



Global Poverty and U.S. Foreign Policy

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[Jeffrey D. Sachs](#)

- [Introduction](#)
- [Remarks](#)
- [Questions and Answers](#)

Introduction

JOANNE MYERS: On behalf of the Carnegie Council I would like to thank you for joining us as we welcome our very distinguished guest, Jeffrey Sachs. He will be discussing global poverty and U.S. foreign aid.



[Joanne J. Myers](#)

There are people who say that global poverty is a terrible shame and that there is no way to fix it. They say that in theory bigger aid programs should help, but in practice the money would be wasted. Experience has shown, however, that the truth is somewhat different. Studies show that aid does work and could accomplish much more in alleviating global poverty, if only there was more money available.

For most of the past two decades, the United States has drastically reduced foreign aid. However, with the recent plan to add \$5 billion to the foreign aid budget, the current Administration may be rethinking the importance of helping developing countries in the wake of September 11th.

Although this increased commitment has raised new hopes, challenges remain. For example, what is the best way to confront what President Bush has called "the divide between opportunity and misery?" This is a tough problem, but one that could be solved with the right approach.

Professor Sachs is a world-renowned economist who has long been recognized for his strong views about economic development and for his advocacy on behalf of alleviating Third-World poverty. Whether he is focusing on fostering economic growth in developing nations, promoting human health, or preserving the environment, he always brings scholarly erudition and analytical depth to the most fundamental issues of our time.

Evidence of this can be found in the more than 200 scholarly articles, edited volumes, and books, as well as several important global competitiveness reports, which he has published.

Over the years, Professor Sachs has lent his voice and expertise to governments, including the Vatican, and to many world organizations. He has served as a consultant to the IMF, the OECD, the United Nations Development Programme, and as Chairman of Microeconomics and Health for the World Bank, to name but a few. Most recently, he was the Director of the Center for International Development at Harvard. And now, with his recent appointments as Director of the Earth Institute and Professor of Sustainable Development at Columbia University, along with his appointment as Special Advisor to UN Secretary General Kofi Annan on the Millennium Development Goals, Professor Sachs seems to be ideally placed to advance his work in the most meaningful of ways.

Join me in welcoming a champion of not always popular causes, but someone who has never let the

prevailing opinion divert him from the course that he believes is right, Jeffrey Sachs.

Remarks

JEFFREY SACHS: Thank you. You said it magnificently, that there are things we can do, things we ought to do, and major challenges that we confront as a country.

We are in the midst of an extraordinarily complex international transformation. Globalization, which we have been forced to confront in so many ways, including the disasters of September 11, is a real phenomenon, a dramatic increase of the interconnectedness of the world in so many particularities and with such force that we have not been able yet to understand the changes that are upon us and the ways that they are forcing us to rethink and redesign institutions, strategies, philosophies, ideologies.

The interconnectedness of the world is pervasive. In the sphere that I study most intensively, international trade and finance and macroeconomics, that is absolutely obvious. It is true in almost every other dimension of our societies these days.

In public health, the spread of the AIDS pandemic is itself in an important way a demonstration of the meaning of globalization. This new disease, which is a so-called zoonosis transfer from an animal population to a human population, probably originating in West Africa in the 1930s, by best genetic evidence, when a chimpanzee virus got into a human and began to be transmitted, within a short period of time has reached 75 million people and is spreading dramatically rapidly from Africa, the epicenter, into Asia and into the highly populous centers of Asia, in India and China, into Russia, and is already present in all countries of the world, though now in a dramatic increase.

It's the interconnectedness. It's the sexual networks in the world that allow a disease like this to spread with incredible rapidity.

We still live overwhelmingly in a world of nation states, at best. Sometimes even regions don't have functioning nations, when there is outright state failure. But we live in a world still, despite globalization, where international institutions are extraordinarily weak and fragile.

I made a personal decision after September 11th. The next day, I said, "I want to come to the United Nations and help the Secretary General more," since I was already informally advising him. It struck me that one of the great lessons of that tragedy is the need to strengthen our international institutions as dramatically as possible.

This is hanging in the balance this very week, how our nation understands and treats an international system that it, more than any country in the world by far, constructed half a century ago, and now we will learn some important truths about that in the coming weeks.

