Contents

	List of figures vii List of tables ix List of boxes xii List of contributors xiii Acknowledgements xviii List of abbreviations and acronyms xx Introduction 1 Bjørn Lomborg
PART I	THE CHALLENGES
1	Climate change 13 William R. Cline ALTERNATIVE PERSPECTIVES 1.1 Robert Mendelsohn 44 1.2 Alan S. Manne 49 Rejoinder 56
2	Communicable diseases 62 Anne Mills and Sam Shillcutt ALTERNATIVE PERSPECTIVES 2.1 David B. Evans 115 2.2 Jacques van der Gaag 124
3	Conflicts 129 Paul Collier and Anke Hoeffler ALTERNATIVE PERSPECTIVES 3.1 Michael D. Intriligator 157 3.2 Tony Addison 165
4	Access to education 175 Lant Pritchett ALTERNATIVE PERSPECTIVES 4.1 T. Paul Schultz 235 4.2 Ludger Wößmann 241
5	Financial instability 251 Barry Eichengreen

ntents	
	ALTERNATIVE PERSPECTIVES
	5.1 Charles Wyplosz 281
	5.2 Peter Blair Henry 290
	3,2 1000 = 0
	6 Governance and corruption 301
	Susan Rose-Ackerman
	ALTERNATIVE PERSPECTIVES
	6.1 Jens Christopher Andvig 345
	6.2 Jean Cartier-Bresson 355
	7 Malautrition and hunger 363
	7 Malnutrition and hunger 363 Jere R. Behrman, Harold Alderman and
	John Hoddinott ALTERNATIVE PERSPECTIVES
	7.1 10.0 5.000 - 8
	7.2 Simon Appleton 435
	8 Migration 443
	Philip Martin
	ALTERNATIVE PERSPECTIVES
	8.1 Mark Rosenzweig 478
	8.2 Roger Böhning 489
	400
	9 Sanitation and access to clean water 498
	Frank Rijsberman
	ALTERNATIVE PERSPECTIVES
	9.1 John J. Boland 528
	9.2 Henry Vaux, Jr. 535
	10 Subsidies and trade barriers 541
	10 Subsidies and trade barriers 341 Kym Anderson
	ALTERNATIVE PERSPECTIVES
	10.1 Jan Pronk 578
	10.2 Arvind Panagariya 592
	10.2 Arvina ranagariya 372
D.	ART II RANKING THE
r 2	OPPORTUNITIES
	Expert Panel Ranking 605
	Jagdish N. Bhagwati, Robert W. Fogel,
	Bruno S. Frey, Justin Yifu Lin, Douglass
	C. North, Thomas C. Schelling, Vernon
	L. Smith and Nancy L. Stokey
	- D W 4 B W
	Epilogue: Youth Forum: Human
	Benefit Analysis 645
	Christian Friis Bach

Figures

1.1	Optimal per cent cut from baseline at		
	alternative pure time preference rates,		
	1995–2295 (DICE99NB) 23		
1.2	Optimal carbon taxes at alternative pure		
	time preference rates, 1995–2295		
	(DICE99NB) 23		
1.3	Carbon emissions, 2000–2100 24		
1.4	Optimal cut and carbon tax, 1995-2305		
	(DICE99CL) 26		
1.5	Baseline and optimal warming,		
	1995–2275 27		
1.6	Climate damage, 1995–2275 27		
1.7	Benefits and costs of optimal abatement,		
	1995–2295 27		
1.8	Global carbon emissions, 1995–2295 29		
1.9	Baseline and Kyoto warming, 1995–2275		
	29		
1.10	Climate damage, baseline and Kyoto,		
	1995–2275 30		
1.11	Industrial country emission cuts and costs.		
	Kyoto, 1995–2305 30		
1.12	Benefits and costs of Kyoto Protocol		
	abatement, 2005–2305 31		
1.13	Radiative forcing and warming, 1995-2275		
	32		
1.14	Baseline and optimal warming, 1995–2275		
	33		
1.15	High optimal cut and carbon tax.		
	2005–2305 (DICE99CL) 33		
1.16	High optimal cut and carbon tax.		
	2005–2305 (DICE99NB) 34		
1.17	Climate damage, 1995-2275 (95 per cent		
	high case) 34		
1.18	Benefits and costs of optimal abatement.		
	2005–2285 34		
1.19	Optimal per cent cut with alternative pure		
	time preference rates, 1995–2295 35		
1.20	•		
	time preference rates, 1995–2275 35		

