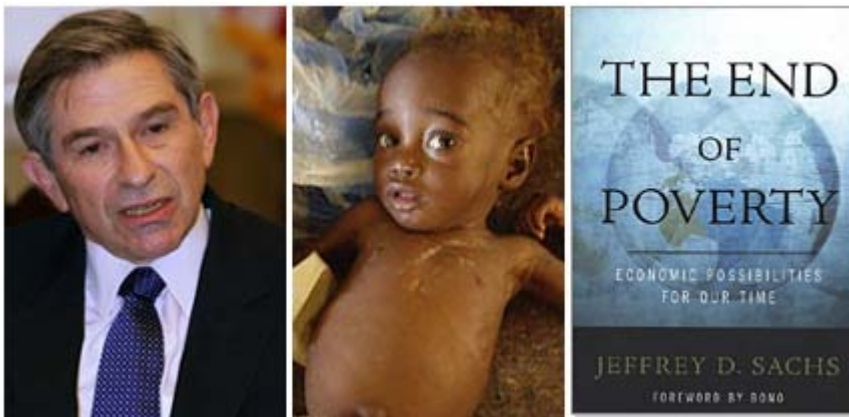




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Paul Wolfowitz (left), a malnourished African child and "The End of Poverty," by Jeffrey Sachs.

How Paul Wolfowitz can save the world

Hardheaded, passionate and conservative in the old-fashioned sense, Jeffrey Sachs' new book could -- but probably won't -- show the next head of the World Bank how to end global poverty.

By Farhad Manjoo



March 27, 2005 | Europeans greeted the Bush administration's nomination of Paul Wolfowitz to the presidency of the World Bank with quite a bit less kicking and screaming than one might have initially expected. In the past week and a half the deputy defense secretary and Iraq-war enthusiast has moved swiftly to shore up support among diplomats, bank officials and [influential Irish rock stars](#), and word from Washington says that he's now [all but certain](#) to get the job.

The United States has traditionally picked the World Bank's chiefs, so it's perhaps not exactly shocking that foreigners didn't fight Wolfowitz very hard; after so many battles with the Bush administration, the world is no longer in a fighting mood. But the quick concession on the Wolfowitz nomination may reflect something deeper, too. International development, which the World Bank is charged to pursue, is a confounding business these days. About 1.1 billion people around the world live in conditions of

persistent, extreme poverty, and there sometimes seem to be just as many ideas, ranging from the radical to the reactionary, over what to do about this awful state of affairs. Among residents of rich nations, there's a sense that everything we've done to help the underdeveloped world during the past half-century has failed, and that now, in the age of AIDS, the poor world's problems look nearly unsolvable. We need new ideas and new leaders, the thinking goes. Wolfowitz, who's done little development work during his long career in government, is a blank slate, and he's got good connections. As Gerhard Schroeder, the German chancellor and dependable Bush critic, remarked to his countrymen this week, "People could be pleasantly surprised by his performance."

But what should Wolfowitz do? How can he pleasantly surprise us? Here's one modest proposal: He should pick up a copy of "The End of Poverty," the fine new book by the economist Jeffrey Sachs, and then he should push hard to implement every one of its anti-poverty strategies. Sachs, who heads Columbia's Earth Institute and has guided several of the world's struggling nations to economic success, presents a rigorous examination of the foundations of extreme poverty -- defined as people whose incomes fall below \$1 a day -- and, more important, a plan for completely eliminating such destitution by the year 2025. At bottom, the book, which is an intriguing mix of memoir, economics text, and polemic, argues that international development is worth pursuing, and that hope is not lost. Indeed, Sachs says, we ought to be more hopeful now than we've ever been before. The world now enjoys unprecedented wealth, and our technology makes confronting the poor world's problems easier than ever before. A generation ago, proposing the end of world poverty would have marked you as a revolutionary; these days, nirvana is a matter of simple, capitalistic economics, pursued in clever ways and with determination.