There has been a view in this country that somehow the globalization process, given that it is fueled by some very remarkable advances in technology and communications and transport and logistics, and given that it was critically fueled by the merciful collapse of the Leninist states of Central Europe and the former Soviet Union, was inevitably, at worst, a benign force; but, almost inevitably, a positive force that would willy-nilly spread throughout the world and improve living standards and allow for a spread of freedom and economic well-being.

It is the case, broadly speaking, that, for at least the last twenty years, in our national policy on a bipartisan basis, the predominant view has been that the economic process of globalization will more or less take care of itself, if it is helped a bit around the edges, to create a fruitful base for poverty alleviation and economic development.

That rather optimistic view, which is not entirely ungrounded, has also meant that the attitude of our government and the Congress has been that no major efforts need to be taken on any front to guide this process, other than fixing problems here and there—addressing a short-term financial crisis in Mexico in 1994, or using the International Monetary Fund in the East Asian crisis in 1997 or 1998.

But for twenty years there has been no significant effort in helping to shape the globalization process by a more active policy on the economic front, including the question of assisting countries, through foreign aid or other mechanisms, to take part in the globalization effort.

When you hear this Administration speak about these issues, the President often acknowledges the complexities of globalization and then says, "If we can spread free markets, that will be our great contribution." Local politics means that we are often not doing that as well in terms of the specific actions we take, whether it is on agriculture or steel or other rather domestically oriented but internationally very annoying steps on trade.

But the general philosophy is quite clear, which is that what will make globalization work is a strong United States, a strong defense, a war on terrorism, and open markets, which will ensure the economic benefit of this process of integration all over the world. This argument is about 70 percent correct, that a large part of the world will be able to benefit from globalization, will be able to achieve economic growth and development through the spread of technology and open trade and financial flows.

There is a lot of power in the argument that the interconnectedness of poor and rich countries can help the poor by taking advantage of the advances of science and technology that are the fundamental fuel of long-term economic progress. And if you look at the experience in the last twenty years, there are large parts of the world that are powerful testimony to this possibility.

No doubt, the most powerful is China, a country of 1.3 billion people that, by dint of a long and complex and very unhappy history in the last century and a half, had arrived at the end of the 1970s in utter disarray, political exhaustion, and profound poverty. As a clear result of globalization, a change of policy by Deng Xiao Ping in 1978 and afterwards enabled a society of that scale to achieve the fastest economic growth in the history of the world, to raise living standards many times, to improve life expectancy, to improve access to water, sanitation, shelter, education, with clear and profound benefits for hundreds and hundreds of millions of poor people. So that is how globalization in fact can work.

The main fuel for that in China is a process in which international capital is currently investing about \$50 billion a year in China, mainly in foreign direct investment, building factories all up and down the coast, and fueling an export boom which has raised exports from 1980 until now by about twelve-fold, roughly from about \$20 billion a year in 1980 to around \$250 billion a year last year.

That's a model of globalization at its most dramatic. It shows that there is logic and force in the argument that markets can work, technology can spread, poor countries can gain benefits.

It is even true in many other populous parts of Asia, and notably in India, the second large country of our world, of a billion people, where, although a less dramatic success than China, the same process has been underway. India started a decade later.

Its break came in 1991. On the heels of a financial crisis, India ended a soft kind of socialism, the "permit raj," as it was called, the bureaucratic socialism of the Nehru era, and that unleashed economic growth of a kind that India has never had before in its independence.

There, too, there are clear signs of significant poverty reduction over the course of the ensuing decade, rapid economic growth, and progress, again fueled by globalization. In India's case the most dramatic illustrations of that have been the three information technology cities, Bangalore, Hyderabad, and Chennai, where in the middle of the Indian subcontinent you have American back-office operations being conducted by dedicated satellite lines, with sophisticated Indian IT programmers and college workers doing a whole host of increasingly sophisticated information processing for American companies. A wonderful example of globalization that plays well.

The serious problem for us, is that 70 percent is not 100 percent. Whether it's 70 percent or 60 percent or 75 percent, the notion that globalization can work is not the same thing as saying that globalization does work for all the world.

What has been missing from the ideology, perceptions and the real work of our government, both in Congress and in the White House, for twenty years has been a more sophisticated understanding of what is a highly complex and differentiated process. It's a big world, after all—6.2 billion people are not all experiencing the Chinese boom—and it behooves us to understand the nature of that complexity.

