



## Importance of Human Development

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### ABSTRACT

The Human Development Index (HDI) is an index used to rank countries by level of “human development”, which usually also implies whether a country is developed, developing, or underdeveloped.

The origins of the HDI are to be found in the Programmes (UNDP) Human Development Reports (HDRs). These were launched by Mahbub ul Haq in 1990 and had the explicit purpose: "to shift the focus of development economics from national income accounting to people centered policies."

### INTRODUCTION

To produce the HDRs, Haq brought together a group of well known development economists including: Paul Streeten, Frances Stewart, Gustav Ranis, Keith Griffin, Sudhir Anand and Meghnad Desai. But it was Amartya Sen's work on capabilities and functioning that provided the underlying conceptual framework. Haq was sure that a simple composite measure of human development was needed in order to convince the public, academics, and policy-makers that they can and should evaluate development not only by economic advances but also improvements in human well-being. Sen initially opposed this idea, but he went on to help Haq develop the Human Development Index (HDI). Sen was worried that it was difficult to capture the full complexity of

human capabilities in a single index but Haq persuaded him that only a single number would shift the attention of policy-makers from concentration on economic to human well-being.

### Three Dimensions in the HDI

**The HDI combines three dimensions:**

- Life expectancy at birth, as an index of population health and longevity.
- Knowledge and education, as measured by the adult literacy rate (with two-thirds weighting) and the combined primary, secondary, and tertiary gross enrollment ratio (with one-third weighting).
- Standard of living, as measured by the natural logarithm of gross domestic product per capita at \$ purchasing power

parity.

The Human Development Index (HDI) then represents the average of the following three general indices:

- Life Expectancy Index = LE (a) 25/85-25
- Education Index = 2/3 ALI + 1/3 GEI
- Adult Literacy Index (ALI) = ALR-0/100-0
- Gross Enrollment Index (GEI) = CGER-0/100-0
- GDP =  $\log(\text{GDP PC}) - \log(100) / \log(40000) - \log(100)$

HDR2009

The 2009 report was released on October 5, 2009, and covers the period up to 2007. It was titled "Overcoming barriers: Human mobility and development". The top countries by HDI were grouped in a new category called "Very High Human Development". The report refers to these countries as "developed countries". [4] They are:

- |                 |                    |
|-----------------|--------------------|
| Norway 0.948    | 14. Austria 0.932  |
| Australia 0.962 | 15. Spain 0.949    |
| 0.949           | 28. Andorra 0.968  |
| Iceland 0.968   | 16. Denmark 0.949  |
| 0.949           | 29. Slovenia 0.961 |
| Canada 0.961    | 17. Belgium 0.946  |
| 0.946           | 30. Brunei         |

**Africa**

Somalia  
Zimbabwe

**Europe**

Andorra  
Liechtenstein  
Monaco  
San Marino  
Vatican City

**Oceania**

Kiribati  
Marshall Islands  
Micronesia  
Naum  
Palau  
Tuvalu

- |                   |                          |
|-------------------|--------------------------|
| Ireland 0.959     | 18. Italy 0.941          |
| Netherlands 0.953 | 31. Kuwait               |
| Liechtenstein     | 19. Cyprus               |
| Sweden 0.956      | 20. New Zealand 0.943    |
| 33. Qatar         | 21. United Kingdom 0.946 |
| 34. Portugal      | 22. Switzerland 0.955    |
| 35. U A E         | 23. Germany 0.935        |
| 36. Czech Re pub  | 24. Hong Kong 0.937      |
| 37. Barbados      | 25. Greece 0.926         |
| 38. Malta         | 26. South Korea 0.921    |

In this report, five countries were promoted from the "medium" category to the "high development" category: Grenada, Peru, Colombia, Turkey, and Lebanon. Furthermore Angola, Lesotho, Uganda and Nigeria left the "low" category and are now in the "medium" group.

**Countries not included:**

The following nations are not ranked in the 2008 Human Development Index, for being unable or unwilling to provide the necessary data at the time of publication.

### 2008 statistical update

A new index was released on December 18, 2008. This so-called "statistical update" covers the period up to 2006 and was published without an accompanying report on human development. The update is relevant due to newly released estimates of purchasing power parities (PPP), implying substantial adjustments for many countries, resulting in changes in HDI values and, in many cases, HDI ranks. [5].

### 2007/2008 Report

The report for 2007/2008 was launched in Brasilia, Brazil, on November 27, 2007. Its focus was on "Fighting climate change: Human solidarity in a divided world." [6] Most of the data used for the report are derived largely from 2005 or earlier, thus indicating an HDI for 2005. Not all UN member states choose to or are able to provide the necessary statistics.

The report showed a small increase in world HDI in comparison with last year's report. This rise

AHDI of 0.8 or more is considered to represent "high development". This includes all developed countries, such as those in North America, Western Europe, Oceania, and Eastern Asia, as well as some developing countries in Eastern Europe, Central and South America, Southeast Asia, the Caribbean, and the oil-rich Arabian Peninsula. Seven countries were promoted to this category this year, leaving the "medium development" group:

Albania, Belarus, Brazil, Libya, Macedonia, Russia and Saudi Arabia.

