

Ending Global Poverty

(transcript)

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First, let me thank the Hilton Foundation for the opportunity to share some thoughts with you. The Dalai Lama is a hard act to follow, and I know that I will be preceding some hard acts as well; I will be brief so we can hear my wonderful co-panelists.

In a nutshell, I would like to talk about a better way for us to use \$87 billion. Something is seriously wrong in the priorities of our country, as I think many of you suspect, when we are about to spend \$150 billion over two years in Iraq for very unclear purposes. We can't mobilize even 1% of that for the Global Fund to Fight AIDS, TB and Malaria—three diseases that will kill six million people this year, roughly 15,000 every single day.

As the director of the Millennium Project for the UN Secretary-General, I've been asked to strategize on how to address problems of global poverty, focusing on the crises that intersect extreme poverty like malaria, TB, AIDS, the problems of hunger, micro-nutrient deficiencies, soil nutrient depletion, half a million mothers dying in childbirth because they lack access to health care, multiple forms of environmental degradation, etc. As horrendous and as widespread as the problems are, they are actually manageable if you dare to look them in the eye. My general feeling is that the rich, especially our country, the United States, don't understand how amenable these problems are to real solutions, because we are too afraid to look at them out of fear that they will bring us down, rather than us being able to pull up those in desperate need. In three years of dealing with the Bush administration I've had absolutely no success at all in helping them to study AIDS, TB, and malaria in any serious way. I think they are afraid; too big to handle, too expensive, don't want to look at them, when actually the more serious you do the analysis, the more rigorously you do it, and the more you study what can be done and what can't be done, how to do it and where to put the priorities, the more you realize something absolutely shocking: we've arrived at a situation today where we are truly so rich that if we ever really made a serious effort to address these problems, not only could we tremendously improve the state of the world, but actually it is not crazy for us to think about having within our power, uniquely for the first time in the history of the world, the chance to end extreme poverty within a generation. That is what the numbers show.

What do I mean by that? Our planet has many ills. Extreme poverty is perhaps the most dramatic in many ways, perhaps rivaled by war, but the good news is that over time, there is a shrinking proportion of the planet suffering from the extreme poverty that leads to chronic undernourishment, disease, vulnerability to death from conditions like measles and others which

basically don't exist in the rich world anymore. By some standards, roughly one billion people, about one-sixth of humanity, is at the most extreme end of poverty. By other metrics, one could say perhaps one and a half billion out of the six billion, roughly a quarter of humanity. The good news is that at least three-quarters, or perhaps five-sixths of humanity, although many are poor by standards that we would recognize, are not at daily risk of death or even daily chronic hunger by virtue of the fact that economic well-being has actually expanded on the planet in most places over recent generations. The most dramatic good news is in Asia where both giants of the world—China and India—have seen marked declines in extreme poverty as a result of successful economic development, not uniformly successful and not at an end point as to where these countries should be, but real and quite dramatic progress over the last 20 years. The epicenter of the global humanitarian disaster of extreme poverty is sub-Saharan Africa, because that's the part of the world where disease pandemics remain uncontrolled, where hunger, under nutrition, stunting and wasting remain rampant; where poverty is so extreme that basic health care systems and even basic education are not in place, where economic progress has been absolutely elusive. In the midst of all the instability that revolves around pandemic disease and hunger, it is not possible to have market-led economic development in the normal way. But the good news is that there has been a substantial amount of economic development at the global level. If you put it alongside the continuing dire plight of one-quarter or one-sixth of the world's population, it means that it is actually conceivable to think about being able to lift the remaining struggling part of our planet out of this extreme despair into a situation where they too could achieve the kind of self-sustaining economic progress which is based on being healthy, educated, and having the basic infrastructure needed for normal economic development.

The Secretary-General asked me a couple of years ago to help analyze why progress is or is not taking place in parts of the world. What we have been finding is that in those places where absolute poverty continues to grip society, sending more IMF or World Bank missions by themselves is not going to solve anything. These are not places that can generate self-sustaining economic progress. They are too poor, too sick, too undernourished, too undereducated, too bereft of basic roads and power infrastructure to make it on their own. The world is just passing these places by, but for reasons that are understandable, identifiable, and correctable.