It's fair to say that, in very gross Omoto terms, we can think of three kinds of places in the world in the world economy.

There are places like us--like the United States, including Western Europe, Japan, Korea, Taiwan, Israel, a few other places—that are not only at the core of globalization, but are the fuel of the scientific and technological advances which underpin all of the economic growth in the world. They are sometimes called the core or the innovating economies of the world. They are the fuel of long-term economic growth.

There is another fairly significant part of the world—after all, when you have China and India in your column, you are already pretty advanced; that's 40 percent of the world's population—that can benefit from this technology. And, if peace remains and political stability remains, there is also a good chance that they can not only benefit, but make a transition from importers and users of technology, export platforms, as China has used to fuel its growth, to becoming major scientifically-based, innovating economies in the coming decades.

That is certainly the case for India and China, for other countries of Southeast Asia, if peace and stability permit. It is the case for Mexico certainly. It's a potential for Brazil. And we see it happening in Central Europe in some of the post-Communist countries, like Poland, Hungary, the Czech Republic, Slovakia, the countries on the border of the European Union.

Those are a second category. I call them in my studies the "near periphery," because we talk about the core and the periphery. It's meant as a descriptive, not an invidious term. It's the part of the world that is connected closely enough with the globalization process that gets foreign investment, that can trade effectively, that is making progress, assuming political stability and rational economic policymaking.

That takes us to at least another 2.5-to-3 billion people, including the 1 billion at the core that I described, and then perhaps another 3 billion, or even 3.5 billion, people that are in a reasonable position to achieve economic progress.

Our problem, though—and it is our problem, not just their problem—is that there is more to the world than that. There are places in the world that are not connected, at least not connected in the healthy way that would need to be in place in order to achieve this economic gain. There are places that are disconnected by dint of their physical geography alone.

Afghanistan is disconnected from world markets, although we learned it's connected in our age of globalization in terrorist networks. So you can be connected in one way and still not get the foreign investors pouring in. Foreign investors do not like to go to Kabul. It's too far from the port. It's too disconnected from the world markets.

Central Asia has been a poor staging ground for economic advance at least since 1500. The Silk Road was not bad before Vasco da Gama showed a better way. And since 1500, the states of Central Asia, the empires of Central Asia, have been disconnected largely from the global economy. They are not beneficiaries of globalization.

Countries can be disconnected for other reasons. In our own hemisphere, the Andean countries are both connected and disconnected. They are disconnected by virtue of the most magnificent and charming cities at 13,000 feet above sea level in the Andes—wonderful places for tourism, not so good for foreign investment.

And it's not a coincidence that the whole Andean region is in some tumult. It is not a beneficiary of globalization. It is even worse, because there is one connected market, and that is the cocaine market,

from its primary source in the cocoa leaves of Peru, Bolivia, the Brazilian Amazon, Colombia, through the processing, to the United States, which is an extraordinarily powerful and large and vigorous market.

If you have a commodity that is worth so much per unit cost that you can overcome these high transport costs, then you can make it. But if your one commodity doesn't bring money, it just brings the army instead, then you have a serious problem.

So the Andean region is connected in an extraordinarily unhealthy way, and it is no coincidence that that region of more than 100 million people is in tumult right now.

Sub-Saharan Africa, almost without exception, is another region in crisis not benefiting from globalization. Malaria is a lousy base for a tourist industry. Africa, by dint of its physical ecology, the co-evolution of human beings and Anopheles mosquitoes for the last 10,000 years, the bad luck that Africa's particular kind of mosquito is what the entomologists call the most competent of all of these mosquitoes means that this ancient scourge of malaria not only kills about 3 million people a year still, but it ascends almost like a shield that isolates Africa from world trade and globalization.

And then, with the AIDS pandemic, where now about a quarter of the southern African population of adults is infected, where the combination of the traditional endemic diseases like malaria, the AIDS pandemic, and the deep climatological instabilities of the sub-humid tropics, such as the El Nino cycle—all conspire to make what Carol Bellamy of UNICEF has called "The Perfect Storm," the greatest peacetime humanitarian crisis on our planet, in southern Africa. All of that is not conducive to globalization and economic development lifting these societies.