On the following table, green arrows (▲) represent an increase in ranking over the previous study, while red arrows (▼) represent a decrease in ranking. They are followed by the number of spaces they moved. Blue dashes (—) represent a nation that did not move in the rankings since the previous study.

Iceland 0.968 (▲ 1)  
Norway 0.968 (T 1)  
Australia 0.962 (—)  
Canada 0.961 (▲ 2)  
Ireland 0.959 (T 1)  
Sweden 0.956 (T 1)  
Switzerland 0.955 (A 2)  
Japan 0.953 (T 1)  
Netherlands 0.953 (▲ 6)  
France 0.952 (▲ 6)  
Hong Kong 0.937 (▲ 1)  
Germany 0.935 (▲ 1)  
Israel 0.932 (—)  
Greece 0.926 (—)  
Singapore 0.922 (—)  
South Korea 0.921 (—)  
Slovenia 0.917 (—)  
Cyprus 0.903 (▲ 1)  
Portugal 0.897 (T 1) Brunei 0.894 (A 4)  
Finland 0.952 (—)  
United States 0.951 (T 4)  
Spain 0.949 (▲ 6)  
Denmark 0.949 (▲ 1)  
Austria 0.948 (T 1)  
Belgium 0.946 (▼ 4)  
United Kingdom 0.946 (A 4)  
Luxembourg 0.944 (T 6)  
New Zealand 0.943 (▲ 1)  
Italy 0.941 (T 3)

### Past top countries

The list below displays the top-ranked country from each year of the index. Canada has been ranked the highest eight times, followed by Norway at seven times. Japan has been ranked highest three times and

2009 (2007)-

	2009 (2007)-	1996 (1993)- Canada
Norway	2008 (2006)- Norway	1995 (1992)-Canada
	2007 (2005)- Canada	1992 (1990)-Canada
	2006 (2004)- Canada	1991 (1990)-Japan
	2005 (2003)-Canada	
	2004 (2002)-Canada	

### 2009 revision:

The 2009 Report calculated HDIs for past years using a consistent methodology and data series. They are not strictly comparable with those in earlier Human Development Reports. The index was calculated using data pertaining to the year shown.

- 2007-Norway ■
- 1995-Norway
- 2006- Norway ■
- 1990-Canada
- 2005-Norway ■
- 1985-Canada
- 2000-Norway ■
- 1980-Norway

### Criticisms:

The Human Development Index has been criticized on a number of grounds, including failure to include any ecological considerations, focusing exclusively on national performance and ranking, and not paying much attention to development from a global perspective. Two authors claimed

Iceland twice.

### In each original report

The year represents when the report was published. In parentheses is the year for which the index was calculated.

that the human development reports "have lost touch with their original vision and the index fails to capture the essence of the world it seeks to portray". [7] The index has also been criticized as "redundant" and a "reinvention of die wheel", measuring aspects of development that have already been exhaustively studied. [8] [9] The index has further been criticized for having an inappropriate treatment of income, lacking year-to-year comparability, and assessing development differently in different groups of countries. [10]

Economist Bryan Caplan has criticized the way scores in each of the three components are bounded between zero and one, so rich countries effectively cannot improve their ranking in certain categories, even though there is a lot of scope for economic growth and longevity left, "This effectively means that a country of immortals with infinite per-capita GDP would get a score of .666 (lower than South Africa and

Tajikistan) if its population were illiterate and never went to school.”[11] Scandinavian countries consistently come out top on the list," he argues, "because the HDI is basically a measure of how Scandinavian your country is." [ 11 ]

The HDI has been criticized as a redundant measure that adds little to the value of the individual measures composing it; as a means to provide legitimacy to arbitrary weightings of a few aspects of social development; as a number producing a relative ranking which is useless for inter-temporal comparisons, and difficult to compare a country's progress or regression because the HDI for a country in a given year depends on the levels of, say, life expectancy or GDP per capita of other countries in that year.[ 2 ] [13][14] [15] However, each year, UN member states are listed and ranked according to the computed HDI. If high, the rank in the list can be easily used as a means of national aggrandizement; alternatively, if low, it can be used to highlight national insufficiencies. Using the HDI as an absolute index of social welfare, some authors have used panel HDI data to measure the impact of economic policies on quality of life. [16]

Ratan Lai Basu criticizes the HDI concept from a completely different angle. According to him the Amartya Sen-Mahbub ul Haq concept of HDI considers that provision of material amenities alone would bring about Human Development, but Basu opines that

Human Development in the true sense should embrace both material and moral development. To quote: 'so human development effort should not end up in amelioration of material deprivations alone: it must undertake to bring about spiritual and moral development to assist the biped to become truly human.'[1 7]

A few authors have proposed alternative indices to address some of the index's shortcomings.[ 8 ] However, of those proposed alternatives to the HDI, few have produced alternatives covering so many countries, and that no development index (other than, perhaps, Gross Domestic Product per capita) has been used so extensively - or effectively, in discussions and developmental planning as the HDI.

However, there has been one lament about the HDI that has resulted in an alternative index: David Hastings, of the United Nations Economic and Social Commission for Asia and the Pacific published a report geographically extending the HDI to 230+ economies, where the UNDP HDI for 2009 enumerates 182 economies.[19]

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