1.21	75 per cent optimal cut under alternative		
	pure time preference rates, 2005–2305		
	36		
1.22	95 per cent high optimal carbon tax under		
	alternative pure time preference rates,		
	2005–2305 36		
1.2.1	Global and regional population,		
	2000–2150 50		
1.2.2	Projections of GDP per capita, market		
	exchange rates, 2000–2150 51		
1.2.3	Economic loss factor, non-market damage		
	52		
1.2.4	Total carbon emissions, under alternative		
	rates of return, 2000–2150 54		
1.2.5	Temperature increase, under alternative		
	rates of return, 2000–2150 54		
1.2.6	Efficiency price of carbon, 2000–2150		
	55		
2.1	Life expectancy at birth, 1955–2002 65		
2.2	Channels through which illness reduces		
	income 67		
2.3	Effect of resistance on treatment failure		
	84		
2.4	Long-run economic costs of AIDS, South		
	Africa, 1960–2080 91		
4.1	Attainment profiles, Brazil, India and		
	Indonesia, 1990s 180		
4.2	Gaps in attainment between richer and		
	poorer households 182		
4.3	Combinations of enrolment profiles, wealth		
	gaps and gender differences in attainment,		
	South Africa, Nigeria and Malawi 183		
4.4	Performance on internationally comparable		
	assessments of learning achievement		
	184		
4.5	Developing country student rankings in a		
	typical OECD country distribution 185		
4.6	How to raise the levels of competence		

4.6

through schooling

188

viii I	ist of figures		
47	Interpreting the use of current average cost		
	to 'cost' the achievement of the MDGs of		
	universal primary completion 195		
	The estimated relationship between		
	enrolments and distances 196		
	Evaluation of a large-scale intervention in		
4.7	India 197		
4.10	An 'education production function' 199		
4.11	Estimates of the size effect of class size		
7.11	reduction on test performance 202		
4.12	Primary school success 207		
4.13	Countries near the efficiency frontier with		
1.13	low expenditures 209		
4.14	Decision tree for evaluating supply-side		
	policy actions for improving education		
	215		
4.15	Estimated association in household datasets		
	between child enrolment, household		
	wealth, parental education and school		
	availability 217		
4.16	Distribution of observed transition speeds		
	to universal primary education 218		
4.17	Returns to primary schooling, India,		
	1970s 219		
4.18	Returns to primary schooling, Latin		
	America, 1990s 219		
4.19	•		
	fees, Malawi 221		
4.20			
4.21	The four potential relationships of		
	accountability 224		
5.1	Crisis frequency, 1880–1997 256		
5.2	Exchange rates vis-à-vis the dollar,		
	1980–2001 257		
6.1	Human development index and corruption		
	perception index 304		
6.2	Key business environment constraints to the		
	firm 307		
6.3	The unofficial economy and crony bias		
	313		
6.4	Crony bias, voice and accountability 314		
6.5	Voice, accountability and <i>per capita</i> income		
6.4	317 External accountability and feedback		
6.6	External accountability and feedback 318		
67	Unbundling corruption 323		
6.7 6.8	Map of proposed level of corruption, by		
0.8	region, Italy, c. 1997 324		
	10-10/11, 1101 ft 0, 1771 24T		

,

Corruption and per capita income, Italy 6.9 Average time tax for firms paying bribes to 6.10 public officials and for firms not paying bribes, by country Plot of proportion of stunted children, 7.1.1 1998-2002 423 Plot of proportion of stunted children, 7.1.2 1988-1992 424 The net economic effects of migration 8.1 444 8.2 Remittances and ODA to developing countries, 1988-2001 466 470 The 'migration hump' 8.3 Alternative measures of earnings gain 8.1.1 from immigration, by immigrant schooling level Years of schooling completed, by visa 8.1.2 category, immigrant men aged 23-59 486 Percentage receiving a job offer prior to 8.1.3 immigrating and receiving job help from relatives, by visa category, immigrant men aged 23-59 486 Percentage unemployed, by visa 8.1.4 category, immigrant men aged 23-59 487 Scheme 1: type of enterprise, incidence of 8.2.1 illegality and degree of labour inspection 490 Scheme 2: type of enterprise, desirable 8.2.2 degree of labour inspection and form of inspection 493 Scheme 3: principal components of a 8.2.3 WMO adding value to the international 495 system Scheme 4: Basic interests of 8.2.4 migrant-receiving and migrant-sending countries in the contemporary world 495 Annual increment to global GDP without 10.1 and with a 50 per cent cut to subsidies and trade barriers, 2006-2050 567 Subsidy removal and impact on 10.2A1.1 importing countries Impact of the removal of the EU 10.2A2.1 export subsidy and tariff on the EU internal price 600

