

The Dangerous Seduction of Kinky Development: Why 'dollar a day' doesn't solve poverty

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Kinky views of light in Africa....



Kick around a soccer ball that then can power one LED light for three hours

In 2013 President Obama takes time to showcase the innovation promoted by social entrepreneurs (from Harvard)



...the reality of development



Country	kWh per capita electricity consumption	Access to electricity
USA	13,246	≈100
Ethiopia	52	23.3
Kenya	155	19.2
Nigeria	149	48.0



...and the precarious reality of rich country development politics

SENATOR LEAHY (D) VERMONT
FOR THE DEVELOPING WORLD:

Senate Appropriations Act 2014:

"Section 7060(c)(7)(D). The Secretary of the Treasury shall instruct the United States executive director of each international financial institution that it is the policy of the United States to **oppose** any loan, grant, strategy or policy of such institution to support the construction of **any large hydroelectric dam.**"

SENATE LEAHY (D) VERMONT
FOR HIS HOME STATE:

"In the United States, approximately ten percent of the total electricity supply comes from hydroelectric sources. Vermont has 84 operating hydroelectric plants, with a total generating capacity of 190 megawatts, and also draws a large portion of its energy portfolio from hydropower facilities operated by Hydro Quebec."
<http://www.leahy.senate.gov/issues/alternative-energy>

What is a vision of “development”— a real conversation

**KINKY DEVELOPMENT: LOW BAR GOALS ON
NARROW INDICATORS (E.G. THE MDGS)**



Is development done with
universally accessible
standpipes?

**DEVELOPMENT THAT WE ALL
WANT FOR OURSELVES**



...or an inside
hot shower

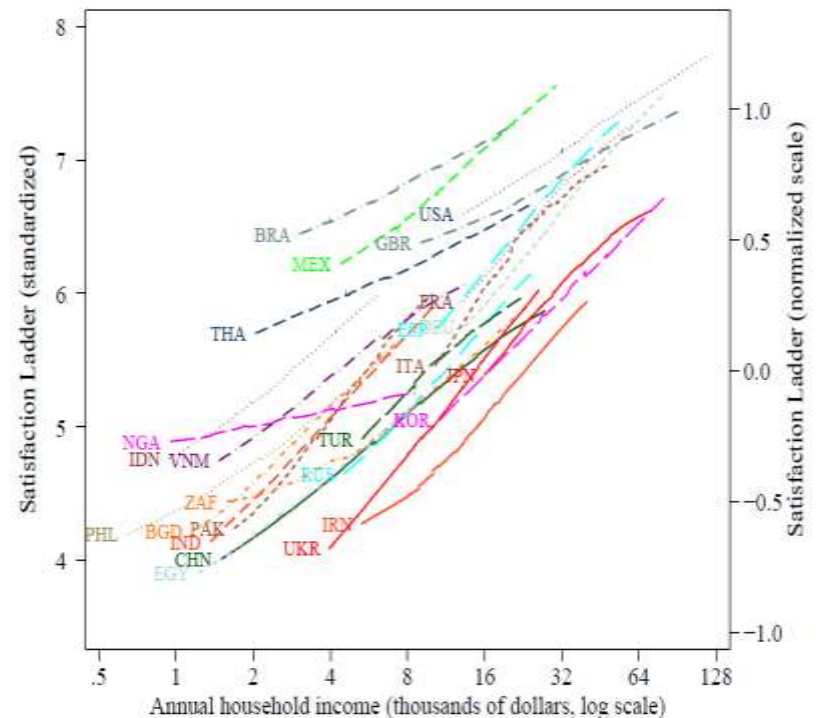
The “low bar” wanted by hyper-elites—like “dollar a day”—contrasts with what people want

ELITES IN ELITE COUNTRIES

- “Eliminating extreme poverty by 2030 is an ambitious yet achievable target. As political momentum builds to make the end of extreme poverty central to the post-2015 Development Agenda” (Head of USAID)
- World Bank makes “eradicating extreme poverty” one of two corporate goals

WELL BEING ASSOCIATED WITH INCOME—NO LINE AT ALL

Figure 2: Well-Being and Income within the 25 Most Populous Countries



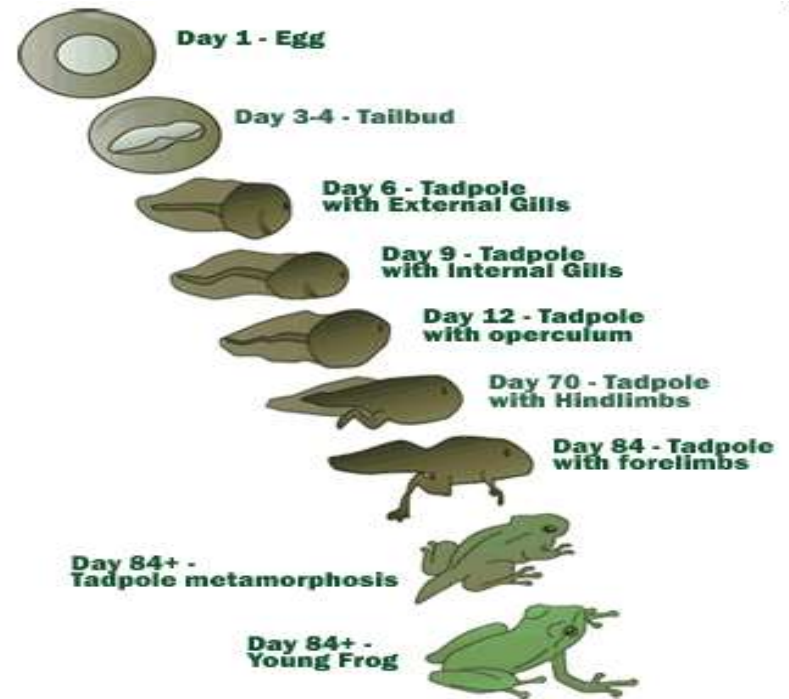
My three big messages

- *One*, there are three paths to improved normative measures of human development: Drive (national development), Shift (sector efficacy), Kink (bringing up the bottom of the bottom)—but Drive matters most
- *Two*, kinky development—like penurious poverty lines ('dollar a day') is enormously seductive to political constituencies in the West
- *Three*, the seduction is dangerous because it can become a fetish whereas old fashioned national development (including high levels of productivity) is messy and hard but is necessary for broad based human development

Two *ontologically* distinct visions of development

- *National development* is *ontologically* a social process and is an inter-related set of transformations of *group* dynamics—"the market" is a social phenomena, "institutions" are a social phenomena, "organizations" are a social phenomena—not reducible to aggregations of individuals
- *Human Development* are measures of well-being that are *ontologically* individualized (and for which aggregation is possible, but secondary)

