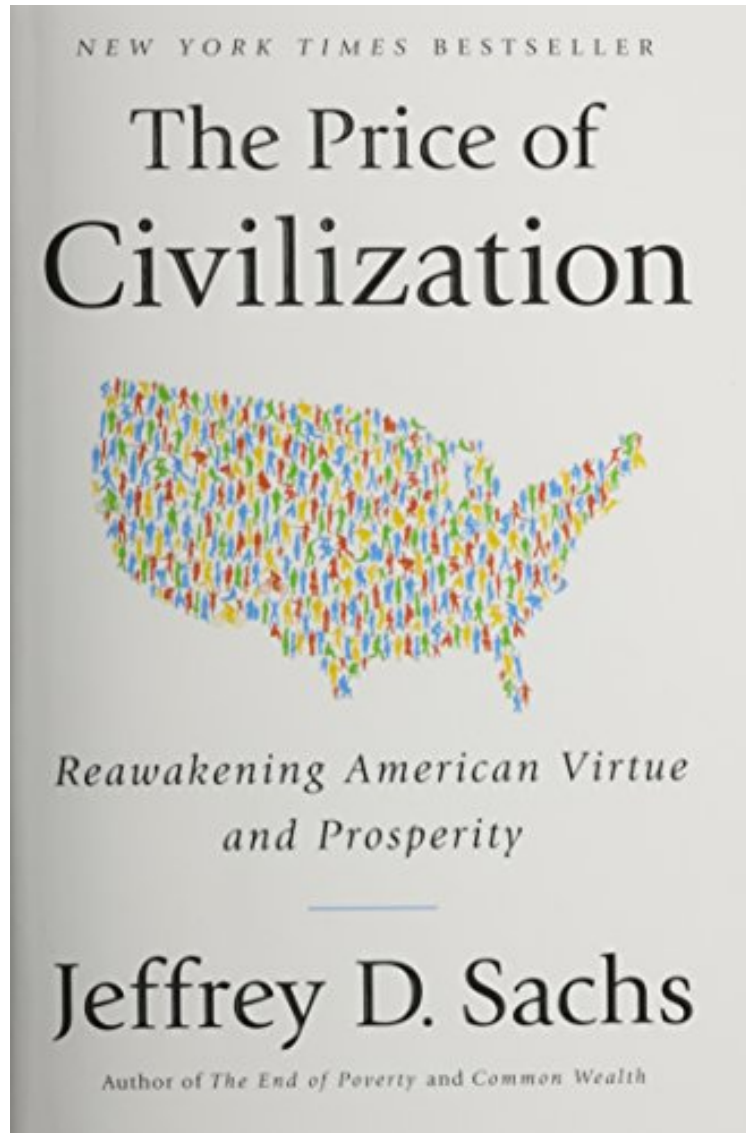


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The Price of Civilization: Reawakening American Virtue and Prosperity

Jeffrey D. Sachs

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Jeffrey D. Sachs : The Price of Civilization: Reawakening American Virtue and Prosperity before purchasing it in order to gage whether or not it would be worth my time, and all praised The Price of Civilization: Reawakening American Virtue and Prosperity:

0 of 0 people found the following review helpful. Five StarsBy Marvin J. MayorgaExcellent0 of 0 people found the

following review helpful. The first part of the book first pinpoints the economic ...By Michael LaiThe first part of the book first pinpoints the economic predicament faced by America today. According to Sachs, the free-market ideology stemming from the 1980's has been so pervasive among both Democrats and Republicans that they overlooked the true roots of the American economic problem - its inability to cope with the new global economy. By adopting the free-market approaches, the government cut tax, refrained from spending on social welfare and kept interest rates abnormally low. Not only were these measures unable to tackle the crises, they created more uneven wealth distributions along with other unfavourable social consequences. In the second part the author suggests solutions to the problems. They include changing the tax structure, realigning the federal budget to curb the constant national account deficit, reinvesting in social welfare programs, and most importantly, ending the corporatocracy which has exerted an overwhelming power on politics on the last decades. During the course, the author actually went beyond economics and discussed some of the environmental and social challenges faced by mankind today. Consumerism, Sachs claims, is causing an epidemic of unhappiness in our society while severely devastating the environment. Therefore, while looking for the economic cures we also need to address the psychological, moral and environmental values of our society today in order to regain true prosperity.

