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Financial Times (London, England)

April 23, 2005 Saturday

SECTION: FT WEEKEND MAGAZINE - Book Reviews; Pg. 29

LENGTH: 1247 words

HEADLINE: Debt connector A US economist and adviser to Kofi Annan offers his panacea for the developing world's problems, reminding us that there is no such thing as a hopeless case

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BODY:

THE END OF POVERTY: Economic Possibilities for Our Time

by **Jeffrey Sachs**

Penguin Pounds 20, 320 pages

"Let the future say of our generation that we sent forth mighty currents of hope, and that we worked together to heal the world."

With that rhetorical flourish, worthy in its emotive passion of late Bill Clinton or early Tony Blair, Professor **Jeffrey Sachs** of Columbia University ends his modestly entitled book. He is close to completing the transition, as a former senior member of the US administration once put it to me, "from an economist to an Old Testament prophet".

Perhaps that is no bad thing. Sachs, with his media ubiquity and his role advising Kofi Annan, often provokes envy and eye-rolling in equal measure among his fellow economists. Despite - or perhaps because of - his day job running the huge, interdisciplinary Earth Institute at Columbia, many have begun to regard him more as an advocate than an academic.

There is some truth in that charge; the rousing call to arms of the book's conclusion is outdone by an overblown foreword by the rock star Bono, whose undoubted oral eloquence evidently does not translate well into the written word. His convoluted description of encountering Sachs verges on self-parody:

"I would enter the world of acronyms with a man who can make alphabet soup out of them. Soup you'd want to eat. Soup that would, if ingested properly, enable a lot more soup to be eaten by a lot more people."

But along the way, there is a cogent and consistent argument for massive infusions of foreign aid to overcome the interlinked problems of poverty, low growth, environmental degradation and disease that bedevil the poorest countries of the world, and in particular Africa. Sometimes, Sachs overstates to make his case, or focuses too much on his own role. Otherwise illuminating sections on the development of India, China, Poland and the Soviet Union are rather tiresomely interwoven with episodes in the life of one Jeffrey Sachs. As for his conclusions, the potential for massive transfers of money to be used well are overdone; the drawbacks or impracticalities are glossed over. But at least the pervasive and often ill-informed negativity with which the public and some politicians, particularly in the US, often view foreign aid now has a coherent rebuttal.

The book is often at its best when it attacks popular myths about aid and development, rather than when it appears to make grandiose claims to have invented a new, multifaceted approach to development.

The usual critique - that billions of dollars of aid have already been spent over the decades to little effect - is rightly attacked. Much of that aid was spent badly, given to the wrong countries (cold war political allies), tied to the purchase of exports or expensive consultants from the donor country, or otherwise wasted. The tragedy of foreign aid is that a growing consensus during the 1990s on how it should be spent coincided with a drop in aid budgets as the end of the cold war reduced the need to buy friends in the developing world. As people used to say about Christianity, or communism, it is not that coherent foreign aid programmes have been tried and found wanting so much as that they have been found difficult and not tried.

Sachs also briskly dismisses the doom-laden teleology that claims Africa is destined to be poor because its culture is inimical to growth, pointing out that the same things were wrongly said about the idleness of the Japanese, or the incompatibility of Catholicism and capitalism in southern Europe, or the Confucian values holding back China. He also rejects the idea that a single magic bullet - clean water, say, or economic liberalisation - could do the job of jump-starting African growth. He makes a reasonable argument that Africa's overlapping problems of climate, geography, history and disease mean that only money from overseas is likely to be able to provide the investment needed to get the continent on a self- sustaining path of higher growth.

That said, the amount of money that Sachs's multi-faceted approach requires is startling, increasing net foreign aid from Dollars 65bn in 2002 to Dollars 195bn a year by 2015. This should perhaps be read as an aspiration or a negotiating position rather than a practical plan. Sachs too easily dismisses criticisms of African governments as too weak and corrupt to foster development or administer large amounts of aid properly. He accepts the need to build institutions that are capable of delivering this amount of aid wisely, but is optimistic about the speed with which this can be done. The amounts of money he is suggesting are truly colossal relative to the size of the economies into which they will be flowing.

The experience of the international debt relief scheme for the world's poorest countries does indeed show, as he points out, a lack of generosity from rich nations and futile concerns about maintaining the creditworthiness of poor, even bankrupt governments. But they also revealed the difficulty of developing a clear, transparent and accountable budget and policy process in a country without one.

As for the potential for aid to be siphoned off by corrupt officials, Sachs asserts that African countries are no more corrupt than other poor countries at similar stages of development, citing studies of measures of governance such as Transparency International's corruption ratings. This, I think, places too much weight on subjective indices and defies common-sensical observation. Historically, it elides the difference between the cream-skimming corruption in Asian economies such as Thailand, say, and the grand larceny all too familiar in Africa. Even today, with democratisation sweeping Africa, corruption remains a bigger problem than Sachs allows. He lists Malawi, for example, as a country with

a good level of governance relative to its income: that did not prevent corrupt Malawian officials enriching themselves by selling off its emergency grain store in the face of an imminent famine in 2002.

Perhaps most importantly, he understates the risk that failures in such a grandiose plan would pose to future aid spending. Sachs must be aware that a few large corruption scandals could easily destroy the fragile constituency that has been built up in recent years in the US for increases in foreign aid. I have heard it argued that waste is intrinsic to large-scale public spending when, as with the military, results are considered so vital that taxpayers and politicians are prepared to commit overwhelming financial firepower and damn the consequences. But Sachs must realise that public and Congressional willingness to tolerate the Pentagon's Dollars 800 toilet seats is highly unlikely to be replicated in the US's foreign aid budget.

Would Sachs's plan to heal the world work? Sadly, it is highly unlikely to be tested. By his own calculations, the US would have to make up about half of the shortfall between where we are now and where Sachs wants us to be. And even with Bush's new commitment to foreign assistance, far more impressive than anything seen in the Clinton years, aid remains tens of billions of dollars short of the scale Sachs is considering.

But there are worse things in the world than asking for too much. Sachs's book will not win him the Nobel Prize for economics. But it may well ensure that his ideas live on, at least in the popular mind, after those of his more rarefied academic colleagues have long been forgotten.

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