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Book Review

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Africa: Why Economists Get it Wrong

By Morten Jerven. Zed Book, London in association with the International African Institute, the Royal African Society, and the World Peace Foundation, 2015, 176 pages, £14.99 (US$21.95) (paperback), ISBN 9781783601325

Economic models and theories are widely used to set policies, inform the public and analyze current events. Thus, the bold claim that economists 'get it wrong' in Africa immediately sparks interest. In *Africa: Why Economists Get It Wrong*, Morten Jerven uses evidence from historians, econometricians and his own field work to show that much of the information, theories and common wisdom about African development is inaccurate and that misconceptions can lead to bad economic development policies.

The common belief about African development is that over the past 50 years, the continent has had steadily poor economic growth and has fallen behind other regions of the world. Researchers cite facts like the average annual African gross domestic product (GDP) per capita growth rate in the period 1960–2000 was about 0.5% while the rest of the world had an average annual growth rate of 2%. These numbers appear uncontroversial but they hide an important underlying trend. Even though the average growth rate of African countries has been about 0.5%, African countries have experienced both economic growth and decline over the past 60 years. In fact, until 1975 the global and African GDP growth rates were very similar. Therefore, Jerven asserts that economists who use the average growth rate in models reach false conclusions about the African economy because they do not account for the variation in growth rates.

In addition, many of the false claims about African development arise because scholars assert that certain factors, like the lack of social capital, bad geography or the high dependency on foreign aid, caused the slow growth of African countries. However, Jerven points out that these factors do not cause slow development. Rather, these factors simply correlate with the slow growth. When economists make causal claims about phenomena as opposed to simply saying factors are correlated, they give their research findings an unsubstantiated significance that can push policy in the wrong direction.

Since African states have had periods of rapid growth and decline, Jerven proposes that development scholars reframe their discussion and stop looking for the root causes of Africa's slow development. Rather, they should search for reasons that African countries grew and then declined. This is a more complex question and many of the traditional answers about Africa's economic weakness, like weak institutions and an uneducated workforce, will not be relevant (p. 75). Jerven suggests that one reason African countries have had both economic growth and decline is that they were vulnerable to the natural boom and bust patterns of the economy. When their economies slowed down, African national treasuries had less money to support important institutions, and as a result, their countries faced political instability. Jerven suggests that African countries save money during times of plenty and reinvest in times of need, in order to break from the boom and bust cycle.

Another reason economists get it wrong is that they use flawed data in their analyses and reach unsound conclusions. This problem is popularly known as 'garbage in, garbage out' and Jerven points to several issues with data that lead to bad analyses. First, individual country statistics offices lack the resources and political power to conduct accurate surveys. Their data are often outdated and too sparse to make relevant claims. However, economists still use this bad data in their research. In one example, Jerven points out that a study plotted poverty in the Democratic Republic of Congo without any data to back up the claim (p. 115). Second, Jerven shows that some data suffer from severe endogeneity, and therefore lack reliability for certain analyses. For example, many studies link corruption to economic growth. To generate the corruption measurement, a survey may ask a businessperson to rank corruption in a country on a 1–10 scale. However, when the businessperson considers the level of corruption in a country, that person might consider the country's economic growth rate to be a factor in determining whether or not the country is corrupt. Therefore, studies cannot run a regression model examining the impacts of corruption on growth rates because the growth rate has already been used to create the corruption variable (p. 17).

Africa: Why Economists Get It Wrong does not shrink from challenging many famous international development scholars. The book specifically references Paul Collier, Daron Acemoglu and Jeffrey Sachs and discusses why some of their conclusions are wrong. This is quite rare for an academic book and it reminds the reader to challenge research studies, verify that researchers use reliable data, and only make substantiated causal claims.

This book follows other research by Jeven (2013) on how African statistics can lead to the wrong conclusions. Warnings about statistics and bad data are not new, Darrell Huff wrote *How to Lie with Statistics* in 1954 (Huff 1954), but this book shows that poor research techniques are prevalent in current research by prominent economists. One shortcoming of *Africa: Why Economists Get It Wrong* is that it exposes weaknesses in international development scholarship, but gives few solutions to fix the problem. Jerven's main suggestions are that scholars should think critically about the data (p. 132) and produce 'deep contextual studies of history and institutions' (p. 73). However, he does not detail how to do accurate econometric analyses in the light of the weak data, or how to improve data collection in poor countries. By the end of the book, the reader is left feeling hopeless about the state of international development scholarship and policy development.

*Africa: Why Economists Get It Wron*g nicely exposes many of the weaknesses that are found in the literature on African economic development. Broad theories, like the consequences of corruption or the resource curse, may produce nice models, but they do not tell the whole story. Students and researchers in a wide range of fields like international development, statistics, economics and sociology will find this book helpful. It is not a methods textbook, but it will help scholars conduct better research and change the conversation about African economic development.

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