

Human Development as an alternative development paradigm

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Introduction to Human Development

- Aim to provide brief overview of historical evolution of ideas leading to HD.
- Note key antecedents – Basic Needs (BN) and Capabilities.
- Contrast between these.
- Present main features of HD approach
- What difference does it make?
- How does it relate to other dominant strategies:
 - Economists approach
 - Poverty reduction and MDGs
- Some features of successful HD strategies

Historical evolution of thought about development: post-colonialism

- Colonial legacy
 - low incomes
 - low savings/investment
 - appalling health; low literacy
 - primary production, with little manufacturing
 - total dependency

Development thinking on gaining independence

- Major emphasis on economic growth (Rostow; Lewis; Hirschman).
- Using 'surplus' labour. (Nurkse; Lewis)
- On industrialisation and raising investment as mechanisms. (Mahalanobis; Rosenstein-Rodan)
- In parallel, emphasis on costs of dependence (Prebisch/Singer; Frank; Amin; Sunkel).
- General neglect of 'human' dimension – thought it would be looked after automatically through growth.

Growth and industrialisation did follow

| Growth in per capita incomes 1960-77 %, pa | | Industrial share % | | Investment ratio % | |
|---|-----|-----------------------|------|-----------------------|------|
| | | 1960 | 1977 | 1960 | 1977 |
| Low-income | 1.4 | 17 | 25 | 14 | 21 |
| Mid-income | 3.6 | 32 | 36 | 21 | 25 |
| Industrialised | 3.4 | 40 | 37 | 21 | 22 |

But challenge to growth followed

Why

- Rising unemployment; high underemployment
- Poverty still high and increasing in absolute terms
- Dependency remained – finance, technology, management.
- Growth of GNP neglects income distribution, public goods, employment – all essential for improving quality of life.

The ILO '...it has become increasingly evident, particularly from the experience of the developing countries, that rapid growth at the national level does not automatically reduce poverty or inequality or provide sufficient productive employment' (ILO, 1976, *Employment, Growth and Basic Needs: A One-World Problem*, p 15)

Defects of focus on money incomes.

- Income distribution critically important
- Neglects public goods (and externalities more generally).
- Assumes utilitarian philosophy. Money income measures utility. Utility should be maximised.
- ‘Physical condition neglect’. Entrenched deprivation can become acceptable.
- Is consequentialist. Neglects agency goals (how you get there – e.g. child labour).
- Assumes people only consider OWN welfare.

Succession of challenges to growth only agenda from 1970s

- ‘Dethronement’ of GNP (Seers)
- Employment objective emphasised: ILO missions to Colombia, Sri Lanka – led by Seers.
- Redistribution with growth (Chenery, Singer and others).
- Basic needs (ILO, WB, Ghai, Streeten, Ranis, Stewart).
- Capabilities (Sen)
- Human Development

Explaining evolution

- Employment objective of ILO early 1970s: But why employment? Employment is a *means* to achieve various objectives, including incomes, production and recognition
- Hence move to focus on incomes of the poor. Redistribution with growth (RWG).
- Is the strategy feasible technically? Politically?
- Is it right to focus on money incomes?

Human well-being goes beyond money incomes

1. Basic needs approach:

- Poor need certain basic goods and services (BN). Income a means. But doesn't provide public goods. And effectiveness of incomes of households depends on household distribution. Hence BN.
- But how to identify what poor need?
- True objective is not consumption of goods and services (commodity fetishism – Sen), but to lead a decent life (DL).
- Metaproduction function of BN approach, translates BN goods and services into quality of life.

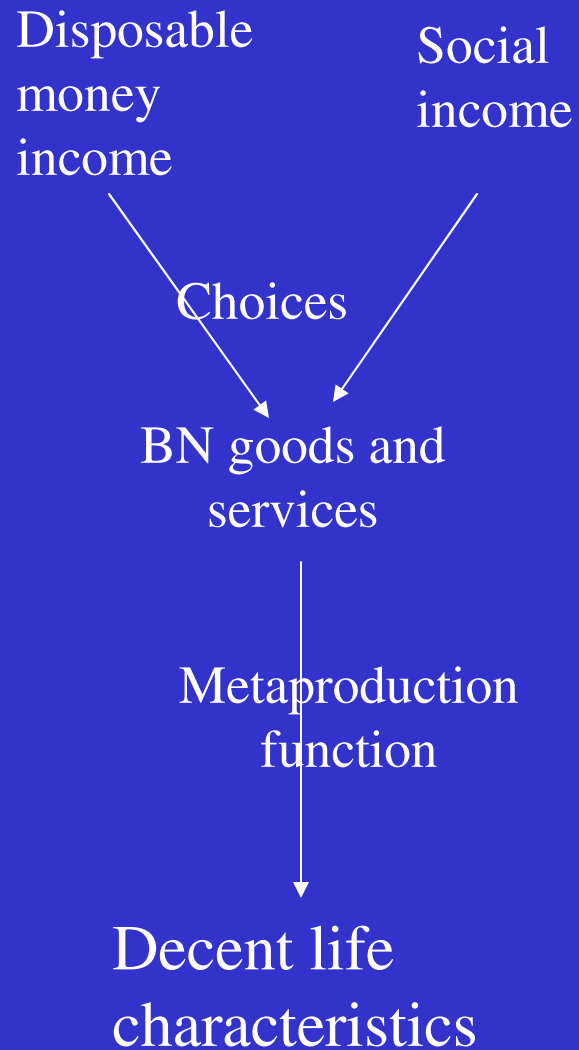
E.g. $DL = f(a, b, c, d, \dots)$, or

Decent life depends on consumption of food, health services, shelter....

