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DR. SACHS, LIVE8 AND NEOLIBERALISM'S 'PLAN B'

George Caffentzis

At length the term-day, the fatal Martinmas, arrived, and violent measures of ejection were resorted to. A strong posse of peace-officers, sufficient to render all resistance vain, charged the inhabitants to depart by noon; and as they did not obey, the officers, in terms of their warrant, proceeded to unroof the cottages, and pull down the wretched doors and windows – a summary and effectual mode of ejection, still practised in some remote parts of Scotland, when a tenant proves refractory.

Sir Walter Scott, Guy Mannering or The Astrologer (1829)

Neoliberal globalisation entered into its first major crisis seven summers ago, with the so-called 'Asian Financial Crisis'. Since then the ideological power of this form of capitalism has been slowly ebbing. The once attractive image of the creative powers of humanity finally being brought together in the process of globalisation for the 'common good' by borderless transfers of money, capital and labour at the speed of light now seems to be a nostalgic relic. Since 1997, along with the continuing economic crises and stagnation of Europe, South America, and Africa, neoliberal globalisation has faced two major ideological reversals. The first reversal is associated with a city (Seattle) and the second with a date (September 11 2001).

The street blockades that temporarily halted the World Trade Organization meetings in Seattle at the end of November 1999, brought to planetary conscious-

ness the existence of a global movement of resistance to neoliberal globalisation. This movement had been growing through the thousands of ‘IMF riots’, general strikes and guerrilla wars in the Third World since the mid-1980s against structural adjustment programmes (SAPs – the ‘wedges’ that opened economies previously resistant to complete control by international capital). But the sudden appearance on the streets of a movement capable of stopping the apparently unstoppable locomotive of globalisation made it clear that there was another reality not buying a future whose only aim was to put the world up for sale to the highest bidder. On the contrary, the movement was able to demonstrate that globalisation will result in the unprecedented immiseration of people throughout the planet unless it is stopped.

The September 11 2001 destruction of the World Trade Center towers and the killing of three thousand people were followed by a ‘war on terrorism’ that revealed the military aspect of globalisation: *globalisation’s invisible hand required an equally global iron fist*. Instead of dealing with 9/11 as a crime whose perpetrators were to be apprehended, tried and convicted on the basis of international law, it was seen by the Bush administration as a symbolic attack on the US’s status as the hegemonic power guaranteeing the operation of the rules of the world market. Soon after 9/11, George W. Bush expressed this vision when he identified the real enemy as nation states comprising ‘the axis of evil’ – Iraq, Iran and North Korea – and any of the other unnamed 30 or 40 other ‘rogue’, or potentially ‘terrorist-harboring’ nation states throughout the planet. Indeed, Osama bin Laden and his project for founding a new Caliphate was all but forgotten in the rush to discipline nation states that for one reason or another were not completely open to global capital flows (Iraq in particular). But this image of globalisation as requiring a literally ‘infinite’ war against recalcitrant states and populations (branded by Bush’s neoconservative advisors as ‘anti-democratic’) was the sign of a crisis, especially since it undermined globalisation’s promise of a closer, more interdependent world where it was in everyone’s interest to ‘just get along’.

Globalisation’s ideological crisis had deepened to the point that by the end of 2004 all the major efforts to extend the ‘globalisation’ agenda (Central American Free Trade Agreement, Free Trade Area of the Americas, the Doha Round of WTO negotiations, etc.) were being stalled on both the street and the diplomatic levels. This was the time for neoliberal globalisation to explore another option, which I will call, for want of a better term, ‘Plan B’. The doctrinaire neoliberalism of the past was clearly failing and the need for alternative means to a neoliberal end was dawning in the British Foreign Office, in the UN, in parts of the World Bank and in the organs of ‘global civil society’. If this group’s slogan was not ‘another world is possible’, it was ‘another path is necessary’. Indeed, one of the most important features of this ‘Plan B’ is its ability to use the energies of the anti-globalisation movement for its realisation.

