

To achieve big development goals (the kind you should have) economic growth is necessary, and national development is necessary and sufficient (in crayon)

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Dean's Dialogue

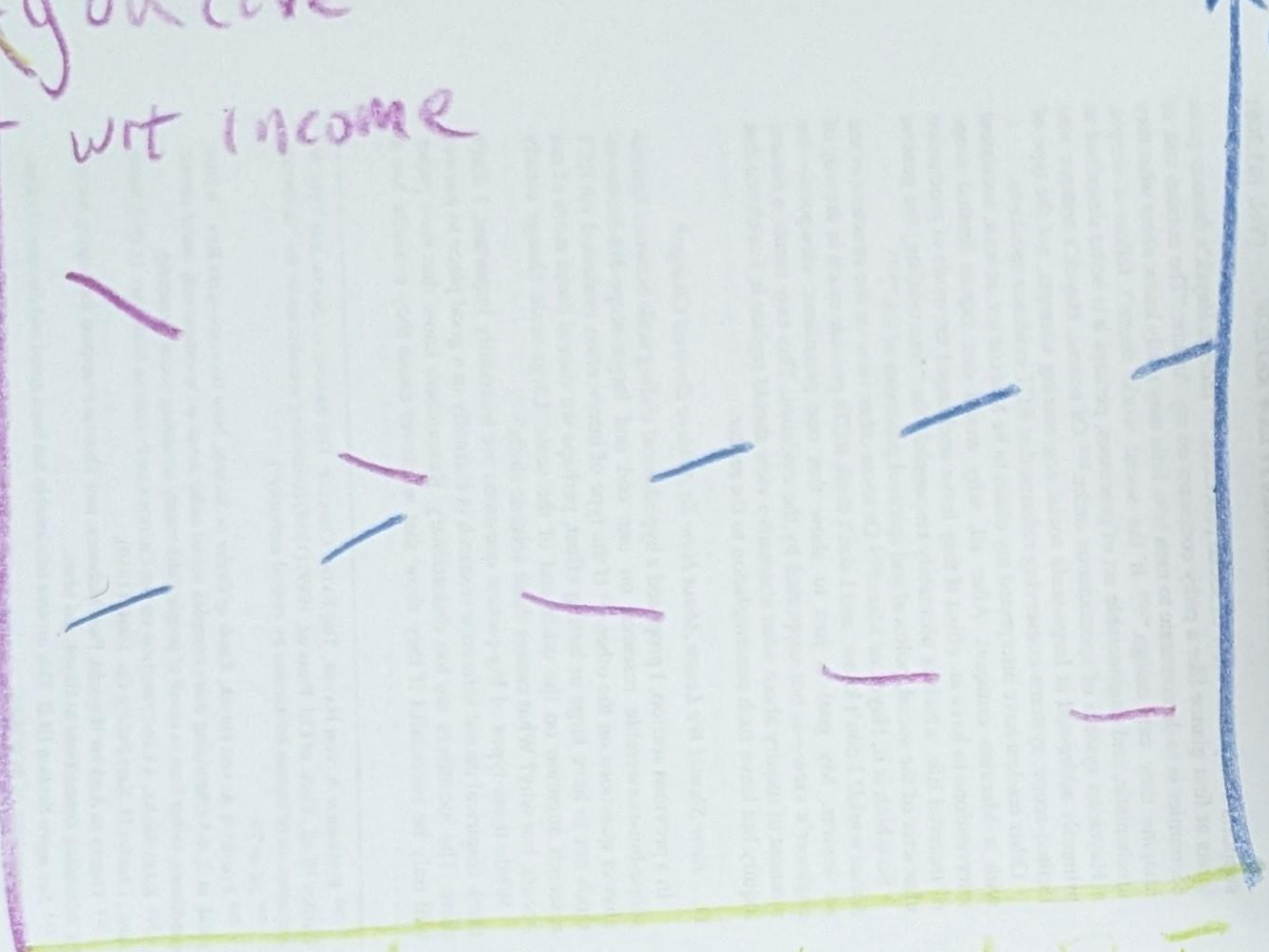
October 10, 2024

# Development goals and Growth: Four Parts

- Normative goals and economic growth (in crayon)
- Poverty reduction is growth (shift in central tendency of distribution), full stop
- Any measure of the basics of material wellbeing has a strong, non-linear relationship with GDPPC—and the elasticity is high to quite high levels
- The broader concept of “national development”—highly productive economy, capable state, responsive polity—is necessary and sufficient for high levels of human wellbeing

Elasticity of  
 Thing you care  
 about wrt income

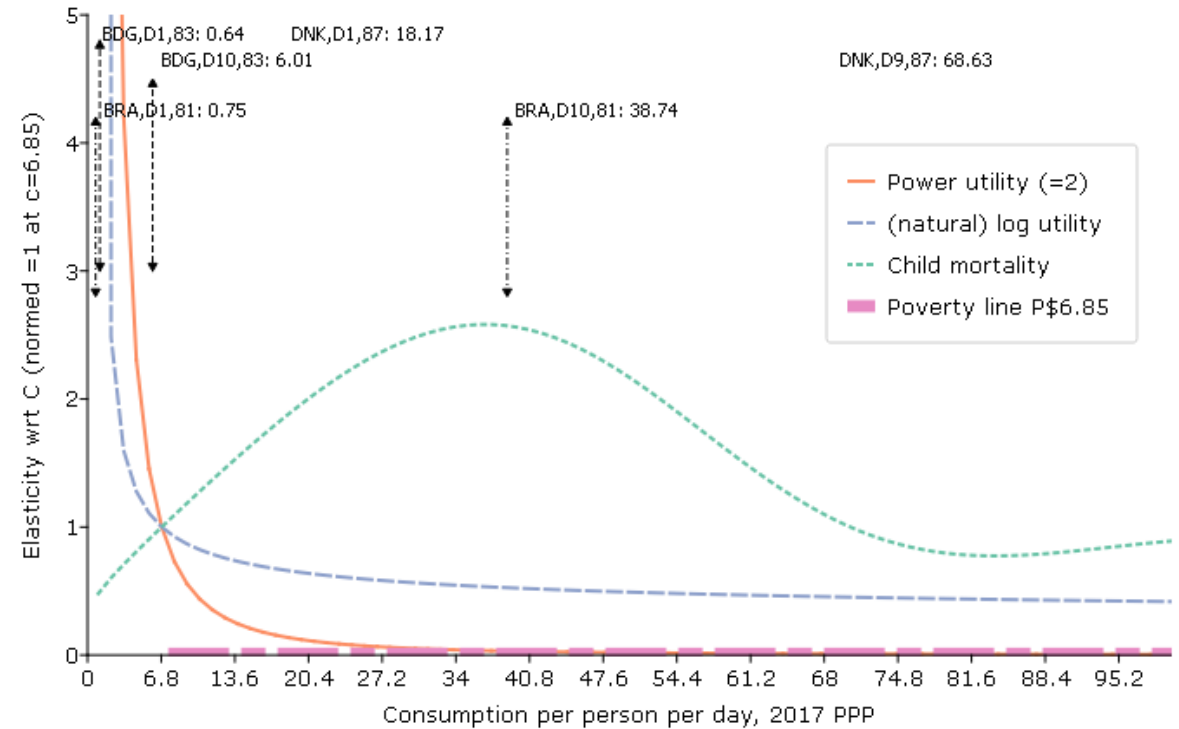
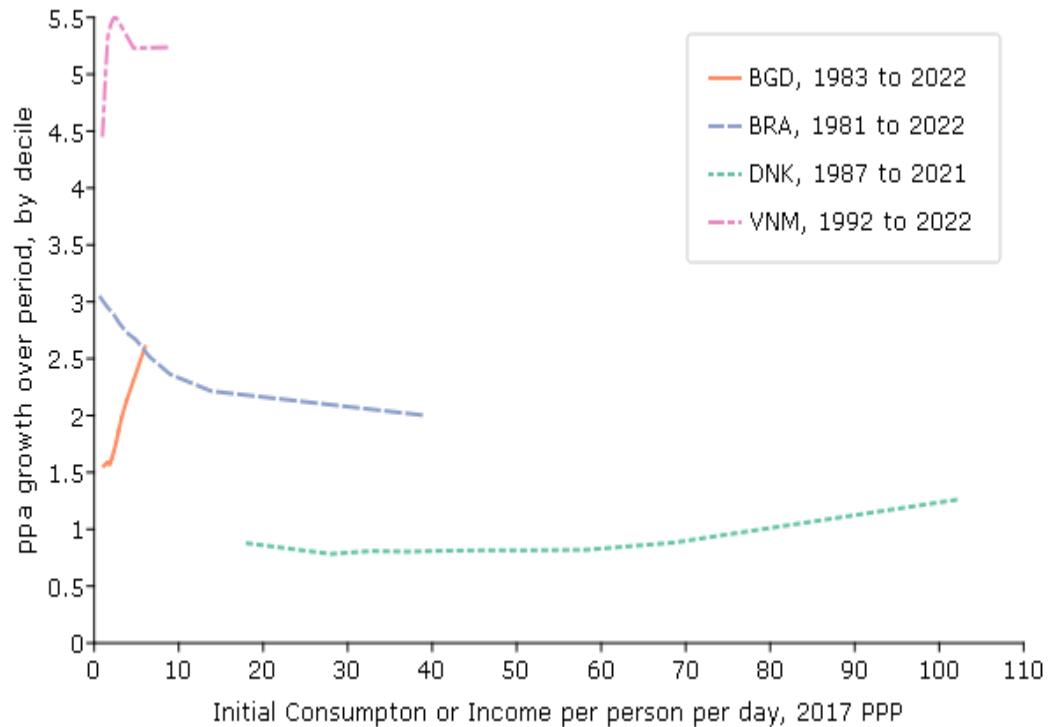
growth  
 incidence (%)

