Book

An ivory tower analysis of real world poverty

UNICEF put up a billboard in Juba, the capital of South Sudan, which says in English and Arabic: "Armed conflict is health risk". I think this was pretty well understood by the South Sudanese without UNICEF's help. But economists and aid officials have shown new interest in recent years in finding the cure for this health risk. Oxford University economist Paul Collier has been the go-to guy for analysing the economic determinants of civil war, state failure, and recovery from civil war and state failure, and deserves much credit for calling attention to these tragic problems.

Now Collier has published a book summarising many of his findings for the people most affected, the poorest one billion people in the world. His book has already attracted much interest from people desperately looking for constructive solutions for the world's poor, not just for ending war but also for alleviating poverty. Collier promises a pragmatic, evidence-based look at what works in poor countries, and thus many commentators have welcomed his book as the long-sought middle way between the critics and the cheerleaders of foreign aid.

Collier supplies much detailed advice about how to make aid work. First, "technical assistance in a failing state prior to turnaround has little prospect of a turnaround occurring". However, there is no need to give up hope yet for the Democratic Republic of the Congo: "Technical assistance during the first 4 years of an incipient reform, and especially during the first 2 years, has a big favourable effect on the chances that the momentum of the reforms will be maintained."

Collier sees armies as part of the aid package: "security in postconflict societies will normally require an external military presence". (He urges us not to dwell too much on Afghanistan, Iraq, and Somalia, but instead to learn from a successful intervention like Sierra Leone.) Collier is also very specific on the desirable length of foreign military occupation: "both sending and recipient governments should expect this presence to last for around a decade, and must commit to it. Much less than a decade and domestic politicians are likely to play a waiting game rather than building the peace...Much more than a decade and citizens are likely to get restive for foreign troops to leave the country."

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Is it really impossible to turn it around when things fall apart? No, Collier believes we should "recall that these situations typically start out with very poor governance and policies, they are highly fluid: change is easy."

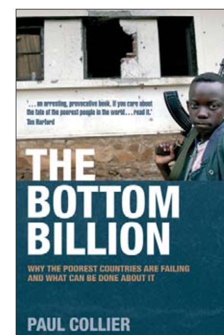
If only it were so. Alas, having read the research on which this book is based, I am reluctantly forced to conclude that Collier erects this constructive advice on a shaky foundation.

His recommendations are based on cross-country statistical associations between foreign aid, military actions, and national outcomes. But which is causing which? Is the turnaround going well because the aid-financed foreign experts just arrived in Liberia or did the experts arrive in Liberia because there was a turnaround already happening for local reasons? Collier does mention that causality between actions and outcomes usually flows in both directions, but never explains how he then establishes the causal effect of actions on outcomes that form the basis for his remarkably confident statements.

There are also lots of other tricky problems, like controlling for other factors that might be triggering both foreign actions and local outcomes—say, good or bad weather, or collapsing or soaring commodity prices. The apparent effect of an aid action may just be a stand-in for some other factor—for example, an economic recovery after a drought may occur at the same time as the usually tardy drought-related foreign aid arrives, generating a spurious correlation between aid and economic recovery. Controlling for third factors is both crucial and difficult, yet again Collier has little to enlighten the reader about just how he arrived at his assertions on which actions cause which outcomes.

Others have noticed these problems. Much of Collier's civil war research was done when he was at the World Bank. A later evaluation of World Bank research by a blue-ribbon panel of economists, led by Angus Deaton of Princeton, singled out Collier's civil war research for criticism on these same grounds. Deaton's panel concluded that the "analyses in these studies cannot be used to support the conclusions that they ostensibly reach". Massachusetts Institute of Technology economist Daron Acemoglu was part of the panel and wrote the evaluation of the civil war work, saying "the correlations that are interpreted as causal effects are really no more than correlations".

The problem of correlation versus causation pervades the book. "The bottom billion" are—no surprise—poor. Again, Collier presumes poverty causes war (what he calls a "conflict trap"). Poverty and war do seem to go together, but Collier fails to offer convincing evidence that a given amount of poverty relief (however that would be accomplished) would *cause* reduced war. And the threat of spurious correlation is still a problem, as poverty and civil war may go together only because they are both symptoms of deeper problems, like Africa's weak states, ethnic antagonisms, and the legacy of the slave trade and colonial



The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It
Paul Collier. Oxford University Press, 2007. Pp 224. US$28·00, £16·99. ISBN 0-19531-145-0.

See **Editorial** page 1460

exploitation. His shaky analysis leads to real world advice (like foreign military intervention to break the "conflict trap") that could be tragically wrong.