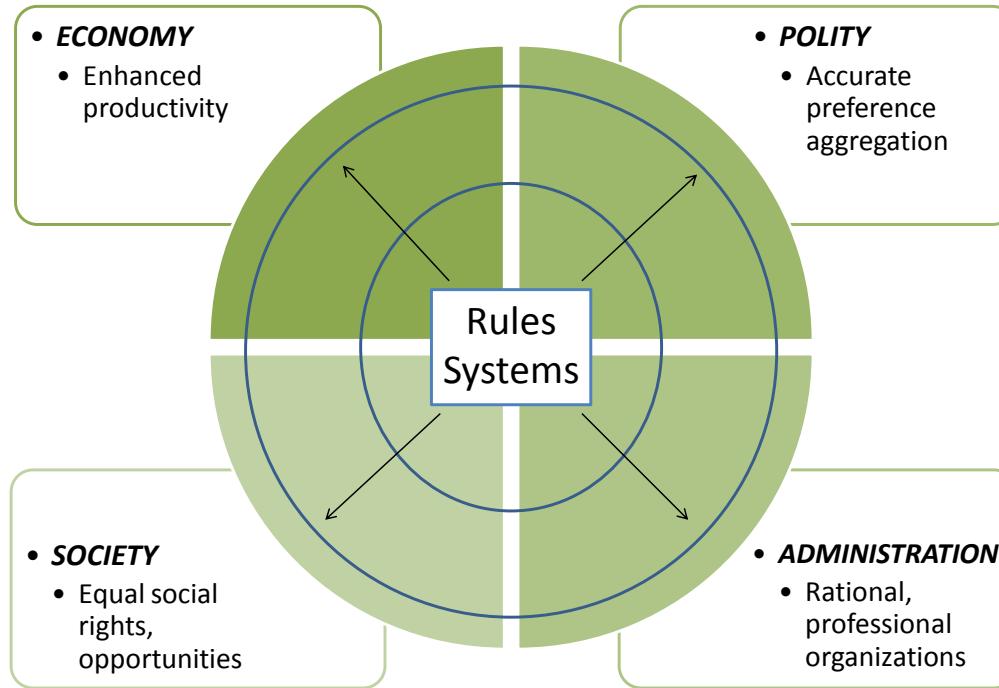
The *normative* objective is *human development* (by some metric) the *instrumental* means to that objective is *national development*.



Ontologically, tadpoles *develop* to become frogs—but are always froggy-like

“National Development” is a four-fold transformation of ‘rules-systems’ that create higher levels of national capabilities

Figure 1: Development as a four-fold modernization process



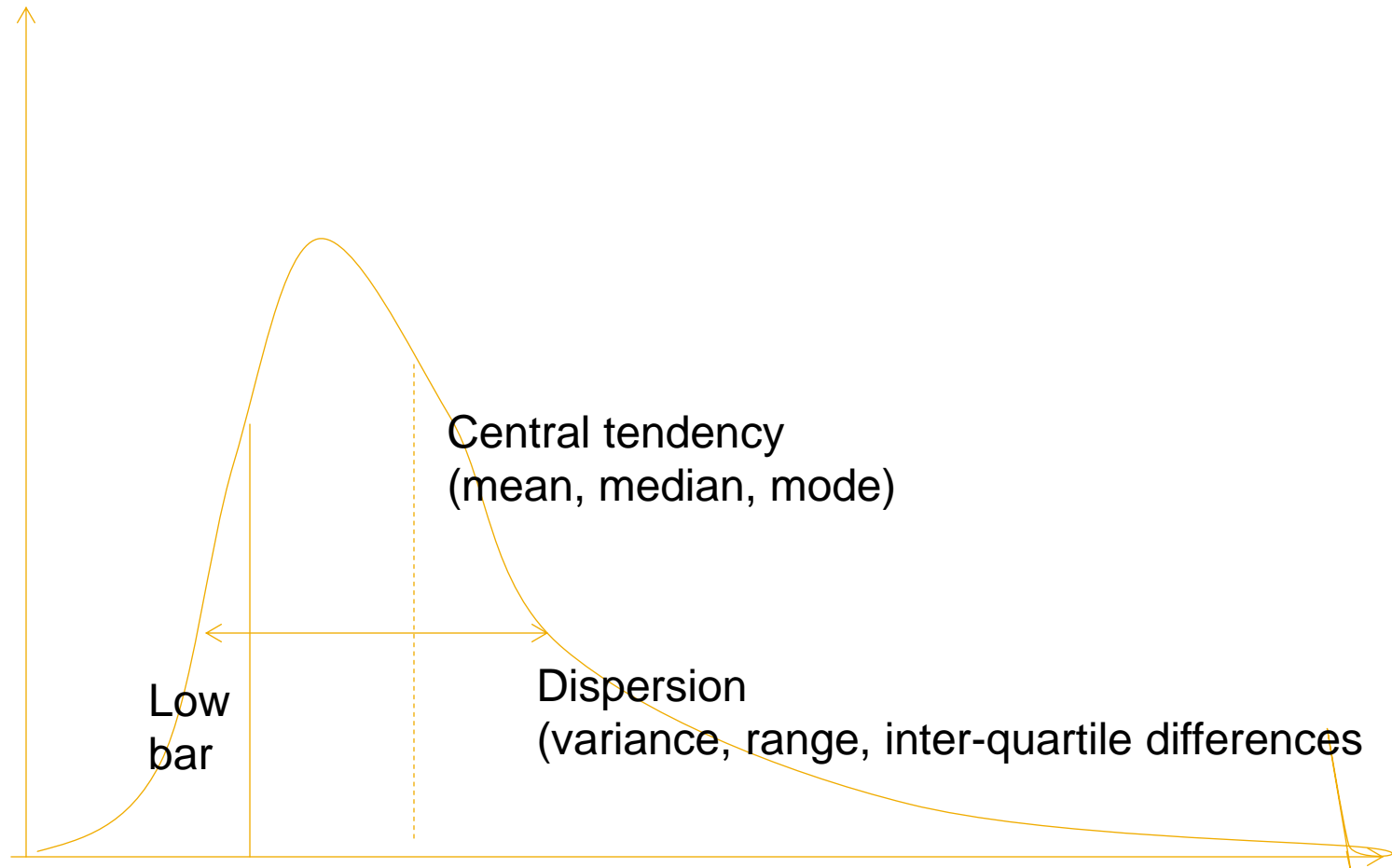
Source: adapted from Pritchett 2009 “Is India a Flailing State?”
<http://dash.harvard.edu/handle/1/4449106>

Human development indicators specify a domain of human well-being and a measure of its distribution across individuals

