

THE END
of
POVERTY

Economic Possibilities for Our Time

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derstanding of how the world economy has gotten to where it is today, and how our generation could mobilize our capacities in the coming twenty years to eliminate the extreme poverty that remains. I hope that by showing the contours of that promising path, we will be more likely to choose it. For now, I am grateful for the chance to share what I have seen of the world and of the economic possibilities for our time.

One

A GLOBAL FAMILY PORTRAIT

MALAWI: THE PERFECT STORM

It is still midmorning in Malawi when we arrive at a small village, Nthandire, about an hour outside of Lilongwe, the capital. We have come over dirt roads, passing women and children walking barefoot with water jugs, fuel wood, and other bundles. The midmorning temperature is sweltering. In this subsistence maize-growing region of an impoverished landlocked country in southern Africa, households eke out survival from an unforgiving terrain. This year has been a lot more difficult than usual because the rains have failed, probably the result of an El Niño cycle. Whatever the cause, the crops are withering in the fields that we pass.

If the village were filled with able-bodied men who could have built small-scale water harvesting units on rooftops and in the fields to collect what little rain had fallen in the preceding months, the situation would not be as dire as it is this morning. But as we arrive in the village, we see no able-bodied young men at all. In fact, older women and dozens of children greet us, but there is not a young man or woman of working age in sight. Where, we ask, are the workers? Out in the fields? The aid worker who has led us to the village shakes his head sadly and says no. They are nearly all dead. The village has been devastated by AIDS, which has ravaged this part of Malawi for several years now. There are

just five men between twenty and forty years of age left in the village. They are not there this morning because they are all attending the funeral of a fellow villager who died of AIDS the day before.

The presence of death in Nthandire has been overwhelming in recent years. The grandmothers whom we meet are guardians for their orphaned grandchildren. Each woman has her own story of how her sons and daughters have died, leaving her to bear the burden of raising and providing for five or ten, sometimes fifteen, orphaned grandchildren. These women have reached an age where, in more prosperous places, they would be the revered matriarchs enjoying a well-earned rest from a lifetime of toil. But there is no break now, no chance for even a moment's respite, because the grandmothers of this village, and countless others like it, know that if they let up for a moment, these young children will die.

The margin of survival is extraordinarily narrow; sometimes it closes entirely. We meet one grandmother in front of her mud hut, with her many orphaned grandchildren and other children from the village (photograph 1). As she begins to explain her situation to us, she first points to the withered crops that have died in the fields next to her hut. Her small plot, perhaps a half hectare (a little more than an acre) in all, would be too small to feed her family even if the rains had been plentiful. The problems of small farm size and drought are compounded by yet another problem: the soil nutrients have been depleted so significantly in this part of Malawi that crop yields reach only about one ton of maize per hectare with good rains, compared with three tons per hectare that would be typical of healthy soils.

A half a ton of grain from a half-hectare field would not be sufficient for proper nutrition and would provide precious little, if any, market income. This year, because of the drought, she will get almost nothing. She reaches into her apron and pulls out a handful of semirotten, bug-infested millet, which will be the basis for the gruel she will prepare for the meal that evening. It will be the one meal the children have that day.

I ask her about the health of the children. She points to a child of about four and says that the small girl contracted malaria the week before. The woman had carried her grandchild on her back for the ten kilometers or so to the local hospital. When they got there, there was no quinine, the antimalarial medicine, available that day. With the child in high fever, the grandmother and grandchild were sent home and told to return the next day.

In a small miracle, when they returned the next day after another

ten-kilometer trek, the quinine had come in, and the child responded to treatment and survived. It was a close call, though. When malaria is untreated over the course of a day or two, a child may slip into cerebral malaria, followed by coma and then death. More than one million African children, and perhaps as many as three million, succumb to malaria each year. This horrific catastrophe occurs despite the fact that the disease is partly preventable—through the use of bed nets and other environmental controls that do not reach the impoverished villages of Malawi and most of the rest of the continent—and completely treatable. There is simply no conceivable excuse for this disease to be taking millions of lives each year.

