

AFRICAN ECONOMIES: THE TENSIONS BETWEEN HOPE AND INERTIA

Jeffrey D. Sachs. *The End of Poverty: Economic Possibilities for Our Time*. New York: Penguin Books, 2005. xvi + 398 pp. Bibliography. Index. \$16.00. Paper.

Joseph E. Stiglitz and Andrew Charlton. *Fair Trade for All: How Trade Can Promote Development*. New York: Oxford University Press, 2005. ix + 315 pp. Bibliography. Index. \$30.00. Cloth.

Stephen Lewis. *Race against Time: Searching for Hope in AIDS-Ravaged Africa*. Toronto: House of Anansi Press, 2006. xvi+ 214 pp. 2nd edition. \$15.95. Paper.

In a famous 1984 essay in the *American Economic Review*, the Nobel laureate Sir Arthur Lewis decried the dearth of new ideas in development. He attributed this phenomenon to the long gestation period that often ensues following a major scientific breakthrough or an earth-shattering event such as the Great Depression, and lamented the fact that economic thinking since the 1960s lacked the analytical punch and purpose previously associated with postwar development ideas, particularly Keynesianism. Lewis's indictment still rings true today despite the proliferation of books on poverty alleviation, trade liberalization, and the consequences of new diseases, such as HIV/AIDS, for economic development. My reading of these three books proceeds from similar analytic skepticism. All are written by famous development thinkers and practitioners—Sachs, development economics' equivalent of a rabble-rouser in the cause of poverty alleviation and the plight of the poor in Africa; Stiglitz, a World Bank insider-turned-outsider, who embarrasses his colleagues through a stinging critique of the Washington Consensus; and Lewis, the U.N. Secretary General's Special Envoy on HIV/AIDS and longtime crusader for a rational HIV/AIDS policy in Africa.

Classical debates on development—over the enhancement of economic growth, or the promotion of equity, or the expansion of political participation—seek to capture the broad array of institutions that facilitate or impede these processes. These three books make a solid contribution to contemporary understanding of development impediments without pretending to make any dramatic breakthroughs. Although they seek answers to the broader dilemma about obstacles to development, their major contribution is to deepen debates on the recurring development challenges: trade, poverty, and disease. The three challenges have their opposites: prosperity, health, and security—issues that most of Africa continually yearns to solve.

Sachs picks on a narrow question that is yet salient: Why, in the context of scientific discoveries and technological change, do some countries remain

perpetually poor? I salute Sachs for reminding us that the greatest English miracle, the Industrial Revolution, is barely three hundred years old, a very short period in developmental terms. The significance of this revelation is that if modernity itself is new, we cannot afford to give up on the possibility of poverty reduction projects that now form part of the larger development enterprise. It is a tribute to Sachs's sharp policy angle that he insists that there are too many islands of success that need to be nurtured out there—in villages in Africa, urban centers in India, and the barrios of Latin America. The key developmental challenge (which Arthur Lewis would note is not news) is the political context in which economic incentives are mobilized. As the theorists lumped under the rubric of new institutionalism contend, institutions enable and disable rules for economic development, reduce uncertainties, and foster the development of markets. The question for Sachs is why, if this is true, Africa remains mired in poverty.

Sachs proposes radical prescriptions that embarrass academics and policymakers who contend that the obstacles to reducing poverty are more cultural than structural. His suggestion of a Marshall Plan to jump-start African economies is treated with skepticism in the champagne-filled rooms of the Davos annual conclave and G-8 meetings. Yet Sachs's argument is as simple as it is elegant: the problem is not the poor, but the absolute poor, those living on less than a dollar a day, and the situation is not that desperate: they can be helped out of this condition, but only with ambitious policy programs that have succeeded elsewhere. This policy plea is Sachs's biggest contribution to the development debates that are now dominated by skeptics of foreign aid, development assistance, and other forms of external programs to help the poor.

Discussions of trade-related questions hinge on the role of trade in transforming poor countries, making them participants in global commerce that has mushroomed over the years: the old argument for trade, not aid, still rings true as Stiglitz and Charlton claim. Yet like most mantras, free trade has remained essentially a hollow cry. *Fair Trade for All* meticulously traces the idea of trade as an antidote to poverty, reviewing the experiences of various countries with different trade regimes, particularly the distinction between laggard Latin America and the prosperous Asian Tigers. These experiences are instructive for what they say about how to think about the role of economic openness and autarky, and the implications for trade patterns. Standard economic theory claims that openness unleashes the fruits of prosperity, but even the Asian Tigers could not export themselves into prosperity without a generous trade regime of openness. Latin America, on the other hand, pursued policies of protectionism that stunted growth until radical changes were introduced, starting with Mexico's negotiations for the North American Free Trade Area (NAFTA). NAFTA and other similar arrangements may have jump-started economic regionalism centered on the promotion of free trade, but they have not addressed the

problems of poverty.

