and adds to the case for such international measures. On the other hand, Schmidt (In Focus 03.10) cautions that in the past many such conventions have been ineffective and in some circumstances might even have been counter-productive, e.g. the UN Global Compact for Human Rights. She adds that the politics associated with different types of charters can be quite varied and enforcement can be very difficult. But both Moore and Schmidt laud the ‘conflict diamonds’ agreement and regard a convention on election campaign finance as doomed to failure. Hedger and Tanner (In Focus 03.4) point out that conventions have been the means for the progress made to date on climate change. The devil is in the details, in fine-tuning to suit the circumstances, and in securing ‘buy-in’, matters to which Collier is not always sufficiently sensitive in his use of examples.

• **Trade:** Integration into the international export market is essential for growth. Still, Collier is pragmatic and nuanced on trade – it is not primary in dealing with the governance, conflict and natural resource traps. It is most useful for the coastal countries in limbo and some attention should be given to landlocked country infrastructure in order to facilitate it. Economists Michael

Gasiorek, Sherman Robinson, and L. Alan Winters (In Focus 03.11) support Collier’s view that the Bottom Billion will need to liberalise further to capture trade’s benefits. They disagree with his recommendations of ‘infant industry’ protections and special deals in World Trade Organization (WTO) negotiations, however. Instead they favour the reform of ‘rules of origin’ regulations in the North and ‘deep’ regional integration. They contrast the latter to ‘shallow integration’, defined as simply opening borders to trade on a regional basis, which they agree with Collier won’t accomplish much. They define ‘deep integration’ as based on policies, infrastructural investments and institutional developments that come together to promote trade on a regional basis. They believe that such integration combined with Northern trade reform will permit poor countries to optimise between themselves on comparative advantage in the manufacture of inputs for products destined for rich countries.

Conclusions

The Bottom Billion are indeed trapped by a series of structural constraints which often have roots in the global North. It is Northern demand for oil that makes the natural resource trap so potent; corruption is aided by Northern banking of its proceeds; Northern agricultural and ‘rules of origin’ protectionism deny the Bottom Billion opportunities for which they have a comparative advantage. The North is not responsible for all (or maybe even most) of the problems of the South, but it is at the origin of important problems that have been neglected by the North and the South. The ‘Top Billion’ does have the responsibility, and – aided by the emerging economies – the ability to do

much to loosen the grip of the traps which bind the Bottom Billion. Collier lays out a grand vision for such a path for the North and South that deserves serious consideration, even if it needs substantial rethinking in its nuance and detail. But it is a path that originates in Oxford and Washington. We also need grand visions that originate in the South, according to economist Lawrence Haddad (In Focus 03.13). Few such versions exist and none have had the exposure that Collier’s have. And yet without them our knowledge about development will always be more narrow and partial than necessary or desirable.

Further Reading

Collier, P. (2007) *The Bottom Billion*, Oxford: Oxford University Press
Leonard, D. with Collender, G. (eds) (2008) ‘Concern for the Bottom Billion’, *In Focus 3*, Brighton: IDS, www.ids.ac.uk/infocus3

Credits

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