



September 2010

Subsidiarity: challenging the top down bias

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Recommended Citation

Kelley, Scott (2010) "Subsidiarity: challenging the top down bias," *Journal of Religion and Business Ethics*: Vol. 1, Article 2.

Available at: <https://via.library.depaul.edu/jrbe/vol1/iss2/2>

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Global poverty has received significant attention in the past decade, most notably through the adoption of the United Nation's Millennium Development Goals (MDGs) in 2002. The goals aim to halve extreme poverty by 2015 and eradicate it by 2025. There are various justifications for such noble goals ranging from basic moral obligation to the growing recognition that extreme poverty poses significant economic, health, and security threats to the global community.¹ There are also significant disagreements between development economists such as Jeffrey Sachs and William Easterly as to the most effective way to achieve these goals.² While moral evaluation often tends to focus on consequences, effects, and outcomes, it cannot overlook the moral assumptions and mental models that frame the problem and the proposed solution.³ The strong connection between acts of description and acts of evaluation is nothing new in the field of ethics.⁴ Global poverty discussions must also challenge underlying mental models, modes of description, and modes of evaluation.

Any attempt to alleviate global poverty must take William Easterly's critique seriously: there is a long history of failed attempts by the West to alleviate global poverty.⁵ Achieving the Millennium Development Goals will require a critical re-configuration of those mental models that have shaped failed attempts in the past. One problematic mental model comes from the moral arguments of Peter Singer who has written about global poverty for over thirty years. His article "Famine, Affluence, and Morality" appeared in 1972 in *Philosophy and Public Affairs* and his argument has resurfaced numerous times since.

Singer presents a number of notable positions that are worthy of serious consideration; however, his analysis of extreme poverty and moral obligation truncate the moral imagination and need to be re-configured. My critique of Singer's position will proceed in three parts: the first part will summarize his

¹ Susan E. Rice, "The Threat of Global Poverty," *The National Interest* (Spring 2006): 76–82, accessed January 5, 2010,

http://www.brookings.edu/articles/2006/spring_globaleconomics_rice.aspx.

² William Easterly, "A Modest Proposal" Reviewed by William Easterly (Sunday, March 13, 2005): accessed January 5, 2010, <http://www.washingtonpost.com/wp-dyn/articles/A25562-2005Mar10.html>; Jeffrey D. Sachs, "Up from poverty" in *Washingtonpost.com* (Sunday, March 27, 2005), accessed January 5, 2010 <http://www.washingtonpost.com/wp-dyn/articles/A64541-2005Mar24.html>.

³ Patricia H. Werhane, *Moral Imagination and Management Decision-Making* (New York: Oxford University Press, 1999).

⁴ See, for example, Julius Kovesi, *Moral Notions* (New York: Humanities Press, 1967).

⁵ William Easterly, *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good* (New York: Penguin Press, 2006).

arguments concerning global poverty; the second part will evaluate the problematic mental models operative in his argument; and the third part will introduce the principle of subsidiarity as a key moral principle for poverty alleviation, best demonstrated through the innovative praxis of the base of the pyramid approach. I will use the terms extreme poverty, poverty, and global poverty somewhat interchangeably to refer to those who either cannot meet or just barely meet basic needs of survival. Both terms must be distinguished from relative poverty, which refers to income inequity of a particular region.⁶

SINGER'S EQUATION

Without oversimplifying Peter Singer's argument about wealth or dismissing the nuance with which he handles a range of issues, he believes there is a unique moral obligation of those with wealth to address the immediate life threatening challenges faced by those who live in extreme poverty, an obligation best fulfilled through philanthropic activity. In his words, "[f]or more than 30 years, I've been reading, writing and teaching about the ethical issue posed by the juxtaposition, on our planet, of great abundance and life-threatening poverty."⁷ Those who have a "wealth surplus" are obliged to give "most of it to help people suffering from poverty so dire as to be life threatening," because the money spent on a new car, cruise, home redecoration, or pricey new suit could realistically save children's lives.⁸ The argument contains three distinct elements that, when taken together, constitute the nature of the obligation. However, it is important to treat each element as distinct and separate, since an uncritical acceptance of all three can yield problematic consequences.

