



# HUMAN DEVELOPMENT REPORT 1991



Published  
for the United Nations  
Development Programme  
(UNDP)

New York      Oxford  
Oxford University Press  
1991

Oxford University Press  
Oxford New York Toronto  
Delhi Bombay Calcutta Madras Karachi  
Petaling Jaya Singapore Hong Kong Tokyo  
Nairobi Dar es Salaam Cape Town  
Melbourne Auckland

and associated companies in  
Berlin Ibadan

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1 UN Plaza, New York, New York, 10017, USA

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ISBN 0-19-507147-6 (paper)  
ISBN 0-19-507146-8 (cloth)

Printing (last digit): 9 8 7 6 5 4 3 2 1  
Printed in the United States of America on acid-free paper

*Editing, desktop composition and production management:* Bruce Ross-Larson, Vonda Witman Dashner and Kate Humphrey,  
American Writing Corporation, Washington, D.C.

*Design:* Gerald Quinn, Quinn Information Design, Cabin John, Maryland



## Foreword

The 1990s began with a great surge of hope. Democracy swept across Eastern Europe and the Soviet Union. The Berlin Wall came down. Germany was reunited. One-party systems were on the retreat in Africa. A new era of human rights and political freedom seemed to be dawning.

These hopes were brutally dashed when Iraq invaded Kuwait. But the world by then was already a new world—a world free of the East-West divide. The international community, through the United Nations, joined forces to condemn and repulse the aggression. Now a long and costly rehabilitation process must take place. And it is our historic and moral obligation to draw the correct lesson from the recent past: it takes years, decades, generations of people to build development. It may take only seconds to destroy it all. Development needs peace.

The framework for strengthened international cooperation in support of global security exists in the United Nations. It can provide the platform for member states to build a new world—a world of peace and development. We now have the opportunity to rediscover the exciting promise of the beginning of the 1990s and to recapture the peace dividend that was tragically lost in the shifting sands of the Gulf region.

*Human Development Report 1991* holds a mirror to the world events of the past year. It is about the sensible reallocation of resources to serve humanity better by involving as many people as possible in the creative use of those resources rather than only a few vested interests. It is about participatory development where people are placed at the centre of all decision-making. It is about human freedom where the creative energies of the people are unleashed to generate economic and social opportunities for themselves and for their

societies. And it is about the process of human development whose main aim is to develop and use all human capabilities.

The Report, for the first time, includes a human freedom index. Though freedom is hard to quantify or to measure, no measure of human development can ever be complete without its inclusion.

The Report also examines the availability of financial resources for implementing human goals. And it comes to a radical conclusion: lack of political commitment, rather than lack of financial resources, is usually the real cause of human neglect. There are far too many examples of wasted resources and wasted opportunities: rising military expenditures, inefficient public enterprises, numerous prestige projects, growing capital flight and extensive corruption. Most budgets can accommodate additional expenditure for human development if priorities are recast. But that is an important “if”. Entrenched power structures can frustrate enlightened reforms. That is why this report identifies not only the wide scope for restructuring public sector budgets, but also a political strategy to engineer such changes.

While the focus of the Report is on public spending for human development, the synergistic relation between the private and the public sectors becomes clear. If markets function well and if there is an enabling policy framework for private initiative and broad-based, participatory development, people are in a position to meet their own needs. Participatory development is the key to economic growth *and* human development.

The real challenge in the 1990s is to translate the human development concern from a concept into reality. The path ahead is to design sound country strategies for human development, to strengthen the data base for

planning and monitoring and to highlight the human development concern in aid allocations and policy dialogue. The Report makes several concrete suggestions for this purpose.

As was the experience with the first Report, the 1991 Report has also emerged from United Nations systemwide cooperation. I am personally grateful to all the specialized agencies and other organizations in the UN system, including the World Bank and the IMF, for their willing and gracious support for the preparation of this report.

*Human Development Report 1991* has been prepared by a team composed of UNDP staff members and eminent outside consultants. It was compiled under the guidance and leadership of Mahbub ul Haq, former Finance and Planning Minister of Pakistan, in his capacity as my Special Adviser. I con-

gratulate the team on the excellent contribution they have made to the international development debate.

The validity of a report such as this depends on its independence and intellectual integrity. The views expressed in this report are those of the team, and are not necessarily shared by UNDP, or its Governing Council, or other member governments of UNDP.

I am confident that this Report will contribute to a spirited dialogue on the restructuring of national budgets and aid programmes, and will place human priorities at the very heart of the development dialogue. UNDP stands ready to offer all necessary support to developing countries to translate their human development priorities into action programmes.