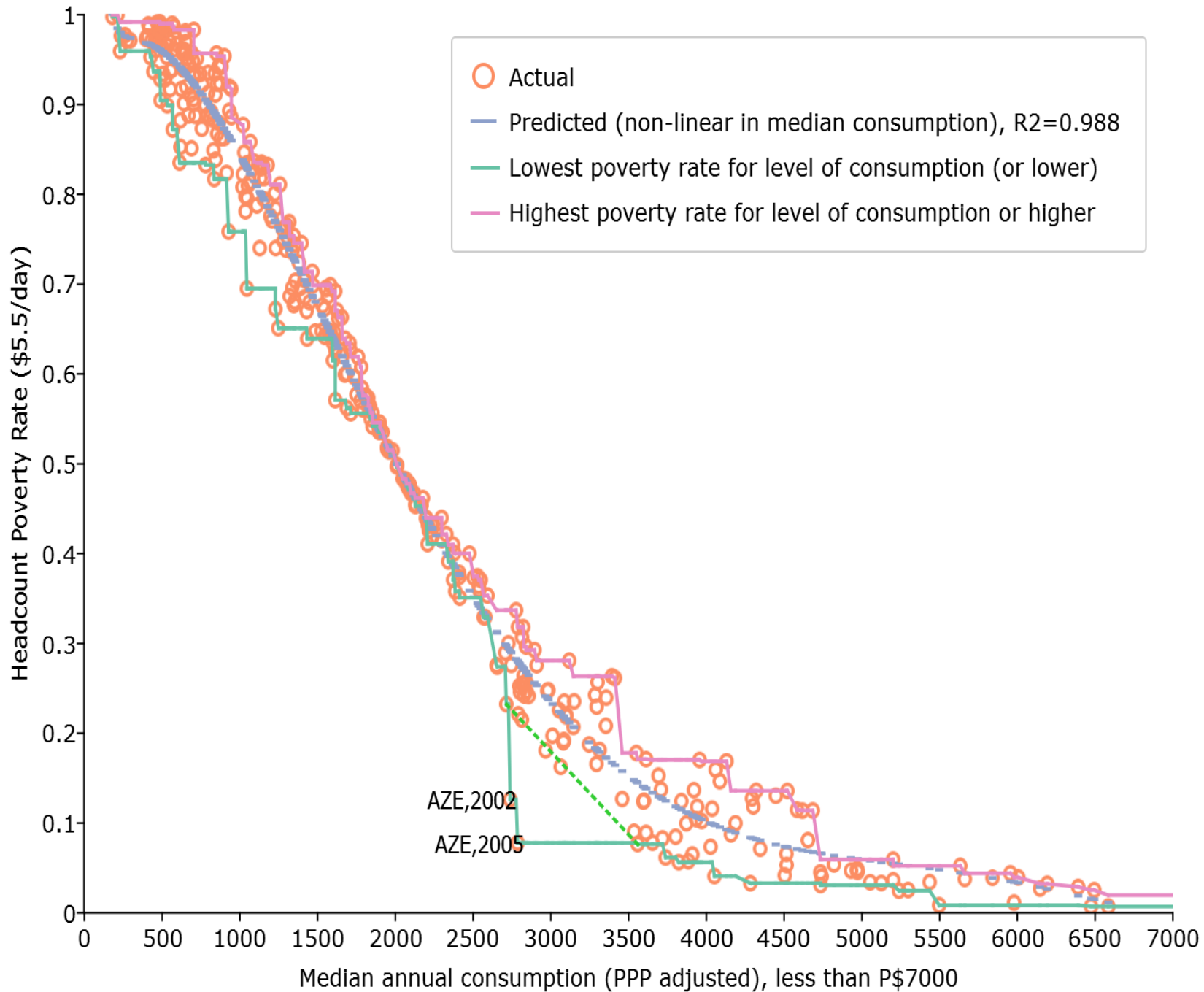


$$\% \Delta TYCA = \sum_{i=1}^N E_{TYCA, g}^i \% \Delta g \text{ level of Income}$$

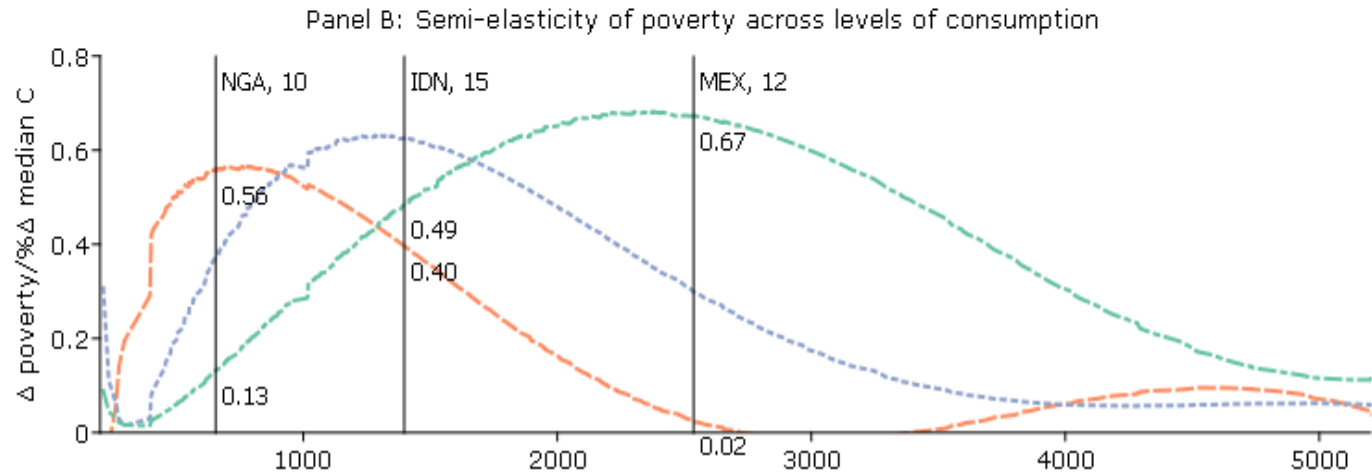
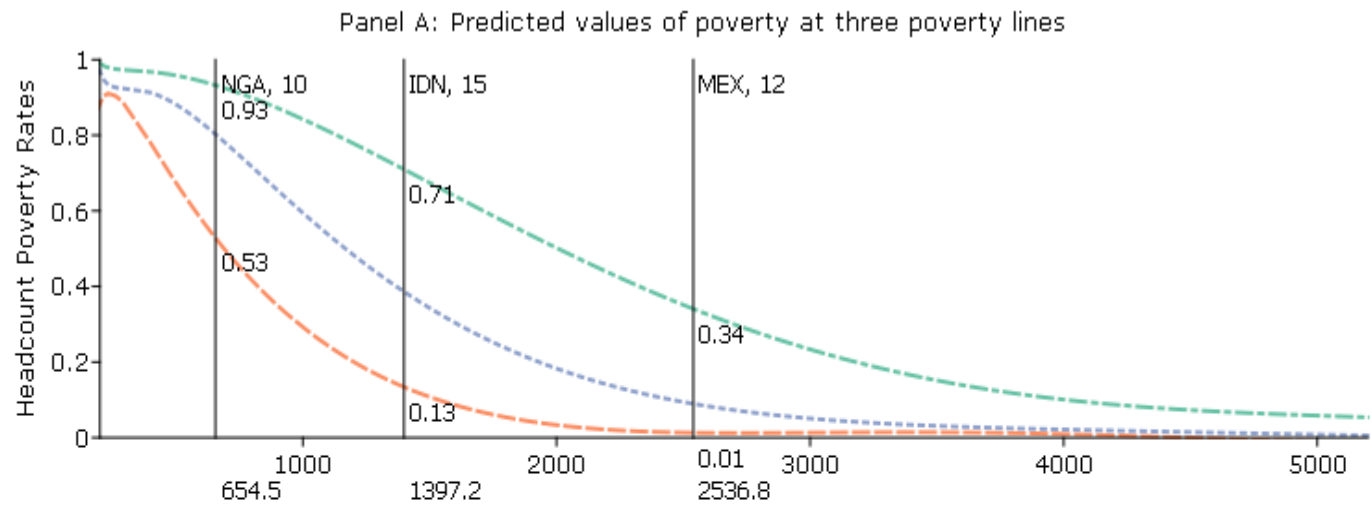
Development goals ("that thing you care about") and growth, in crayon

