

Books on Economic Development.

Wayne Grudem: Jan. 12, 2012

A. Here are some books on economic development that have proved influential for me:

1. David Landes, ***The Wealth and Poverty of Nations: Why some are so rich and some so poor.*** (1999). Landes is professor emeritus of economics at Harvard and also taught at George Washington University. This is a masterful survey of the history of economic development in the entire world, by region, over the last 500 years.
2. Lawrence E. Harrison, ***The Central Liberal Truth: How Politics Can Change a Culture and Save It from Itself*** (New York: Oxford Univ. Press, 2006). Argues in extensive detail that culture makes all the difference in economic development, and explains how cultures can change. Pp. 88-89 give a table showing vastly greater per capita GDP in Protestant-background countries than for any other religious group: the rest are, in order: (2) Jewish, (3) Catholic, (4) Orthodox, (5) Confucian, (6) Buddhist, (7) Islam, (8) Hindu.
3. Hernando De Soto, ***The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else.*** An excellent, insightful book about the need for people to have the right to own property and relatively easy access to obtain a publicly documented title to that property, in order for an economy to grow and people to overcome poverty.
4. William Easterly, ***The Elusive Quest for Growth*** (he has also written ***The White Man's Burden*** more recently but I have not read it yet). Why aid to Africa has never really solved the problems of poverty in Africa.
5. P. T. Bauer, ***Equality, the Third World, and Economic Delusion.*** Bauer died in 2002. He was emeritus professor of economics at London School of Economics and a specialist in development economics. He tells in detail why all the British aid to African countries over decades did more harm than good: It distorted local economies and entrenched corrupt governments in power, and had many other negative consequences.
6. Robert Guest, ***The Shackled Continent*** (anecdotal; written by Africa editor for *The Economist*). He describes in vivid detail the barriers to economic development in Africa.
7. Brian Griffiths, ***The Creation of Wealth*** (taught at London School of Economics and was adviser to Margaret Thatcher; now in House of Lords). Gives principles for a Christian perspective on how economies grow.
8. Bjorn Lomborg, ***The Skeptical Environmentalist*** . Lomborg shows that we are not running out of any natural resource, and we won't run out in the future. But the world is short on knowledge of true facts about the state of natural resources. (Lomborg is a professor of statistics from Denmark.)

9. Several writings of Julian Simon, esp. ***The Resourceful Earth***, and ***The State of Humanity***, and ***The Ultimate Resource II***. (Simon was a professor of business and economics in Maryland.)

10. Dambisa Moyo, ***Dead Aid: Why Aid is not Working and How There is a Better Way for Africa*** (2009). Moyo is from Zambia, has a MA from Harvard and a Ph.D. in economics from Oxford. She was a consultant for the World Bank and then worked at Goldman Sachs. Her argument foreign aid has done more harm than good for Africa and has trapped nations in poverty: It entrenches corrupt African governments in power, provides “fungible” money that funds profligate lifestyles, creates internal conflicts for control of vast wealth, removes government accountability to the citizens of a country, creates a mentality of dependence, prevents beneficial investment, and has never brought any African country out of poverty. But she wrongly believes that if foreign aid is stopped, good governance “will naturally emerge” (p. 143.).

B. Here are some books on economic systems in general, and the great flaws of socialism and government control:

* 11. Jay Richards, ***Money, Greed, and God: Why Capitalism is the Solution and Not The Problem*** (HarperOne, 2009). This is now my #1 recommendation for people who want to understand economic systems from a Christian point of view.

12. Arthur Brooks, ***The Battle: How the fight between free enterprise and big government will shape America’s future***. (Basic Books, 2010). Brooks argues that what gives people genuine satisfaction in the economic realm is not to be given money but to achieve “earned success” – the opportunity to have a responsibility (even if small) and to do well at it.

13. Friedrich Hayek, ***The Road to Serfdom***. Hayek was Austrian and fled from Hitler. He became an economics professor at London School of Economics. He watched with dismay as socialism grew in England. He explains how government control expands inch by inch until it takes over all of life. This is an all-time classic that was written in 1944, with a 50th anniversary edition released in 2004.

14. Henry Hazlitt, ***Economics in One Lesson***. Hazlitt was a long time editor at the Wall Street Journal. This book was first published in 1946 and has become a classic. It is a wonderful book that explains how every action in the economy has more than one consequence, and when we realize this we can understand better how an economy works.

C. Here are two books that I found unpersuasive (or wrong) in terms of explaining why nations become wealthy:

14. Jared Diamond, ***Guns, Germs, and Steel*** (I found this unconvincing because it was completely materialistic and deterministic, from an entirely evolutionary perspective, allowing no role for human choice and decisions and initiative. He thinks physical geography determines everything!)

15. Jeffrey Sachs, ***The End of Poverty*** (I found this unconvincing for the most part, because I heard him saying that we have given X amount of money in the past but that has not solved the problem so the solution is that we need to give X + 1 or even 2X amount and that will solve the problem). Sachs is an economics professor but he also has another job advising the United Nations how to give such money away.