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BOOK REVIEWS

THE END OF POVERTY: ECONOMIC POSSIBILITIES FOR OUR TIME

by Jeffrey Sachs

Penguin Press, 2005

Reviewed by Elizabeth Hahn*

An old grandmother sits with her ten orphaned grandchildren in a small, dusty Malawian village. Her home is a mud hut, her granddaughter is sick with malaria, and she does not have enough food to feed her family. Her own children, like the majority of their generation in the village, have died of AIDS. Rather than enjoying a well-earned rest from a lifetime of work, this grandmother must find a way to provide for her family. Ill and hungry, she and her family fight for survival each day.

There are roughly one billion people around the world (almost one-sixth of the world's population) in such a position. These people are the extreme poor. Chronically hungry, unable to access health care, lacking safe water and sanitation, and even rudimentary shelter, these people must fight to survive. As Jeffrey Sachs describes, the areas in which they live are caught in a "poverty trap" of "disease, physical isolation, climate stress, [and] environmental degradation." Many of these individuals are further ensnared by political instability and lack of access to capital, technology, medicine, and education. Releasing them from this trap seems like a daunting task.

However, according to Mr. Sachs, there is a solution. With the right policies and the correct amount of development aid, this type of extreme poverty can be eliminated by the year 2025. His recent book, *The End of Poverty*, provides a comprehensive plan to accomplish that task.

Before explaining his plan, Mr. Sachs provides an historical account of how the poor countries became so impoverished in the first place. He begins by noting that, until the early 1800s, almost everyone worldwide was poor. Then the Industrial Revolution commenced and Western economies rapidly began to grow.

Why did the Western economies grow so rapidly while the rest of the world's growth lagged behind? Some people argue that Western economies only grew at the expense of the poor countries. However, Mr. Sachs refutes that argument. Instead, he theorizes that technology, not exploitation, has been the main force behind the long-term increases in income in the rich world. According to Mr. Sachs, this is good news, because it suggests that poor countries need not resign themselves to their positions. All we have to do, Mr. Sachs argues, is help the countries reach the first rung of the economic ladder, and from there they can ascend.

To help them ascend this ladder, Mr. Sachs contends that we must first overhaul traditional development economic theories and use a new method called "clinical economics." This method, based on clinical medicine, has economists acting as doctors and diagnosing their impoverished countries as "patients." To work effectively, the economists must make a diagnosis based on a myriad of factors: the extent of extreme poverty; the economic and fiscal frameworks; physical geography; governance patterns and failures; cultural barriers; and geopolitics. Then the economists must supply an appropriate treatment regimen specific to that country.

These treatment regimens, while tailored specifically to each individual country, are all based on the infusion of additional capital into the countries. According to Mr. Sachs, countries will then use this capital infusion to improve their citizens' health and nutrition, invest in machinery and facilities for business, improve infrastructure, create healthy soil and arable lands, improve public institutions, and increase technical knowledge.

Some readers may wonder if this capital infusion differs from the paternalistic practices that countries have engaged in for decades. According to Mr. Sachs, that skeptical view is unfounded. The money is not a handout, he argues, and countries will not become dependent on the foreign assistance. Instead, the capital infusion is merely a boost up, an investment in the countries to help them overcome their problems and "get their foot on the ladder of development." Once there, the countries will be able to scale the ladder without additional foreign assistance.

Similarly, Mr. Sachs also refutes the suggestion that his plan of capital infusion ignores the human factors of greed and corruption. This suggestion, he argues, is a prejudice against poor countries "grounded in overt racism." Although there have been corrupt leaders in the past, Africa is not poor because its governance is inept or undemocratic. Rather, "Africa's governance is poor because Africa is poor," and thus governance will improve as countries' incomes rise.