# How does growth affect “that thing you care about”?

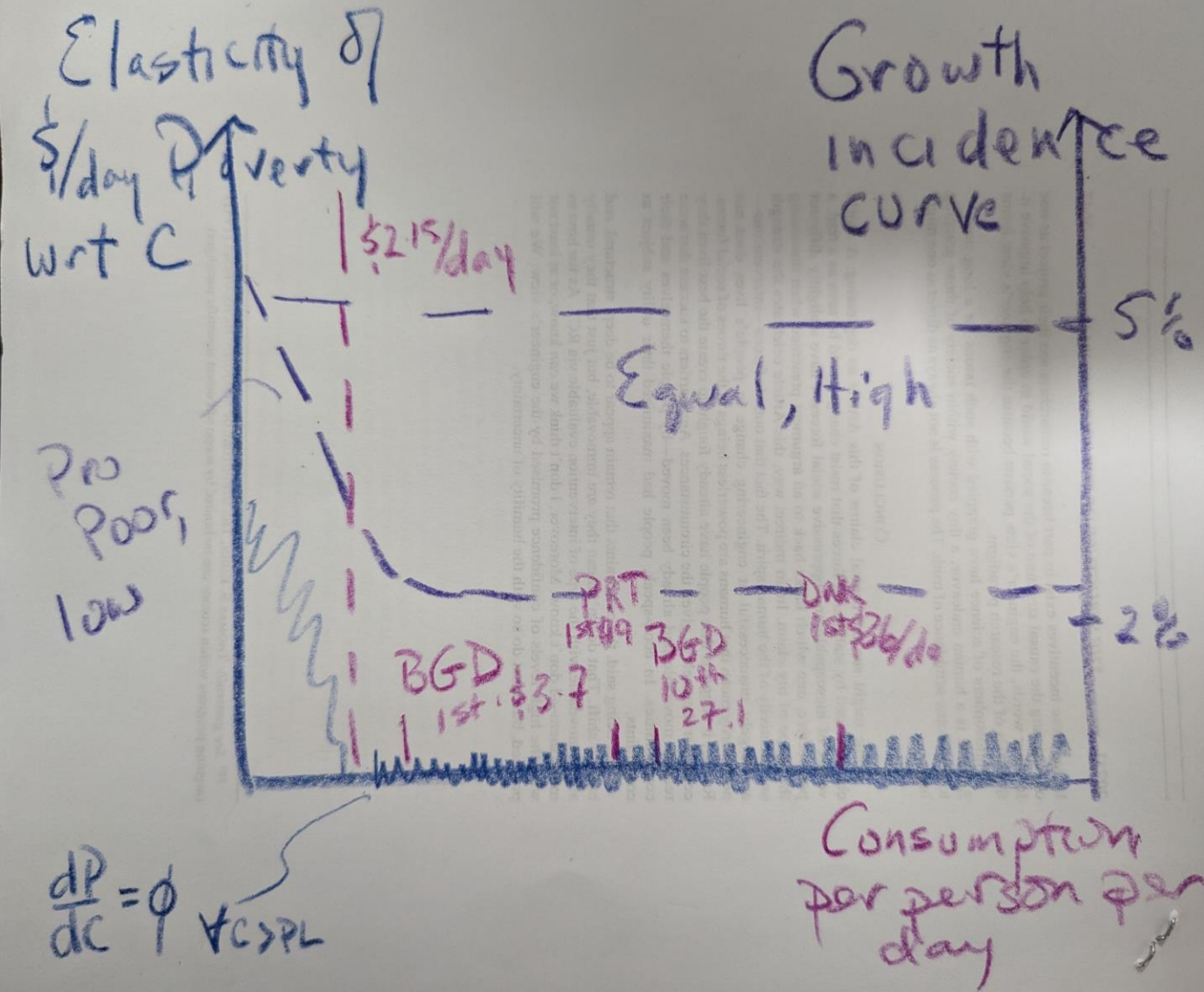




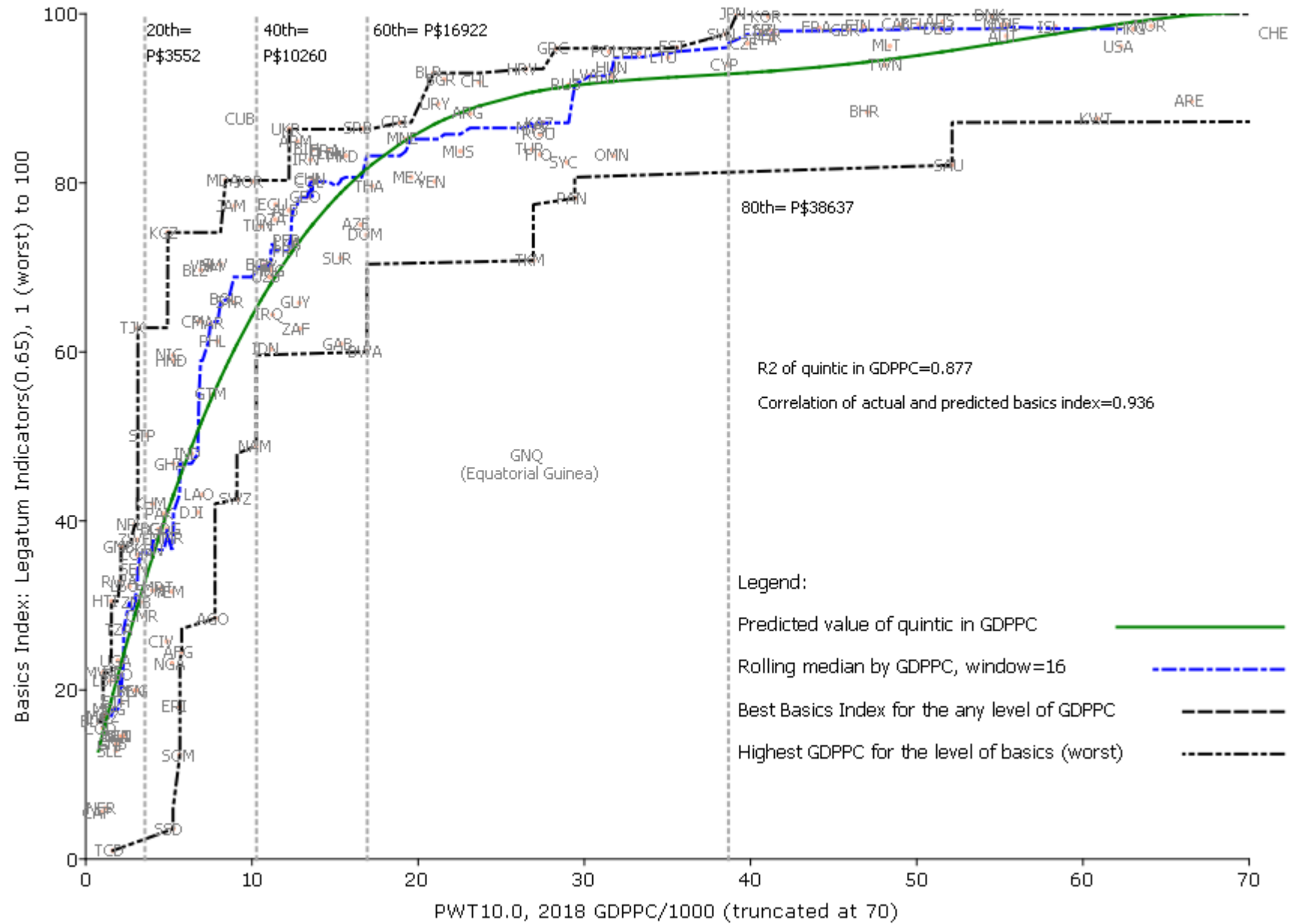
A country's level of poverty is *completely* predicted by its median consumption /income



“What is the responsiveness of poverty to growth?” is only a well posed question at a given poverty line--and “dollar a day” poverty is an important-- but *only* a- milestone to big development goals, not the destination

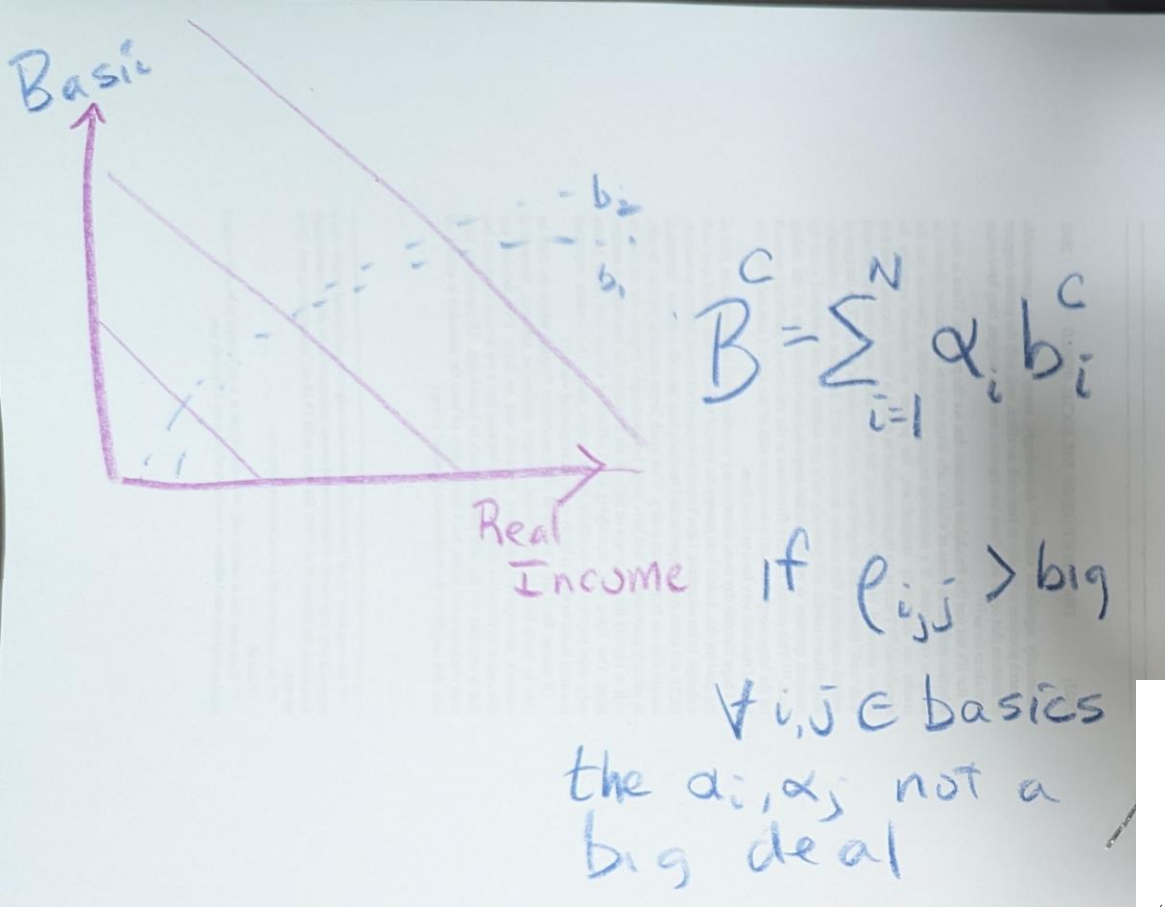


You cannot/should not (in the normative sense of “should”) have an evaluation of human wellbeing like “dollar a day” (in crayon) but—being normatively indifferent between (a) “pro-poor” but low growth and (b) “equal but higher” growth in Bangladesh (say) is *madness* (not just bad economics but morally indefensible)

