The End of Poverty
by Jeffery Sachs

Overview

- Global Poverty
- Main Causes
- Countries Facing Poverty
- Current Approach
- Millennium Development Goals
- Solutions
Global Poverty

- Economic Opportunity vs No Economic Opportunity
- Types
  - Extreme Poverty
  - Moderate Poverty
  - Relative Poverty
- Examples
  - Malawi
  - India
  - Beijing

Percent of world making less than $1/day

Main Causes of Poverty

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<tr>
<th>Political</th>
<th>Geographic</th>
<th>Disease</th>
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<tr>
<td>• Corruption</td>
<td>• High transportation costs</td>
<td>• Treatment expensive</td>
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<td>• Restrictions on global interaction</td>
<td>• Resources not available</td>
<td>• Children miss school</td>
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<td>• Lack of moral values</td>
<td>• Climate</td>
<td>• Adults out of work</td>
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<td>• Democracy deficit</td>
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Voiceless Dying: Africa and disease

- Disease Spread
  - High malaria infection rate
  - Large AIDS/HIV percent infected
- Politics not the main source of economic problems

![Corruption Percentage Rank](chart1)

![Average Yearly GDP per Capita Growth (1980-2000)](chart2)

India’s Market Reform: Hope over fear

- British Control
  - British East India Trading Company
  - Minimized the Indian population educated
  - No response help to famine
- Changes
  - Reduced International trade restrictions
  - Foreign firms able to invest
- Results
  - Outsourcing IT to India
  - Growing Indian-owned businesses
Poland’s Return to Europe

- **Problems**
  - Foreign debt payments (40 billion dollars)
  - High and rising inflation
  - Collapse of socialist system
  - Energy intensive industrialization and lack of environmental control

- **Plan to establish market economy**
  - Stabilization
  - Liberalization
  - Privatization
  - Social Safety Net
  - Institutional Harmonization

Bolivia’s High-Altitude Hyperinflation

Bolivia’s Hyperinflation Timeline:

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<td>Price Increase</td>
<td>5,000:1</td>
<td>10,000:1</td>
<td>50,000:1</td>
<td>250,000:1</td>
<td>2,000,000:1</td>
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- **Key to Budget**
  - Increase price of oil from $.03/L to $.28/L
  - Financial measures on spending and revenue

- **Underlying Problems**
  - Bankruptcy
  - International Banks determining dept policy
  - Geographic location
  - Exports
Current Approach

- Millennium Declaration
  - Eradicate extreme poverty, reduce child mortality, improve maternal health
- 9/11 changes world view
  - US focuses largely on war on terrorism vs economic development
  - Should focus on preventable deaths

Millennium Development Goals

- Differential Diagnosis
- Investment Plan
- Financial Plan
- Donor Plan
- Public Management Plan
Millennium Development Goals

- Invest aid over time
  - Absorptive capacity increased methodically
- Global Policies for Poverty Reduction
  - Debt Crisis
  - Global Trade Policy: “Trade plus aid”
  - Science for Development
  - Environmental Stewardship
- United Nations Cooperation

Solutions

How do we end extreme poverty by 2025?

- Big 5 development interventions
  - Agriculture, health and education, electricity, transport and communications, safe drinking water
  - Sauri, Kenya - $350,000 ($70/person/year)

"Villages...can be...set on a path of development at a cost that is tiny for the world but too high for the villages themselves."

- Jeffrey Sachs

Urban slums of Mumbai, India

We need increased development assistance and deeper debt cancellation from donor countries and institutions.
Economic Possibilities of our Time

- Meet Millennium Development Goals by 2015
- End extreme poverty by 2025
- Ensure ladders of economic development for all countries by 2025
- Modest financial help from the world
Questions?

• What are current challenges we face in conquering global poverty?

• What are some possible solutions for the countries that were discussed?

• How can we help as individuals?

References


• http://www.theglitteringe eye.com/images/800px-Percentage_population_living_on_less_than_1_dollar_day.png