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Book Review: The End of Poverty: Economic Possibilities for Our Time

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Book Review

The End of Poverty: Economic Possibilities for Our Time. By Jeffrey D. Sachs. 2006. Penguin Books, New York, NY. xviii+397 pp. US\$16.00, ISBN: 0-14-303658-0, paperback.

In what is likely to be a highly controversial book in global economic circles, macro-economist Jeffrey Sachs provides a critical analysis of current failed development aid policies of the World Bank and the International Monetary Fund in the eastern block and the Third World. Based on extensive travel, consulting with governments, and practical experience with both successes and failures, the author provides convincing evidence that a major shift in assistance policy is needed to alleviate poverty in our time. Yet contrary to many who see the challenges in Asia and especially Africa as impossible to solve, Sachs provides an impressive agenda of practical solutions that can help the global community meet the Millennium Goals of reducing poverty.

Professor Sachs provides enough historical perspective on poverty in general as well as background on the specific country case studies to convince the reader of the soundness of his scholarship. Yet he is no armchair academic. The author knows first-hand the challenges that face the poor from his visits to villages and families in impoverished areas of India, Malawi and Ethiopia. At the same time, he has counseled ministers of state and other national leaders about their macro-economic problems and has challenged them to seek bold new solutions that will break the chains of poverty and help people and societies reach the first rung on the ladder to development. His comprehensive economic research, acquired grasp of agricultural and environmental issues, and exhaustive travel provide credibility to the recommendations, and make this a compelling book for anyone interested in creative approaches to development and solving poverty.

The importance of history is chronicled through the past two formative centuries, during which a large disparity of wealth and power developed. Before this time, people were generally and equally poor in all parts of the world, except for a small elite. Dr Sachs provides analysis of how the highly developed cultures of China and India fell victim to their own parochial decisions, lack of internal unity, and limited foresight while the emerging industrial economies of western Europe rapidly gained control of the sea and global trade. Colonies were established that focused on extraction rather than education and local development, and the legacy lives on until today in great disparities in wealth and access to resources. His first three chapters remind the reader of another sweeping analysis of global development, *Guns, Germs, and Steel* by Jared Diamond (Norton, 1997), an equally over-simplified rendition of history, to be sure, but a provoking treatise that stimulates thinking and further reading.

The book expands the theme of ‘clinical economics’ or careful analysis in a series of chapters dedicated to specific national situations in Bolivia, Poland, Russia, China, India and, lastly, several countries in sub-Saharan Africa, presented roughly in the order of the author’s own involvement. These are riveting exposés of the unique challenges faced by societies with different political histories, natural resource endowments and potential access to global trade. Dr Sachs’ personal involvement and his descriptions of the leaders with whom he has counseled make fascinating reading, especially since most of this has happened in the past several decades and most readers will recognize the names and events. Telling the stories in first person provides a readable and interesting text, although the author’s ego can be a distraction as one grinds through page after page of his personal exploits and influence on the course of economic development. Further, his great discovery that different countries and situations will require unique solutions may be a revelation to development economists, but should be greeted with a yawn by anyone with knowledge of ecology, diversity and the importance of place and context.

Where the book excels is in the last eight chapters, where a clear path to development is laid out. Modestly named and described by Sachs as his ‘Big Plan’ for development, the solutions rightly focus on integrated activities on multiple fronts in the battle against poverty. He claims that piecemeal approaches that look at single factors in a national economy are unlikely to have major impacts on development, while he does concede that some interventions such as oral rehydration therapy and infusion of chemical fertilizers, for example, can help people toward better health and increased agricultural production. Again, this may be news to economists, but agronomists and ecologists are well aware that all things are connected and that tweaking one part of the system, whether through introduction of a new wheat variety or establishing export subsidies, alone is unlikely to make much change. But these shortcomings should not detract the reader from the central message of *The End of Poverty*.

There is ample evidence provided by Dr Sachs for hope rather than total despair in moving toward solutions to poverty. Although many of the economic details and arguments will be difficult for the general reader, he does provide some simplified examples at the family and the village levels that demonstrate clearly how a modest investment from outside can make a substantial difference in incomes and human well being. He outlines in very accessible language what needs to be done, and compares the required financing on a global scale to what is now invested in military equipment and adventurism that could be put to much better use in improving the human condition. The author is unforgiving in his assessment of

the current US administration's fixation with national security and singular military solutions to stabilize the world so that a global economy can be assured.

This introduces another major shortcoming in the Big Plan. Although framed in a reformist context compared to simplistic efforts at foreign development assistance in the past, there is an over-reliance on neoclassical economics and development of free trade on a global scale to guarantee progress for everyone. The author rightly describes the great disparities in wealth that have evolved over the past several decades as a result of uncontrolled capitalism and the rise of multinational corporations. Yet there is little attention to creative alternatives at the family, landscape and community level, such as local food systems, self-reliant agricultural production systems and other innovations that are emerging with current research in agroecology and organic farming. The concerned reader would be well advised to explore the opinions of another economist, Dr John Ikerd, in *Sustainable Capitalism: A Matter of Common Sense* (Kumarian Press, 2005) to discover truly creative alternatives.

For Dr Sachs and other economists, there is no other economy, for example based on water, energy, carbon balance or metrics of global climate change. They are realists, of course, as our societies are not well enough educated to understand or accept the real constraints in the

long term: declining supplies of fossil fuels and fresh water, loss of farmland to development, unrestrained competition within and among countries, among others. We also lack the tools and the will to develop and engage in any other long-term measure of sustainability.

This said, Dr Sachs' provocative book *The End of Poverty* is an essential read for those seriously concerned about international development and the importance of the role of rich countries in this process. It is not an oversimplification to say that we are all connected, and that our long-term survival depends on the fortunes of those in the poorest countries as well as solving the inequities in income in developed countries. Stabilizing population, working within the Earth's carrying capacity, recognition that biodiversity is essential for our own survival, and accepting that we are subject to the same natural laws as other species must be coupled with a rational approach to economics and capitalism for us to truly discover an end to poverty and global stability. This book furthers the arguments toward broad and sweeping reforms of development aid, while it raises questions about how this should happen at the community level.

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