Jeffrey Sachs wrote and published his book, *The End of Poverty: How We Can*

Make It Happen in Our Lifetime (as well as a series of related op-ed articles in the *New York Times*), in early 2005 to respond to this ideological and political crisis. It is one of the first books to proselytise for 'Plan B'. For Sachs represents those who are convinced that neoliberal globalisation, if properly managed, is the only path to a future without abject poverty and misery for billions of people (and the only alternative for the survival of capitalism). The book's publication was timed to reach its greatest audience in early July when the G8 leaders would meet in Gleneagles to consider a new 'anti-poverty package' for African nations that was developed by a variety of agencies from the British Foreign Office, to the UN, to academic centres like the Earth Institute that Sachs heads in New York, to the organisers of the Live8 concerts like Bob Geldof and Bono (who wrote the preface of the book). It clearly sets out the ideology and strategy of the supporters of 'Plan B'.

There is much that is unattractive about the book, besides its ideological purpose. *The End of Poverty* is one part self-congratulatory memoir of Sachs' roles as advisor to the governments of Bolivia, Russia, Poland, India and China, and part world-historical tract justifying the ultimate rationality of neoliberal capitalism (if it is properly applied to 'sick' countries by 'clinical economists' like himself). In the first part of the book Sachs tells us what he advised these governments to do during the time of his involvement, but invariably he adds an upbeat note, even when the results were patently catastrophic. For example, it is estimated that millions of Russians, especially men, died prematurely because of the collapse of wages and the public health system during the time that Sachs was advising the Yeltsin government – perhaps equal to the death rate of a 'moderate' nuclear war! But Sachs' panglossian comment on this episode is: 'Looking back, would I have advised Russia differently knowing what I know today?... To a large extent, the answer is no... Most of the bad things that happened – such as the massive theft of state assets under the rubric of privatisation – were directly contrary to the advice that I gave and to the principles of honesty and equity I hold dear'.¹

You protest too much, Dr. Sachs. Is it possible to be so nice in our discriminations of the 'good' versus the 'bad' when involved in a process of the primitive accumulation of capital? Can Sachs have forgotten the 'fire and blood' that set the stage for the triumph of the Scottish Enlightenment thinkers like David Hume and Adam Smith he so admires: the massacres of the Highlanders at the end of the 1745 rebellion and the clearances that followed throughout the end of the 18th and 19th centuries (so deftly described by Scott in the epigraph of this piece). The ghosts of those dead greeted the G8 leaders in Gleneagles and spoke a truth that was not drowned out by the fairy tale of Pacific capitalist development told by economists from Adam Smith's day. These ghosts evoked a more sober assessment of the bloody process of introducing neoliberal globalisation. They warned of the collapsing incomes and increasing 'poverty' in countries that have given over the direction of their economies to the 'experts' like Sachs.

The main point of this article, however, is not to slay once again the ailing



dragon of neoliberal globalisation theory. It is to interrogate the definition of Sachs' overt project and then to delineate its covert political purpose.

Sachs claims not to be a doctrinaire neoliberal economist, but a *clinical* economist who *uses* the tools of neoliberal theory to diagnose the causes of economic diseases and to provide appropriate *therapies*.² The disease he is attacking in this book is 'poverty', and the last part of his book is a plan to end poverty by 2025 (an attractive date since the bulk of his readers have a relatively good chance of reaching it alive!). For Sachs the economic disease is 'extreme poverty' and its cure is a goal only the most doctrinaire neoliberal or fanatic neoconservative would openly find fault with (although some have objected to Dr. Sachs' prescription). Yes, the ending of 'extreme poverty' (after creating so much of it) in twenty years would be a triumph of neoliberal capitalism. But with one plan after another to 'end poverty' since Robert McNamara's World Bank years in the 1970s, launched by the usual suspects – the UN, the World Bank, the development BINGOs (Big International NGOs) – leading to the intensification of 'misery' in Africa, and a political rejection of neoliberal economics in South and Central America (including the violent expulsion of one of Sachs' coworkers, Schez de Lozada, from the presidency of Bolivia by thousands of indigenous protesters in the period of the 'gas wars') there is much justifiable suspicion of Sachs' claims.

