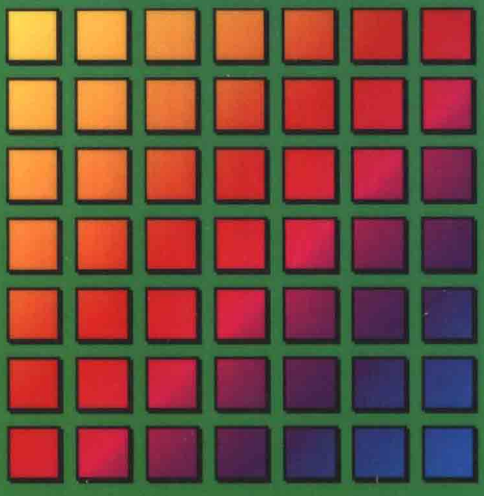
Reflections on Human Development

Mahbub ul Haq



How the focus of development economics shifted from national income accounting to people centered policies, told by one of the chief architects of the new paradigm

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Foreword

Paul Streeten

It was in 1965, when I worked in the British Ministry of Overseas Development in London, that I first met Mahbub ul Haq. Then the chief economist in the Pakistan Planning Commission, he had come to London to present the Pakistani case. I was immediately impressed by his quick grasp of complex issues, his tough backbone, his sense of humour and his gentle but firm and enthusiastic manner of presenting his case to hardened British civil servants. Later, at a conference in Williamsburg on the widening international income gap, organized and led by the wonderful Barbara Ward, he shone again, particularly in presenting a brilliant parody of a typical American aid official.

In the late 1970s, we worked together in the World Bank on "basic needs", a conceptual forerunner of human development. In addition to his major substantive contribution, Mahbub ul Haq wrote the foreword to our joint book, *First Things First: Meeting Basic Needs in Developing Countries.* Our ways then parted for about eight years. He went back to Pakistan to be a cabinet minister, I went on to Boston University. I was delighted when, out of the blue, he asked me to join him again in 1989, this time at the UNDP—where he had become Special Adviser to the Administrator—to work with him on the *Human Development Report.* As at the World Bank, he had gathered a splendid small team. His lead-

ership was inspiring. Many reflections on this work are gathered in this volume.

We had endless debates. We defined human development as widening the range of people's choices. Human development is a concern not only for poor countries and poor people, but everywhere. In the high-income countries, indicators of shortfalls in human development should be looked for in homelessness, drug addiction, crime, unemployment, urban squalor, environmental degradation, personal insecurity and social disintegration. The indicators for the advanced countries are, of course, different from those in poor countries—though, alas, to John Kenneth Galbraith's complaint about private affluence amid public squalor has been added that of private affluence amid private squalor. A walk through the streets of New York or London provides plenty of evidence.

Suicide rates are more controversial. Suicides can be regarded as indicating more options and therefore as positive, particularly those of terminally ill, elderly patients. But they can also be regarded as a sign of the breakdown of the social fabric, a failure to uphold the moral values of the family or the sanctity of life.

We got into terrible trouble when Mahbub wanted to say that development means enlarging the choices not of trees, but of people. How about choices in advanced countries? We have come to accept divorce as a normal feature of life, one that enlarges people's range of choices, though we debated whether it should be bracketed with cancer and AIDS as a curse of our times or celebrated along with aspirin and anaesthetics as a welcome liberation from past miseries. We searched for a "green" Keynes, born in the South, and preferably a woman.

I have sometimes thought that the human race consists of two types: molluscs and mammals. Molluscs are those with a hard veneer, unyielding and tough, but when you push through their exterior, you find a squishy, soft, mushy mess underneath. Mammals are soft and warm and yielding outside, but underneath lies a firm, strong backbone. In negotiations, the molluscs are sometimes deceived into thinking that the mammals are pushovers. But they should beware. Mahbub ul Haq is a mammal. His gentle appearance conceals a tenacity and strength of character that he has demonstrated both inside his own government and in foreign negotiations. A testimony to his flexibility in the light of new evidence is the plaque he had on the wall in his World Bank office, which read, "It is too late to agree with me; I've changed my mind." He gave it, I believe, to Maurice Strong, who urgently asked for it.

Mahbub ul Haq's powers of persuasion are formidable. In 1971, he saved the 1972 United Nations Stockholm Conference on Human Environment, organized by Maurice Strong. The developing countries wanted to pull out. But at a meeting in Founex, near Geneva, Mahbub single-handedly turned around the negative attitudes of the delegations from the developing countries, committing them to wholehearted support of the conference. He did this by marrying the concerns of environment and development into a single concept of an environmentally sound, people-centred development paradigm—a forerunner of the current concept of sustainable human development. It was a gigantic achievement. The Founex Report, written principally by him, has proved to be a seminal document.

