

Book Review

Jeffrey Sachs

The End of Poverty: Economic Possibilities for Our Time

New York: Penguin, 2003.

Reviewed by Howard A. Doughty

St. Paul wrote, in 1 Corinthians 13:13, “Now abideth faith, hope, charity, these three; but the greatest of these is charity.” As a faithful childhood Christian, I took these words to heart, regularly placed a few coins on the collection plate assigned to foreign missions, and successfully lobbied my Sunday School class to “adopt” a child – somewhere in Africa, if I recall correctly – through what was then called the “Foster Parents Plan.” I also attended to my monthly *National Geographic Magazine*, which mainly celebrated mysterious cultures, exotic ways of life, fascinating flora and fauna, and the ultimate superiority of Western values. Perhaps my major introduction to the larger world came, however, through philately, which offered the reassuring knowledge that there were dozens of places from Aden to Zanzibar which featured the benign face of King George VI on their postage stamps and provided the comforting thought that, although Britannia might no longer rule the waves, there were at least plenty of pink splotches on every map of the world, a geographical fact that I must have celebrated, for I have a photo, taken in about 1948, of me proudly holding a “Union Jack.” All may not have been entirely right with what would eventually be called the Third World, but neither was there any urgent need for concern.

In my rural Ontario society, hope and help for poor countries and their stoic populations were encouraged; but, the major practical consequence of a vague awareness of “developing nations” was the occasional admonition to eat all my vegetables, because there were starving children elsewhere who would be grateful for such bounty. Growing up in the 1950s, my perspective on global poverty was understandably limited. The pomp of the coronation of Queen Elizabeth II and praiseworthy pronouncements about the Colombo Plan initiatives were sufficient to calm a troubled soul.

At no time were my friends, neighbours and fellow church-goers judgmental about the people who suffered poverty. In fact, no judgments of any sort were rendered. It seemed nobody’s fault that some substantial proportion of the world’s people endured hardship, disease and starvation. Besides, had not Jesus himself opined that the poor would always be with us?

It was, of course, our collective moral obligation to lend assistance where possible; but, we were cautioned, hope for the future (at least in this world) was perhaps the least of the three Pauline virtues. And, anyway, the principal political priority was the defeat of

wicked, godless communism – which was surely the greatest threat to humanity, rich and poor alike.

An abrupt change in my attitude occurred upon the publication of Frantz Fanon's *Les damnés de la terre* (*The Wretched of the Earth*) in 1961. It was the single opening line of Jean-Paul Sartre's "Preface" that caught me by surprise. "Not so very long ago," he wrote, "the earth numbered two thousand million inhabitants: five hundred million men, and one thousand five hundred million natives." We might quibble about the statistics which have, in any case, grown substantially in the intervening half-century. More important was the fact that Sartre quickly pointed out that there was an indissoluble causal connection between wealth and poverty that he soon elaborated into the bones of a theory of imperialism. More would follow.

Until I read that opening sentence, I had assumed on the advice and counsel not only of my co-religionists, but also in accordance with the mainstream media, the local schools and received opinion on every hand, that world poverty was, at worst, an inevitable aspect of human condition or, at best, a matter of historical contingency that would gradually be ameliorated if not entirely eliminated through the process of modernization. The thoughtful intervention of generous Western powers and the steady improvement in the governance of the "underdeveloped" world would surely assist the deserving poor in the quest for social self-sufficiency, political stability and economic prosperity. Edward Banfield (*The Moral Basis of a Backward Society*, 1958) and Oscar Lewis (*Five Families: Mexican Case Studies in the Culture of Poverty*, 1959) explained clearly the cultural obstacles that had to be overcome; and, in *The Stages of Economic Growth: A Non-Communist Manifesto* (1953), W. W. Rostow laid out plainly the pattern of progressive change and touted the "take-off" point at which tribalism, illiteracy, corruption and associated evils would be thrown off and poor nations would start up the storied path to success. President John F. Kennedy's "Alliance for Progress" in South America and Sergeant Shriver's international "Peace Corps" would soon emerge as warming rays from the "beacon on the hill" showing Asian, African and Latin American nations how to throw off the shackles of ignorance, authoritarianism, and communalism and rise into the advanced condition of lawful, democratic and comfortably capitalistic world of modernity.