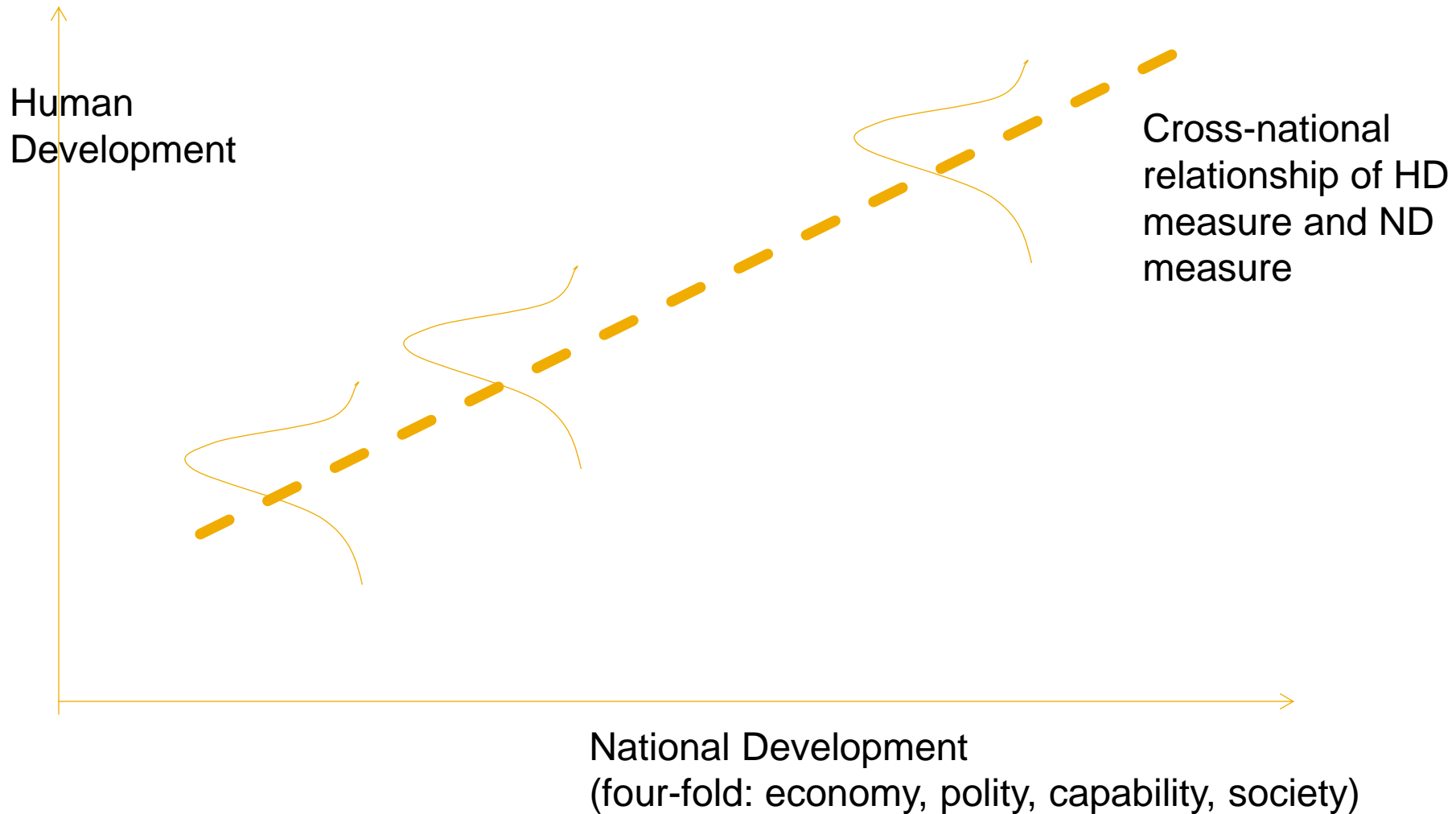
Measure	Domain of human well being				
	Material	Education	Health	Political	Social
Deprivation	“dollar a day” consumption expenditure poverty	Primary school completion	Infant mortality, life expectancy	Negative human rights (e.g. torture, free speech)	Discrimination
Typical Level	HH consumption (PPP) per capita	Years of Schooling per person	Health functionality (e.g. disease conditions, disability)	Political participation, civic engagement	Social integration, tolerance
Volatility	Variability of HH Cons, Vulnerability to poverty	?	Risk of health shocks	Institutional stability, lack of political risk	Ethnic/ Social violence
Inequality	Cross-sectional variability (e.g. Gini)	Differences in education outcomes	Inequality in health outcomes (level?)	Inequality in political power/control	
Fairness	Structural inequalities in economic outcomes by gender, race, ethnicity, castes, etc.	Structural inequalities in education outcomes across illegitimate categories	Structural inequalities in health outcomes across illegitimate categories	Structural inequalities in political participation/ Power	Socially structured persistent inequalities in status

Source: Pritchett 2010 (<http://hdr.undp.org/en/content/birth-satisfaction-units-bsu>)

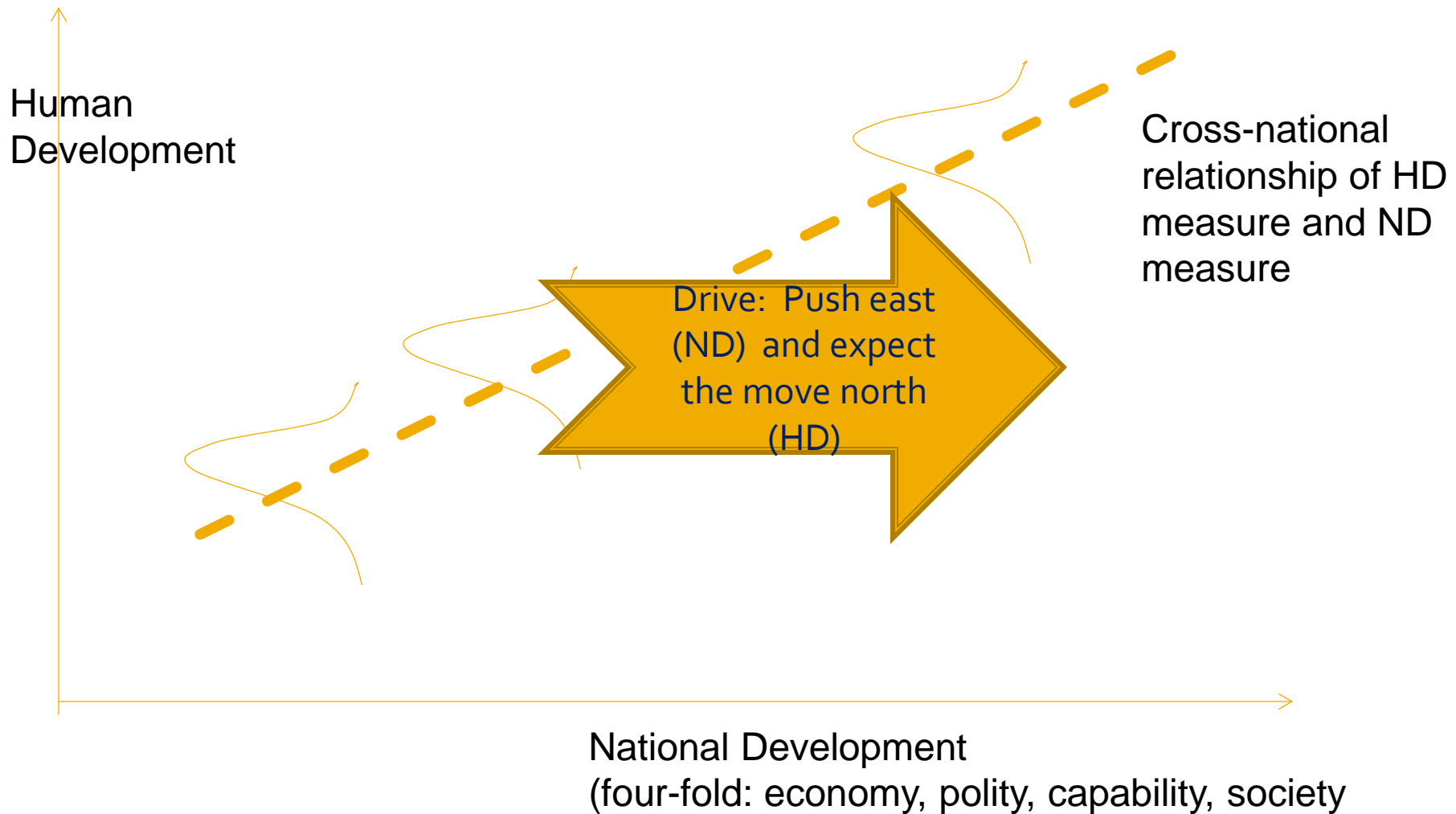
All “human development” measures are some mathematical transformation to capture normative rankings on the same distribution



