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NEW YORK – A country’s economic success depends on the education, skills, and health of its population. When its young people are healthy and well educated, they can find gainful employment, achieve dignity, and succeed in adjusting to the fluctuations of the global labor market. Businesses invest more, knowing that their workers will be productive. Yet many societies around the world do not meet the challenge of ensuring basic health and a decent education for each generation of children.

Why is the challenge of education unmet in so many countries? Some are simply too poor to provide decent schools. Parents themselves may lack adequate education, leaving them unable to help their own children beyond the first year or two of school, so that illiteracy and innumeracy are transmitted from one generation to the next. The situation is most difficult in large families (say, six or seven children), because parents invest little in the health, nutrition, and education of each child.

Yet rich countries also fail. The United States, for example, cruelly allows its poorest children to suffer. Poor people live in poor neighborhoods with poor schools. Parents are often unemployed, ill, divorced, or even incarcerated. Children become trapped in a persistent generational cycle of poverty, despite the society’s general affluence. Too often, children growing up in poverty end up as poor adults.

A remarkable new documentary film, *The House I Live In*, shows that America’s story is even sadder and crueler than that, owing to disastrous policies. Starting around 40 years ago, America’s politicians declared a “war on drugs,” ostensibly to fight the use of addictive drugs like cocaine. As the film
clearly shows, however, the war on drugs became a war on the poor, especially on poor minority groups.

In fact, the war on drugs led to mass incarceration of poor, minority young men. The US now imprisons around 2.3 million people at any time, a substantial number of whom are poor people who are arrested for selling drugs to support their own addiction. As a result, the US has ended up with the world’s highest incarceration rate – a shocking 743 people per 100,000!

The film depicts a nightmarish world in which poverty in one generation is passed on to the next, with the cruel, costly, and inefficient “war on drugs” facilitating the process. Poor people, often African-Americans, cannot find jobs or have returned from military service without skills or employment contacts. They fall into poverty and turn to drugs.

Instead of receiving social and medical assistance, they are arrested and turned into felons. From that point on, they are in and out of the prison system, and have little chance of ever getting a legal job that enables them to escape poverty. Their children grow up without a parent at home – and without hope and support. The children of drug users often become drug users themselves; they, too, frequently end up in jail or suffer violence or early death.

What is crazy about this is that the US has missed the obvious point – and has missed it for 40 years. To break the cycle of poverty, a country needs to invest in its children’s future, not in the imprisonment of 2.3 million people a year, many for non-violent crimes that are symptoms of poverty.

Many politicians are eager accomplices to this lunacy. They play to the fears of the middle class, especially middle-class fear of minority groups, to perpetuate this misdirection of social efforts and government spending.

The general point is this: Governments have a unique role to play to ensure that all young members of a generation – poor children as well as rich ones – have a chance. A poor kid is unlikely to break free of his or her parents’ poverty without strong and effective government programs that support high-quality education, health care, and decent nutrition.

This is the genius of “social democracy,” the philosophy pioneered in Scandinavia, but also deployed in many developing countries, such as Costa Rica. The idea is simple and powerful: All people deserve a chance, and society needs to help everybody to secure that chance. Most important, families need help to raise healthy, well-nourished, and educated children. Social investments are large, financed by high taxes, which rich people actually pay, rather than evade.

A comparison of the US and Sweden is therefore revealing. Using comparable data and definitions provided by the Organization for Economic Cooperation and Development, the US has a poverty rate of 17.3%, roughly twice Sweden’s poverty rate of 8.4%. And America’s incarceration rate is 10 times Sweden’s rate of 70 people per 100,000. The US is richer on average than Sweden, but the income gap between America’s richest and poorest is vastly wider than it is in Sweden, and the US treats its poor punitively, rather than supportively.
One of the shocking realities in recent years is that America now has almost the lowest degree of social mobility of the high-income countries. Children born poor are likely to remain poor; children born into affluence are likely to be affluent adults.