After I read that single Sartrean sentence, I plunged headlong into the study of a variety of approaches to the enduring patterns of international economics. I was especially attracted to what came to be known as "dependency theory" in the manner of people such as Paul Baran, Andre Gunder Frank, Immanuel Wallerstein and dozens of others. It became obvious that the real problem of poverty was not poverty itself, but the sort of wealth that was the consequence, not of some backward cultural formation, but of the exploitative dynamic whereby poverty was the direct and conscious result of the relationship – economic, military and political – between the rich nations and the poor nations. The poetical rhetoric of the "White man's burden" was a classic ideological bait-and-switch.

All of this was in play, of course, before the Vietnam conflict had engaged half a million US troops, the "oil crisis" of 1973 had awakened at least a few North Americans to the

precariousness of reliable energy supplies, the little dragons of the Pacific Rim had emerged, and the growth of China as the principal banker for a debt-ridden United States had been contemplated. No one – with the possible exception of Marshall McLuhan - had yet spoken openly and earnestly of “globalization,” to say nothing of “Islamofascism,” and only a few inchoate ecologists had mentioned impending climate change.

In light of these crises and later, regularly appearing and closely related “crises” in international relations, the time has come to rethink the question of world-wide poverty. Some small economies are doing well. Commercial successes such as the city-states of Singapore and Dubai are lauded. The behemoths of China and India are growing at a rapid rate. Still, the state of many nations is deplorable. Placed in the hands of the World Bank, the World Trade Organization and the International Monetary Fund and other purveyors of neoliberalism which have imposed draconian measures such as user fees for water and electricity on people without the means to purchase food, deeply impoverished and highly indebted countries have been driven into desperation and despair.

The opportunity (and the necessity) to revisit the question of poverty has, we must gratefully acknowledge, produced a spate of books from a variety of philosophical perspectives that should stimulate and has at least kindled a serious debate on what are the causes and what, if any, are the solutions to the inequities of the international economy.

Perhaps the most controversial book – or at least the most controversial author – is *The End of Poverty* by Jeffrey Sachs. Professor Sachs is Director of the Earth Institute at New York’s Columbia University, and one of the most well-travelled economists on the planet. It is his fervently held opinion that poverty is not only an affliction of the poor, but a profound moral and practical problem for us all. It is a primary source of political instability and a serious obstacle for economic prosperity, even among the prosperous. Apart from arms manufacturers and their political associates in the developed world, no one is better off because approximately one billion people live on less than a dollar a day, the current standard for “extreme poverty.” Ridden with disease, malnourished, unskilled and uneducated (by Western standards), they constitute a potential labour force and consumer market that are wasted in much the same way that the unrealized skills and consumption habits of women are ignored in fundamentalist Islamic societies as they had been in Western societies of the very recent past. The same, of course, can be said for the other billions of people who, while not in danger of imminent death, still live in conditions that range from distress to destitution.

At the age of thirty, and already a tenured professor at Harvard in 1985, Jeffrey Sachs set out upon an ancillary career as a globe-trotting economic consultant. His mantra was standard free enterprise and free market economics. Over the past two decades, he studied economic development and advised governments in Latin America, Eastern Europe, Asia and Africa. With this field experience, he became a special adviser to the Secretary-General of the United Nations. He has observed development problems in macro-economies, in political backrooms and in small village settings. In *The End of Poverty*, he draws on both his academic and applied knowledge to suggest that it is

possible “to make poverty history,” and to explain how that could come about. He does not predict that it will happen, but he wants to tell the world that it can happen.

Sachs spends little time discussing the theoretical question of what poverty actually is. He has visited places where poverty is visible in a way that does not require much formal definition. He has, however, a clear vision of what its ending could mean. It would lift people out of the trap of being unable to improve themselves. Self-improvement, however, is not an inevitable consequence of ideologically driven innovations such as the imposition of a market economy along the lines prescribed by University of Chicago economists when they served the vicious Pinochet dictatorship and forced a severe market model on Chile.

When some are desperately poor and others obscenely rich, Sachs acknowledges, wealth must be redistributed. One way to do this is to tax the rich and give to the poor. Another is to stress cultural values that promote the rule of law, honest and open governance, education and entrepreneurship. The two are not mutually exclusive, but Sachs’ mind is mainly on enabling the poor and the powerless to take increasingly effective care of themselves. Of course the rich must help the poor, but he is inclined to think that they should do so more through responsible investment than through mere donations or by means of state-sponsored expropriation, whether by the nationalization of private firms, the appropriation of privately owned land or the expulsion of foreign investors.