For more than three decades, Jeffrey D. Sachs has been at the forefront of international economic problem solving. But Sachs turns his attention back home in *The Price of Civilization*, a book that is essential reading for every American. In a forceful, impassioned, and personal voice, he offers not only a searing and incisive diagnosis of our country's economic ills but also an urgent call for Americans to restore the virtues of fairness, honesty, and foresight as the foundations of national prosperity. As he has done in dozens of countries around the world in the midst of economic crises, Sachs turns his unique diagnostic skills to what ails the American economy. He finds that both political parties and many leading economists have missed the big picture, offering shortsighted solutions such as stimulus spending or tax cuts to address complex economic problems that require deeper solutions. Sachs argues that we have profoundly underestimated globalization's long-term effects on our country, which create deep and largely unmet challenges with regard to jobs, incomes, poverty, and the environment. America's single biggest economic failure, Sachs argues, is its inability to come to grips with the new global economic realities. Yet Sachs goes deeper than an economic diagnosis. By taking a broad, holistic approach looking at domestic politics, geopolitics, social psychology, and the natural environment as well, Sachs reveals the larger fissures underlying our country's current crisis. He shows how Washington has consistently failed to address America's economic needs. He describes a political system that has lost its ethical moorings, in which ever-rising campaign contributions and lobbying outlays overpower the voice of the citizenry. He also looks at the crisis in our culture, in which an overstimulated and consumption-driven populace in a ferocious quest for wealth now suffers shortfalls of social trust, honesty, and compassion. Finally, Sachs offers a plan to turn the crisis around. He argues persuasively that the problem is not America's abiding values, which remain generous and pragmatic, but the ease with which political spin and consumerism run circles around those values. He bids the reader to reclaim the virtues of good citizenship and mindfulness toward the economy and one another. Most important, he bids each of us to accept the price of civilization, so that together we can restore America to its great promise. *The Price of Civilization* is a masterly road map for prosperity, founded on America's deepest values and on a rigorous understanding of the twenty-first-century world economy.

Praise for *THE PRICE OF CIVILIZATION* "An important assessment of what ails America, and a must-read for policymakers." --Kirkus "Best known for advising postcommunist and impoverished countries on development strategies, economist Sachs (*Common Wealth*) takes on the cesspool of debt, backwardness, and corruption that is the United States in this hard-hitting brief for a humane economy... a must-read for every concerned citizen." --Publishers Weekly, starred review "There is no shortage of books on why laissez-faire is bad theory and dangerous practice. For a succinct, humane, and politically astute tour of the horizon, it's hard to improve on Sachs' *The Price of Civilization: Reawakening American Virtue and Prosperity*." --*The American Prospect* "Jeffrey Sachs' new book is a landmark in this great and essentially American tradition, setting out with luminous clarity the narrative and the analysis of how the US and the wider world has been traduced and seduced by debased ideology, racist reflexes and huge vested interests from its liberal and enlightened roots. Indeed, Sachs by his life and his writing goes far to restore one's wavering faith in the informing inspiration of the post-1945 new dawn, faith in economics, faith in America and faith in humanity." --*The Spectator* About the Author Jeffrey Sachs is the director of the Earth Institute at Columbia University and special adviser to Secretary-General Ban Ki-moon on the United Nations Millennium Development Goals. He is internationally renowned for his contributions to solving some of the world's most daunting economic and social crises, in his roles as a leading scholar and as an economic adviser to governments and international organizations around the world. Excerpt. Reprinted by permission. All rights reserved. PART 1 The Great Crash CHAPTER 1. Diagnosing America's Economic Crisis A Crisis of Values At the root of America's economic crisis lies a moral crisis: the decline of civic virtue among America's political and economic elite. A society of markets, laws, and elections is not enough if the rich and powerful fail to behave with respect, honesty, and compassion toward the rest of society and toward the

