

The Great Escape

In a process that began some 250 years ago, most of humanity has managed to progress beyond the grinding poverty and early death that characterized its existence for thousands of years. In his new book, *The Great Escape: Health, Wealth, and the Origins of Inequality*, Angus Deaton, the Dwight D. Eisenhower Professor of Economic and International Affairs at Princeton University, explains why we are living longer, healthier lives. At a Cato Book Forum in December, he described how, at the same time, that progress has created inequalities that can have both positive and negative impacts.

ANGUS DEATON: The title of my book is based on a running metaphor from the Steve McQueen film called *The Great Escape*. For those of you who haven't seen it, the movie is based on a true story of escaping from a German prisoner-of-war camp during World War II. Basically, the protagonists dug tunnels out underneath the camp and about two hundred people escaped through them. Of course, not everyone managed to escape, so it left a lot of people behind and created a lot of inequality.

Throughout history, the greatest episodes of human progress are what I call "the great escapes." The most obvious dimensions are the escapes from material destitution, ill health, and premature mortality. I focus mostly on health and wealth, but it's worth mentioning that there are many other examples as well.

Today, there are more people living under democracy, for example, than ever before. There are enormous, large-scale reductions in violence around the globe over the centuries which contribute greatly to human well-being. We've seen huge increases in education, particularly—but not exclusively—among women. In many parts of the world, the schools they are going to leave a lot to be desired. But it's a start, and it reflects a trend that is quite new. Finally, I argue that increases in life evaluations have also accompanied this progress. In short, people know that their lives are better and they will tell you as much.

Now, just like in the movie, most of these episodes have only allowed some to escape—leaving many others behind—but ultimately that's the nature of the beast.



ANGUS DEATON

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Progress does not come evenly. In that sense, it is one of the great engines of inequality. But it's very hard to object to this sort of inequality. Why, if some escape and some don't, is the world a worse place?

Well, it's not.

Let me be clear: there are some reasons to be concerned. What worries me most about income inequality in the United States is that it can turn into political inequality. If the very wealthy use their wealth to influence the political process, then the rest of us suffer. That is the danger. People who are healthy aren't going to undermine the health of the unhealthy. But the super-rich can undermine the political process to their own benefit and harm the rest of us. Studies show that politicians are much more responsive to their rich constituents than their poor constituents.

That said, I'd like to spend some time discussing our misguided efforts to address global inequality. Being from Scotland, I've often noticed that Europeans tend to feel more positively about their governments than do Americans, for whom the failures and unpopularity of their federal, state, and local politicians are commonplace. Yet Americans' various governments collect taxes and, in return, provide services without which they could not easily live their lives. Not all of these services are as good as they might be, nor held in equal regard by everyone. But, in general, citizens recognize that they help make their lives more livable. People mostly pay their taxes, and if the way that money is spent offends some, a lively public debate ensues, and regular elections allow people to change priorities.

All of this is so obvious that it hardly needs saying—at least for those who live in rich countries with effective governments. But most of the world's population does not.

In much of Africa and Asia, states lack the capacity to deliver the services and protections that people in rich countries take for granted. The contract between government and governed—imperfect in rich countries—is often altogether absent in

poor countries. In much of the world, for instance, police prey on the people they are supposed to protect, shaking them down for money or persecuting them on behalf of powerful patrons. Even in a middle-income country like India, public schools and public clinics face mass unpunished absenteeism. Private doctors give people what they think they want—injections, intravenous drips, and antibiotics—but the state does not regulate them, and many practitioners are entirely unqualified.

Throughout the developing world, children die because they are born in the wrong place—not of exotic, incurable diseases, but of the commonplace childhood illnesses that we have known how to treat for almost a century. Likewise, without government capacity, regulation and enforcement do not work properly, so businesses find it difficult to operate. Without properly functioning civil courts, there is no guarantee that innovative entrepreneurs can claim the rewards of their ideas.

The absence of state capacity is one of the major contributors to poverty and deprivation around the world. Without effective states working with active and involved citizens, there is little chance for the growth that

is needed to abolish global poverty.

Unfortunately, the world's rich countries are making things worse. Foreign aid undermines the development of local state capacity. This is most obvious in countries where the government receives large amounts of direct aid. These governments need no contract with their citizens, no parliament, and no tax-collection system. Why would they pay any attention to the needs of their own people? If they are accountable to anyone, it is to the donors. But even this fails in practice. Under pressure from their own citizens—who rightly want to help the poor—wealthy countries feel the need to disburse money just as much as poor-country governments need to receive it, if not more so.

What about bypassing governments and giving aid directly to the poor? The immediate effects are likely to be better, especially in countries where little government-to-government aid actually reaches the poor. And it would take an astonishingly small sum of money—about 15 U.S. cents a day from each adult in the rich world—to bring everyone up to at least the destitution line of a dollar a day.

Yet this is no solution. The world's poor cannot forever have their health services run

from abroad. What is missing from these countries is not money. Poor people need government to lead better lives; taking government out of the loop might improve things in the short run, but it would leave unsolved the underlying problem. Aid is simply racked with unintended consequences. It undermines what poor people need most: an effective government that works with them for today and tomorrow.

In short, the world is a better place than it used to be, despite the fact that many have yet to make the great escape. What can we do to help that process along? One thing that we can do is to agitate for our own governments to stop doing those things that make it harder for poor countries to stop being poor. Reducing aid is one, but so is limiting the arms trade, improving rich-country trade and subsidy policies, providing technical advice that is not tied to aid, and developing better drugs for diseases that do not affect rich people.

Poor countries, just like their wealthy counterparts, need their own good government—not one that was thought up for them by the rest of the world. We cannot help the poor by making their already weak governments even weaker. ■



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