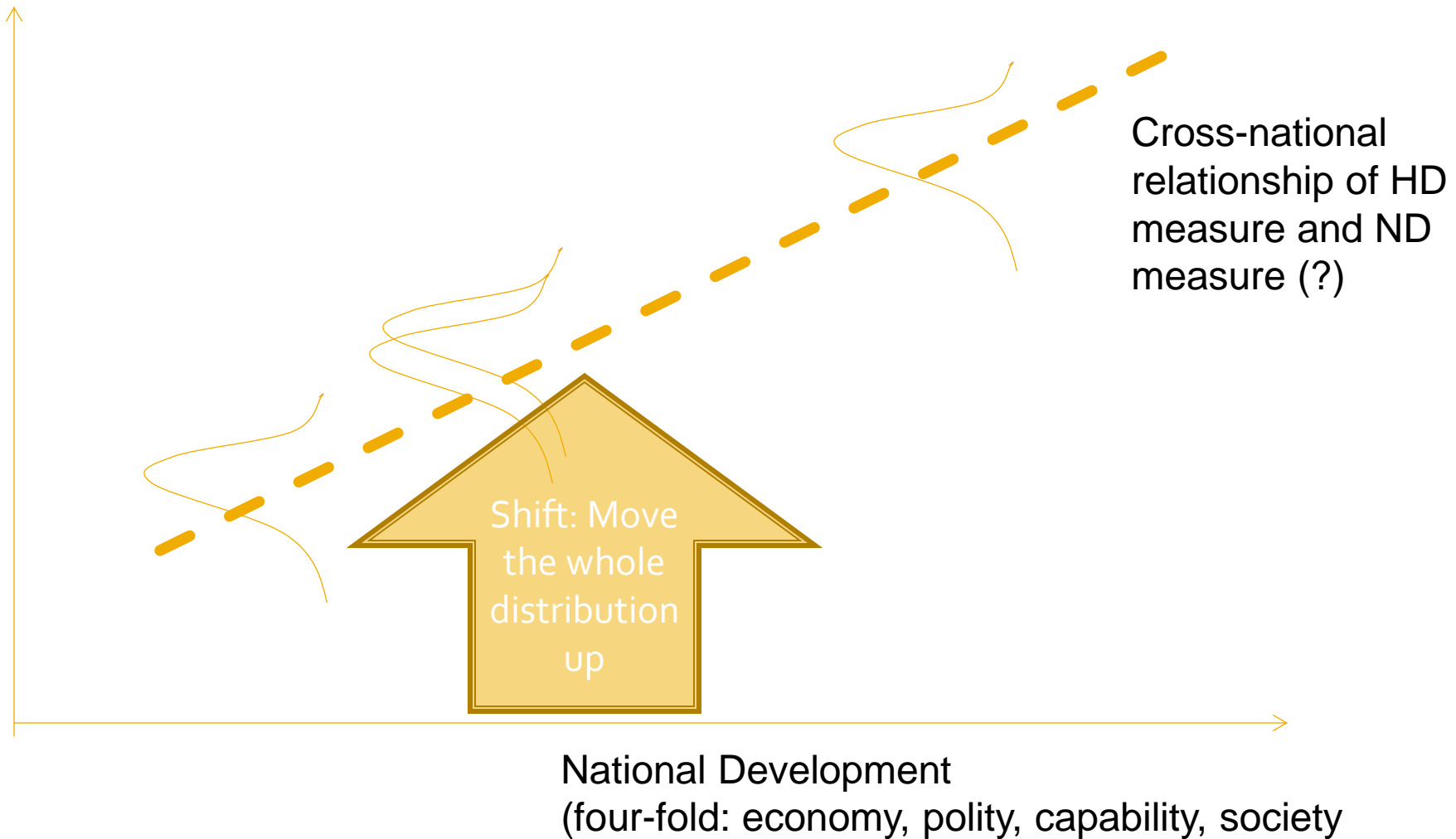
Drive, Shift, Kink



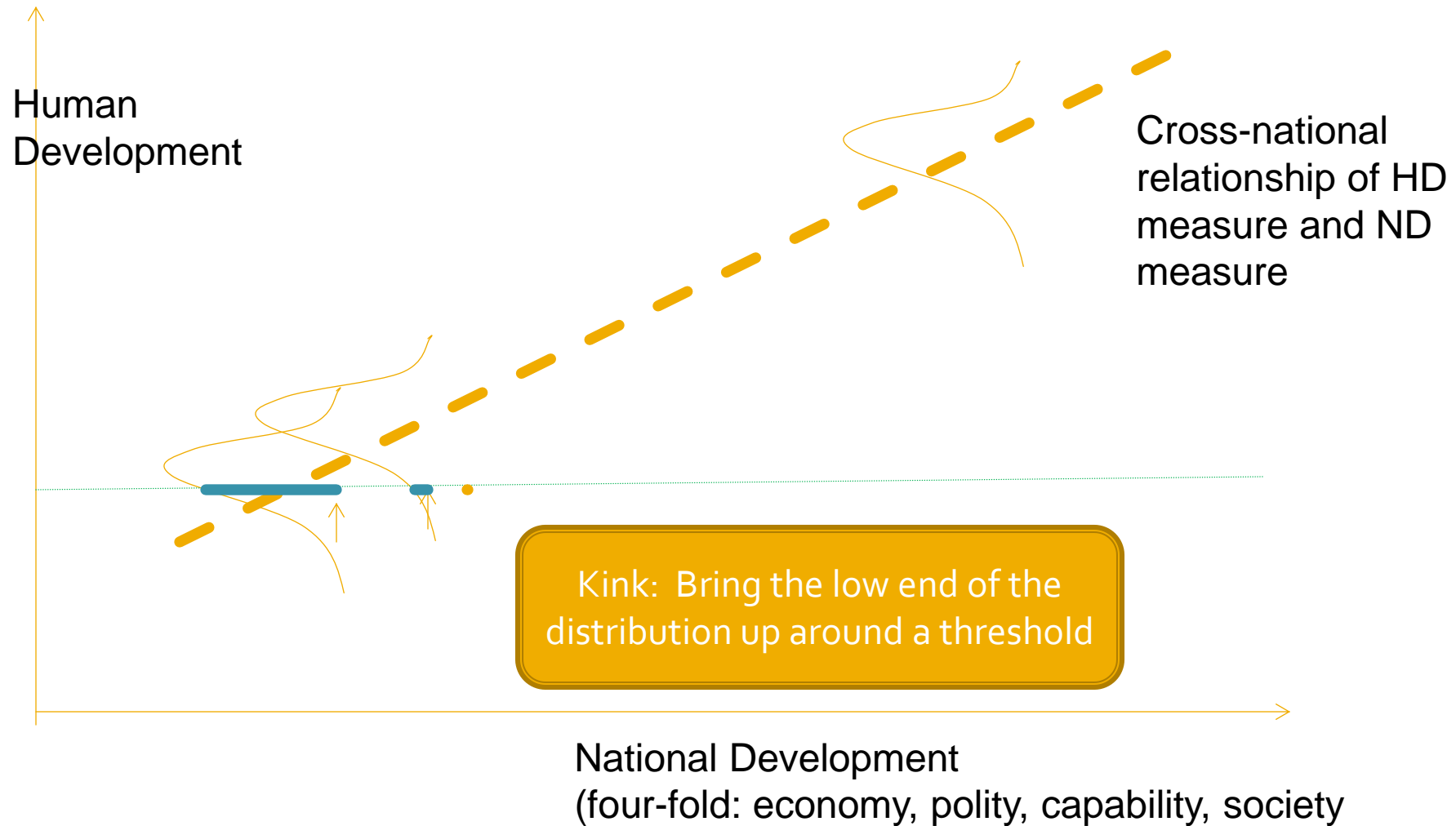
Drive: Push national Development (East) to improve human development (North)