This inter-generational tracking amounts to a profound waste of human talents. America will pay the price in the long term unless it changes course. Investing in its children and young people provides the very highest return that any society can earn, in both economic and human terms.

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Roman Bleifer 13 November 2012

In times of serious crises begin discussions about the lost generation. The current crisis is no exception. The world began to shift to a new mode of production. This process can not be painless (crisismir.com/analiticheskie-materialy/ekonomika/13-mirovoj-ekonomicheskij-krizis-prichiny-i-posledstviya-quo-vadis.html). The share of manual labor and unskilled labor invariably falls. Knowledge workers are the dominant factor. Unfortunately the education system does not have time to change to the extent that it requires a modern production.

Zvonimir Miletić 5 November 2012

Also, problem with rich countries is because I think they want to retain current situation and the gap between rich and poor countries. They don't want to end poverty, mainly in Africa, even it is surely possible with genuine effort. They don't do that because they will lose they affluence in that way and, maybe, they will lose advantageous position that is foundation of their power and affluence.

In poor countries the biggest issues are corruption and lack of education, especially in young people. Most of them cherish wrong values and see no point in education and think they hard work will be in vain. Cause of that is high corruption in all institutions that is criteria for employment and success. Few young people see chance with it and well-educated among them regularly leave the country to seek for better opportunities (brain drain).

Paul Hanly 4 November 2012

Some focus on the lost generations in the PIIGS as they battle recession and unemployment, particularly youth unemployment would be the logical follow on.

Jerry Guberman 4 November 2012

I think media make it worse for us... Idolizing success and pop, sport, fashion models/movie stars... Making them big and purposely not revealing process of star-making. That's 99% of our stars were rich before their official public success. They've been managed and bred for success. That makes poor people stars look pathetic like rednecko back yard dirt fighters pretending UFC. Excluding self made stars or role models for all minorities plus low education, plus dis-functional families, plus medical psychological problems creating not only gap, but perfect future for civil war.

Olanrewaju Kamil-Muhammed OSENI @lanrehussain 4 November 2012

Why are leaders not making conscious effeort to change this annomality. This is exactly what is happening in my country. We are recycling poverty and wealth and why is that. Can things ever change in this regard???
**Leo Arouet** 3 November 2012

Un excelente artículo sobre el déficit del gasto público que en muchas naciones son comunes. Las minorías étnicas son las más olvidadas del país; esto mismo sucede en mi país (Perú), que posee una diversidad étnica y que cada vez más vulnerables y son relegados.

- [Expand all](#)
- [Expand](#)

8. **Commented**

**Carol Maczinsky** 3 November 2012

You can't have socialism without a people. A population won't do, you need solidarity, a common fate and history and ethnic homogenity. The USA show that is impossible to get social cohesion when there is no cohesion but unlimited competition and selfishness, adoration of power rather than allegiance to the common good.

- [Expand all](#)
- [Expand](#)

9. **Commented**

**Oscar Andres Esquivel** 2 November 2012

Socialism: The nihilistic belief that nobody is responsible for their own success or failure, we're all driftwood on the fickle sea of fate.

10. **Commented**

**Oscar Andres Esquivel** 2 November 2012

Mr. Sachs forgot to mention that Costa Rica, due to its “social democracy philosophy” filled with opportunities, we now have 21% poverty rate, 5% of the population are extremely poor, 10% unemployment rate, homicide rates double those in the U.S. Most of our delinquents instead of being incarcerated are walking very happily on the streets, awaiting their next victim, or as he prefers to call it; a new opportunity.

- [Expand all](#)
- [Expand](#)

11. **Commented**

**Kodjo Adadevoh** 1 November 2012

Professor Sachs couldn’t have said this any better. Any great nation can only remain great when all of its citizens are included in the union. Inclusion isn’t attained through lip service, but rather through carefully designed policies that aim at the education system, housing, healthcare, employment and safety of all citizens.