We need to do a careful diagnosis, as the world's leading country, richest country, as the world's technological leader, as the world's country in the line of fire, to understand the complexity of the world, to stop giving speeches that blithely say that globalization will benignly and beneficently spread to all parts of the world, and to understand that not only is that not true, but it is also a humanitarian disaster which is a profound risk for our own security.

The CIA has gotten it. In study after study in recent years, the national intelligence community, the National Intelligence Council and the CIA, have been telling the President and the Congress that AIDS and other infectious disease pandemics pose direct national security threats to the United States.

The CIA State Failure Task Force, which has been in operation almost a decade, has shown in a number of studies that when economies don't progress and when disease is rampant, you get the failure of states. This then becomes the breeding ground in which terrorism, criminality, drug trafficking, money laundering, weapons proliferation, mass migration movements, refugee movements, displacement of populations, can all take hold.

But there remains a fundamental disconnect between the logic of these harsh realities and the policies that we follow in this country.

We cannot fight the war on terror without also fighting the war on global poverty that provides the breeding ground for the ills that globalization transmits throughout the world. Markets alone will not solve Africa's problems, nor stop the Anopheles from biting and transmitting malaria, nor by themselves stop, or even diminish, the transmission of HIV/AIDS, which is already the largest pandemic in modern history, if not in world history.

I am looking for a conjunction of the realities on the ground with the realities that we face in foreign policy, and I am afraid I am not finding it yet.

These basic facts which I have recited are not taken on as policy starting points for our foreign policy. We are not organized within the U.S. Government to address these issues. The number of experts in national security that also understand the underlying economic and public health and demographic and ecological facts of life in the poor world certainly number no more than the fingers on one hand.

The National Security Council has no expertise at all in the White House in the problems of developing

countries. The State Department has almost no expertise on the issues of development. The U.S. Agency for International Development has been gutted of analysts over the last twenty years. It is, at best, a modest service delivery unit, greatly scaled down, that does projects in particular places, but has not been allowed or empowered or asked to think about the conceptual framework of globalization for twenty years.

So we are flying blind right now, and it is quite dangerous. I have been asking, without any success whatsoever, the National Security Council to make some plans to give the President some options. What would it mean, for example, to fight AIDS, rather than a symbolic show of a small amount of money from the U.S.? What would it take for the U.S. to lead a coalition to fight this pandemic, not just to say, "We're in there" as a political stopper?

There are no internal analyses of this sort at all. It's not that options were considered and rejected. They have never been developed.

There is no internal analysis of the deep state of economic and social crisis in Africa that understands and draws on these interconnected facets of physical geography, ecology, disease, that can help us fashion a policy that could conceivably make some sense in the region.

Our aid policy for Afghanistan has absolutely nothing to do with the real economic development challenges of Central Asia. We don't even want to address those challenges. It was the great concession that we would be part of helping to build a road in the country. The sum total of our post-emergency bombing assistance is to join with a number of other donors to build a road, because there is no will to grapple with the problems of what the struggle is for economic development in the foothills of the Himalayas in Central Asia, when land routes are incredibly expensive, when transport costs are enormously high, when the lack of connection to the world economy is profound.

You can understand why no one wants to grapple with that. There is no answer in Afghanistan that is easy. It is not a matter of the Taliban or the Russians. The Russians and the Taliban were in Afghanistan because of the deeper problems, not the other way around. It was the void, the state failure, that allowed these disastrous and destructive forces to come in. That is what the CIA has found everywhere. We need to grapple more deeply with those realities.

We are, to conclude, so interconnected that there isn't a place in the world, even Kabul, that cannot do us great damage. There isn't a place in the world where we do not have high stakes, even the rain forests of West Africa whence came AIDS. We are truly all in this together, and the sooner we start recognizing that, the safer we will be.

JOANNE MYERS: I would like to open the floor to questions.

Questions and Answers

QUESTION: Thank you for a fascinating presentation, all of which I agree with entirely.

My comment is that all of this is highly complex and there are many interconnected elements. I would comment that those who committed the terrorist acts on 11 September were politically motivated rather than economically motivated, and one needs to look at things as a whole.