What we have been doing is asking the question: what if we did make investments into bringing anti-malarial bed nets to malarial regions; in bringing directly observed therapy short course to tuberculosis patients; in bringing anti-retroviral medicines to the millions of HIV-positive people who could stay alive and take care of their children and maintain their jobs. What if we help pave roads and bring liquid petroleum gas to rural impoverished regions to substitute for destructive bio-mass fuel so that the trees wouldn't be cut down, children wouldn't die of respiratory infections from breathing the fumes of the bio-mass, and instead people would have a modern cooking fuel which can be readily distributed in rural areas. These are very practical, very pragmatic investments. We don't need high theory; we need practical analysis of the kind of steps that can be taken to help rescue places and people who are so far below the minimal threshold for growth that they will just die if all they have to help them is another lecture from the IMF. We can give them a hand in hooking up with the world. It is basically helping them get a foot on the ladder of economic development when the ladder is unreachable right now, and they are stranded below the threshold at which normal economic progress can take place.

Well, you can do a costing of these interventions in a serious and rigorous way. I did that as chairman of the Commission on Macroeconomics and Health for the World Health Organization in the years 2000 and 2001. We identified 49 basic life-saving interventions that could save eight million lives per year. We identified what countries can afford out of their own meager incomes and what the donors need to do. We came up with a number that seemed startling in a way, but what is startling about it is how small the cost would be to save eight million people a year: \$25 billion a year from the rich world to the poor world. The President of the U.S. is proposing \$87 billion now for Iraq (some of it is for Afghanistan), ironically for 24 million people sitting on the second largest proven oil reserves in the world. That is not a coincidence, by the way, but it is a reason to believe that this is not the highest priority for this money. \$25 billion a year is one-thousandth of the annual income of the rich world, or in other words one-tenth of one percent of rich world GNP. By another metric, it is about five months of stationing troops in Iraq (though the \$25 billion would come from the entire rich world, not just from the United States).

Yet the world isn't doing it, not because it can't be done or because the rigorous analysis isn't done, or because the systems can't be brought into place. Actually, the public health profession knows how to do a phenomenal amount and has shown it with smallpox eradication, polio eradication, trachoma control, leprosy control, and immunizations. The problem is that everything is budget constrained. If you add up not just the health but these other areas that I mentioned—rural power, electrification, road building, water harvesting, basic water management and the like—rigorous analysis shows, and this is what makes me shudder, that for well less than one percent of the GNP of the rich world we could end extreme poverty in our own generation.

We are the first generation to be able to say that. We are therefore the first generation with the practical and moral responsibility for doing it, because we *can* do it. We can pretend we can't do it. We can be as ignorant as the U.S. government is right now about what can be done because we don't even want to look or because we're scared to look. But it would be quite heartening to look. We can change the world, dramatically end suffering, dramatically reduce the instability, the number of failed states, the violence, the torture, the mass refugees, desperation and impoverishment in the world. We can do it at a tiny fraction of the cost that we might imagine. It is without question the greatest bargain in the world.

Thank you very much.

Q & A

David Bornstein

Hi, my name is David Bornstein. I'm an author for Oxford University Press. Earlier today Mary Robinson talked about the issue of linking human security to the humanitarian questions as a way of creating a more political role than we currently have. What do you think about that as a strategy?

Jeffrey Sachs

It's interesting that the CIA has for many years studied the question of state failure – the collapse of states, revolutionary turmoil, anarchy – partly because we know that those events pull us into combat situations, into military engagement and into other kinds of costs for the U.S. What did they find was the biggest predictor of state failure? It turns out that the best indicators of instability are economic failure and the infant mortality rate. I think that the CIA has actually done pretty well at intelligence over the years, but unfortunately the Pentagon doesn't listen to the CIA anymore. It constructs its own intelligence until it gets an answer which then turns out to be wrong.

The fact of the matter is that we have a real stake in reducing poverty because of the instability and the insecurity that results from it. President Bush said it again yesterday. The government says it, but doesn't apply it. The rhetoric of this administration on this particular matter has actually been fairly consistent since September 11th. Yet the investments that are really being made don't follow. Just yesterday, Bremer explained we're having a Marshall Plan for Iraq. We should have a Marshall Plan for Africa, one to end disease and hunger, one that really goes to the core of the problem, not something that is in my opinion an extremely naïve, wasteful and misdirected effort in Iraq. Iraq has hundreds of billions of dollars of oil reserves, it is not the place where people are struggling for survival. As a note on these Iraq calculations: if the pipelines would stop being blown-up—that's a political issue—that would be an extra ten billion dollars into the coffers of the Iraqi government. This isn't a question of impoverishment in the same way as it is in Africa. What the administration is not doing is investing in the alleviation of poverty and suffering, even though those investments would deliver major benefits for the people involved, for America's image and role, and therefore our safety in the world.