William H. Draper III

New York  
1 May 1991

**Team for the preparation of  
*Human Development Report 1991***

*Project director*  
Mahbub ul Haq

*UNDP Team*

Chief: Inge Kaul  
Members: Leo Goldstone, Bernard Hausner, Saraswathi Menon, Moez Doraid, Kees Kingma, Jeni Klugman, Jiali Li and Hana Shishtawy, assisted in research by Akhtar Mahmood and Paul Redfern, and in drafting by Peter Stalker.

*Panel of consultants*

Paul Streeten, Frances Stewart, Meghnad Desai, Gustav Ranis and Herbert Wulf

# Acknowledgements

The Report benefited from a large number of valuable contributions that the authors received from various organizations and individuals.

Special mention must be made of the support provided by governments in developing countries—especially the many national Statistical Services, and Planning and Finance Ministries—which collaborated with the Report team and national UNDP consultants to obtain data on various aspects of financing human development.

Thanks are also due to the agencies and offices of the United Nations system that were extremely generous in sharing with the team their practical experience and studies. Special contributions were received from ECA, ECLAC, HABITAT, IFAD, ILO, PREALC, UNHCR, UNICEF and UNOV. The other contributing UN system entities were ITC, UNCTAD, UNFPA, UNICRI and the United Nations Department of International Economic and Social Affairs.

The Report draws on the statistical data bases established by the UN Statistical Office, the UN Population Division, UNICEF, the World Bank, IMF, FAO, ILO, UNESCO, WHO, OECD, SIPRI, World Resources Institute and World Priorities, Inc. The data obtained from these agencies have been complemented and updated by information collected from government sources by UNDP field offices. The Report team is most grateful for all these contributions as well as those it received from various other UNDP offices, notably the Regional Bureaux, the Bureau for Programme Policy and Evaluation, the Bureau for Special Activities and the Office of Project Services.

Several colleagues in UNDP offered many useful comments and observations. Thanks are due in particular to Luis Maria

Gomez, Stephen Adei, Aldo Ajello, Denis Benn, Russell Boner, Steven Browne, Pierre-Claver Damiba, Gustav A. Edgren, Peter Gall, Trevor Gordon-Somers, Michael Gucovsky, Nadia Hijab, Eric Helland-Hansen, Arthur Holcombe, Narinder Kakar, Uner Kirdar, Anton Kruidrink, Herbert M'Cleod, Mohamed Abdalla Nour, Sarah Papineau, Jehan Raheem, Elizabeth Reid, Ingolf Schuetz-Mueller, Krishan G. Singh, Sarah Timpson, Emma Torres, Gustavo Toro and David Whaley. Of course, there were numerous other valuable suggestions from UNDP colleagues—too many to acknowledge individually but all gratefully received.

Secretarial and administrative support for the Report's preparation was provided by Linda Grahek, Gayle Millage, Linda Pignon-Rebello, Ida Simons and Karin Svadlenak. Assistance for the Report's production was provided by Lloyd Greenberg, Eileen Kessler, Michael Leclair, Charles McNeill and Ann Rall, and by Kim Bieler, Eileen Hanlon, Ann Matikan, Ana Myer, Jean Robinson, Tracy Smith, Alison Strong and Katrina van Duyn.

The Report team would like to acknowledge with great appreciation the intellectual encouragement and constructive criticism on this Report and on the issue of measuring human development from Dragoslav Avramovic, Partha Dasgupta, Ricardo Ffrench-Davis, Helio Jaguaribe, Lawrence Klein, Carlos Massad, Josef Pajeska, Graham Pyatt, Sadiq Rasheed, Amartya Sen and Salah Al Shaikhly.

This Report would not have been possible but for the constant encouragement and leadership of William H. Draper III, UNDP Administrator. His deep commitment to human development concerns and his determination to protect the intellectual independence of this Report have been the greatest source of inspiration for the authors.

# Abbreviations

ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
ESCAP	Economic and Social Commission for Asia and the Pacific
EUROSTAT	Statistical Office of the European Communities
FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
IMF	International Monetary Fund
OECD	Organisation for Economic Co-operation and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNOV	United Nations Office at Vienna
UNRISD	United Nations Research Institute for Social Development
USAID	United States Agency for International Development
WFC	World Food Council
WFP	World Food Programme
WHO	World Health Organization
IBRD	International Bank for Reconstruction and Development (World Bank)

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