
Need Versus Greed - Jeffrey D. Sachs

NEW YORK – India’s great moral leader Mohandas Gandhi famously said that there is enough on Earth for everybody’s need, but not enough for everybody’s greed. Today, Gandhi’s insight is being put to the test as never before.

The world is hitting global limits in its use of resources. We are feeling the shocks each day in catastrophic floods, droughts, and storms – and in the resulting surge in prices in the marketplace. Our fate now depends on whether we cooperate or fall victim to self-defeating greed.

The limits to the global economy are new, resulting from the unprecedented size of the world’s population and the unprecedented spread of economic growth to nearly the entire world. There are now seven billion people on the planet, compared to just three billion a half-century ago. Today, average *per capita* income is \$10,000, with the rich world averaging around \$40,000 and the developing world around \$4,000. That means that the world economy is now producing around \$70 trillion in total annual output, compared to around \$10 trillion in 1960.

China’s economy is growing at around 10% annually. India’s is growing at nearly the same rate. Africa, long the world’s slowest-growing region, is now averaging roughly 5% annual GDP growth. Overall, the developing countries are growing at around 7% per year, and the developed economies at around 2%, yielding a global average of around 4.5%.

This is very good news in many ways. Rapid economic growth in developing countries is helping to alleviate poverty. In China, for example, extreme poverty has been cut from well over half of the population 30 years ago to around 10% or less today.

Yet there is another side to the global growth story that we must understand clearly. With the world economy growing at 4-5% per year, it will be on a path to double in size in less than 20 years. Today’s \$70 trillion world economy will be at \$140 trillion before 2030, and \$280 trillion before 2050 if we extrapolate from today’s growth rate.

Our planet will not physically support this exponential economic growth if we let greed take the upper hand. Even today, the weight of the world economy is already crushing nature, rapidly depleting the supplies of fossil-fuel energy resources that nature created over millions of years, while the resulting climate change has led to massive instabilities in terms of rainfall, temperature, and extreme storms.

We see these pressures every day in the marketplace. Oil prices have surged to more than \$100 per barrel, as China, India, and other oil-importing countries join the United States in a massive scramble to buy up supplies, especially from the Middle East. Food prices, too, are at historical highs, contributing to poverty and political unrest.

On the one hand, there are more mouths to feed, and with greater purchasing power on average. On the other hand, heat waves, droughts, floods, and other disasters induced by climate change are destroying crops and reducing the supplies of grains on world markets. In recent months, massive droughts have struck the grain-producing regions of Russia and Ukraine, and enormous floods have hit Brazil and Australia; now, another drought is menacing northern China’s grain belt.

There is something else hidden from view that is very dangerous. In many populous parts of the world,

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including the grain-growing regions of northern India, northern China, and the American Midwest, farmers are tapping into groundwater to irrigate their crops. The great aquifers that supply water for irrigation are being depleted. In some places in India, the water table has been falling by several meters annually in recent years. Some deep wells are approaching the point of exhaustion, with salinity set to rise as ocean water infiltrates the aquifer.

A calamity is inevitable unless we change. And here is where Gandhi comes in. If our societies are run according to the greed principle, with the rich doing everything to get richer, the growing resource crisis will lead to a widening divide between the rich and the poor – and quite possibly to an increasingly violent struggle for survival.

The rich will try to use their power to commandeer more land, more water, and more energy for themselves, and many will support violent means to do so, if necessary. The US has already followed a strategy of militarization in the Middle East in the naïve hope that such an approach can ensure secure energy supplies. Now competition for those supplies is intensifying, as China, India, and others bid for the same (depleting) resources.

An analogous power grab is being attempted in Africa. The rise in food prices is leading to a land grab, as powerful politicians sell foreign investors massive tracts of farmland, brushing aside the traditional land rights of poor smallholders. Foreign investors hope to use large mechanized farms to produce output for export, leaving little or nothing for the local populations.

Everywhere in the leading countries – the US, the United Kingdom, China, India, and elsewhere – the rich have enjoyed soaring incomes and growing political power. The US economy has been taken over by billionaires, the oil industry, and other key sectors.

The same trends threaten the emerging economies, where wealth and corruption are on the rise.

If greed dominates, the engine of economic growth will deplete our resources, push the poor aside, and drive us into a deep social, political, and economic crisis. The alternative is a path of political and social cooperation, both within countries and internationally. There will be enough resources and prosperity to go around if we convert our economies to renewable energy sources, sustainable agricultural practices, and reasonable taxation of the rich. This is the path to shared prosperity through improved technologies, political fairness, and ethical awareness.

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