The Moral Obligations of Superabundance

The first element in Singer's equation is what I will call the moral obligation of superabundance. Concerned with the juxtaposition of "frivolous consumption" in light of the immediate demands of life threatening poverty, Singer argues that those in a position to do something about poverty without any significant sacrifice ought to do so. His critique of frivolous consumption is an important one, but not because it creates an obligation to help the poor. The most pressing danger of frivolous consumption is that such patterns of consumption are unsustainable on

⁶ Sachs, "Up from poverty," 20

⁷ Peter Singer, "What Should a Billionaire Give – and What Should You?" in *NY Times Magazine* (December 17, 2006).

⁸ Peter Singer, "Peter Singer's Solution to World Poverty" in *New York Times Sunday Magazine* (Sept 5, 1999).

the current trajectory if the developing world follows the same pattern of resource use.⁹ Another concern of frivolous consumption is that it could lead to a truncated view of meaning through an excessive materialism. However, Singer's critique of frivolous consumption is not concerned with either of those problems. In the *Summa Theologica* Thomas Aquinas uses the term "superabundance" to describe the obligation those who possess superabundant wealth have towards the common good, which necessarily includes meeting the needs of the poor.¹⁰ Essentially, Singer makes the same argument: *by virtue* of their abundant wealth, the wealthy have a moral obligation to help the poor to meet basic needs for survival.

Singer argues in "Famine, Affluence, and Morality" that there can be no distinction between the voluntary good of "charity" and a positive moral duty with respect to extreme poverty.¹¹ Giving to organizations like the Bengal Relief Fund or Oxfam cannot simply be viewed as a "generous" activity because it implies that there is not any particular obligation for those who are able to give but choose not to. In the language of philosophers and theologians, Singer believes that giving money in this context is not "supererogatory," it is not a voluntary good. Singer elevates the obligation to the status of duty, which applies to all who live in superabundance. He advocates a modest lifestyle for billionaires so that they can better fulfill their obligations.¹²

Satisfying The Obligation of Superabundance

Singer argues that State aid and individual philanthropic contributions satisfy the obligations of superabundance and are expressions of a true belief in human equality. If one truly believes in human equality, one must donate a portion of one's income to address the challenges of global inequality:

If we don't put in those relatively modest amounts so that we are talking not of 0.1 percent of GDP but at least 1 percent or perhaps 2 percent of GDP, still \$1.00 or \$2.00 in every \$100.00 that we earn, then we cannot hold our heads up and say, 'We do believe that human beings are equally precious or equally important no matter what country they live in,' and we can't think of ourselves as contributing to the development of a global community.¹³

⁹ Stuart Hart, *Capitalism at the Crossroads: The Unlimited Business Opportunities in Solving the World's Most Difficult Problems* (New Jersey: Wharton School Publishing, 2005): 31-54.

¹⁰ Thomas Aquinas, *Summa Theologica*. Vol. 3 (Complete English ed.: Christian Classics, 1981): II-IIq32, 5-6

¹¹ Peter Singer, "Famine, Affluence, and Morality" in *Philosophy and Public Affairs*, (vol. 1, no. 1 Spring 1972): 229-243 [revised edition]

¹² Peter Singer, "Can You Be Too Rich?" *Los Angeles Times* Op-Ed: Sunday Current (March 18, 2007), accessed January 5, 2010 <http://articles.latimes.com/2007/mar/18/opinion/op-toorich18> .

¹³ Ibid.

Singer even creates a metric for fulfilling the obligation of superabundance. Like a progressive code of taxation, he calculates the amount of money that could go toward the alleviation of poverty if only the wealthy would give more. By examining the top 10 percent of income earners in the United States, he discovered “how easy it would be for the rich to eliminate, or virtually eliminate, global poverty.” He begins at the top with those who earn more than \$5 million a year and could easily give away one-third of their income - leaving them with a comfortable \$3.3 million. He then calculates what each other segment of the top 10 percent should give, ranging from one-fifth to just 10% of annual income. His progressive metric for calculating the relative obligation each owes to philanthropy yields a total of \$404 billion without really impacting lifestyles.¹⁴ This level of giving would surely eliminate the blight of global poverty.