Richard Pichler

I'm Richard Pichler from SOS Children's Villages. We are working in many of these countries where you were referring the \$25 billion would have to be invested. We are suffering and feeling this pressure for children to be admitted into our facilities. If this plan comes through, it would be great for us because then the pressure would be less. What I like very much in your presentation is that there would be simple and practical solutions available on the investment side. What practical, simple solutions are there in the sourcing and the funding side, because it basically would mean that on the industrialized state side either a tightening of the belt has to happen or some priorities have to be reset, but what is the realistic view of yours as to how this can happen?

Jeffrey Sachs

Please don't make me be realistic. I don't know what the realistic answer is. To me, spending \$450 billion on the military and \$10 billion on foreign assistance is not realistic, but that seems to be what passes for realism in our world today. In terms of mechanisms of funding, I'm a great fan of finding mechanisms that allow the countries in need to apply for funds to meet those problems, bringing together within those countries of need government and civil society.

There is one model that I appreciate very much which is the Global Fund to Fight AIDS, TB and Malaria. It is a fund that invites countries to establish coordination mechanisms within the country, bringing together government and civil society and then applying for funding for the three diseases. Countries are able to design their own projects, which are then sent to Geneva, and are reviewed and analyzed by an independent technical review panel for soundness, prudential standards, transparency, and participation of civil society in the actual planning of the mechanisms. Once the programs are approved, the money is disbursed and there is very little top-down control by international agencies. There is ample opportunity for non-governmental organizations to fit into this process so that a plan for Malawi, for example, might have some national health center component, but it could also have Save the Children, the church mission hospitals and other groups, which are all part of this umbrella solution. The money is then disbursed to these various entities.

Yesterday in his speech to the General Assembly, President Lula of Brazil suggested a Global Fund on Hunger. There is the idea of a trust fund on education for all, another one of the Millennium Development Goals. What I like about all of these is that they invite countries to take the reins and find practical solutions, but they insist that it not just be government-led, but that it be led by civil society and government together, and that it have standards of transparency, participation, and a scientific and evidence-based design. So it is not just whatever is said, but there really is independent review, monitoring and evaluation. It seems to me that this would be a new model for development assistance: fewer flags planted by development agencies, more pooling and more true ownership at the country level.

Unidentified Person

Literally over night hundreds of hundreds of NGOs have suddenly emerged in a number of countries working with AIDS-related programs. There is an issue of corruption in a number of these countries...even if the funds were available there is a question of the structure that could be used to legitimately spend them. I think that it is a supply and demand issue. There has been a huge amount of money spent, granted it has been insufficient, but we've spent a huge amount of money over the last several decades with pretty uneven results.

Jeffrey Sachs

We have not spent a huge amount of money. We've spent a very limited amount of money and we've also spent it mainly for foreign policy reasons, not for development reasons, just like this money for Iraq. We constantly are allocating funds for what are perceived to be foreign policy interests, supporting our thugs who are against their thugs. Whatever it is, it has very rarely gone into real development.

Our report did not recommend \$25 billion tomorrow; it recommended \$25 billion by the year 2007. It recommended a concerted, serious, sustained, ramping-up of efforts to build capacity alongside building the funding. There is no doubt that money is not a sufficient answer. There is also no doubt that money is a necessary feature. There is no doubt that you don't solve the other problems without the money alongside because planning hypothetically is worthless. Only planning real projects and scaling up in real time as a real effort with real doctors, nurses, teachers, road builders and the like is the way that one gets the systems operational. So what we

are doing in the UN Millennium Project is looking explicitly at a 12-year time horizon to reach the Millennium Development Goals by 2015. We are not pretending that this can be solved today, and mind you, I didn't say that poverty could be eliminated tomorrow. I said that poverty could be eliminated within this generation, which I'll take liberally to be 20-25 years.

Now, that would require having a lot more money available. It is going to have to be results-based, monitored, evaluated and gradually built up over time. Certain things can come quickly; other things can't come quickly, but what we do right now is we plan a year at a time. What I reject about the rhetoric of assistance right now is if you were asked today not what should you do tomorrow, but what should you do till 2015, you would come up with some powerful answers about how to use those years effectively, and I believe that those answers can be found in all of the places with reasonable governance.