Fundamentally or dialectically, it should be obvious to any clearly thinking person that a country full of well-educated and productive citizens is much better than a fractured and divided country. We are all our brother’s keeper i.e. united we stand and divided we fall. Keep up the good work Professor Sachs!
Alireza Rezghi 30 October 2012

Professor Sachs point of view shows the lack of vision in politicians, the sample is US but it's the same in many other countries. The Scandinavian countries are of course an exception in many aspects of their commitment to humanity, ethics and the future generations.

Ronna Perlmutter @Ronna Perlmutter 28 October 2012

The difference in both size and ethnic composition invalidate outcome comparisons between the U.S. and Sweden.

Tony Phuah @TonyPhuah 27 October 2012

intergenerational mobility dynamics, balancing loop is gaining strength...

Jorge Simao 27 October 2012

There are some good points and interesting comments for this article. But the article is also sound, backed by data, and very reasonable. The problem is that it has no power what so ever to change the status quo, nor it presents concrete measures to change it. Asking for more state responsibility this days usually means increases taxes -- which most often hit harder the poor than the rich, and get a smaller share of the common resource pool. Also, as pointed out in other comments, educating people for the sake of finding employment (rather to say, be creative, knowledgeable, and intrapenusers) also suggests the ideology that markets are the answer -- not to say, as suggesting that people are meant to work for other (richer) people.

Epicurus Samos 26 October 2012

Poetic and romantic perspective on human condition -- that "refuse" to see the competitive and exploratory nature of all human societies in all times -- are as dangerous has something else. They only work to give a false sense of security to people, and appeasement so that they can not clearly see the nature of the status quo. Any way, it is a well written article, and deserves respect for that.
Why should young people obey to money people? Money is made from thin air, and people have no use for it. Immigration can help to a certain extent, especially if you mother language gives you an option to relocate and your degree is accepted, but even this avenue is swiftly closing as the crisis continues to bite harder.

Lynda scott 25 October 2012

Everyone I read a piece by Mr. Sachs, I'm reminded of the encounter with Hugh Hendry. Just seems odd to me. Money never was an economical qualification. Any idiot can have money because money is not a economical qualification, is only the grocers authorization, made by grocers, to impose the grocers power over the others. Why these ridiculous authors keep doing the grocers game, to put people obeying to grocers? Until when should we support the abuses of grocers? By economy rules no body can spend excessively, by grocers rules (market rules) any fat grocer (money person) can spend what ever they want. Market don't follow any economy rule, grocers pride is showing that they don't follow economical rules (they like show that they spend excessively, with all uneconomical toys they like to show). So if market is not economy why should we support market, and obey to grocers rules? Why people should stay all live obeying to grocers in an employment? Until when?

Zsolt Hermann 25 October 2012

The main problem is the purpose of education. The education system is serving the actual prevalent socio/economic model. And it basically has not changed since the industrial revolution, we are still producing good workers keeping the production machine ticking, while the more general education through society is aimed solely at one thing: consumption. Everything that enters our sphere from earliest childhood is pushing us towards consuming everything the production machine is churning out. Our whole existence is around these two pillars, working to produce and earn in order to consume. Everything that enters our sphere from earliest childhood is pushing us towards consuming everything the production machine is churning out.

Radek tanski 27 October 2012

Paleo-anthropologists have a cool term which is relevant I think. "diversification and decimation" just part of nature this crisis thing.

Silvio Valdissera @silviolv 25 October 2012

As analyzed on other pages the constant quantitative growth system has no hope of revival since it is unnatural. Not sustainable for many reasons. The whole society with all its institutions is facing a fundamental, total adjustment. The main problem is that the structure humanity exists in today, the main values, drivers, purposes simply do not match the external conditions, the global, interdependent human network within the closed and finite natural living system.