You gave China as an example of a country that had benefited from globalization in the huge amount of growth. In your role as Professor for Sustainable Development, if you look at the rest of the world, could we actually cope with a situation where other regions of the world were developing at that rate? I am thinking, for example, of the pressure on resources, the pressure on the environment, all of the pressures that are unleashed by that rate of growth, but also by much lower rates of growth.

To some extent, have we not been given a breathing space since many countries have not developed at the rate that we have seen in China?

JEFFREY SACHS: On bin Laden and terrorism and economics, I would go with the President's

observation that it wasn't bin Laden's poverty that provoked this immediately. It was rather the collapse of Afghanistan that made it possible for a base of operation to take hold and, more generally, the frustrations of a generation of economic stagnation, other than the volatility of oil in the Middle East, that definitely raises the social pressure in the context in which this growing amount of fundamentalism is occurring. There are economic roots.

It is true, as many people say, that the terrorists themselves are often upper-class or upper-middle-class and are not driven by economic imperatives. But the social context, whether it is one of state failure or one of social frustration, while it has cultural, religious, and political roots as well, also has an economic dimension.

I would underline the state failure aspect, which is that Afghanistan became a dangerous place because it became a political vacuum, and the political vacuum brought in the Soviets first, that triggered our response, then the Soviet withdrawal and our withdrawal which led to the Taliban coming in, and that is the ricochet effect of unpredictability when things aren't going right that we find in many parts of the world.

I looked at the CIA's State Failure Task Force Report last year and analyzed their cases to see how many times the U.S. was called to intervene militarily in the wake of a state failure. In perhaps seventy-five examples of state collapse, the U.S. came in afterwards militarily in twenty-five or thirty of those cases. So those are cases where you clearly had, through no doubt a concatenation of very contingent factors, high risk of getting into trouble, and there is a high probability of collapse from disease and economic failure.

It's not that you can never draw the line in such a simple manner from poverty to the outcomes. We are talking about very contingent, complex and unpredictable events. But what you can say is that certain circumstances raise the chances of bad things happening.

Afghanistan would have fit right in the charts at the top levels. How it is going to turn out to be dangerous, who could know, but you could say probabilistically that's a dangerous place.

Nigeria is a dangerous place, and I can point out other places in Africa. Not because there's the will of any Nigerians to do ill to us, but because the high instability, the poverty, the lack of economic progress, the 120 million population, the tremendous amount of weapons around and social instability all add up to being ripe for trouble. And that is what I don't see the U.S. foreign policy able to address in any serious way right now.

On the question of growth and resource constraint and development, the most fundamental driver of economic growth is ideas and technology. Those are not a finite resource limit. There is in a fundamental sense, therefore, no tightly binding limit to the capacity to spread economic development.

Many of the worst ecological nightmares today are nightmares of poverty rather than growth. Much of the deforestation is driven by rapid population growth, which is a poverty phenomenon, not an economic development phenomenon. The price of natural resources has been going down for 150 years, because technologies have shown either how to mine them better, how to process them better, how to take nitrogen out of the air rather than out of the guano of Chile, or how to create the synthetic substitutes. There is no fossil fuel limit in the world.

We are using about 6 gigatons of fossil fuels today. The reserve stocks of fossil fuels are estimated to be about 10,000 gigatons. We have some rather specific important limitations, though. For instance, when you burn those fossil fuels, you put carbon into the air, and that is creating increasing havoc, and will create increasing havoc in the twenty-first century.

That is not really a case against development, or even necessarily against fossil fuels, but it is a case for controlling carbon emissions the same way we control sulfur oxide emissions now. Just as we take the NOx's, the nitrogen oxides, and the sulfur oxides out of the smokestacks, it is feasible under current technology to take the carbon out as well and to sequester it. We don't do it now because we have no

economic incentive, and we haven't gotten into the mindset that we have to manage carbon the way we manage sulfur oxides or nitrogen oxides.

That doesn't mean, as some environmental protesters think, that we have to cut our living standards by 50 percent and go back to basics. We are not running out of the base resource. But we haven't even begun the basic process, which we know to be technologically feasible, of storing or sequestering carbon, for example.

The disappointment is that this Administration, which has given no proposals on the carbon problem at all, is only investing \$40 million in fiscal 2003 on carbon sequestration technologies. That is a big mistake for us. If we didn't want to join Kyoto, at least we needed an alternative.