Collier thinks the bottom billion are subject to many kinds of traps—the conflict trap, the coup trap, the natural resource trap, the landlocked with bad neighbours trap, the corruption trap. So he thinks they need the West to rescue them, because "breaking the conflict trap and the coup trap are not tasks societies can readily accomplish for themselves". For Collier, "They will be stuck in poverty unless we help them far more than we have to date."

The image of the trap is reinforced by Collier's alarming statement that the bottom billion are falling further behind the rest of us. So is there a poverty trap—ie, the poorest countries are condemned to the worst growth? No, this is yet another statistical misunderstanding. If you pick out who are in the poorest 1 billion today, naturally they would be disproportionately likely to be those that had the worst growth of incomes over the previous decades. Think of an analogy—the poorest gamblers after a 2-week long vacation in Las Vegas would be those who lost most of their bets—but that doesn't mean that those poor bettors faced worst odds beforehand than the others.

So if you want to test whether there is a poverty trap, you need to look at whether those who were poor at the *beginning* of any period you want to look at were more likely to have poor economic growth than the rest *afterwards*. The answer is no. In both historical and contemporary experience, there are plenty of countries that start off poor and then grow their way out of poverty (remember all of today's rich nations were once as poor as the bottom billion, as were more recent success stories like South Korea, China, India, Vietnam, and Botswana).

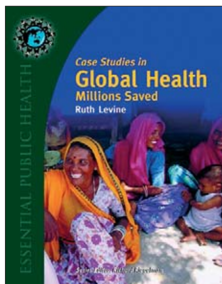
Moreover, even if today's bottom billion have had the worst growth rates, they are not doomed to continue having lousy growth—the evidence suggests that growth reversals are common. For example, observers were also bemoaning the lousy growth of South Korea in the 1950s and India in the 1950s through to the 1970s, before their growth turned around with little help from foreign aid. Unfortunately, there were also reversals in the other direction. Countries like Cote d'Ivoire and Kenya had rapid economic growth in the 1960s and 1970s, before declining their way (despite lots of foreign aid) into the Bottom Billion in the 1980s and 1990s.

With such a statistical muddle, to remake other societies on the basis of what numbers flicker across Oxford computer screens is at best hubris, and at worst irresponsibility. If Collier's statistical analysis does not hold up under scrutiny, unfortunately, then his recommendations are not a reliable guide for deploying foreign aid, technical assistance, or armies. Economists should not be allowed to play games with statistics, much less with guns.

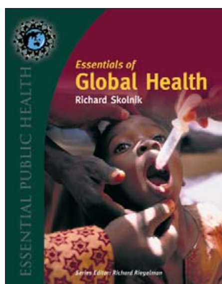
William Easterly
william.easterly@nyu.edu

In brief

Book Global health guides



Case Studies in Global Health: Millions Saved
Ruth Levine. Jones & Bartlett Publishers Inc, 2007. Pp 172. £23·99. ISBN 0-763-74620-9. http://www.jbpub.com/catalog/9780763746209



Essentials of Global Health
Richard Skolnik. Jones & Bartlett Publishers Inc, 2007. Pp 172. US$49·95. ISBN 0-7637-4620-7. http://www.jbpub.com/catalog/9780763734213

Given the challenge of improving global health in the 21st century, some commentators conclude that aid for public-health programmes is unlikely to ever be more than a band-aid. But *Case Studies in Global Health* offers an optimistic counterpoint to such critics by showcasing 20 "success stories" that prove major public-health initiatives can work.

Ruth Levine highlights aspects of public-health management that are needed to achieve such success. Expert consensus can be vital, and rigorous project evaluation should be a prerequisite to health-care programmes. Good local management and community participation are also key. These are much more than just feel-good stories. The working group that selected these cases for analysis chose them on the basis of strict criteria, such as being large scale, lasting longer than 5 years, and being costeffective.

As a companion, Richard Skolnik's *Essentials of Global Health* is so comprehensive that it will be key reading in international health. In accessible language, he explains why good health is crucial to economic development, what indicators help track changes in global health, and requirements for good health systems. Approaches to solving world health problems must be underpinned by good ethics and human rights guidelines, he says, and local practices and cultures must not be ignored. Skolnik looks in detail at children's and women's health, and at the different challenges of tackling communicative and non-communicative diseases in developing countries. He also maps out the key players in global health and looks ahead to future challenges.

Levine's book is by turns motivational and informative, but also practical—the contributors are under no illusions that getting funding for health-care problems that aren't high profile can be hugely difficult. But, as these books point out, if humanitarian ideals aren't enough of an incentive for action, the knowledge that healthier people mean healthier economies should motivate stakeholders to act.

Priya Shetty
priya4876@googlemail.com