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**The evolution of the notions of development: a  
personal view**

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# **Index of presentation**

- 1. In the beginning it was economic growth**
- 2. Towards a broader view of development**
- 3. Some major (structural?) novelties**
- 4. The SDGs and the challenges ahead**

**1. In the beginning it was economic growth**

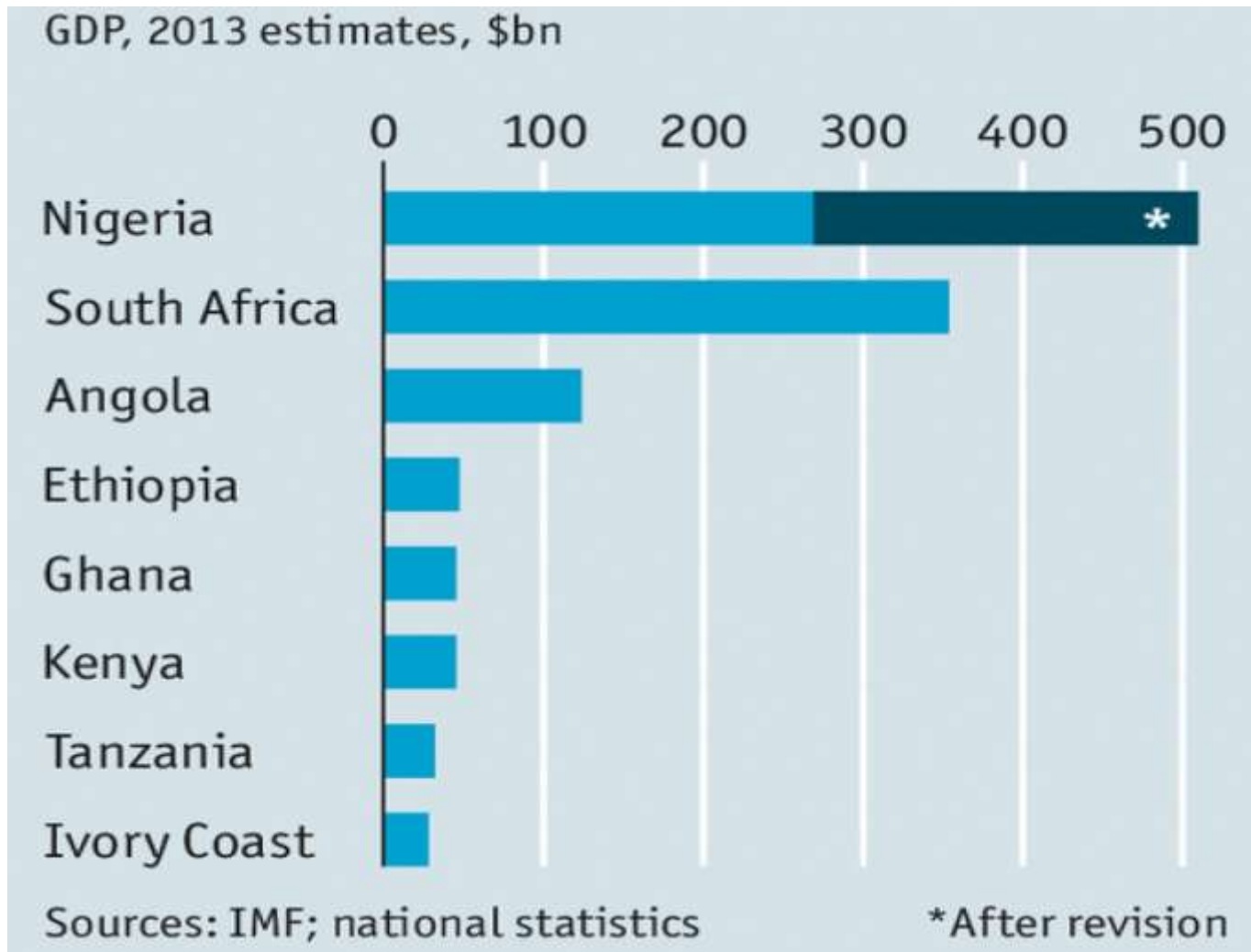
# The economic dimension

A **one dimension** magnitude is very rare **GDP/GNI is not.**

Alternative description of the dimension of an economy

- **GDP**
- **GNI per capita, current US\$**
- **GNI per capita, constant US\$ 2010**
- **GNI per capita, PPP 2011**
- **GNDI per capita, current US\$**

# Is economy stupid? Largest economies in SSA



# The World GNI and GNI per capita 2014-16

(Current US dollars, latest available figures)

source: <http://data.worldbank.org/indicator/NY.GNP.PCAP.CD>

**Washington  
we have a  
problem**

**Falling  
incomes,  
because US  
dollar rises**

	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>GNI</b>	<b>79,365</b>	<b>77,801</b>	<b>76,644</b>
<b>GNI per capita</b>	<b>10,918</b>	<b>10,577</b>	<b>10,298</b>