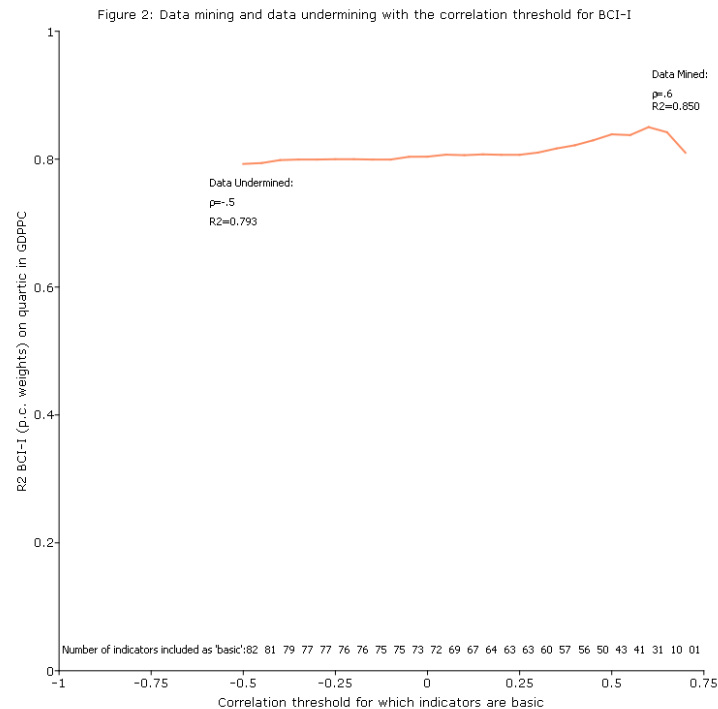


Basics Index  
(any index of  
basics) and  
GDPPC (PPP)  
is strong and  
non-linear

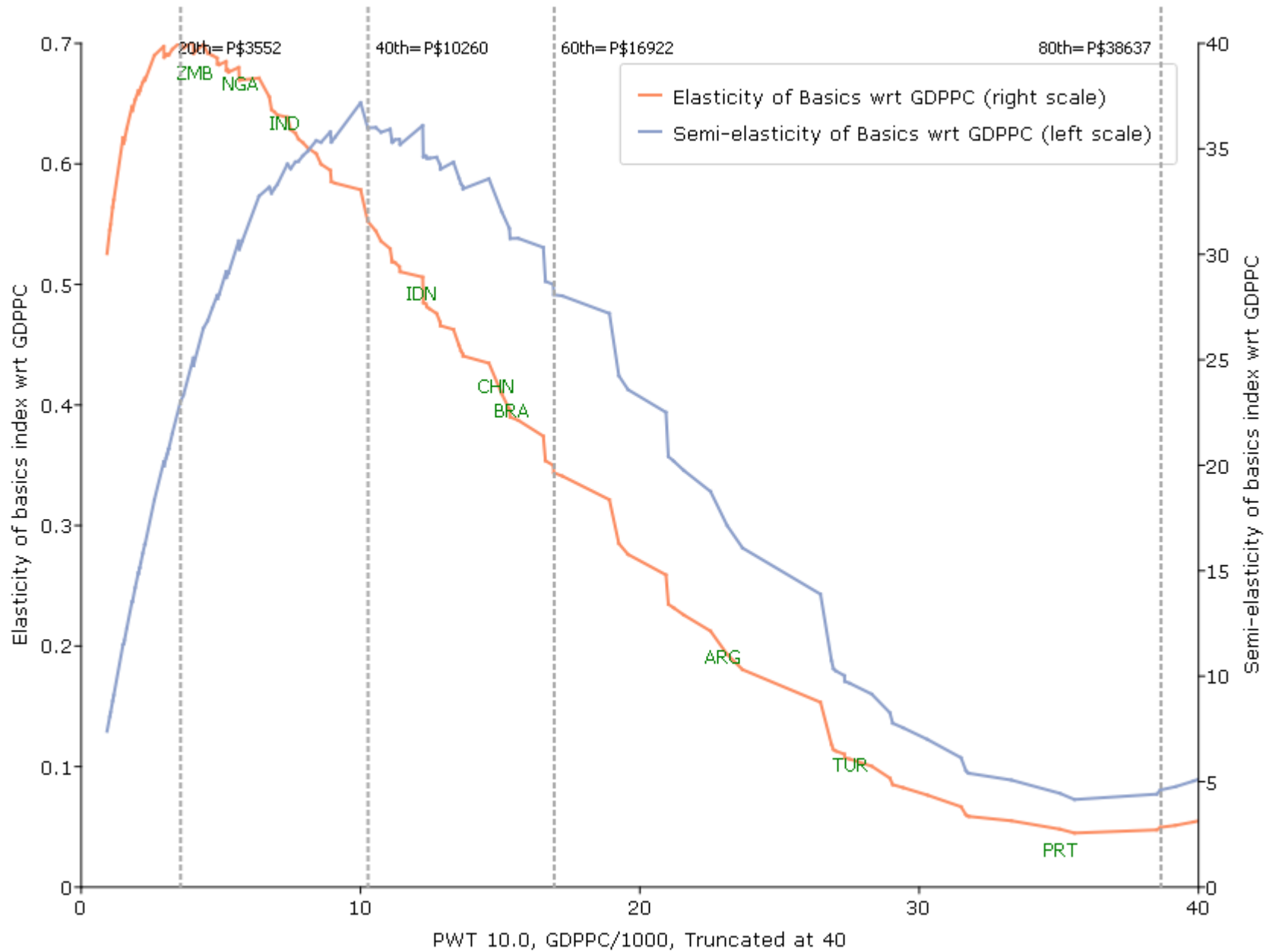




“Basics” to an economist are things with high MU at low levels but declining (high but declining MPC wrt to C) and low price elasticity—which implies the Econ 101 budget expansion path should be curved and tight (relative prices don’t matter than much)—hence any reasonable basics index is about the same as they are all highly correlated across countries

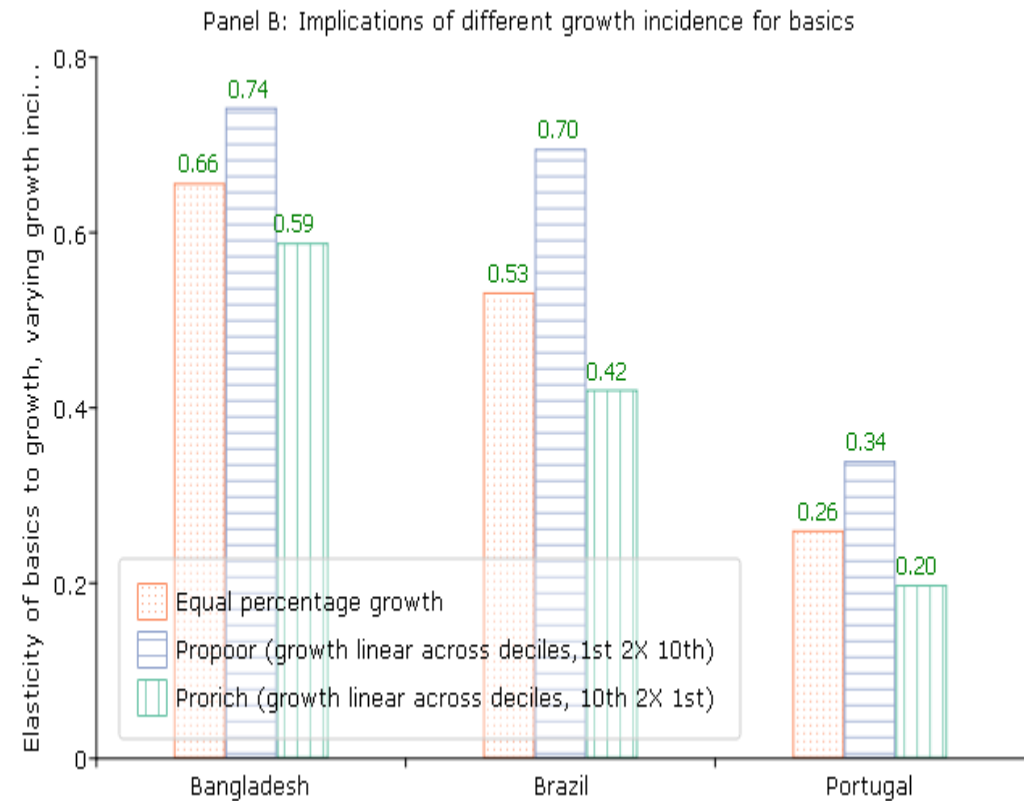
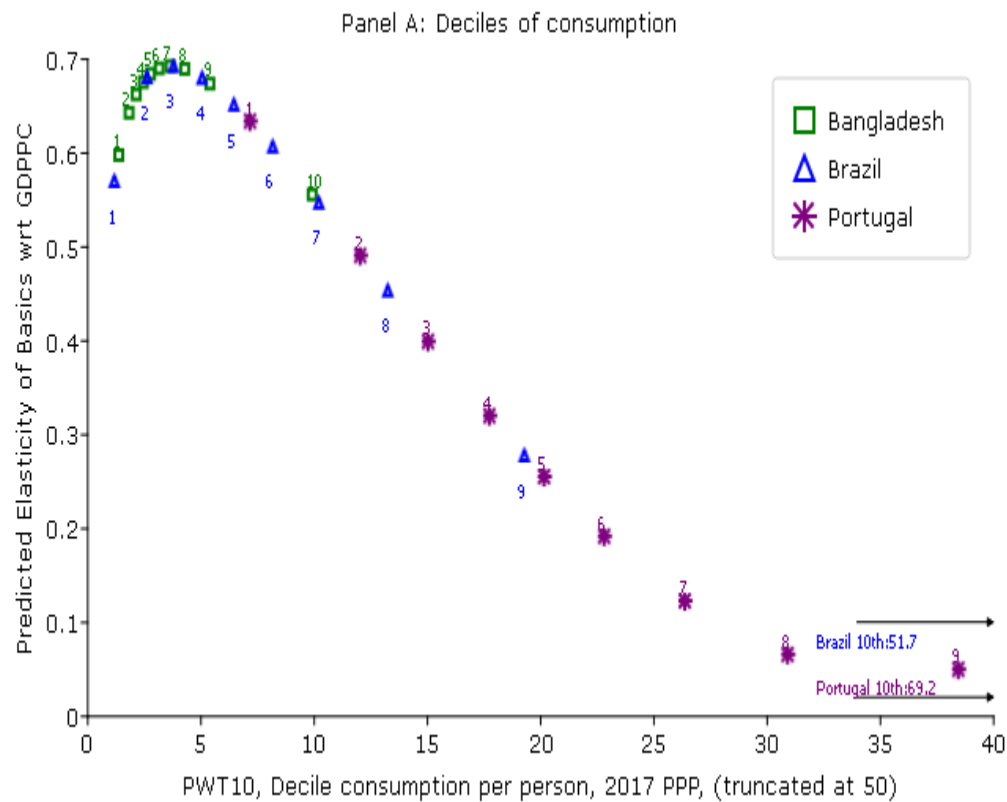