In addition to individual philanthropic activity, Singer justifies foreign aid through the logics of redistribution and compensation. Using utilitarian terms, he argues that donating \$1,000 (assuming a salary of \$100,000), for example, is justified by the significant impact it could have on someone who earns \$5000 a year. Foreign aid must follow the same logic as individual philanthropy. From a compensatory perspective, aid could be seen as the rightful restitution to those who have been harmed by colonial occupation.¹⁵

Thought Experiments and Mental Images

Singer often uses thought experiments to clarify and articulate the logic of superabundance. In “Why we all should give 25% of our pay,” Singer asks his readers to imagine they see a friend drowning in a pond but refuse to help because they didn’t want to get their new shoes wet. Later in the article he asks his readers to consider the connection between having a \$100 dinner and the death of a Sudanese child due to malnourishment when that \$100 could have gone to a relief agency.¹⁶ By frequently using simple analogies, like a child drowning in a nearby pond, Singer aims to adequately describe the nature and context of the moral obligation. By reducing something extraordinarily complex to basic terms of human interaction, Singer is able to arrive at a position few could reasonably disagree with. After all, who really would let a child drown to keep their new shoes from getting wet? In addition to thought experiments, Singer also believes the images from news cameras can help viewers arrive at a felt understanding of

¹⁴ Singer, “What Should a Billionaire Give.”

¹⁵ Peter Singer, “One World,” speech delivered at The Carnegie Council (October 29, 2003), accessed January 5, 2010, <http://www.utilitarian.net/singer/by/20031029.htm>.

¹⁶ Peter Singer, “Why we all should give away 25% of our pay” in *Brisbane Times* (June 9, 2007), accessed January 5, 2010 <http://www.brisbanetimes.com.au/news/world/why-we-all-should-give-away-25-of-our-pay/2007/06/08/1181089326370.html>.

the plight of the poor.¹⁷ For Singer, such thought experiments and television images are important elements of enhancing moral sentiments.

Singer's Diagnosis of Extreme Poverty

In various articles, Singer demonstrates a great deal of nuance in his arguments in favor of philanthropy. He recognizes the disastrous effects that corruption, unfair trade policy, and inefficient aid organizations can have on achieving positive outcomes. However, he consistently maintains the logic that “if it is in our power to prevent something bad from happening, without thereby sacrificing anything of comparable moral importance, we ought, morally, to do it.” ‘Doing something’ can mean lots of things, but the most effective response is to donate to organizations like the Bengal Relief Fund or Oxfam because it is the best way to “provide food, shelter, and medical care” for the needs of refugees, for example.¹⁸ He refers to the urgency of the problems that are created by natural disasters or other events that cause massive migration and displacement.

Singer's diagnosis of the global poverty problem is quite revealing. He believes there is a basic threshold that people must get beyond to escape the misery of global poverty. Below this threshold, people are unable to educate their children, for example, which is essential to any notion of development. The wealthy can create the conditions that put the poor over the poverty threshold, which will put them on the road to economic security, education, and health care. Eventually, the poor can move to self-sustaining economic growth and will be independent of foreign aid.¹⁹ The threshold Singer refers to is similar to the “poverty trap” that Jeffrey Sachs describes: “the poor do not have the ability – by themselves- to get out of the mess.”²⁰

Because of the poverty threshold, intervention is necessary for economic development. Private philanthropy is a more direct and effective way to address the conditions of the poverty trap, although aid plays an important role. Naturally there will be instances where some aid is ineffective, but assuming it is not counterproductive, even inefficient assistance is morally superior to the “luxury spending” of the wealthy.²¹ Here again, philanthropic activity is a function of superabundance.

¹⁷ Singer, “One World.”

¹⁸ Singer, “Famione, Affluence, and Morality”

¹⁹ Singer, “One World.”

²⁰ Sachs, *End of Poverty*, 56.

²¹ Singer, “What Should a Billionaire Give.”

GLOBAL POVERTY AND POOR MENTAL MODELS

The mental models operative in Singer's global poverty equation need to be reconfigured, not to justify moral indifference but to allow new mental models the opportunity to discover and buttress the creative and effective solutions to a problem that has been discussed for decades. The MDG aspirations cannot be attained if the same limited approaches and corresponding mental models are not reconfigured.

The Jesuit philosopher Bernard Lonergan spent much of his career examining 'insight,' the phenomenon of human understanding. Insight can only emerge from critical and sustained attention to the relevant data.²² Insight is frequently dogged by various forms of bias that dismiss relevant data and subsequent inquiry. Like a blind spot in a field of vision, bias inhibits attention and understanding. Individual bias can become group bias, which can lead to cycles of social decline.²³ Lonergan's notion of bias is helpful in evaluating the persistence of global poverty, despite five decades of various efforts from the West and \$2.3 trillion in aid to developing countries.²⁴ Global poverty is no stranger to the grand plans of the West.