# In the beginning it was economic growth

The growth models of the 50 to 70s: **the years of high theory**

**A one dimension view(?): GDP/GNI per capita, Y/P and its growth**

❖ **Post-great depression, Roy Harrod 1939**

❖ **Fifties and sixties, reconstruction and independence,**

Evsey Domar 1946

The popular **Harrod/Domar model**, but in fact is the

neoclassical model: **Solow 1956/57, Swan 1956**

# Mainstream views and the neoclassical approach; the supply side

Savings



Capital



Technical progress



Labour productivity increases



Economic growth (GDP )  $\equiv$  Economic development





# Mainstream views and the neoclassical approach

**Focus on capital accumulation, but**

**prediction: Catching up and Convergence**

If: **free markets for capital, labour and technology**

• **Capital will flow where the profit rate is higher, to**

**Developing countries, which will grow faster than High Income C.s**

• **Rostow 1960.** The **stages** of economic growth based on the

**investment ratio  $I/Y$**

# Mainstream views and the neoclassical approach

- Perfect competition and **market efficiency hypothesis**,  
markets know better
- Human beings as **rational consumers, self interest**
- **‘Trickle down’ growth**

Private investment decisions, based on profit maximization, lead to similar income per capita, the gap will close.

## **The non orthodox approaches, structural change**

- ❖ **The sector analysis, dualistic economies**     **Lewis 1954/55**
- ❖ **Centre – periphery, structural change and the constraints to growth**     **Raul Prebisch/Hans Singer 1949/50**
- ❖ **The role of demand of state policies and of technical progress**  
Kaldor 1961
- ❖ **Employment**     **Dudley Seers 1969**
- ❖ **Basic needs, decent work**     **ILO 1970 -1976**

**The developmental role of the state, industrial policies**

## **The dependency theories**

**Underdevelopment as the other face of capitalistic development**

**□ Income distribution**

**□ Myrdal and the poverty trap**

**□ Unequal exchange** Giovanni Arrighi, André Gunder Frank

**□ De linking** Samir Amin

**Focus on capitalistic structures and international  
division of labor**

## Reductionist view of development but

- **Macro approach**, focus on national economies
- **Focus on social economic and political structures** which can either favour (mainstream) or prevent (unorthodox) economic growth

• **Building a theory** which explains either economic growth or its absence with causal relationships

- **Policy recommendations follow from analysis and do involve the states and the institutions**

## **2. Towards a broader view of development**

# **Towards a broader view of development**

- **From one dimension to:**
  - **multidimensional indexes**
  - **well being**
  - **the multiple goals/dashboard approach**
- **From countries and the international level to individuals**

# **Towards a broader view of development**

**1987 Bruntland Report, *Our Common Future*,  
UN-World Commission on Environment and  
Development. **Sustainability and  
environment****

*Sustainable development is development that  
meets the needs of the present without  
compromising the ability of future  
generations to meet their own needs*



# Towards a broader view of development

1990 Human Development Report. **Education and health**, Amartya Sen

*Human development is a process of enlarging people's choices...along and healthy life, to be educated and to enjoy a decent standard of living*  
(HDR 1990)

**HDI: one index, three dimensions**

# Towards a broader view of development

From one (economic) dimension to a broader vision of development:

**the era of multidimensional indexes**

- **EU, Beyond GDP initiative**
- **OECD, Better Life Index**
- **Italy, Equitable and Sustainable Well Being**
- **World Happiness Report, Jeffrey Sachs**
- **Adjusted Net National Income (ANNI)**

GNI minus consumption of fixed capital and natural resources depletion (Hamilton and Ley, 2010)

## The era of multidimensional indexes

- **Social Progress Index (SPI)** (Porter et al 2014). 3 dimensions: Basic Human Needs, Foundations of Wellbeing, Opportunity
- **Multidimensional Poverty Index (OPHI, Alkire(2007))**
- **Inclusive wealth index** (UNU and UNEP 2012, Dasgupta 2000)
- **Our Ecological Footprint: *Reducing Human Impact on the Earth***, 1996; updated by WWF from 1999

## The era of multidimensional indexes

Nice but problems with:

- The choice of the dimensions
- The weights of the different dimensions
- The consistency of the index through time, comparability of time series

From grand visions to focus on **measurement** techniques

# Income, well being and development

- **Stiglitz-Sen-Fitoussi 2008**, *Report by the Commission on the Measurement of Economic Performance and Social Progress*

**Well being and the dashboard approach**  
**No single measure of well being**

- **Tezanos and Sumner 2013**, **clusters approach** based on social and economic structures