[Pritchett \(with Lewis\), 2022](#)



The estimate elasticity of basics wrt to GDPPC is exactly what you should think it should be, high, then declining—but the decline is very, very gradual (compared to say “poverty” or “quadratic utility”)

So “growth incidence” in poorer countries is much less a big deal that people make it out to be—growth is good, some growth better, but all good—even growth that is not “pro-poor”



## Social Progress Index

### Basic Human Needs

#### Nutrition and Basic Medical Care

- Undernourishment
- Depth of food deficit
- Maternal mortality rate
- Child mortality rate
- Deaths from infectious diseases

#### Water and Sanitation

- Access to piped water
- Rural access to improved water source
- Access to improved sanitation facilities

#### Shelter

- Availability of affordable housing
- Access to electricity
- Quality of electricity supply
- Household air pollution attributable deaths

#### Personal Safety

- Homicide rate
- Level of violent crime
- Perceived criminality
- Political terror
- Traffic deaths

### Foundations of Wellbeing

#### Access to Basic Knowledge

- Adult literacy rate
- Primary school enrollment
- Lower secondary school enrollment
- Upper secondary school enrollment
- Gender parity in secondary enrollment

#### Access to Information and Communications

- Mobile telephone subscriptions
- Internet users
- Press Freedom Index

#### Health and Wellness

- Life expectancy at 60
- Premature deaths from non-communicable diseases
- Obesity rate
- Suicide rate

#### Environmental Quality

- Outdoor air pollution attributable deaths
- Wastewater treatment
- Greenhouse gas emissions
- Biodiversity and habitat

### Opportunity

#### Personal Rights

- Political rights
- Freedom of speech
- Freedom of assembly /association
- Freedom of movement
- Private property rights

#### Personal Freedom and Choice

- Freedom over life choices
- Freedom of religion
- Early marriage
- Satisfied demand for contraception
- Corruption

#### Tolerance and Inclusion

- Tolerance for immigrants
- Tolerance for homosexuals
- Discrimination and violence against minorities
- Religious tolerance
- Community safety net

#### Access to Advanced Education

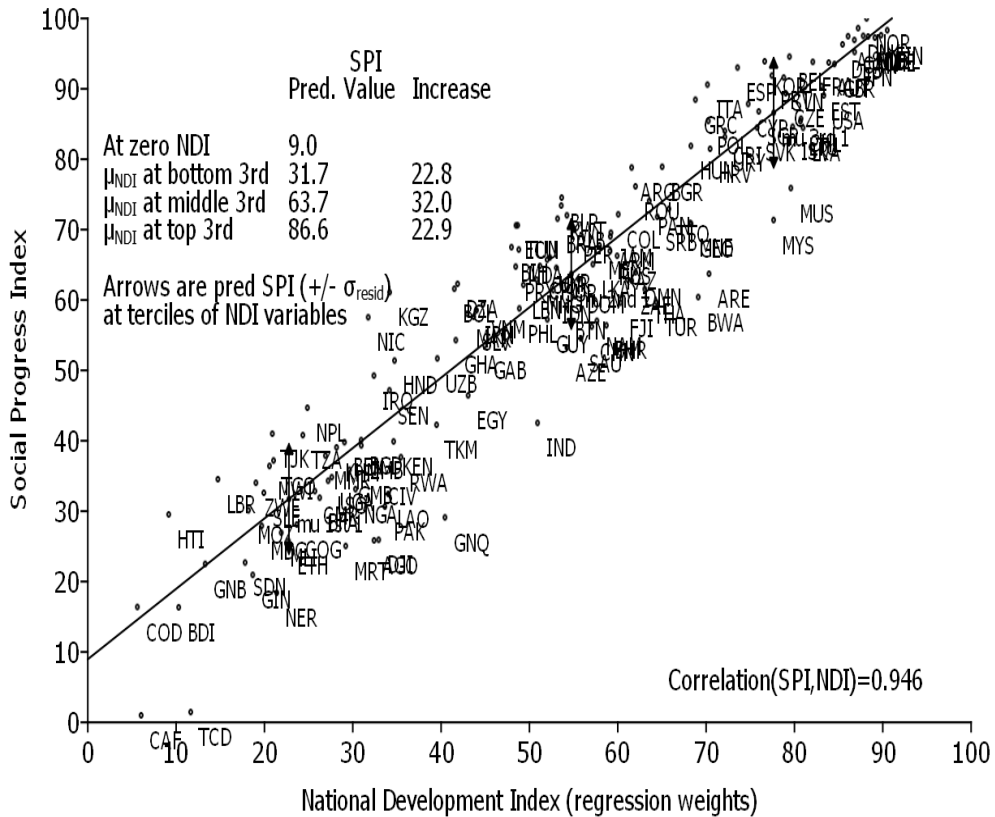
- Years of tertiary schooling
- Women's average years in school
- Inequality in the attainment of education
- Globally ranked universities
- Percentage of tertiary students enrolled in globally ranked universities

# National Development Four-fold Transformation ([Pritchett 2022](#))

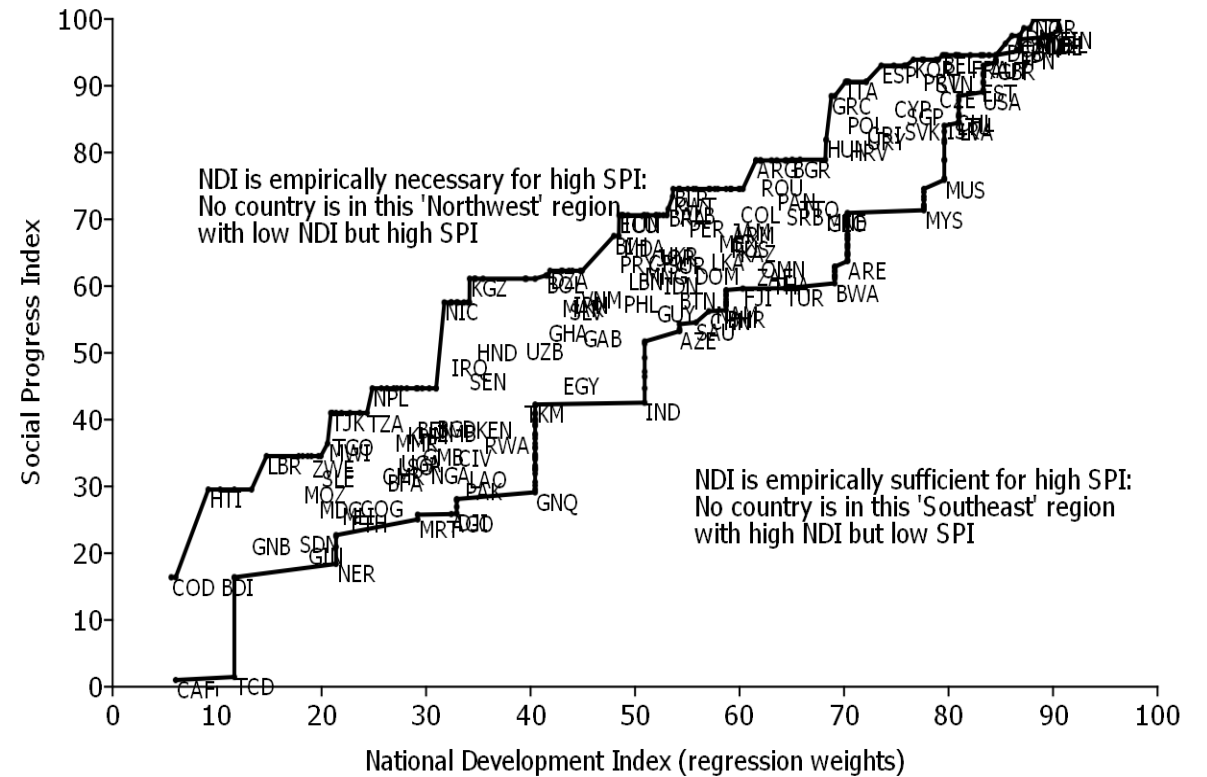
- Transformation of economy from low productivity to high productivity (with the transformations that requires in ‘market institutions’ and capitals)
- Transformation of state capability from low capability to high capability organizations of public policy implementation (which can be public, public/private, publicly regulated private, contracted out private, etc.)
- Transformation of polity from subjects to citizens—those who control state sovereign power responsive to needs, wants, preferences of their citizens to a greater degree
- Transformation to “equal treatment” in public domains (e.g. from “kith and kin” and social hierarchy patterning all interactions to “equality before the law”)