Singer's argument is often the result of the bias of common sense. Common sense becomes a bias when the primary focus on the familiar world of the way things appear to us does not allow the less familiar world of inquiry to emerge. Overly simple analogies and general impressions remain the dominant mode of discourse.²⁵ Singer's diagnosis of global poverty tends to use the immediate needs of the refugee as the single most pressing representation. It is a disservice to the MDGs to represent global poverty in such basic, monolithic terms. While disaster relief and refugeeism are significant concerns that may well merit philanthropic activity, it is a profound truncation to employ them as caricatures of global poverty. C.K. Prahalad identifies a number of such common sense biases: the poor do not need technology, the poor have no resources, the poor are dependent on aid skewed to "public goods", and the poor are not brand conscious consumers of goods or services.²⁶ When images of starving children, disaster relief, and refugee camps are the dominant or exclusive images on television, a positive effect in Singer's opinion, people are prone to what

²² Bernard Lonergan, *Method in Theology* (Toronto: University of Toronto Press, 1971): 212-213.

²³ Mark D Morelli and Elizabeth A. Morelli, eds., *The Lonergan Reader* (Toronto: University of Toronto Press, 1997): 124-152.

²⁴ Easterly, *White Man's Burden*.

²⁵ Morelli and Morelli, *Lonergan Reader*, 97-122.

²⁶ C.K. Prahalad, *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits* (New Jersey: Wharton School Publishing, 2005).

Lonergan calls picture-thinking.²⁷ The result is a hord of guilt-ridden “adults” feeling the need to jump in the river to save “drowning children.” Unfortunately, alleviating poverty is far less dramatic and far more complicated. Those living in the refugee camps of Darfur, for example, face very different challenges than those who live in the garbage dumps of Lima, Peru. Responsible courses of action can only emerge from critical attention to the poor, not the monolithic caricatures of popular imagination. While powerful images and thought experiments may be useful for raising awareness, clarifying moral notions, or motivating, they can inhibit the less-than-dramatic acts of intelligent understanding and sincere dialogue that are crucial for any responsible engagement.

Both Sachs and Easterly, who strongly disagree about the role of foreign aid in poverty alleviation, do agree that global poverty is a very complicated phenomenon that differs significantly from region to region and from country to country. Even as a champion of increasing foreign aid, Jeff Sachs calls for “clinical economics” and “differential diagnosis” to qualify poverty reduction efforts.²⁸ Aid can be counterproductive and create a host of perverse incentives. The common sense bias confines moral responsibility to philanthropy when the dominant mental image of the poor is that of starving refugee children. As any development economist will attest, the four billion who live on less than \$2 a day are not one monolithic group.

The most problematic common sense bias in Singer’s equation is the uncritical connection between the obligation of superabundance and the practical, ordinary demands of poverty alleviation. In Singer’s equation, satisfaction of the obligation of superabundance is always a function of *giving without return*, which is a very different obligation than creating sustainable solutions that effectively address needs, such as profitable partnerships.²⁹ So long as poverty alleviation is tethered to philanthropic activity exclusively, new mental models are unlikely to take root. While frivolous consumption and global poverty may overlap in some instances, they are separate and distinct problems that need to be treated as such. The consequence of equating the two is that the interests of the large aid agencies are not often the same as the interests of the poor they intend to serve. A prime example is CARE’s refusal to accept food aid because it suppressed local markets.³⁰

²⁷ Morelli and Morelli, *Lonergan Reader*, 427.

²⁸ Sachs, *End of Poverty*, 78-89.

²⁹ Patricia H. Werhane, Scott P. Kelley, Laura P. Hartman, and Dennis J. Moberg, *Alleviating Poverty Through Profitable Partnerships Globalization, Markets, and Economic Well-Being* (New York: Routledge, 2009).

³⁰ Cecilia Dugger, “CARE Turns Down Federal Funds for Food Aid” in *NY times.com* (August 16, 2007), accessed January 5, 2010. <http://www.nytimes.com/2007/08/16/world/africa/16food.html>.

The greatest problem with Singer's equation is not that his standards are too high, but that they are too low. They indicate a very limited moral imagination. Philanthropy can no longer be the default setting for personal or corporate involvement in the base of the economic pyramid. The MDG aspirations will require much more than Singer's tried and tired equation. Sustainable solutions to poverty alleviation demand much more from the moral imagination than a graduated scale of philanthropic donations.