Why is Dr. Sachs so sure he understands the poverty that he claims his plan can end? Should we trust that he and his Live8 colleagues will, at least, do

no harm? A major source for suspicion are the two different, conflicting definitions of 'extreme poverty' he offers: (a) 'extreme poverty means that households cannot meet basic needs', and (b) extreme poverty means an 'income of \$1 per day per person, measured at purchasing power parity'. Many African or South American villagers can testify on the basis of their own experience that these definitions do not have the same meaning. There are many villages where the 'basic needs' of their residents (as they conceive them) are satisfied, but whose collective income is less than \$365 a year per person. This is possible because the villagers have access to land, forests and water that has not been privatised.

Technically, (a) is a 'use value' definition while (b) is an 'exchange value' definition. Such definitions, however, are non-synonymous (as the famous 'water/diamonds' parable has illustrated since Adam Smith's day, although now, with the privatisation of water, it has become less salient!).³

For example, in many villages in Africa adults (including, in certain areas, women) have access to (although *not ownership of*) land that they can use for their families' subsistence. This is an enormous wealth ('use value') that cannot be alienated and hence does not have an 'exchange value'. But if each adult has land enough to satisfy his/her basic needs but does not earn more than a dollar a day, then surely that person is poor according to Sachs' definition (b), but not poor according to definition (a). Things get even more complicated when we consider the fact that these villagers' access to similar land in a part of the country that has a real estate market might be 'worth' a few hundred or a few thousand dollars. Is the imputed value of the common land, divided by the number of commoners, part of the annual income of the villagers? Similar questions can be asked about children. In many parts of Africa, children are 'shared' by villages or extended families and their actual income is below \$1 a day per person. These children often have their 'basic needs' satisfied. Are these children extremely poor, even though the caring hands they pass through on their way to adulthood satisfy their basic needs?

After all, what does the 'exchange value' measure of extreme poverty – the quantity \$1 a day when considered from the point of view of purchasing power parity (PPP) – come to? The definition of PPP Sachs and the World Bank use is 'the number of units of a country's currency needed to buy in the country the same amount of goods and services as, say, one US dollar could buy in the US'. Consequently, according to the definition, an extremely poor person is someone who 'lives' on the 'goods and services' that one can buy for \$1 a day in the US. It is clear that definition (b) implies definition (a), in that surely one cannot satisfy one's basic needs on a dollar a day in the US alone, but even that statement is too weak, for according to the common understanding of what can be bought in the US for \$1 a day, the people that fall under this definition ought all to be dead. *But they are not.* How is this possible? There must be *non-monetary ways* that the 1.1 billion-plus people who fit the definition of 'extremely poor', according to Sachs, have organised to reproduce their and their families' lives.

It is notoriously 'difficult' for economists to determine the value of unwaged reproductive 'services' even in a fully monetarised society. It certainly is even more so in a form of life where the unwaged portion overwhelms the waged. Consequently, the surveys that are used to determine the monetary value of 'goods and services' the so-called poor consume are so unreliable they can add or subtract hundreds of millions from the category of extreme poverty on the basis of an arbitrary accounting change (see, for example, the internal World Bank debate between Angus Deaton, who finds no change in the number of 'extremely poor' since the early 1980s, and Shaohua Chan and Martin Ravillion, who find a 400 million decline in the number of extremely poor people on the planet, mostly in China).⁴

This 'difficulty', arbitrariness and evasion is an old story as far as the notion of poverty is concerned, since the *real* definition of being poor is that of one who ought not to be alive... according to the rules of the capitalist system... but is! That is, someone who is wageless and propertyless in a monetary society. From the historical moment (some time in the nineteenth century in Europe) when the wage stopped being the badge of the poor (and the stigma of a lack of independence) and began to guarantee the capacity to reproduce the worker within the system, the wageless were logically doomed. Indeed, the categories of 'poor' and wageless merged then, leading to enormous confusion in both capitalist and anti-capitalist thinking.