Shift: for any HD measure raise HD for (about) everyone (without changing ND)

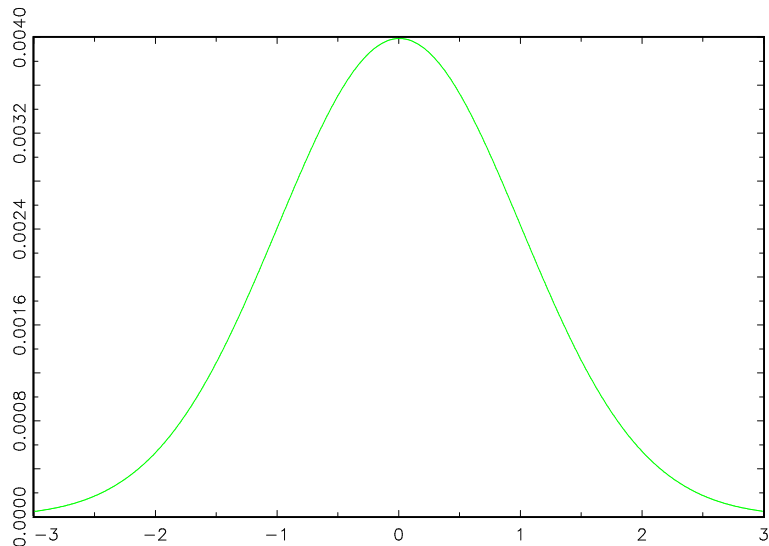


Kink: Improve one domain of human development just for those below a low bar

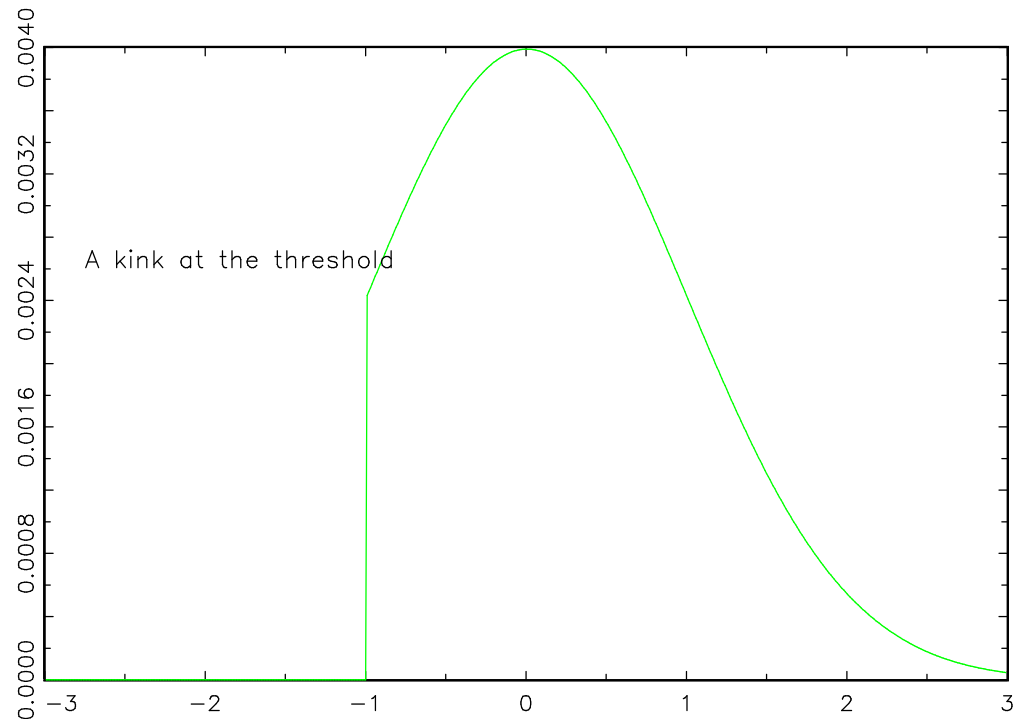


Why the name "kink"—because the result of pushing to a low bar is a kink in the distribution