**In both cases there is no ranking**

# The Millenium Development Goals



# The evolution of the notion of cooperation

- 2003 **Rome** First High-Level Forum on **Aid Effectiveness**
- 2005 **Paris Declaration** on Aid effectiveness
- 2008 **Accra Agenda for Action**
- 2011 **Busan** Fourth High-Level Forum on Aid Effectiveness - **Busan Partnership Agreement** Development effectiveness,
- 2014 **Mexico City**, First High-Level meeting of the **Global Partnership** for Effective Development Cooperation

## **The evolution of the notion of cooperation**

### **Major conferences of FfD**

- **2002 Monterrey** International Conference on Financing for Development
- **2008 Doha**, follow up on Monterrey
- **15.8.2014 Report of the Intergovernmental Committee of Experts on Sustainable Development Financing**  
(updated 17.12)
- **2015 Addis Ababa Conference on Financing for Development**

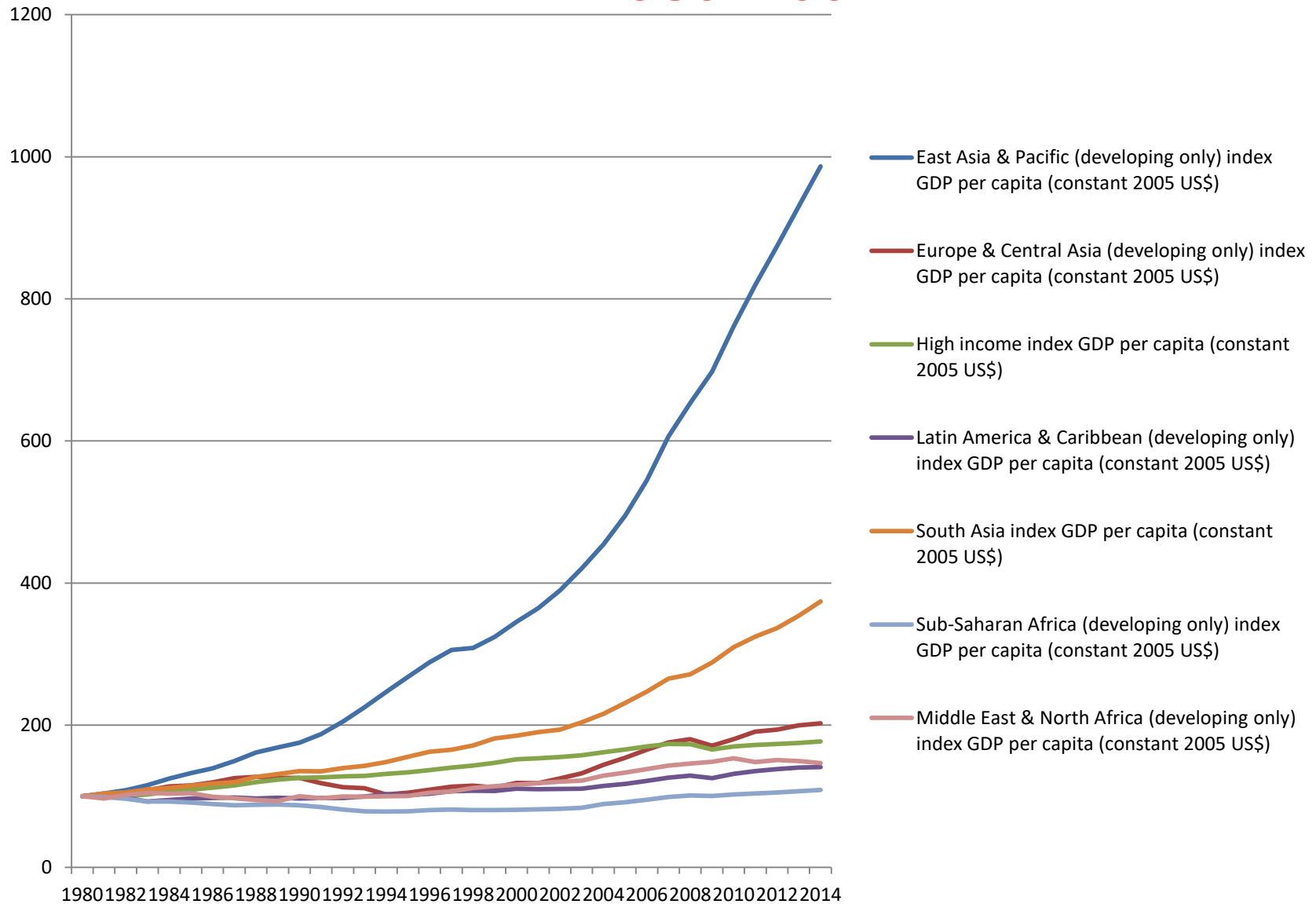


### **3. Some major structural novelties**

- 1. Economic growth in Asia**
- 2. International finance**
- 3. Worsening income distribution**

