

# Book critique: "the bottom billion" by paul collier



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## Book Critique : “ The Bottom Billion” by Paul Collier

### Outline

#### 1. Introduction

Thesis statement: Poverty is only the problem of a group of countries that form “ The Bottom Billion”, so we only need to focus on this group. The aim of this book is to find solutions that could help reduce the poverty in these countries.

#### 2. Body Paragraphs

- The traps: Conflict trap, natural resources trap, landlocked with bad neighbors and bad governance in a small country.
- Globalization and the bottom billion
- The instruments: aid, military intervention, laws and charters, trade policy
- Response to the book

#### 3. Conclusion

In his book “ The bottom billion: why the poorest countries are falling and what can be done about it”, global economist Paul Collier discusses what he thinks are the causes of poverty and suggests some solutions to reduce it. He focuses on a group of people that he calls “ the bottom billion”. This book reveals: the traps that the bottom billion countries are facing, the effect of globalization on them and the instruments that can be used to rescue them. Poverty is only the problem of the 58 countries (980 million) that constitute

the bottom billion. These countries are trapped at the bottom, where there has been no economic progress for the last 40 years. Collier argues that being trapped at the bottom aggravates the income gap between the bottom billion which is immobile and the rest of the world which is growing; so we only need to focus on this group. This book's purpose is to find poverty-reducing solutions that would lift these countries from the bottom.

Collier starts off by giving us a picture of the bottom billion. The countries that are part of it live within the 21<sup>st</sup> century, however, their facts of existence coincide with the 14<sup>th</sup> century: they are filled with "civil war, plague and ignorance" (3). He also makes it clear that the bottom billion consists of not just African countries but also Bolivia, Cambodia, Haiti, Myanmar, Laos, North Korea and Yemen. Collier never mentions the very poor people of any developing countries. He only focuses on the entirely poor countries. He says that the current definition of development is "outdated" (3). He also tries to convince the reader to stop using the expression "third world" to describe undeveloped countries because most of them reside in countries that are actually developing (30). By saying this, Collier is basically disregarding the five billion poor people and pouring his entire attention on what he calls the bottom billion. Following the definition of the bottom billion, Collier discusses the four traps that prevent these countries from escaping the bottom. The first one is the conflict trap. More than half (73%) of the bottom billion countries have a history of being in a civil war or are currently in one (17). According to his research, Collier says that once a country has gone through a civil war, it is more likely for it to go through another one. A lot of countries were in a civil war at some point in

time like the United States (19<sup>th</sup> century) and Britain (17<sup>th</sup> century). These examples are a proof that wars are not always traps. The US and Britain wars never happened again, but for countries with low-income, the possibility of war to evolve into a trap are much more high (17-18). Moderate development (poverty) and low salaries (hopelessness) can make a country subject to civil war. And civil war makes a country collapse and dive into poverty (because of its costs). The second trap is the natural resources trap. This is the most paradoxical trap. A lot of the bottom billion countries that are located in Africa are rich in natural resources. Instead of making them wealthier, these resources turned out to be a burden. These African countries are in worse conditions than the countries that aren't rich in natural resources and this is because being rich in natural resources creates conflict, less financial accountability from the government and Dutch Disease (other industries of the country become less competitive) (38-43). The third trap is being landlocked with bad neighbors. Here, Collier compares Uganda to Switzerland to explain his point. "The transport costs for a landlocked country depended upon how much its coastal neighbor had spent on transport infrastructure" (55). Switzerland can only reach the sea through Germany and Italian connection. Uganda through Kenya. Uganda has a greater difficulty to enter global market than Switzerland because it faces poor transport techniques (60). The last trap is bad governance in a small country. Most of the bottom billion countries have experienced at some point bad governance (79). Bad governance and policies can destroy economies and increase poverty. And the smallness of a country discourages people to invest in it because of the risks. To improve the conditions of governance, a big and educated population is imperative. It's also favorable if the country

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faced a recent rise from a civil war because this can result in more changes. So, the countries that have bad governance and that are filled with a limited poorly enlightened population are most likely to stay in a vicious circle that keeps them in poverty. What are missing in these traps are the health and education ones. Low education levels and poor health conditions lower the quality of human capital; this can result in very low growth and reduced development. Growth doesn't measure the income inequalities, a country can be growing but never reach development. Actually growth itself can be the source of income inequalities (Kuznets).

After describing the four growth traps, Collier talks about globalization and how it affects the bottom billion. He says that the bottom billion have missed out on globalization and tries to explain why. Three different mechanisms of globalization have an effect on the economy: the trade of goods, the flow of capital and the migration of population (81). The trade of goods is and has been a great thing for Asia. Asian countries have become wealthy because they provide cheap labor to all of the developing countries. Even though the bottom billion can provide extremely cheap labor, it is trapped in landlocked countries, so it's not worth it for the West to use its cheap labor (because there are other easier access countries). Instead of capital inflow, the bottom billion is facing capital flight. Capital is being lost because of political insecurity and the lack of policies, so no country would want to invest in such countries. People migrating can be divided into two categories: educated which are considered human capital and uneducated. These educated people are leaving their countries and draining them from the limited amount of talent that they possess. So the bottom billion cannot escape its

traps. Collier then makes it clear that no one can rescue the bottom billion, it has to rescue itself (95).

In the last part of the book, Collier proposes various instruments that can help the bottom billion get out of the traps previously discussed. He wants to answer the questions what should happen? And who should make it happen?. The first instrument is aid. Aid is not sufficient to solve the bottom billion issues because it becomes about politics. Aid only contributed to 1% growth per year in the bottom billion for the past 30 years. It may not seem like a lot but it's much better than the 0% growth that the Bottom billion is facing. An example is that in 2005 in Gleneagles, the G8 summit decided to double the aid to provide to Africa. But Collier says that this will not have any effect because aid is the target of diminishing returns (100): it has a limit. Also, aid must be handled by aid agencies and not the government because the latter lacks policies (102). For example, in Chad, in 2005, the European Commission provided 20 million Euros to its government to support its budget. Paradoxically, the health clinics received less than 1 % of that amount from the Ministry of Finance. Chad instead spent the money on the military. Most of the cases, money aid is spent to reinforce the military. The second instrument is military intervention and this is used to break the cycle of coups and civil wars. The goal of military intervention is to repair order, conserve peace and put a stop to coups (124). A success story of military intervention: stopping the Iraqi invasion of Kuwait. A failure is the US intervention in Somalia: Operation Restore Hope. The intervention failed because of the huge media coverage. 300 000 people died and Somalia is left without a functioning government (125) Laws and charters are the third

instrument. This instrument is much cheaper than the last two. The developed countries can change their laws and agree on ones that benefit the bottom billion. And the developing countries can be subject to international laws that will guide their behavior. The countries of the bottom billion must have a set of rules that are suitable for the civilizations with their level of development (139). They need five international charters: natural resource revenues, democracy, investment, post conflict situations and natural transparency. The last instrument is trade policy. Collier immediately starts off by saying that this instrument is hard for people to understand and that it won't get the countries out of the conflict trap (159). He says that the bottom billion must be granted trade protection from Asia because it's trying to enter the global market.

Poverty is one of the major problems that the world has been facing and trying to solve for decades now. Collier's arguments are semi-convincing because he doesn't mention what has been done before. He doesn't give any data or evidence about the success of the instruments he talks about, and he leaves behind all the poor people from the developing countries to focus only on what he calls " the bottom billion".

#### References:

- " The Bottom Billion" by Paul Collier
- The WorldBank Data : <http://data.worldbank.org/country/india>