The concept of basic needs, as we understood it, was not (as is sometimes thought) centred on the possession of commodities. Instead, it was concerned with providing all human beings, but particularly the poor and deprived, with the opportunities for a full life. Human development goes beyond basic needs in that it is concerned with all human beings—not only the poor and not only in poor countries—and not only basic needs. Human development applies to the advanced countries as much as to the middle-income and low-income countries.

Human development puts people back at centre stage, after decades in which a maze of technical concepts had obscured this fundamental vision. That is not to say that technical analysis should be abandoned. Far from it. Mahbub ul Haq has always emphasized the need for the highest professional standards and is himself a fine practitioner of economic techniques. But he reminds us that we should never lose sight of the ultimate purpose of the exercise of development: to treat men, women and children—present and future generations—as ends, to improve the human condition, to enlarge people's choices.

Human development is not once, twice or thrice, but six times blessed.

First, and above all, it is an end in itself that needs no further justification. The human development approach pioneered by Mahbub ul Haq reminds us of this truth, which is sometimes forgotten in the preoccupation with technicalities.

Second, human development is a means to higher productivity. A well-nourished, healthy, educated, skilled, alert labour force is the most important productive asset. This has been widely recognized. Yet Hondas, beer and television are often accepted without question as final consumption goods, while investments in nutrition, education and health services must be justified on grounds of productivity.

Third, it slows human reproduction by lowering the desired family size. This is generally regarded as desirable. It is paradoxical that a policy that reduces infant mortality and raises health standards generally should lead to slower population growth. One might think that more survivors would mean more mouths to feed. But evidence shows that people try to overinsure themselves against infant deaths, and that fewer child deaths lead to a smaller desired family size. It is true that there is a time lag of about two decades between a drop in child mortality and lower fertility rates. But other components of the human development strategy—such as better and longer education for girls—pay off sooner in smaller families.

Fourth, human development is good for the physical environment. The poor are both a cause (though not as significant a cause as the rich) and the main victim of environmental degradation. Deforestation, desertification and soil erosion decline when poverty declines. How population growth and population density affect the environment is more controversial. The conventional view is that they have a detrimental effect. But recent research has shown that rapid (though not accelerating) population growth and high population density (particularly if combined with secure land rights) can be good for soil and forest conservation. More people in Guinea have meant more trees, not fewer. In Nepal, increased erosion was the result of depopulation; terraces could not be maintained for lack of people. In the Kakagema District in Kenya, the density of trees varies with the density of the population. A study of the Machakos District in Kenya found a fivefold increase in population associated with a shift from highly degrading to much more sustainable agriculture.

Fifth, reduced poverty contributes to a healthy civil society, increased democracy and greater social stability. China has witnessed a rapid reduction in poverty while maintaining an autocracy, but with successful human development, the call for freedom cannot be suppressed for long.

Sixth, human development has political appeal, for it may reduce civil disturbances and increase political stability, though this will depend on the relation between aspirations and material improvements. If aspirations move too far ahead of material improvements, political instability may result.

At first blush, there appears to be a unity of interest between those who emphasize human development's productivity aspect, the human resource developers, and those who stress its ends, the humanitarians. Although their motives differ, both have the same cause at heart, and

they should embrace each other, for example, when it comes to promoting education. The ends presumably are the same in both camps.

Although there can indeed be harmony among some of these objectives, there can also be conflict. Humanitarians, those who emphasize people as ends, are concerned also with the unproductive and the unemployable: the old, the disabled, the chronically sick. These people suffer from a double disadvantage: they face greater difficulties both in earning income and in converting income into well-being.

There may be a bonus for the community looking after them—however—if not higher production, at least lower reproduction. If parents know that the community will care for them if they become disabled or infirm, an important cause of the desire for large families, particularly for many sons, disappears. Discrimination against females will also decline. But these benefits are incidental. The main point is that the disabled also are people, worthy of our concern.

Another example of a possible conflict arises in the case of women. Those who advocate women's freedom and the abolition of discrimination on grounds of efficiency and productivity will welcome the benefits for men also. But those who are concerned with women's rights as an end will advocate policies that reduce the benefits to men and involve sacrifices by them. Men's support for the policies will tend to vary according to which aspect is stressed.

