

Jeffrey D. Sachs. 2011. *The Price of Civilization*. New York: Random House, ISBN: 978-1-4000-6841-8, \$27.00 (hardback), \$18.00 (paperback).

In 2012, Dr. Jeffrey Sachs removed himself from the short list of nominees to be the 13th president of the World Bank in deference to physician, public health professional, and Dartmouth College President, Jim Yong Kim. This speaks volumes about the character of Dr. Sachs, a Columbia University macro-economist who serves as Director of the Earth Institute and special advisor to UN Secretary-General, Ban Ki-Moon on the Millennium Development goals.

Serving as a high level advisor to many governments, his “prescriptions”, often characterized as “clinical economics”, have resulted in the reorganization of the financing for effective disease control in Africa, the release of new currencies to crisis-ridden economies, the economic transition of former communist nations to free-market principles, the resolution of debt crises in poor countries and the easing of hyperinflation in Eastern Europe and Latin America. While some may see *The Price of Civilization* (2011) as a turning away from international economic issues, its focus on the American economy, starting with the election of Ronald Reagan in 1980, is a continuation of his concerns about poverty, in this instance the persistence of poverty in a nation with the world’s largest gross domestic product. This review outlines the contours of Sachs’ book and then applies the analysis to Oklahoma.

Although this book was written for a popular audience, it addresses an issue of deep concern to political scientists: what are the responsibilities of citizens in a democracy? Sachs answers this question by explaining,

from the perspective of a macro economist, the factors that led to the Great Recession of 2008, the paralyzing culture of excess that has gripped the American electorate, and what types of individual and national reforms would ameliorate the situation. The key is a willingness to provide government with the necessary resources to solve the nation's problems.

Ronald Reagan famously contended that the problem with America was big government. Sachs believes that this position was wrong-headed because it prevented Americans from coming to terms with globalization, the "unmet economic challenge of the past forty years." He maintains that the American people were encouraged to look inward thirty years ago when we needed to focus on global transitions or the linking of the world through networks of trade, investment and production.

In the 1970s, three global drivers heralded profound change. The digital electronic age was signaled by the technological revolution in computers, the Internet, and mobile telephony. In addition, East Asia began a spectacular economic rise that reshaped the world economy. And, lastly, the world began to face the ongoing ecological crisis. There has been a massive worldwide shift in incomes, jobs and investments. The most important technologies today are those that facilitate the growth of information, communication and transportation. Computers store and process information, the Internet and mobile telephony transmit it instantly and seamlessly around the world, and containerized ocean transport and worldwide air travel provide low-cost global trade. The world's economies, supported by a global division of labor, have become more tightly interlinked, sophisticated and intricate. All stages of production are complexly achieved by a far-flung global value chain moving from raw materials to final packaging. The primary actors are multinational companies (MNC), some with operations in over a hundred countries. American MNCs make more money in the global marketplace than they do in the United States. Rather than encouraging the development of government policies that could manage this shift in geopolitics, Americans focused on declining interest rates that, in turn, fostered domestic consumer spending on products, made not in the U.S.A. but in China. At the same time, Alan Greenspan's monetary policies unleashed a wildly unstable housing market while it artificially suppressed inflation.

The problem for Americans is that while capital is mobile, labor is not. Countries compete for investment capital. They do this by offering improved profitability compared to other countries. This means they cut corporate tax rates, ease regulation, tolerate pollution, and, sometimes, ignore labor standards. This spiral is what Sachs calls the “race to the bottom.”

As governments engage in a downward spiral of lowered taxation and fewer regulations, all countries lose in the end because these cuts mean diminished education, crumbling infrastructure, and fewer scientific and technological breakthroughs. These are the very areas in which America needs to invest in order to regain long-term competitiveness. In the last thirty years it has become impossible to argue that some sectors in the United States do not approach third-world conditions. Oklahoma is a case in point.

Just as national governments have reduced taxes on the rich and cut government budgets, so have states. In 2012, Oklahoma’s Republican-controlled state legislature and Gov. Mary Fallin hammered out a budget for fiscal year 2012-2013 that very nearly included a massive tax cut that many budget experts contend would have devastated Oklahoma’s public services. This on top of the previous Governor’s two tax cuts that were considered the largest in Oklahoma’s history. Politicians increasingly argue that tax cuts equal growth, a proposition with little in the way of empirical evidence to support it.¹ Oklahoma is already widely regarded as a one of the most competitive or “business-friendly” states with low tax rates and right-to-work laws.

Julie Del Cour, associate editor of the *Tulsa World*, writes that in Oklahoma “state conditions approach third-world status.” While the U.S. languishes near the bottom of child safety and access to health care measures among developed nations, “Oklahoma ranks 40th among states in the teen death rate and 42nd in the percent of teens not in school and not high school graduates...in overall child vulnerability, Oklahoma has ranked near the bottom of the 50 states for years.”²

What do we do about these public problems that tear at the fabric of our society? Sachs quotes Oliver Wendell Holmes who said that “the price of civilization is taxes.” Mickey Hepner, Dean of the College of Business Administration at the University of Central Oklahoma, echoes that sentiment, arguing that “we cannot expect our (Oklahoma)

workers to compete in a global economy unless we give them a world-class education – something that is becoming increasingly difficult to do with funding levels among the nation’s lowest.³ Hepner’s argument is further supported by Dewayne Matthews, vice president of the Lumina Foundation, who calls for workforce development and higher education to work together to help Oklahoman’s complete their college education. “In Oklahoma, 474,747 people attended college but don’t have a degree or certificate to show for it...the No. 1 reason is the financial burden on students and their families.”⁴ What Oklahoma needs is not tax cuts, but bolstered streams of revenue to support investments in health, safety and education. Why is higher education so expensive? Because the Oklahoma state legislature has abrogated its responsibility to provide adequate institutional funding.

Sachs calls for a return to civic virtue. As Americans we could “recommit to contributing to the common benefit and to cooperating for mutual gain.”⁵ Although politically unpopular, paying taxes is “the price of civilization.”

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¹ William G. Gale, “Five Myths about the Bush Tax Cuts,” *Washington Post*, August 1, 2010, <http://www.washingtonpost.com/wp-dyn/content/article/2010/07/30/AR2010073002671.html>, accessed 5/23/12.

² Julie DelCour, “Mothers and children: State conditions approach third-world status,” *Tulsa World*, May 13, 2012, p. 1G.

³ Mickey Hepner, “Tax cuts don’t make the grade,” *Special to the Edmond Sun*, May 18, 2012.

⁴ Kim Archer, “Report says state falling behind in ‘knowledge-based economy,’” *Tulsa World*, May 12, 2012, p. 10A.

⁵ Jeffrey D. Sachs, *The Price of Civilization: Reawakening American Virtue and Prosperity*, New York: Random House, 2011.