

In Search of Equilibrium

By JEFFREY SACHS

The best idea of 2010 came from the Himalayan mountain kingdom of Bhutan. Standing before world leaders in the United Nations General Assembly in September, Prime Minister Jigmi Thinley asked the decisive economic question of our time: "As all our people rise above the threats of basic survival, what will our collective endeavor be as a progressive society?"

He proposed an answer. Let us, he said, make "the conscious pursuit of happiness" a new pillar of global cooperation, the "ninth Millennium Development Goal." Watching from the side of the hall, I was delighted as spontaneous cheers and applause rippled across the assembly for the first time in a long day of speeches.

The world, indeed, is long on worries and short on happiness. The problem, as Prime Minister Thinley incisively explained, is not really a shortage of material goods, even in a year of economic recession. The world is richer than ever before in history; that is certainly the case in the richest countries, even those in a cyclical downturn. Happiness, according to Bhutan's great tradition of Himalayan Buddhism, comes not from the raw pursuit of income but, in Thinley's words, from a "a judicious equilibrium between gains in material comfort and growth of the mind and spirit in a just and sustainable environment."

On that score, the world is far from equilibrium. As much as economists try to restore equilibrium to aggregate supply and demand, or to the relative values of national currencies, the imba-

lances in our societies are much deeper than the quirks of macroeconomic aggregates. There is little that is judicious in our present balancing of material gain and the growth of mind and spirit. Still less has humanity yet demonstrated the capacity to balance production and environmental sustainability. The great challenge for 2011 and beyond is to find that new judicious equilibrium.

The sense of imbalance is nowhere greater than in the United States. With all of the very real problems of a housing bubble gone bust, high unemployment and a budget deficit out of control, the United States remains the world's most productive and dynamic economy. The long lines, day and night, outside the Apple megastores in Manhattan reflect an economy that can still churn out the latest thing and watch it spread like wildfire across the nation and the world. Yet Americans are down in the dumps more than ever before. Goods are plentiful but happiness is in very short supply.

Part of the problem, of course, is that goods are plentiful on average, but not so for the tens of millions of families in poverty or teetering precariously on the edge of poverty. America's income inequality is staggering: The net worth of the wealthiest 1 percent of households is equal to the net worth of the poorest 90 percent. America's gaudy inequalities today surpass those that preceded the Great Depression, and probably the excesses of the Gilded Age of the 19th-century robber barons.

The bailouts of the bankers as well as the banks during 2009 reminded Americans that gaudy wealth brings gaudy political manipulation as well. That

was cause enough for a serious bout of unhappiness, and a serious need for political and economic reform.

But the problems go even deeper. America walked into its own trap, willingly and with grown-up consent. Americans have voted for candidates promising to cut taxes for the rich, to slash welfare payments for the poor and to defeat legislation to combat human-induced climate change, to which America is one of the world's main contributors. Americans strongly supported the invasions of Afghanistan and Iraq, until they saw those violent misadventures turn sour. American households borrowed to the hilt, until market reversals led to an epidemic of housing foreclosures and personal bankruptcies.

And it's not just America, of course. The world is the author of its excesses and growing imbalances. In its quest for superhuman economic growth, China has despoiled its air and rivers. Brazil and Indonesia have accepted an intolerable destruction of the world's remaining rain forests.

And despite annual meetings of the world's governments for 16 years since putting the UN climate-change treaty into effect in 1994, the world as a whole has found no agreement on a practical plan to head off the worst of human-induced climate change or to adapt effectively to the climate changes already under way.

The world has shown similar neglect in protecting its most vulnerable people. There is solace in the fact that 140 world leaders came to the United Nations in September to rededicate themselves to the Millennium Development Goals, the

globally agreed-upon targets to fight poverty, hunger and disease. Despite war, upheaval and recession, the goals have kept a place in global politics and global awareness.

Yet rich countries, time and again, have made big promises to the poor countries of financial and logistical support that has never materialized. Nearly a year after Haiti's devastating earthquake, which left hundreds of thousands of people homeless and displaced, the U.S. Congress has failed to appropriate one cent of reconstruction funds, despite repeated pledges of U.S. help.

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As we enter a new year and new decade, and the final five years to achieve the Millennium Development Goals by their target date, a new "judicious equilibrium" must be our goal. The past decade's desperate lunge for profits and military gain has brought us low. It's time to rebuild mind and spirit. The key is to think much more clearly about wants and needs, and thereby to rebalance our personal and political energies.

The first rebalancing should be between the rich and poor. The traditional gaps between the "developed" and "developing" worlds are closing, thanks to the remarkable growth of the emerging economies. The small club of the G-8 countries has already given way to the larger G-20, which includes China, India, Brazil and other emerging economies. It's urgent to widen the circle still further, so that today's poorest countries may gain a foothold on prosperity and participate fully in global leadership.

Within our own divided societies, we must of course do the same. America and other highly unequal societies need to rebalance a culture of super-wealth alongside degrading poverty. There is certainly no technical barrier to ensuring that every child, poor as well as rich, has a pathway to decent health, quality education and full participation in the economy. America's rich have

wealth beyond their most extravagant needs. Rejoining the effort to end poverty would greatly boost their happiness, as well as others'.

The second rebalancing must be between the present and future. Our consumerist and media-driven economy fueled the mad pursuit of consumerism above all else over the past 20 years. In the lead-up to the financial crash, Americans and many others stopped saving, and instead snapped up the credit card loans and subprime mortgages on offer from irresponsible lenders. As we sift through the financial wreckage, let's resolve to stop short-changing the future.

The third rebalancing must be between production and nature. Our G.N.P. accounts routinely record every felled tree, overpumped aquifer and excessive catch of endangered marine life to be part of our national income, when in reality it is simply the depletion of nature's capital. We have reached the planetary boundaries of ecological survival. It's time to reach a new consciousness of our own destructive force, and to pull back before it's too late.

The fourth rebalancing should be between work and leisure. When the great economists and social improvers of the past tried to envision a future of technological splendor, they imagined that humanity would "cash in" through much greater leisure time and regard for the finer pleasures of life: enjoyment of the arts, adult learning, time for friendship and more recreation. Yet the technological splendor has arrived, and we are more frenzied than ever, at least in the United States and other hyper-consumerist economies. If we instead catch our breath, and shorten our work hours, there can be a better spread of jobs and a much better regard for our long-term health and wellbeing.

The fifth rebalancing must be in our conception of national security. The United States currently devotes around \$750 billion a year to its military, but only \$15 billion to helping the world's poorest countries cope with disease, hunger and famine. In Afghanistan, roughly \$100 billion in military spen-

ding is accompanied by an absurdly low \$1 billion to \$2 billion per year in development support. The tragedy and irony, of course, is that the unrest in Afghanistan, Yemen, Somalia and beyond, has its roots not in ideology per se, but in hunger, illiteracy, lack of employment, desperation and despair. All of the armies and drone missiles in the world will never build the wells, clinics, schools and productive farms that alone can bring true peace to today's conflict-ridden countries.

Every great religious tradition in the world gives guidance similar to that so wonderfully expounded by Prime Minister Thinley. The Gospels warn us as well that we can win the world yet lose our souls. We enter 2011 confused, demoralized and feeling impoverished; yet we are living at the time of the greatest productivity and prosperity in human history. No problem today — poverty, clean energy or national security — is beyond our technical and intellectual means. Our problems lie elsewhere, in our confusion over the sources of ultimate happiness. If we can behold the power of our tools, and the yearnings for life's deeper pleasures, then 2011 can be the start of a new era of wellbeing. The choice is ours and ours alone.

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