# Index of GDP per capita 1980-2014

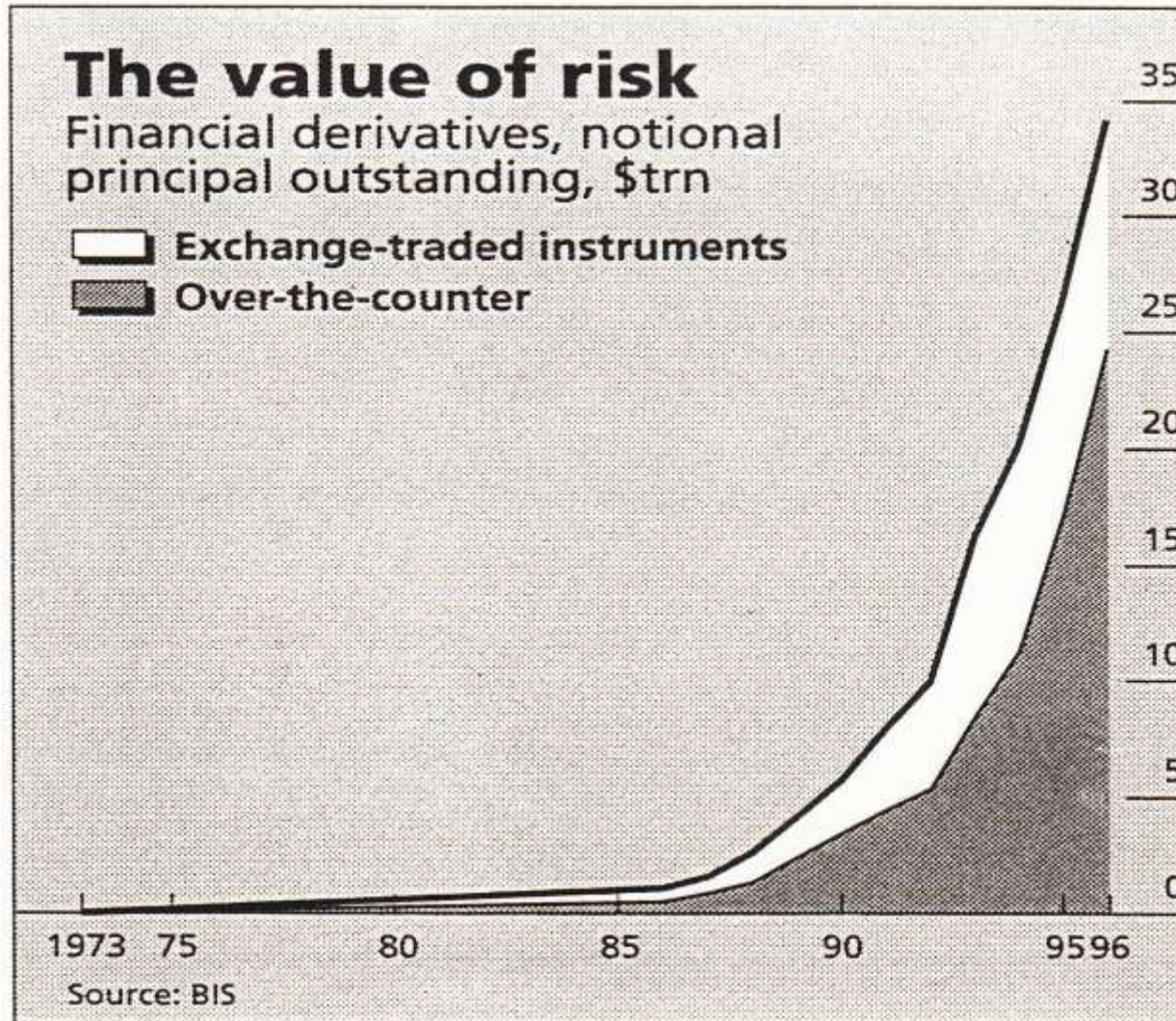
## 1980=100



**“On July 2014 a ‘vulture’ fund Themis Capital and Des Moines won a case against the Democratic Republic of Congo which should now repay 18 million dollars of an original debt plus 70 million as interest” (*The Financial Times*, 27<sup>th</sup> November, 2014)**

- Themis Capital was not an original creditor
- The debt was contracted by Mobutu Sese-Seko, a dictator, in the mid-80s
- When more than 70% of DRC people were not born