The desire for betterment, Sachs believes, is universal. People will work and strive to improve their living standards and those of their children – when and if they can. The problem of poverty will be solved, he suggests, when everyone “has the chance to climb the ladder of development.”

Sachs is right to concentrate on development. When economic development “takes off,” poverty rates – however measured – do tend to fall dramatically. But he is wrong to focus on economic development as strongly as he does or to forecast the end of poverty as its predictable by-product. Development is not enough. Nowhere, not even in the United States or Western Europe to say nothing of Saudi Arabia, has an overall increase of wealth ended poverty. The desire for betterment may be universal; but, the capacity is not – especially when the ownership and control of the means of increased production remain in the grip of a plutocracy. Where poverty is extreme and widespread, development is obviously essential; but, to be given the supposed opportunity to prosper is not to be afforded the reality.

Capitalist champions and cheerleaders are of little use when insurmountable gaps and distortions in human, natural and infrastructural resources abound. Moreover, the principal institutions of international trade and development are profoundly indifferent to aid programs that are not explicitly tied to neoliberal outcomes. The so-called free market and the enthusiasm for privatization are almost universally applauded; but, the free market is anything but free, and privatization is merely a mechanism for enhancing the power of elites – both individual and corporate. The market mechanism, after all, is

rigged to favour the already affluent. The rest may be free to engage in the “pursuit of happiness”; but, the “playing field” is uneven and the rules of the game are fixed.

Affluent economies, moreover, are also demanding economies. Even in circumstances where macroeconomic data seem to describe growing prosperity, not everyone is able to keep pace with social expectations about skills, energy and discipline, just because they have the chance to do so (or no chance to do otherwise by constructing alternative relations of production). Competitive individualism as a social norm is no doubt important to personal achievement in liberal societies, but it is not an ethical assumption which must be accepted *a priori* and in all situations. The nineteenth-century manufacturing triumph of British industry was secured, we must never forget, on the misery of children in coal mines and the bondage of peasants and slaves abroad. The triumph of globalization is similarly based on the unnecessary immiseration of children and paupers, whether in poppy fields or in sportswear sweatshops. Accordingly, while it is commendable that enlightened consumers are putting some pressure on big-box distributors such as Wal-Mart to detach from suppliers with egregious environmental and human rights records, measurable improvement is negligible. It is not part of the business plan. The Organic Consumers Association, for example, reports that, while activists have waged noble campaigns and the highly profitable Starbucks coffee shops have “slowly bought more certified Fair Trade coffee, it represents only a very small percentage of their total ... (about 3.7%).” Sturdier measures are needed.

Chances are not enough; many, perhaps most, people in underdeveloped countries also need immediate material help. Getting economic development to “take off” is a necessary condition for ending poverty, but it is not a sufficient one. The task will ask much more of governments. On this Sachs’ voice is somewhat muted. To return to the Jesus narrative, the doctrine that the poor will be with us always is mind-numbing, never mind that the phrase has been ripped from its context and mendaciously employed to salve the consciences of those who profit from poverty. If poverty is inevitable, after all, no more can be done than to offer palliatives, for bolder projects are said to be futile. We are therefore obliged to pass through the pessimistic mind-set in order to set ourselves the far more ambitious goal of pursuing genuine social justice.

Sachs does go some way in contributing to the discussion of options, especially in his argument in favour of the power of ideas. He focuses on Africa where poverty can best be seen in its “raw form.” Despite Nigeria’s oil, southern Africa’s diamonds and an abundance of mineral, timber and agricultural resources, sub-Saharan Africa seems to have missed out on the burgeoning world economy. While average living standards have improved, diseases have diminished, infant mortality is down and productivity is up in most other parts of the world, Africans have – with notable and noble exceptions among which Botswana comes prominently to mind – been left seriously behind. Quite apart from the well-publicized AIDS pandemic, simple problems such as death by diarrhea and associated gastro-intestinal distress caused by impure water are horrendous. Mortality rates are high, respect for human rights is low and the rule of law in many countries is tentative at best.

