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In this week's readings, Collier and Sachs provided insights into the roots of poverty, the scope of the problem, and possible development approaches to address poverty. Sen offered a new approach to defining development, focused on freedoms as opposed to strictly quantitative measures (such as income and GNP).

The Collier and Sachs excerpts, in general and at a high level, complement each other as Collier lays out the problem and Sachs provides his recommended approach. However, their tone and remedies are very different. While I feel that Collier tries to be very evidence-based and pragmatic in his writing, Sachs comes across almost too optimistic and draws more on anecdotes to make his points.

For Collier, the problem is that the people who make up the bottom billion have fallen behind not just the one billion in affluent countries but the four billion or so in developing countries who have been making progress toward prosperity in recent years. Collier characterizes the poverty problem primarily around negative growth rates, which he notes is not the focus of much mainstream development thought (e.g., the MDGs appear to barely mention growth, per a read of the 2009 annual report<sup>1</sup>). Collier describes four traps that can stall progress or, worse, lead a nation to regress. The four, to which he dedicates a chapter each, are "the conflict trap, the natural resources trap, the trap of being landlocked with bad neighbors, and the trap of bad governance in a small country" (p. 5). As 70% of Collier's bottom billion are in Africa, most of his examples are focused on that continent. He uses statistical analysis to make his points about the implications of these traps and the interplay between them.

Why does this matter to developing countries? Beyond altruism or the capitalistic opportunity of developing new markets, there are significant negative externalities that arise from countries caught in these poverty traps. Collier notes the spread of disease as a regional effect and the global impact of the drug trade, with 95% of hard drugs coming from conflict countries (p. 31).

To address these traps, Collier looks to the G8 to align its aid and security (military) efforts along a portfolio of interventions. Collier believes that Sachs exaggerates the payoff to aid (p. 191). And, indeed, I believe Sachs's solutions sound too easy. On p. 232 Sachs states, "All of these challenges can be met, with known, proven, reliable, and appropriate technologies and interventions." At the beginning of Chapter 12 he notes there are structural challenges, which he evidently covers earlier in the book but does not comprehensively address in the solutions chapters. Concerns about corruption he basically dismisses as hypocritical. He addresses the goal to eradicate polio, but doesn't acknowledge the social and political resistance to the vaccination programs. For example, the disease now occurs mostly in Muslim countries, where conspiracy theories circulate about polio vaccines causing sterilization (not entirely unfounded given the experience of earlier clinical trials). Despite Sachs's claim, polio has not been contained.<sup>2</sup>

Sachs indicates that the appropriate level of development cost to the world is "tiny" (p. 232), approximately \$70 per person per year currently living in poverty. But, the money is not forthcoming, with the result that the "chronic lack of donor financing robs poor countries of their

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<sup>1</sup> [http://www.un.org/millenniumgoals/pdf/MDG\\_Report\\_2009\\_ENG.pdf](http://www.un.org/millenniumgoals/pdf/MDG_Report_2009_ENG.pdf)

<sup>2</sup> See [http://www.nytimes.com/2005/05/02/health/02end-virus.html?\\_r=1](http://www.nytimes.com/2005/05/02/health/02end-virus.html?_r=1)

poverty-fighting zeal” (p. 267). I find his statement naïve, “If we explain patiently and honestly to the taxpayers in the rich world that more money is needed and can be well used, it is much more likely to become available” (p. 268). Americans have no idea how much is spent on foreign aid, with well publicized surveys showing that Americans think we spend 15-20% of the federal budget on aid and that 5% would be a more appropriate level. In reality, U.S. foreign aid makes up about 1% of the federal budget.<sup>3</sup> (Of course, Collier can also be accused of being naïve if he really expects the G8 countries to change direction and follow his prescriptions.)

Sachs believes that regional groupings can play a “significant role” (p. 279) in addressing poverty. Collier is skeptical that the African Peer Review Mechanism (APRM), cited by Sachs, will lead to honest reviews. In *Wars, Guns, and Votes* Collier is supportive of APRM but notes that “to date African governments have shown no stomach for such criticism” (p. 194). Further, Collier believes that African countries are unwilling to give up their sovereignty to help their neighbors, giving as examples the poor road through Kenya which affords Uganda its only access to coastline and the extra US\$3B Guinea is spending on building a railway for extracting iron ore to avoid relying on a much closer Liberian port (p. 194 in *Wars, Guns, and Votes*).

Sen’s book approaches poverty with a deeply philosophical perspective, arguing that the focus of development should be on expanding freedoms. GNP growth can be a means to attaining freedoms but should not be a development end in itself. Sen lists five types of freedom: political, economic facilities, social opportunities, transparency guarantees, and protective security. As an example, Sen gives the “need for the freeing of labor from explicit or implicit bondage that denies access to the open labor market” (p. 7). Sen’s systems approach of “an integrated process of expansion of substantive freedoms that connect with one another” (p. 8) seem closer to Collier’s portfolio of interventions than Sach’s aid-centric mechanisms.

For Sen, freedoms are both a means to escaping poverty as well as a “primary end of development” (p. 10). Therefore, he does not condone the “Lee thesis” attributed to Singapore’s Lee Kuan Yew, which denied Singaporeans civil and political rights in exchange for prosperity. (Collier also argues against autocratic approaches to growth.) Sen also advocates against a process-centered focus on freedom, which libertarians may espouse without fully considering whether that approach provides a universal path to increased opportunities.

By emphasizing freedoms, Sen is rejecting a development approach that concentrates on income growth. Sen believes that the income-centric focus places education and health care, for example, in the category of luxury goods (i.e., goods whose consumption increases when income rises and after necessities are met). Sen believes that education and health care are necessities that should not come only once one escapes poverty. He notes that some advocate “postponing socially important investments” when, in fact, “a poor economy may have less money to spend on health care and education, but it also needs less money to spend to provide the same [labor-intensive but low wage] services, which would cost much more in the richer countries” (pp. 47-48). While he points the finger at other policy makers for holding those views, I imagine both Collier and Sachs would agree with him.

### **Week 3: DEVELOPMENT, POVERTY, and POWER (Feb 1<sup>st</sup>)**

David Collier, *The Bottom Billion: Why the Poorest Countries Are Failing and What to Do About It* (Oxford University Press: Oxford, 2008), pp 3-96.

Jeffrey Sachs, *The End of Poverty: Economic Possibilities for Our Time* (Penguin Books: New York, 2006), pp 226-287.

Amartya Sen, *Development as Freedom* (Anchor Books: New York, 1999), pp 3-53.

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<sup>3</sup> <http://www.nytimes.com/1995/02/27/world/foreign-aid-budget-quick-how-much-wrong.html?scp=3&sq=percent%20of%20u.s.%20budget%20spent%20on%20aid&st=cse>