Those who see nutrition, education and health as ends in themselves rather than as means to higher productivity will argue for projects and programmes that enhance those ends, even when conventionally measured rates of return on these investments turn out to be zero. It amounts to standing the conventional approach on its head—or rather, back on its feet.

The item in UNDP's *Human Development Report* that has caught the public's eye and caused the most controversy is the Human Development Index (HDI). The concept of human development clearly is much wider and richer than what can be caught in any index or set of indicators. That is also true of other indicators, such as those of temperature. Why try to catch a vector in a single number?

Such indexes are useful in focusing attention and simplifying problems. They are eye-catching. They have considerable political appeal. They have a stronger impact on the mind and draw public attention more powerfully than a long list of indicators combined with a qualitative discussion. The strongest argument in their favour is that they show up the inadequacies of other indexes, such as gross national product (GNP), contributing to an intellectual muscle therapy that helps us to

avoid analytical cramps. They can serve as mental finger exercises. They redirect our attention from one set of items to others—in the case of the HDI, to the social sectors: nutrition, education and health. But again, it should be remembered that human development is a much richer concept than can be caught in any index, whether GNP, the HDI or any other.

The Human Development Index comprises (1) the logarithm of gross domestic product (GDP) per head, calculated at the real purchasing power, not at exchange rates, up to the international poverty line (after 1990 this was modified in various ways); (2) literacy rates (and, since the 1991 report, mean years of schooling); and (3) life expectancy at birth. These disparate items are brought to a common denominator by measuring the distance between the best and the worst performers and producing a ranking of countries. Critics have said that not only the weights of the three components are arbitrary, but also what is excluded (such as freedom and human rights) and what is included.

As we have seen, one of the great drawbacks of income per head is that it is an average that can conceal great inequalities. But the other components of the Human Development Index, life expectancy and literacy, also are averages. They can conceal vast discrepancies between men and women, boys and girls, rich and poor, urban and rural residents and different ethnic or religious groups. The HDI has in fact been disaggregated by sex, region and ethnic group for a few countries for which data were available, with illuminating results. It has also been adjusted for sex disparities. This is done by first adjusting the HDI ranking by expressing the value of each component of the index for females as a percentage of the value for males. These percentages, calculated separately for income, educational attainment and life expectancy, are then averaged and the country's general HDI is multiplied by this factor to yield a sex-disparity-adjusted HDI. This procedure makes a considerable difference to the rankings of countries. Japan moves down from 3 to 19, Canada from 1 to 9, Switzerland from 2 to 17 and Hong Kong from 22 to 30. But, Sweden moves up from 4 to 1, Denmark from 15 to 4, Finland from 16 to 3 and New Zealand from 18 to 8.

Disaggregation is also possible by other categories—for example, income group, residence (urban, rural), ethnic group, region and continent. *Human Development Report 1993* disaggregated the HDI by ethnic group for a small group of countries.

There are, however, several reasons why even non-disaggregated and non-sex-disparity-adjusted human indicators are less misleading than income per head, and why the HDI should be given legitimacy.

First, the distribution of literacy and life expectancy is much less skewed than that of income. There is a maximum of 100% literacy, and, despite all the achievements of modern medicine, the maximum life span has not been extended significantly. But for income, the sky is the limit. A very few very high income earners can raise the average. (The median or the mode would eliminate some of the distortions, but normally they are not available.)

Second, therefore, the average of a human development indicator tells us something about the distribution. There cannot be high averages if many people are not participating. Thus, because the non-poor gain access to public services before the poor, reductions in infant mortality, for example, indicate improvements for the poor. As Sudhir Anand and Amartya Sen have shown, for life expectancy the average may actually be better than a figure corrected for unequal distribution, for the following reason. Because, all things equal, women live longer than men, an equal life expectancy may indicate a systematic anti-female bias in the distribution of health care, food, education and other ingredients of life. Correcting for distribution in life expectancies can then be *inegalitarian* in its impact on equality of treatment. Since it is easier to extend the life expectancy of females than that of males if we start from the *same* level of life expectancy, concentrating on the *average* life expectancy would in this case be fairer than using life expectancy corrected for distribution.

Third, any upward move in a human development indicator can be regarded as an improvement. Some might object if the literacy of only boys or the life expectancy of only men is increased for a certain period, but unless it can be shown that such increases worsen the fate of girls and women by, for example, increasing the ability and desire to discriminate against them, to object would smack of envy. (The social and economic returns to educating girls are, however, likely to be greater than those to educating boys.)

