Bill Easterly’s new book is a meandering mélange of anecdotes, parts of Why Nations Fail (Acemoglu and Robinson, 2012), and miscellaneous pages from human rights reports, sprinkled with history of economic thought, non sequiturs about one block in New York, finally mixed with some sharper critiques of Thomas Friedman and discussion of the difficulties of measuring the relationship between autocracy and growth.

The book’s key premise is that “the conventional approach to economic development, to making poor countries rich, is based on a technocratic illusion: the belief that poverty is a purely technical problem amenable to such technical solutions as fertilizers, antibiotics, or nutritional supplements...the technocratic illusion is that poverty results from a shortage of expertise, whereas poverty is really about a shortage of rights. The emphasis on the problem of expertise makes the problem of rights worse...the cause of poverty is the absence of political and economic rights, the absence of a political and economic system that would find the technical solutions to the poor’s problems”.

The book is often vague about what exactly it means by rights. The one semi-definition says it “includes both political and economic rights, the long list of those traditionally respected in today’s mature capitalist democracies. It includes the political freedom from seizure of your person and the economic freedom from seizure of your property. It includes the political freedom to assemble with whom you wish and the economic freedom to trade with who you wish. It includes the political freedom to replace bad public-service providers with good ones, and the economic freedom to replace bad private-service providers with good ones”.

What’s good?

The clearest part of the book is Chapter 13, which looks at the idea of benevolent autocrats, and in particular, what we should make of China and (earlier Korea, Singapore and Taiwan)'s growth successes, and whether they offer evidence that a benevolent autocrat can be good for growth. Bill makes two important points here. The first is that we should not be looking at the level of autocracy to explain the change in growth – China has had a strong positive change in both political and economic freedom since the death of Mao and so a possible explanation for the rapid growth is simply a large positive response to a large positive change in freedom. The second is that the macro data on growth are very noisy and full of measurement problems, which makes it hard to measure changes, especially over short intervals. One thing I wasn’t aware of was how much difference there was across different datasets – he compares the World Bank World Development Indicators and the Penn World Tables, and notes that for sub-Saharan Africa, the average difference in growth rates for any given year in any given country is 3.4 percentage points between the two series – a striking example is that in DR Congo in 2003, the WDI shows growth of +3%, while the PWT shows a contraction of 10%.

However, while he discusses his own work on this topic of whether leaders matter, he doesn’t discuss well-known research that offers opposite evidence. He writes “the data show little evidence that leaders matter for growth rates”. Yet Jones and Olken (2005) find by using deaths of leaders from natural causes...
that “the degree to which leaders can affect growth depends on the amount of power vested in the national leader. We find evidence that the death of leaders in autocratic regimes leads to changes in growth while the death of leaders in democratic regimes does not. Moreover, among autocrats, leader effects appear more pronounced when leaders have fewer constraints on their power.” Fine if Bill disagrees, but it would be useful to acknowledge alternative research published in high-quality journals which offer different views.

A second example comes from an area I know far better, which is discussion of international migration (Chapter 9). Here he summarizes Clemens and Pritchett (2008)’s argument that we should care about people, not nations. He rightly argues that the World Bank’s agenda on migration has been too focused on remittances, and not enough on helping individuals migrate (although see for example the work in the Pacific that Manjula Luthria led for an exception to this (World Bank, 2006)). However, while he notes that rights of migrants are not discussed at all, he doesn’t consider the complexities of what migrants’ rights might be. Martin Ruhs excellent recent book The Price of Rights (Ruhs, 2013) contains a rich discussion of different types of rights, and shows that there does appear to be a trade-off in practice between the rights given to migrants and the opportunities for them to migrate. In work with Caroline Theoharides and Dean Yang (McKenzie et al, 2014), I look at one aspect of this, which is the “right” for migrants to be treated equally in terms of wages as natives of the countries they move to – we show that minimum wage laws and other such economic rights for migrants result in reductions in the numbers of individuals who get to migrate, so that there is a trade-off between some types of rights offered to migrants and their ability to migrate.

What’s not?

Much of the time it is not clear what the counterfactual is that Bill is arguing against. He claims development agencies spend far too little time enhancing the rights of the poor – but there is no discussion of efforts to improve property rights in many countries, about a big push to improve the rights of women and for female empowerment, about work such as Doing Business which pushes for reforms in regulations to allow small entrepreneurs more freedom to start and run their businesses, etc. He may argue about the effectiveness of efforts to do so (but doesn’t), but arguing that development agencies don’t aim to enhance economic rights seems at odds with reality.

The key contention then seems to be that development agencies don’t push enough for political rights, and for democracy in particular. This is not my field of expertise, and indeed it is not clear that this is an area where an organization full of economists has any comparative advantage, but again it is not clear what the right counterfactual here is. Bill’s bête noire appears to be Ethiopia, which is repeatedly discussed as an example of autocratic leadership that he criticizes the Gates Foundation and World Bank for working with. But it is unclear whether he is truly recommending not working with such countries unless they become democratic – it seems unclear that completely isolating North Korea and Cuba have done wonders for their democratization and development.

Indeed the question of whether you do more harm than good in conducting development activities in countries with rights abuses is one that a lot of NGOs and workers in development agencies struggle
with. Should we not work in countries where the rights of women are compromised, or in countries which have recently passed laws detrimental to gays? If you are an aid skeptic and think very little aid work has any effect, the answer is perhaps easy, but otherwise it is unclear. But it is far from clear to me that the majority of people who work in this area are arguing for autocracy, which is what Bill claims people are either explicitly or implicitly doing.

Overall the book chooses to rely way too much on anecdotes and easy targets – he talks about plans to extend broadband to the poor and argues “the top-down leaders and experts in technology do not have enough knowledge or incentives to get it right for the reality of what is happening at the bottom. They promised to end poverty with broadband and they gave us young men watching porn”. David Roodman (2014) highlights how selective Bill has been in his use of quotes, taking a quote from Bill Gates or the World Bank President as evidence for his thesis, whilst ignoring both the context these quotes are made in, and other pieces of the same speeches that don’t support his argument. The book is much lighter on research – we get a rehash of the arguments for inclusive vs extractive institutions made in Why Nations Fail and a few other papers on why things that happened a long time ago still matter today (like the potato and the slave trade), but no real engagement on research about what types of rights matter most, what policy actions (if any) have been useful for changing these rights, what trade-offs (if any) are involved, etc. The book certainly fails to make the case that the cause of poverty is lack of rights, and that, on the margin, policy efforts to improve poverty are best devoted towards trying to directly improve political rights than say to improving access to finance or to education, or building infrastructure, etc.

Another book that would be better as a 30-pager

Overall the book does contain some sharp arguments and useful summaries of other work. It is just hard to extract through the plethora of other stuff. Geoff Lamb has a delightful description of the book as “I was trying to make sense of this whole jumble when it occurred to me: reading this book is like nothing so much as sitting for a while in an agreeable bar in the late afternoon. You fall into conversation with a pleasant, learned and somewhat impish stranger, who yarns away about one thing after another – intriguingly enough, though with much salt needing to be sprinkled along the way.” A sharp, concise 30-pager that strips away this yarn to focus on a few well-argued points would have been much preferred in my opinion.

References


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