In sorting out the causes of poverty and, more urgently, of extreme poverty, Sachs follows largely in the tradition of Barbara Ward (*The Rich Nations and the Poor Nations*, 1961) by identifying manifold explanations of misery and challenging people of good will to do the right thing. He puts aside both the exclusive attention paid by theorists of imperialism to the colonial legacy that attaches blame to the European imperial powers which dominated large geographic areas from the “discovery” of the Americas to the occupation of Africa, Oceania and much of the Near, Middle and Far East, and that continue, through neocolonialism, to dominate many parts of the world that possess resources which the West urgently needs now. He also rejects a simplistic account of incompetence and corruption on the part of the political leaders of the “new nations,” who have abused their power and permitted their once hopeful and freshly liberated countries to collapse in paroxysms of economic and ecological disaster complicated by tyranny, internal armed conflict and popular despair. Instead, while he tentatively and guardedly employs the concept of racism to describe aspects of the relationships between developed and underdeveloped countries, he tries to replace abstract, structural and almost inevitably Marxian accounts on the one hand and the analysis of manifest or latent racism on the other with a set of practical and visible problems that require pragmatic solutions and affect real lives in real time. What C. Wright Mills called “grand theories” and what are now termed “logocentric narratives” – whether of imperialism, colonialism or neocolonialism – have little place in Sachs’ approach. Instead, he looks to both particularized human and environmental factors.

Sachs pays special attention to geography. Climate, soil conditions and “location, location, location” have much to do with determining the chances and choices that societies have to succeed or to fail. Land-locked countries, for example, have a disadvantage when compared to countries with a coastline or, at least, navigable rivers to facilitate trade. Likewise, ecological issues, population density (too few or too many people can be equally damaging) and disease, which are conditions not *wholly* attributable to human culture and conscious choice, are deemed as important, or more important, than the ideological proclivities of ruling elites.

Addressing fundamental material conditions is, of course, essential and, to be fair, Sachs is right to emphasize that those conditions can be changed with a proper set of strategies on the part of both underdeveloped and developed states and of interstate agencies. Circumstances can change for the better as a result of wise decisions and for the worse because of foolish or short-sighted, selfish ones. What is more, as Sachs points out, there are reasons for hope. Some problems can be readily solved. It would, for example, be a simple and inexpensive matter to end some sources of extreme poverty with the stroke of a pen (or the punch of a keyboard). Controlling, reducing and, in some cases, eventually eliminating diseases such as tuberculosis, malaria and HIV-AIDS can be done. Building transportation and communications infrastructures, improving productivity and implementing fair trade are also eminently doable and relatively inexpensive. Education can be enhanced for a fraction of the international arms budget. Such initiatives would be more than enough to alter the circumstances of the vast preponderance of people now living in privation and squalor, and would – if anyone is sincere about the “war on terror” – be a more effective weapon against rage and insurrection than any number of well-

fortified Humvees and Blackhawk helicopters – to say nothing of nuclear missiles. To accomplish such splendid results for a modest percentage of the funds now squandered in the occupation of Iraq alone is within easy reach. Why then is it not being done?

Sachs says that the critical issue is to engage the political will of both rich and poor nations in a determined effort to wipe out misery, and that is precisely the rub. The bare facts are that:

- (1) poor countries need initial assistance – even in the form of easing or erasing foreign debt – but that rich ones are unwilling to give it; and
- (2) the people of the poor nations would be willing and able to haul themselves out of pauperism if they were not forcibly constrained.

Sachs is right to say that human beings do not normally will their own social distress, political dictatorship and economic impoverishment. He needs to recognize more explicitly that, where there is a will, there is not always a way.

Twenty years ago, for instance, Norwegian Prime Minister Gro Harlem Brundtland's paean to sustainable development (*Our Common Future*, 1987) called for a .7% solution, which would get most of those in poverty over the primary financial obstacles, which now deny them the opportunity to improve their economies significantly. If the developed nations were to dedicate seven-tenths of one percent of their annual gross domestic product to genuine foreign aid, the economic problems of the underdeveloped world could be reversed within a generation.

In some cases, such as the Chinese, we have seen immense economic improvement (albeit with social and environmental costs) even without foreign aid as extreme poverty in that emerging colossus has declined from roughly two-thirds to considerably less than one-fifth of the population within those same twenty years. Most poor countries, however, do not have the advantages that China possesses. Rather than "holding the mortgage" on the United States, poor countries from Bolivia to Burundi to Burma labour under extraordinary difficulties – whether economic, social or political – and cannot reasonably be expected to thrive without assistance either in the form of the removal of neocolonial obstructions or the intervention of international agencies dedicated to the eradication of internal barriers to progress.