Stiglitz and Charlton argue that the World Trade Organization (WTO)-led trade order has been a mixed blessing to poor countries—promising further integration without actually delivering the fruits of integration. The results are the sweatshops of Bangladesh, Vietnam, and Jamaica, where near-slave wages reign, while Western consumers benefit from cheap products. More ominously, as demonstrated in the collapse of the WTO Doha Round of talks, even Western countries are no longer sold on the wisdom of opening their markets to Third World agricultural products, fearing the electoral ire of their powerful farm and agricultural lobbies.

The essays in *Race against Time* were part of the University of Toronto's Massey lectures that Stephen Lewis delivered on CBC Radio. They are a collection of random but broad reflections on diverse issues such as trade, the Doha Rounds, the virtues of universal free primary education, the arrogance of donors, mandatory restitutions (reparations) by the International Financial Institutions (IFIs) for primary education in Africa, and the importance of gender equality. This is a populist tour de force befitting a multilateral activist who has long experience in international organizations. Going beyond the HIV/AIDS pandemic, Lewis lambastes the Bretton Woods Institutions for imposing Structural Adjustment Programs (SAPs) on poor African countries. SAPs, Lewis writes derisively, were "Reaganomics gone berserk" (5). More critically, Lewis believes that although African countries will not be able to attain the Millennium Development Goals (MDGs), the global community still needs to work toward approximating some of these objectives through foreign assistance.

While Lewis may seem long-winded, and his rhetorical flourishes may distract from his focus on raising awareness of the HIV/AIDS crisis in Africa, nonetheless this perspective provides a comprehensive picture of the obstacles to fighting the epidemic. For instance, years of SAPs, Lewis reveals, sapped the capacity of African states to sustain functional health-care systems at the time when the HIV/AIDS scourge was emerging as a monumental threat to livelihoods. With the collapse of the health and educational infrastructures, Africa has been unable to cope with the disease and its outcomes. Similarly, previous economic policies, decimating Africa's agricultural sector, have led to decreased food production and increased rural poverty that have only magnified the HIV/AIDS pandemic.

Lewis is at his best in telling the myriad stories about the severity of the HIV/AIDS crisis in personal terms. Through anecdotes he illuminates the plight of orphans, grandmothers caring for the sick and dying, and women disproportionately affected by the disease. But he also indicts many villains: Western countries, for poaching medical personnel from Africa; the polygamous and profligate King Mswati of Swaziland; South Africa's long silence

on providing treatment to HIV-infected patients; and the international community, for failing to provide solid leadership on the crisis. More controversially, Lewis recommends a full-fledged international agency for women as part of the multilateral United Nations system to overcome the institutional flaws of the U.N. Development Fund for Women (UNIFEM), the U.N. Population Fund (UNFPA), and the Division for the Advancement of Women (DAW). Such an agency, he believes, would give more teeth to the engagement of women's issues beyond the current sterile debates on gender mainstreaming.

Like Sachs, Lewis prescribes a new international economic order anchored in aid increases to combat HIV/AIDS and other social and economic crises, appealing for a benchmark of 0.7 percent of GNP of foreign aid from Western countries annually by 2010. But despite Tony Blair's attempts to galvanize efforts to double foreign aid to Africa by 2010, Lewis also acknowledges that the 0.7 percent target will never be reached. Equally, he makes a special plea for replenishing the Global Fund to Fight AIDS, Tuberculosis, and Malaria, although during the replenishment conference in 2006 donors gave only \$3.8 billion, \$3.3 billion short of the target. Probably because of the reluctance of governments to commit resources to the three diseases that collectively kill six million people a year, Lewis makes a bold suggestion for business to contribute 0.7 percent of their after-tax profits to the Global Fund.

Do we need new ideas or new approaches to old problems about development? This is not a facile question in light of the perennial attempts to revisit old mantras such as 0.7 percent of GNP in foreign assistance, the war on poverty, and gender mainstreaming. As Arthur Lewis would argue, recycling old ideas in new rhetorical garbs does not enhance knowledge. Perhaps there should be a moratorium on the production of development ideas pending the resolution of existing problems. The search for new approaches to old problems is the realm of practical thinkers such as Sachs, Stiglitz and Charlton, and Lewis. They aptly remind us that we should be constantly innovative as we grapple with the surmountable challenges of development rather than continually invoking resource constraints and lack of political will. Moreover, these books caution that the mortal enemies of development are despair, inertia, and lack of leadership at all levels.

Reference

- Lewis, Arthur. 1984. "The State of Development Theory." *The American Economic Review* 74 (1): 1–10.

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