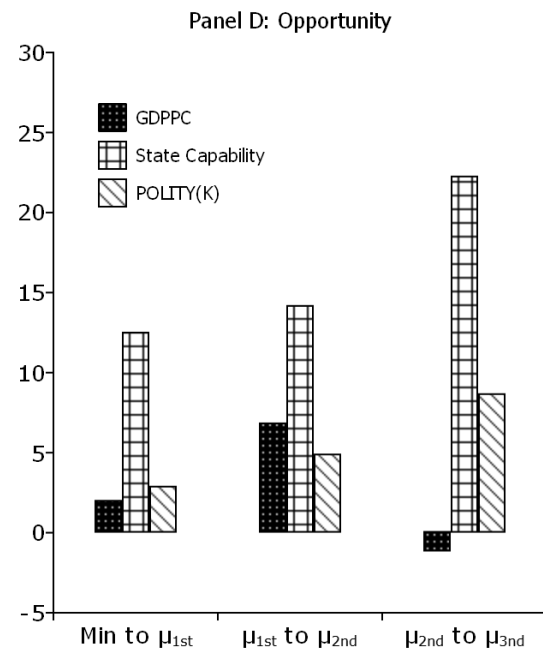
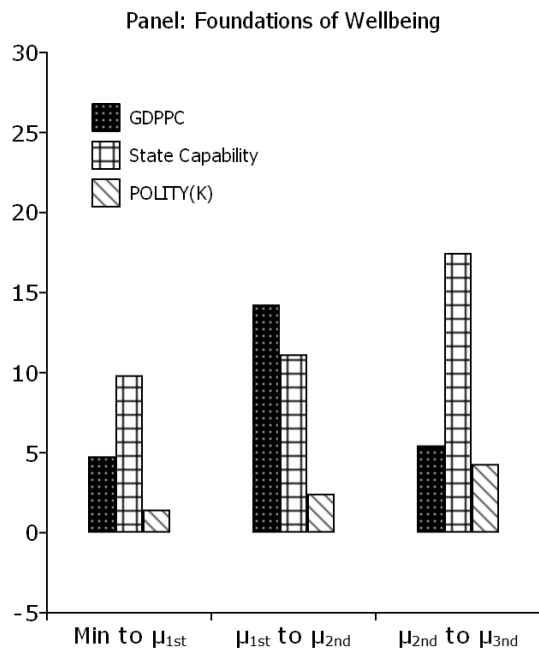
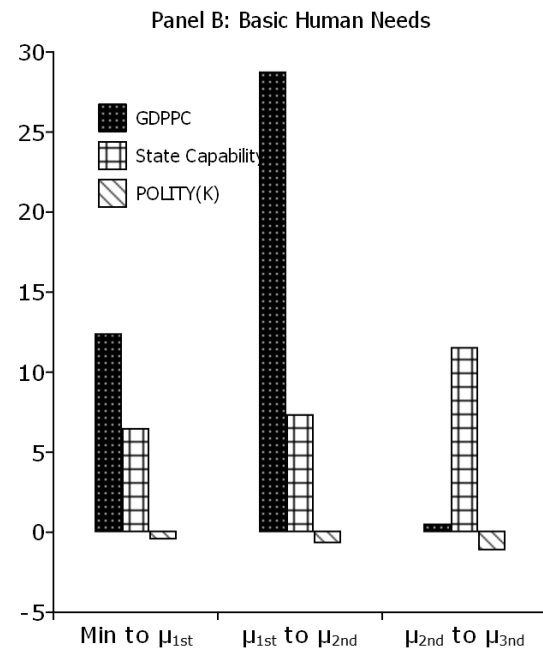
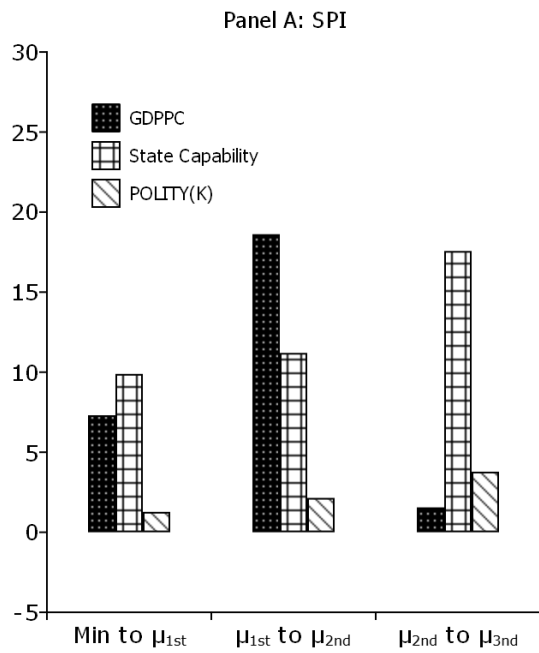
# National development (GDPPC, SC, democracy) delivers on social progress

Panel A: Social Progress Index and National Development Index, predictions at tertiles

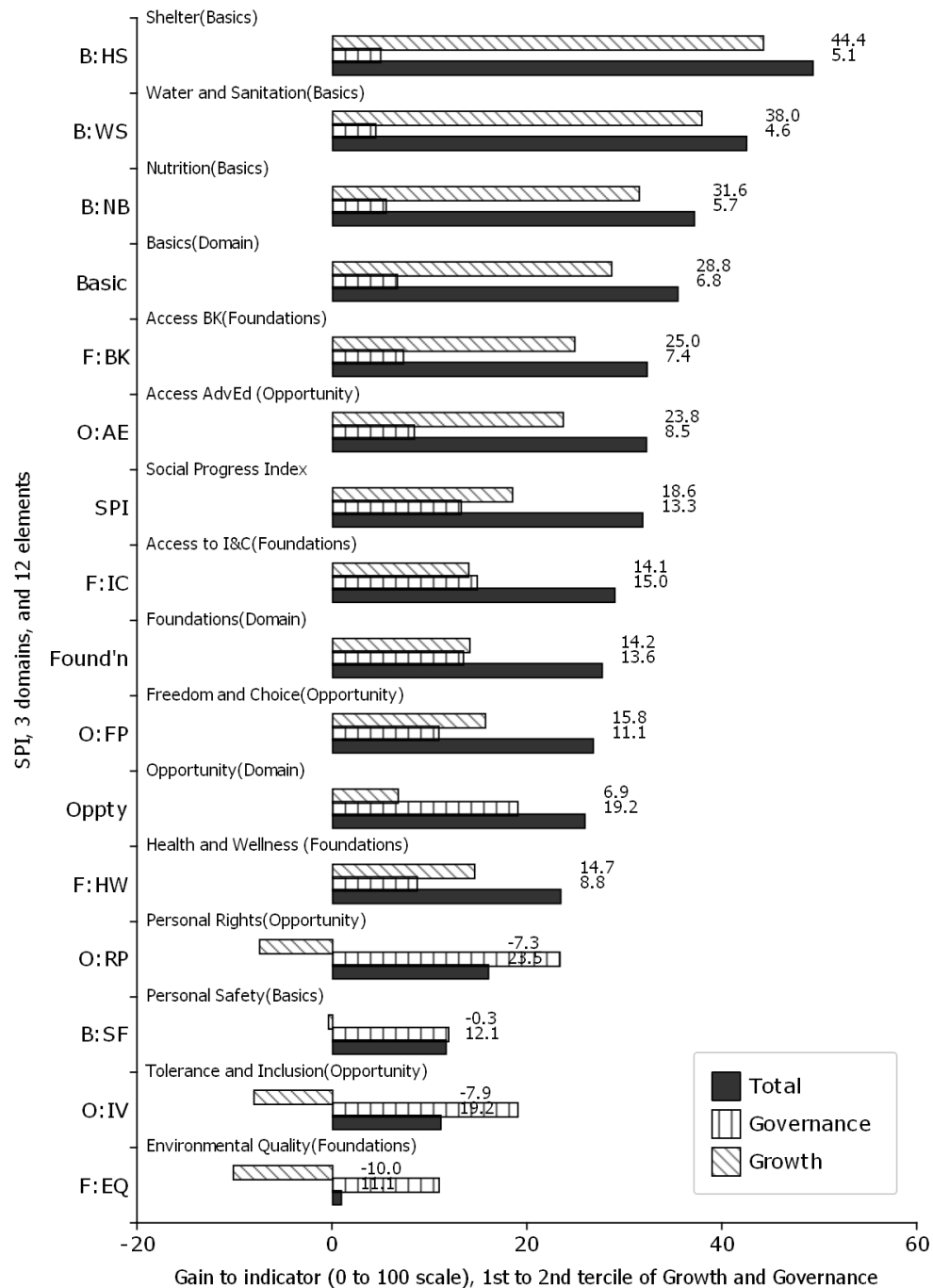


Panel B: National Development empirically necessary and sufficient for SPI





The relative contributions of “growth” and “governance” are what you should expect across levels of wellbeing, growth matters a ton for basics of wellbeing at low/medium levels of income, less so at higher income, less basic indicators