world. America has developed the world's most competitive market society but has squandered its civic virtue along the way. Without restoring an ethos of social responsibility, there can be no meaningful and sustained economic recovery. I find myself deeply surprised and unnerved to have to write this book. During most of my forty years in economics I have assumed that America, with its great wealth, depth of learning, advanced technologies, and democratic institutions, would reliably find its way to social betterment. I decided early on in my career to devote my energies to the economic challenges abroad, where I felt the economic problems were more acute and in need of attention. Now I am worried about my own country. The economic crisis of recent years reflects a deep, threatening, and ongoing deterioration of our national politics and culture of power. The crisis, I will argue, developed gradually over the course of several decades. We are not facing a short-term business cycle downturn, but the working out of long-term social, political, and economic trends. The crisis, in many ways, is the culmination of an era—the baby boomer era—rather than of particular policies or presidents. It is also a bipartisan affair: both Democrats and Republicans have played their part in deepening the crisis. On many days it seems that the only difference between the Republicans and Democrats is that Big Oil owns the Republicans while Wall Street owns the Democrats. By understanding the deep roots of the crisis, we can move beyond illusory solutions such as the "stimulus" spending of 2009–2010, the budget cuts of 2011, and the unaffordable tax cuts that are implemented year after year. These are gimmicks that distract us from the deeper reforms needed in our society. The first two years of the Obama presidency show that our economic and political failings are deeper than that of a particular president. Like many Americans, I looked to Barack Obama as the hope for a breakthrough. Change was on the way, or so we hoped; yet there has been far more continuity than change. Obama has continued down the well-trodden path of open-ended war in Afghanistan, massive military budgets, kowtowing to lobbyists, stingy foreign aid, unaffordable tax cuts, unprecedented budget deficits, and a disquieting unwillingness to address the deeper causes of America's problems. The administration is packed with individuals passing through the revolving door that connects Wall Street and the White House. In order to find deep solutions to America's economic crisis, we'll need to understand why the American political system has proven to be so resistant to change. The American economy increasingly serves only a narrow part of society, and America's national politics has failed to put the country back on track through honest, open, and transparent problem solving. Too many of America's elites—among the super-rich, the CEOs, and many of my colleagues in academia—have abandoned a commitment to social responsibility. They chase wealth and power, the rest of society be damned. We need to reconceive the idea of a good society in the early twenty-first century and to find a creative path toward it. Most important, we need to be ready to pay the price of civilization through multiple acts of good citizenship: bearing our fair share of taxes, educating ourselves deeply about society's needs, acting as vigilant stewards for future generations, and remembering that compassion is the glue that holds society together. I would suggest that a majority of the public understands this challenge and accepts it. During my research for this book, I became reacquainted with my fellow Americans, not only through countless discussions but also through hundreds of opinion surveys on, and studies of, American values. I was delighted with what I found. Americans are very different from the ways the elites and the media pundits want us to see ourselves. The American people are generally broad-minded, moderate, and generous. These are not the images of Americans we see on television or the adjectives that come to mind when we think of America's rich and powerful elite. But America's political institutions have broken down, so that the broad public no longer holds these elites to account. And alas, the breakdown of politics also implicates the broad public. American society is too deeply distracted by our media-drenched consumerism to maintain the habits of effective citizenship. Clinical Economics I am a macroeconomist, meaning that I study the overall functioning of a national economy rather than the workings of one particular sector. My operating principle is that the economy is intimately interconnected with a much broader drama that includes politics, social psychology, and the natural environment. Economic issues can rarely be understood in isolation, though most economists fall into that trap. An effective macroeconomist must look at the big canvas, in which culture, domestic politics, geopolitics, public opinion, and environmental and natural resource constraints all play important roles in economic life. My job as a macroeconomic adviser during the past quarter century has been to help national economies function properly by diagnosing economic crises and then correcting breakdowns in key sectors of the economy. To do that job well, I must strive to understand in detail how the different parts of the economy and society both fit together and interact with the world economy through trade, finance, and geopolitics. Beyond that, I must also strive to understand the public's beliefs, the country's social history, and the society's underlying values. All of this requires a broad and eclectic set of tools. Like other economists, I pore over charts and data. In addition, I read stacks of opinion surveys as well as cultural and political histories. I compare notes with political and business leaders and visit factories, financial firms, high-tech service centers, and local community organizations. Sound ideas about economic reform must pass a "truth test" at many levels, making sense at the community level as well as the national political level. A macroeconomist faces the challenge of a clinical doctor who must help a patient with serious symptoms and an unknown underlying disease. An effective response involves making a correct diagnosis about the underlying problem and then designing a treatment regimen to correct it. In my book *The End of Poverty* I called this process "clinical economics." My inspiration has been my wife, Sonia, a gifted medical doctor who showed me the wonders of science-

based clinical medicine. I didn't train to be a clinical economist, though fortunately my theoretical training, combined with my wife's inspiration and some very good professional luck, enabled me to forge an unusual personal path to clinical economics. I was blessed with a first-rate education as an undergraduate and graduate student at Harvard, where I later joined the faculty in 1980. With life-changing good fortune, I became involved in practical economic problem solving in Bolivia in 1985, and from then on I have built a career at the intersection of theory and practice. I spent much of the 1980s working in debt-ridden Latin America to help support that region's return to democracy and macroeconomic stability after two decades of incompetent and violent military rule. In the late 1980s and early 1990s I was invited to help Eastern Europe and the former Soviet Union in their transitions from communism and dictatorship to democracy and market economy. That work, in turn, brought me invitations to the world's two great behemoths, China and India, where I could watch, debate, and share ideas about the world-changing market reforms of those two great societies. Since the mid-1990s, I have turned much of my attention to the poorest regions of the world, and especially to sub-Saharan Africa, to try to assist them in their ongoing fight against poverty, hunger, disease, and climate change. Having worked in and diagnosed dozens of economies over my career, I've come to have a good feel for the interplay of politics, economics, and a society's values. Lasting economic solutions are found when all of these components of social life are brought into a proper balance. In this book I will bring clinical economics to bear on America's economic crisis. By taking a holistic view of America's economic problems, I hope to diagnose some of the deeper maladies afflicting our society today and to correct the basic misdiagnosis that was made thirty years ago and that still sticks today. When the U.S. economy hit the skids in the 1970s, the political Right, represented by Ronald Reagan, claimed that government was to blame for its growing ills. This diagnosis, although incorrect, had a plausibility to it to enough Americans to enable the Reagan coalition to begin a process of dismantling effective government programs and undermining the government's capacity to help steer the economy. We are still living with the disastrous consequences of that failed diagnosis, and we continue to ignore these challenges, involving globalization, technological change, and environmental threats. America Is Ready for Reform After a thorough diagnosis in the first half of the book, I'll get specific on what I think we should do. Those specific recommendations will raise several big issues. First, can we really afford more government activism in an era of huge budget deficits? I'll show that we both can and must. Second, can a program of thoroughgoing reform really be manageable? Here, too, the answer is yes, even by a government that currently exhibits chronic incompetence. Third, is a reform program politically achievable i...