



Virtuous Circles and Fragile States

Want to promote stable democracy in struggling nations? Send timely packages of food, seeds and medicine By JEFFREY D. SACHS

If U.S. leaders better understood the politics of impoverished and crisis-ridden countries, they would more effectively protect American national security by advancing the causes of economic development and democracy. Although the administration of George W. Bush has often stated its commitment to the spread of democracy, partly to combat the risks of terror, it relies excessively on military approaches and threats rather than strategic aid. Timely development assistance to places hovering between democracy and disarray can yield enormous benefits.

For nations in a deep crisis, the greatest danger is a self-fulfilling prophecy of disaster. Consider Liberia, just emerging from a prolonged civil war, and Haiti, which has suffered decades of intense political instability. Both nations have recently elected new democratic governments, but both face continuing possibilities of internal violence and disorder.

When the public thinks that a newly elected national government will succeed, local leaders throw their support behind it. Expectations of the government's longevity rise. Individuals and companies become much more likely to pay their taxes, because they assume that the government will have the police power to enforce the tax laws.

A virtuous circle is created. Rising tax revenues strengthen not only the budget but also political authority and enable key investments—in police, teachers, roads, electricity—that promote public order and economic development. They also bolster confidence in the currency. Money flows into the commercial banks, easing the specter of banking crises.

When the public believes that a government will fail, the same process runs in reverse. Pessimism splinters political forces. Tax payments and budget revenues wane. The police and other public officials go unpaid. The currency weakens. Banks face a withdrawal of deposits and the risk of banking panics. Disaster feeds more pessimism.

By attending to the most urgent needs of these fragile states, U.S. foreign policy can tilt the scales to favor the consolidation of democracy and economic improvement. To an

informed and empathetic observer, the necessary actions will usually be clear. Both Liberia and Haiti lack electricity service, even in their capital cities. Both countries face massive crises of hunger and insufficient food production. Both suffer from pervasive infectious diseases that are controllable but largely uncontrolled.

But if each impoverished farm family is given a bag of fertilizer and a tin of high-yield seeds, a good harvest with ample food output can be promoted within a single growing season. A nationwide campaign to spread immunizations, antimalaria bed nets and medicines, vitamin supplements and de-

worming agents can improve the health of the population even without longer-term fixes of the public health system. Electric power can be restored quickly in key regions. And safe water outlets, including boreholes and protected natural springs, can be constructed by

the thousands within a year.

All these initiatives require financial aid, but the costs are small. Far too often, however, the U.S. response is neglect. Rather than giving practical help, the rich countries and international agencies send an endless stream of consultants to design projects that arrive too late, if ever. They ignore emergency appeals for food aid. After a few months, the hungry, divided, disease-burdened public begins to murmur that “nothing has changed,” and the downward spiral recommences. Pessimism breeds pessimism. Eventually the government falls, and the nascent democracy is often extinguished.

By thinking through the underlying ecological challenges facing a country—drought, poor crops, disease, physical isolation—and raising the lot of the average household through quick-disbursing and well-targeted assistance, U.S. foreign policy makers would provide an invaluable investment in democracy, development and U.S. national security. Liberia and Haiti are two important places to begin to make good on the Bush administration's pledge to spread democracy. ■

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