To finance the treatment regimens, Mr. Sachs' plan relies heavily on governments to amass and administer the aid. He

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proposes that each wealthy country contribute 0.7% of its GNP as official development aid (“ODA”). This is not an arbitrary amount; rather, it is the amount to which the United States and other countries agreed at the Rio Summit on Sustainable Development, the Monterrey Consensus, and the World Summit on Sustainable Development. Currently, though, the United States’ ODA only totals about 0.18% of its GNP. To increase ODA, Mr. Sachs argues that the richest of the rich should make up the difference through direct contributions or an increased income tax. The rich, he asserts, will hardly notice the increased income tax. Moreover, it is their duty and responsibility to con-

tribute because they have disproportionately benefited from the economic and tax changes of the past two decades.

Overall, *The End of Poverty* is a fascinating and comprehensive book. It takes many conventional views of economic development and turns them upside down. And although *The End of Poverty* can be technical in places, its moving descriptions of the poorest of the poor inspire and instill a sense of hope in readers. This book is excellent for anyone with a desire to learn more about development economics, no matter their background.



BOOK REVIEW: MAKING LAW WORK *Continued from page 68*

compliance, but domestic strategies as well. This inclusion of domestic solutions to sustainable development concerns strengthens the book considerably, as domestic resolutions are important in addressing sustainable development. Additionally, the first volume of the compilation presents dialogues on the role of the judiciary, both domestically and internationally, and NGOs in ensuring environmental compliance. Although in the section on courts, the included article on domestic courts focuses on New Zealand, the proposed tactic of a specialized court for environmental disputes can be applied in other domestic settings. The compilation further succeeds in exploring how compliance issues at both the international and domestic levels are connected and how they influence each other.

The second volume of this book discusses topics such as access to information, emissions trading, compliance assistance, the indicators necessary to measure compliance, and the success of trans-governmental networks. This section also evaluates the most useful tools for regulators, as well as how firms can benefit from compliance with environmental rules. In particular, Michael Porter’s and Class van der Linde’s important and highly relevant article on their “Porter Hypothesis,” discusses how environmental rules can be designed to induce innovations to offset the cost of compliance that can create profits or save money for firms that comply. The book also highlights that access to information from both governments and the private sector is essential for a thorough understanding of environmental issues and, as the editors point out, to “empower civil society.” Additionally, *Making Law Work* successfully explores the aforementioned emission trading schemes, compliance assistance strategies, and the role of trans-governmental networks. Finally, the second volume includes a significant discussion on utilizing indicators to measure when compliance is working in the sustainable development and environmental continuums. INECE’s project on environmental compliance and enforcement indicators, overviewed in an included article, makes INECE, as one of the sponsors of this book, particularly suited to discuss indicators for environmental compliance and enforcement.

The comprehensive selection of topics allows for a thorough discussion in the field of environmental compliance and enforcement, via articles that examine how nations and individuals can comply with environmental decisions. Furthermore, the book explores the rationales behind non-compliance and then builds on the theoretical understanding of compliance to explore compliance strategies. In terms of improving behavior, the compilation excels at suggesting effective strategies for better implementation and compliance with international and domestic governance. The reader can readily understand how the establishment of the rule of law, good governance, and sustainable development requires compliance. Most significantly, the book raises the critical questions of implementation and compliance, without which laws are ineffective.

The articles, while they lay the groundwork for understanding compliance and sustainable development issues, only overview the key issues and may raise additional questions that readers desire to understand in more detail. For practitioners or researchers who want to delve further into a specific area presented in the book, INECE has listed an extensive bibliography, invaluable for further investigation, with additional readings for each of the subjects explored in the volumes.²

While the articles in *Making Law Work* recognize that not all past solutions to tackle these issues have succeeded, the book as a whole strives to focus on effective strategies and potential improvements. Furthermore, the book encourages all sectors of society to assist in designating successful strategies for environmental compliance and securing future sustainable development. *Making Law Work* provides an essential starting ground for exploring the key factors in the struggle to create legal, economic, and social systems to combat environmental degradation and other dangers to human well-being.



ENDNOTES:

¹ Excerpts from *Making Law Work: Environmental Compliance & Sustainable Development* and ordering information are available at <http://inece.org/makinglawwork.html>.

² The bibliography is available at <http://inece.org>.