A Gaussian Normal Distribution: No kinks



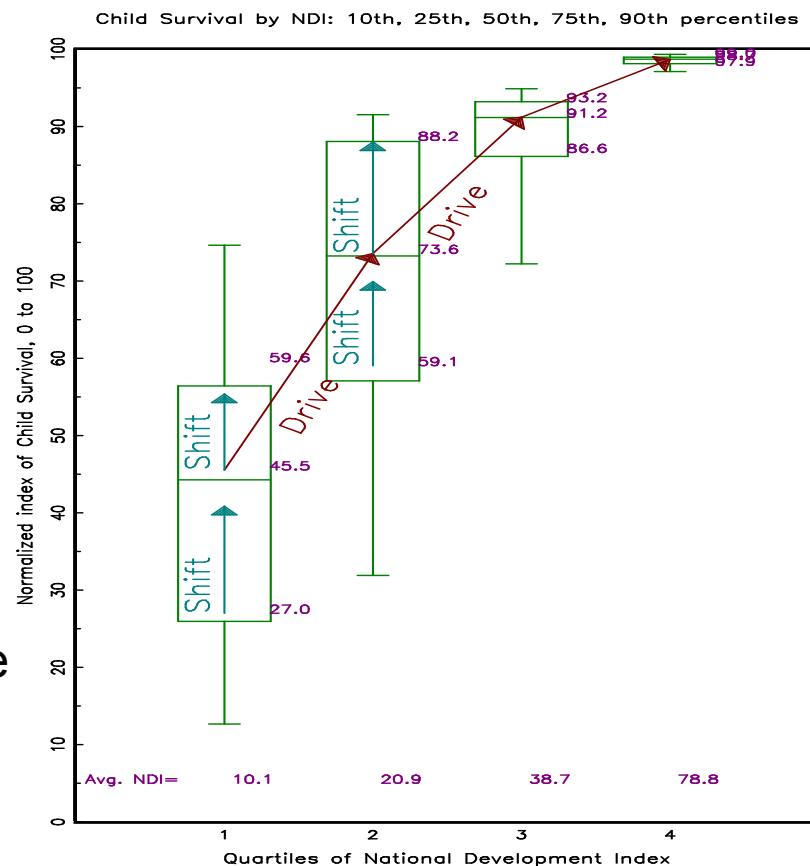
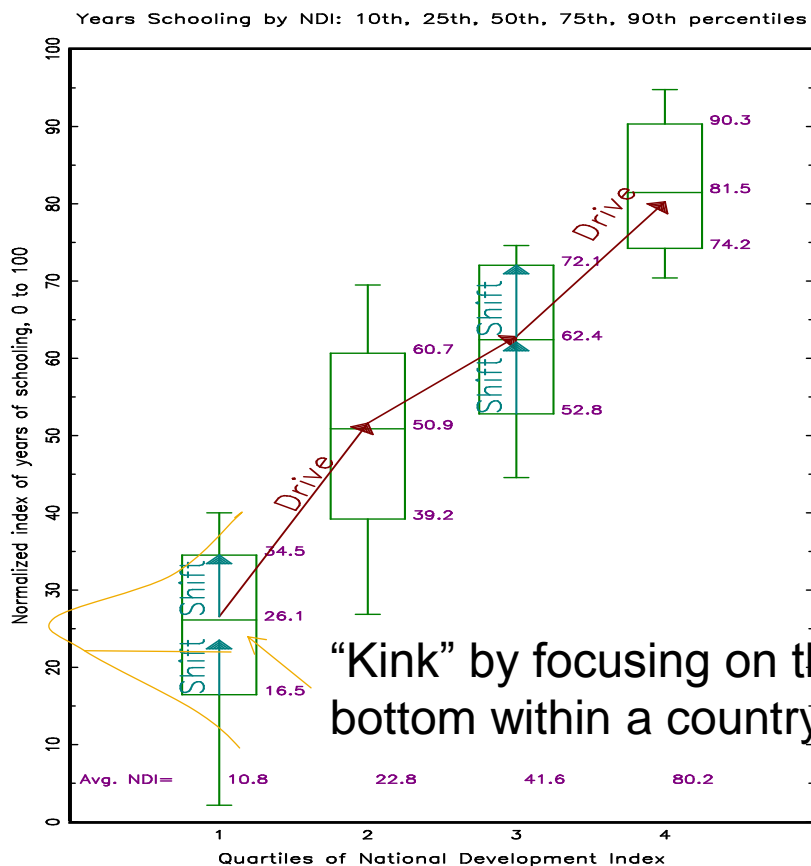
A Kinked Distribution: All values brought up to a low bar



Contrast the three strategies for the “MDGs” and “ideals”

- An “low bar goal” is reaching the level of the human development of the average of the poorest countries
- An “development ideal” is a “high bar” goal—reaching level of human development of the 25th percent of the rich countries
- So on “years of schooling” as an HD domain on a 0 to 100 scale across all countries the “average of the poor” is 26 and the “lowest quartile of the rich” is 74
- In “child survival” as a HD domain the “average of the poor” is 48.8 and the “lowest quartile of the rich” is 97.

Empirical illustration with the relationship between schooling and child survival and an index of national development

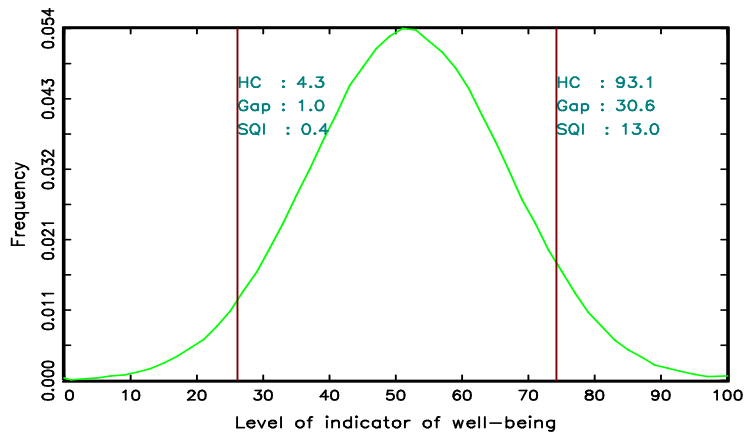


Source: Kenny and Pritchett 2013

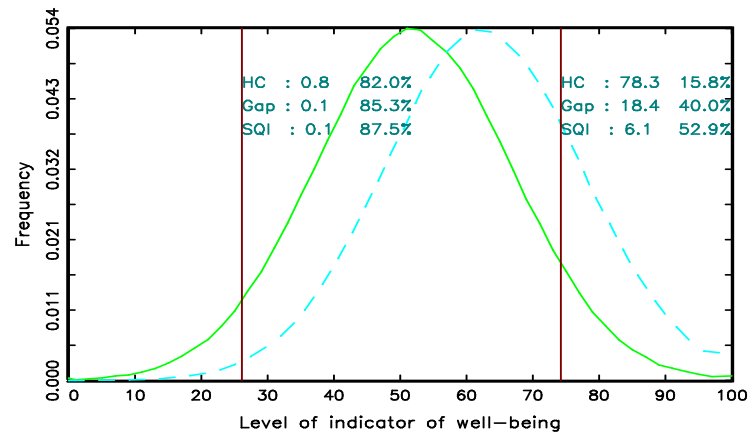
(http://www.cgdev.org/sites/default/files/Pritchett_Kenny_md-ideals_wcwr.pdf)

A numerical simulation exercise of drive, shift, kink for lower middle income country

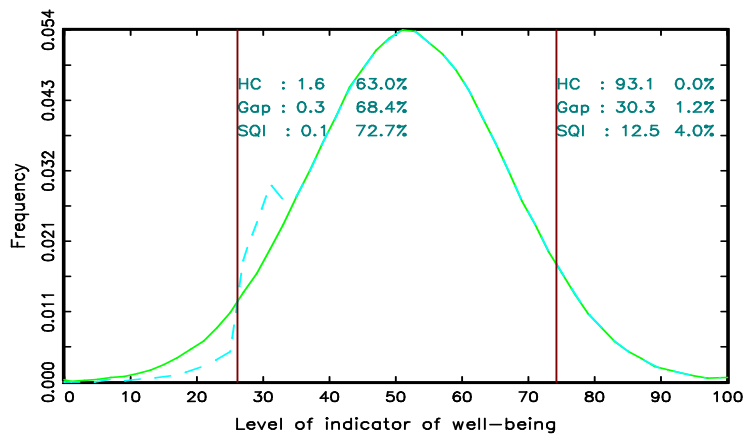
Distribution of well-being across individuals, base case
(Low middle NDI, mean=51)



