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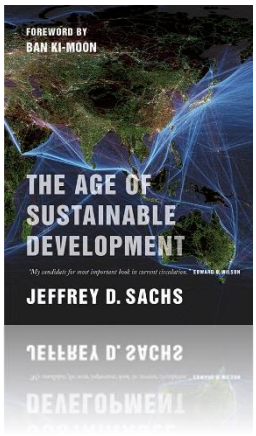
57 Book reviews on global economy and geopolitical readings

Fundación REPSOL

Obra Social "la Caixa"

The Age of Sustainable Development



Sachs, Jeffrey, (2015), Columbia University Press, New York.

"We have entered a new era. Global society is interconnected as never before. Business, ideas, technologies, people, and even epidemic diseases cross borders with unprecedented speed and intensity. We share the exhilaration of the new information age and also the fears of global-scale environmental disruption. Business practices, technologies, and the size and age structure of populations are changing rapidly. There are new opportunities and also new risks. For these reasons, I suggest that we have arrived in the Age of Sustainable Development."

Summary

The Age of Sustainable Development gathers the ideas recently put forward by Jeffrey Sachs in an online course that shared the same name. The book aims to inform and inspire – and is a call to action for students and young readers to become committed to the main challenge of our age: sustainable development. In a world where poverty scars communities and families, in which climate change threatens economic survival, violent conflicts remain unresolved, and inequalities widen, it is vital that we change the course of our actions.

For this reason, the author builds up an analysis based on his experience as director of the Earth Institute at Columbia University and as advisor to the UN Secretary General on the Millennium Development Goals in order to propose a practical framework for holistically solving global problems that seem intractable – such as the persistence of extreme poverty, environmental degradation, and political and economic injustice. This framework is sustainable development, which pays close attention to the links between economic development, social inclusion, and environmental sustainability. In a context in which the world reviews the lessons learnt from the Millennium Development Goals for the development of a sustainable development agenda, Sachs is optimistic. The technology and knowledge needed to succeed exists, and in the author's opinion, we could be the generation that ends extreme poverty and the last generation for which climate change is an existential danger.

The author

Jeffrey Sachs is an acclaimed professor of economics. He has been listed twice by *Time Magazine* as one of the world's most influential leaders. The *New York Times* describes

him as 'probably the most important economist in the world'. He is also co-winner of the 2015 Blue Planet Prize. He is currently director of the Earth Institute, professor of sustainable development and professor of health policy and management at Columbia University. He was special advisor to the UN Secretary General, Ban Ki-moon, for the Millennium Development Goals, director of the UN Sustainable Development Solutions Network, and co-founder of Millennium Promise Alliance.

He has written three *New York Times* bestsellers in the past seven years: *The End of Poverty* (2005), *Common Wealth: Economics for a Crowded Planet* (2008), and *The Price of Civilization* (2011). His most recent books are: *To Move the World: JFK's Quest for Peace* (2013), and *The Age of Sustainable Development* (2015). For more than 25 years, Sachs has advised dozens of heads of state and government on economic strategy in the Americas, Europe, Asia, Africa and the Middle East. He also advised Pope John Paul II for the encyclical *Centesimus Annus*. In addition, Sachs works closely with international organisations such as the African Union, the Asian Development Bank, the Inter-American Development Bank, the African Development Bank, the Islamic Development Bank, the World Health Organization, the World Food Programme and the Global Fund to Fight AIDS, among others.

Key ideas and opinion

The starting point of *The Age of Sustainable Development* is the current world. **There are 7.2 billion people on the planet, almost nine times the 800 million people who inhabited the planet in 1750**, at the dawn of the Industrial Revolution. The world population continues to increase rapidly, at a rate of 75 million people a year. By 2020 it is expected to reach eight billion people, and perhaps nine billion soon after 2040. These billions of people, highlights Jeffrey Sachs, are looking for their place in the world. The poor are struggling to find food, water, healthcare, and shelter for survival. Those who are below the poverty line want greater prosperity and a better future for their children. However, those who enjoy higher incomes expect that technological progress will boost their standard of living even higher. In short, **everyone wants economic improvement in a global economy that is increasingly interconnected through trade, finance, technology, production flows, migration, and social networks**.

The world economy is vast, and grows rapidly, at a rate of between 3% and 4%. But this economy also reveals a highly **unequal** income distribution between nations and within nations. Our world, underlines Sachs, is one of extreme wealth and extreme poverty. **While billions of people enjoy a long life and a state of health unimaginable to previous generations, at least one billion people live in such poverty that each day is a fight for survival**. To the inequalities that characterise the world economy we must also add the threat the current growth model presents for the planet. **The world economy is generating a huge environmental crisis, one that threatens the lives and wellbeing of billions of people and the survival of millions of other species on the planet**. We do not

know with certainty the impact, scale, and timing of the changes that are taking place in nature, but we know enough, says the author, to understand that they are extremely dangerous and there is no precedent in 10,000 years of civilization.