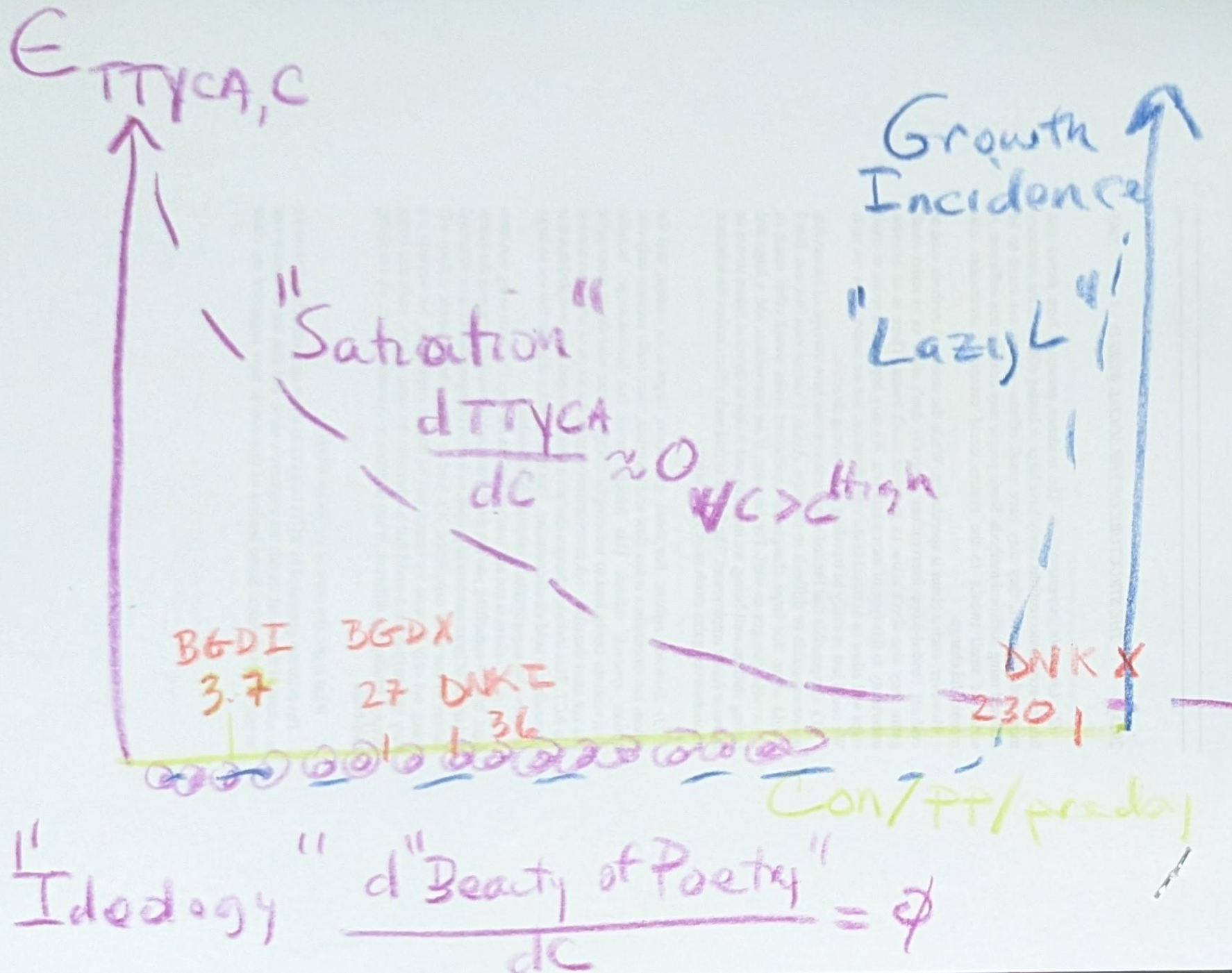


Components of national development matter in the way you should expect across indicators—growth matters for basics that are private goods (shelter, nutrition) and less for goods that are less basic and more public goods (safety, environment, tolerance)



# Three ways you can not care about growth, in crayon

- Growth is benefitting people for whom the elasticity of “thing you care about” is low
  - (1) Really bad growth incidence (lazy L growth incidence)
  - (2) “Satiation” in TTYCA (e.g. “sanitation” “electricity access”)
- “(3) Ideology” the thing you care about just isn’t material, like religion or “the beauty of our poetry” (e.g. RFK)

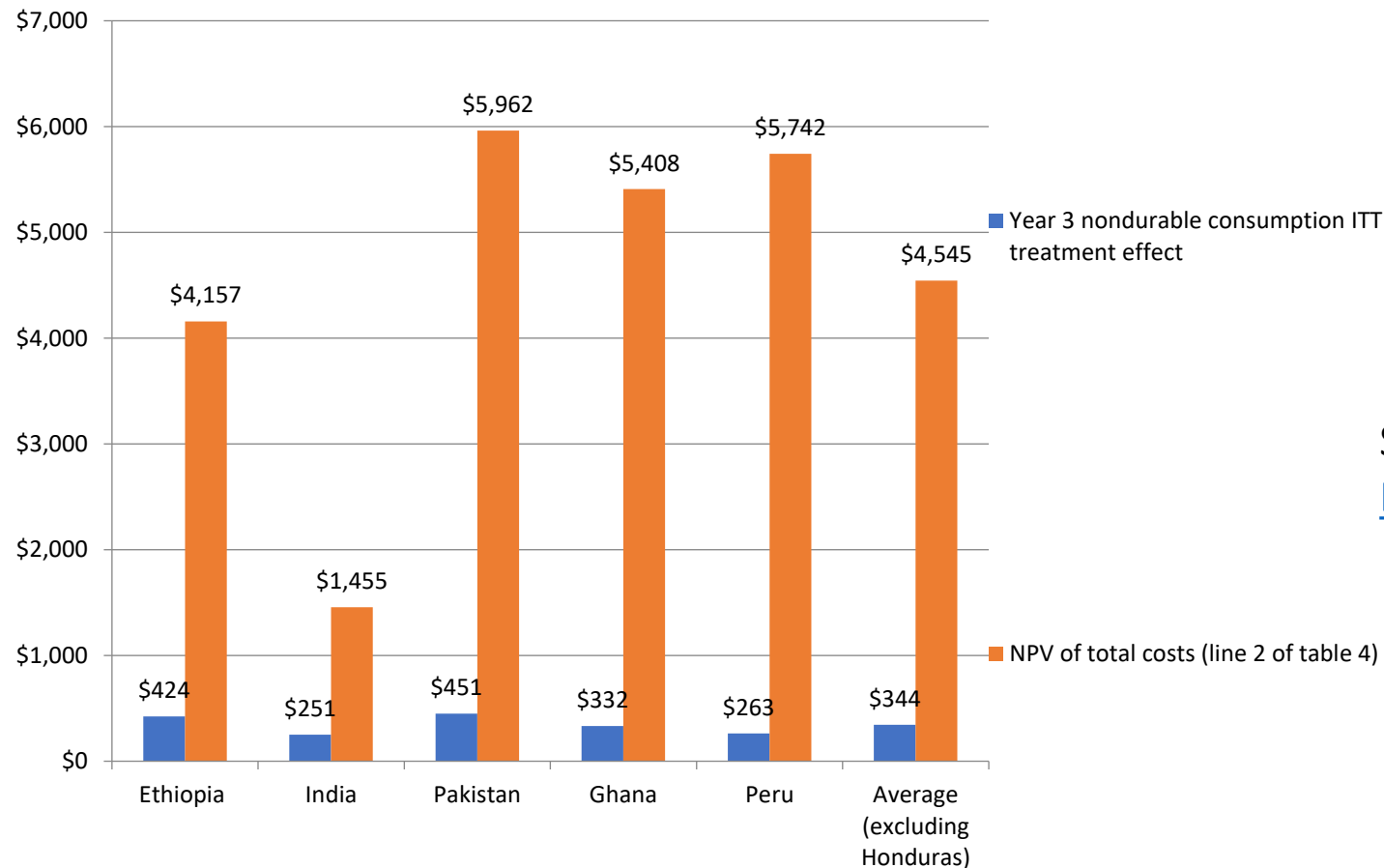


Three ways to be "meh" about growth (at certain levels, of certain type)

# Two other ways you could not care about growth

- (4) Achieving growth is really hard (in some sense) and things that benefit TTYCA are easy, so why not work on doing the easy thing that affects that TTYCA
  - Yea, maybe, but not really for “big development goals” as either (i) charity work (cost effective, but not scale) or (ii) you are just wrong about what is “easy” (e.g. wrong about the ease of creation of state capability for implementation or what there is political supportability for)
- (5) Self-serving West/North Malthusianism

A multiple country RCT of a “graduation” style program for chronic poverty found that you could spend \$4,500 per HH over two years to generate \$344 per HH in benefits....and they called that a rigorous demonstration of success....