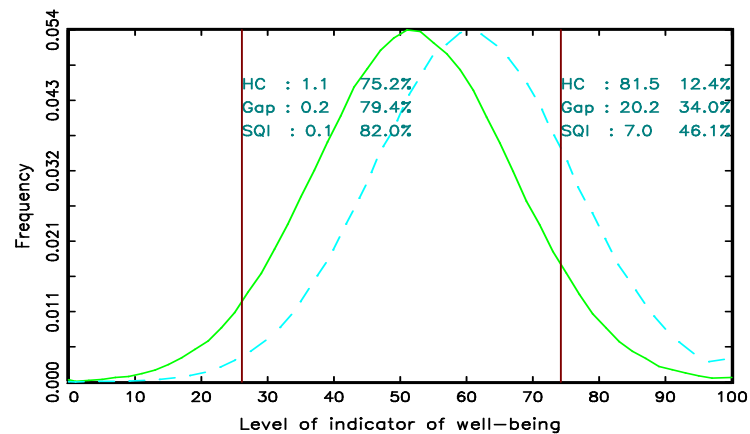
Drive: NDI higher, shifting overall distribution up by 12
(Distribution unchanged)



Kink: Everyone below the low bar has 13.1 transferred to them
(those above unchanged)



Shift: Overall distribution of well-being shifted up by 10
(Distribution shape unchanged, NDI the same)



Three results of this particular illustrative numerical simulation for schooling

Results from simulation of three changes:	Percent of population changing status of being above the threshold (e.g. "poor" to "non-poor")			
	Poorest countries		Low middle	
	Low bar MDG (change above 26)	MDI (change above 75)	Low bar MDG (change above 26)	MDI (change above 75)
Drive (increase to HD level of next quintile of national development)	42.4	5.9	3.5	14.8
Shift (increase by quartile at given national development)	18.6	0.3	3.2	11.6
Kink (transfer to those below the MDG)	16.6	0	2.7	0

These are obvious implications, just empirically illustrated

- “Kink” to a low bar MDG does nothing for nearly anyone *by construction* as the “low bar” agenda affects few
- “Kink” is almost completely irrelevant for most developing countries
- “Drive” is the *only* way to get a country’s citizens above any meaningful *international* threshold—the human development of the “the rich” of poor countries are far, far below those of the poor in the rich countries.
- “Drive” eventually works—always.
- “Shift”—overall improvement in sector outcomes, conditional on National Development is also possible, more in some domains than others

Illustration with low bar poverty (“dollar a day”)—doesn’t affect most in nearly all poor countries

- The 40th percentile is below the poverty line in only four of the world's largest 20 countries: Nigeria, Bangladesh, Dem Rep Congo, Tanzania.
- In 16 of the world's largest 20 developing countries even the 40th percentile household is above a low bar poverty threshold and so would be unaffected by kinky poverty measures
- These countries have 4.2 billion people—most of the world's non-rich population

Source: <http://www.cgdev.org/blog/development-agenda-without-developing-countries-politics-penurious-poverty-lines-part-i>

Why is kinky development so seductive to the West—even when irrelevant to the rest?

- Advocates for specific programs love it
- Fiscal cost cutters love it
- The rich country “post-materialists” love a low-bar, specific goal strategy

Within the global development community the kinky agenda has been too seductive to resist—because it seems easy

NATIONAL DEVELOPMENT

- More productive economies (to sustain inclusive prosperity)
- Better polities (nation-states acting faithfully as fiduciaries for a reasonable aggregation of citizens)
- Capable administration (some combination of public and private organizations to implement policy)
- Cohesive societies (gender, race, ethnicity, religion, parentage not a barrier to full participation)

KINKY DEVELOPMENT: LOW BAR (DEPRIVATION) GOALS ON NARROW MEASURES (SCHOOLING)

- “dollar a day” poverty
- “universal primary enrollment”
- “access to water”
- “equal enrollment in school” (as a gender goal)

Low bar, specific domain, development (Kinky) seems easy

KINKY SEEMS ATTRACTIVE

- Low-bar, specific indicators create goals can be accomplished with programs/projects even in the absence of national development
- Targeted to specific beneficiaries
- Cocooned for implementation from larger capability issues by “dropped in” capability
- Foreigners are the heroes.

NATIONAL DEVELOPMENT SEEMS HARD

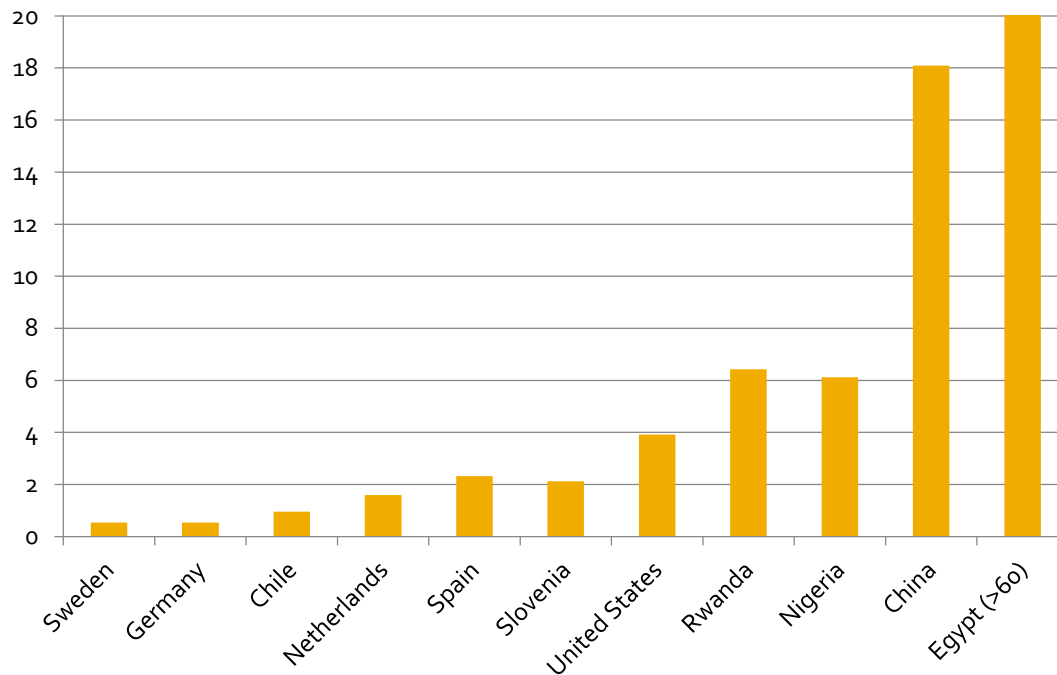
- Seems too long term while needs are immediate
- Seems like too many “failures” at the country level
- Cannot ignore the fundamental political issues
- Have to grapple with national capabilities.

Given rich country fiscal constraints “defining development down” is attractive

- The post-financial-crisis fiscal situations of the West are dire (huge deficits in many countries)
- The growth prospects seem dim
- The demographic fiscal crisis is looming
- So changing the definition of “development” to coincide with the miniscule resources the international system is going to be willing to make available is politically attractive

The post-materialist generation in the West— not surprisingly “old rich” Europe has more post materialists than poor countries

Number of Materialists for every Post
Materialist



The World Values Survey measures “Materialist” values (e.g. economic growth) versus “Post Materialist” (e.g. beautiful cities) using national surveys across countries

Why is Kinky Development Dangerous?