Our guide to Nthandire is a Christian aid worker, a dedicated and compassionate Malawian working for a local nongovernmental organization (NGO). He and his colleagues work against all odds to help villages such as this one. The NGO has almost no financing available and survives from meager contributions. Its big effort in the village, including this particular household, is to provide a piece of plastic tarpaulin to put under the thatch of each hut's roof. The tarp keeps the children from being completely exposed to the elements, so that when the rains do come, the roof will not leak on the fifteen grandchildren sleeping below. This contribution of a few cents per household is all the aid organization can muster.

As we proceed through the village, other grandmothers share similar stories. Each has lost sons and daughters; those who remain fight for survival. There are only poor in this village. No clinic nearby. No safe water source. No crops in the fields. And notably, no aid. I stoop down to ask one of the young girls her name and age. She looks about seven or eight, but is actually twelve, stunted from years of undernutrition. When I ask her what her dreams are for her own life, she says that she wants to be a teacher, and that she is prepared to study and work hard to achieve that. I know that her chances of surviving to go on to secondary school and a teacher's college are slim under the circumstances in which she lives. Attending school now is a hit-and-miss affair. Children are in and out of school with illness. Their attendance depends on how urgently they are needed at home to fetch water and firewood, or to care for siblings or cousins; on whether they can afford to buy supplies, a uniform, and pay local fees; and on the safety of walking several kilometers to the school itself.

We leave the village and fly later that day to the second city of the

country, Blantyre, where we visit the main hospital in Malawi, Queen Elizabeth Central Hospital. There we experience our second shock of the day. This hospital is the place where the government of Malawi is keen to begin a treatment program for the roughly nine hundred thousand Malawians infected with the HIV virus and currently dying of AIDS because of lack of treatment. The hospital has set up a walk-in clinic for people who can afford to pay the dollar a day cost of the antiretroviral combination therapy, based on Malawi's arrangements with the Indian generic drug producer Cipla, which has pioneered the provision of low-cost antiretroviral drugs to poor countries. Since the government is too impoverished to be able to afford a dollar a day for all those in need, the program has begun for those few Malawians who can afford to pay out of pocket. At the time of our visit, this treatment site is providing anti-AIDS drugs on a daily basis to about four hundred people who can afford it—four hundred people in a country where nine hundred thousand are infected. For the rest, there is essentially no access to anti-AIDS medicines.

We duck into a conference room with the doctor who is overseeing the outpatient service and medical wards. He describes to us the small miracles of the patients on anti-AIDS drug treatment. The response has been dramatic. The success rate of the medicines is nearly 100 percent. The HIV strains do not exhibit drug resistance because the Malawian people have never had access to the drugs before. The doctor also reports that his patients' adherence to this twice-daily regimen has been very high. His patients surely want to stay alive. In short, the doctor is extremely pleased with the results.

Just as his briefing is encouraging us, the doctor stands up and suggests that we visit the medical ward, which lies just across the hall. "Medical ward" is, in fact, a shocking euphemism, because in truth it is not a medical ward at all. It is the place where Malawians come to die of AIDS. There is no medicine in the medical ward. The room has a posted occupancy rate of 150 beds. There are 450 people in the ward. These 450 people are fit into a room with 150 beds by putting three people in or around each bed. In most cases, two people are lying head to toe, toe to head—strangers sharing a death bed. Alongside or underneath the bed there is somebody on the ground, sometimes literally on the ground or sometimes on a piece of cardboard, dying beneath the bed.

The room is filled with moans. This is a dying chamber where three quarters or more of the people this day are in late-stage AIDS without

medicines. Family members sit by the bed, swabbing dried lips and watching their loved ones die. The same doctor who is treating patients across the hall is the doctor in charge of this service. He knows what could be done. He knows that each of these patients could rise from the deathbed but for the want of a dollar a day. He knows the problem is not one of infrastructure or logistics or adherence. He knows that the problem is simply that the world has seen fit to look away as hundreds of impoverished Malawians die this day as a result of their poverty.

I have come to know Malawi relatively well after several visits. A few years earlier, I had been contacted by the vice president of Malawi, Justin Malewezi, a remarkably fine individual, a dignified, eloquent, and popular figure in what is against all odds a multiparty democracy. The odds are long because democracy is bound to be fragile in an impoverished country where incomes are around 50 cents per person per day, or around \$180 per person per year, and where the stresses of mass disease, famine, and climate shock are pervasive. Amazingly, the Malawians have done it, while the international community has largely stood by through all of this suffering.