There is evidence that the lower the level of women's education, the greater the discrimination against them. In this case, an equal improvement in everybody's education reduces anti-female bias.

Fourth, whereas high incomes for some can cause relative deprivation for others, that is not true for human development. If anything, improving the health and education of anyone benefits the entire community.

Fifth, international income gaps may be inevitably widening, but to aim at reducing international gaps in human development is both feasible and sensible. In fact, progress in human development terms pre-

sents a more cheerful picture than progress in income terms. Since 1960, average life expectancy has increased by 16 years, adult literacy by 40% and nutritional levels by more than 40%, and child mortality rates have been halved. The international gap in these indicators, unlike that in income per head, is closing. While average income per head in the South is 6% of that in the North, life expectancy is 80%, literacy 66% and nutrition 85%.

Sixth, human development indicators show the troubles of over-development—or, better, maldevelopment—as well as those of under-development. Diseases of affluence can kill, just as the diseases of poverty can. Income statistics, by contrast, do not reveal the destructive aspects of wealth.

Seventh, indicators that measure impact rather than inputs distinguish between goods and "anti-bads" (regrettable necessities), which, though requiring production, add nothing to human welfare. These anti-bads include food requirements arising from unwanted pregnancies and feeding children who die, or from long walks to collect water and fuel, or from excess work or the need to walk between unconsolidated plots or in looking for work. For urban dwellers, they include high housing and transport costs.

Eighth, the index contributes, as we have seen, to intellectual flexibility. It presents a kind of analytical muscle therapy that cures us of cramps of obsession with a single measure such as GNP. Let many possible indexes bloom, so as to show the complex and multiple dimensions of the human condition. In the *Human Development Report*, many additional indicators highlight the human condition. Food security, ratios of military to social spending, population without access to safe water or sanitation, female-male gaps, incidence of AIDS, access to newspapers and telephones, drug-related crimes and many other concrete statistical indicators carry the discussion beyond the usual level.

Ninth, and most important, there is considerable political appeal in a simple indicator that identifies important objectives and contrasts them with other objectives. It draws the attention of policy-makers to the social sectors.

A separate index can cover human freedom and human rights, clearly important aspects of human development. For life expectancy and literacy could be quite high in a well-managed prison. Basic physical needs are well met in a zoo. China shows remarkable progress in human development, but without freedom and human rights.

Should a freedom index be integrated into the Human Development Index? There are some arguments in favour of this, but the balance of

arguments is probably against it. First, freedom is so important (and, opportunity costs apart, costless) that no trade-off should be possible between loss of freedom and gains in other indicators. Second, political conditions are much more volatile than changes in education and health. Human development indicators tend to be fairly stable. Once a mother knows the importance of education for her children, or of hygienic behaviour, this knowledge is not lost even when incomes drop. Political indicators, however, can change overnight with a political coup. Third, measuring freedom and human rights is more subjective and less reliable than measuring life expectancy or literacy.

One of the most interesting questions is how freedom is related to human development as more narrowly interpreted. This relationship can be examined only if freedom and human development are recorded by separate indexes. Thus, we might formulate a hypothesis, to be tested using the separate indexes, that freedom, though not a necessary condition of human development, is entirely consistent with it even at quite low levels, and that human development, once it has reached a certain stage, leads inevitably to a call for freedom by the people. Here is a message of hope.

Mahbub ul Haq has the imagination to contemplate alternative ways of looking at human welfare and the political wisdom to recognize the need to draw policy-makers' attention to human priorities. His proposal of a 20:20 contract between aid donors and recipients illustrates these qualities. His proposal sets quantitative targets: donors would allocate at least 20% of aid, and developing countries at least 20% of government expenditure, to social and human development.

An international central bank, an international investment trust and a progressive global income tax are among the ideas to which he has given concrete shape. He combines vision with attention to detail—an uncommon combination. Not afraid to be cast as a utopian, he fills in his and our fantasies with information and detail.

Mahbub ul Haq strengthened the human development approach by adding several dimensions of security: shifting the concept away from military, territorial and national security and towards human security (which can often be increased by reducing defence expenditure), a necessary condition for human development. Ethnic conflict, civil wars, external aggression and genocide are now seen as having economic and social roots in the extreme human insecurity that arises from hunger, poverty, unemployment, discrimination, social exclusion and social disintegration. Mahbub ul Haq has argued that tackling the root causes of poverty by preventive action—rather than by intervention after conflicts

have broken out into open wars—can be much more effective and save many lives. An entire chapter of this book is devoted to this emerging concept of human security, to which Mahbub ul Haq has contributed so much.