We may be certain, however, that the fate of poor nations is limited by the fact that developed countries and the private corporations that exert influence within them and over them see no compelling reason to assist others in the absence of material or strategic benefits. As a result, in the absence of a compelling need to provide assistance, help will not be forthcoming. Humanitarian motivations or concern for human rights sit very low on the list of national or international priorities.

The primacy of self-interest, of course, can often lead to irrational policies and unwanted results. From time to time, foreign adventurism undertaken in what is viewed as strategic self-interest leads to disastrous results. Nonetheless, even if ruthless imperial policies

managed to achieve their intended objectives, the balance between aggressive foreign and trade policies would still dwarf foreign aid. In the current international situation, however, the US Congressional Budget Office reports that the invasion and occupation of Iraq – to say nothing of other the military, intelligence and national security expenditures – have cost almost \$500 billion, whereas the annual spending on foreign aid is about \$15 billion. In this context, it takes no grand theory or revolutionary ideology to understand that the priorities of most of the wealthiest countries on Earth do not include “charity” in any recognizable sense of the word. Moreover, although not burdened with similar military spending, most other advanced societies do not do appreciably better in terms of their commitments. Only Norway, Luxembourg, Denmark, Sweden and the Netherlands have met their obligations under the .7% formula, with Portugal coming close. What is more, many countries provide mainly “tied” aid that allows the recipient nations little or no discretion in its use of funds. The United States, for instance, ranks twentieth among the world’s twenty-one wealthiest countries in terms of the percentage of its GDP that is dedicated to foreign aid and worst in terms of tied aid, with almost 90% contingent on purchasing US goods, thus effectively providing “back-door subsidies” to US producers. The prevailing strategy was put simply by Kurt Vonnegut in an article that was first published in *Harper’s* magazine thirty-five years ago. The article was entitled, “In a Manner that Must Shame God Himself.” The strategy was this: “Ignore agony.”

Moral suasion is, therefore, unlikely to move powerful countries and prosperous corporations to improve their records on foreign aid (or anything else). The biblical injunction reads: “No man can serve two masters: Ye cannot serve God and Mammon,” and the state of the world is such that – even if God could be thought to worry about such matters – Mammon plainly holds a privileged position. So, while the promise of the Enlightenment that liberty and prosperity would flourish and that ignorance and disease would be overcome remains unfulfilled, there remains one bit of news that may catch the attention of the “deciders” in the developed world.

Although no imperial powers and no multinational enterprises are apt to act on charitable impulses alone, there are pragmatic reasons for displays of compassion. These can be seen if we may lower our sights a little. While continuing to make moral pleas and even to place them within grand rhetorical structures of logocentric discourse (it can’t hurt), we might begin to point out the practical consequences of uncritical obeisance to the far-famed “military-industrial complex” (to which, by the way, the prescient President Eisenhower added “congressional,” but thought better of it and excised it before he made his remarkable “Farewell Address.” The consequences of unrestrained greed and the unbridled quest for global hegemony are, it must be simply and firmly stated, pathological. As Jared Diamond has popularly told us, civilizations unwittingly choose to succeed or to fail. The fall of great empires have certain points in common. These include the isolation of ruling elites—both ideologically and economically—from the mass of ordinary people, the indifference of metropolitan countries to the fate of their hinterlands, and reckless ecological devastation in the pursuit of profligate “lifestyles.” Political alienation at home, the vulnerability of “high tech” cultures to “low tech” terrorism, and environmental degradation are so evident in the world today that any of us with the wit to

flip a light switch should know that our individual and collective behaviour is toxic and may lead to the suicidal destruction of what passes for our civilization.

At this juncture, Jeffrey Sachs fails us. His analysis is reasoned and reasonably persuasive. His experience and common sense are not in dispute. His commitment to encouraging change and promoting social justice are undeniable. At issue is how to create the political will to achieve what is so obviously an ethical imperative.

Until they leave office and acquire the status of “statesmen,” I suggest, it is unnecessary (and probably impossible) to convert and hold political leaders at home and abroad to standards of virtue that include an obligation to rescue the most pitiable of our species or, at least, to allow them the freedom and resources to salvage themselves. It is required of us only that we think seriously of the power relationships that link wealth to poverty, the economic relations that grow profits at the expense of the poor and the ultimate destiny of both when those relationships can no longer be sustained. Such serious thinking implies the encouragement of the political will to promote rational sharing, if only in the interest of self-preservation.

How Jeffrey Sachs would effect such a political transformation remains a trifle obscure.

About the Author

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