Vice President Malewezi himself has lost several family members to AIDS. The first time we talked about AIDS, he spoke to me through mournful eyes about his new responsibilities as head of the National AIDS Commission. He has led a team of experts to design a national AIDS strategy that could begin to meet this horrific challenge. That team has traveled throughout the world—to Harvard, Johns Hopkins, Liverpool, the London School of Hygiene and Tropical Medicine, and the World Health Organization—to discuss ideas for scaling up the fight against AIDS.

Malawi actually put together one of the earliest and best conceived strategies for bringing treatment to its dying population, and gave an enormously thoughtful response to the challenges of managing a new system of drug delivery, patient counseling and education, community outreach, and the financial flows that would accompany the process of training doctors. On that basis, Malawi made proposals to the international community to help Malawians try to reach about a third of the total infected population (about three hundred thousand people) with anti-AIDS drug treatment within a five-year scale-up period.

Yet international processes are cruel. The donor governments—including the United States and Europeans—told Malawi to scale back its proposal sharply because the first proposal was "too ambitious and

too costly." The next draft was cut back to a mere hundred thousand on treatment at the end of five years. Even that was too much. In a tense five-day period, the donors prevailed on Malawi to cut another 60 percent from the proposal, down to forty thousand on treatment. This atrophied plan was submitted to the Global Fund to Fight AIDS, TB, and Malaria. Incredibly, the donors that run that fund saw fit to cut back once again. After a long struggle, Malawi received funding to save just twenty-five thousand at the end of five years—a death warrant from the international community for the people of this country.

Carol Bellamy of UNICEF has rightly described Malawi's plight as the perfect storm, a storm that brings together climatic disaster, impoverishment, the AIDS pandemic, and the long-standing burdens of malaria, schistosomiasis, and other diseases. In the face of this horrific maelstrom, the world community has so far displayed a fair bit of hand-wringing and even some high-minded rhetoric, but precious little action.

BANGLADESH: ON THE LADDER OF DEVELOPMENT

A few thousand miles away from this perfect storm is another scene of poverty. This is poverty in retreat, where the fight for survival is gradually being won, although still with horrendous risks and huge unmet needs. This struggle is being waged in Bangladesh, one of the most populous countries in the world, with 140 million people living in the flood plains of the deltas of the two great rivers, the Brahmaputra and the Ganges, that flow through Bangladesh on their way to the Indian Ocean.

Bangladesh was born in a war for independence against Pakistan in 1971. That year, it experienced massive famine and disarray, leading an official in Henry Kissinger's State Department to famously label it an "international basket case." Bangladesh today is far from a basket case. Per capita income has approximately doubled since independence. Life expectancy has risen from forty-four years to sixty-two years. The infant mortality rate (the number of children who die before their first birthday for every 1,000 born) has declined from 145 in 1970 to 48 in 2002. Bangladesh shows us that even in circumstances that seem the most hopeless there are ways forward if the right strategies are applied, and if the right combination of investments is made.

Still, Bangladesh is not out of the grip of extreme poverty. Although it has escaped the worst of the ravages of famine and disease in the past generation, it faces some profound challenges today. A few months after my visit to Malawi, I was up at dawn one morning in Dhaka, Bangladesh, to see a remarkable sight: thousands of people walking to work in long lines stretching from the outskirts of Dhaka and from some of its poorest neighborhoods. Looking more closely, I noticed that these workers were almost all young women, perhaps between the ages of eighteen and twenty-five. These are the workers of a burgeoning garment industry in Dhaka who cut, stitch, and package millions of pieces of apparel each month for shipment to the United States and Europe.

Over the years, I have visited garment factories all over the developing world. I have grown familiar with the cavernous halls where hundreds of young women sit at sewing machines, and men at cutting tables, where the fabrics move along production lines and the familiar labels of GAP, Polo, Yves Saint Laurent, Wal-Mart, J. C. Penney, and others are attached as the clothing reaches the final stages of production. There is nothing glamorous about this work. The women often walk two hours each morning in long quiet files to get to work. Arriving at seven or seven-thirty, they may be in their seats for most of the following twelve hours. They often work with almost no break at all or perhaps a very short lunch break, with little chance to go to the lavatory. Leering bosses lean over them, posing a threat of sexual harassment. After a long, difficult, tedious day, the young women trudge back home, when they are again sometimes threatened with physical assault.