More than a plan for economic development, then, Sachs is really proposing a new world order. Our age, he says, has much in common with the early 20th century, when relative peace and prosperity reigned throughout the globe. It wasn't paradise -- especially outside of Europe, which controlled the planet through its colonies -- but with continuing economic interconnectedness and technological progress, many in the world stood the chance to one day shake off the shackles of poverty. But those chances were squandered in 1914, with the sudden, irrational outbreak of the First World War, which sank the globe into 70 years of trouble. Only now, with the Cold War's end and renewed global cooperation through technology and trade, do we have another shot at global prosperity.

In many ways the world Sachs envisions is similar to the kind of planet George W. Bush has said he wants -- one in which people are free, healthy and prosperous. Any way you look at it, this is an ambitious idea, of course, but in Sachs' hardheaded telling the goal looks eminently more attainable than in Bush's pious, [dreamy inaugural phrasing](#). That's because Sachs, unlike Bush, is not an idealist; he's not proposing, as Bush seems to be, an idea that he knows is too big to pursue, that only a miracle will help us attain. Bush -- and, from what we know, Wolfowitz -- wants to improve the world at the end of a gun. Success in this quest, while perhaps possible, has proved, in the Middle East, tremendously costly, and you've got to have a lot of good luck on your side for things to work out. Sachs, who as an academic in favor of foreign aid would be labeled a bleeding heart by anyone in the White House, offers a plan that is much more *conservative* than Bush's. His ideas are based on the soundness of trade and technology, and he believes that capitalism, if nurtured through hefty foreign grants and disease-reduction projects, will flower even in the most hardscrabble lands.

Despite its foreword by Bono and a recent excerpt in Time magazine, "The End of Poverty" is unlikely to become a mega-bestseller; because Sachs strives mightily to offer advice that's pragmatic and useful, he can sometimes veer too deeply into wonky economic analyses, making for a prose style that's not likely to enjoy broad appeal. I'd call this a downside -- more people really should read this book -- if I thought the world already had enough rigorous plans for achieving global prosperity, but that's clearly not the case. Sachs' economic analysis, even if it's difficult, is therefore welcome, especially if it can

help Paul Wolfowitz get up to speed.

And anyway, Sachs' wonkiness is not entirely off-putting, because he's clearly animated by passion, and even rage. People in the rich world, particularly American politicians, believe that we do too much for the world's poor and that we have too little to show for it. Sachs knows that we do too little, that the little we do is not wise, and that, if we were to act wisely, we'd see enormous gains. It's a frustrating position, and reading this book, and comparing Sachs' plans to what's actually being done in the world, is, alas, an exercise in keeping your cool.

There's no question that in much of the world outside of Europe and North America, people live difficult lives, but the situation is actually rather less gloomy than you may believe. It's true that there are a billion extremely poor people on the planet, but it's also true that that number is actually down from 20 years ago. Since 1981, Sachs shows, poverty has plummeted in many parts of the globe, especially in Asia, where the remarkable rise of vibrant free markets in China and India lifted hundreds of millions of people out of destitution. Only in sub-Saharan Africa has the number of extremely poor people risen significantly over the last 20 years; that continent, which is beset by disease and ignored by the world, will have the toughest time achieving success in the coming decades.

Sachs focuses his guidance on the many countries in Africa and other parts of the globe that he describes as being caught in a "poverty trap." In these nations, people are "unable to escape from their own material deprivation," Sachs writes. "They are trapped by disease, physical isolation, climate stress, environmental degradation, and by extreme poverty itself. Even though life-saving solutions exist to increase their chances for survival -- whether in the form of new farming techniques, or essential medicines, or bed nets that can limit the transmission of malaria -- these families and their governments simply lack the financial means to make these crucial investments."

Ending world poverty, in Sachs' view, requires freeing these nations from the poverty trap. With a good plan, some money and some technology, poor countries can be put on what Sachs calls the first rung of the "ladder of economic development." Once countries reach this rung, capitalism takes over; time and time again, in different regions of the globe and among different kinds of people, economic gains are realized once the initial conditions restraining growth have been eliminated. You may be skeptical of the idea of ending poverty through the balm of capitalism, and in recent years the anti-globalization movement has expressed deep moral outrage over the misbehavior of multinational corporations. Be that as it may, recent history shows that regulated capitalism clearly works to raise living standards, even in places where it would seem anathema (like China).