Given this complex reality, the author states that sustainable development is the only option for guiding the future socio-economic development of the planet. For Sachs, sustainable development is a way of understanding the world and a method for solving the problems we face. From a normative (and ethical) viewpoint, sustainable development calls for a world in which: **(1) economic progress is distributed, (2) extreme poverty is eliminated, (3) social trust is fostered through policies that strengthen communities, and (4) the environment is protected from human-induced degradation**. In short, it is a holistic framework in which society pursues economic, social, and environmental objectives.

This requires, according to Jeffrey Sachs, good governance. Governments should play a central role in enabling the development and prosperity of societies. These functions include the provision of **social services** such as healthcare and education; the provision of **infrastructure** such as roads, ports, and electrical grids; the **protection of individuals** from crime and violence; the **promotion of science and new technologies**; and **regulations to protect the environment**. Although the four sustainable development goals described above are ambitious and face many challenges, it is essential that they are not forgotten.

Sachs argues that attaining sustainable development in a crowded, unequal, and environmentally degraded world is the greatest challenge of our generation. One of the key objectives of sustainable development is to **ensure that poor countries, especially the least developed countries, make a successful transition to at least the status of middle-income countries**. It is essential to overcome some of the persistent obstacles that block economic convergence. In the author's opinion, there seems to be a mistaken desire to offer simplistic explanations for complex economic dynamics. It is quite common to read that economic growth depends on economic freedom, or inclusive institutions, or controlling corruption. The problem, according to Sachs, is that **many factors that can go wrong** in complex processes such as economic transformation, in the same way as what happens in the human body when attacked by disease. **A nation may be too poor to make the necessary investments** to escape extreme material deprivation (the poverty trap); or it may **choose the wrong investments** to achieve economic growth; poverty may be partly **the result of geography** (some countries are in areas remote from trade, or areas with endemic diseases such as malaria, or areas prone to natural disasters); or it may **suffer from poor governance** (corruption and incompetence); or there may be **cultural barriers that discriminate against women.**

Two regions of the world remain particularly trapped in poverty: **Sub-Saharan Africa**, with 413 million people living in extreme poverty (defined as living on less than $1.25 a

day, according to the World Bank); and **South Asia**, with 507 million**. These two regions account for 76% of the world's extreme poverty**.

In the case of **Sub-Saharan Africa,** there are challenges in virtually all the areas mentioned by the author: the poverty trap; issues with the political, economic, and fiscal frameworks; geography; governance failures; cultural barriers; etc. To overcome these obstacles and achieve a breakthrough, the author focuses on **four areas that may be of great benefit to the region: agricultural productivity, urban productivity, national infrastructure, and investments in human capital.**

Currently, the productivity of the region is very poor compared to other regions, and this is because poverty has prevented farmers from using fertilizers (organic and chemical) to replace the nutrients that are removed with each harvest. A lack of good water management and irrigation further complicates the situation and traps farmers in poverty. **A priority for African governments should be, according to Sachs, investment in small farmers. Over time, these farmers will increase their capital and borrowing capacity**. Another requirement is **investment in infrastructure: roads, railways, ports, and especially energy**. There can be no economic development without electricity. At present, most of the rural population in Sub-Saharan Africa lacks access to energy and there is a critical lack of power for irrigation, refrigeration, conservation of agricultural products, industrial processes, etc. Finally, Sachs considers it **vital that the region invests in education, with a special focus on women**, including programmes that ensure pupils at least reach secondary education. This would, suggests the author, help to discourage child marriage.

The current situation produces low productivity, low output, and low income per person. This implies a limited ability to collect taxes and, therefore, a limited governmental ability to invest in the sectors needed to lift the region out of poverty. **There is some good news** regarding a critical aspect of infrastructure, in the author's opinion: the **cost of information technologies has fallen so much that they can today reach even the most remote rural areas of Africa. These technologies have already contributed positively to the economic development of the region**, but their impact will be even greater in the coming years, when mobile broadband improves access to healthcare, education, banking, and other services.

As in the case of Africa, **South Asia** could also eliminate extreme poverty by making the right investments. The author proposes several solutions – focussing on **India**. Although there are promising aspects in the development of the country, such as the rapid growth in information technology and manufacturing, leadership in engineering, and the potential for future growth; the fact is that India faces major challenges ensuring that people have enough safe and nutritious food to eat, especially in the countryside. The **malnutrition** that Indians suffer, together with **chronic infections and lack of access to clean water** are **causing stunted growth in children** (a widespread issue in South Asia) and this has a **major impact on educational performance**. To overcome this, Sachs

proposes the development of a variety of improved crops (resistant to heat waves, droughts, floods, and the other events that may occur in the future due to climate change), improved efficiency in farming systems (with less use of water and fertilisers to reduce the pollution that the massive use of fertilisers has caused in rivers and along the coasts), implementation of policies for disease control, and improved water supply and sanitation facilities. The author also stresses the need to combat discrimination against women. In recent decades, **one of the ways in which rural women have gained power and the ability to generate income and reduce inequality is through microfinancing, something that has also encouraged women to marry later and have fewer children**. For the author, having smaller families not only allows women to devote more time to working to earn more income, but also enables them to invest more in each child and so increase their chances for a better life. If, in addition to carrying out these strategies, India (and the region in general) mobilises its skills in information technology, ending extreme poverty will be within reach.