The most promising alternative by far is managing the physical carbon flows that we create through fossil fuel burning. We need to make some mock-ups, some engineered factories, some production at scale, to understand how to do that.

China would love nothing more than to work with us on that. They have a lot of coal that they would like to make safe for the twenty-first century. This is a great practical, directed, not so pie-in-the-sky technological strategy.

So it is not a global limit the same way. It's managing properly and understanding that poverty is as much a driver of the destruction as development, that development fundamentally is not limited so far as we can see by the physical scarcity of resources, except our need to use the resources wisely, whether it's fisheries, or water, or carbon concentration in the atmosphere. That we don't do now.

But it's not a head-on collision with development; it's a lack of proper insight and management so far.

QUESTION: You've not mentioned in analyzing the dearth of analysis either the World Bank or the IMF. What is your perception? Do they have any analytical understanding of these key issues?

Secondly, Presidents Mbeki and Obasanjo and three other leaders have proposed a new economic partnership for Africa's development [NEPAD] something that, with the help of the Government of the Netherlands, we have discussed at a recent meeting here in New York.

Is this a meaningful initiative on the African side? One of the speakers at that meeting made the point that if Africans themselves would tackle corruption and stop capital flows leaving Africa, that itself would cover many of their requirements. It was a criticism of whether Africa's development depends on tremendous investments from the West, from the G8.

JEFFREY SACHS: The IMF has not distinguished itself by getting to the nub of these issues in the last twenty years. When you think about the IMF, at least until very recently, think about it as a direct arm of the U.S. Treasury. It has been the operating instrument of U.S. international financial policy vis-à-vis the emerging markets. Now, there is some merit to that, but there is a tremendous weakness to it.

The IMF has done a quite poor job in understanding the problems of the poorest countries. The IMF has done a mediocre job of understanding the problems of emerging markets' financial crises. But the IMF has never been in a position to understand economic development. It was not its charter, it's not its mandate, nor its internal expertise.

The biggest mistake, from our government's point of view, was to think, therefore, that the IMF was the appropriate instrument to address these problems.

The period of structural adjustment lending in Africa that the IMF led from the 1980s onward failed in overt and clear statistical terms, as well as, quite obviously, in the failure to see, understand, and react to things like the AIDS pandemic as it was unfolding in the 1980s and the 1990s.

The IMF is a tight-knit organization, run in good military hierarchical form. Staffers know when to talk and when not to talk; they have their briefs. It is a very tough organization and extremely effective in the

bureaucratic sense.

The World Bank, on the other hand, is a sprawl with more than 10,000 people in it. It is a matrix of I don't know how many dimensions, by region, by sector, and several other cross-cutting dimensions. They have a very hard time getting things done or prioritizing.

I was at a big summit on Africa in 2000, where the World Bank promised \$500 million for malaria control. My guess is that the flow has been zero since then, because they can't get organized.

So there is a big organizational issue there that is a problem. There are many very outstanding individuals who are constantly calling me and saying, "Don't quote me, but you can't believe how messed up we are inside on dimension X, Y, or Z. Can you help us from the outside to push, to nudge?"

So we haven't gotten a tremendous amount of help from there, although I wouldn't lose hope completely. I would rather that they get charged to think more deeply on this.

One of the mandates from the U.S. of those agencies is "don't come back to us with solutions which require us to spend money." This is a very powerful, direct, clear mandate.

Recently, someone at the White House railed to me against the World Bank about a program where the World Bank had dared to come back to say, "You should put money in the kitty, United States." And they said, "What idiots! What do they think they're doing?"—because the U.S. doesn't like to be put on the spot that way. So there is a designed incapacity or inconsequentiality of this process because of the money issue.

On the question of NEPAD, this is potentially a very useful initiative. It is formalistic right now. It is top-down. It doesn't have roots deeply in African society.

It got off to a bad start in the concept of self-policing of African governments by the unwillingness to take on Mugabe. He and his cronies are single-handedly bringing down that country. And yet, President Mbeki and others have not taken that on in the way that they need to, as part of their own commitment to self-policing.

But the concept of an African union and this partnership are right, and worth investing in.

QUESTION: Coming from Africa, I couldn't agree with you more on what should be done and how it should be done from this side. And it is good that it is coming from an American who knows the system well, because we have been trying to say the same things without being understood perhaps.