THE PRINCIPLE OF SUBSIDIARITY

Peter Singer is hardly the first person to ask critical questions about poverty, wealth, and social justice in the modern world. These have been areas of concern for Catholic social thought for over two centuries. Beyond the simple obligations that emerge from superabundance, there are principles of creative engagement that express decades of substantive moral reflection. Subsidiarity is one of the key principles of Catholic social thought that is essential to any discussion of poverty alleviation.

The first formal articulation of the subsidiarity principle occurs in Pope Pius XI's *Quadragesimo Anno* written in 1931; however, its constitutive elements were implicit in Catholic social teaching well beforehand. He uses the phrase *subsidiarii officii principium* - "principle of subsidiary function" - to describe the proper relationship between higher and lower orders of society, where higher and lower are descriptions of size starting from "below" (i.e. the local) and proceeding "upward" through the intermediary institutions to the state, and more recently, to the international body of the United Nations. Subsidiarity is often described as development "from below upwards." As a Latin term meaning "to assist," subsidiarity was used by Cicero, Ovid, and Caesar to describe, in military terms, the way the second line of defense would function as a back up to the front line. There is a strong correlation between subsidiarity and the federalism of Thomas Jefferson and Abraham Lincoln.³¹

Although other sources offer a more thorough analysis of the principle itself, the most concise treatment of it comes from sections 1883-1885 of the *Catechism of the Catholic Church*. The principle has three constitutive elements:

- *non-arrogation*, which describes the obligation of a higher order community not to interfere in the internal life of a community of lower order;
- *empowerment*, which describes the obligation of the higher order community to assist the lower in case of need;

³¹ John Kelley, *Freedom in the Church: A Documented History of the Principle of Subsidiary Function* (Ohio: Peter Li, Inc., 2000): 9-13.

- and *collaborative pluralism*, which describes the mutually beneficial relationships that emerge from interactions among various intermediary institutions (i.e. those institutions between the individual and the state).

Non-Arrogation, Empowerment, and Collaborative Pluralism

The principle of non-arrogation expresses the negative function of subsidiarity, that is, as a constraint on the actions of the higher order with respect to the lower. Papal concern over state encroachment is a theme throughout the social encyclicals, where the state function after the French Revolution afforded little room for the long-standing institutions of charity. From 1878-1958, the most pressing concerns of the popes were fascism and totalitarianism, which also afforded little or no room for intermediary institutions. In both cases, the complex of social life was conflated to state action.³² The US Catholic Bishops further explain that the state should undertake “only those initiatives which *exceed* the capacities of individuals or private groups acting independently.”³³

The positive functions of subsidiarity are twofold. Empowerment articulates a positive duty to intervene in case of need. Alongside the concern of state encroachment is a growing papal concern over “mistaken notions of amoral economic laws and narrow self-interest.”³⁴ The popes argue in favor of some positive protection on behalf of the interests of the poor over and against an indifferent *laissez faire et laissez passer* approach. The second positive function of subsidiarity is collaborative pluralism, which describes the creative activity that flourishes in multiple facets of social life through the healthy functioning of intermediary institutions in contrast to any social theory that is excessively collectivist or individualistic.³⁵ Empowerment and collaborative pluralism preclude any action that functions as a mechanism of social exclusion.

Foreign aid and philanthropic activity are expressions of the positive duty to address unmet needs. However, there is also a significant concern that such activities might encroach on the ability of other intermediary institutions to empower the poor so that they may more fully participate in securing their own well-being. Singer’s mental model does not include the moral imperative of subsidiarity, which must be included in any treatment of alleviating global

³² Michael Schuck, *That They Be One: The Social Teaching of the Papal Encyclicals 1740-1989* (Washington, DC: Georgetown University Press, 1991).

³³ U.S. Catholic Conference of Bishops, *Economic Justice For All* (Washington, DC, 1997): section 124, accessed August 29, 2010, http://www.osjspm.org/economic_justice_for_all.aspx

³⁴ Schuck, *That They Be One*, 18.

³⁵ Marvin L. Mich, “Commentary on *Mater et magistra (Christianity and Social Progress)*,” in *Modern Catholic Social Teaching*, ed. Kenneth R. Himes. Washington, DC: Georgetown University Press, 2005).

poverty both on moral and strategic grounds. Sustainable poverty alleviation efforts affirm Pope Pius XI's claim that subsidiarity is "a fundamental principle of social philosophy." It comes as no surprise that one of the most innovative responses to global poverty echoes these very insights.