Allan Gaia Pio 27 October 2012

Financial situations cannot be modified without changing the whole economic model, the economic model cannot be adjusted without adjusting the whole society, its values, abandoning the general consumerism attitude, and all this depends on a completely new education program not only for children and youth but for the whole global society about the system we evolved into, about the problems with the present structure, why it lead to the global crisis thing.
crisis, and they might be, bringing multiple benefits, but they will destabilize the world and push it backward. We already have the necessary scientific data around us, we just need to put it together into a comprehensive picture and we need the people who are capable of seeing, understanding the whole interconnected global picture to teach it.

Mark Pitts 25 October 2012

Where I live (New Jersey), we spend $15,000 per student per year. And we spend more per student in the inner cities than in the suburbs. If money were the issue, the problem would already be solved. The problem is ossified self-serving unions running the educational system. The educational system should be run by parents and citizens, not by those who stand to gain by gaming the system.

Marten Klein 25 October 2012

The ability to adjust to the labor market is a phrase that perfectly represents your arrogance. We never asked for a global labour market or desired to compete with Chinese slave workers. We were not compensated for the alleged benefits of the globalisation process to the capital owners.

Mark Pitts 25 October 2012

Every consumer enjoys the benefits of low Chinese wages via lower prices for the goods they purchase.

John Doe 25 October 2012

Every time I read one of these pieces by Mr. Sachs I have the same two or three questions.

1) Why should I worry about a community of people who on the whole choose on their own to be drug users?

2) Does he have children or grand children? Is he so confident that in his drug on every street corner world he can keep them away from meth and other drugs that will totally screw them up for the rest of their life from one use. What about people not so fortunate as him? Say a single mom who has a gap in child care from 3 to 6 and all during the summer, when she is working. How do we best help her try to keep her kids away from drugs?

3) If we let all these thugs have drugs on every street corner will he promise not to write stories about how terrible it is that we let pimps and others turn 13 year old girls into whores by giving them meth or similar super addictive drugs?

Andrew N Mason 25 October 2012

Mr. Sachs is an economist. He needs to understand that people react to incentives. Poverty in America and all its
problem. Mr. Sachs has an excellent article on this subject, "The Lost Generations," which you can read here: [Link to the article by Jeffrey D. Sachs].

In the economic discourse of our times, I have seen normative references to employment as a fundamental value, even as a driver for the economic progress. Some have referred to Okun's Law, others to Philips Curve, and still others have taken the empirical relationship that if growth is to be sustained those in work cannot feed those who are not in work beyond a threshold, which extrapolated over the entire society have sometimes driven many to the debate that the working population must earn more to take care of the liabilities that society carries for the previous generations, and to move from the malaise phase to the inflationary phase. The debate is often lost behind the question of how incentives are in place and people make the choice given that the INFORMATION they have at hand and the options for the individual are what they have. And often the debate is not about who makes the choice, but about the incentives and the options for the individual.

I often think that given India's long history, and evolved social system of castes under conditions of scarcity, how miserable, don't you think that the caste system, and extreme poverty of India could be likened to a genetic disease which is passed down from generation to generation? Considering the long history of India, and evolution under scarcity of its gene strains, don't you think its possible that the caste system, and extreme poverty of India may very well be an advanced version of the caste system in the American South, where human family strains adapt and evolve to fill every single energy/value niche available - no matter how miserable. Don't you think that the caste system, and extreme poverty of India could be likened to a genetic disease which is passed down from generation to generation? With such a vision, is social evolution under similar circumstances of over population and resource scarcity possible?

With such a vision, is social evolution under similar circumstances of over population and resource scarcity possible? Don't you think that the caste system is the future of the world?

Johnny (MoneyWonk) @MoneyWonk 24 October 2012

A better way to frame the comparison is that the U.S. is 5% of world population and has 25% of the world's prisoners.

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23. Commented

Procyon Mukherjee 25 October 2012

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