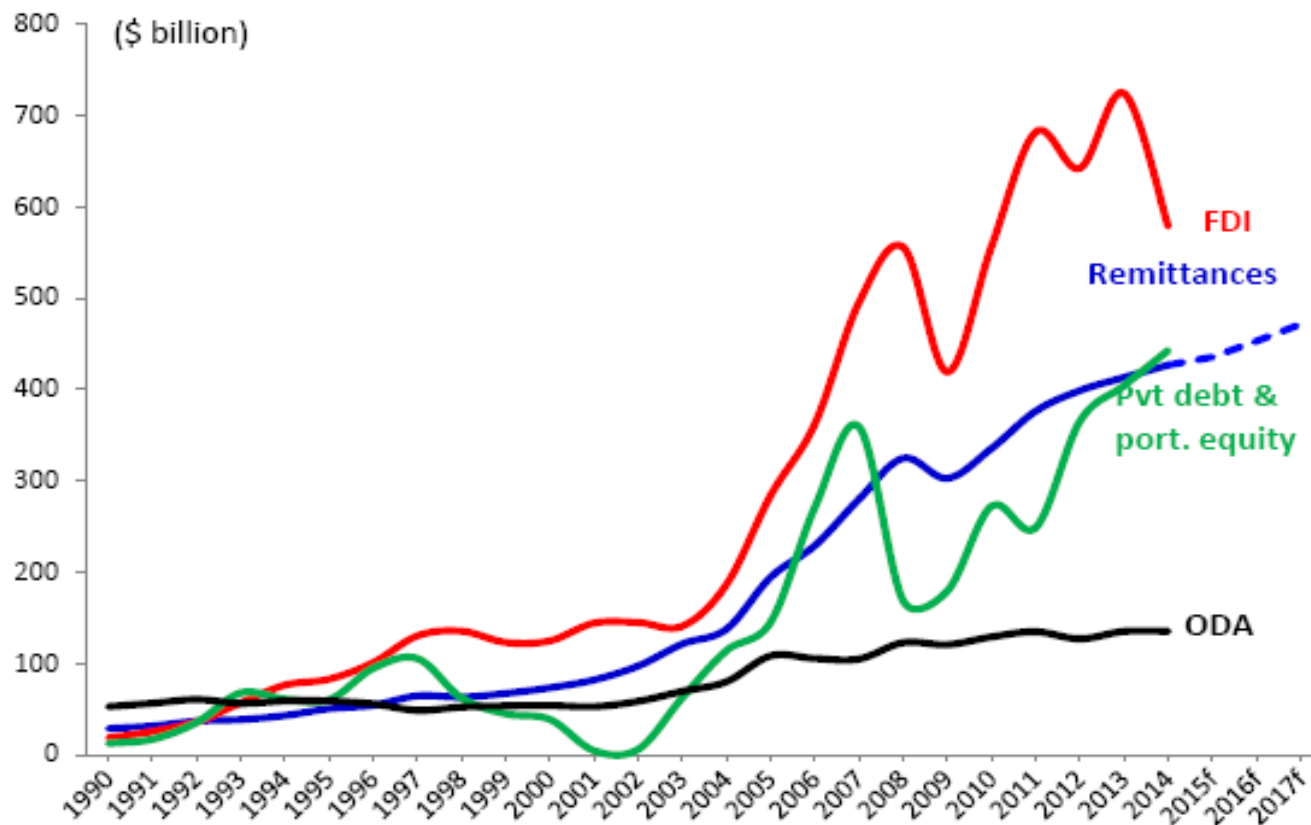
# International financial markets



# Some financial crises since the eighties

- **1982**            **Mexico's default followed by almost 30 countries**
- **1992**            **Italy, Spain and the UK**
- **1994**            **Mexico's second default**
- **1997**            **East Asia**
- **1998-99**        **Russia, Turkey, S. Africa**
- **2001**            **Argentina's default**
- **2007**            **The US sub-prime market**
- **2008**            **Lehman Brothers goes bankrupt**
- **2010-11**        **The Euro-zone**
- **2015**            **Puerto Rico**
- **2016**            **Mozambique**

# Total net resource flows to developing countries, by type of flow, 1990-2017f (Billions of Dollars)



Sources: World Bank Staff calculations, World Development Indicators, OECD. Private debt includes international bonds and borrowing through commercial banks.