But vibrant markets don't sprout out of ground where nothing else grows. Geography and ecology affect a nation's economic prospects in profound ways, and in places like sub-Saharan Africa, where soil and rain conditions make agriculture difficult, where malaria is endemic, and where transportation (especially through seaports) is difficult or impossible, poverty remains the natural condition of life. The only way to save these places, Sachs believes, is to attack the root causes of poverty -- to combat disease and build a public health system, to introduce agricultural technologies, to build roads and a communications infrastructure, to educate the population, and generally to improve the place.

Proposing to fix these things in poor countries might seem obvious; isn't it clear to everyone, you might ask, that one necessary step to prosperity in sub-Saharan Africa is fighting malaria and AIDS? You would think so, but you'd be wrong. As Sachs points out, little or no aid goes to poor countries for disease prevention or infrastructure development. He reproduces a chart of money rich nations gave to African nations for disease control during the 1990s: Only in two years did the numbers top \$100 million -- less money than it takes to make a decent Hollywood blockbuster. In this atmosphere, Sachs' proposal -- to scale up aid several times -- really is radical.

These sound like large investments, but the price tag for improving poor countries in the way Sachs outlines is remarkably small. Sachs, who has produced a thorough outline of the necessary costs as part of his work with the [U.N. Millennium Project](#) to end global poverty, hunger, disease, illiteracy, environmental degradation and gender discrimination, says that rich countries need to contribute a total of \$135 billion to \$195 billion per year, every year until 2015. This is something on the order of half of 1 percent of the rich world's annual income -- far less than the 0.7 percent of income that rich nations, including the United States, have long been promising to give to the poor nations. The promise of aid, which wealthy nations have made in a host of international trade agreements, has not been kept.

The United States is a particularly stingy nation, Sachs points out. Opinion surveys show that Americans believe that 20 percent of the federal budget is consumed by foreign aid, but the number is in fact far smaller. The United States currently contributes about a tenth of 1 percent of its income in aid to poor countries -- an abysmal rate that falls below that of all industrialized nations, and is dwarfed by the giving rate of Canada (0.26 percent), Germany (0.28 percent), the United Kingdom (0.34 percent) and France (0.42 percent). In 2004, the U.S. spent \$15 billion on direct foreign aid; as a comparison, we spent \$450 billion on the military. In order to keep our promises and spend something along the lines of what Sachs says we need to, we have to increase foreign aid to around \$100 billion a year. America's wealthy are so wealthy that we could get the necessary funds just by taxing the rich, Sachs points out. A 5 percent tax surcharge on incomes over \$200,000 would do the trick.

Sachs paints the need to increase our aid as a moral imperative. There's just no reason not to do it, he says, and every reason in the world to do it. Not only might we alleviate world poverty and feel good about ourselves in the process, but we'd also likely create some peace in the world if we did. The poor world, he says, does not now think of the United States as a generous nation. It thinks of us as a militaristic nation. But we'd probably win many more friends through money than through guns, Sachs says. Reducing the number of failed states -- a key consequence of extreme poverty -- will also contribute to our safety. There's another reason to do it: It's cheaper in lives and dollars than war. We've already [spent](#) more than \$200 billion in Iraq, and we're on target to spend tens of billions more. Putting that kind of money toward international aid would very likely have produced more concrete results.

The plan, as Sachs sketches it, is so logical and clean you're alarmed we're not embarking on something like it. Sachs isn't a fan of Bush -- whose promise to increase aid by a paltry \$5 billion a year over Clinton-era levels has not been kept -- but his larger point is not specific to this administration or any one party. No American politician, he says, has displayed any real courage in leading the world toward a poverty-free planet through the rigorous and systematic application of foreign aid. What we need is a leader willing to fight.

Is that leader Paul Wolfowitz? Sachs, who didn't have many [kind words](#) for the Bush nominee last week, probably doesn't think so. But if Wolfowitz wants to redeem his name in the eyes of the world, it wouldn't be a bad idea for him to try Sachs' grand plan.

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