Liberty University
DigitalCommons@Liberty University

Faculty Publications and Presentations

Helms School of Government

2005

Ricardo Hausmann: Prisoners of Geography Study Guide

Steven Alan Samson
Liberty University, ssamson@liberty.edu

Follow this and additional works at: http://digitalcommons.liberty.edu/gov_fac_pubs

Part of the Other Social and Behavioral Sciences Commons, Political Science Commons, and the Public Affairs, Public Policy and Public Administration Commons

Recommended Citation
Samson, Steven Alan, "Ricardo Hausmann: Prisoners of Geography Study Guide" (2005). *Faculty Publications and Presentations.* Paper 140.
http://digitalcommons.liberty.edu/gov_fac_pubs/140

This Article is brought to you for free and open access by the Helms School of Government at DigitalCommons@Liberty University. It has been accepted for inclusion in Faculty Publications and Presentations by an authorized administrator of DigitalCommons@Liberty University. For more information, please contact scholarlycommunication@liberty.edu.

RICARDO HAUSMANN: PRISONERS OF GEOGRAPHY
STUDY GUIDE, 2005
Steven Alan Samson

http://www.foreignpolicy.com/articles/2001/01/01/prisoners_of_geography

Outline

1. Backlash against the study of economic geography in the academic world is being reversed
   a. Lawrence Summers has decried the "tyranny of geography" and warned against focusing the blame on governments
   b. Hausmann challenges the "prevailing development paradigm" that "market-oriented economic policies and the rule of law alone suffice to make all countries rich."
   b. [On the other hand, David Landes and Hernando de Soto emphasize the importance of these two factors]
2. Failure to close the income gap is associated with location: Countries left behind have two distinguishing characteristics:
   a. Tropical location correlated with
      1) lower annual growth rates
      2) poorer health conditions
      3) skewed income distributions

      NOTE: Some comparisons of per capita gross domestic product (GDP)
      Source: 2003 World Almanac

Temperate		**Tropical**	
China	$3,600	Indonesia	$2,900
Argentina	$12,900	Brazil	$6,500
Iran	$6,300	Yemen	$820
Algeria	$5,500	Nigeria	$950
Taiwan	$17,400	Malaysia	$10,300

   b. Distance from coastline, including countries that are landlocked
3. Latitude Problems
   a. Main engines of growth: access to markets (Adam Smith) and technological progress (Joseph Schumpeter)
   b. Adam Smith: Productivity gains through specialization are the secret to the wealth of nations. Problem: Developing nations face several obstacles:
      1) Transportation costs: lack of cheap access to the sea, lack of physical infrastructure, expense of crossing borders in the case of landlocked states
      2) Challenge of coordinating infrastructure expenditures with neighboring countries
   c. Joseph Schumpeter: Technological innovations are powerful engines of economic growth
      1) Several factors affect research and development (R&D) capabilities: climate differences, economies of scale, east-west vs. north-south geographical layout, proximity to the seashore, tropical diseases
4. Bordering on Poverty

   The **dominant paradigm** (emphasizing market-oriented policies and rule of law) oversimplifies the challenges; its emphasis on education and nutrition programs may contribute to a "brain drain." Needed priorities include:

    a. Infrastructure Development: “Important region-oriented projects remain chronically underfunded”
    b. Technological Development: R&D needs to be funded; “multilateral financing will be needed to compensate private firms for such initiatives”
    c. Integration:
        1) “Borders limit the movement of goods, capital, and labor and thus limit access to markets”
        2) Problem of “sovereign risk”
        3) Value of worker remittances from abroad
        4) Risk-sharing, as in the case of natural disasters
5. Sidebar: Locational Correctness
    a. Economic geography: Adam Smith, Montesquieu, Social Darwinism
    b. Ellsworth Huntington
6. Geo-Globalization
    a. “It is the absence of globalization – or an insufficient dose of it – that is truly to blame for . . . inequities”

Review

characteristics of “left behind” countries
Adam Smith
Dominant development paradigm
sovereign risk
main engines of growth
Joseph Schumpeter
developmental priorities
risk-sharing