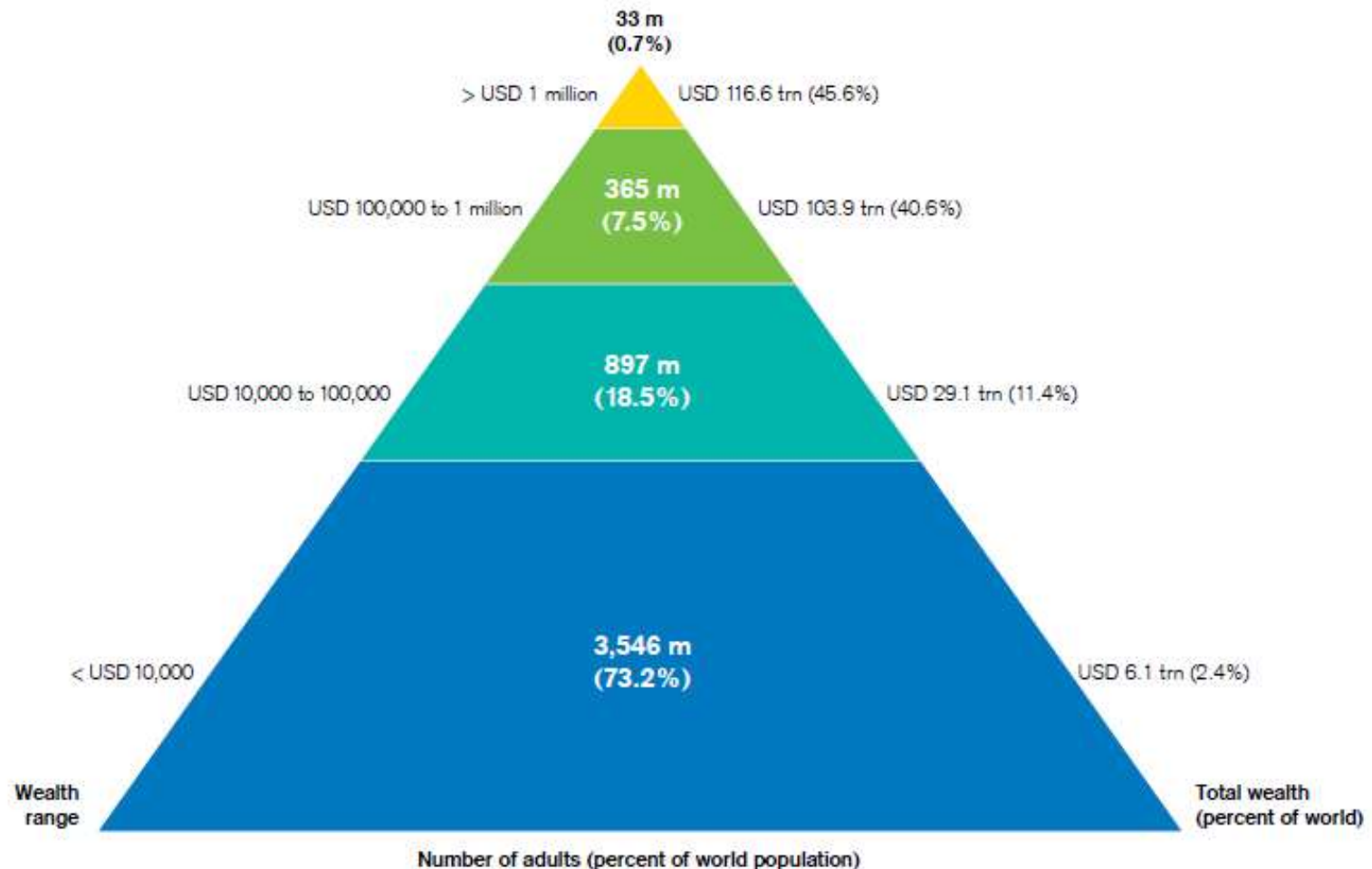
# Distribution of wealth in the world

(source Credit Suisse)

(source: Credit Suisse Global Wealth Report 2016 )

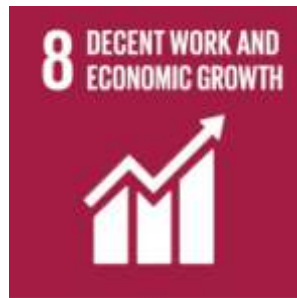
Figure 1

The global wealth pyramid



## **4. The SDGs and the challenges ahead**





## The challenges

**-169 targets**

**-241 indicators** (march 2016)

Now continue to be added

- OK the dashboard but perhaps they are too many
- **Goals are very broad but targets are much simpler and the indicators even more.**  
Tendency to **focus on indicators, which are measurable, almost, and to forget the goals**

# An attempt to cluster the goals. Six essential elements for delivering the sustainable development goals

UN Secretary General 4 December 2014



# The five Ps

<b>3 dimensions of sustainability</b>	<b>5 areas of critical importance</b>
<b>Economic</b>	<b>P</b> eople
<b>Social</b>	<b>P</b> lanet
<b>Environmental</b>	<b>P</b> rosperity
	<b>P</b> eace and Justice
	<b>P</b> artnership

## The pros of a dashboard approach

- You can always **add dimensions** if needed
- Focus on **specific, well defined, problems** and activities
- Much easier, or at least it seems, to put into practice and **to monitor and to evaluate**
- **Measurement**

## The cons of a dashboard approach

- You have difficulty to get the whole picture: to identify the **enabling and constraining structures**
- No pressure to **build a general theory**, with causal relationships. **Evidence based results**
- From a macro to an individual approach where well being is largely defined as **individual well being**.