I liked the way you put the national interest of the U.S. in what is supposed to be done to make sure that Africa develops, which will be good for the U.S. The development of the rest of the world will be good for the U.S.

You went beyond the answer you gave us in the talk on the predicament of Africa in public health, which was money, money, and money. Today you are saying it is not only money, but it is also building coalitions to fight AIDS and other problems. We need to do more to go deep into the root causes of the problems.

How do we on our side of the world deal with this Administration, or with this powerful country, with all the negative perspective that you give us, the lack of knowledge that you find in the National Security council, in USAID, in the State Department, and these are the people we have to deal with every day?

One last observation because the NEPAD issue was raised. While I agree with you, it is too early and unfair to judge NEPAD on the basis of what happens in Zimbabwe.

The NEPAD initiative is new and it was only recently that some African presidents met in Yaounde to sign onto the peer review mechanism. They want to make it work. Only fifteen have signed so far, and they are expecting to get all others to sign on. It is unfair to judge the peer review on that basis.

JEFFREY SACHS: Mozambique is, first of all, a wonderful illustration of how bringing peace and a commitment to economic development can make a dramatic change. Mozambique has been growing at one of the fastest rates in the world in the last ten years, helped very much by the end of apartheid in South Africa, and thereby the opening up of really solid economic links, and South Africa stopped supporting guerrilla warfare and destruction of infrastructure in Mozambique as well.

Mozambique was so incredibly destroyed by the violence and the colonial rule of Portugal, which was quite disastrous because it left the country without education, that now that things are on the right track, I told the finance minister, "If you just get up out of bed in the morning, you will grow 8 percent a year because there is so much up-side potential." He has done much more than get up out of bed in the morning, and the country has been developing very dynamically.

But still, there is a tremendous amount of hunger, there is a tremendous amount of malaria, there is the disaster of the flood which had a huge impact on nutrition. The evidence is that a very significant number of children are undernourished still, and not enough progress on that, because this is a very tough situation.

Also, it is worth mentioning on Mozambique that Prime Minister Mocumbi, who is a public health specialist and himself a leading OB/GYN practitioner, is perhaps the leading candidate in the world for the director generalship of WHO, and he would be an absolutely marvelous head of WHO.

On the question of how to deal with the U.S., my overwhelming advice is to work very hard and seriously at getting the facts together, getting the data together, and making NEPAD more than just a series of meetings and rhetoric, but actually producing studies and plans of action. That's a lot of homework to do, but the returns could be very high.

The one thing that does not happen with this Administration—when you say, "Here's my plan," they don't say, "No, no, here's my plan." They don't have a plan. So this is a positive if you really have a plan. If you go rhetorically, they'll go rhetorically with you as well, and they can do the rhetorical flourishes every bit as much as anybody else, and rhetorical flourishes don't feed the children.

So I believe that what is absolutely essential for NEPAD is to say, "Here is a plan for malaria, here is a plan for AIDS control. We're sorry about the price tag. But that isn't wishful thinking, that's just hard analysis." If this could be done systematically, the U.S. could not avoid being pulled into this in a healthy way.

They will not do it for you. The World Bank will not do it for you. But if you do it, there is a chance it will force resonance on the other side.

Let me give you a very specific example. If there is no war in Iraq, the President is planning to go to Africa early next year. As usual, they are scurrying around. "What can we do? We don't want to do very much, but we need some photo ops. And we don't want the trip to be an embarrassment."

In 1990, when President Bush Sr. was going off to Poland, I told the Polish Government, "Why don't you present the White House a plan for debt cancellation, because the President is coming to Warsaw. There are a lot of Polish-American voters in Cincinnati and Michigan and Chicago. They have geopolitical reasons to be interested." They put forward an initiative, which President Bush made the centerpiece of his trip.

I don't know if it's too late, but Africa should not just greet the American President and say, "Thank you so much for being here," which is how the trip will probably go. The African leadership should say seriously, "We have 3 million people dying this year of AIDS, we have 3 million dying of malaria, we have 3 million dying of tuberculosis, we have hundreds of thousands of mothers dying in childbirth. We need your concerted help, and here are areas where we truly need help." That would make a big difference.

JOANNE MYERS: I thank you very much, Professor Sachs.

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