

The Bottom Billion Book Report

The Bottom Billion by Paul Collier is a book about the significantly undeveloped portion of the world which he labels “failed states” and how this portion is trapped. At the time this book was written (2007), Collier claims that 5 billion of the 6 billion people in the world are considered to be developing, however this type of grouping is too broad and misleading. Collier focuses on the one billion which he believes are most impoverished and stuck in economic disparity. He mentions that countries are generally not inherently meant to be more economically successful or developed than others: “This book is about the minority of developing countries that are now at the bottom of the global economic system. Some, such as Malawi, have always been at the bottom. Others, including Sierra Leone, once were less poor than India or China.” Collier talks about how the development of countries stagnated even during times when the economic outlook was promising.

The countries at the bottom billion are in their current state because of what Collier calls traps. Collier lists out four types of traps that the bottom billion are stuck in: conflict, natural resources, being landlocked with bad neighbors, and bad governance. The conflict trap is about the costs and repercussions that a civil war entails and why the bottom billion is more likely to engage in one. “73% of people in the societies of the bottom billion have recently been through a civil war or are still in one. For low-income countries, the chances of war becoming a trap are much higher.” The natural resource trap is about how countries are overly dependent on certain commodities and how corrupt governments will misuse these resources: “The resource exports cause the country’s currency to rise in value against other currencies. This makes the country’s other export activities uncompetitive, yet these other activities might have been the best vehicles for technological progress.” The landlocked trap is about how countries that have bad neighboring countries are stuck with regards to growth and trade. The bad governance trap is about the ineffectiveness of institutions and policies: “Excellent governance and economic policies can help the growth process, but there is a ceiling to feasible growth rates at around 10 percent. By contrast, terrible governance and policies can destroy an economy with alarming speed”.

Collier talks about how the countries of the bottom billion lack investment or financial aid and that these countries must break into the global market to break out of their economic stagnation. “The prolonged period of economic failure in Africa and the other countries of the bottom billion has deeply eroded the self-confidence of their societies. The expectation of continued failure reinforces the pressures for the brightest people to leave.” Investors obviously find that there is nearly no incentive to invest in the countries of the bottom billion because they have never proven to be successful and have hardly looked promising. Even the people within the countries invest their capital outside of the country because the domestic outlook is so dismal. “38 percent of Africa’s private wealth was held abroad. This was a greater proportion than in any other region. Africa integrated into the global financial economy, but in the wrong direction”. Even with the financial aid, the countries of the bottom billion will struggle, partly because that money can only be used towards public capital which can “supply much of the needed infrastructure, but it cannot supply the equipment that workers need in order to be productive. In a successful region such as East Asia, there is more than twice as

much private capital as public capital. By contrast, Africa has twice as much public capital as private capital”.

Collier proposes some strategies for change but the majority of the book was about how the bottom billion are trapped. His idea was that the countries in the bottom billion need to reevaluate “trade policies, security strategies, changes in law, and new international charters”. I found the book very informative and also liked how Collier dismisses the millennial development goals as way too broad, similarly to how we did in class, before laying out his ideology.