## From macro to micro

- Measurement of micro cases has taken over, also for the evolution of academic research in recent year: if you do not measure it is not
- No problems with the big policy issues , see later in SDG 17

**Randomised Control Trials**, it has become an industry

- Quality of data, including surveys. **Poor numbers** (Jerven 2013)
- Specificity of the cases
- Small policy changes can modify the answers and the impact

## **The pros and cons today**

- **Very good the focus on people and their empowerment**
- but
- **Do not forget the causes and the role of social and economic structures**

**The widening of the meaning of development has been accompanied by a neglect of the more general impact of social and economic structures**

**The individual in society** (Alec Macfie 1967)



# Back to the SDGs: what is new

- **Planet, environment : SDGs 7 and 11-15**
- **SDG 8 Full employment and decent work**
- **SDG 10 Reduce Inequalities**
- **SDG 16 Peace and Justice** Why prominent in 2015?

**Very little on migrations** (targets: 8.8, 10.7, 10.c)

# Planet



**6. Water and sanitation for all**



**13. Combat climate change**



**7. Sustainable energy**



**14. Sustainability of marine resources**



**11. Safe and sustainable cities**



**15. Sustainable use of terrestrial ecosystems**

# Prosperity



1. End poverty



2. End hunger



8. Inclusive growth,  
full employment,  
Decent work



10. Reduce inequality **within**  
and **among** countries



9. Resilient infrastructures  
sustainable industrialization



12. Sustainable consumption  
and production patterns

# Investment decisions

- All the above SDGs are about **technology** and **market regulations**, inside there are many indicators which can be measured
- But in the end the achievement of the goals depends on the on

**decisions about the types of investments to be made**

# Who decides?

- private firms
- countries
- international organizations
- local communities

**SDG 17 on partnership, sharing decisions, hopefully**

**But there are also some SDGs which have a typically structural nature**

## The structural SDGs



**Inclusive growth, full employment, decent work**



**Resilient infrastructures and sustainable industrialization**



**Reduce inequality within and among countries**



**Sustainable consumption and production patterns**

## **The structural SDGs**

**Are these goals compatible with**

- **investment decisions taken only in view of profit maximization?**
- **with the enormous power of private finance?**
- **with trade agreements in which all partners have to follow the same rules?**
- **with the capitalist economy?**

## **Development as empowerment**

**Empowerment** is an increase in people's **freedom** which takes place inside a **global and local environment**

**With respect for the planet (nature)**  
**therefore**

**Social, political and economic structures**  
**can be either**  
**opportunities or constraints**



# Last but not least

- **SDG 16:**            **11 targets**            **23 indicators**
- **SDG 17:**            **19 targets**            **25 indicators**

**30 targets**

**48 indicators**

**Almost 20% of all targets and indicators refer to  
the last two goals!!**

# **SDG 17, Global partnership**

**Strengthen the means of implementation  
and revitalize the**

**global partnership for**

**sustainable development**

# SDG 17, targets

**19 targets**

- **Finance** **5**
- **Technology** **3**
- **Capacity building** **1**
- **Trade** **3**
- **Systemic issues**
  - Policy and institutional coherence **3**
  - Multi-stakeholder partnership **2**
  - Data monitoring and accountability **2**

**From 2016 to 2030... and beyond**

**Dialogue and negotiations**

**General principle:  
the re-balancing of negotiating powers  
between the stakeholders**

**How to combine**

**universality and differentiation**

# Triangular policy dialogue, (17.6, 17.9)

Main areas:

- **Trade, Special and Differential Treatment (10.a)**
- **Industrial policies:** Export, Taxes, Investments, exchange rate
- **Decent work, Migrations (8.8, 10.7, 10.c)**
- **Public finances** and budget: tax system, subsidies
- **Social protection (Welfare) systems (1.3)** better than floors or safety nets.

## Negotiations: an example of EU and Africa

- The **Cotonou agreement of 2000** between the EU and the ACP countries, Africa.