Yet, though the wageless were not supposed to be reproduced by the capitalist system, *still they survive*. To generations of capitalists their 'irrational' existence has meant that they were *a priori* criminals (often violating yet undreamed of statutes!). To many Marxists, these wageless ones – the urban 'lumpen proletariat' or the reactionary peasant 'rural idiots' – being undisciplined by the wage, were to be treated with suspicion until they too could be brought into the waged working class proper. But to many other anti-capitalists the poor became the evidence of the existence of a communal continent that existed below the surface of capitalist reality waiting to emerge, both in the planet's countryside and its cities. This continent has been the object of many studies made by anthropologists and political activists as well as intelligence agents (often shifting identities in the course of a career). Though its existence has been debated at times, its earthquakes have certainly created political tsunamis across the planet. After all, the major revolutionary movements of the twentieth century – from Emiliano Zapata's peasant column entering Mexico City, through the nomadic Chinese Red Army, and the Vietnamese NLF fighters, to the EZLN cadres' insurrection against NAFTA on January 1 1994 – arose out of these wageless ones' power to shake the world.

Consequently, capitalism has carefully produced wagelessness, but capitalists remain ambivalently anxious about the wageless, for capitalism, as Prospero said of Caliban, cannot do without them. After all, the existence of the vast continent of the wageless is *the* basic disciplinary threat to be used against the



waged workers of the world. On the one side, they are to be the ‘horrific’ image of what could happen to a waged working class, if it refuses to accept the dictates of neoliberal capitalism and, on the other side, they are to be a standing ‘reserve army’ in case capital decides to pick some subset of them for ‘development’. Finally, of course, the wageless, especially women, are the basic reproducers of the waged working class.

But the world does not wait on capital. The ‘extremely poor’ (in Sachs’ terminology) necessarily have created non-monetary reproductive systems that have demonstrated the power of communal relations to resist enclosures and provide subsistence in ways that the Scottish Highlanders could never have imagined. On the basis of these systems the wageless are beginning to set off new political earthquakes (especially in South America). Or, in the face of increasing demonetisation, their reliance on communal relations is creating a situation where they stop being credible potential competitors on the international labour market (especially in Africa).

The ‘poor’ (in Sachs’ terminology) or the ‘wageless’, therefore, constitute contemporary capital’s Scylla and Charybdis. Wageless people’s attacks on and exits from globalisation must both be quelled to give neoliberalism a new impulse according to Dr. Sachs’ diagnosis. Therefore, it is important to see why it is that Sachs is so insistent on only attacking ‘extreme poverty’ and assisting the billion-plus people in this category to break out of the ‘poverty trap’ that keeps them from

grasping 'the first rung of the development ladder'. The poverty he wants eliminated by 2025 is one that makes it difficult for a wageless person to become a waged worker, even potentially. It used to be said that in a capitalist society the only thing worse for a worker than being exploited, is not being exploited at all. But Sachs recognises the adage cuts both ways, the only thing worse for the capitalist system than a reduction of exploitation is the reduction of the exploitable! Putting aside Sachs' moral imperatives and his appeals to the heritage of the Enlightenment, the practical consequence of Sachs' medicine is that the pool of potential competitors in the world's wage labour market will be dramatically enlarged once again.

Dr. Sachs is committed to saving capitalism from a catastrophe that all but blind doctrinaire neoliberals (with their neoconservative allies) see approaching. These neoliberals simply assume that if the world labour market consigns billions to death, the condemned will automatically disappear. Or, as the neoconservatives aver, if the condemned resist, they can be isolated, bombed and starved out. Sachs knows that these are just pipe dreams. For the inability to keep expanding the world labour market, and the increasing refusal of many of the peoples of the former colonised regions to be profitably exploited by capital, will create a dramatic reduction in the average rate of profit. In his role as the early 21st century John Maynard Keynes, Sachs like Keynes is not interested in debating the justice (and even the ultimate fate) of capitalism. But he is not as sanguine as Keynes was that capitalists would be willing to accept a couple of per cent as a profit rate just to keep their interesting game going. Sachs is anxious, as a clinician to capitalism (his other, more troublesome patient!), that the world labour market (not the world population) grows in the future, providing the control rods on the demands of the rest of the working class. This aspect of his argument gives his proposals a logic that can appeal to capitalists.