Tables

14

IPCC emissions scenarios, 2050 and

27

rates of pure time preference

38

developing countries, 2002

Baseline and optimal carbon emissions,

Discounted present values at alternative

Benefit-cost summary, discounted present

Benefits and costs of alternative options,

46

Leading causes of death in children in

Risk of dying and avoidable mortality, low- and middle-income countries,

1.1

1.2

1.3

1.4

1.1.1

2.1

2.2

2100

values

1998

1995-2295

2010-2100

2.3	Value of a DALY/YLL, 2001 71		
2.4			
2.5	Costs and benefits of malaria control		
	estimated from macroeconomic		
	models 79		
2.6	Costs and benefits of ITNs 81		
2.7	Costs and benefits of IPTp 82		
2.8	Costs and benefits of changing from SP to		
	ACT 84		
2.9	Costs and benefits of scaling up		
	ACT 85		
2.10	Costs and benefits of a package of malar		
	control measures 85		
2.11	Effects of HIV/AIDS on national GDP.		
	2000–2025 92		
2.12	2 Effect of HIV/AIDS on long-term GDP:		
	action taken 92		
2.13	UNGHASS HIV/AIDS recommendation.		
	June 2001 93		
2.14	Net benefit in terms of 2000 national GDP		
	by 2025 94		
2.15	Costs and benefits of Thailand's		
	100 per cent condom programme.		
	1993–2000 95		

2.16	BCRs of interventions, SSA 96
2.17	Costs and benefits of the UNGASS
	package of interventions, middle- and
	low-income countries 97
2.18	The 1993 World Development Report
	minimum health package 99
2.19	Costs and benefits of increased health
	expenditure, 2002–2015 100
2.20	Costs and benefits of the 1993 World
	Development Report minimum health
	package 101
2.21	Relaxing constraints: priority actions, by
	type of country 102
2.22	Summary of key results 104
2A1.1	
2A2.1	Baseline value of life and BCR 108
2A3.1	Baseline results 109
3A1.1	Determinants of the outbreak of civil
	war 151
3A2.1	Duration analysis of civil war:
	econometric estimates of hazard function
	parameters 152
3A3.1	Aid, policy and economic growth 153
3A4.1	Estimating the risk of a civil war
	outbreak 154
3A4.2	Confidence intervals 155
4.1	Estimates of primary school enrolment, by
	regions 179
4.2	'Drop-out' within the primary
	cycle 181
4.3	Examples of low test performance of
	children 187
4,4	Lack of education, lower-middle and

middle-income countries

of education

enrolment

4.5

4.6

Proposed policy actions to address the lack

Summary of additional spending at constant average costs to reach universal primary

192

194

53

Lis	st of tables
1.7	Schools account for only a small part of
	variance in student learning outcomes
	204
4.8	Real expenditures per pupil and learning
	achievement 206
4.9	Implications of productive efficiency in the
	allocation of inputs 208
4.10	The variety of demand-side transfers
	220
4.11	Illustration of the implications for
	cost-effectiveness of targeting
	transfers 221
4.12	Alternatives to the traditional organisation
	of governmental production of
	schooling 226
4.13	Conclusions: likely returns to improving
4 4 1	education 227 Estimated impact of reducing distance to
4A.1	schools in rural areas 233
4A.2	
4A.2	and instrumental variables to identify the
	class-size effect 234
5.1	Annual average output loss from
5.1	banking and currency crises, 1980s and
	1990s 252
5.2	Korean social indicators following the
	crisis, 1996–1999 255
5.3	Macroeconomic effects of capital account
	liberalisation 261
5.4	Crises and capital account
	liberalisation 264
5.5	Summary of costs and benefits 267
6.1	Citizens' feelings about giving money or a
	present 309
7.1	Measures of hunger and
	malnutrition 366
7.2	Base estimates of PDVs of seven major
	classes of benefits of shifting one LBW
	infant to non-LBW status, 5 per cent
	discount rate 375
7.3	Estimates of BCRs for alternative costs for
	three different treatments to move one LBW
	infant to non-LBW status, different discount
	rates 382 Estimates of PDV of two classes of benefits
7.4	of Vitamin A intervention, different
	discount rates 387