State sovereignty, which still dominates the world order, has become inadequate and indeed dangerous. In peacekeeping, the unrealistic distinction between external aggression and internal oppression must be abandoned. The predominant threat to stability is conflict within countries, not conflict between them. There is an urgent need to strengthen international human rights law. Many of the most serious troubles come from within states—either because of ethnic strife or because of repressive measures by governments. Conditions that lead to tyranny at home sooner or later are likely to spill over into a search for enemies abroad. Consider the Soviet Union's invasion of Hungary and Czechoslovakia, the South African government's interventions in Angola and Mozambique and Iraq's invasion of Kuwait. An ounce of prevention is better than a ton of punishment. And prevention of aggression is an important task for the United Nations. The creation of a UN rapid deployment force would be a significant contribution to peace.

These issues and others are covered in this book, which illustrates brilliantly the insights that can be achieved by a cool head combined with a warm heart.

Preface

This book traces my intellectual journey—and the world's—through a profound transition in development thinking in recent decades. In it, I reflect on the quiet emergence of human development as a major focus of economic thinking. Only 30 years ago, it would have been heresy to challenge the economic growth school's tacit assumption that the purpose of development is to increase national income. Today, it is widely accepted that the real purpose of development is to enlarge people's choices in all fields—economic, political, cultural. Seeking increases in income is one of the many choices people make, but it is not the only one.

My writings reflect this evolution in economic thought. My first book, *The Strategy of Economic Planning* (Oxford University Press, 1963), was a defence of the classical growth school in the context of Pakistan's development planning. But when rapid economic growth during the 1960s failed to translate into improvements in the lives of Pakistan's masses, I was forced to challenge many of the premises of my initial work. My second book, *The Poverty Curtain* (Columbia University Press, 1976), laid out a case for putting equality of opportunity, within nations and between them, at the centre of the development dialogue. This theme was carried forward through *First Things First* (World Bank, 1982), which I edited with Paul Streeten, as well as in the annual *Human*

Development Report that I helped launch in 1990 under the sponsorship of the United Nations Development Programme (UNDP).

My sincere tribute goes to William H. Draper III, the Administrator of UNDP (1986–93). He showed great vision in 1989 in taking a chance on an untested idea—the *Human Development Report*. And he protected the intellectual independence and professional integrity of the report despite considerable international pressure. This was the essence of real leadership—a tradition that his successor, James Gustave Speth, has continued while combining it with admirable intellectual contributions to the substance of the development debate on this subject. Although I have written this book while serving as Special Adviser to the Administrator of UNDP, UNDP carries no responsibility for my views. I carry this burden alone.

So many friends and colleagues have helped in the evolution of my thinking that it is impossible to acknowledge them all. Paul Streeten has added to the many intellectual debts I owe him by contributing a thoughtful foreword to this book. Others who have contributed so generously to the ideas in this book include Amartya Sen, Frances Stewart, Gustav Ranis, Meghnad Desai, Keith Griffin, Wouter Tims, (the late) Jim Grant, Richard Jolly, Hans Singer and Dragoslav Avramovic. The list could be much longer, and I offer quiet thanks to those not mentioned.

Many colleagues helped me in the compilation of this book, particularly Inge Kaul, Selim Jahan, Saras Menon and Laura Mourino, to whom I owe my sincere thanks. Linda Pigon-Rebello, my executive assistant, has been invaluable in completing this book. I could never have finished it without her untiring and selfless help. Renu Corea did an outstanding job of desktopping composition and gave much help to the manuscript. I also thank Bruce Ross-Larson for his editing, Gerry Quinn for his cover design, Alison Strong for proofreading and Kim Bieler and Heather Cochran for producing the camera-ready copy.

The statistical annex at the end of this book is based on data derived from various *Human Development Reports* (1990–94) as well as from the extensive data base system of UNDP. I am grateful to UNDP and to the Department of Information, Ministry of Foreign Affairs of Denmark, for their gracious support for this book.

I must acknowledge my deep debt to my wife, Bani, a constant intellectual companion and an integral part of all I have accomplished in my life. She contributes so generously to my thinking and yet expects so little credit in return.

I have dedicated the book to my two children, Toneema and Farhan, whose human values I greatly respect and who are likely to find themselves in the midst of this exciting debate on human development in the 21st century.

Mahbub ul Haq
New York
7 April 1995

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