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THE TERRORIST ATTACK: TREATING THE CAUSES

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We have been hearing much since September 11 that the United States, to avoid future terrorist attacks, must treat the causes. Which causes? Should the treatment deal with reversing the terrorists' hatred for the United States, eliminating anti-Jewish sentiment, correcting the lack of freedom in most Middle-Eastern countries, refighting the Kosovo war and getting some Americans killed, making too many or too few charges against foreign human rights violations, eliminating homosexuality and civil liberties in the United States (as Jerry Falwell and Pat Robertson seem to believe), altering the capitalist system that prevails in the developed countries, changing the U.S. lifestyles that so infuriate Muslim zealots, reducing poverty?

No shortage of "causes," some outrageous, others idiosyncratic, and some even with a sense of legitimacy, have been put forward that should be treated. The monthly commentaries in this issues series deal with political economy and I will stick (mostly) to the last and focus on poverty. However, this must be prefaced with a caveat. I find it impossible that anyone can seriously believe that because there is much poverty in the Middle East, terrorists who are not themselves poor concluded that the corrective was to attack the World Trade Center towers and the Pentagon and kill thousands of innocent people.

I am focusing on poverty because it is a global scourge and we would have a better world if poverty could be reduced drastically. One consequence of the events on September 11 will be to sharply increase poverty because of the ripple effects on developing countries from the economic troubles of the United States and other industrial countries. Markets for the goods and services of developing countries will shrink, as will investment in them. When the economies of rich countries decline, the suffering from the fallout is usually greater in poor countries. This, for better or worse, is part of globalism.

Many implicitly assume that the reduction of poverty has been neglected up until now. This is not true. What is correct, however, is that the world has not been overwhelmingly effective in dealing with the problem. The number of people who live below the poverty line is now about 1.3 billion. This is an enormous figure, even though the proportion of the world's population living in poverty has declined more in the past 50 years than in the previous 500 years. The absolute number, however, has risen.

Poverty is not an independent manifestation isolated from development strategies and politics within countries, but part and parcel of the bigger picture. I have not understood the motivations of the protesters who show up to disrupt meetings of international development and trade organizations because precisely these institutions have taken the lead to reduce poverty. Poverty did not begin with globalization. The proportion of people living in poverty has not increased because globalization has made communications and financial transfers more efficient than ever before. If anything, globalization is an opportunity to reduce levels of poverty because linkages between developed and developing countries are now so intense.

Poverty reduction clearly goes hand-in-hand with economic growth. Overall economic growth is insufficient to reduce poverty, but it is the essential ingredient. Redistribution without growth merely rearranges the scenery, but does not get at the core of the problem. Poverty-reduction policy, therefore, must be an ingredient of development

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policy. And that is the rub; no simple, sure-fire formula exists for converting a stagnant, low-income country into a vibrant one with a growing economy.

Development is a slow, slogging, arduous process that must deal with big-picture matters, such as macroeconomic policy, and microeconomic issues of industrial and agricultural development and the building of solid institutions. Education must be a priority, and this cannot be accomplished in one decade or one generation. Infant mortality is higher and life expectancy is lower in developing countries because of inadequate health care. Countries need roads to bring goods to market, equity in land tenure, ports, an adequate and safe water supply, and the infrastructure that makes development possible. Poverty reduction, if all of these needs are met, must then be a conscious part of government programs, which is why bumper-sticker slogans like "Reduce Poverty" are fatuous. By all means, let us work to reduce poverty, but the issue must be treated more seriously than a politician's or an editorialist's spin might suggest.

The history of today's developed countries, as widely documented, is that poverty actually increased during the early years of the development process. Investments during the early days of the growth process tended to direct resources to immediately productive activities and only after the cumulative effects of these development accomplishments reached a pivotal point did poverty and inequality decline. Thus one may make a case for directing more resources to developing countries, but they must be part of a viable development program. And, yes, the United States has not in recent years been a generous aid donor in relation to the U.S. gross domestic product. Politicians say that foreign aid is not popular because it helps foreigners. Yes, it does, but what is wrong with that?

The discussion of poverty reduction can be brought specifically to the situation in the Middle East and South Asia. Most people in those regions, which seem to be the cradle of the terrorism movement, live in poverty. Not a single country in the Middle East, save Israel, has a democratic government. Population growth rates are high and this adds to the costs of development. Yet, the priorities of dictatorial leaders, whether religious or otherwise, are not economics-or reducing poverty-but a host of other issues, from religious fanaticism to political dominance to a hatred of neighbors.

Is this situation mainly the fault of the United States? Does the existence of Israel impoverish its Arab enemies? The answer to both questions is, of course, no. Has the United States made errors in the ways it has interacted with countries in the Middle East? Has Israel? Yes, both countries have. But to then leap from this to the assertion that the attacks were justified, that the United States got what it deserved, is insane. Has the United States provided benefits and favors to countries in the Middle East? The answer is surely yes, more so than any other country.

Countries make their own development policies. Unless a country makes a development policy its own, the reality that aid will accomplish little has long been a truism among development-assistance practitioners. Donor countries and agencies can give advice and provide technical and financial resources, but they cannot impose programs that national leaders do not want, a lesson that has been learned repeatedly. Aid donors cannot eliminate corruption; leaders of countries must do that. The donors cannot insist that dictatorial regimes be transformed into democracies; they can withhold aid or they can grant it and hope that some start at development will lead to more satisfactory regimes. If economic development and the installation of democracy are unimportant in the agendas of foreign leaders, neither the United States nor other donors have much power to alter the situation.

To return to where this commentary began, poverty is a deep-seated plague, one that the world must deal with on moral and practical grounds. However, it is impossible to will away poverty; this takes consistent dedication. Poverty has been reduced sharply in some countries because their leaders and priorities of governance sincerely sought economic growth and poverty reduction. The number of poor has been reduced as a proportion of world population because of the economic system put into effect after World War II. However, the job is far from accomplished and deserves a sustained effort to do better in the future.