The Dangerous Seduction of Kinky Development:
Why ‘dollar a day’ doesn’t solve poverty
In 2013 President Obama takes time to showcase the innovation promoted by social entrepreneurs (from Harvard)

Kick around a soccer ball that then can power one LED light for three hours
...the reality of development

<table>
<thead>
<tr>
<th>Country</th>
<th>kWh per capita electricity consumption</th>
<th>Access to electricity</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>13,246</td>
<td>≈100</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>52</td>
<td>23.3</td>
</tr>
<tr>
<td>Kenya</td>
<td>155</td>
<td>19.2</td>
</tr>
<tr>
<td>Nigeria</td>
<td>149</td>
<td>48.0</td>
</tr>
</tbody>
</table>
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)

DEVELOPMENT THAT WE ALL WANT FOR OURSELVES

Is development done with universally accessible standpipes?

...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 normatively 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

- **ECONOMY**
  - Enhanced productivity

- **POLITY**
  - Accurate preference aggregation

- **SOCIETY**
  - Equal social rights, opportunities

- **ADMINISTRATION**
  - Rational, professional organizations

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

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

All “human development” measures are some mathematical transformation to capture normative rankings on the same distribution.
Drive, Shift, Kink

Cross-national relationship of HD measure and ND measure

Human Development

National Development
(four-fold: economy, polity, capability, society)
Drive: Push national Development (East) to improve human development (North)

Drive: Push east (ND) and expect the move north (HD)

Cross-national relationship of HD measure and ND measure

National Development (four-fold: economy, polity, capability, society)
Shift: for any HD measure raise HD for (about) everyone (without changing ND)

Cross-national relationship of HD measure and ND measure (?)

Shift: Move the whole distribution up

National Development (four-fold: economy, polity, capability, society)
Kink: Improve one domain of human development just for those below a low bar

Kink: Bring the low end of the distribution up around a threshold

Cross-national relationship of HD measure and ND measure

Human Development

National Development
(four-fold: economy, polity, capability, society)
Why the name “kink”—because the result of pushing to a low bar is a kink in the distribution.
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 25\textsuperscript{th} 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

“Kink” by focusing on the bottom within a country

Source: Kenny and Pritchett 2013
(http://www.cgdev.org/sites/default/files/Pritchett_Kenny_md-ideals_wcvr.pdf)
A numerical simulation exercise of drive, shift, kink for lower middle income country
Three results of this particular illustrative numerical simulation for schooling

<table>
<thead>
<tr>
<th>Results from simulation of three changes:</th>
<th>Percent of population changing status of being above the threshold (e.g. “poor” to “non-poor”)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Poorest countries</td>
</tr>
<tr>
<td></td>
<td>Low bar MDG (change above 26)</td>
</tr>
<tr>
<td>Drive (increase to HD level of next quintile of national development)</td>
<td>42.4</td>
</tr>
<tr>
<td>Shift (increase by quartile at given national development)</td>
<td>18.6</td>
</tr>
<tr>
<td>Kink (transfer to those below the MDG)</td>
<td>16.6</td>
</tr>
</tbody>
</table>
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

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)
- World Bank makes “eradicating extreme poverty” one of two corporate goals

THE REST WANT DEVELOPMENT

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

Absolute 80th–20th gap in $/day: 1.41
Relative Weights to gains (80th vs 20th):
- With Poverty Analysis (PL=2.50): Depends on poverty measure
- With Subjective Well Being: 2.32

Absolute 80th–USA QI gap in $/day: 27.57
Relative Weights to gains (80th vs USA QI):
- With Poverty Analysis (PL=2.50): Infinitely more
- With Subjective Well Being: 12.16
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.

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