7.5	Simulated discounted costs and benefits		
	of iron and zinc dense rice, India and		
	Bangladesh, 3 per cent discount		
	rate 398		
7.6	Summary of benefits and costs for		
7.0	opportunities related to hunger and		
	malnutrition 404		
7A.1	PDV of \$1,000 gained, different		
/ / 1. 1	years in the future, different discount rates		
	407		
7A.2	Estimates of PDVs of seven major classes		
1A.2	of benefits of shifting one LBW infant to		
	non-LBW status, different discount		
	rates 407		
7A.3	Impact of increasing each benefit one at a		
111.5	time by 50 per cent relative to table 7.2,		
	5 per cent discount rate 408		
7A.4	*		
,,,,,	death is \$100,000 408		
7.1.1	Bivariate regressions of prevalence of		
,,,,,	stunting and underweight 423		
7.1.2			
	regressions for stunting and		
	underweight 424		
7.1.3			
	1990–2000 425		
7.1.4	Correlation between changes in		
	stunting/underweight and change in		
	GNI/C 427		
7.1.5	Regression of $GNI/C_{2000/01}$ on indexes of		
	quality of institutions 429		
7.1A			
	$lnGNI/C_{2000}$ 432		
7.2.1	Summary BCRs 441		
8.1	Migration: economic effects, 2001 446		
8.2	Europe and Africa, demography,		
	1800–2050 448		
8.3	Global migrants and incomes,		
	1975–2000 449		
8.4	ILO estimates of migrant workers, by		
	region, 2000 449		
8.5	Canadian immigration, 2002 452		
8.6	Non-EU foreigners in the EU: employment		
	and unemployment, 2000 458		
8.7	Remittances to selected countries,		
	1995–2001 466		
8.8	ODA and farm subsidies, 1990s 472		

8.9	Migration: economic impacts, 2001		
	data 473		
8.10	Benefits and costs of more		
	migration 474		
8.11	Migration benefits and costs: a		
	summary 475		
8.1.1	Alternative measures of the origin-country		
	wage of migrants to the USA 480		
8.1.2			
	employment and spouse immigrants,		
	1996 483		
9.1	Impacts of floods and droughts, 1990s and		
	2000 505		
9.2	Number of people to whom access must be		
	extended by 2015 in order to meet MDG		
	targets 511		
9.3	Improved versus non-improved water		
	supply and sanitation 512		
9.4	Costs and benefits of meeting the MDGs on		
	water and sanitation through		
	community-managed low-cost water supply		
	and sanitation 514		
9.5	Estimates of irrigation multipliers 520		
9.6	Costs and benefits of water-related		
	opportunities 521		

596

9A1.1	Sanitation technology cost
	estimates 522
9A1.2	2 Total annual benefits of meeting the
	sanitation MDG 523
9A1.3	Some economic benefits of meeting the
	sanitation MDG and BCRs 523
9A2.1	321
10.1	Comparative static estimates of economic
	welfare gains from full global liberalisation
	of goods and services trade 550
10.2	
	comparative static estimates of economic
	welfare gains from completely removing
	goods trade barriers globally, post-Uruguay
10.3	Round, 2005 551
10.5	Comparative static estimates of economic
	welfare gains from a 50 per cent multilateral liberalisation of goods and
	services trade and from the proposed
	FTAA 554
10.4	Summary of benefits and costs of
о. т	liberalising subsidies and trade
	nocranising substates and trade

568

barriers 10.1.1 Net food importers 10.1.2 Net position in agriculture

Boxes

4.1	The dismal state of teacher training	
	Pakistan, early 1990s	211

4.2 Randomised experiments in schooling: Busia, Kenya 213

- 4.3 Randomised experiments in radio instruction, Nicaragua 214
- 6.1 Options for reform 337