- The **Economic Partnership Agreements, EPAs**

Trade negotiations which had to respect the WTO rules of **reciprocity** and **non-preferential treatment**

Negotiations lasted more than 10 years and not fully completed

# Institution and capacity building for dialogue and negotiations

- Enhanced Institutional, administrative and human capacities



- Plenty of room for university cooperation

But all this requires **policy space** (17.15) for developing countries

# Peace and justice: SDG 16

**Promote**

**peaceful and inclusive societies** for sustainable development, provide access to

**justice for all** and build effective, accountable and

**inclusive institutions** at all levels.



**11 targets**

**23 indicators**



## **SDG 16: the content**

SDG 16 is an **end in itself** and

**means for other goals**

Focus on:

- **Personal security**
- **Good governance**

**But justice is not only about governance and the rules of laws but also about what we think it is right or wrong**

**All human beings are equal,  
all human beings are different**

**National**

**Linguistic**

**Ethnic**

**Religious**

**Caste**

**Gender**

**Geographical**

# **Cooperation as knowledge and dialogue: us and the others**

- **John Rawls**                      **A theory of justice (1971)**
- **Amartya Sen**                      **Identity and violence (2006)**
- **Amartya Sen**                      **The idea of justice (2009)**

**Sen 2006**                      **Multiple and evolving identities**

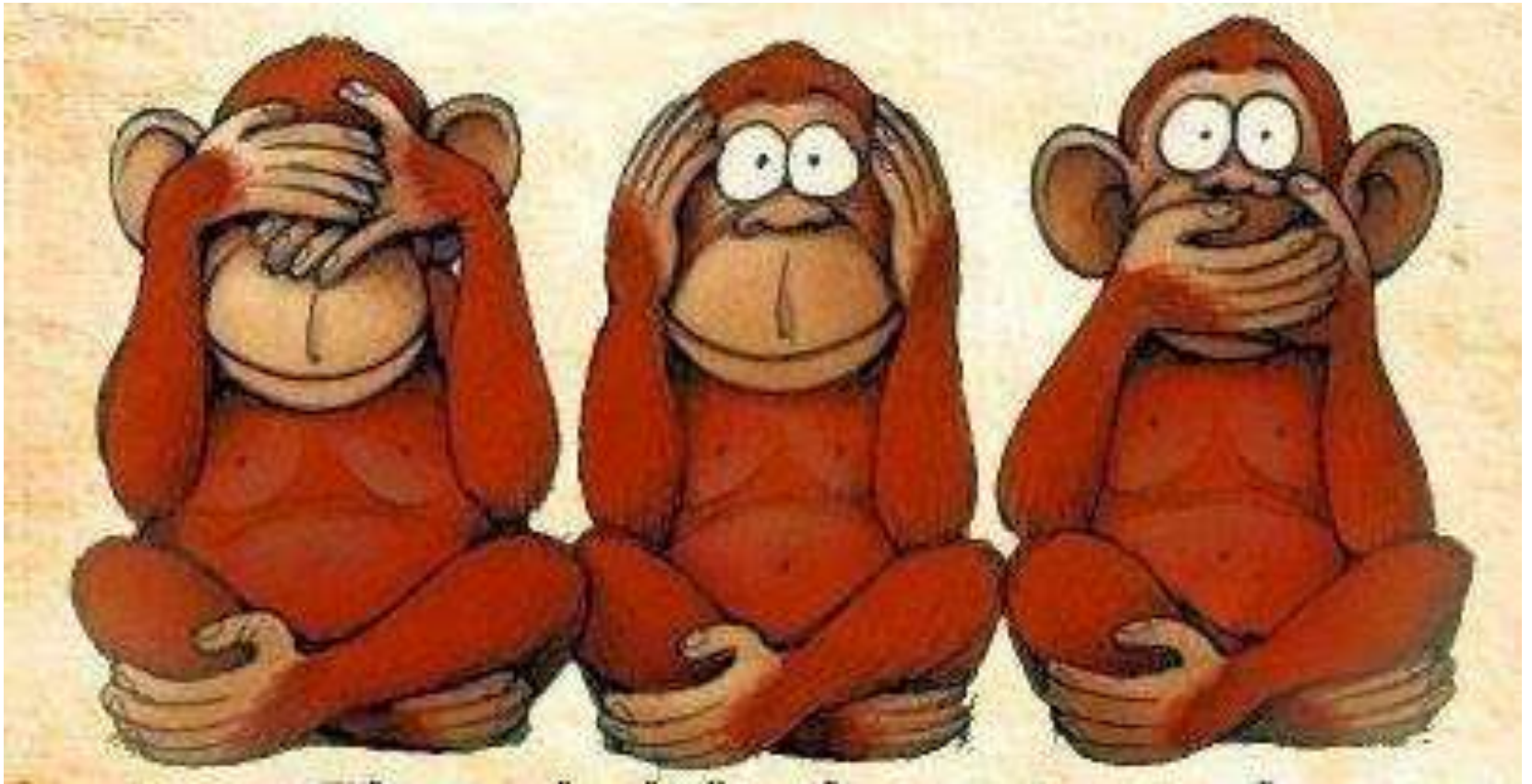
**Plural mono-culturalism**

# Choose your hero: Hume, Rousseau, Voltaire

a print by James Boswell 1766



# The lazy monkeys



# The three monkeys comment on “The inequality of mankind”