These sweatshop jobs are the targets of public protest in developed countries; those protests have helped to improve the safety and quality of the working conditions. The rich-world protesters, however, should support increased numbers of such jobs, albeit under safer working conditions, by protesting the trade protectionism in their own countries that keeps out garment exports from countries such as Bangladesh. These young women already have a foothold in the modern economy that is a critical, measurable step up from the villages of Malawi (and more relevant for the women, a step up from the villages of Bangladesh where most of them were born). The sweatshops are the first rung on the ladder out of extreme poverty. They give lie to the Kissinger state department's forecast that Bangladesh is condemned to extreme poverty.

On one visit to Bangladesh, I picked up an English-language morning newspaper, where I found an extensive insert of interviews with young women working in the garment sector. These stories were poignant, fascinating, and eye-opening. One by one, they recounted the arduous hours, the lack of labor rights, and the harassment. What was most striking and unexpected about the stories was the repeated affirmation that this work was the greatest opportunity that these women could ever have imagined, and that their employment had changed their lives for the better.

Nearly all of the women interviewed had grown up in the countryside, extraordinarily poor, illiterate and unschooled, and vulnerable to chronic hunger and hardship in a domineering, patriarchal society. Had they (and their forebearers of the 1970s and 1980s) stayed in the villages, they would have been forced into a marriage arranged by their fathers, and by seventeen or eighteen, forced to conceive a child. Their trek to the cities to take jobs has given these young women a chance for personal liberation of unprecedented dimension and opportunity.

The Bangladeshi women told how they were able to save some small surplus from their meager pay, manage their own income, have their own rooms, choose when and whom to date and marry, choose to have children when they felt ready, and use their savings to improve their living conditions and especially to go back to school to enhance their literacy and job-market skills. As hard as it is, this life is a step on the way to economic opportunity that was unimaginable in the countryside in generations past.

Some rich-country protesters have argued that Dhaka's apparel firms should either pay far higher wage rates or be closed, but closing such factories as a result of wages forced above worker productivity would be little more than a ticket for these women back to rural misery. For these young women, these factories offer not only opportunities for personal freedom, but also the first rung on the ladder of rising skills and income for themselves and, within a few years, for their children. Virtually every poor country that has developed successfully has gone through these first stages of industrialization. These Bangladeshi women share the experience of many generations of immigrants to New York City's garment district and a hundred other places where their migration to toil in garment factories was a step on the path to a future of urban affluence in succeeding generations.

Not only is the garment sector fueling Bangladesh's economic growth of more than 5 percent per year in recent years, but it is also raising the consciousness and power of women in a society that was long brazenly biased against women's chances in life. As part of a more general and dramatic process of change throughout Bangladeshi society, this change and others give Bangladesh the opportunity in the next few years to put itself on a secure path of long-term economic growth. The countryside that these women have left is also changing quickly, in part because of the income remittances and ideas that the young women send back to their rural communities, and in part because of the increased travel and temporary migration between rural and urban areas, as families diversify their economic bases between rural agriculture and urban manufacturers and services.

In 2003, my colleagues at Columbia and I visited a village near Dhaka with one of the leaders of an inspiring nongovernmental organization, the Bangladeshi Rural Advancement Committee, now known universally as BRAC. There we met representatives from a village association, which BRAC had helped to organize, in which women living about an hour outside the city were engaged in small-scale commercial activities—food processing and trade—within the village and on the roads between the village and Dhaka itself. These women presented a picture of change every bit as dramatic as that of the burgeoning apparel sector.

Wearing beautiful saris, the women sat on the ground in six rows, each with six women, to greet us and answer questions. Each row represented a subgroup of the local "microfinance" unit. The woman in the front of the row was in charge of the borrowing of the whole group behind her. The group in each line was mutually responsible for repayments of the loans taken by any member within the line. BRAC and its famed counterpart, Grameen Bank, pioneered this kind of group lending, in which impoverished recipients (usually women) are given small loans of a few hundred dollars as working capital for microbusiness activities. Such women were long considered unbankable, simply not credit-worthy enough to bear the transaction costs to receive loans. Group lending changed the repayment dynamics: default rates are extremely low, and BRAC and Grameen have figured out how to keep other transaction costs to a minimum as well.

Perhaps more amazing than the stories of how microfinance was fueling small-scale businesses were the women's attitudes to child rearing.

