



## GETTING TO THE BOTTOM OF THE PERVASIVENESS OF POVERTY

A Review of Fred Harrison's new book, *The Silver Bullet*

By Edward J. Dodson

Poverty is the common denominator of all societies. In this sense, we differ only by the extent to which poverty is broadly felt and entrenched, generation after generation. In his new book, *The Silver Bullet*, author Fred Harrison presents a clear explanation of the central cause of global poverty and the means to its elimination. Poverty, he writes, "is no more than one symptom of a set of social rules that are pathological in character." [p.8] What follows in *The Silver Bullet* is a hard-hitting exposition into the nature, origin and consequences of these social rules.

Right from the beginning of this book, the reader is challenged by the assertion of a moral principle; namely, that all persons have an equal "birthright in land." [p.8.]. A good deal of the book then describes the processes by which this birthright was systematically stolen. The most obvious examples occurred when the territory occupied by one group of people was taken by force and a prolonged period of external domination occurred. The prize for the takers is *rent* – that is, "the value of [a] country's natural and common resources." [p.11]

Fred Harrison argues that the theft of our common birthright is so clearly revealed by even a cursory examination of history that the absence of discourse by the most respected experts is very difficult to explain. Rather than utilize the tools of scientific investigation to solve the problem of poverty, they are committed to schemes of gradual and moderate mitigation. "The gatekeepers to our minds (the stewards of 'authorised discourse') do not want us to address the issue in radical terms, such as the proposition that poverty is the *necessary* consequence of the way we have written the rules that shape and regulate the market economy." [p.13]

Schooled in economic theory himself, Fred Harrison describes "the decomposition of economics into fragmented schools of thought" as "the logical consequence of the refusal to integrate into theory the spatial context of life, represented, in economics, by the concepts of land and rent." [p.48] He is highly criti-

cal of that school of economists who have ignored what he identifies as the real cause of poverty, choosing instead to concentrate their energies on policies of mitigation and measures that have significantly worsened the problem. Harvard University economics professor Jeffrey Sachs "bears the brunt of [his] interrogation because he has placed himself at the forefront of the global campaign against poverty." [p.10] Joseph

Stiglitz is another economist criticized for "selective amnesia." [p.11]

Although the United Nations and World Bank have certainly been misguided by professional economists, Fred Harrison's most serious allegations are still directed at those institutions. Taking on the world's self-proclaimed experts, he examines the published data on poverty and finds one contradiction after another in how this data is interpreted. In the former Soviet block nations and in

sub-Sahara Africa, where Western influence has been the greatest, he finds that poverty has continually worsened. Critically, institutions such as the World Bank have remained "silent about the need for land reform, and remain wedded to conventional practices on taxation." [p.18] Absent responses to land and resource monopoly and to taxation policies that confiscate income earned by producing goods and services, poverty can only worsen for many citizens even as total wealth production actually expands. "Because of its public character, rent requires a framework of rules," concludes Harrison. "For rent's social character can be realised only if the laws of the land protect it." [p.67]

"At the heart of the problem of poverty is a reality that was not acknowledged by Sachs, his co-workers or the international agencies that deploy massive financial power and material resources in their attacks on poverty," [p.29] writes Fred Harrison. Moreover, what Jeffrey Sachs has had to say about the causes of poverty defies common sense. "Sachs

THERE'S ONLY ONE WAY TO KILL POVERTY

## THE SILVER BULLET

FRED HARRISON



and his collaborators showed that countries rich in natural resources tended to grow more slowly than those that were resource poor." [p.40] Fred Harrison gets below the surface data and explains the societal dynamics at play:

*"[T]he populations that harnessed their natural resources for the common good adopted tenure-and-tax policies that facilitated economic growth. The economic rents were not allowed to distort society and retard growth; in fact, they were harnessed to fund growth."* [p.40]

Within sub-Saharan Africa, Botswana is something of an exception to neo-colonialism. "Botswana did not suffer a resource curse – of private corruption and public conflict – because rents, in the main, were reserved for the community's benefit. This was achieved because society preserved a customary sense of the right of everyone to share the riches of nature." [p.54]

Investigations into reality have not gained institutional attention, which is one of the main reasons for writing *The Silver Bullet*. As one important example, Fred Harrison summarizes research into the history of British colonialism in India and the consequences of policies forcing millions of Indian peasants off the land "seeking refuge in urban slums." [p.36] Yet, the withdrawal of an occupying foreign military and colonial bureaucracy only infrequently ends economic consequences of colonialism. If anything, resource extraction for export increases as the former colonial powers exhibit a diminished interest in the development of infrastructure.

One of the most acclaimed analyses of current conditions has been that of the economist Hernando de Soto, and Fred Harrison confronts his proposals head-on:

*"If de Soto's programme was adopted, people would acquire land – most of it currently in public ownership. No doubt many of them would benefit. But what happens to the next generation of migrants from the countryside who then squat in neighbouring barrios and favelas, their dwellings constructed from scavenged materials? The crisis of poverty would be perpetuated."* [p.71]

The history of Latin America, the region with which de Soto ought to be most familiar, clearly tells us that the "maldistribution of land ... is the consequence of a general dynamic: the land grab of the past, and taxation that favours rent seekers." [p.77] Name a country – where? – around the globe -- and Fred Harrison provides the reader with its story. The facts he brings to light cannot be disputed. His analysis provides us with a course of action that must not be ignored.