Poverty Alleviation at the Base of the Pyramid

Since the seminal articles in 2002, there has been growing interest in the possibility of mutual value creation between for-profit ventures and those who constitute the base of the pyramid (BoP), that is, those who live on \$1 to \$2 per day. Numerous case studies have illustrated that corporate ventures into the base of the pyramid can be profitable and can alleviate some of the effects of poverty. A BoP venture is defined as "a revenue generating enterprise that either sells goods to, or sources products from, those at the base of the pyramid in a way that helps to improve the standard of living of the poor."³⁶ Since there have been a sizeable amount of BoP ventures to evaluate and learn from, a number of new insights reflect the centrality of development from below upwards.

BoP ventures begin with the presumption that an external venture into the informal economy is necessary. The informal economy is best understood as the economic activity that takes place outside the formally recognized economy. Or, in other terms, it is the vibrant and vital response of the poor to participate in economic activity that is socially excluded from the formal, legal sector. The Peruvian economist Hernando de Soto argues that such activity at the base of the pyramid is often invisible to formal measurements and that the significant resources of the poor are hidden.³⁷ Thus, even the Purchasing Power Parity metric of the World Bank can be quite deceptive with regards to local resources, skills, and capacities. DeSoto's insight challenges Singer's caricature of global poverty: the four billion people who live on less than \$2 a day are not one, monolithic segment necessarily dependent on the philanthropic activity of the West.

External ventures into the base of the pyramid require the development of what Stuart Hart calls "native capability," that is, the ability to create a web of trusted connections with a diversity of organizations to generate bottom up solutions that build on existing social infrastructure.³⁸ BoP ventures are different from typical corporate and development strategies that rely on a top-down

³⁶ Ted London, "A Base-of-the-Pyramid Perspective on Poverty Alleviation," Working Paper, (Ann Arbor, MI: William Davidson Institute, 2007): 12, accessed January 5, 2010
[http://www.erb.umich.edu/News-and-Events/colloquium_papers/BoP_Perspective_on_Poverty_Alleviation__London%20\(UNDP\).pdf](http://www.erb.umich.edu/News-and-Events/colloquium_papers/BoP_Perspective_on_Poverty_Alleviation__London%20(UNDP).pdf)

³⁷ Hernando De Soto, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else* (New York: Basic Books, 2000).

³⁸ London, "A Base-of-the-Pyramid Perspective."

approach by importing pre-existing models and technologies into BoP markets. The design of BoP ventures operates under a logic of *co-creation*, where dialogue and participation are a condition for successful design, innovation, and implementation. Although BoP ventures take time and require patient innovation, the result is self-financed, sustainable growth.³⁹ While Singer's thought experiments create the illusion that philanthropic activity immediately results in saving a life, the promise of BoP ventures offer no such dramatic gratification. BoP ventures do not satisfy the obligations of superabundance at all, but they do address real needs in ways that alleviate many of the ordinary effects of global poverty. The marketing innovations that increased the distribution of Hindustan Lever's Lifebuoy anti-bacterial soap may not have the same gripping visual images for a CNN news crew and may not fit so nicely into the drowning child thought-experiment; however, Lifebuoy soap and its marketing campaign do a lot to reduce diarrhea-related disease.⁴⁰ While many development models operate under a logic of "providing assistance" to break the poverty trap or to cross the poverty threshold, BoP ventures seek to "generate collaborations," that is, to engage in genuine and honest dialogue of "how we can help each other."⁴¹ Once freed from Singer's equation, there is the possibility of a new mental model that recognizes the hidden resources of the poor who have been woefully ignored by the for-profit innovations that meet real needs.

The obligation of superabundance that Singer uncritically connects to global poverty does not allow for the possibility that genuine, mutually beneficial BoP ventures can help alleviate poverty and result in more profits. It is therefore crucial to separate the problem of superabundance from the problem of global poverty. I have used Singer's equation to identify a problematic mental model that must be reconfigured if the MDG aspirations are to be realized. Foreign aid and philanthropy are not sufficient to halve or eradicate extreme poverty at any point in the future if past efforts are any indicator. On moral grounds, bottom up development must sever the uncritical link between the obligation of superabundance and the reality of global poverty. The MDGs are more likely to be achieved when the for-profits begin to see the base of the pyramid as a new market opportunity for sustainable growth. This, however, is far more difficult when Singer's equation is the dominant mental model with regards to the problems of poverty.

³⁹ Ibid, 16-18.

⁴⁰ Prahalad, *Fortune*.

⁴¹ London, "A Base-of-the-Pyramid Perspective," 25.