AGENDA IN THE WEST

- “Eliminating extreme poverty by 2030 is an ambitious yet achievable target. As political momentum builds to make the end of extreme poverty central to the post-2015 Development Agenda” (Head of USAID)
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THE REST WANT DEVELOPMENT

- The national development agenda is the agenda of developing country governments...growth and capability

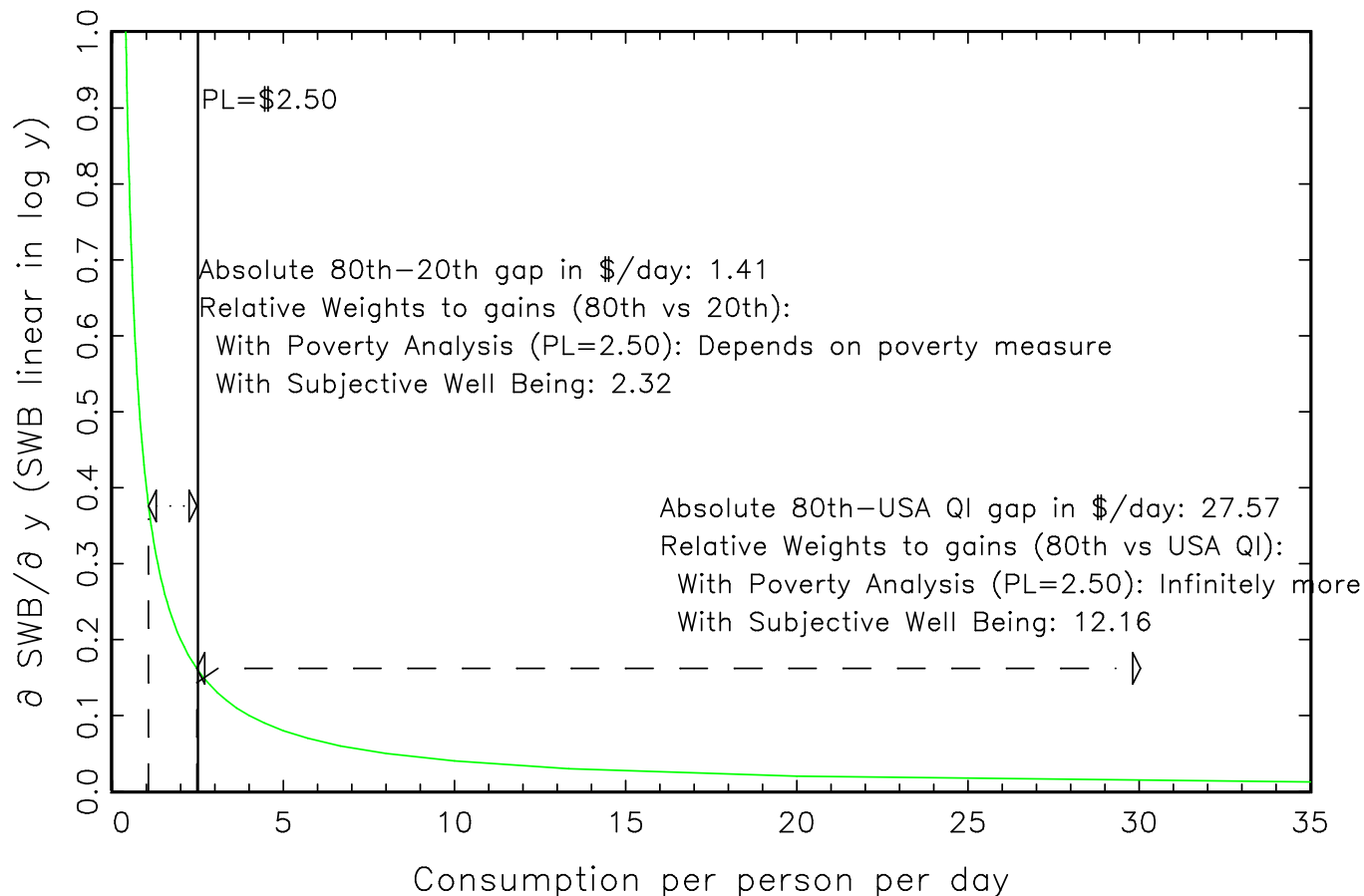


The kinky erodes middle class support for effective public action

- Hollows out the support of the middle class—effective secession from reform efforts
- Maintains a “programmatic” focus around projects/discrete activities rather than building state capability (broadly speaking)
- Shifts into “redistribution of product” versus “redistribution of productivity” mode

The kinky often misses the point: 'dollar a day' is at best a "construct" of hyper- elites— more plainly a complete fiction

Income and Poverty (\$2.5/day) and Subjective Well Being Gains
India (PovCal data 2010)

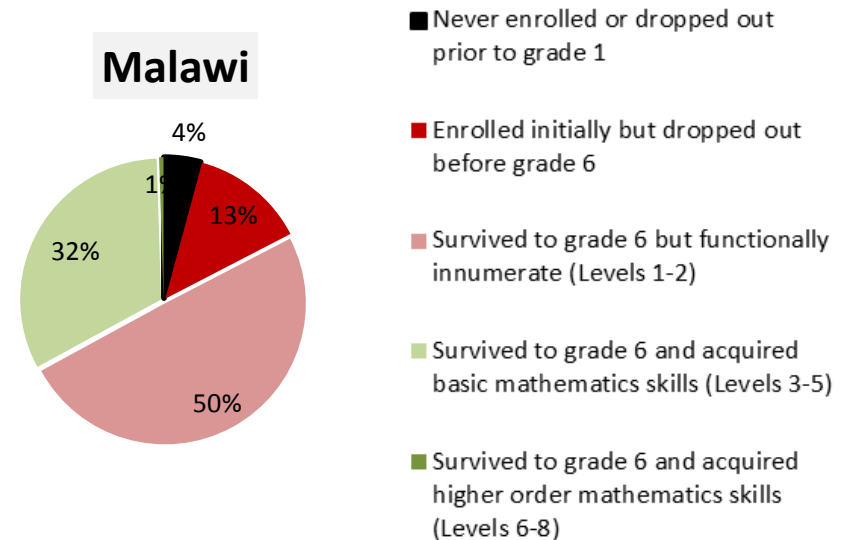


The kinky often misses the point with narrow and low goals

MDG FOR SCHOOLING

- The goal for universal completion of a full course of primary schooling
- Is mostly achieved and substantial progress has been made in expanding schooling

...BUT TODAY MOST OF THE UNEDUCATED ARE SCHOOLED AS THE GOAL MISSED THE POINT



Even in a very poor country like Malawi only 4 percent never enrolled in school...but 50 percent reached grade 6 functionally innumerate

Conclusion: Post 2015 back on track to national development path to broad based human development

- The MDGs were an attempt to “define development down” and supplant national development with low-bar, specific domain, narrow targets.
- The debate now is between the international elite who want a continuation of low-bar goals (e.g. “eliminate dollar a day poverty”) and the bulk of the world’s population who want national development to achieve a decent standard of living
- ...and broader goals are now on the table—even at the expense of “focus”