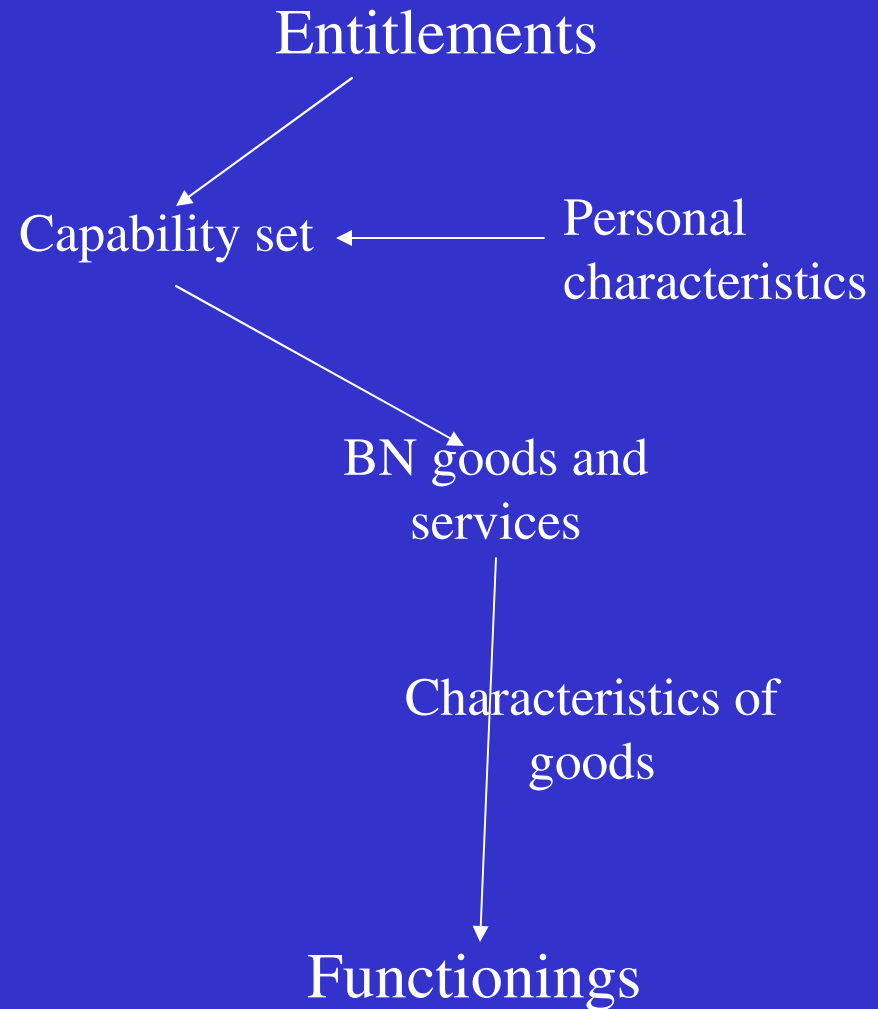
2. Sen and capabilities

- Goal of development is to enhance people's potential to be and do.
- Potential beings and doings are capabilities [but only things 'people have reason to value']
- Actual beings and doings are functionings.
- Incomes an important means but capabilities go well beyond incomes.
- Freedom to choose critical in this approach— hence capabilities not functionings.
- Big emphasis on personal characteristics in translation from resources to functionings.
- Approach relevant to rich as well as poor countries, rich as well as poor people – big advantage compared with BN.

BASIC NEEDS



CAPABILITIES



The international agenda, historically

- BN dominant end 1970s – ILO and Macnamara at WB. (Mahbub ul Haq prominent)
- Displaced by debt crisis, and adjustment.
- Increased role of market; liberalisation
- Growth and poverty displaced.
- Rising poverty in the 1980s – led to reemphasis on poverty
- UNICEF, Adjustment with a Human Face, 1987.
- 1990 first Human Development Report.

First Human Development Report

- Many of the ideas initiated by succession of meetings of North-South Roundtable, some in collaboration with UNDP.
- UNDP, under William Draper, invited M.ul Haq to write report.
- Team led by Mahbub ul Haq. Team included:
- Gustav Ranis, Amartya Sen, Frances Stewart, Keith Griffin, Meghnad Desai, Aziz Khan, Paul Streeten
- Capabilities and BN thinkers and advocates.
- Brought two threads together.

William Draper's Foreword to first Report

- 'The Report is of a seminal nature. It makes a contribution to the definition, measurement and policy analysis of human development. It opens the debate....'
- I hope the Report and its annual sequels – will make a significant contribution to the development dialogue in the 1990s..'