The confusing, non-synonymous definitions of 'extreme poverty' Sachs uses are essential to the political project he and his allies are embarked upon: (1) to sell to the world capitalist class (represented by the club of G8 'leaders') the proposition that a small investment in the reproduction of the wageless of the world in order to transform them into credible competitors in the world wage labour market will be crucial to save the capitalist system in the 21st century and (2) to convince the militants of the anti-globalisation movement to eschew their pessimism 'about the possibilities of capitalism with a human face, in which the remarkable power of trade and investment can be harnessed while acknowledging and addressing limitations through compensatory collective actions'.⁵ For if the PPP definition is taken as identical to the 'humanistic' 'basic needs' definition, then it would appear that the most efficient path to end extreme poverty (hence presumably satisfying the anti-globalisation militants) is to create the conditions for introducing wage labour at a rate greater than, say, 10 cents an hour (hence satisfying his capitalist audience).



But if the ‘basic needs’/‘use value’ definition is clearly distinguished from the ‘\$1 a day’ one, then the most efficient way to eliminate poverty is to decommodify people’s necessities while returning all available resources (land, natural resources, etc.) to communal control. It is exactly this path of decommodification in the *long-run* that Sachs wishes to avoid, even though his plan requires it in the *short-run* (i.e. until at least 2025) by providing to the poor free education, free nutrition programmes, free anti-malarial equipment, free drinking water, sanitation and cooking fuels. But it is exactly this tension between the short-run and long-run (which is the source of Keynes’ famous cynical epigram, ‘in the long run we are all dead’) that Sachs evades. For there is no automatic reason why a people who have ‘escaped the poverty trap’ through decommodification of basic needs and the development of their commons will necessarily rush to sell their labour-power to the first capitalist offering a wage.

In conclusion, Sachs’ prescription for the recovery of his unacknowledged patient, the capitalist class, is to invest in bringing more than a billion of the ‘extremely poor’ into the planetary labour market by 2025. The sugar coating on this pill is to make this effort appear as an altruistic act (and hence potentially attractive to some of the militants of the anti-globalisation movement). But if the response of the G8 ‘leaders’ at Gleneagles is any indication, the patient is still suspicious of the Dr. Sachs’ prescription. And well it should be, for *The End of Poverty* marks a ‘return’ to Keynesian ‘short-term’ medicine, now applied on a global

scale to save neoliberal globalisation in the long-run. But this is exactly what the neoliberal 'revolution' has turned the world upside down to avoid. Are the capitalists desperate enough to go back to their own vomit?

What impact Dr. Sachs' medicine might have on the anti-globalisation movement is more ambiguous. It cannot be assessed by comparing the number of viewers of the Live8 concerts with the number of anti-G8 demonstrators in Scotland. Its political fate will be decided by the ultimate source of the anti-globalisation movement: in the thousands of sites of confrontations around the control of natural gas and petroleum in Bolivia and Niger Delta, against the drug company super-profits in South Africa and Brazil, for the preservation of the commons in Columbia and Kenya as well as in the streets of the next venue of the G8's meeting.

- 1 Jeffrey Sachs, *The End of Poverty: How We Can Make It Happen in our Lifetime* (London: Penguin Books, 2005) pp. 146–47.
- 2 *ibid.*, pp. 71–89.
- 3 *The water/diamonds parable or paradox concerns the relative values of these two substances. While water is essential to life (has a high use-value), it is (usually) very cheap (has a low exchange-value). On the other hand, the utility (use-value) of diamonds is much less, yet they are extremely expensive (have a high exchange-value).*
- 4 Angus Deaton, 'Is World Poverty Falling?', *Finance and Development* 39 (2), 2002; Shaohua Chan and Martin Ravallion, 'How have the World's Poor Fared since the early 1980s?', *World Bank Policy Research Working Paper 3341* (June), 2004.
- 5 Sachs, *The End of Poverty*, p. 357.