

Attempts to measure the level of development of a country rely on various indicators designed to capture the average level of well-being. While a traditional approach uses per capita income as a proxy for economic development, this report has promoted a more comprehensive measure: the Human Development Index (HDI). However, both of these approaches are based on the idea of evaluating the well-being of those who reside in a given territory.

As researchers at the Center for Global Development and Harvard University have recently pointed out, these approaches to measuring development prioritize geographical location over people in the evaluation of a society's progress. Thus, if a Fijian moves to New Zealand and her living standards improve as a result, traditional measures of development will not count that improvement as an increase in the development of Fiji. Rather, that person's well-being will now be counted in the calculation of New Zealand's indicator.

In background research carried out for this report, we dealt with this problem by proposing an alternative measure of human development. We refer to this as the *human development of peoples* (as opposed to the human development of countries), as it captures the level of human development of all people born in a particular country. For instance, instead of measuring the average level of human development of people who live in the Philippines, we measure the average level of human development of all individuals who were born in

the Philippines, regardless of where they now live. This new measure has a significant impact on our understanding of human well-being. In 13 of the 100 nations for which we can calculate this measure, the HDI of their people is at least 10 percent higher than the HDI of their country; for an additional nine populations, the difference is between 5 and 10 percent. For 11 of the 90 populations for which we could calculate trends over time, the change in HDI during the 1990–2000 period differed by more than 5 percentage points from the average change for their country. For example, the HDI of Ugandans went up by nearly three times as much as the HDI of Uganda.

Throughout the rest of this report, we will continue to adopt the conventional approach for reasons of analytical tractability and comparability with the existing literature. We also view these two measures as complements rather than substitutes: one captures the living standards of people living in a particular place, the other of people born in a particular place. For example, when we analyse human development as a cause of human movement, as we do throughout most of this report, then the country measure will be more appropriate because it will serve as an indicator of how living standards differ across places. For the purposes of evaluating the success of different policies and institutions in generating well-being for the members of a society, however, there is a strong case for adopting the new measure.