What is HD?

- Puts human beings at the centre, not incomes...
- ‘people are the real wealth of a nation. The basic objective of development is to create an enabling environment for people to live long, healthy and creative lives’ (HDRO 1990)
- Kant: ‘so act as to treat humanity, whether in their own person or that of any other, in every case as an end withal, never as a means only’
- ‘Human development is a process of enlarging people’s choices. The most critical ones are to lead a long and healthy life, to be educated and to enjoy a decent standard of living. Additional choices include political freedom, guaranteed human rights and self-respect’ (HDRO 1990)

Some key aspects of HD

1. Humans are ends not means
2. In practice major focus is on BN type goods and services, but also discusses other issues (freedom, democracy, gender, environment, communities, culture) – it is open ended. Considers topics relevant to more developed countries. All issues brought in which may affect human beings' potential.
3. Freedom to choose given priority – I.e. HD concerns **widening human choices**.
4. Incomes are means not end.
5. Yet accepts that humans are an important resource too as well as being the objective of development.

Advantages compared with BN and capability approaches

- Goes beyond 'basic'. Much better to have an approach that encompasses all nations and income levels.
- Goes beyond physical condition to institutional and political elements.
- Tries to add up and assess country progress. Here better than capability approach.
- To some extent a political agenda, work-in-progress, a rallying cry for all those seeking human and humane alternatives, evaluating our current condition.

Measuring Human Development

- Decision to attempt to measure it controversial
- Intrinsic problems with any measure:
 - which dimensions to include;
 - scale of measurement to use;
 - how to weight elements.
- Can criticise any solution as arbitrary.
- Yet GNP has many defects; need an alternative measure

Human Development Index

- Work in progress.
- Three elements (life expectancy; education/literacy; and adjusted incomes).
- Short fall index.
- Easy to criticise.
- But HDI has played an important role. Yet as Sen states: idea of HD goes well beyond HDI.

What difference does it make?

1. Country Ranking
2. Policies

Correlations between HDI, GNP p. cap. and LE, 2000

| Countries | HD/GNP | HD/LE | LE/GNP |
|---------------------------|--------|-------|--------|
| All countries | 0.923 | 0.755 | 0.629 |
| Developed | 0.753 | 0.348 | 0.005 |
| Developing and transition | 0.894 | 0.694 | 0.524 |
| Low HD | 0.562 | 0.745 | 0.384 |

To note

- Correlation weaker between LE and GNP than HDI and GNP
- Weak correlation especially for HDI/GNP p. cap. For low HD countries

Countries with major difference in ranking, on HDI compared with GNP per capita

1. HD better than GNP

Socialist and ex-socialist (e.g. Ukraine)

Social democrat, strong emphasis on social sectors (e.g. Sweden, Costa Rica)

Failed economies (Congo, Lebanon)

2. GNP better than HD

Oil economies (e.g. Saudi Arabia; Gabon)

AIDs -affected (Guinea; Burkina Faso)

Policy lessons: 1. seeking success

- Many paths to HD success including
 - good growth;
 - good distribution of income.
 - well targeted social expenditures.
- But in general successes
 - give priority to girls and women (education/incomes)
 - have high social expenditures as share of national income
- Good economic performance helps

Policy lessons 2: avoiding failure

- Conflict is a major source of failure.
- AIDS
- Inegalitarian income distribution
- Low social expenditure
- Poor position of women
- Economic failures.

HD goes beyond material aspects

- Includes political freedom and participation
- Freedom from insecurity
- Freedom to enjoy cultural diversity

HD and other contemporary strategies

1. MDGs.

1. Aim to halve many dimensions of poverty by 2015. MDGS ‘share a common motivation and reflect a vital commitment to promoting human well-being that entails dignity, freedom and equality for all people’ (HDR 2003)
 1. Many with direct contribution to HD:
 2. Reducing child mortality; improving maternal health; combating major diseases
 3. Universal primary education; gender equality.:
2. But HD goes beyond MDGs, in time and in concept.

HD and other contemporary development strategies

2. Human Security

- Human security commission of Mrs. Ogata and Amartya Sen.
- Human Security Report (Human Security Centre University of British Columbia)

Many interpretations of Human security: focuses on freedom from risks (political/economic/health).

Sen: 'downside of Human development'

HD and other contemporary development strategies

3. Economic growth and a pro-market philosophy

1. both growth and the market are instruments for advancing HD, but neither necessary nor sufficient.
2. Need also to be concerned with:
 1. distributional consequences of growth and the market.
 2. with availability of social goods.
 3. with non-material aspects of providing for human flourishing.

Note: the market may not deliver growth; and growth may not deliver HD. But an HD approach is not anti-market. *HD provides a powerful way of assessing the success or failure of the market.*

Some conclusions

- HD represents an important alternative paradigm to the economic/market paradigm generally adopted by World Bank.
- Interpretation of HD is very wide: it relates to all features of society that promote human flourishing, or prevent it.
- New aspects still being developed 15 years after report started.
- Human development goes well beyond the HDI.