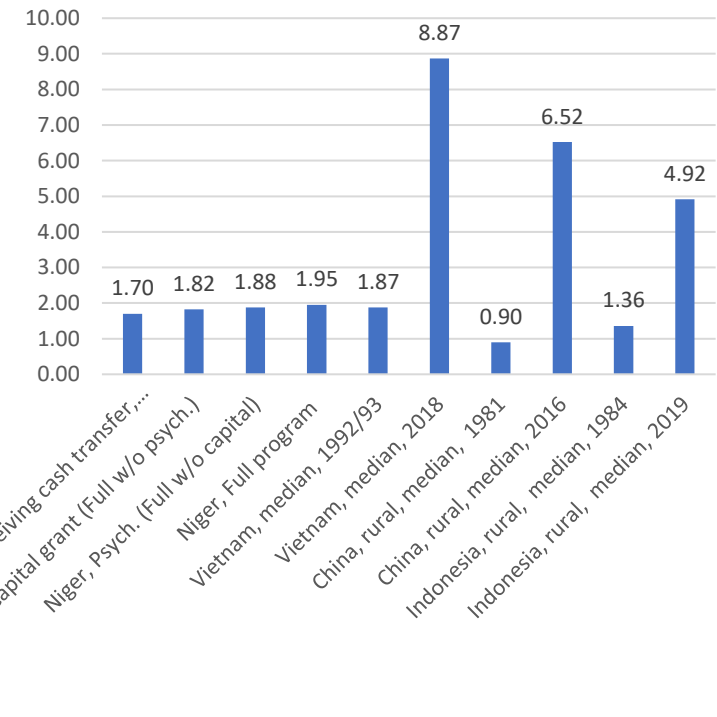
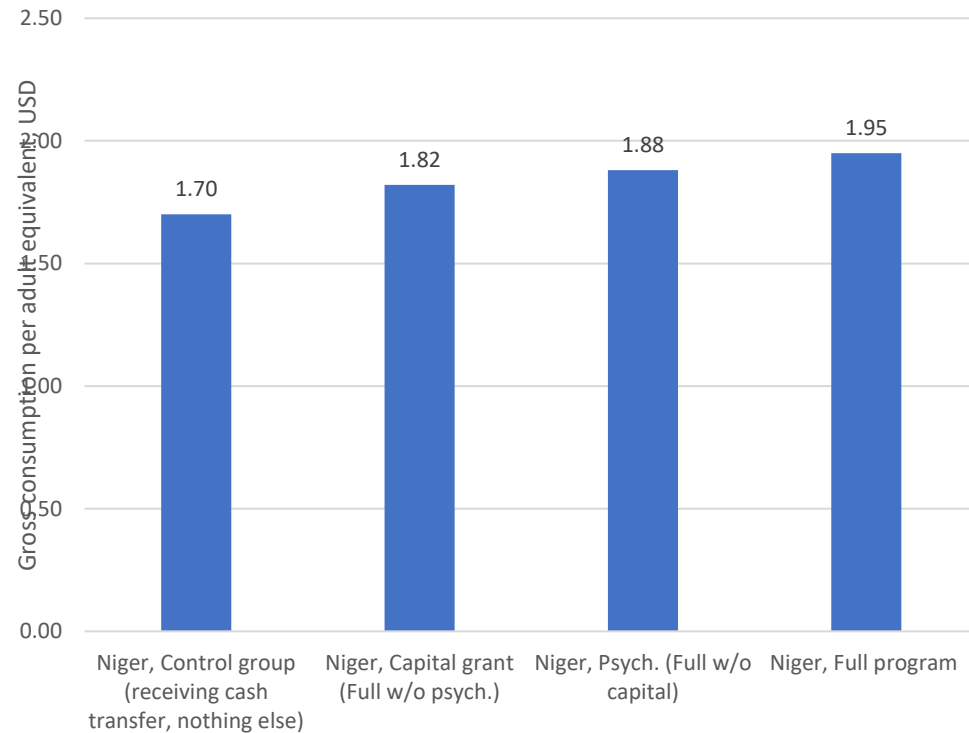


Source: My graph based on tables in [Banerjee et al 2015](#)

# The “kinky” can sometimes be “cost-effective” by producing small gains at very low cost

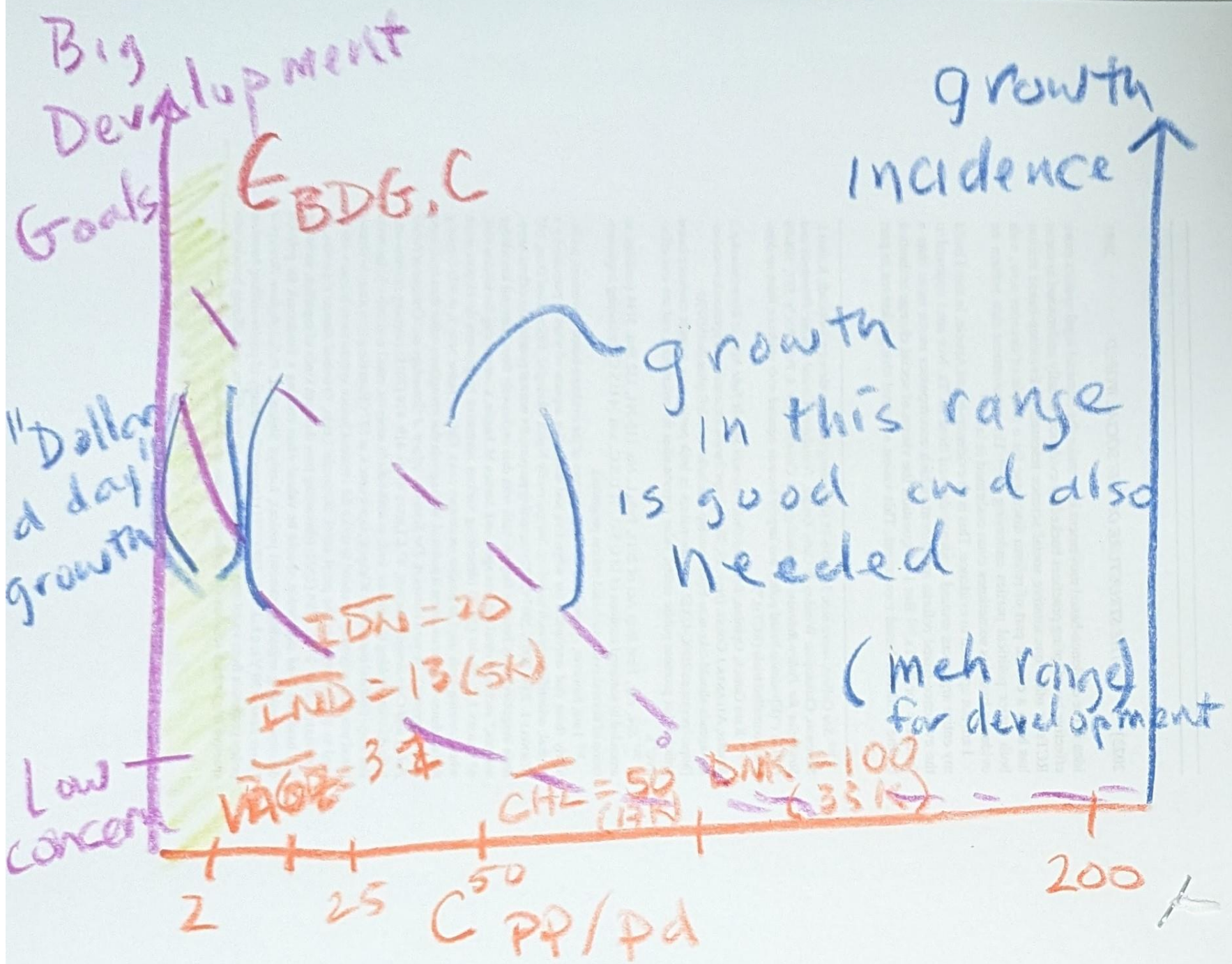
**This is what highly cost effective “kinky” success looks like.....25 cents per person per day (one additional Diet Coke a week)**

**...compared to what national development success looks like....gains of 7\$ per person per day**



Source: Bossuoy et al (2022) (Nature)

Source: [Pritchett 2022](#)



If your strategy for "big development goals" doesn't acknowledge the need for growth of the "middle" in India (C/pp/pd = 13) or Indonesia (C/pp/pd = 20) and "national development" you are almost certainly wrong about normatively what a "big" development goal means or wrong about elasticity or wrong about the true scope for other modalities of progress (e.g. "programmatic" action)

# What If Everyone Lived Like These Countries?



The **number of Earths** needed to sustain each countries' resource use and waste per year.

The logic of modern self-serving West/North Malthusianism with endogenous beliefs:

- Because of limitation X total global GDP cannot be higher than Y
- Y is much much lower than our current lifestyle per capita
- "we" (West/North citizens) are not going to lower our lifestyle (as a political constraint even if West/North Malthusians wish they would)
- therefore poor country GDP has to stay much, much lower than our GDP
- Oops, saying "other people have to stay poor because we used it up to get prosperous, sorry" makes us really heartless shits doesn't it?
- But, if we adopt beliefs like (i) that people can be poor and happy, (ii) eliminating low-bar "poverty" is all that is needed, (iii) people don't really "need" or even "want" what we have, (iv) through lowering inequality through redistribution (within "them" not from "us" to "them" of course) the "basics" can be met without high GDP, then we can believe two things we strongly want to believe: "poor countries have to stay poor" and "I am not a heartless shit of a person"
- Therefore, I choose to believe "growth isn't necessary for human wellbeing" QED.



Figures rounded. **Source:** Global Footprint Network (2022)