But why are markets alone not able to guarantee sustainable economic growth? According to Sachs, there are two main reasons: the first is that most of the planetary damage can be described as '**externalities'**, that is, those who cause the damage do not bear the cost. The second reason is **intergenerational**. Those who inhabit the planet today plunder the environment without taking responsibility for future generations. To control this tragedy of the commons, the author proposes a number of economic policy instruments or tools, such as **corrective taxes** to establish a price for polluting (for example, a carbon tax), **systems of permits** that limit polluting activities, **specific regulations enabling those affected by pollution to sue for damage caused**, social institutions working with communities to **encourage pro-social practices** (including protection of land, degraded forests, and endangered species), and **public financial support for more sustainable technologies**. If these policy tools and strategies are applied, they could eliminate, according to the author, negative externalities and achieve intergenerational justice, decoupling growth from the dangerous misuse of primary resources and ecosystems.

Another area of crucial importance, in the author's opinion, are the **cities that are home to more than half the world's population**. For this reason, it is relevant to ask **what makes a city sustainable**. In the author's opinion, there are three characteristics: firstly, **urban productivity**. Cities should be places where individuals can find a decent and productive job, and where efficient business models are developed. The basis for this is found in infrastructure – such as road networks, public transport, connectivity, water and sewage – that enables the urban economy to operate with reduced transaction costs. When infrastructure fails, the city is overwhelmed by crime, traffic, and pollution – preventing business from being agreed and contracts from being fulfilled. The resulting chaos scares away the investment necessary to create more jobs. Secondly, it is crucial to ensure **social inclusion**. Effective urban planning creates cities where people of different races, classes, and ethnicities interact productively, peacefully, and with a high

degree of social mobility. Inefficient planning produces a lack of participation and social equality, and cities become deeply divided between rich and poor neighbourhoods. Finally, the author touches on **environmental sustainability**. By definition, cities are places of high population density, so they are vulnerable to environmental problems such as air and water pollution, land misuse, rapid spread of disease, climate crises, and other disasters such as droughts, floods, severe storms, and seismic disasters such as volcanic eruptions and earthquakes.

Sachs underscores that cities need to carry out two actions in parallel: mitigation (to reduce their ecological footprint) and adaptation (to prepare for changing environmental conditions). In the area of mitigation, a successful policy is the incorporation of standards through regulation: building codes can make a difference. The quality of building materials, the properties of insulation and ventilation, the choice of cooling and heating systems, and the type of energy resources have a major impact on the **energy efficiency of buildings**. There is no single model for adaptation because of the many ways in which climate change is interacting with a growing population and increasingly crowded cities. Each city has its own topography, population density, and vulnerabilities. Given this reality, the Population Division of the United Nations has developed a classification of the range of risks cities face. In the author's opinion, these risks must be modelled, understood, and anticipated by every individual city.

According to the diagnosis offered by Jeffrey Sachs, **the world is still far from achieving sustainable development. However, the author is optimistic about the decision of world leaders to commit to the Sustainable Development Goals (SDGs) adopted in the framework of the UN in 2015.** This is a powerful strategy to move towards a new global agenda, focussing on sustainable development as a means to achieve economic development, social inclusion, and environmental sustainability. It is also very important that it is universally applied (not only in developing countries, as was the case with the Millennium Development Goals) and seeks to work with the global community: that is, with governments, as well as with companies, scientists, civil society leaders, NGOs, and of course, students. These goals, says the author, will not replace international law: treaties are needed for that task. But they can create a new atmosphere in which to solve problems, and this will help in the implementation of the necessary treaties.

Climate change alone is already complex. However, with the addition of the challenges associated with rapid urbanisation and over-exploitation of ecosystems, the uncertainty that arises is tremendous, and this in systems that are chaotic, complex, and nonlinear. However, **we must not give up hope**. We have identified **technologies to decarbonise the energy system and achieve greater energy efficiency, as well as technologies to significantly economise the use of land, improve agricultural productivity, and reduce nitrogen and phosphorus flows**. We have shown how cities can develop effective urban planning and design intelligent infrastructure. Sachs insists that the opportunities are

within reach. **Moreover, in many cases – as with solar energy and wind power – the costs for these technologies are similar to traditional ones**.

This is why Sachs believes that **a great step forward is possible despite cynicism, darkness, confusion, and mistaken policies**. Ideas, the author emphasises, count. And ideas can have a strong effect on public policy design. In a similar way to what happened when slavery and colonialism were ended, or when the civil rights movement started, **our generation, concludes the author, has the task of making the world safer, richer, and fairer through sustainable development.**